

18 December 2018

**Service update:** S2020 – 12 Months to go!  
**Applicability:** All ship owners and operators

This bulletin is an update to our previous [bulletin](#) addressing key questions related to the implementation of MARPOL Annex VI regulation 14.1.3 coming into force on 1st January 2020. From client interactions, we observe that many ship operators are moving from planning to preparatory stage as we are rolling into 2019. On regulatory side, some important decisions from IMO are shaping the discussions and impacting the decisions being made by various stakeholders. Supply industry is also gearing themselves up for this change by announcing the availability of 0.50% S fuels in various ports around the world.

### Regulatory update

To facilitate the consistent implementation, MEPC 73 (22-26 October 2018) agreed a carriage ban of high sulphur (>0.50%) fuels on ships not fitted with Exhaust Gas Cleaning Systems (EGCS) from 1st March 2020. MEPC 73 also approved an MEPC circular on [Guidance](#) on the development of ship implementation plan. An IMO sub-committee on Pollution Prevention and Response (PPR 6 - February 2019) is scheduled to take up some important implementation aspects such as approval of MEPC circular on best practice for member States/ Coastal States, discussions on proposed HFO ban in the arctic, amendments to the Sulphur verification procedure to include on-board samples and a revised approach for testing MAPROL samples in MARPOL Annex VI Appendix VI.

Outside IMO, Singapore MPA recently issued a [guide](#) for ships calling to port of Singapore. One of the important aspect of the document is the prohibition of open loop EGCS from 1st January 2020 with only zero-discharge EGCS operations allowed within Singapore port limits. Other member States may also follow Singapore's approach and implement similar limitation on open loop EGCS operations however critics have raised concerns and highlighted that decisions such as these have not been taken based on a detailed scientific review by evaluating the potential benefits to the local marine environment.

Similarly, from 1st January 2019, there are significant changes in the Chinese emission control areas which are detailed in this [bulletin](#).

<sup>1</sup> Even the bleed-off from a closed loop EGCS would require to be kept on-board and either discharge to a suitable port reception facility or outside port limits.

### **An update on fuel availability**

There are number of major fuel suppliers who have indicated that they will be making 0.50% S fuels available in selected ports from second half of 2019. Moreover, IMO during MEPC 73 encouraged member States to submit information to IMO on fuel availability status which would result in MEPC circular to help smooth implementation of the regulation. It is expected that this critical information would also help fuel buyers in their 2020 planning.

Since the decision made by IMO regarding MARPOL Annex VI regulation 14.1.3 in 2016, one of the main questions from the bunker supply chain has been about the number of ships which will have installed EGCS and their corresponding demand for high sulphur fuel oil from 1st January 2020. Latest data from Clarksons indicate that there are around two thousand ships with EGCS (on order + existing). This number is still low compared to initial IMO led study estimation of 3800 EGCS ready ships by 2020. Nevertheless, in recent months, there has been an increased demand of EGCS to be fitted on both new and existing ships and so 2019 is expected to be a busy year for ship yards and EGCS manufacturers.

It is expected that major bunkering hubs around the world would be able to offer full spectrum of fuel choices to the visiting ships i.e. 0.10% ULSFO, 0.50% VLSFO, HSFO (>0.50%) and even LNG (selected ports only) however it is the smaller ports, due to capacity and storage facility limitations would offer limited choices (0.10% & 0.50% S fuels) and likely to follow simple ‘demand and supply’ principle.

Just like the ship operators, who need to prepare for the change and consider flushing fuel pipes, storage tanks and system components before the deadline, the bunker supply industry also needs to take similar preparatory actions. In view of this, it is important that buyers start dialogue with the suppliers about their 0.50% VLSFO requirements about the time (when) and quantity (how much) giving suppliers ample time to ready their systems.

### **An update from ISO and other technical groups**

ISO TC28/SC4/WG6 is mainly working on the development of ISO/AWI PAS 23263 (Consideration for fuel suppliers and users regarding marine fuel quality in view of the implementation of maximum 0.50% S in 2020). It is expected that PAS 23263 would be available in mid-2019. There are various operational concerns regarding the 0.50% S fuels however stability and compatibility with other fuels have been highlighted as major challenges. To address these issues and provide guidance to the industry, an ISO sub-group is specifically undertaking practical work of analyses and developing the guidelines which will be part of PAS 23263.

CIMAC WG7 ‘Fuels’ are working in parallel with the ISO WG6 to help industry with the guidance documents on various aspects of 0.50% S fuel challenge. CIMAC sub-group is developing the guidance ‘How to order fuels’ with 0.50% fuels in mind. OCIMF and IPIECA have also formed a joint group to provide ‘guidance on potential safety and operational issues related to the supply and use of 0.50% max. sulphur fuels’ expected out mid next year too.

## **FOBAS can help**

We are actively participating in the S2020 discussions at various forums to contribute to the discussions and address concerns and provide guidance and technical input representing our ship operators. FOBAS will continue to monitor and update our clients to help smooth the implementation of the regulation. Apart from fuel oil testing which will be increasingly important moving forwards, our experts are here to help ship operators in their S2020 implementation planning. We would appreciate any feedback in the form of questions, concerns or comments on these critical issues.

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