Evolving requirements for the storage sector:

Security of supply or energy transition?

TSA Conference 2026

Mark Waddington

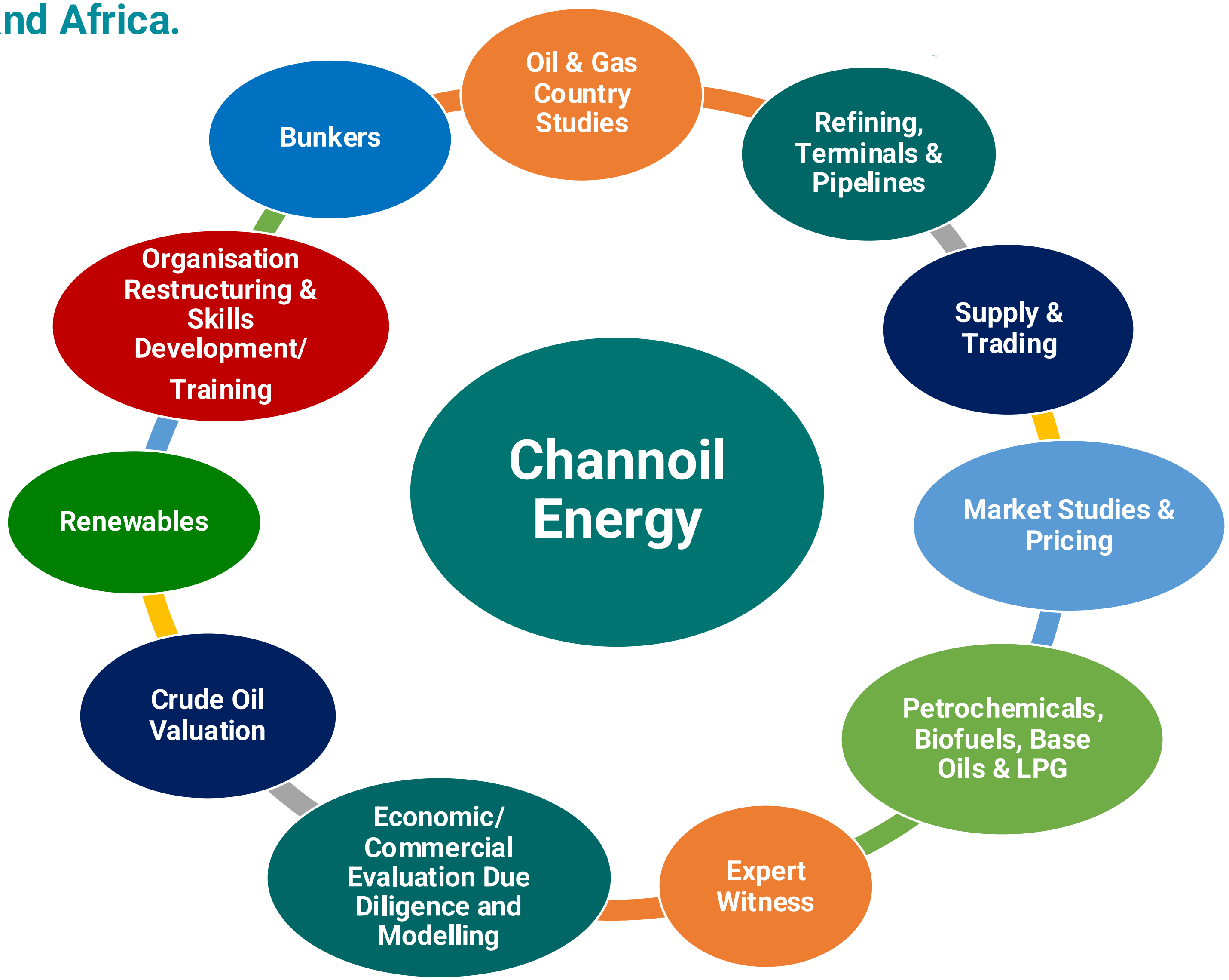
Channoil Energy

About Channoil Energy

At the forefront of the global oil and gas advisory industry for over 20 years.
Extensive coverage of Europe, Middle East and Africa.

About us:

- We consult for countries, governments, institutions and companies.
- All aspects of mid and downstream oil and gas.
- Biofuels and renewables.
- Established industry relationships and strong market contacts.
- Up-to-date knowledge of international and domestic oil and gas markets.
- Senior team members have more than 30 years' experience in the downstream oil business.
- Supported by a highly-skilled team of associate consultants.



How is the energy transition developing?

