**DECC CALL FOR EVIDENCE: The role of the UK refining and fuel import sectors in meeting UK demand for refined oil products.**

**Question and Response form**

When responding please provide answers that are as specific and evidence-based as possible, providing data and references to the extent possible.

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| **Question 1** |
| **Please indicate in which capacity you are responding to this questionnaire; for example as a refiner, importer, wholesaler, retailer, a related industry, as a trade body, union or other independent party (indicating all those which apply).** |
| **Answer** |
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**Understanding the UK national requirement for a resilient supply system:**

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| **Question 2** |
| There is uncertainty about future likely demand for petroleum products out to 2050 and beyond. Several forecasts for the likely UK refined product demand have been made by different stakeholders, for example independent consultants, and business organisations working in the sector.**How do you see the total UK and EU refined product demand changing over the next 20-50 years, and what product mix is likely to be required? What are the factors influencing this?** |
| **Answer** |
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| **Question 3** |
| The UK’s Energy Security Strategy (with a primary focus on electricity - <https://www.gov.uk/government/publications/energy-security-strategy>) sets out that there are three pillars to delivering security of supply: * Capacity (ability to respond to demand)
* Reliability (limited downtime or disruption)
* Diversity (availability of alternative types of supply and types of distribution)

**Refined product is supplied into the UK market by domestic refineries and import terminals. In overall terms, how would you assess both supply routes in terms of capacity, reliability and diversity?** **I*f appropriate (and to help put your answer into context)* - please describe briefly any infrastructure assets that you manage or rely on, and describe your raw material suppliers;**  |
| **Answer** |
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| **Question 4** |
| **With respect to your answer to the previous question (Q3): Are there any other considerations that need to be taken into account when making an appraisal of the UK refined product supply chain, from a security of supply and resilience perspective?** |
| **Answer** |
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**Existing Downstream Oil Industry infrastructure and its contribution:**

In 2012, supply of product into the UK market via domestic production and imports was as follows:

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|  | **Production** | **Imports** |  |  |
| **Motor Spirit** | 66% | 34% |  |  |
| **Gas Diesel Oil** | 60% | 40% |  |  |
| **Aviation Turbine Fuel** | 37% | 63% |  |  |
| **Fuel Oils** | 59% | 41% |  |  |
| **Petroleum Gases** | 75% | 5% |  |  |
| **Burning Oil** | 80% | 20% |  |  |
| **Other products** | 61% | 39% |  |  |

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| **Question 5** |
| **With respect to the different types of refined product; most importantly Diesel, Jet, Petrol and Heating Oil, what are the most likely short-term disruption events that you are concerned about; and which local UK supply envelopes are likely to be affected by these events?** |
| **Answer** |
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| **Question 6** |
| **Taking a medium to longer term view, from your perspective which of the supply routes (domestic refineries or import terminals) offers greater resilience to supply disruptions and why?** |
| **Answer** |
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| **Question 7** |
| **From the end user perspective, what approximate split between domestically refined product and imported product do you think would be most resilient? And what are the fundamental differences between these two sources of supply which lead you to this conclusion?** |
| **Answer** |
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| **Question 8** |
| **If you have stated a view on the balance between imports and domestically refined product, what are the benefits and the risks of the approach you propose in delivering?**1. **Secure supply (with good capacity, reliability, diversity and any other key attributes);**
2. **Resilience to international supply disruptions (such as extreme weather, shipping problems, major accidents, or natural disasters)**
3. **Impact on consumers and product pricing, and**
4. **Environment - in relation local air quality, greenhouse gases and other local environmental considerations**
 |
| **Answer** |
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| **Question 9** |
| **In your view, which geographical regions of the UK would be most affected by a refinery or import terminal closure in terms of:** 1. **Disruption to supply?**
2. **Jobs and skills?**
3. **Adverse impact on associated industries?**
 |
| **Answer** |
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| **Question 10** |
| **What are the direct and indirect economic (for example tax and wealth) and social benefits (for example jobs and skill development opportunities) derived from the areas of the UK downstream sector with which you are familiar?**  |
| **Answer** |
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| **Question 11** |
| **In the context of an uncompetitive UK Refining base which may not attract necessary investment, what factors pose the greatest challenge, how will they most likely impact the refining sector, and what are the likely consequences for the UK?** |
| **Answer** |
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| **Question 12** |
| **In the context of Import infrastructure, what factors pose the greatest challenge to operating companies making investments and what are the likely consequences**? |
| **Answer** |
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| **Question 13** |
| **If not covered in your answer to the last questions (Q11 & Q12): what in your view is the impact of current UK and EU regulations and policies on the sector?**  |
| **Answer** |
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| **Question 14** |
| **What is the cost impact of current and forthcoming Regulations (in terms of Capex and Opex)?**  |
| **Answer** |
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**Future development of the UK Downstream Oil Industry**

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| **Question 15** |
| **How do you see the UK downstream oil sector evolving over the next 20 - 30 years, and what is your rationale for this? And specifically: will the downstream sector develop sufficiently fast enough and in a robust enough fashion to address the future refined product needs out to 2050?** |
| **Answer** |
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| **Question 16** |
| **With respect to your answer to the last question (Q15): What are the risks and benefits of the future that you foresee?** |
| **Answer** |
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| **Question 17** |
| **In your view (if not already covered in answer to Q11) how successful will the UK Refineries be in responding to future demands, and what are the uncertainties and constraints that will affect their ability to respond successfully?** |
| **Answer** |
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| **Question 18** |
| **In your view (if not already covered in answer to Q12) how successful will the UK Import terminals be in responding to future demands, and what are the uncertainties and constraints that will affect their ability to respond successfully?** |
| **Answer** |
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**Other potential steps to address the UK Downstream Oil future requirements**

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| **Question 19** |
| **At the UK industry-wide level: do any factors restrict access to the UK refined product markets e.g. access to critical infrastructure such as jetties, the rail network or pipelines? If this is the case then:**1. **what needs to change?**
2. **how will your organisation benefit? And;**
3. **what are the supply security and resilience benefits?**
 |
| **Answer** |
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| **Question 20** |
| **What other external factors (if not already covered in answer to Q11) adversely impact the Refining sector (e.g. structural advantages elsewhere such as lower staff and energy costs) and how significant a role will these play in determining investment decisions?** |
| **Answer** |
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| **Question 21** |
| **What other external factors (if not already covered in answer to Q12) adversely impact the refined product Import sector (e.g. structural disadvantage or lack of certainty) and how significant a role will these play in determining investment decisions?** |
| **Answer** |
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| **Question 22** |
| **What steps could the UK Government take to help create the right conditions to attract continued investment in the UK refining and importing sectors?** |
| **Answer** |
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| **Question 23** |
| **Is there anything else not covered in your answers to previous questions that you would like to add?** |
| **Answer** |
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