



# Emergency Release Model



**November 2016**

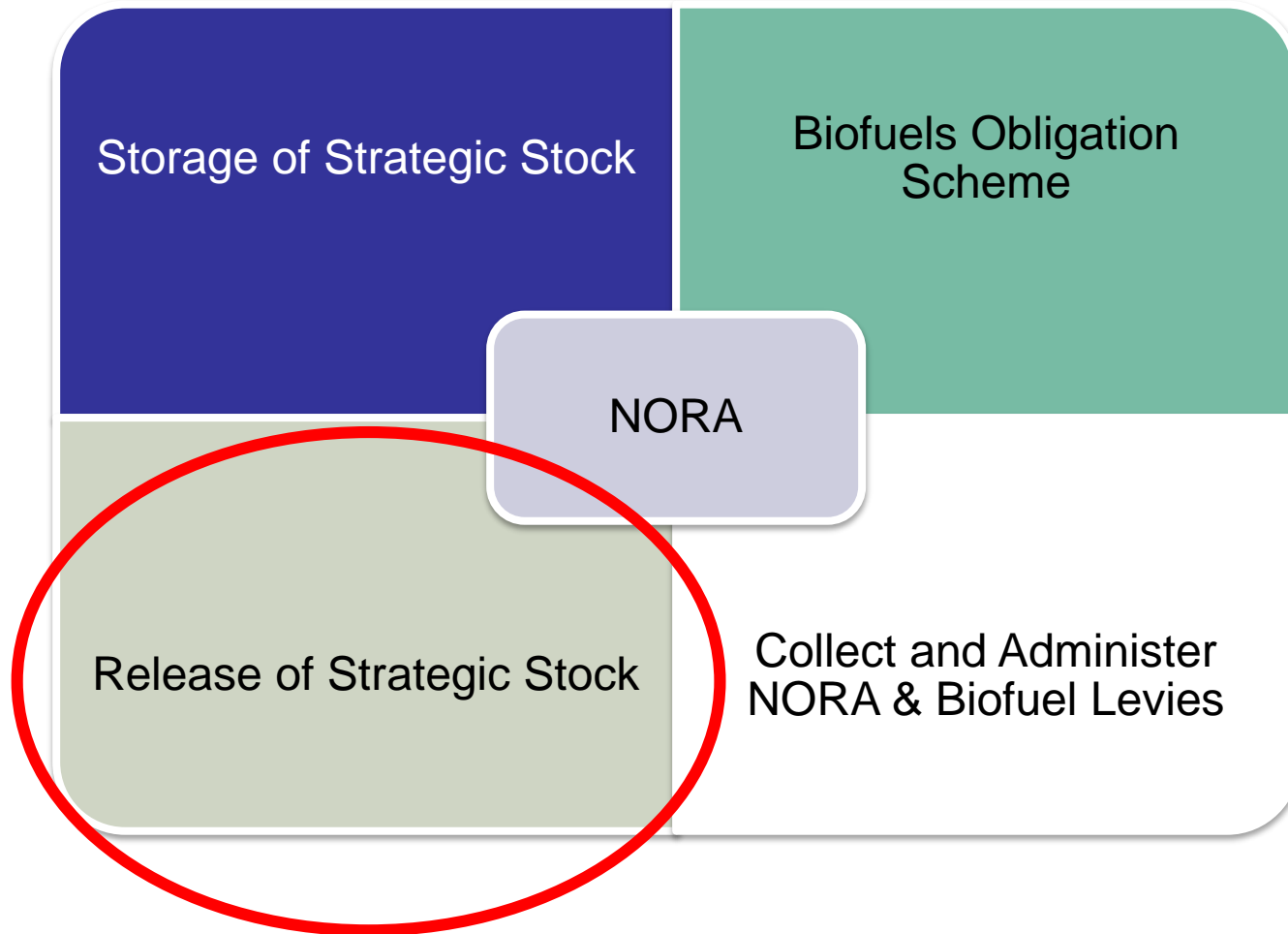
An Ghníomhaireacth Chúltaca Ola Náisiúnta  
The National Oil Reserves Agency

## INTRODUCTION TO THE ERM – AGENDA



- Ireland's Strategic Stock
- The Oil Supply Chain
- The ERM
- Arising from the exercise
- Role of Oil Companies
- Next steps and Q&A

