



Emergency Release Model



May, 2016

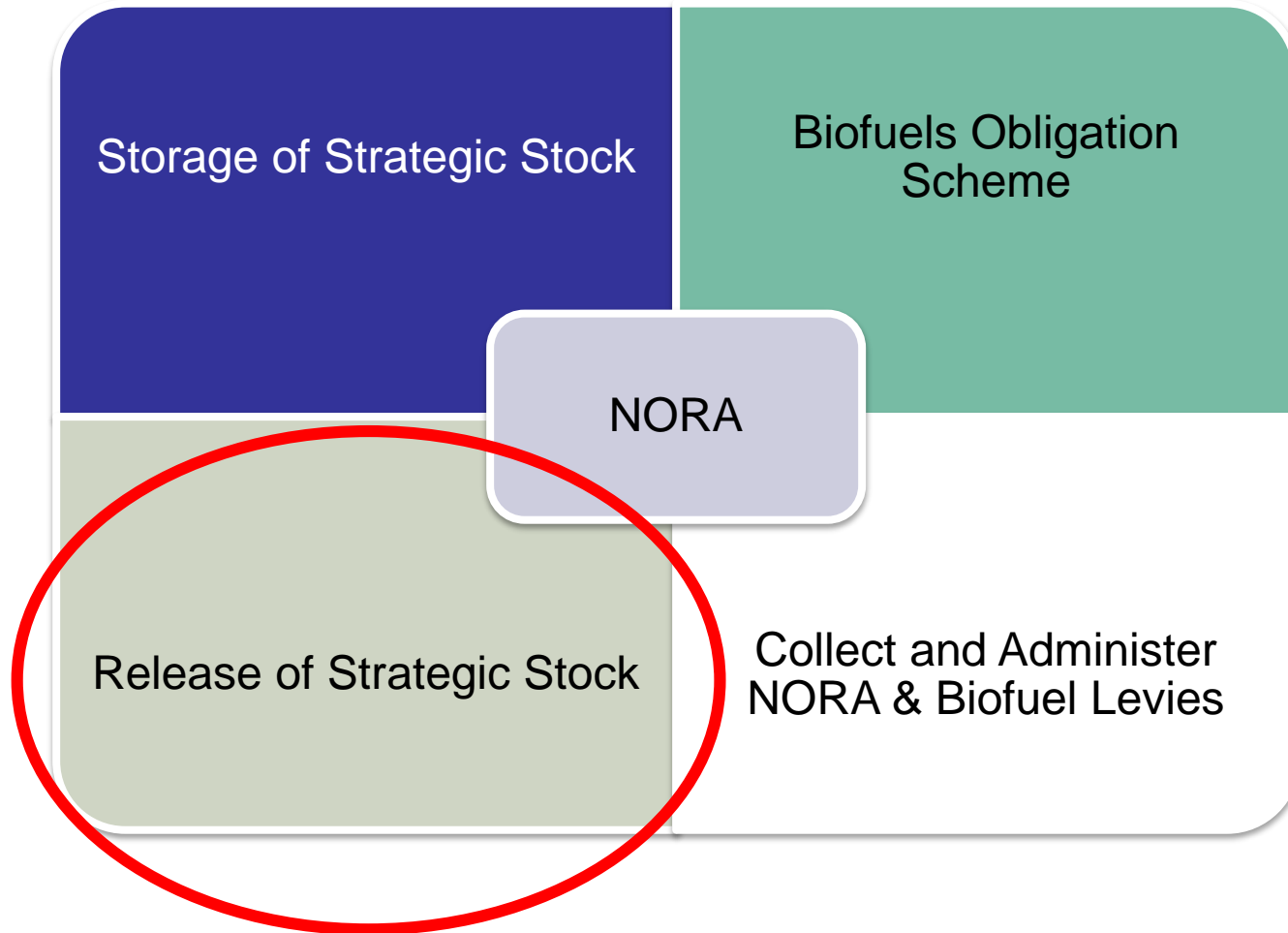
An Ghníomhaireact Chúltaca Ola Náisiúnta
The National Oil Reserves Agency



INTRODUCTION TO THE ERM – AGENDA

- Ireland's Strategic Stock
- The Oil Supply Chain
- The ERM
- Stock Release Process
- Data Supply – ERM Questionnaire
- Letters of Offer
- Role of Oil Companies
- Discussion