The current global geopolitical mess

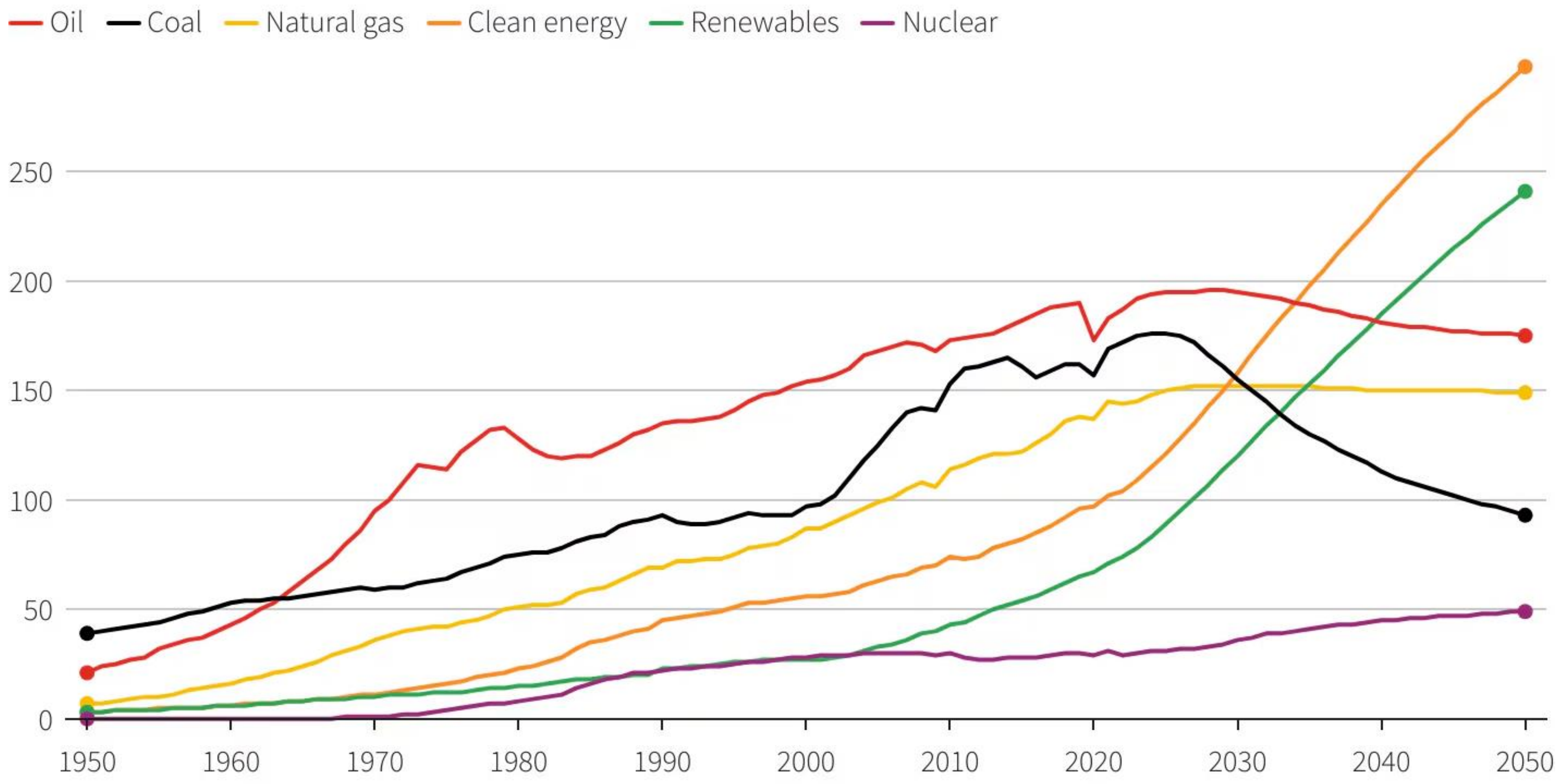
Implications for the UK

How is the energy transition developing?

- The global picture
- UK projections
  - ➢ Petrol / gasoline
  - ➢ Diesel
  - ➢ Jet fuel / SAF
  - ➢ Biofuels in the mix
  - ➢ What about the maritime sector?

