



Maersk Pelican



### Aegean granted restructuring approval

Major global bunker trader and supplier Aegean Marine Petroleum Network Inc was granted interim approval by the US Bankruptcy Court for the Southern District of New York in late November for all of the company's first day motions related to its voluntary Chapter 11 restructuring.

An Aegean statement said: "The approvals by the court immediately improve the company's liquidity position, and ensure that suppliers, vendors, and employees, among other critical partners, continue to be paid in the normal course of business. Through the Court approvals, the Company has access to substantial capital during the restructuring process provided by the US\$532 million Debtor-in-Possession credit facility funded by Mercuria Energy Group Limited, including an initial \$40 million of incremental cash over the next 30 days to support operations.

"The Company continues to operate in the normal-course and all payments to suppliers and vendors have been made and will continue to be made during the relatively short anticipated duration of the Chapter 11 process," said Donald Moore, Chairman of the Aegean Board. "The Court's approval of our First Day motions is an important step forward in the restructuring process and enables access to incremental liquidity enabling the Company to continue to provide customers high quality service across our global network."

The statement added: "In addition to providing the DIP to fund the Chapter 11 process and the company's working capital needs, Mercuria is also acting as the stalking horse bidder in a sale process designed to maximize the value of the company as a going concern. The Asset Purchase Agreement, including the \$681 million stalking horse bid proposed by Mercuria, has been filed with the Court."

### Rotor sails fitted on Maersk tanker

Norsepower, together with project partners Maersk Tankers, Energy Technologies Institute (ETI) and Shell Shipping & Maritime, has installed two Norsepower Rotor Sails onboard Maersk Tankers Long Range 2 (LR2) product tanker Maersk Pelican.

The large, cylindrical mechanical sails spin to create a pressure differential called the Magnus effect, that propels the vessel forward. The Rotor Sails will provide auxiliary wind propulsion to the vessel, reducing fuel consumption and associated emissions by an expected 7-10% on typical global shipping routes.

"This project is breaking ground in the product tanker industry. While the industry has gone through decades of technological development, the use of wind propulsion technology onboard a product tanker vessel could take us to a new playing field. This new technology has the potential to help the industry be more cost-competitive as it moves cargoes around the world for customers and to reduce the environmental impact," said Tommy Thomassen, Chief Technical Officer, Maersk Tankers.

Norsepower says the sails have completed rigorous land testing, including thorough testing of various mechanical and performance criteria, and are the first Rotor Sails to be class approved for use on a product tanker vessel. Lloyd's Register's Ship Performance team will acquire and analyse the performance data during a test phase to ensure an impartial assessment before technical and operational insights as well as performance studies are published.



Maersk Pelican

### Just-in-time sailing saves CO<sub>2</sub>

If sea-going vessels were better informed about the availability of berths and adapted their speed accordingly, substantial savings could be made in terms of fuel and CO<sub>2</sub> emissions, according to a new study commissioned by the Port of Rotterdam Authority and research institute TNO.

TNO and the Port of Rotterdam Authority, which is a member of the 'Global Industry Alliance to support low carbon shipping', analysed all the movements of container ships sailing to Rotterdam port in 2017. "By supplying more accurate information to ships, 4% – or 134,000 tonnes – of CO<sub>2</sub> emissions can be saved every year," explains Jan Hulskotte, Senior Researcher at TNO. "To do this, container ships would have to adjust their sailing speed by an average of 5%, and still arrive at the planned arrival time. And even more savings could be made if ships were better informed more than twelve hours before arrival!"

The results of the study were presented at IMO during a meeting of the IMO Intersessional working group on the reduction of Greenhouse Gas emissions from ships. "In percentage terms, we're talking about modest amounts," says Astrid Dispert, Technical Adviser of the GloMEEP (Global Maritime Energy Efficiency Partnerships) Project. "But it's exactly these types of measures that can make a huge difference in the short term and help reduce the carbon footprint of marine shipping. Added to that, they'd also have a beneficial effect on the wallets of the shipping companies."

