



SUB-COMMITTEE ON BULK LIQUIDS
AND GASES
13th session
Agenda item 4

BLG 13/4/2
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APPLICATION OF THE REQUIREMENTS FOR THE CARRIAGE OF BIO-FUELS AND BIO-FUEL BLENDS

Guidelines for blending on board

Submitted by INTERTANKO

SUMMARY

Executive summary: This document supports the expansion of the terms of reference of this agenda item to include blending on board as proposed in document BLG 13/4 submitted by the Netherlands and the United Kingdom. This document also aims to further highlight the growing demand for the carriage and blending of bio-fuels on board (both, in port as well as at sea) and in doing so, urges IMO to address this demand by regulating this area of carriage.

Strategic direction: 5

High-level action: 5.2.3

Planned output: 5.2.3.1

Action to be taken: Paragraphs 22 and 23

Related documents: BLG 12/3, BLG 12/17; MEPC 58/23; and BLG 13/4

Introduction and background

1 This document is submitted in accordance with the provisions of paragraph 4.10.5 of the Guidelines on the organization and method of work of MSC and MEPC and their subsidiary bodies (MSC-MEPC.1/Circ.2) and comments on document BLG 13/4 submitted by the Netherlands and the United Kingdom.

2 This document highlights the growing demand for the carriage and blending of bio-fuels on board (both in port as well as at sea) and proposes an expansion of the terms of reference of this agenda item to include blending on board. This document also supports document BLG 13/4 which establishes the need and thereby sets out the case for expanding the terms of reference of this agenda item.

3 The Sub-Committee, through the report of ESPH 13 (BLG 12/3), was informed of four blending scenarios.

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4 ESPH 13, having identified these four scenarios, recognized that neither blending during the sea voyage nor blending by load on top during loading of the product is covered by any IMO convention (BLG 12/3, paragraph 9.12). The working group noted that, for blending on board, more information was necessary and invited members to submit additional data on types of cargo, percentages and methods of blending, etc., to BLG 12.

5 BLG 12 reviewed the information submitted in the report of ESPH 13 and, after discussion, agreed with the view of the working group and decided to invite MEPC 58 to expand its terms of reference to include blending on board (BLG 12/17, paragraph 4.7.2).

6 In reviewing the proposal by BLG 12, to expand the terms of reference for this agenda item by including blending on board during the sea voyage, MEPC 58 noted that, although some delegations advised that this was an ongoing practice and therefore a concern, others had the view that insufficient information had been made available to support this point (MEPC 58/23, paragraph 10.19).

7 In light of this divergent view, MEPC agreed that a final decision on whether to expand the terms of reference on this topic should be taken by the BLG Sub-Committee. This decision would be based on a “need” being demonstrated and agreed upon by the Sub-Committee (BLG 13). If such a need was demonstrated, it was noted then that the intersessional ESPH working group may, on this occasion, work on this issue during 2009 (MEPC 58/23, paragraph 10.20).

Scope and justification

8 It is acknowledged that the industry is experiencing a rising demand from shippers for the carriage and blending of bio-fuels on board vessels and that this is an area for which no regulatory framework exists.

9 The present regulatory framework within the shipping industry is simply geared towards the safe and environmentally sound handling and carriage of premixed bio-fuel blends. This covers areas such as the provision of proper shipping documents, the proper record-keeping of the carriage and the operations involving the carriage of bio-fuel blends, the operating procedures during the various operating cycles during the carriage of bio-fuel blends, and the discharge or disposal of cargo residues after the tank has been unloaded.

10 It is also widely acknowledged that the carriage and blending on board of bio-fuels does indeed take place even though there is no regulatory framework in existence.

11 The reasons for shippers demanding such carriage and blending on board vary from a lack of such blending facilities ashore, or the cost of having and maintaining separate blending tanks in shore tank farms, to the geographical distance between component cargoes which makes shore transport to a common location unviable. Commercial gain from regional tax legislation is also one of the main drivers of the demand for shippers requesting onboard blending during the sea voyage.

12 The demands that such blending of bio-fuels puts on the industry cover all the areas defined in paragraph 9 above and further extend to the proper completion and production of commercial paperwork.

13 It is expected that this trend will continue to grow, particularly with the rise in demand for bio-fuel blends and that shipowners and operators will continue to come under increasing demand for such blending operations to be carried out on board.

14 It should be noted that, as this area of carriage is not regulated, carriers are not obliged to seek permission to carry out such procedures on board, be it at sea or in port.

15 This unregulated environment precludes the provision of documentary evidence of blending on board; however, INTERTANKO has been made aware of numerous cases of blending in port and of requests of information from charterers on the possibility of conducting blending at sea during the voyage.

16 It is important for the industry that IMO addresses these issues proactively and as soon as possible and provides the industry with a set of operational guidelines before the occurrence of any incident.

Recommendations

17 In light of the discussions laid out above, INTERTANKO is of the opinion that any step taken towards the creation of a set of regulations covering blending of bio-fuels on board would be a proactive measure and would be beneficial for the safety and protection of the marine environment and for the good of the industry.

18 In this view, INTERTANKO supports document BLG 13/4 submitted by the Netherlands and the United Kingdom.

19 INTERTANKO, in recognition of the fact that the Sub-Committee is instructed by MEPC to consider expanding the current terms of reference to blending of bio-fuels on board during the sea voyage, with a view towards practicality and pragmatism, recommends that the process of regulating blending operations on board as a whole could be done in two stages:

- .1 as an initial step, a practical and pragmatic approach for IMO would be to develop [interim] guidelines which address blending operations whilst the ship is in port where the ship has the benefit of shoreside support in the form of surveyors, chemical experts, etc., and would also minimize other variables such as navigation, collision avoidance, weather, inaccuracy of measurement, etc., which would make these operations safer, easier to monitor and reduce the pressures of time and fatigue on the crew. Meanwhile, regulations, for instance in the IBC Code, should be developed to provide formal status to these guidelines; and
- .2 in parallel to regulating blending operations on board whilst the ship is in port, guidelines and regulations for blending operations during the sea voyage can be developed as many items, like administrative measures and procedures would have an identical basis. Of course, for the different circumstances different requirements should apply but in this way double work by IMO can be avoided.

20 In this respect, the Sub-Committee may be informed that INTERTANKO is currently working on the production of an industry guide on the safe carriage and blending of bio-fuels on board. The aim of creating a set of guidelines is to provide the industry with a set of operational criteria for the interim period, pending any implementation of an official regulatory framework.

21 INTERTANKO would also offer its assistance in any way to the development of a set of formal regulations and/or guidelines as may be deemed appropriate.

Action requested of the Sub-Committee

22 The Sub-Committee is invited to note and review the information, background, scope and justification as laid out in this document.

23 The Sub-Committee is further invited to take into account the recommendations in paragraph 19 above and to expand the current agenda item accordingly.
