

***Introduction to INTERTANKO's 2020
Bunker Clauses***

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BUNKER 2020 CLAUSES

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WHAT IS INTERTANKO DOING TO HELP MEMBERS?

- Promote the global use of clean fuels to reduce air emissions from ships
- Advise on both compliance with MARPOL Annex VI /other regulations on fuel oil and practical issues
- Assist Members in making the right choices for their ships to comply with air emission requirements - LSFO? Scrubbers?
- Provide advice and guidance on the cost-benefits of the use of clean fuels and the alternative options available to comply with Annex VI of MARPOL
- Continued work at IMO MEPC
- Launched INTERTANKO 2020 Practical Guide
- **Provide suite of INTERTANKO Model Clauses for Bunker Emissions and Sulphur Cap**
- **BIMCO/INTERTANKO Joint Guidance – Contractual Issues for Scrubber-Fitted Ships**
- **Provide further support (Documentary and Chartering} on bunker issues e.g. bunker supply terms and LNG as bunkers**



Documentary Committee 2020 – Some Issues

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- Compliance with MARPOL Annex VI provisions – 0.10% ECA provisions, 0.50% Sulphur Cap and bunker quality
- Compliance with other regulations – international, national, regional, local
- Fuel specification? –current ISO 8217? New ISO 8217 2020? ISO PAS 23263 (just released)
- Is the fuel fit for purpose? blending fuels/compatibility
- Correct BDN and sampling (MARPOL)? Practice v regulation
- Participation in Fuel Testing Programme?
- Transitional provisions 2019/2020
- **Under time charterparty - Charterer provides; Owner takes responsibility** – liability/indemnities



INTERTANKO Bunker Compliance Clause (1)

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Charterer provisions:

1. **‘Compliant Bunkers’** defined - Charterer warrants compliance with:
 - a. MARPOL Reg 14 re. global sulphur cap and % m/m in ECA
 - b. MARPOL Reg 18 re. bunker quality
 - c. SOLAS requirements of min. flashpoint of 60°C
 - d. local, regional and national regulations
 - e. compatibility with previous supplies
 - f. current ISO 8217 and/or any other c/p specifications
 - g. fitness for purpose
2. Charterers will provide:
 - a. bunker delivery note in accordance with MARPOL
 - b. samples in accordance with MARPOL
3. Charterers will ensure bunker suppliers are registered (if appropriate) and that they comply with MARPOL Reg. 14 and 18
4. Charterers indemnity for breach



INTERTANKO Bunker Compliance Clause (2)

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Owner provisions

5. Owner warrants:

- a. compliance with MARPOL Reg 14 and 18
- b. compliance with local, regional and national regs.
- c. compatibility tests before use of new supply
- d. segregation of new supply until compatibility established
- e. participation in fuel testing programme
- f. vessel can burn 'Compliant Bunkers'

6. Owners indemnity for breach

7. Suspension of performance warranties for non-Compliant Bunkers/Fuel Changeover periods

Plus 'bolt on' Transitional Provisions



INTERTANKO Bunker Compliance Clause (3)

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Plus Transitional Provisions for:

1. redelivery end 2019

- a. removal of HSFO
- b. sufficient Compliant Bunkers on board for use post 1/1/2020

2. redelivery after 31 December 2019

- a. removal of HSFO
- b. tank cleaning/flushing
- c. disposal of residues
- d. sufficient Compliant Bunkers on board for use post 1/1/2020
- e. costs
- f. hire provisions