THE NATIONAL OIL RESERVES AGENCY – FUNCTIONS



CONTEXT

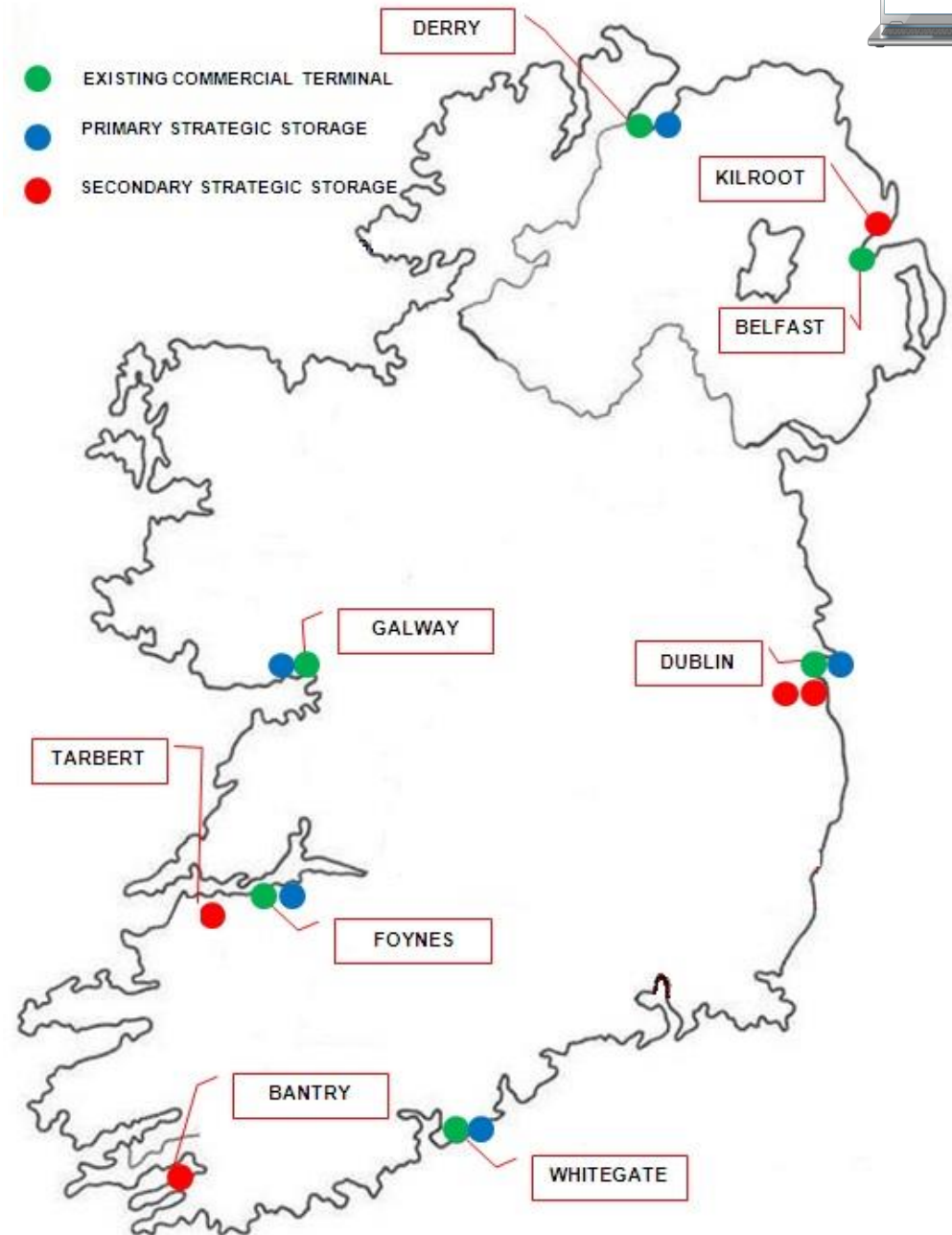


- Ireland's obligation under membership of EU and IEA – 90 days of oil reserves
- Ireland's Oil Energy Security important – oil remains the dominant energy source (47% of energy – unchanged from 1990 (SEAI))
- Island nation with no pipelines to UK/EU – 100% dependency on oil shipment to maintain supply
- Maintaining a meaningful ability to respond to an emergency requires a pragmatic approach
- In an oil supply emergency, priority is to respond in timely manner to supplement supply to protect Ireland's economy

STRATEGIC STOCK



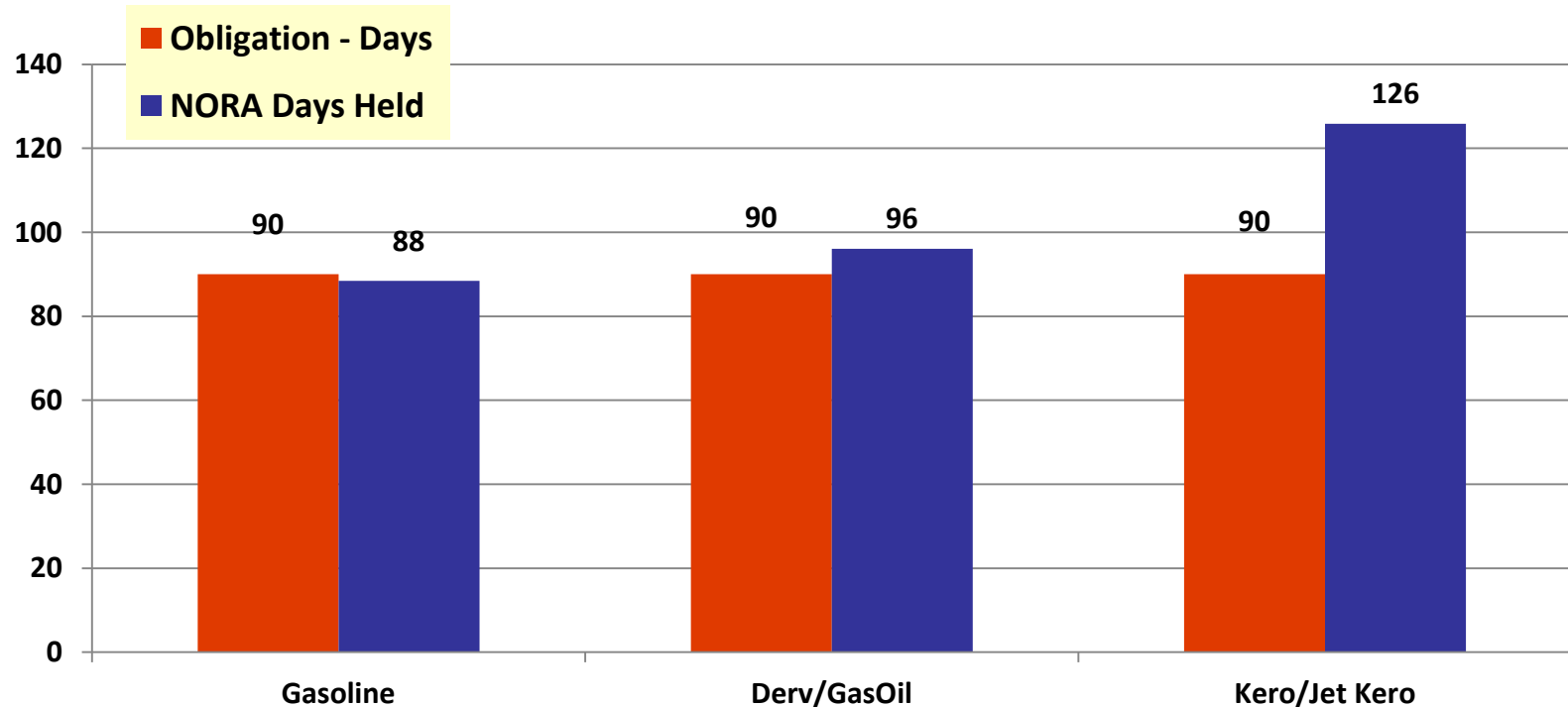
Location	Approx. Quantity (kt)
North	145
East	85
South	650
West	185
Abroad	550
TOTAL	1,615



