



SIX FACTS ABOUT SHIPPING FUEL QUALITY CLAIMS



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Tom Wilson started his career in the British Merchant Navy, attaining the rank of Chief Engineer. After he left the Merchant Navy he spent many years as Regional Director with The Salvage Association, dealing with all aspects of marine and offshore casualty claims and risk assessment. In more recent times he has provided Expert Witness and Litigation support services in all areas of the marine and offshore industry, including newbuild disputes, shipyard liability disputes, attendance at sea trials, bunker disputes, in-service casualties, machinery breakdown, performance related issues and cost.

Integrated caught up with Tom and he was able to offer six facts related to fuel quality claims following the introduction of IMO 2020 at the start of the year.

- 1.** IMO 2020 was predicted to lead to an avalanche of claims relating directly to fuel compliance, scrubber performance and wash water (from the scrubbers) issues. Whilst there have been disputes and insurance claims it has not been anywhere near as bad as predicted. Ironically, COVID-19 may have improved bunker quality, with better quality streams coming ex-refinery.
- 2.** Quality issues pre-IMO 2020, tended to be excessive catalytic (cat) fines in the fuel or contaminants such as fatty acids, phenol, styrene, excessive asphaltene or other non-petroleum contaminants. The introduction of IMO 2020 has had little or no effect on these.

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3. There have always been claims regarding the quality of marine bunkers, particularly Heavy Fuel Oils (HFO) which are derived from the residue left at the end of the crude oil refining process. As the refining process has improved in efficiency over the years, extracting more of the valuable lighter hydrocarbons, so the quality of the HFO supplied to vessels has decreased as the “bottom of the barrel” residue consists of less of the lighter hydrocarbons. The introduction of IMO 2020 demands increased fuel quality and is likely to reverse this trend. The result should go some way to reducing claims relating to bunker quality.

4. Marine fuel oils can be subjected to many different tests - the international standard ISO 8217 offers a package of tests with limits (maximum and minimum) on the various parameters and contaminants that may be expected in marine fuels. The charter party invariably includes a clause relating to bunker quality and defining that the bunkers conform to the latest version of ISO 8217. This has become the standard blanket-cover that gives some quality assurance to the industry. A typical example of a charter party clause would be “The bunkers shall be of a stable and homogenous nature and suitable for burning in the Vessel’s engines and/ or auxiliaries and shall comply with ISO 8217:2012 or any subsequent amendments thereof.” There are many criticisms and limitations of ISO 8217 and, like any standard, it cannot be forced on those who do not wish to use it. However, it can be used by arbitrators in bunker quality dispute cases and to establish industry current and best practice.

5. It is generally the charterer of the vessel who provides the fuel and when a claim arises due to a quality issue with the fuel, it is normally the charterers’ insurers or the P&I Club that become liable.

6. When dealing with incidents and potential disputes arising out of IMO 2020, obtaining copies of the following documents is recommended in the first instance:

- Ship Implementation Plan (SIP).
- Oil Record Book (Part I) & Engine Logbook showing all entries for internal fuel transfers, bunkering, retention and disposal.
- Tank plans and piping diagrams noting the condition of tanks, pipelines and other associated records (like line flushing, tank cleaning, etc).
- Records noting that segregation of fuel system tanks and pipework has been maintained, where necessary.
- Fuel supply document(s), bunker samples and Bunker Delivery Note (BDN).
- Fuel quality analysis reports.
- Written procedures for fuel changeover and associated records.
- Training records for crew and shore side personnel.
- Fuel Oil Non-Availability Report (FONAR), if applicable.
- Notes of protest and any notifications made to either PSC or Flag State.

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