S&P Global Platts to Reflect Norway's Troll Crude Oil in Brent assessments from January 2018

First addition of a new grade of crude since 2007
Troll adds 250,000 b/d of deliverable crude

LONDON, Feb. 20, 2017 /PRNewswire/--S&P Global Platts, the leading independent provider of information and benchmark prices for the commodities and energy markets, today announced it will include Norway's Troll as the latest addition of crude grade in the Brent basket from January 2018.

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Dated Brent is at the core of the Brent crude complex and represents the most competitive grade of a basket of crudes loading in the North Sea on any given day. Linked to this is physical cash BFOE - Brent Ninian Blend, Forties, Oseberg, Ekofisk - as well as many other assessments and contracts. As production from the Brent field itself declined, Platts added Forties and Oseberg in 2002 and Ekofisk in 2007. While production has, for now, stabilized in the North Sea, the four grades in the BFOE basket are likely to see further declines. Platts believes it is time to add another grade to the basket to ensure there is sufficient deliverable crude reflected in the price assessments.

Following an extensive period of consultation and engagement with market participants including refiners, traders, oil companies, exchanges and others, we have found strong support for the addition of a new crude and significant support for Troll specifically.

As a result, Platts will be reflecting Troll deliveries in Brent loading dates fromJanuary 1, 2018. This means Platts will publish assessments for the January 2018 Cash BFOE contract from 1 September 2017 and Dated Brent from 1 December 2017 reflecting the potential delivery of Troll along with existing BFOE grades.

Jonty Rushforth, Global Editorial Director, Oil and Shipping Price Group, S&P Global Platts, said: "Dated Brent is a robust and well-supplied crude benchmark, but it is important to prepare for the future, in particular, the expected decline in North Sea production and the changing quality of the whole crude slate. Dated Brent has a long history of evolving along with the industry and today's announcement is no different: it is about preparing Dated Brent for the next 5-10 years."

Joel Hanley, Editorial Director, European & African Oil, S&P Global Platts, added:"We've engaged with market participants and consulted on a broad range of grades against a range of criteria. This includes a diversity of buyers and destinations, stable quality, steady and reliable production rate, avoidance of political influence and a stable long-term production profile. Troll is the closest to the existing BFOE grades in characteristics and should provide an additional quarter of a million of barrels a day of deliverable crude."

Troll is a light sweet crude oil grade with a typical production of 10-15 cargoes of 600,000 barrels each month. As is the case with the existing BFOE grades, Troll loads on an FOB basis, from the Mongstad terminal in Norway. It only differs from the rest of the BFOE complex in its acid content. Historically, this has been considered a barrier to adding Troll to the BFOE basket, but the refining pool in Europe has upgraded and diversified over recent years, with many refiners now able to handle crudes like

Troll, with only a moderately higher Total Acid Number (TAN) than other BFOE grades.

Platts has been assessing Troll as a grade since 2002. In general, Troll has priced to a premium to Dated Brent which means it is unlikely to depress the value of the existing basket. While Platts is solely focused on the benchmark reflecting market value, we will continue to consider whether to include a Quality Premium (QP) for Troll in the assessment process. A QP is paid by the buyer to the seller for the nomination and delivery of a grade of significantly higher quality. Currently, we reflect QPs for both Oseberg and Ekofisk, but not for Brent Ninian Blend or Forties.

Platts Dated Brent oil assessments are built on the Platts Market-on-Close (MOC) methodology, a structured, highly-transparent price assessment process based on the principle that price is a function of time. The MOC process in oil identifies bid, offer and transaction data by company and results in a time-sensitive, end-of-trading-day daily price assessment. For more information, visit this methodology and specification page of the Platts website.

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