# REFINERIES "CAN PRODUCE ENOUGH 0.50% FUEL OIL"

**The world's refineries can produce more than enough quality 0.50% marine fuel oil (MFO) in 2020, according to a new report on the IMO's 2020 sulphur emissions regulations for global shipping**

The report's author Bjarne Schieldrop, chief commodities analyst at Nordic corporate bank SEB, says: "All that is needed is a sufficiently high product price, i.e. around US\$ 90/tonne less than gasoil."

The report also says: "Between 2020 and 2022, the first three years IMO regulations are in force, we expect MFO 0.5% to trade at a US\$ 90/tonne discount to the Gasoil 0.1% price. Subsequently, we forecast the MFO 0.5% price premium to HFO 3.5% will fall towards US\$90/tonne."

It adds: "We still expect a significant surplus of HFO 3.5% in 2020-22, as well as stock building and a sharply lower HFO 3.5% price. We forecast production of MFO 0.5% fuel oil will cause the Gasoil market to tighten, as middle distillates in the form of VGO are retained within MFO 0.5%. As a result, we still estimate the Gasoil to HFO 3.5% price spread will widen to more than US\$450/tonne in 2020 and the MFO 0.5% to HFO 3.5% price spread to increase to over US\$360/tonne, before slowly but steadily decreasing once again as the market adapts."

SEB says that the 28 EU countries can produce more than one million bl/day of MFO 0.5% by using the crude streams consumed in 2017.

"That is," it says, "more than sufficient to cover domestic area demand as well as international bunkering taking place within EU28."

The report also observes: "The global shipping market is clearly moving down the scrubber path. Prisoners' dilemma and first mover advantage considerations have caused scrubber installations to snowball. We expect this situation to continue unless it can be proved that scrubbers are damaging the marine environment."

### To survive suppliers "must change business models"

Physical fuel suppliers need to fundamentally transform the traditional models of supply in order to survive, according to Adrian Tolson, Senior Partner at the 20|20 Marine Energy maritime consultancy.

Speaking ahead of SIBCON 2018, the industry's largest bunkering conference, Tolson said that he believed that, as margins continued to dwindle, suppliers needed to look ahead to not only a post 2020 world, but also beyond as the industry's requirements to deliver sulphur compliance converge with regulatory pressure and targets to reduce GHG emissions from shipping.

He argued that they must also utilise developments in technology, and access to data and intelligence to create sophisticated, and relevant models for the future marine energy supply chain.

"Physical suppliers need to break out from the traditional model of solely delivering huge quantities of commodity in traditional large bunkering hubs with small margins as a means of hopefully staying in business and making a living; it is a negative downward spiral that will lead to insolvency. Even the current trend of looking for niche higher margin markets will be challenged and are not solutions to even medium-term sustainability. And any windfall profits for physical suppliers post 2020 will be short-lived, with the main beneficiaries being the large commodity players, which will lead to a quick return to declining margins. They must understand that the marine energy supply chain is fundamentally transforming, and they need to not just stay ahead of the curve, but show leadership by driving it, as there are opportunities for those that can lift their heads and be visionary," said Tolson.



The study also examined the impact of shorter waiting times in anchorage areas for all ships sailing to Rotterdam. In the bulk transport sector, ships sometimes have to wait at anchor for hours or even days; mainly due to contractual obligations. Hulskotte: "If this waiting time was an average of 12 hours shorter, that would really make a difference in percentage terms, with an annual reduction of 35% in emissions. So we're talking about 188,000 tonnes of CO<sub>2</sub> and 1,000 tonnes of nitrous oxides."

### Verifavia in deals with big ship managers

Emissions verification company Verifavia has signed deals with Wallem Ship Management in Hong Kong and Zeaborn Ship Management in Hamburg (a consolidation of ER Schiffahrt and Rickmers Shipmanagement), to conduct verification services for EU Monitoring Reporting and Verification (MRV) and the IMO's Data Collection System (DCS), as well as certification of associated IT systems.

Through their agreement with Zeaborn Ship Management, Verifavia Shipping will provide EU MRV verification services as well as IMO DCS verification on most of their Liberia and Panama flagged vessels. It will also certify all of the IT systems used by Zeaborn Ship Management for these regulations. For Wallem, Verifavia will also provide verification services for EU MRV and IMO DCS across a number of its Liberia and Panama flagged vessels, as well as certifying the independent IT system, Vertex SMMS.



Port of Rotterdam



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