



Energy Community  
14th OIL FORUM  
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# IEA, EU

- EU Member States, way of covering obligation
  - Industry (Greece, Malta, Romania, Sweden)
  - Partly by Industry , partly Central Stockholding Entity (Bulgaria, Cyprus, Denmark, Finland, France, Italy, Lithuania, Luxembourg, Netherlands, Poland, Portugal)
  - Others: via CSE
- Eldest Agency: Bulgaria (1950 – original war stocks)
  - EBV (Germany): 1978; COVA (Netherlands): 1980; APETRA: 2006; most recent: Italy: 2014; Luxembourg: 2015.
- All agencies (globally 28) are participating in the yearly meeting: ACOMES (Annual Coordinating Meeting Entities Stockholding).
  - Technical working groups also on Best Practices & Benchmarking, storage of crude oil, quality monitoring.

# IEA (& EU)

Establishment of International Energy Agency **(IEA)** in 1974 imposes Member States (MS) to

- maintain petroleum reserves
  - share these reserves in the event of an oil crisis
  - have demand-limiting measures ready
  - working together on energy efficiency
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- Very first President was the belgian Baron Etienne Davignon.
  - Belgium was therefore one of the founding members

# (IEA &) EU

- EU: Directive 2009/119/EC
- Commitment to strategic stocks: each MS must hold 90 days of net imports from the previous year, being  $\frac{1}{4}$
- Based on MS petroleum statistics
- No commercial stocks:
- always 100% available and accessible;

# Importance of petroleum stocks

- **International** stock draw IEA:
  - Gulf War 1991,
  - Katrina Hurricane (2005)
  - Libian War (2011)
- **Nationally** deployed abroad
  - Druzhba pipeline through Russia (2007)
  - French strikes/blockages (most recently in june 2016)
  - Switzerland, Summer 2015: Carbura: unexpected refinery in combination with low Rhine water level
  - US/SPR, Summer 2017: Harvey hurricane
- ***Belgium***: Ready at
  - extension of French blockades to Belgium
  - *Ukrainian supply*

# Crisismanagement

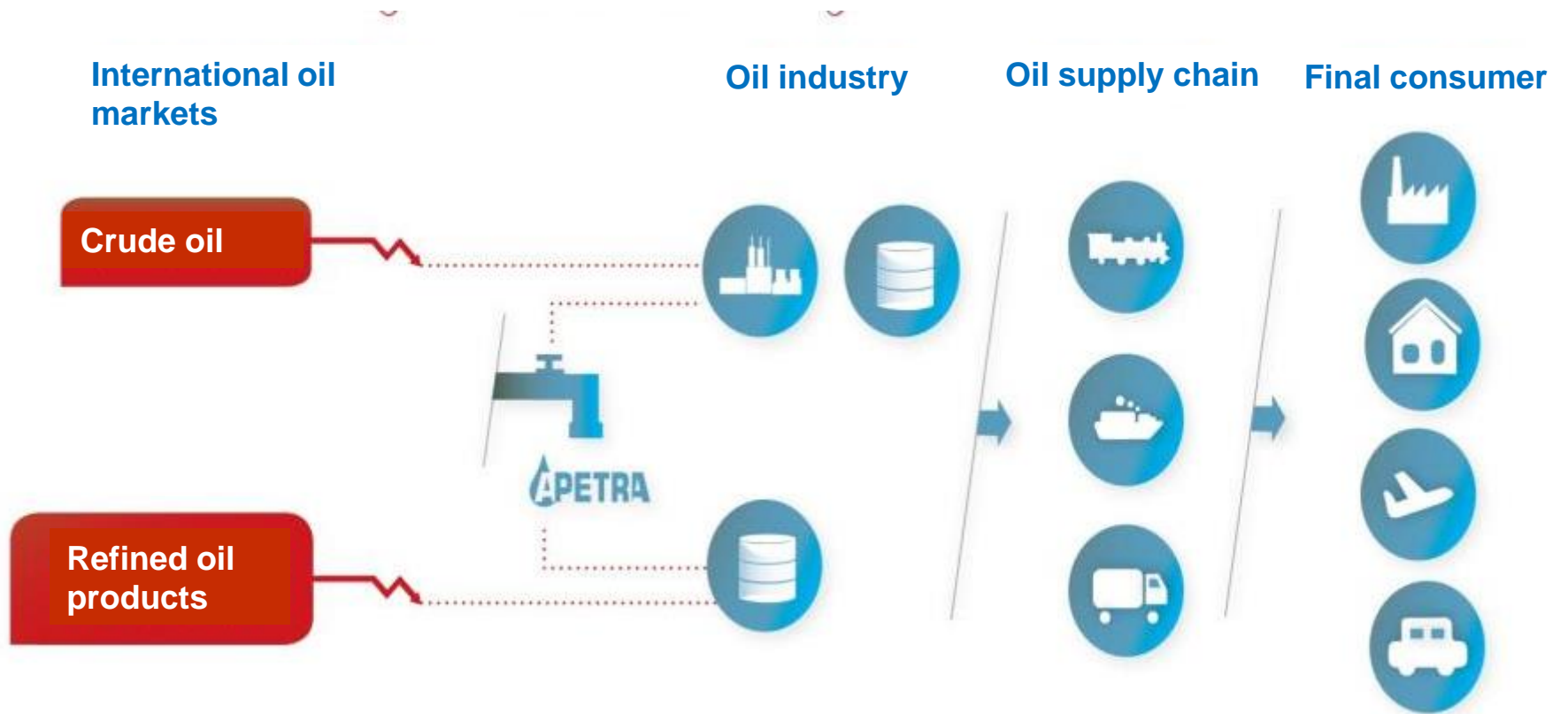
Through which technique can stocks be put on the market?

