

Expressions of Interest requested by:

Orkney Islands Council - Marine Services

Briefing Document for the Provision of a Fuel Bunkering Facility in Orkney

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1. Introduction

Orkney Islands Council (OIC) is the Statutory Harbour Authority for the majority of harbours and piers in Orkney, and OIC Marine Services delivers the services required to fulfil this function including management of pier and harbour facilities and infrastructure.

Orkney Islands Council (OIC) Marine Services is investigating options for the provision of an enhanced bunkering service (the provision of fuel to ships) for vessels visiting Orkney.

The purpose of establishing a bunkering facility is:

- a) To provide the quantity and speed of delivery of bunker fuel that is required by existing customers
- b) To provide the quantity and speed of delivery of bunker fuel that will attract new customers including vessels servicing the oil and gas industry

Orkney Islands Council (OIC) Marine Services would like to invite expressions of interest from experienced operators for the delivery of an enhanced bunkering facility in Orkney.

2. Background Information

2.1 Product Supply

For the purposes of this briefing document, attention should be focussed on the supply of low sulphur gas oil, as this is the fuel identified as servicing the needs of the target customers highlighted in the introduction.

The supply of other fuels may also be considered based on future long term requirements of the shipping industry and its relationship to Orkney's strategically important location. It is also necessary to consider potential synergies with other fuel supply/bunkering needs/market interest which may emerge for non-marine related sectors.

2.2 Orkney Port Locations

In all, Marine Services has 29 piers and harbours and 3 marinas under its jurisdiction, hosting ferries and fishing vessels, tankers and tugs, supply vessels servicing cruise liners and creel boats, naval vessels and dive boats.

There are three ports that could be considered for the early stage feasibility analysis for siting of a bunker facility:

- a) Lyness, a recently refurbished deep water port in Scapa Flow accessed from the south via the Pentland Firth. Maximum draft of 9 meters at chart datum.
- b) Stromness, accessible from the west of Orkney and from the south via the Pentland Firth through Scapa Flow. Maximum draft of 5.5 meters at chart datum
- c) Hatston, accessed from the east and north of Orkney which has a recently extended deep water berth close to Kirkwall. Maximum draft of 10.5 meters at chart datum.

Due to the nature of the facility, its use by existing customers and availability of shore and pier infrastructure, it is likely that Hatston will be the choice of the location for the enhanced bunkering service provision. Outline proposals should include connection of the range of environmental and neighbouring land use factors which will influence location.

2.3 Existing provision

Gas oil is supplied by road tanker from two depots in Orkney. The fuel is delivered by ship to Scapa and to Kirkwall and piped to the depots. From there it is redistributed to customers, including visiting ships, by road tanker. There is provision for small vessels to take gas oil ex-pipe on Scapa Pier (a small service pier in Scapa Flow).

2.4 Customers

2.4.1 Domestic Market

The local market is currently supplied by two existing providers on Orkney. They include the vessels of Orkney Ferries. Orkney Ferries provides the inter-island ferry service between the islands of Orkney and the Orkney mainland. The vessels operated by OIC Marine Services, include three tugs and three pilot vessels. The other demand is from small fishing vessels and work boats. There are also ferry services from Orkney to mainland Scotland provided by two private operators.

2.4.2 Existing Potential Customers

Throughout the year a number of offshore vessels call at Hatston the frequency is on average 2 per month. Visiting cruise ships to Kirkwall and Hatston average 70 + per annum between the months of April and September.

2.4.3 Future Potential Markets

It is the stated intention of OIC to improve services for the O&G industry and this is a target market for an enhanced bunker supply. There is the potential for significant growth in this area as the oil exploration and production activity West of Shetland /North, North Sea and between Orkney and Shetland is expected to increase significantly in the near future highlighting Orkney in a good geographical, logistical location to act as a supply base.

Other potential customers are vessels in transit such as fishing vessels, and potentially any vessels in transit passing Orkney of which there are over 8000 per annum.

3. Input from OIC

OIC wish to facilitate operators to provide an enhanced bunkering facility. There are a number of actions that OIC could adopt to facilitate this proposal for operators, subject to Council approval, conditions and agreements:

3.1 site provision

3.2 assistance and guidance with planning and development

3.3 assistance with licence processing and other legal requirements

4. Information Requested

In order for OIC to assess operator capability we request expressions of interest to include the following information:

- 4.1 Company organisation and structure
- 4.2 Experience of operating similar bunker facilities
- 4.3 Outline proposal – including: ability and sources of re-supply, storage requirements, quantities envisaged, delivery of the service, ability to manage and operate a bundled bunkering facility and any proposals for phasing supply in short to medium term.

Additionally operators may also wish to propose:

- 4.4 Other options for the provision of bunker fuel including immediate short term and longer term facilities and logistics
- 4.5 Any added value that they may bring within their proposal including potential to link with other fuel supply provision

5. Instructions and Closing Date for Submissions

Please note that this is a market sounding exercise to establish possible interest in this Opportunity and is not the commencement of a procurement exercise.

Orkney Islands Council cannot commit itself in any way to undertaking a Procurement process as a result of this exercise which is aimed primarily at the potential of establishing a bunkering facility in Orkney.

Should sufficient levels of interest in this potential project be received as a result of this Expressions of Interest exercise, then a procurement process could follow.

Any costs incurred by those submitting returns to this Expression of Interest document will be the commercial judgement of the individual or company concerned and Orkney Islands Council will not be held liable for such costs.

All information received by Orkney Islands Council will be treated in the strictest confidence and will not be used for any direct commercial purpose and will not be revealed to any other party.

The Expression of Interest should be sent by email. The closing date is Wednesday November 20th at 17:00.

Please address your interest to:

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