

MEDIA ADVISORY

Study: An Economic Assessment of the International Maritime Organization Sulphur Regulations on Markets for Canadian Crude Oil

Calgary, Alberta (July 31, 2018) ... The Canadian Energy Research Institute has released a new study.

STUDY OVERVIEW: AN ECONOMIC ASSESSMENT OF THE INTERNATIONAL MARITIME ORGANIZATION SULPHUR REGULATIONS ON MARKETS FOR CANADIAN CRUDE OIL

A recent regulation by the International Maritime Organization (IMO) sets a global limit for sulphur in fuel oil used to power ships at 0.5% (by mass) from the current 3.5% starting in January 2020. This more stringent regulation restricting emissions from ships plying international waters could significantly change the crude oil landscape at regional and global levels. This change will propagate through the value chain; from the marine industry that will seek replacement fuels to refiners that produce bunker fuel, and to upstream oil producers who produce crudes that generate high sulphur residues used in bunkering.

Canada is one of the major producers of high sulphur heavy crude oil with production growing steadily since 2008. Bitumen production is expected to reach 3 million bbl/day by the end of 2018 and continue increasing. Canadian heavy sour crude is refined primarily in Canada and the United States (US) where there are sufficient capacities of complex refineries to handle this type of crude. Canadian bitumen contributes very little to bunkering since it is consumed by the complex refining in Canada and the US. Instead, Canadian crude will have to compete for US refining space on netback refining value with other crudes that currently contribute to High Sulphur Fuel Oil (HSFO) supply.

The Canadian Energy Research Institute (CERI), therefore, developed a refinery modelling and optimization approach to investigate the impact of the IMO regulation on Canadian crude production and price.



To download a copy of the full report, please visit: <https://www.ceri.ca/studies/latest>

To schedule an interview, please contact:

Megan Murphy, Executive Assistant to Allan Fogwill, President & CEO, CERI

Phone: 403-220-2370

E-mail: mmurphy@ceri.ca

www.ceri.ca

