

Renewable diesel Chile Price

Argus has launched calculated import parity prices for renewable diesel (RD), or hydrotreated vegetable oil (HVO), in Chile. The calculations show the value of the product delivered to the location from the US Gulf coast (USGC), taking into account the highest value and most liquid alternative market for the producer. In the case of renewable diesel, this is California, where state incentives have made it the largest consumer in the US. The USGC region is used given its proximity to Latin America and emergence as a production hub for renewable diesel and SAF.

Why is this price needed by the market?

Mandatory and voluntary biofuels demand in South America has long lagged behind the rest of the world but it is beginning to establish a foothold, as countries and companies look to reduce their carbon footprints.

Brazil is the leader in this regard, having signed the Fuels of the Future law in October 2024, the law also paves the way for a higher 20pc renewables share in diesel by 2030 from 15pc currently. In addition, starting in 2027, the National Council for Energy Policy (CNPE) will establish a mandate for HVO of up to 3pc, although the current legislation does not permit the use of co-processed product.

But renewable diesel across South America is still at an early stage of development, so this calculation provide transparency on the value of these products locally and compared with other key markets.

How can this price be used?

Domestic project developers have a reference for competing imported volumes and can plan accordingly.

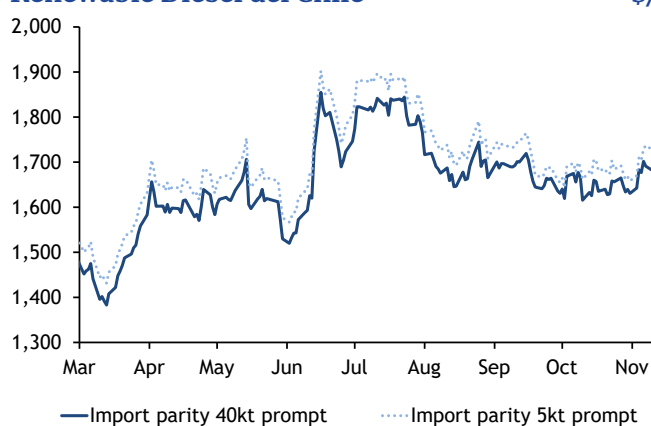
Counterparties will have a reference to use in long-term supply or offtake contracts, analytical purposes and to compare costs with alternative fuels or decarbonisation strategies. Regulators will be able to use these prices to plan future mandate or incentive schemes.

How are these prices calculated?

Renewable diesel uses our R99 head of pipeline Los Angeles assessment as the basis and adds various federal and state

Renewable Diesel del Chile

\$/t



subsidies. Freight from the USGC is then subtracted, before adding shipping costs to Brazil and Chile for 40,000t cargoes and 5,000t parcels.

And how does Argus assess the freight components of the delivered HVO prices into Chile and Brazil?

For the Chile delivered HVO price, the USGC-Chile freight components are 40,000t and 5,000t part-cargoes on IMO2 MR tankers. Low liquidity in the USGC-Chile biofuels freight market makes a survey-based assessment infeasible at this time. To ensure a robust freight assessment, the USGC-Chile 40,000t HVO assessment is calculated based on the more liquid USGC-Europe 40,000t HVO route. The calculation assumes that the ship operator will earn the same for a USGC-Chile 40,000t voyage as it would for a USGC-Europe 40,000t voyage. The 5,000t assessment is derived from the

How prices are calculated

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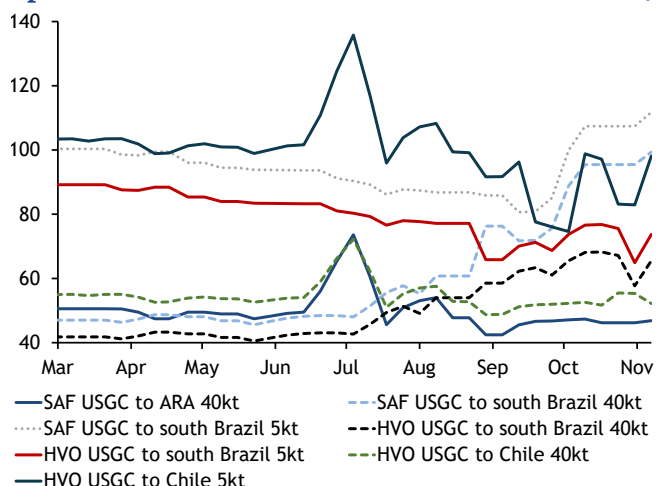
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Freight
from USGC

+

Freight to
Chile

Specialised coated IMO2

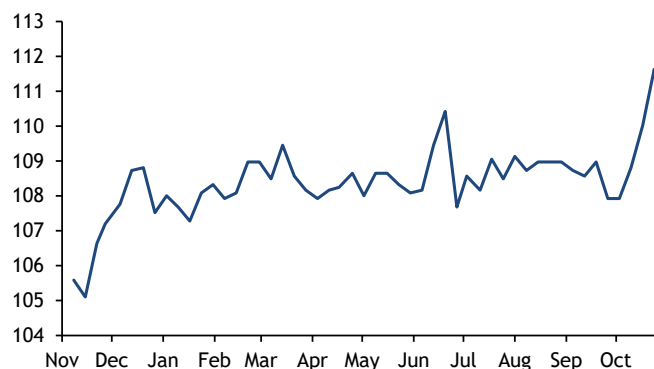


calculated 40,000t rate on the same route based on the prevailing premium for 5kt rates over 40,000t rates in the USGC. The USGC-south Brazil 40,000t and 5,000t part-cargo rates are market survey-based assessments that assume carriage on IMO2 MR tankers with discharge in Paranagua, Brazil. These rates apply to loadings in 10-30 days, are published weekly on Friday, and are available in Argus Specialised Freight.

Also included in the HVO calculation is a freight rate for a Jones Act-compliant MR tanker delivering HVO to the port of Los Angeles on the US west coast from the port of New Orleans, in the US Gulf coast, via the Panama Canal. This assessment assumes a cargo of 310,000-330,000 bl with loading 3-15 days from the day of assessment. As the load and discharge points are in the US, the trade is subject to a piece of US law called the Jones Act that stipulates the vessel must be US-owned, US-crewed, and US-built. This rate is assessed weekly on Friday and is published in Argus Tanker Freight.

\$/t New Orleans to LA Jones Act freight rate

\$/t



PA codes

Product	PA code
Renewable Diesel del Chile import parity 40kt	PA0045987
Renewable Diesel del Chile import parity 5kt	PA0045988
Tanker clean New Orleans to Los Angeles 310-330k bl	PA0041439
Specialised coated IMO2 HVO USGC to Chile 40kt	PA0045946
Specialised coated IMO2 HVO USGC to Chile 5kt	PA0045947

For more information

These prices are published in the Argus Biofuels and Argus Americas Biofuels reports.

See *Argus Specialised Freight* for comprehensive coverage of biofuels, feedstocks and chemicals freight and *Argus Tanker Freight* for comprehensive coverage of Jones Act and international clean and dirty tanker coverage. For general queries on our global Biofuels price suite and to talk to one of our experts, please contact: Oil-products@argusmedia.com.

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