S&P Global Platts Opens Consultation on Role of CIF Crude in Dated Brent

Consulting on a proposal to reflect competitive offers of North Sea crudes on a CIF Rotterdam basis in the Dated Brent benchmark and on the addition of similar streams of crude oil in the future

SINGAPORE, Sept. 23, 2018 /PRNewswire/ -- S&P Global Platts, the leading independent provider of information and benchmark prices for the commodities and energy markets, today announced that it is opening a consultation on the future development of the Dated Brent price assessment. S&P Global Platts invites feedback to the proposals below by December 10, 2018.

1. *Reflecting competitive offers of North Sea crudes on a CIF Rotterdam basis in the benchmark FOB Dated Brent crude oil benchmark*

   Offers on a CIF Rotterdam basis for any of the five grades currently reflected in the Dated Brent assessment would be considered when evaluating the most competitively available light, sweet crude oil grade in the North Sea when assessing the value of Dated Brent itself. This would mean that Dated Brent would represent the most competitive of the five BFOE grades on an FOB or CIF Rotterdam basis, where relevant, and after adjusting the CIF values for freight.

   Platts invites comments regarding when such a change should be introduced to its Dated Brent methodology, should these proposed changes be implemented.

   This proposal would not affect Platts' methodology for assessing Cash Brent (BFOE) crude markets.

2. *Addition of similar streams of crude oil available inNorth West Europe*

   In line with Dated Brent's function as an assessment of light sweet crude oil inNorth West Europe, S&P Global Platts is also consulting on the long-term addition of similar streams of crude oil available in the region. Dated Brent has historically focused on the most significant sources of light sweet crude oil available within North West Europe.

   In particular, Platts is seeking feedback on the possible inclusion into the Dated Brent CIF Rotterdam assessment of grades like Statfjord, Gullfaks, CPC Blend, WTI Midland, Qua Iboe and Forcados. Platts is also seeking feedback on the relevance of other sources of light sweet crude oil delivered into North West Europe.

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Vera Blei, Global Director of Oil Market Reporting, S&P Global Platts, said:"We are proud at Platts of the proactive leadership role we have long played in helping evolve the Brent benchmark so that it is in step with the times. Our proposal to reflect competitive offers of North Sea crudes on a delivered basis to Rotterdam reflects the reality that the North Sea market is now balanced between FOB production, stored oil and oil on the water for delivery to receiving terminals. By allowing BFOE crudes being offered for delivery to play a role in the Dated Brent benchmark, we are potentially more than doubling the total overall volume of the basket underpinning the world's most important crude oil benchmark."

Jonty Rushforth, Global Editorial Director, Energy Price Group, S&P Global Platts, said:"Dated Brent is the most widely used and robust benchmark for physical crude oil. A key part of our active stewardship of the benchmark is to continue to

engage extensively to safeguard Dated Brent and ensure the benchmark evolves to remain robust, well supplied and relevant to all market participants for the next decade and beyond. This means listening to a varied group of stakeholders - producers, refiners, trading houses – who express differing views and recommend a way forward. The addition of Troll and the recently announced Quality Premium together with the launch of Dated Brent CIF Rotterdam assessment have been well received by the market. Our proposals outlined in this consultation will ensure ample liquidity of similar grades delivered into Dated Brent for the foreseeable future."

S&P Global Platts has been working with market participants on the evolution of North Sea crude since its creation over 30 years ago and regularly holds open methodology sessions and forums to engage with market participants in person.

In March 2016, S&P Global began publishing the Dated Brent CIF Rotterdam new price assessment of North Sea light sweet crude on a delivered basis into Rotterdam to complement the Dated Brent Free-On-Board (FOB) benchmark. InJanuary 2018, Platts successfully added Troll as the latest addition of crude grade in the Dated Brent basket.

Currently, around a quarter of crude flowing into Rotterdam, one of the world's key crude import hubs, comes from the North Sea, another quarter comes from the Baltic region, and about a fifth from the Middle East. The Dated Brent CIF Rotterdam assessment reflects the value of BFOE delivered into Rotterdam on a Cost, Insurance and Freight basis. It is a crucial tool to provide pricing visibility on the value of North Sea crude in an important oil hub.

Market participants are invited to send feedback to oilgroup@spglobal.com and pricegroup@spglobal.com.

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