STRATEGIC OIL STOCKS – A BALANCED PORTFOLIO



No. of Days Consumption Held by NORA - v - Obligation Days

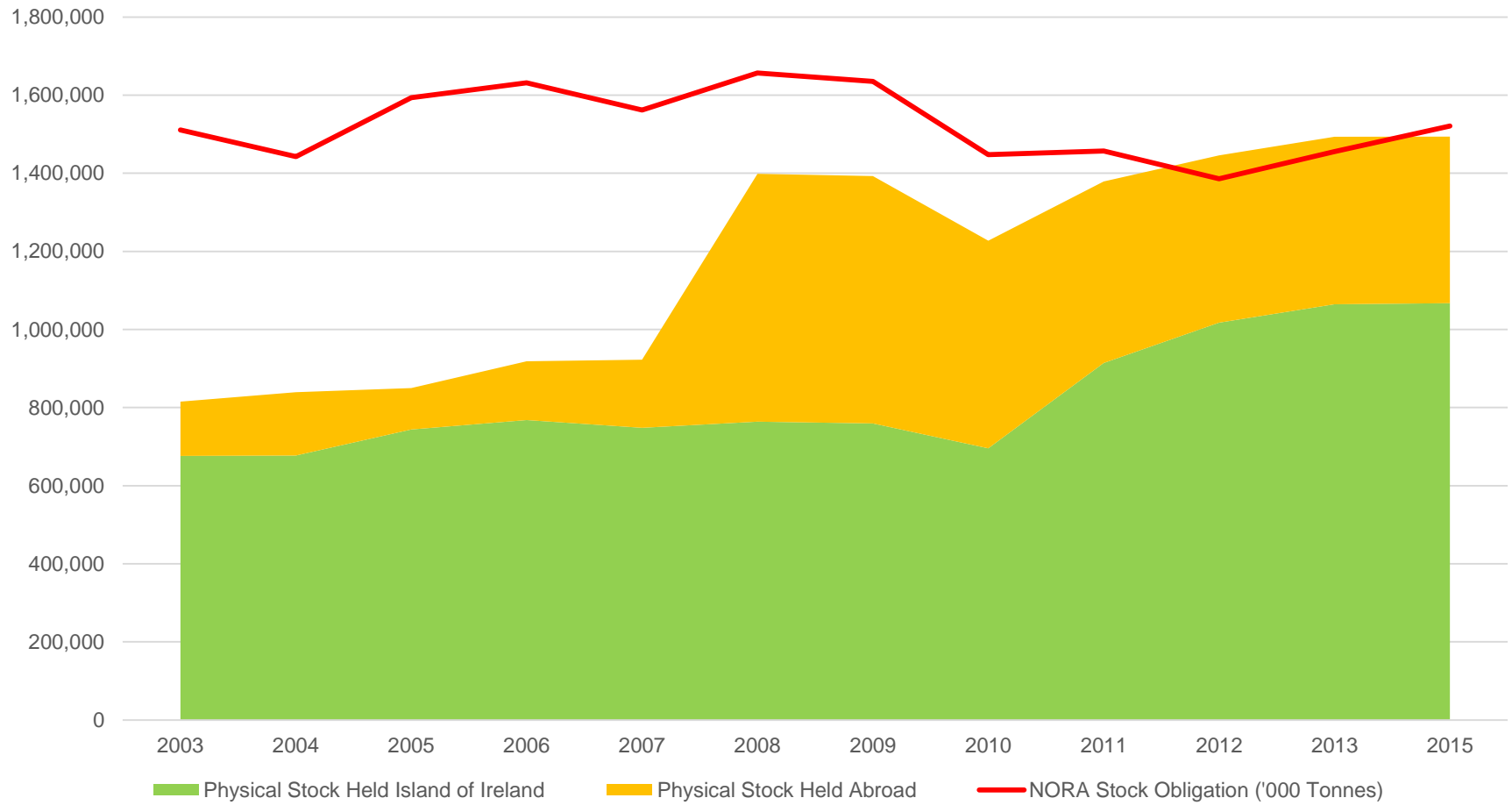


- Obligation Days are based on “Net Imports”
- Days Consumption are based on average annual consumption for 2015