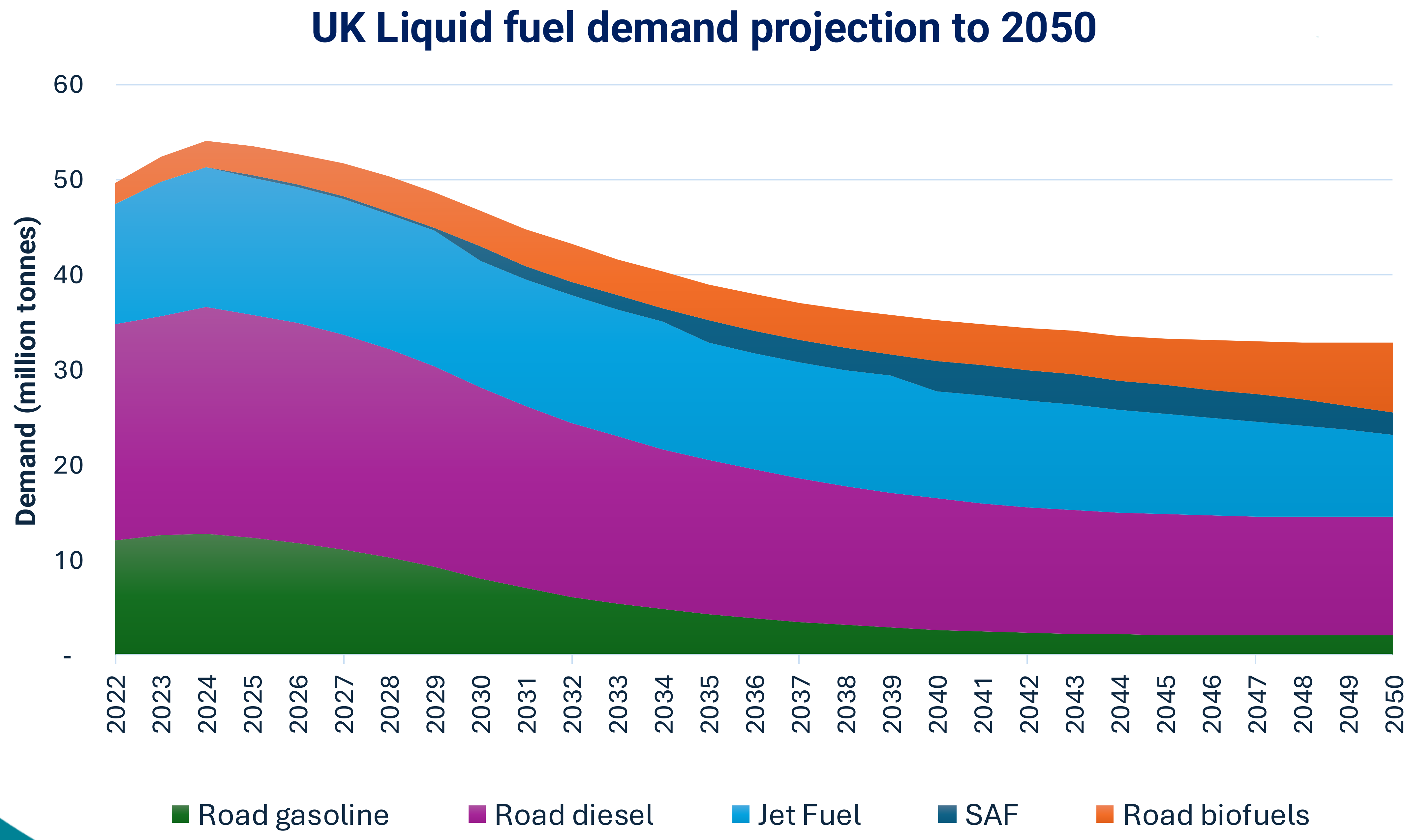
The IEA sees oil demand peaking by 2028

A scenario based on current policy settings sees clean energy poised for huge growth, while coal, oil and natural gas each reach a peak by 2030 and then start to decline



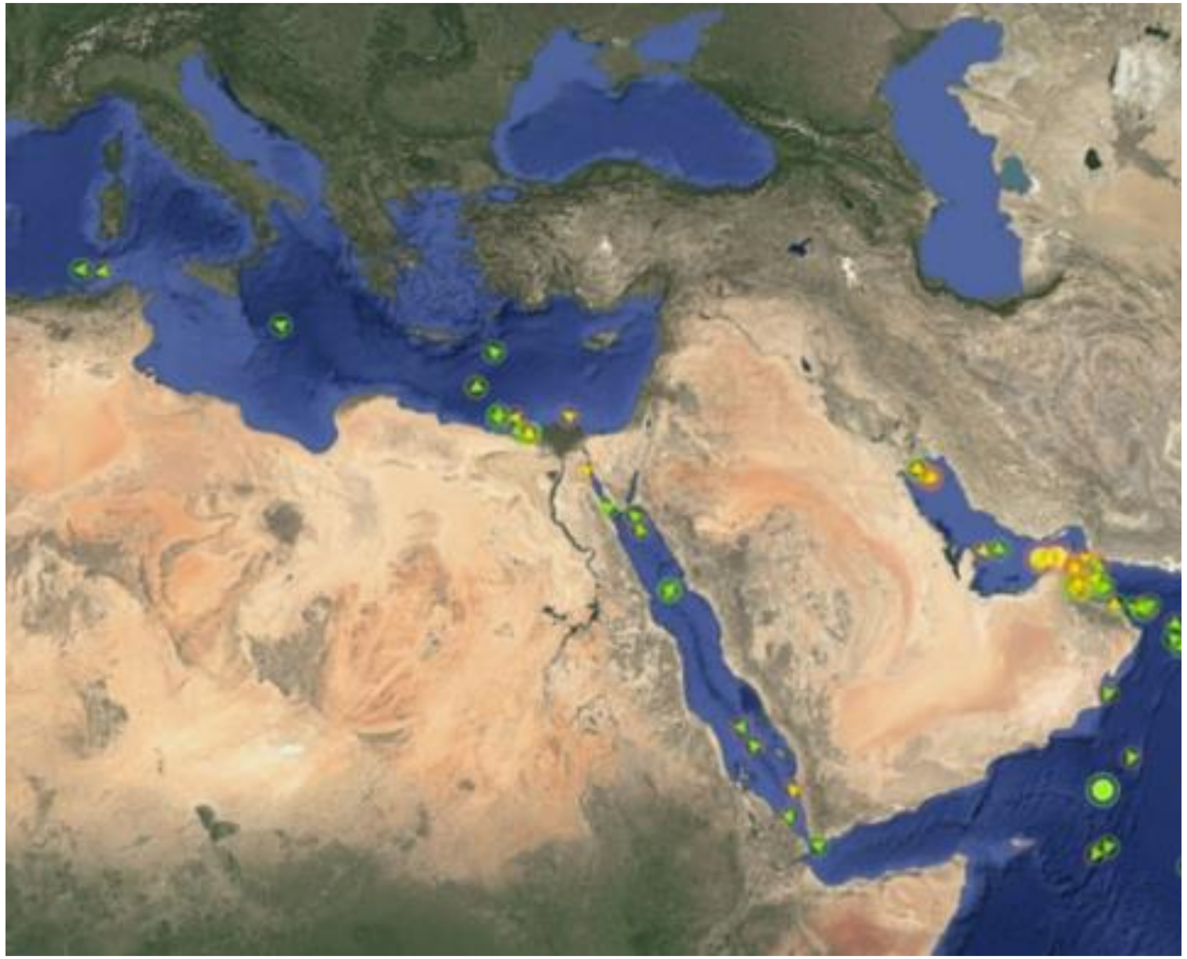
Note: In exajoules (EJ)
Source: IEA World Energy Outlook 2024