# THE NATIONAL OIL RESERVES AGENCY – FUNCTIONS

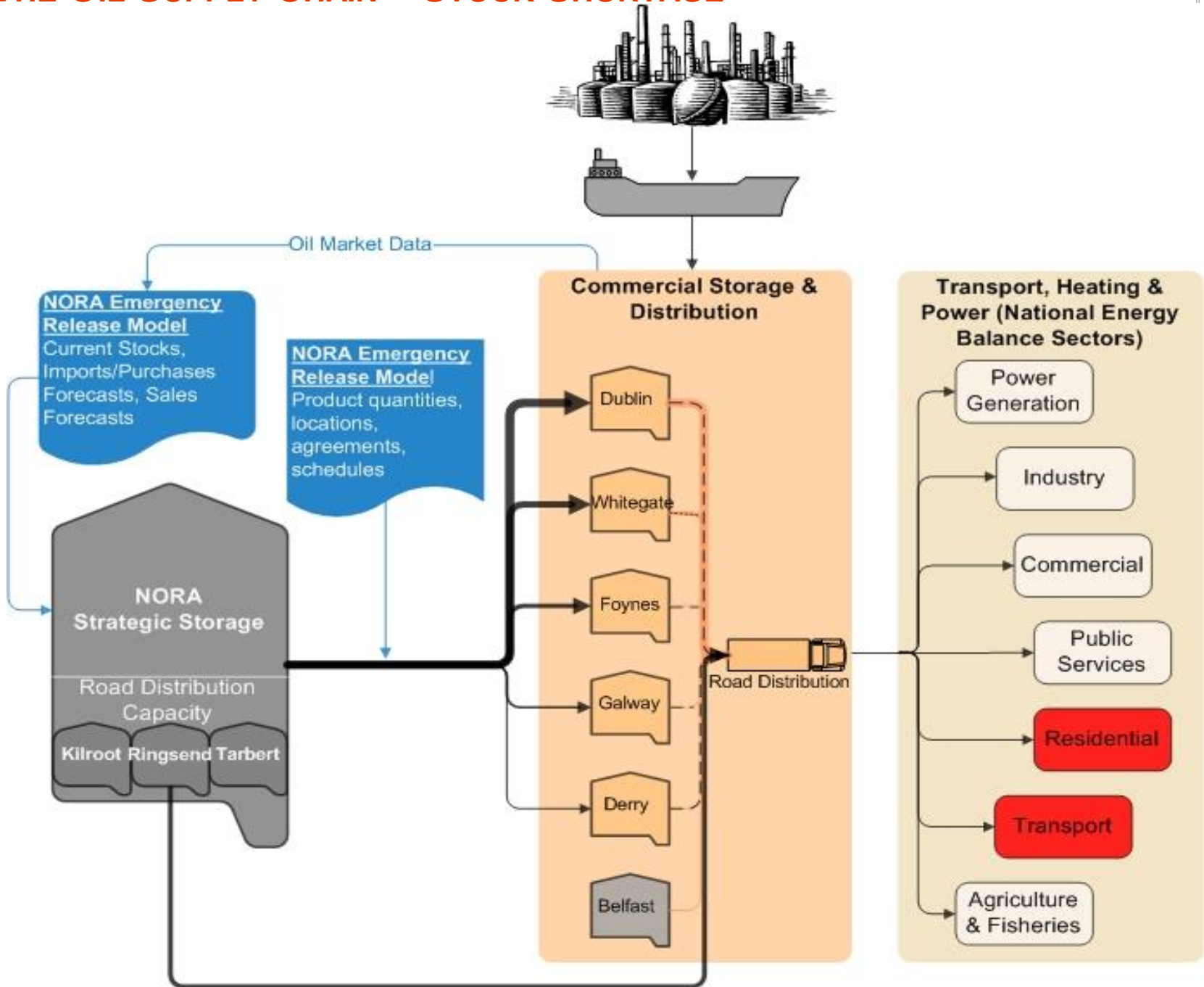


## CONTEXT



- Ireland's obligation under membership of EU and IEA – 90 days of oil reserves
- In an oil supply emergency, priority is to respond in timely manner to supplement supply to protect Ireland's economy
- To make a decision on strategic stock release, need data on national inventory levels
- It will facilitate a quick response, which benefits oil companies & economy

# THE OIL SUPPLY CHAIN – STOCK SHORTAGE



## THE ERM – WHY?



- Enables informed decision making
- Concrete data on which to calculate:
  - ✓ which product(s) need to be released?
  - ✓ what quantities of each product are required to restore adequate supply to the market?
  - ✓ at what rate of supply is each product to be released?
  - ✓ from which strategic storage location(s) are the products to be released (to optimise supply)?



