



Peninsula Petroleum has come a long way since it started operations in 1996 when owner and CEO John A Bassadone identified an opportunity to offer bunker supplies in Gibraltar.

Today, the company is the leading global integrated marine fuel supplier operating from 18 global offices and employs 350 people worldwide and has grown its physical supply network to 16 ports around the world.

In the Mediterranean/Atlantic region, where Peninsula is the largest physical supplier, the company operates in eight ports; Algeciras/Gibraltar, Las Palmas/Tenerife, Malta, Barcelona, Cadiz and Malaga. Elsewhere, the company is the primary physical bunker supplier in Houston, New Orleans, the Antwerp, Rotterdam and Amsterdam (ARA) range, Los Angeles/Long Beach and in Panama with operations at both ends of the canal in Balboa and Cristobal.

As mentioned, Peninsula commenced



Peninsula Petroleum's Owner and CEO John A Bassadone

supplying bunkers at Gibraltar in 1996 and is now the largest supplier by volume in the area. In May 2013, the company expanded

into the adjacent Algeciras market to also offer physical supplies, giving access to vessels calling at Algeciras Port in addition to Gibraltar's Western Anchorage.

To fully prepare for the IMO's cleaner air aspiration with the 0.5% global sulfur cap on 1st January, 2020, Peninsula has further invested in and expanded its global physical supply and reselling capability over the past decade. This is in line with the company's long-term business strategy built on conservative risk management, which puts Peninsula in a predominant position of 2020 readiness ahead of time.

Peninsula's focus on the importance of supply chain control and logistics has seen the group increase its strategic global storage positions during 2019, which today includes over 400,000 tonnes of terminal capacity in Europe.





'Hercules 8000' is fitted with twin propellers and rudders for extra manoeuvrability

Algeciras is Spain's busiest port and an important transshipment hub for the Iberian hinterland. Peninsula is the largest volume occupant of the Vopak terminal (over 200,000 cu m) and sources cargoes from far afield to supply its regional operations.

In the Mediterranean/Atlantic region, the company also has 75,000 cu m of storage capacity at Las Palmas, 40,000 cu m at Barcelona and 85,000 cu m at Marsaxlokk (Malta).

In conversation with John A Bassadone at Peninsula's well-appointed office suite in Gibraltar, *Tanker Operator* was told of one of the company's continuing diversity in the form of its recent shipping expansion. As well as the acquisition of five product tankers, Peninsula has just received the first of a six newbuilding programme.

Furthermore, Peninsula is moving into the purchase of large tankers as part of its expansion to carry its own cargoes at source. This started with the purchase of the 2004-built LR1 'Conqueror' formerly Enterprises Shipping & Trade's 'Energy Conqueror', which is providing increased operational flexibility for product procurement and cargo transshipments. The company is also currently in the market for a Handymax, MR or another Panamax to enable its sourcing and product delivery operations.

Flying the Gibraltar flag, she now trades for Peninsula, is classed by DNV GL and has a CAP 1 certificate. The 'Conqueror' has been vetted by most of the oil majors, as has the in-house management team. Product cargoes are sourced on the open market and Peninsula has good lines of

credit (see below).

Seeing a gap in the market for low sulfur fuel, particularly in the Mediterranean where there is a dearth of product, this vessel, delivered to Peninsula in September, now carries fuel oil to areas of demand undergoing ship-to-ship cargo transfer operations. At the time of *Tanker Operator's* visit, she was in Skikda loading a VLSFO cargo.

For its sourcing and product delivery operations, Peninsula timecharter tankers, but this is the first large vessel, apart from the product tankers, that the company technically and commercially manages and owns outright.

Newbuilding programme

Peninsula has seven product tankers of between 5,500 and 9,500 dwt operating in the Bay, which will soon be joined by the 8,000 dwt newbuilding 'Hercules 8000' - the first of this newbuilding programme - designed to offer more segregation, enhanced quality control and optionality.

In total, the company now operates around 36 vessels worldwide, of which 10 are owned and the rest chartered-in.

Tanker Operator was told by Peninsula's shipmanagement team that the bunker barges' crew was of prime importance and it was imperative to have trained seafarers with high experience in bunkering operations. To accomplish this, the focus has been on crew competence and retention, among other needs.

At Gibraltar's Western Anchorage, which has around 13-14 slots available for bunkering, there has been a noticeable

increase in the amount of VLSFO specified by owners and operators ahead of IMO2020.

Bassadone said, "By engaging our customers early on in the 2020 planning phase to better understand their fuel strategies, demands and concerns, we've expanded key customer relationships across our entire blue-chip portfolio. This has enabled us to develop a comprehensive supply offering, which is relevant and competitive."

To ensure quality control and allay customer concerns, Peninsula's operations, logistics and supply chain control allow the purchase of products and components for the production and delivery of compliant fuels well within ISO 8217:2017 specifications, backed up by in-house technical expertise.

As to future supply in the Mediterranean/Atlantic areas, Bassadone ventured that Peninsula had multiple options for sourcing good quality product and saw no quality issues emerging given the groundwork already done to ensure full compliance. All of the barges operating in the Gibraltar Bay areas are fitted with electronic measuring devices and are vetted by the Port of Gibraltar and their respective flag state.

Pressed on the future of bunkering the group expressed its strong commitment to reducing shipping emissions and providing cleaner air in line with the IMO roadmap. In the medium-term, Peninsula is dedicated to LNG bunkering via an agreement with a large reputable organisation.

Bassadone pointed out that the IMO's stated strategy was the reduction of greenhouse gases and that LNG produced methane (which is a GHG). Some studies consider LNG to be a stop-gap solution before bio-fuels become the fuel of choice by 2050 by when the IMO has decreed that shipping should operate a carbon zero policy.

The availability of finance is important to a bunker supply operation. Recently, Peninsula renewed and increased its Asian receivables finance facility taking the group's bank liquidity to over \$800 mill.

This Asian facility, led by HSBC, in participation with United Overseas Bank, saw the total facility amount rise from \$225 mill to \$285 mill with both lenders increasing their respective ticket sizes and renewing the committed tranche of the facility by a further two years.

Earlier this year, Peninsula renewed,

increased and added new participants to its European receivables facility together with the addition of inventory finance solutions.

These increased lines enhance the diversity and sophistication of its funding package beyond 2021, whilst further enabling the business to provide unique global solutions to clients in the higher price environment expected, due to IMO 2020, the company said.

Commenting on the latest finance deal, Bassadone said, “We are confident that we have the right infrastructure and logistics in place and our worldwide platform is well positioned to face the challenges and opportunities which 2020 brings.

“We are also grateful for the endorsement of our business model received once again from our two long standing Asian banking partners and from our entire banking group. We have aligned ourselves with the right strategic partners who share our vision. We are optimistic about the challenges and opportunities 2020 brings and our focus of delivering global solutions that add value to our clients remains unchanged.” he concluded.



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