

Fuel News

Fuelogic becomes part of the Grindrod Group

Grindrod Limited has acquired 100% of the issued share capital of Fuelogic from Arrowbulk Carriers Ltd, Ukhamba Holdings, Calulo Petrochemicals and Graham Searle, for R160 million.

Fuelogic – a bulk liquid fuel transporter operating in Southern Africa under long-term contracts from customers – has operations that include primary distribution of fuel from refineries and import facilities to terminals, depots and large customers and secondary distribution of fuel from terminals and depots to customers. The company is also involved in the transportation of liquid petroleum gas.

According to the media release, the primary motivation for the acquisition is that although the demand for fuel has softened on the back of suppressed economic conditions, the long-term forecast for fuel demand remains robust with significant growth opportunities available in the cross border market.

The transaction will result in increased critical mass and the associated benefits of economies of scale combined with reduced earnings volatility, as well as increased diversification of the new holding company's existing transport operation.

The latter has a large weighting towards the automotive and dry bulk market segments. At the same time, it sees its purchase as enabling a platform for the expansion of the operations into the Southern African Development Community region.



DIESEL'S FUTURE IS SECURE

The Washington based 'Diesel Technology Forum' recently issued the following statement in response to a US organisation's report that encouraged the use of natural gas in heavy vehicles, instead of traditionally used diesel.

"There is a reason that diesel powers the overwhelming majority of the (US) commercial trucking, school and transit bus fleets. Diesel's unmatched combination of availability, safety, energy efficiency and economical operation and performance

have made it the technology of choice, but it will

be the environmental performance and prospects for even greater energy efficiency that make it the technology of choice for the future," said Allen Schaeffer, Executive Director of the non-profit group.

When it comes to conventional emissions of particulate matter and nitrogen oxides, 2010 engines have levelled the playing field with natural gas. Clean diesel available in many countries (excluding SA at this stage) is now near zero emissions – and is meeting the same environmental standards as natural gas technology. At the same time, the new generation of US and European 2010 clean diesel trucks provides a 4 to 6% improvement in fuel efficiency over previous models.

"This analysis (the proposal to switch diesel run heavy vehicles to run on natural gas) is faulty on many levels, including failing to factor in the anticipated expanded future use of renewable, low-carbon diesel fuel from domestic sources in the nation's trucking fleet. It also is based almost entirely on the backs and generosity of the American taxpayer to subsidise infrastructure and fuel prices, while delivering questionable benefits and not for 25 years. Clean diesel technology is delivering benefits today in the form of low cost of goods movement and transportation, with an ever-smaller climate and environmental footprint," stated Schaeffer.

According to the organisation, the pro natural gas report's assumptions in climate benefits are based largely on the unlocking of new domestic sources of shale-gas through a process known as hydraulic fracturing. A new study by Cornell University Professor Robert Howarth recently studied the greenhouse gas implications of the new process of unlocking shale gas hydro-fracking and found that once the impacts of methane leakage are included, the lifecycle greenhouse gas footprint of shale-gas would be 60% worse than coal fired power GHG or diesel combustion. According to the Cornell study, "... a complete consideration of all emissions from using natural gas seems likely to make natural gas far less attractive than other fossil fuels in terms of the consequences for global warming".

The Diesel Technology Forum is a non-profit organisation dedicated to raising awareness about the importance of diesel engines, fuel and technology. Forum members represent the three key elements of the modern clean-diesel system: advanced engines, vehicles and equipment, cleaner diesel fuel and emissions-control systems.

Preliminary Assessment of the Greenhouse Gas Emissions from Natural Gas Obtained by Hydraulic Fracturing www.eeb.cornell.edu