Peak UK consumption depends largely on EV sales …



The current geopolitical mess

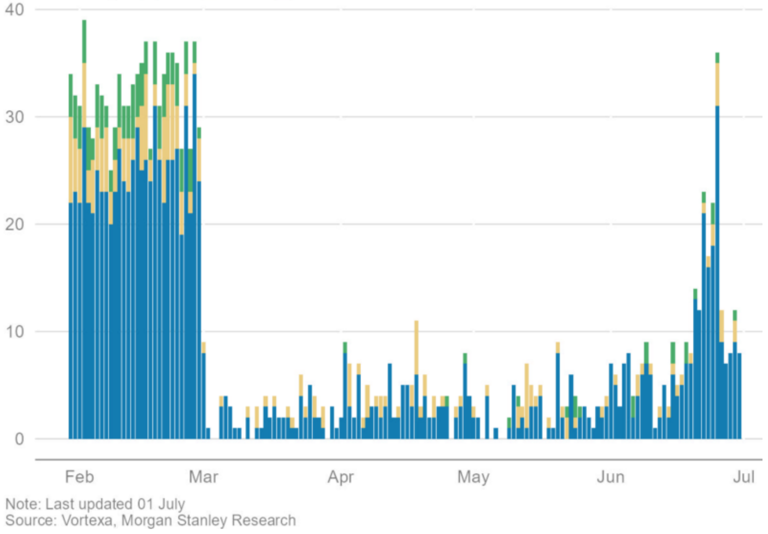
- Russia / Ukraine
- Iran and supply from the Middle East
- The new trade flows
- Implications for the UK



Strait of Hormuz – open or closed?

Exhibit 1: Tanker transits have averaged ~15/day outbound and ~11-12/day inbound in recent days; that is around one-third of "normal" flow in the Strait

Source: Vortexa, Morgan Stanley Research



Number of vessels leaving MEG via the Strait of Hormuz

By vessel type; latest value as per 01 Jul 2026

Date	Oil	LPG	LNG	Total
30 Jun	8	0	0	**8**
29 Jun	9	2	1	**12**
28 Jun	8	0	0	**8**
27 Jun	7	0	0	**7**
26 Jun	9	3	0	**12**
25 Jun	31	4	1	**36**
24 Jun	18	2	2	**22**
23 Jun	16	1	0	**17**
22 Jun	21	1	1	**23**
21 Jun	12	0	0	**12**

Source: Vortexa, Morgan Stanley Research

Ukraine Drone Strikes

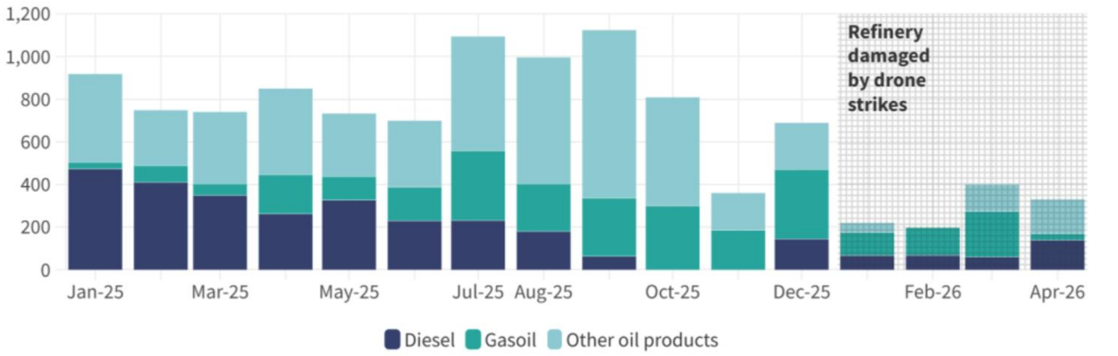
Russian refining outages mount on Ukrainian drone attacks

Ukraine's long-range drones, capable of hitting targets at least 1,00km inside Russia, have damaged more than 20% of the country's refining capacity and pose an increasing threat to its key oil exports.