STRATEGIC STOCK



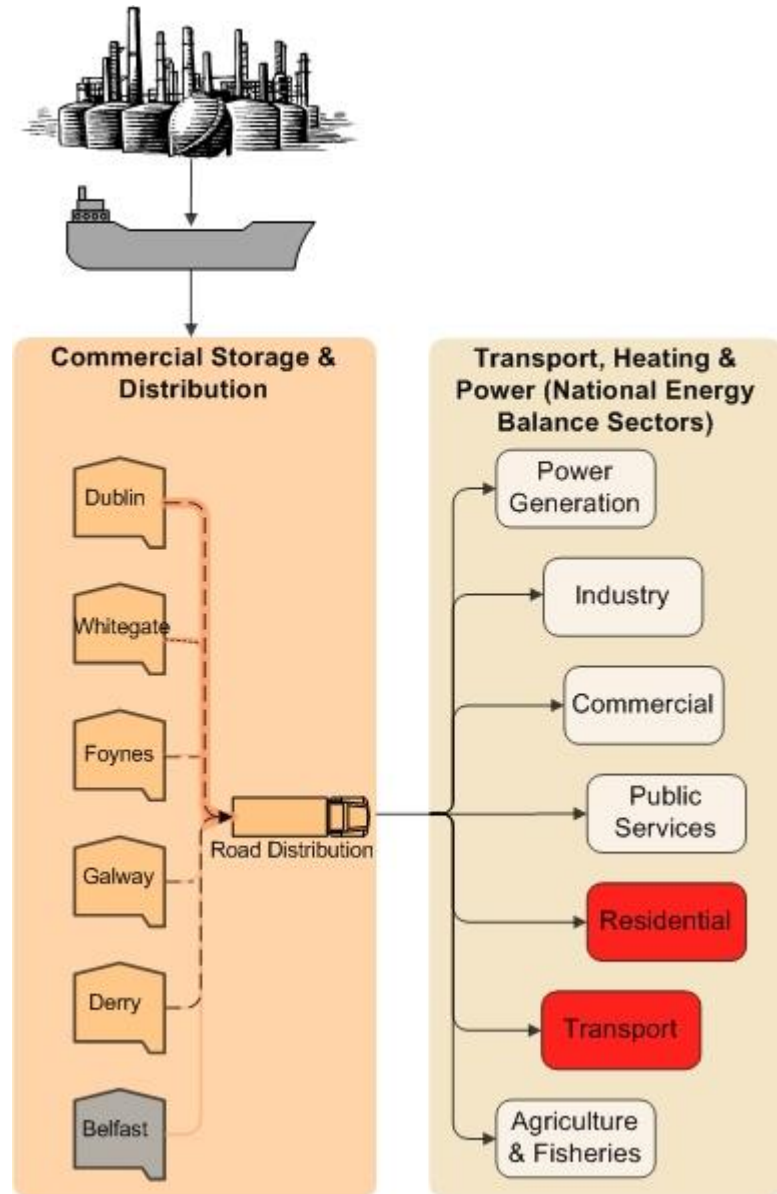
NORA Stock Holdings



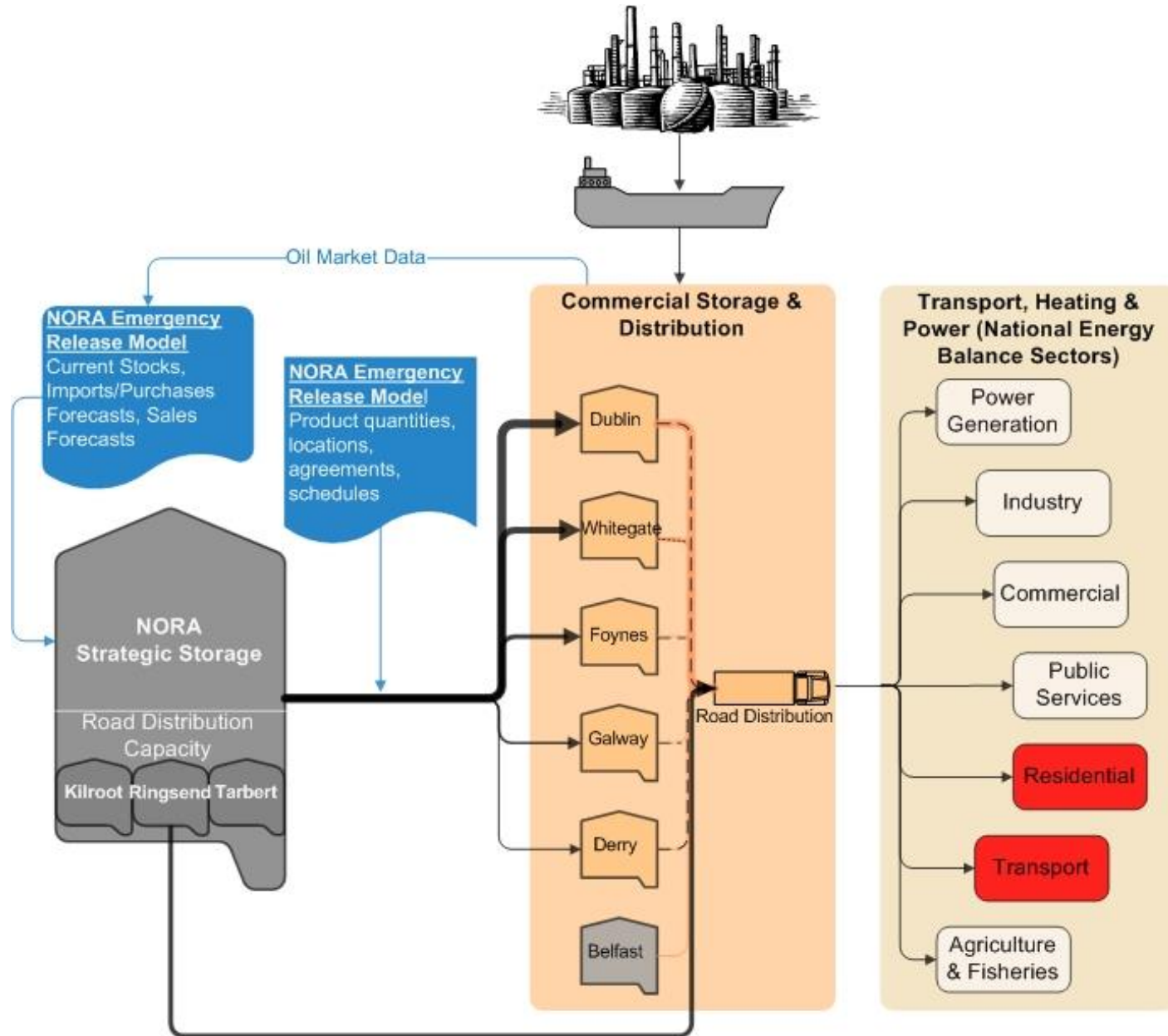
THE OIL SUPPLY CHAIN – NORMAL CONDITIONS