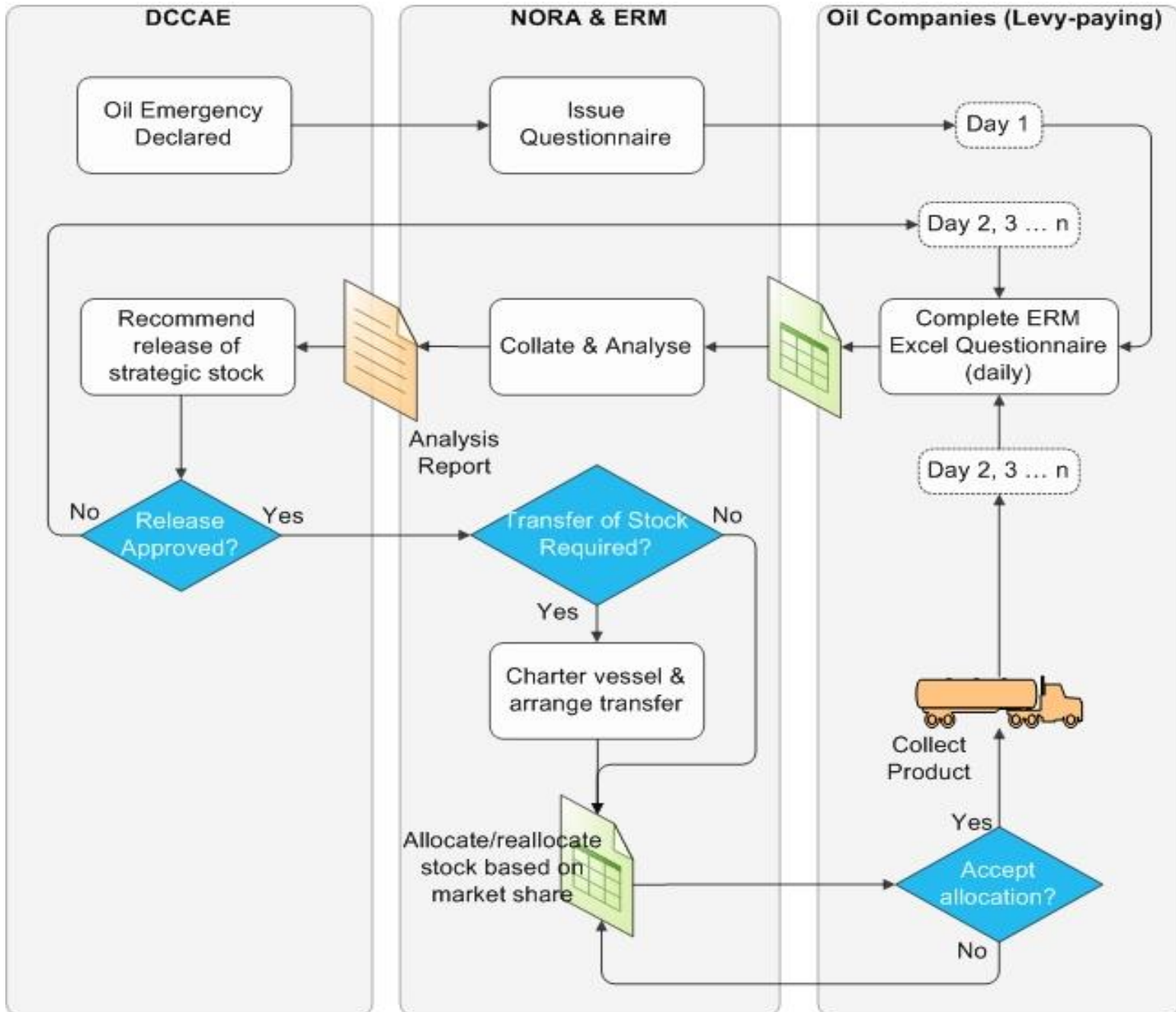
## THE ERM – WHAT DOES IT DO?