## – TENDERS

- Way of selling in normal market conditions (end of storage contract, decreasing stock obligation, product change) Call for tenders
- Highest bid wins
- Used in international crisis exercises and stock draw  
IEA stock release Libya (2011)

## – RELEASE stocks to companies based on their share of the market based on petroleum statistics

# Crisismanagement



# Europa / Europe





# Norms/Specifications (1)

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Concerns products to be put into consumption  
(Inter-)national organisms: EN, ASTM, DIN, NBN...

- LPG (Propane, butane)
  - Summer/winter %
- Gasoline (avgas)
  - Bio ratio (as per distributor's yearly obligation)
  - Timing winter/summer/intermediate grades by countries:  
vapour pressure/recovery
- Jet (kero)
  - Private/Military specifications
  - Burning Kero (type C)

# Norms/Specifications (2)

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- **Gasoil/Diesel (Bunker)**
  - Bio ratio (as per distributor's yearly obligation)
  - winter/summer/intermediate grades by various countries:  
cold properties
- **Heavy Fuel (Bunker)**
  - Heated storage
  - Geographical sulfur restrictions

# Storage (1)

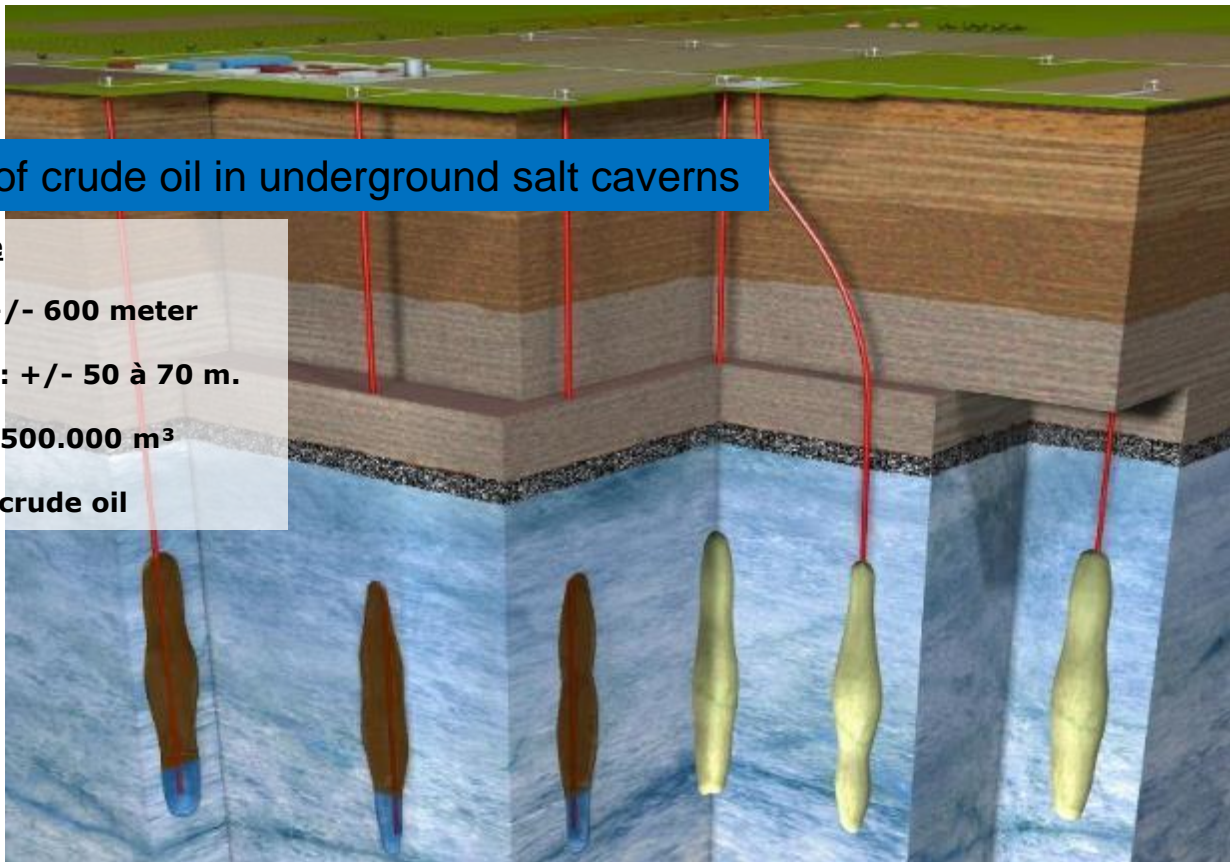
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- **Underground** (Caverns)
  - Etzel
  - Manosque
- **Tanks & lines**
- **Spheres** (pressurized/refrigerated)