- Refining
- Transport to import location
- Storage
- Transport by road to economy



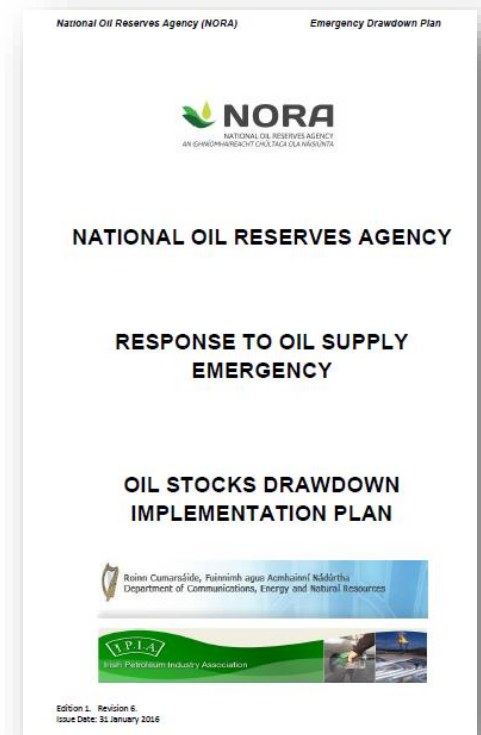
THE OIL SUPPLY CHAIN – STOCK SHORTAGE



THE ERM – BACKGROUND



- Security of oil supply
- Island with ~ 100% reliance on imported oil
- Commercial supply chain driven by commercial realities – low inventory levels
- In the event of a supply shortage, NORA has a Drawdown Plan – ERM is practical implementation of the Plan
- It will facilitate a quick response, which benefits oil companies & economy
- To make a decision on strategic stock release, **need** data on national inventory levels



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)?



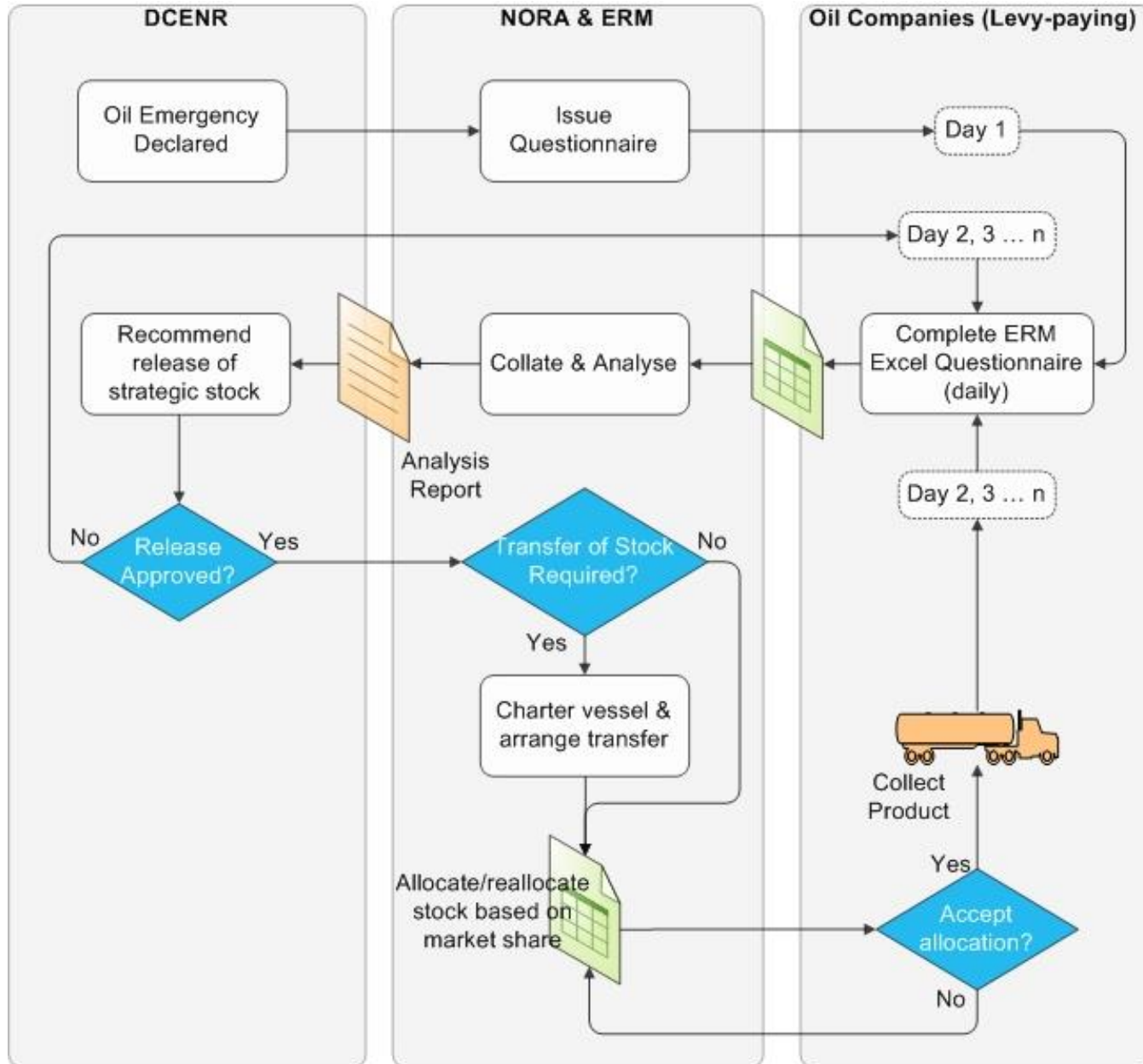
THE ERM – WHAT DOES IT DO?