It is a means of:

- Gathering large quantities of data quickly
- Collating that data and presenting it in a concise & informative manner
- Providing a national picture of an oil shortage
- Administering a release of stock
- Managing NORA's stocks
- Forecasting the duration of an oil supply shortage
- Facilitating longer-term planning

# THE OIL SUPPLY CHAIN – RELEASE PROCESS





## MATTERS RAISED DURING EXERCISE

- House keeping matters:
  - Do not change file name. If questionnaire is named ***XYZOilCo.xlsx***, leave it as that. Don't put ***copy\_of*** in front of the name, don't put a date reference at the end.
  - Record data in tonnes, not litres
  - Do not enter blank spaces in the cells
  - All correspondence to [emergencyrelease@nora.ie](mailto:emergencyrelease@nora.ie)
  - Need to submit on-time

## MATTERS RAISED DURING EXERCISE

- The concept:
  - NORA's concern is the national oil supply situation; it will not be basing release decisions on the supply position of individual companies in specific locations or regions.
  - A release is carried out on a national market share basis, not regional market share.
  - NORA stores product at commercial terminals and NORA's own terminals. Product may be released directly to you from either and will be available at that location.

## MATTERS RAISED DURING EXERCISE

- Commercial:
  - Product will be supplied ‘in-tank’, as per the letter of offer. Use rack drawings to reconcile.
  - Risk and title passes at the rack.
  - Price will be the same for all and payable within in ‘X’ days.
  - The NORA Levy will be payable on the product purchased from NORA.
  - Fossil fuel purchased from NORA and supplied to the market will be counted towards the biofuel obligation (unless advised otherwise by the DCCAE).

## COLLECTING PRODUCT

- From NORA terminals:
  - Sold and allocated in-tank
  - Warehouse keeper (NORA) charges carbon tax and excise on draw down from rack
  
- From Commercial terminals:
  - Sold and allocated in-tank
  - Warehouse keeper (terminal owner) charges carbon tax and excise

## MATTERS RAISED DURING EXERCISE

- Practical considerations:
  - Biofuels in product supplied by NORA – under consideration
    - Ethanol in gasoline
    - FAME in diesel
  - Tank bottoms – industry's view
  - Reporting jet kero and home heating kero

## MATTERS RAISED DURING EXERCISE

- Other
  - When you run out of stock, you cannot go into a negative stock position.
  - Companies are free to buy and sell the stock allocated to them by NORA – NORA has no involvement in the commercial arrangements
  - Stock held outside the State?
  - Exports?
  - Communication with exchange partners

# THE ERM - DATA TO BE SUPPLIED



[Company Name]	Week 1		Day1										Day2		
	Storage Locations:	00/01/1900	Derry	Dublin_Port_North	Dublin_Port_OP	Dublin_Port_opaz	Ringsend	Foynes	Galway	Shannon	Tarbert	Whitegate	Other Location	Derry	Dublin_Port_North
Opening Stocks - Levy Unpaid															
<b>Total (tonnes)</b>	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
DPKero	-	-													
Imports Due / Received															
<b>Total (tonnes)</b>	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
DPKero	-	-													
Purchases Due / Received - Levy Unpaid															
<b>Total (tonnes)</b>	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
DPKero	-	-													
Sales on which [Company Name] will pay the NORA Levy															
<b>Total (tonnes)</b>	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
DPKero	-	-													
Other Sales (Sales on which exchange partner will pay NORA Levy)															
<b>Total (tonnes)</b>	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
DPKero	-	-													
Stock Received / due from NORA															
<b>Total (tonnes)</b>	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
DPKero	-	-													
Ullage															
<b>Total (tonnes)</b>	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
DPKero	-	-													
Closing Stock - Levy Unpaid															
<b>Total (tonnes)</b>	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
DPKero	-	-													

## THE ERM – ROLE OF OIL COMPANIES



- Complete the questionnaire
- Engage with NORA, it will provide:
  - Instruction
  - Training
- NORA also plans to carry out regular exercises – cooperation is needed



**“By failing to prepare, you are preparing to fail”** – Benjamin Franklin



# THE ERM



- Refine the model and supporting docs & processes
- The next exercise in Spring '17
- Suggested format?
- Q & A

