

# S&P Global Platts Proposes to Revise Chicago Ethanol Price Assessment Methodology

## Proposal to Expand Delivery Offtake Options, Including Barge, Rail and Truck Terminals

HOUSTON, Feb. 21, 2019 /PRNewswire/ -- Following a period of industry consultation, S&P Global Platts, the leading independent provider of information and benchmark prices for the commodities and energy markets, today announced a proposal to revise the methodology for its Ethanol Chicago (terminal) price assessment to expand the delivery (offtake) options to include barge, rail and truck loading, effective May 1, 2019.

**Ian Dudden, Global Content Director, Metals & Agriculture, S&P Global Platts:** "By this proposal, we will expand delivery options for our Ethanol Chicago price assessment, reflective of the extensive feedback we received from market participants through our hosted events, in-person discussions and other dialogues. Ensuring the benchmark continues to evolve with the marketplace and providing the optionality that market participants need for logistics flexibility are key components of our active stewardship of the price assessment processes we conduct. An added benefit of the methodology changes will be the potential for enhanced market activity underpinning the price assessment."

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Platts

The basis of the S&P Global Platts Ethanol Chicago Argo Ethanol price assessment would remain Intertank Transfer (ITT) at the Kinder Morgan (KM) Argo fungible system. Under the proposed change, the option to take delivery of product other than by ITT in the KM fungible system will be at the buyer's option, and all incremental costs associated with the chosen offtake option would be borne by the buyer. A seller should not unreasonably withhold any offtake option and any associated costs for non-ITT offtake options must be demonstrably reasonable and typical.

S&P Global Platts is also proposing to revise the standards of incrementability for its Ethanol Chicago (terminal) assessment during the Market-on-Close (MOC) price assessment process, to better reflect current trading and pricing granularity. Platts is proposing that effective May 1, bids and offers may be improved by a maximum of 10 points per 15 seconds, from the current 25 points per 30 seconds.

**Sophie Byron, Senior Managing Editor Americas Agriculture Price Reporting, S&P Global Platts:** "The change in the maximum increment allows participants to fully test more potential price levels in the Platts Market-on-Close price assessment process, which recognizes market participants desire to capture greater granularity."

Full details of the proposed changes are available via this [Subscriber Note](#).

All other aspects of the pricing methodology for the Ethanol Chicago (terminal) assessment would remain the same, including the specification, volume, timing and Renewable Identification Number (RINs) transfer mechanism.

S&P Global Platts is accepting feedback or questions via: [americas\\_aggs@spglobal.com](mailto:americas_aggs@spglobal.com) and [pricegroup@spglobal.com](mailto:pricegroup@spglobal.com) by March 30, 2019.

The announcement follows a consultation on the latest developments in the US ethanol markets and S&P Global Platts' commitment to ensure its price assessment methodologies evolve with the marketplace. Informal market engagement began June 2018, followed by a formal market consultation and [request for feedback](#) in July 2018.

The S&P Global Platts Ethanol Chicago (terminal) price assessment reflects the value of fuel grade ethanol.

To publish the daily physical spot market price assessment, S&P Global Platts employs an all-day process of gathering market information from market participants, using its Market-on-Close price assessment [methodology](#) that results in an end-of-day final price assessment reflective of the tradeable ethanol value, as determined by buyers and sellers in the open markets. Participation in the price assessment process is

voluntary, as is use of the price assessment that process produces.

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