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, e.g. informing the oil companies how much oil they will receive and from where
- Managing NORA's stocks
- Forecasting the duration of an oil supply shortage
- Facilitating longer-term planning

THE OIL SUPPLY CHAIN – RELEASE PROCESS



THE ERM – DATA TO BE SUPPLIED



Critical Information:

- Opening stock
- Sales
- Imports
- Ullage
- Purchases
- Closing stock

Broken down by:

- Product (gasoline, diesel, kerosene, jet, gasoil)
- Storage location
- Day

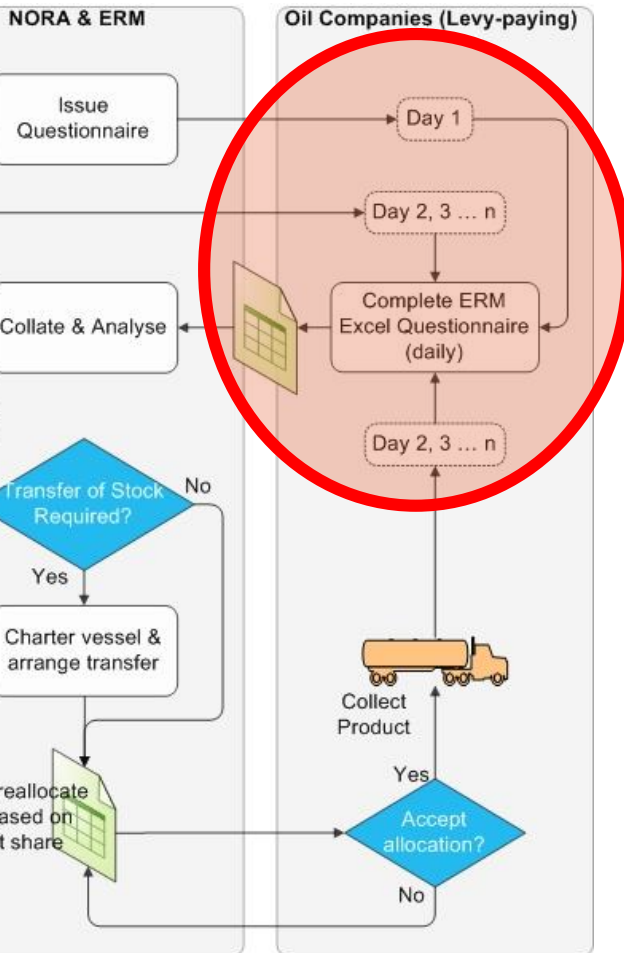
	Week 1	Day1 00/01/2000										Day2 01/01/2000			
		Storage Locations:	Derry	Dublin_Port_North	Dublin_Port_OP	Dublin_Port_opaz	Ringend	Foymes	Galway	Shannon	Tarbert	Whitegate	Other Location	Derry	Dublin_Port_North
(Company Name)															
Opening Stocks - Levy Unpaid															
Total (tonnes)	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
JP/Kero	-	-													
Imports Due / Received															
Total (tonnes)	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
JP/Kero	-	-													
Purchases Due / Received - Levy Unpaid															
Total (tonnes)	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
JP/Kero	-	-													
Sales on which (Company Name) will pay the NORA Levy															
Total (tonnes)	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
JP/Kero	-	-													
Other Sales (Sales on which exchange partner will pay NORA Levy)															
Total (tonnes)	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
JP/Kero	-	-													
Stock Received / due from NORA															
Total (tonnes)	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
JP/Kero	-	-													
Ullage															
Total (tonnes)	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
JP/Kero	-	-													
Closing Stock - Levy Unpaid															
Total (tonnes)	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Gasoline	-	-													
Diesel	-	-													
Gasoil	-	-													
Kerosene	-	-													
JP/Kero	-	-													