## Storage of crude oil in underground salt caverns

### Cavern size

- Height : +/- 600 meter
- Diameter : +/- 50 à 70 m.
- Capacity: 500.000 m<sup>3</sup>
- Product : crude oil



Terminal de déchargement du pétrole brut à Wilhelmshaven



# Logistics & Transport (1)

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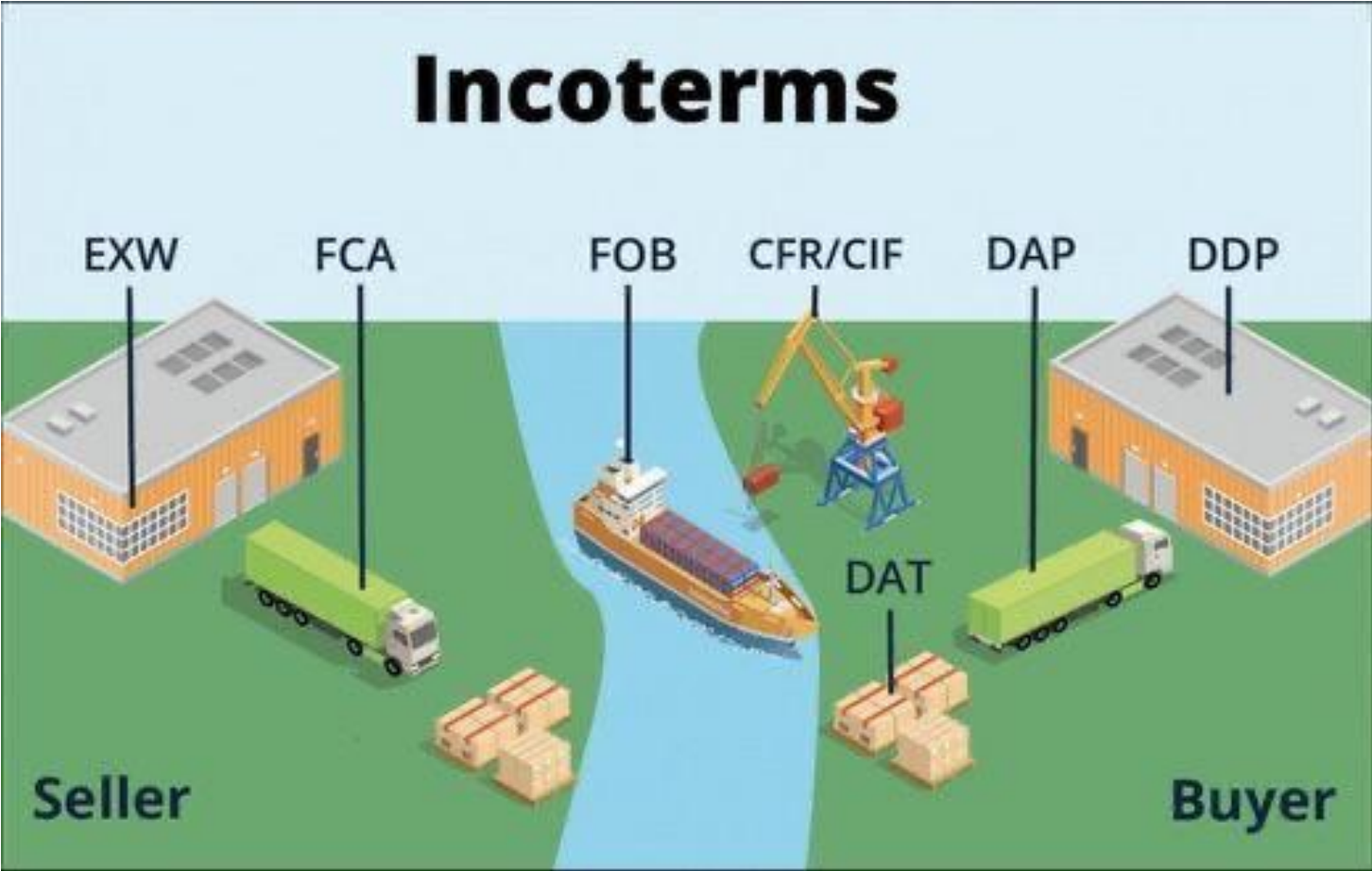
- **Truck** (Top/Bottom)
- **Rail** (bulk/container)