Source: S&P Global Commodity Insights

Tuapse's seaborne oil product exports

Thousand tonnes of oil products | January 2025 to April 2026



Source: CREA analysis

CREA

Changes to inter-regional crude oil trade flows

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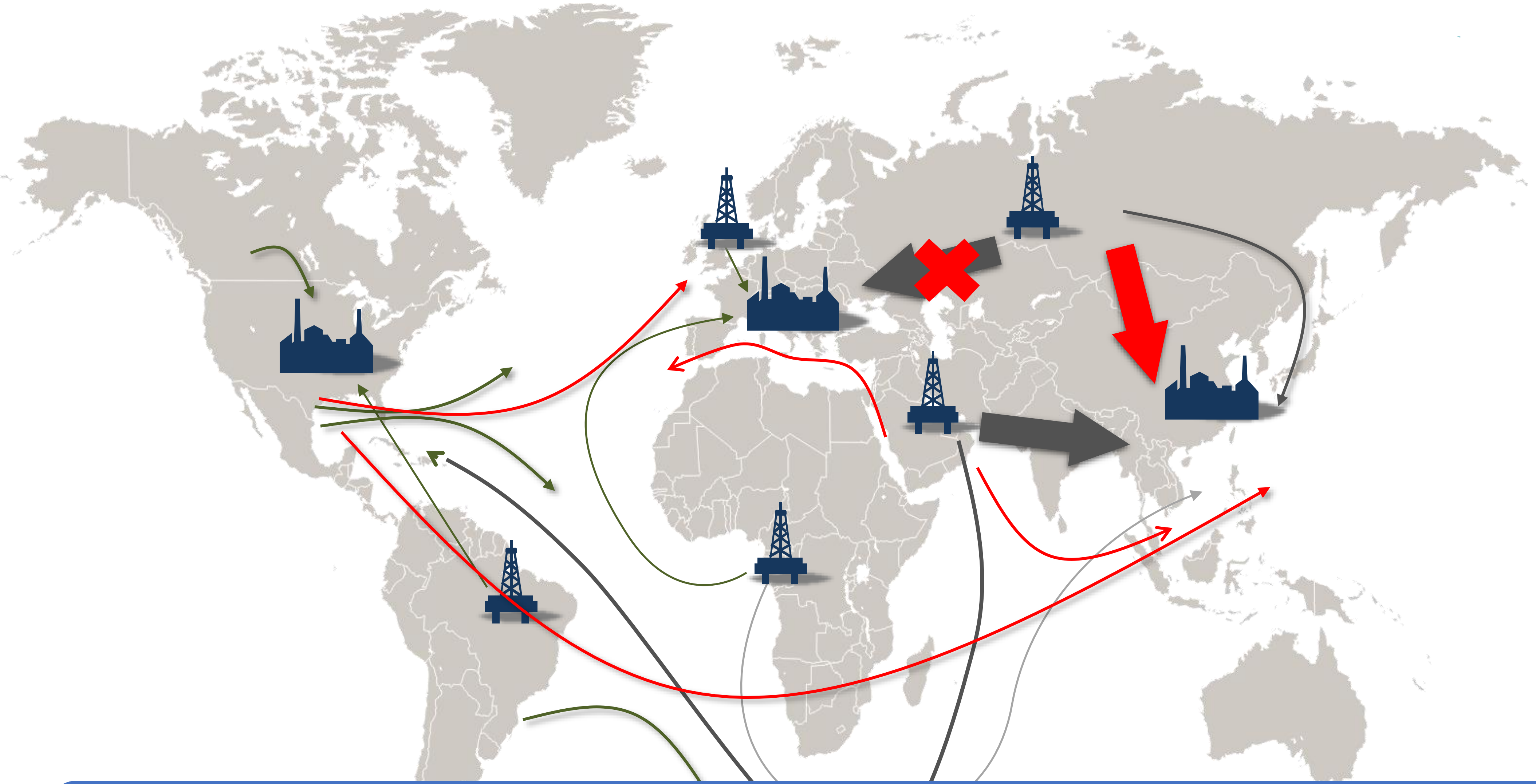
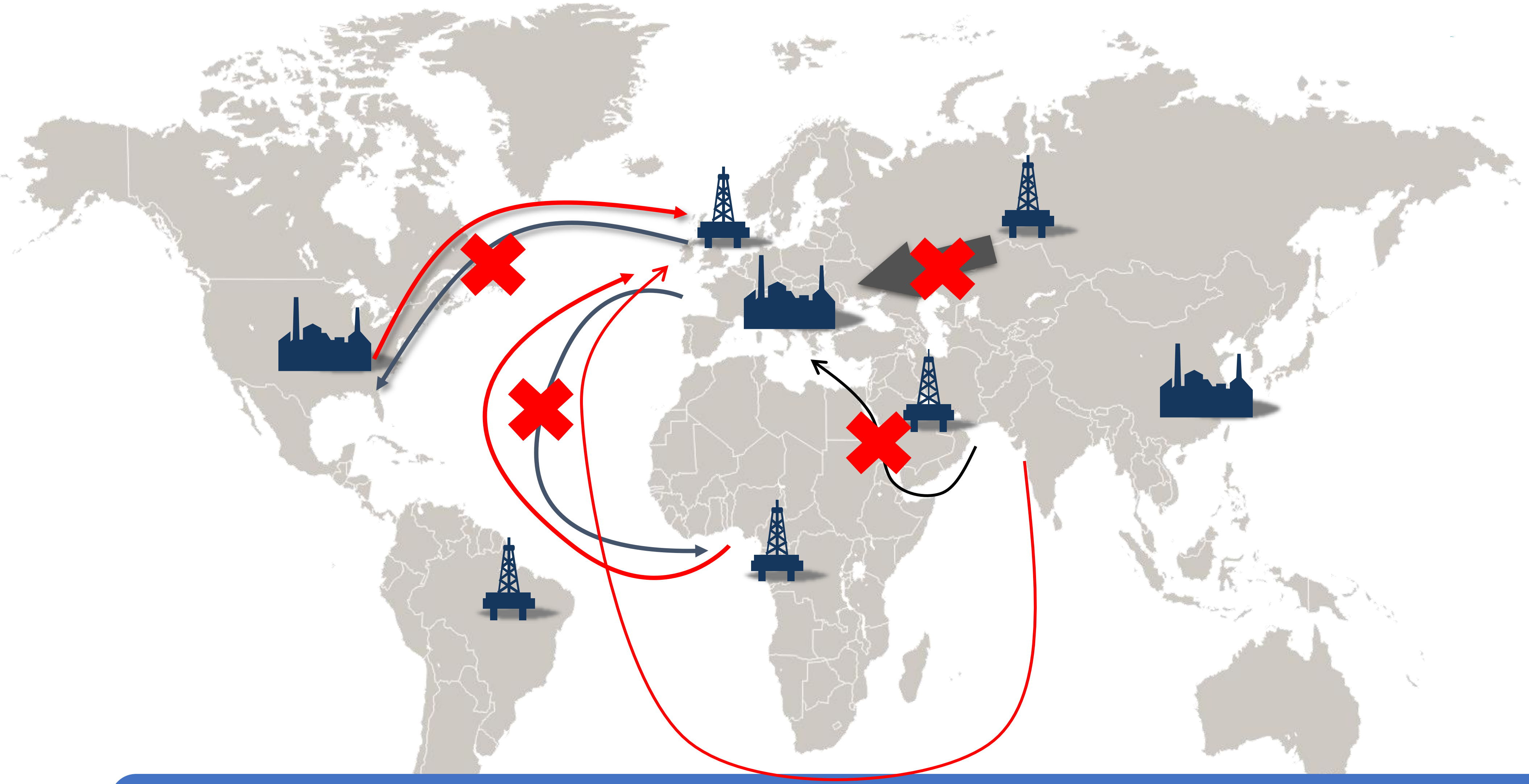


