

FAQs: Argus RED Marine Biodiesel indexes



Delivered on board ARA bunker prices for Advanced Fame 0 and VLSFO blends

What has Argus launched?

A suite of marine biodiesel indexes for northwest Europe compliant with the Renewable Energy Directive on a delivered on board basis for Amsterdam-Rotterdam-Antwerp. The price suite includes B10, B20, B30, B50 and B100 indexes that are published daily in *Argus Biofuels* and *Argus Marine Fuels* reports.

How does Argus calculate these indexes?

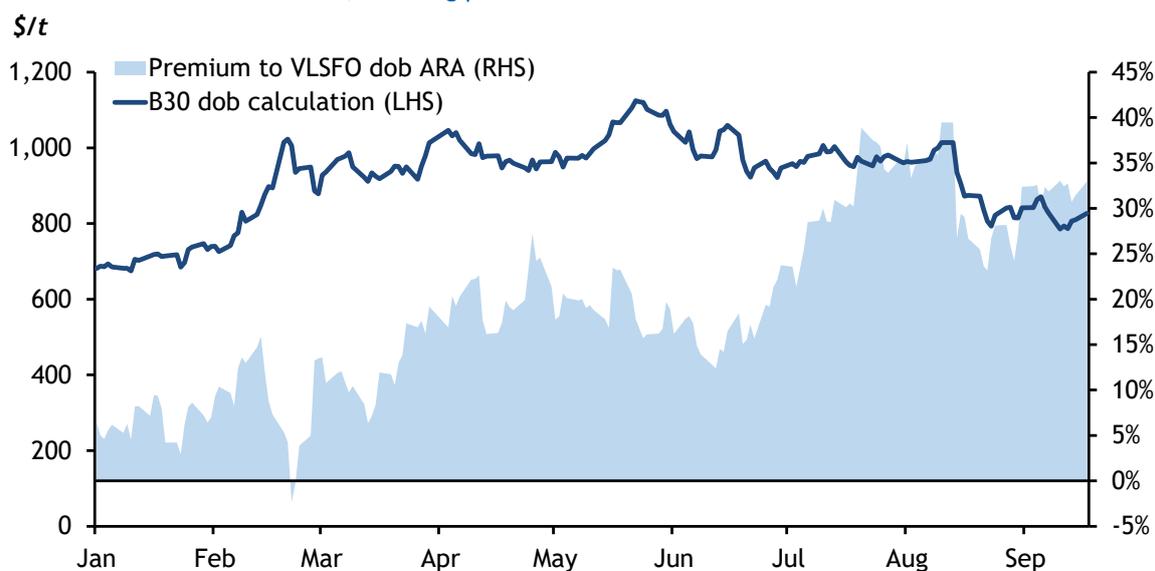
Components include the daily Advanced Fame 0 biodiesel fob ARA spot price and the daily HBE-G (hernieuwbare brandstofeenheden) aka Dutch biotickets spot price from the Argus Biofuels Report. The very low sulphur fuel oil (VLSFO) price component is taken from the daily Marine Fuels report.

RED marine biodiesel dob ARA range		\$/t
	Mid	±
B10	711.74	+9.60
B20	769.22	+13.43
B30	826.71	+17.28
B50	941.68	+24.96
B100	1,229.12	+44.18

From report published 3 October 2022

The calculation also includes storage, throughput and barge costs which have been determined based on market feedback and will be reviewed on a regular basis.

B30 marine biodiesel dob ARA index, showing premium to VLSFO



Argus B30 dob ARA index shows a mostly downward trend in Sep 22. The Sep monthly average premium to VLSFO dob ARA is 29pc.

Why?

The shipping industry is under pressure to decarbonise. EU and IMO level regulation combined with changing consumer demand is driving the switch. Biofuels provide an immediate carbon reduction while the industry waits for other zero carbon alternatives to further reduce the emissions: methanol, ammonia, and hydrogen to be proven and widely available for bunkering.

How can these new prices help?

Dutch HBE-Gs reduce the cost of using Advanced Fame 0 components for bunkering compared to Singapore and ports in North America. This makes it more competitive for shipowners to bunker marine biodiesel blends in ARA. As a result, a market is now emerging for these biofuel marine blends in this region. By providing a daily value, shipping companies can make better informed decisions on the most economical way to decarbonise their bunker fuel consumption.

How are these prices being used by Argus subscribers?

Contracts: shipping companies can use these prices in term contracts, spot contracts and in contract negotiations with bunker suppliers. Also, internally within organisations it can be used for transfer pricing.

Risk management: companies buying FAME and VLSFO for blending can use this independent index for Mark to market valuations.

Optimisation: refiners, traders and bunker suppliers selling marine biodiesel blends can identify shortages/oversupply to manage production and maximise profits.

Analysis: marine biodiesel indexes can be used to monitor the evolving premium to conventional bunkers and as an input to price forecasts.

Methodology

Marine biodiesel blend

RED marine Advanced Fame 0°C CFPP dob ARA range

Calculated and published in US dollars/tonne as B10, B20, B30, B50 and B100 blend ratios of RED Advanced Fame 0°C CFPP fob ARA range and 0.5%S 380cst fuel oil dob ARA, less 1.6 times the price of the daily Netherlands advanced renewable fuels unit (HBEG) assessment. HBE-Gs generated from the sale of advanced Fame for use as marine fuel are subject to a multiplier of 0.8 in the Netherlands but are also eligible for double counting. Calculation includes variable costs associated with storage, throughput and transport that are regularly reviewed.

For example, B10 is a blend of 10pc biodiesel and 90pc fuel oil and B100 is 100pc biodiesel.

Currency/unit: US dollars/tonne

Size: 1,000-3,000t

To learn more about these prices, visit the Biofuels market page <https://www.argusmedia.com/en/oil-products/biofuels> and the Alternative marine fuels hub <https://www.argusmedia.com/es/hubs/alternative-marine-fuels>.

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