**Max tonnage (NL/BE/FR/DE/CH...) per means of transport**

- **Barge**
- **Seagoing Vessel**
- **Pipe** (CEPS, others)

**Min pumping speed / Max Delta t per (un)loading tanks**

# IncoTerms



# Market structures (1)

Energy | Crude Oil and Refined Products

ICE Futures Europe

## Low Sulphur Gasoil Futures

CONTRACT	LAST	TIME(GMT)	% CHANGE	VOLUM
 <b>OCT22</b>	<b>942.500</b>	<b>9/16/2022</b> <b>9:59 PM</b>	<b>-1.102</b>	<b>652</b>

**INTRADAY**   **3 MONTHS**   1 YEAR   2 YEARS   **LAST UPDATE TIME: 09-17-2022 11:29 PM GMT**










# Market structures (2)

Energy | Crude Oil and Refined Products

ICE Futures Europe

## Low Sulphur Gasoil Futures

CONTRACT	LAST	TIME(GMT)	% CHANGE	VOLUME
 OCT22	942.500	9/16/2022 9:59 PM	-1.102	65211
 NOV22	916.000	9/16/2022 8:59 PM	-1.160	61059
 DEC22	898.500	9/16/2022 8:59 PM	-1.046	58142
 JAN23	885.500	9/16/2022 8:59 PM	-1.392	24208
 FEB23	875.250	9/16/2022 8:44 PM	-1.325	13608
 MAR23	863.250	9/16/2022 8:44 PM	-1.286	13564
 APR23	849.750	9/16/2022	-1.421	5028



# Merc's & Pricing organisms

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- Backwardation vs Contango
- ICE London (NYMEX, Singapore)
  - Gasoil: ICE-spec, wash out, or delivery strictly during second half of respective month
- Platt's, ARGUS (Oil Market Report,...)
  - b/l-date(s) as pricing reference :
  - b/l +/- 1 or 2 days,
  - b/l's monthly average(s)
- « Paper markets »

# Contract terms

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- Parties
- Contract reference
- GTC's (Continental or AngloSaxen)
- Product
- Quality (spec/norm)
- Quantity/Volume (m3/MT)
- Inspection
- IncoTerm
- Transport & (dis)charging Risk
- (Re)delivery date range
- Laytime & Demurrage
- Price Formula
- Pricing (period)
- Payment
- Credit term
- Nominations
- Contacts
- Documentation

# Varia

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- **Doc's: AGD's, Q&Q reports, timesheets**  
(Demurrages)
- **Fiscal impact**
  - Export (inland bunker)
  - Bio ratio
  - Losses
- **Insurances** (Product, Terrorism, Pollution/Environmental, Cyber)

# Ukrainian War Impact (1)

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- **Ukrainian (oil)supply** (IEA/EU)
  - Diesel, Gasoline (Jet & Lubricants)
  - Specific Logistic challenges besides Rhine-water level issue
    - Rail to truck Fuel containers
- **Russian Embargo & IEA impact Study**
  - EU shareholders % in Russian Refineries to be reduced
  - > Feb 2023 no more Russian (gas)oil
  - Russian Crude (high % middle dist) substituted by lower Gasoil yield Crude

# Ukrainian War Impact (2)

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- Oil/Energy supply, shortage?
- Oil/Energy & logistic Price impact: sky-rocketting
- Oil Price structure impact: steep backwardation
- Consumer's behaviour

# Ukrainian War Impact (3)

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Belgian « gifts » towards Ukraine: APETRA to free oil, Belgian Army to take care of transport.

1st parcel:

Truck? Train?

2<sup>nd</sup> parcel:

Pipe? Barge? Seagoing?

# Ukrainian War Impact (4)

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- **Reshuffling oil flows** (in & out)
- **Reorganization means of transport** (rail, Fuel containers, pipe...)
- **Review Energy mix** (Nuclear, LNG, Coal, Solar...)
- **Reduce overall consumption**
- **Price impact** (Industry, Public, Private)