THE ERM - DATA TO BE SUPPLIED



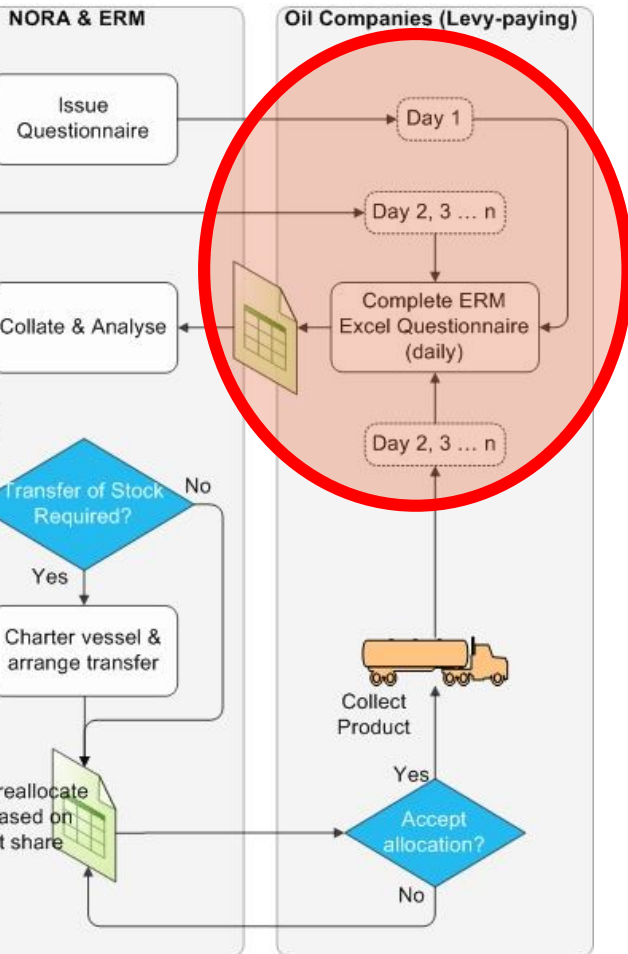
[Company Name]	Week 1	Day1											Day2			
	Storage Locations:	00/01/1900	Derry	Dublin_Port_North	Dublin_Port_OP	Dublin_Port_opaz	Ringsend	Foynes	Galway	Shannon	Tarbert	Whitegate	Other Location	01/01/1900	Derry	Dublin_Port_North
Opening Stocks - Levy Unpaid																
Total (tonnes)	-	-	0	0	0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

THE ERM – COMPLETING THE QUESTIONNAIRE



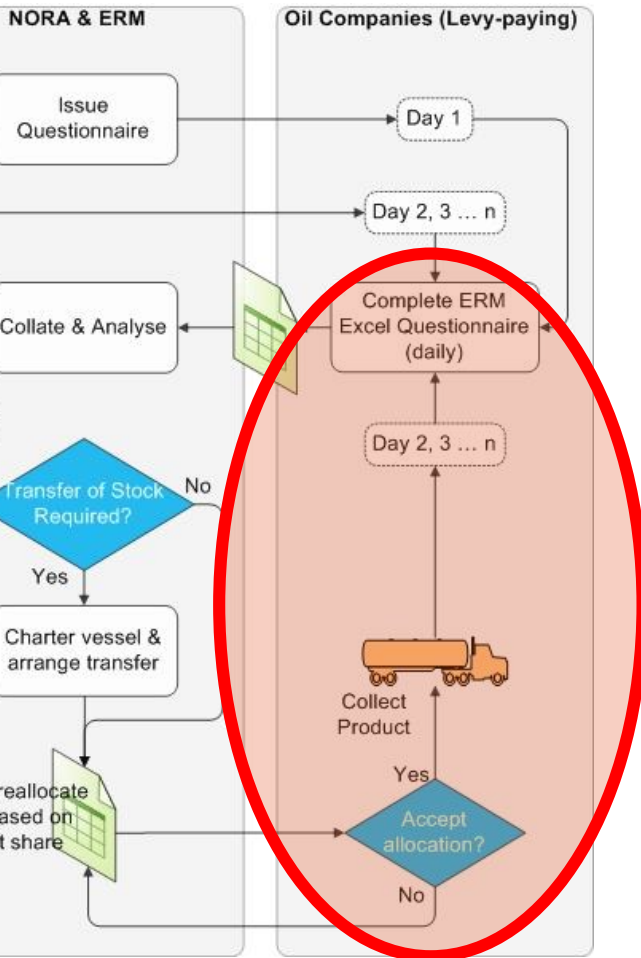
- Complete questionnaire in full on first day
- Enter data for today and next 14 days
- Update data daily – make alterations where necessary
- Maintain data for 14 days into the future

THE ERM – THE QUESTIONNAIRE



- DO NOT change:
 - File name
 - Formulas
 - Structure, etc
- Enter data in the designated cells only
- You are the 'owner' of the questionnaire
- The data will remain confidential

THE ERM – LETTERS OF OFFER



- Letters of Offer will be issued by NORA
- Calculation based on market share
- Offers will be for a location, product & quantity, e.g. 1,000 tonnes of Diesel from Tarbert
- Multiple offers may be made

THE ERM – LETTERS OF OFFER



7 Clanwilliam Sq Grand Canal Quay Dublin 2 Ireland
Tel (353 1) 6769390 Fax (353 1) 676 9399 www.nora.ie
Registered Office: as above. Registered No: 229229

Notice No 1.0

To: **Another**
Date: **22 March 2016**

In accordance with Section 35 of the National Oil Reserves Agency Act 2007, NORA hereby offers to supply your company with the following.

Product: Gasoline
Quantity: - tonnes
Location: Dublin_Port_North
Available from: 07/12/2015

Please revert by 11am tomorrow in order to confirm that you accept this allocation.

If you do not reply by this deadline, you will not receive this allocation and it may be allocated to alternative oil suppliers.

Please confirm your acceptance of this offer by signing the form below and emailing a scanned copy of same to NORA at emergencyrelease@nora.ie.

This offer is being made in accordance with NORA's Standard Sales Agreement incorporating the standard terms and conditions for the sale of oil products which has been previously agreed with Another.

Yours sincerely,

A handwritten signature in black ink that reads 'Pat Meehan'. The signature is written in a cursive style.

Pat Meehan.
Chief Executive

Confirmation of Acceptance

We hereby confirm acceptance of this offer and agree to purchase _____ tonnes,

Signed: _____ Date: _____

On behalf of Another.