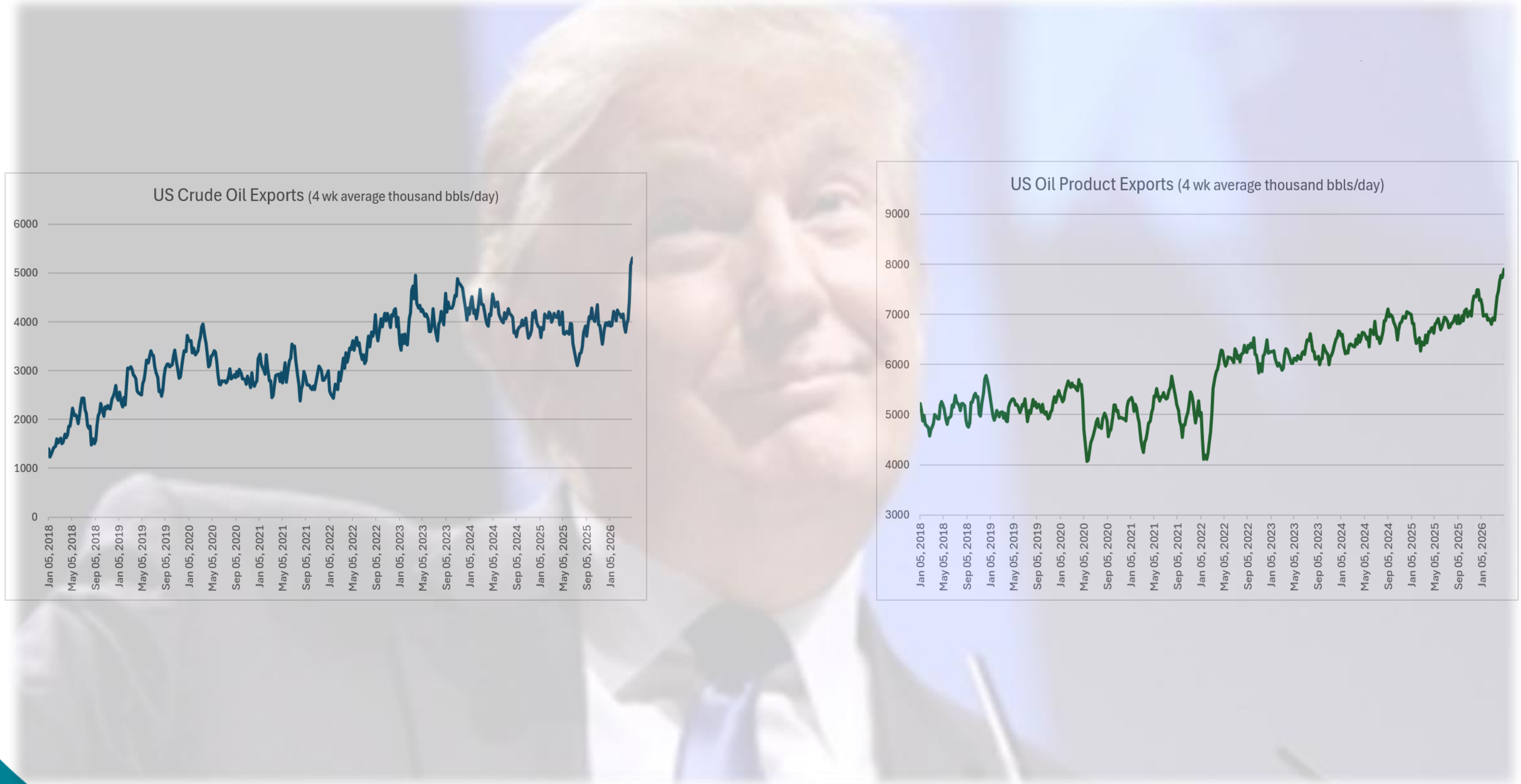
- Since the Ukraine conflict, no Russian crude oil comes to Europe/USA.
- Middle Eastern crude oil is exiting in the "dark" or via pipeline.
- Saudi crude can no longer go south from Yanbu in the Red Sea and routes via Suez/Med

