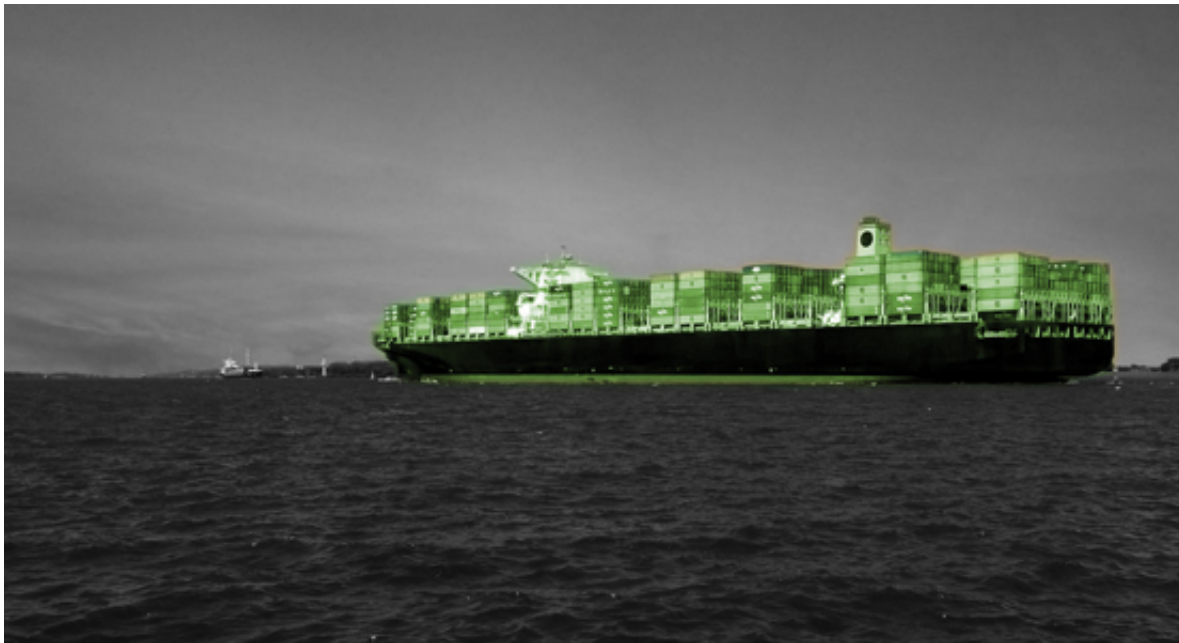


Going Green with New Bunker Adjustment Factor (BAF) Regulations

by Danielle Leonard - Thursday, May 24, 2018



The [International Maritime Organization \(IMO\)](#) will impose a new limit for sulphur content in ocean vessel's fuel oil, effective January 1, 2020. That new limit will be .50% mass by mass (m/m). Currently, the limit for ships operating outside designated emission control areas is 3.50% (m/m). This change has been in the works [since 2008](#) and will significantly reduce the amount of sulphur oxides that ships produce.

Why Limit Sulphur?

Bunker oil for ships—which is the most commonly used fuel oil—is mainly made of heavy fuel oil, which is a byproduct of crude oil distillation. Crude oil contains sulphur which, due to combustion in the engine, results in ships emitting sulphur oxides. Sulphur oxides are known to be harmful to not only the environment but also to human health, especially for those living close to ports and coasts.

Possible New Fuel Options

Low sulphur fuel options are limited and will likely cost more than the heavy fuel [commonly used today](#). The fear is that oil refiners may not be able to supply enough compliant fuel oil by the 2020 deadline. However, it is likely that new blends of fuel oil for ships may be developed, as a result, but prices are still

expected to rise. According to the IMO, ships can choose to switch to a different fuel altogether, such as Liquid Natural Gas (LNG).

LNG is recognized as a more environmentally friendly fuel option, as it reduces emissions of sulfur oxide by 100 percent, nitric oxide by between 15 and 80 percent, and carbon dioxide by 25 percent when compared to other fuel options, according to [Hellenic Shipping News](#).

Carriers may continue to purchase heavy fuel oil but install scrubbers—which clean the emissions before they are released into the atmosphere—to reduce the output of sulphur oxides to meet the requirement.

Enforcement and Delays

So how will the IMO be able to enforce this new regulation? All they need to do is [control the sale](#) of high sulphur fuel to ships that have not installed scrubbers.

When [asked](#) if the effective date could be delayed, the IMO stated that legally, there can be no change in the January 1, 2020 implementation date, as it is too late now to amend the date.

Mohawk will work to mitigate costs where we can. In the meantime, be on the lookout for a rise in rates next year, as carriers begin the transition to low sulphur fuel oil before the effective date. If you have questions, please reach out to your Mohawk customer service representative.



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