- Calculation of quantity based on market share
- Allocation must be accepted, otherwise the quantity will be reallocated to other companies
- Standard sales contracts will be put in place
- To be accepted the following day

THE ERM – LETTERS OF OFFER (REALLOCATION)



**NORA**
NATIONAL OIL RESERVES AGENCY
AN GHNÍOMHAIREACHT CHULTACA OLA NAISIÚNTA

7 Clanwilliam Sq Grand Canal Quay Dublin 2 Ireland
Tel (353 1) 6769390 Fax (353 1) 676 9399 www.nora.ie
Registered Office: as above. Registered No: 229229

Notice No 1.1
To: **Another**
Date: **22 March 2016**

In addition to Notice No 1.0 issued to you yesterday, in accordance with Section 35 of the National Oil Reserves Agency Act 2007, NORA will be supplying your company with the

Product: **Gasoline**
Quantity: **- tonnes**
Location: **Dublin_Port_North**
Available from: **07/12/2015**

Please revert by 12pm today in order to confirm that you accept this allocation, which is in addition to the allocation that was issued to you yesterday.

If you do not reply by this deadline, you will not receive this allocation and it may be allocated to alternative oil suppliers.

Please confirm your acceptance of this offer by signing the form below and emailing a scanned copy of same to NORA at emergencyrelease@nora.ie.

This offer is being made in accordance with NORA's Standard Sales Agreement incorporating the standard terms and conditions for the sale of oil products which has been previously agreed with Another.

Yours sincerely,


Pat Meehan.
Chief Executive

Confirmation of Acceptance
We hereby confirm acceptance of this offer and agree to purchase _____ tonnes, in accordance with NORA's Standard Sales Agreement.

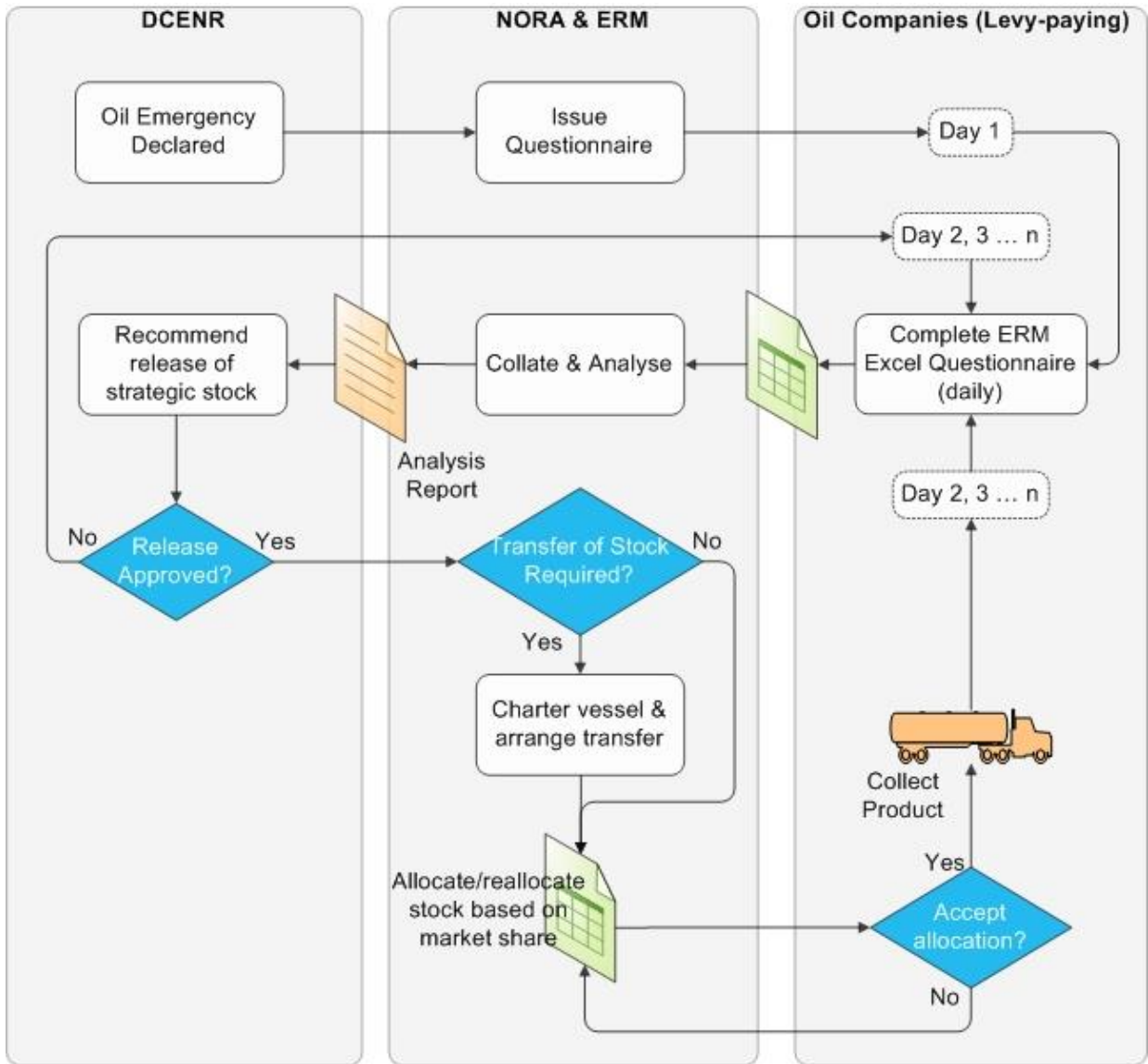
Signed: _____ Date: _____

On behalf of Another.

- Calculation of reallocated quantity based on market share
- To be accepted within 1 – 2 hrs
- If not accepted, no further reallocation



THE ERM – PROCESS



- The iterative process continues until normal oil supplies are resumed

THE ERM – ROLE OF OIL COMPANIES



- Complete the questionnaire
- Engage with NORA, which will provide:
 - Instruction
 - Training
- NORA also plans to carry out exercises – cooperation is needed
- May need to secure approval for data release (v. similar data to that already provided to DCENR) and recognition of importance of cooperation



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



Discussion