Changes to inter-regional product trade flows



- Russian product exports are currently banned to preserve national supply.
- Product exports out of Hormuz or via Suez are largely blocked.
- Europe is sourcing Jet fuel and diesel wherever else it can.

And the winner is …



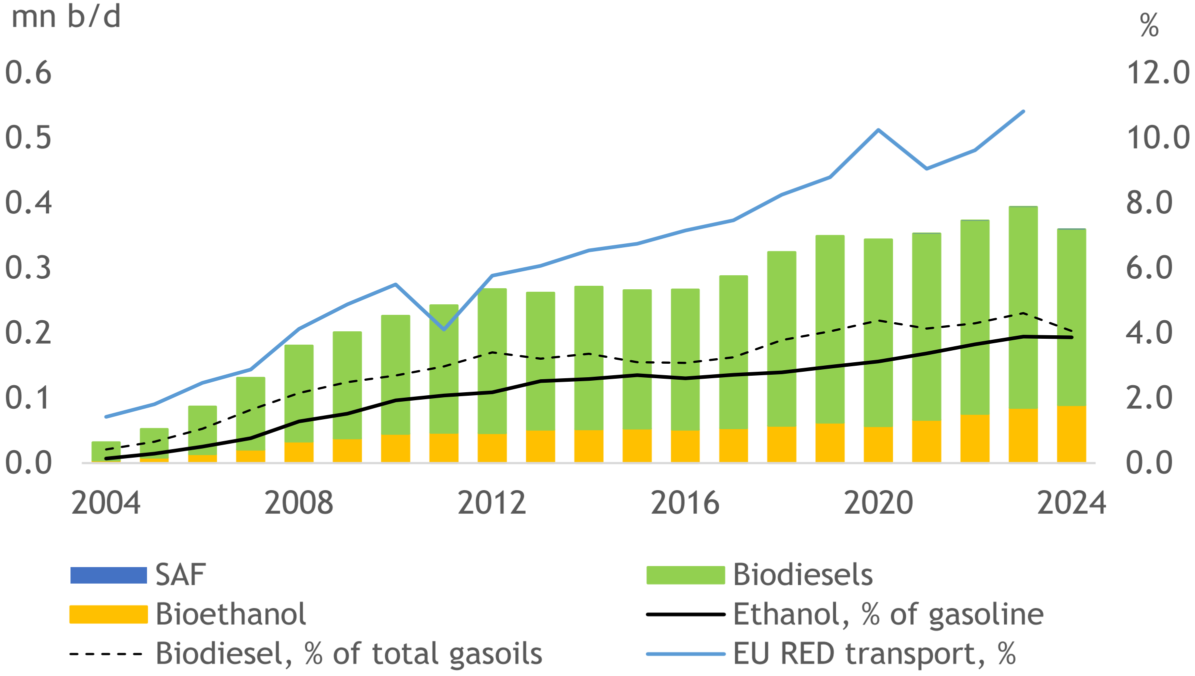
Implications for the UK

Short-term supply issues are stealing the stage

- Global geopolitics are not very pretty.
- Crude oil supply is precarious, dependent on exotic trade routes and releases from strategic stocks.
- Product supply from Russia is damaged by Ukraine drone strikes.
- Europe and UK now rely on USA, Dangote and beyond for Jet and diesel supply.
- The closures of Grangemouth and Lindsey have increased UK dependency on imports.
- UK commercial storage is heavily occupied.
- A decision to increase UK strategic stocks would present challenges – and opportunities?
- Longer-term, petrol / gasoline demand in Europe will reduce as EV uptake increases. Diesel will decline in the light vehicle sector, but a replacement for diesel in the HGV sector is lacking.
- EU and UK legislation broadly aligned and will continue to drive the transition.

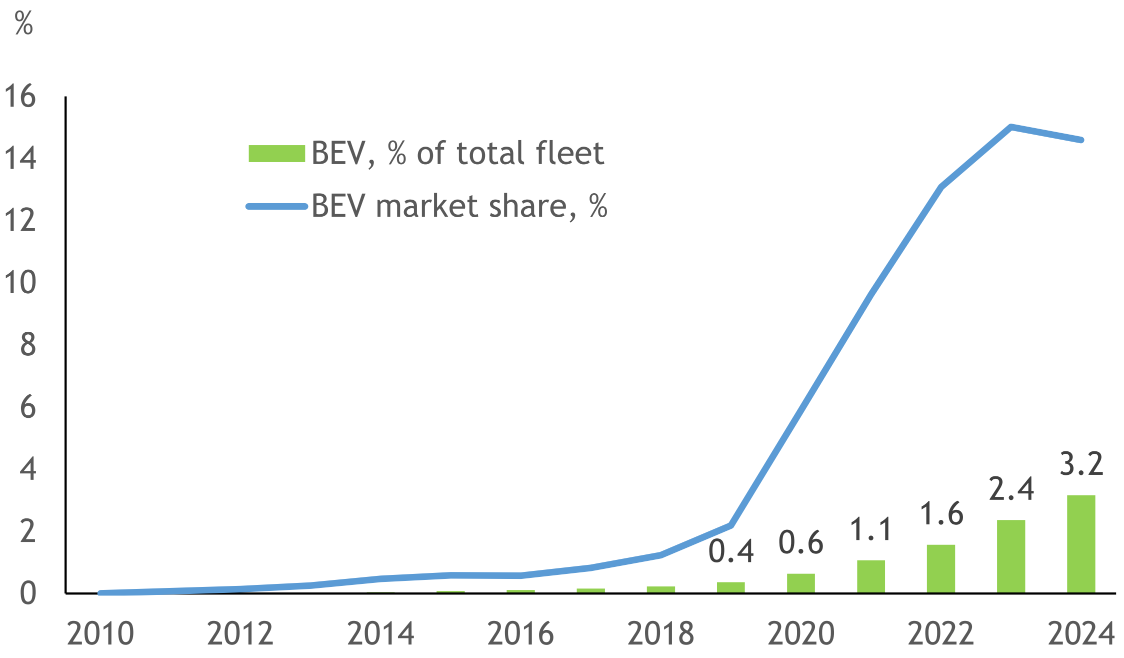
Renewables targets and high fuel prices will both drive the transition

Biofuels and RED targets



Source: Eurostat, IEA

BEV trends in Europe



Source: Eurostat

- The conventional biofuels requirements and programme will continue to grow
- SAF is the hot potato – UK funding will support, imports will be required
- EV and hybrid uptake will ultimately destroy gasoline demand and somewhat reduce diesel demand
- There is no short-term fix for heavy goods transport

- Methanol and e-methanol are emerging for the maritime sector (and SAF feedstock?), mainly via import
- Ethanol in gasoline will also eventually be a SAF feedstock
- Ammonia and other e-fuels are further into the future
- A curve-ball – imported sustainable maritime fuel?

Where to next?

Short-term priorities to the fore, watch the demand trends

- Short-term priorities:
  - Continued FAME/HVO/ethanol supply into biofuels
  - FAME-rich bunker fuels
  - Building the SAF infrastructure
  - Supporting imported e-fuels
- What to watch
  - Ammonia or e-Ammonia?
  - Solutions for the heavy-duty sector
  - EV registration figures
  - US mid-term elections … ?

CONTACT US

Channoil Energy

20 St Dunstan's Hill,

London, EC3R 8HL, UK

Email: consult@channoilenergy.com

Tel: +44 20 7583 7873

www.channoilenergy.com

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