

The Virgin Islands Consortium

With Restart Of Oil Refining On St. Croix Looming, Bloomberg Article Confirms Need To Act Swiftly

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ST. CROIX -- A Bloomberg article published on Tuesday strengthened ArcLight Partners, LLC and Mapp Administration officials argument that lawmakers need to act swiftly in ratifying the Limetree Bay Terminals oil refining agreement as a critical window of opportunity exists.

ArcLight and Mapp administration officials testified during a Committee of the Whole hearing on Friday that a change to the rules of the International Convention for the Prevention of Pollution from Ships (known as MARPOL), lowers the amount of sulfur permitted in marine fuels (also known as bunker fuels) from 3.5 percent to 0.5 percent. When the rule revision comes into effect, the testifiers said, it will create an economic

opportunity for the refinery to process discounted feedstocks and to produce low-sulfur marine fuels and other high value refined products. The change is set to take effect in 2020, and ArcLight is hoping to seize the window of opportunity with refining on the south shore ready also by 2020, allowing it to be one of the few refineries positioned that would be capable of meeting the new refining rules.

"This MARPOL opportunity is critical to the underwriting of capital investment for the refinery restart, making it very important that we work to bring the refinery back online by the end of 2019," said Jake Erhard, partner at ArcLight Partners during the hearing. "As such, we very much appreciate the help of the Senate in expediting the review and consideration of the new refinery operating agreement, the approval of which is an essential step in keeping the restart on schedule."

The Bloomberg [article](#) confirms what the testifiers have been saying, and it highlights Exxon Mobil Corp., Marathon Petroleum Corp., and Valero Energy Corp. as oil refiners set to benefit the most from the tougher impending rules for the world's shipping fleet.

"That's because America's refining system has the biggest capacity to turn crude oil into low-sulfur fuels, according to Jefferies Financial Group Inc. The nation's yield of gasoline, jet fuel and middle distillate is 82 percent, compared with 63 percent globally, the bank said in a note to clients," reads the Bloomberg piece.

The U.S. refining system has been built to take the heaviest feedstock and maximize the yield of clean fuels," wrote Jefferies analysts led by Laurence Alexander, according to Bloomberg.

Just as the ArcLight and Mapp administration officials testified, Bloomberg said that in January 2020, vessels plying the world's shipping routes will be required to burn fuel with less sulfur to help curb greenhouse gas emissions. The new rules are expected to benefit oil refineries around the world, which produce and sell so-called clean fuels.