Bunker Asia 2009 Forum:

CHALLENGES AHEAD FOR SINGAPORE AS A LEADING BUNKERING PORT

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FACTS OF THE S’PORE MARKET

76 Bunker Suppliers

67 Bunker Craft Operators

~170

~200
Role of MPA

- Develop and Promote Singapore as a Premier Bunkering Port
- Regulate the Bunkering Industry
AS A REGULATOR……

Quality Management for Bunker Supply Chain (SS524)
Bunkering (SS600)

Effective and Efficient procedures and requirements for the delivery of bunker by bunker tankers to vessels in the Port of Singapore.

Establish an unbroken chain of control over bunkering fuel quality.

Specify practical procedures for Bunker Surveying on board bunker tankers and vessels.
AS A REGULATOR......

Accreditation Scheme for Bunker Suppliers

• Minimum Paid-up Capital of $200,000
• Accredited by Singapore Accreditation Council (SAC) for Quality Management System (QMS) to comply with SS 524:2006
• Bunker suppliers must satisfy the 3 Key Performance Indicators (KPIs) during the 12-month assessment period

<table>
<thead>
<tr>
<th>KPI</th>
<th>Components</th>
</tr>
</thead>
</table>
| Craft Operations Records (COR)           | ➢ Collision / Crew injury
                                            | ➢ Oil pollution                                                            |
|                                          | ➢ Compliance with bunker tanker standards                                 |
|                                          | ➢ Others                                                                  |
| Bunker Supply Records (BSR)              | ➢ Compliance with SS 600                                                  |
| Customer Feedback Records (CFR)          | ➢ Customer feedback on every bunkering operation                          |
AS A REGULATOR......

Accreditation Scheme for Bunker Surveying Companies

• Compliance with Accreditation Scheme for Inspection Bodies, administered by the Singapore Accreditation Council (SAC)
• Raise the standards of surveying practices
• Enhance the accountability and professionalism of bunker surveying companies
**AS A REGULATOR……**

**Gate System for Bunker Tankers**

- Sets the age limits and other conditions for issuance of new Harbour Craft Licence for Bunkering and the phasing out of existing non double-hulled bunker tankers carrying Heavy Grade Oil (HGO).

<table>
<thead>
<tr>
<th>DWT of Tanker</th>
<th>Existing Harbour Craft Licence (Bunker Tanker)</th>
<th>New Harbour Craft Licence (Bunker Tanker)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Below 600 DWT</strong></td>
<td>Non double-hulled bunker tankers of 25 years and above will not be allowed to carry HGO in port.</td>
<td>Less than 5 years old</td>
</tr>
<tr>
<td><strong>600 DWT &amp; above</strong></td>
<td></td>
<td>Subject to and comply with all MARPOL requirements, in particular:-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Regulation 19 of MARPOL Annex I</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Regulation 13 of MARPOL Annex VI</td>
</tr>
</tbody>
</table>
AS A REGULATOR......

Enforcement Checks

• Conduct regular spot checks on bunkering operations

• Ensure compliance with standards and procedures.

• Collect random bunker samples to test quality compliance.

• Assure shipowners of the quality and quantity of bunkers in Singapore.
MPA provides Financial Assistance to Bunker Industry

To assist the industry with compliance cost, MPA will be providing a 30 percent financial assistance to bunker suppliers who attain the SS 524:2006 certification on a reimbursement basis.

MPA introduces Special Bunkering Anchorage Scheme

The Special Bunkering Anchorage (SBA) Scheme was introduced on 1 Oct 1997. Under this scheme vessels will be accorded concessionary port dues.
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Port Dues Waiver for Double Hulled Bunker Tanker

MARITIME AND PORT AUTHORITY OF SINGAPORE
PORT MARINE CIRCULAR
NO. 06 OF 2008
29 March 2008
Bunker Suppliers / Bunker Craft Owners and Operators
Harbour Craft Community
Shipping Community

WAIVER OF PORT DUES FOR NEW DOUBLE-HULL BUNKER TANKERS AND INCREMENT OF PORT DUES SURCHARGE FOR BUNKER TANKERS

1 The MPA has introduced a number of measures in our continued drive towards a young, efficient and environmentally-friendly fleet of bunker tankers in the Port of Singapore. These measures include the Gate System for licensing of port limit bunker tankers and the review of pilotage exemption limits to cater to the needs of new and larger double hull bunker tankers. In March 2006, MPA also introduced a 3-year waiver of annual harbour craft port dues for new double hull bunker tankers that are first licensed from 15 March 2006 to 31 March 2008.