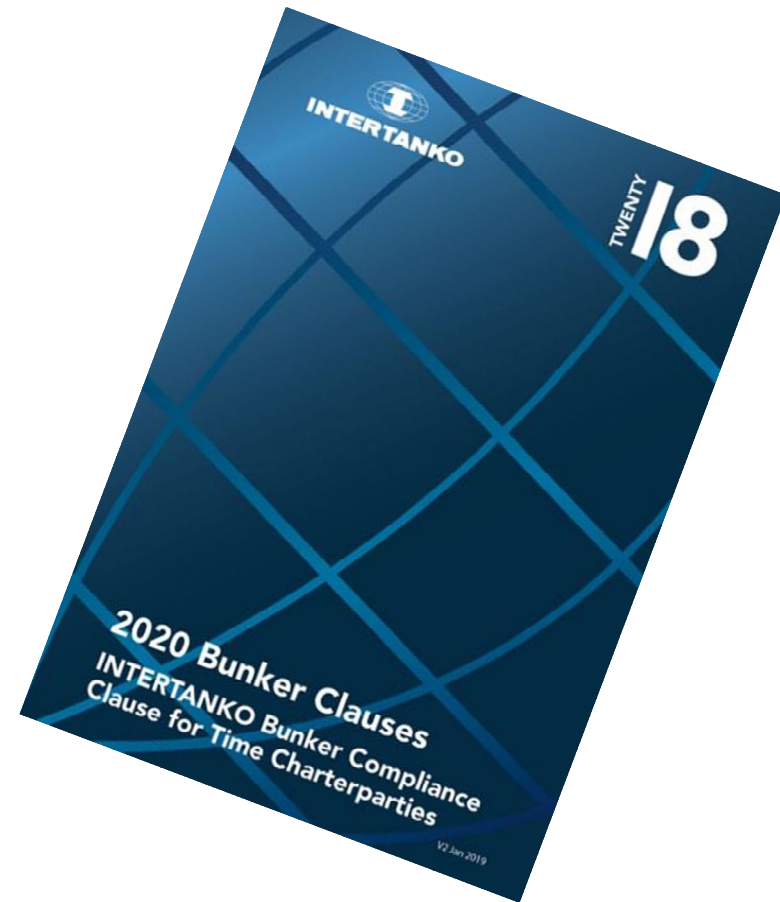


INTERTANKO 2020 Bunker Clauses

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2020 Bunker Clauses - INTERTANKO Bunker Compliance Clause for Time Charterparties (December 2018)

- Clause and Commentary
- General Provisions
- Transitional Provisions for 2019/2020
- Q & A on 2020 Bunker Issues
- MEPC 1/Circ/878 – Ship Implementation Plan for the Consistent Implementation of the 0.50% Sulphur Limit Under Marpol Annex VI
- BIMCO 2020 Clauses





What about Scrubber-fitted ships?

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- Same 2020 issues regarding compliance with the Global Sulphur Cap and provision of 'Compliant Bunkers' by charterers (or suppliers) as ships using LSFO
 - *Compliance with MARPOL Annex VI provisions – 0.10% ECA provisions, 0.50% Sulphur Cap and bunker quality*
 - *Compliance with other regulations – international, national, regional, local*
 - *Fuel specification? –current ISO 8217? New ISO 8217 2020?*
 - *Is the fuel fit for purpose? blending fuels/compatibility*
 - *Correct BDN and sampling (MARPOL)?*
 - *Participation in Fuel Testing Programme?*
 - *Liability/indemnities*
- **Plus additional issues for both Time and Voyage Charterparties – work with BIMCO DC**



Scrubber-fitted ships – Charterparty Issues

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Scrubber Specific Issues – Time Charterparties

- Description of scrubber system
- Description of fuel oil to match scrubber manufacturer warranty – cap at 3.50% or lower?
- Can the scrubber be used in an ECA (0.10% m/m) c.f. scrubber capability and (open loop) port restrictions
- Breakdown, malfunction, maintenance and repair
- Off-hire
- Impact on speed and performance due to scrubber operation – slower speed and/or increased consumption?
- Responsibility for supply of scrubbing agents and waste disposal



Scrubber-fitted ships – Charterparty Issues

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Scrubber Specific Issues – Voyage Charterparties

- Owner is responsible for supply
- Can the scrubber be used in an ECA (0.10% m/m) c.f. scrubber capability and port restrictions
- Liberty to deviate? Can the ship deviate if no HSFO is available?
- Breakdown, malfunction, maintenance and repair - in context of laytime, demurrage
- Impact on speed and performance – ‘utmost despatch’ provisions
- What about Worldscales? Currently no distinction between scrubber fitted and LSFO



INTERTANKO 2020 for Scrubber Fitted Ships

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- **INTERTANKO/BIMCO
Guidance – Contractual
Issues for Scrubber Fitted
Ships** – published May 2019
- **INTERTANKO Scrubber
Clause for Time
Charterparties**– published
August 2019

(INTERTANKO Bunker Compliance Clause still required e.g. for ECAs; open loop scrubber ban/ scrubber malfunction)





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Bunker 2020 Guidance



Visit www.intertanko.com/info-centre/intertanko-guidance/guidancenotes



INTERTANKO 2020 Guidance and Clauses

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INTERTANKO 2020 Bunker Guidance, Clauses and Commentary

- 2020 Bunker Clauses – INTERTANKO Bunker Compliance Clause for Time Charterparties (including Q & A s on 2020 Bunker Issues)
- INTERTANKO/BIMCO Guidance – Contractual Issues for Scrubber Fitted Ships
- 2020 Bunker Clauses – INTERTANKO Scrubber Clause for Time Charterparties
- <https://www.intertanko.com/info-centre/intertanko-guidance>

Additional Bunker related INTERTANKO Model Clauses (and Commentary)

- INTERTANKO MARPOL Annex VI Clause for Bunker Supply Contracts
- INTERTANKO LNG Bunker Clause
- INTERTANKO Bunker Adjustment Factor Clause for Contracts of Affreightment
- <https://www.intertanko.com/info-centre/model-clauses-library>

INTERTANKO Documentary Committee - Work in progress

- INTERTANKO Model Clauses for Bunker Supply Contracts
 - Fair and balanced provisions on quality; quantity; exclusions/limits of liability; time limits; sampling etc.

Questions?

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<https://www.intertanko.com/info-centre/intertanko-guidance>

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