

Circular From GARD**Date: 10 May 2019**

The Final Countdown...the 2020 Sulphur Cap

The global sulphur cap, a MARPOL Annex VI requirement, enters into force on 1 January 2020, less than eight months away. In this short article we provide recommendations for managing the transition where the strategy is to use conventional compliant fuel, that is to transition from HSFO to a low sulphur fuel oil or distillate.

The cap means that the sulphur content of fuel oil used on board commercial ships trading globally must not exceed 0.50% m/m. This is a reduction from the current global limit of 3.50% m/m that applies outside of designated emission control areas (ECAs). However, the 0.10% sulphur limit shall continue to apply inside ECAs and for ships at berth in [EU ports](#).

Ships can meet the 2020 sulphur cap requirement by using:

- conventional compliant fuel such as sulphur controlled distillates or residual fuel oils;
- alternative fuel types that meet the sulphur limits, such as LNG, methanol or hydrogen, some biofuels and synthetically manufactured fuel oils; or
- an equivalent means to remove sulphur oxides from post-combustion exhaust emissions, such as an exhaust gas cleaning system (EGCS), more often referred to as a “scrubber”.

To assist global implementation of the sulphur limits Regulation 14.1 of MARPOL Annex VI prohibits the carriage of non-compliant fuel oil from 1 March 2020 unless the vessel is fitted with a scrubber.

The “compliance strategy”, which is primarily a choice between stemming compliant fuel or using a scrubber, is a commercial decision for shipowners and charterers.

Ready, steady... 2020!

Owners and charterers should work with their counterparties to do some or all of the following to manage the transition to low sulphur fuels:

- Use the BIMCO 2020 clauses. The 2020 Fuel Transition Clause for Time Charter Parties and the 2020 Marine Fuel Sulphur Content Clause for Time Charter Parties were published on 10 December 2018 and provide an objectively ‘fair’ approach to apportionment of liability for some of the key issues arising out of the change in regulation.
- Prepare a Ship Implementation Plan (SIP) and carry it out. Maintain a record of its implementation

onboard. IMO guidance on the use of SIPs was approved during MEPC73 in October 2018 and has been issued as [MEPC.1/Circ.878](#). As a minimum, the plan should provide guidance on

- ✧ how to segregate different fuel grades,
 - ✧ how and when to carry out compatibility testing, and
 - ✧ how and when to carry out tank cleaning.
- Work with your counterparty. If your charterparty is going to straddle the 1 January 2020 deadline, begin a conversation now with your owner/charterer. Come to an agreement as to how you will handle the cleaning of tanks, and the purging of all pipework and the fuel oil service system, of all HSFO residue.
 - Decide how and when tank cleaning will take place. Will it be during dry dock or whilst the vessel is in service? If you intend to dry dock, make sure that it is booked well in advance of the 1 January 2020 deadline.
 - Identify what type of compliant fuel you intend to use and begin to source reliable suppliers. Seek advice from engine manufacturers prior to ordering and using new/unfamiliar types of fuel.
 - Brief the Master and crew. Make sure they are prepared for the 1 January 2020 deadline change and the processes that will need to be put in place in advance of that date. Make sure they understand the importance of the entire ship's system being purged of any HSFO residues. Have a plan in place for any unforeseen breaches and make sure your Master and crew know what to do and how to complete any necessary paperwork, including the IMO Draft Report on Compliant Fuel Non-Availability.

The MARPOL 0.50% sulphur regulation change will come into force on 1 January 2020. This deadline will not be put back. To make sure that you are properly prepared we would encourage you to adopt some of the suggestions set out above. MEPC 74 is scheduled to take place between 13 - 17 May, to finalise the IMO's response to some of the still unresolved 2020 issues. A further Gard update will follow publication of the report of that meeting. In the meantime, if you require further advice or guidance, please contact your Gard representative who will be able to assist you further.

Source of Information: Gard P&I Club