Pilot Exemption for Bunker Tankers

Pilot exemption requirements for port limit tankers (SBTankers) operating within port limits

* 3000GT - 1999GT
  * The master would be required to complete the Port Limit/Tanker Master (PMT) course instead of the PELT course.

* 23000GT - 5998 GT
  * Masters of the port limit tankers must have brought the vessel into and out of Mess A and B on an average of two occasions within the 12 months immediately preceding the date of the application for the exemption.
  * Masters must attend and pass the Pilot Sample Large Vessel Course or PE (S), which is an assessment on a Full Marine Piloting Simulation to demonstrate capacity in assessing position, ship handling, navigating in heavy sea conditions.
  * The master must hold a valid Port Limit Tanker Master Course Certificate.
  * For port limit area D, exemption may be granted only up to 2009 only provided the master has successfully completed the PELT course for area D.

* 5998 GT or above but less than 7000 GT
  * Masters must complete a pilotage exemption certificates for port limit tankers

* 7000GT or above
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MPA Introduces Special Bunkering Anchorages Scheme (SBA)

The Special Bunkering Anchorage (SBA) Scheme was introduced on 1 Oct 1997 for vessels of 20,000 GT or more, other than LPG vessels, LNG vessels, Chemical Tankers, Oil Rigs and Drill Ships, to take bunkers at the designated bunkering anchorages in the eastern port waters.

Under this scheme vessels will be accorded concessionary port dues (reduced rate of $1.00 per 100 GT or part thereof) under the following conditions:

(a) the vessel shall not carry out cargo work;
(b) the vessel's overall stay shall not exceed 24 hours, and
(c) the vessel shall be an arrival vessel and proceed directly to the bunkering anchorages.

Vessels proceeding to the above-mentioned designated bunkering anchorages are exempted from compulsory pilotage.
Marketing Collaterals

AS A PROMOTER......
SINGAPORE: MPA leads drive towards new metering standard

In a move that could change the bunker industry forever, the Maritime and Port Authority of Singapore (MPA) has taken on the responsibility to research and develop processes and procedures and to introduce a Singapore standard for in-line metering for the bunker industry.
Challenges Ahead – New Players

Commitments for New Bunker Suppliers

• Comply with the requirements of the Accreditation Scheme for Bunker Suppliers
• Show commitment to own and operate at least one new double-hulled bunker tanker in Singapore
• Show commitment to invest in storage facilities in Singapore

In addition,

• Have a good track record of bunkering operations in other ports, including bunker sales volume and customer base.
• Generate new customer base
Challenges Ahead – IMO Developments

Bunker Levy Scheme
• Bunker levy established at a given cost level per tonne of fuel bunkered.
• Revenue collected, through further deliberations, will be channeled to an independent international maritime GHG emission funds

Emission Trading Scheme
• Approved by the Kyoto Protocol and represents cooperation between the two entities that have emissions reduction commitments

MPA is leading two separate working groups on the two schemes and all stakeholders are encouraged to provide feedback and inputs to MPA.

Review of ISO 8217
• Draft of the 4th edition of ISO 8217 available for comments.
• Work with SPRING to collate feedback from industry on the draft
Challenges Ahead - Technology

Mass Flow Meter

- Allow for greater efficiency in bunkering operations
- Aim to establish a standard for the use of mass flow meters by 2010

Electronic Chart Display and Information System (ECDIS)

- An alternative to paper navigation charts
- Encourage all bunker tankers to install ECDIS onboard to assisting navigation to enhance safety in port
Challenges Ahead - Technology

**Bunker Net**

- Automate processes and improve communication between the various parties across the bunker supply chain
- Streamline documentation procedures and simplify Bunker Delivery Note (BDN) submissions to MPA
Challenges Ahead – Risk Management

SGX Fuel Oil 380cst Futures

• Hedging Tool
• Better Price Discovery and Transparency
• Further boost Singapore’s role as a key energy trading centre
• Expected to launch in 2010.

Improving Internal Processes

• Ensure that business goes about in an orderly and structured way, i.e. time, money and other resources are utilized efficiently.
• Benchmark processes against best practices
Yes, I technically did give illegal orders, but I naturally expected that the integrity of my subordinates would prevent their being carried out.
THANK YOU