

FAQ: Argus B30 (Ucome and VLSFO) dob Houston, Los Angeles

What has Argus launched?

B30 Houston and Los Angeles delivered on board (dob) prices for use by ocean-going vessels comprise 30pc used cooking oil methyl ester (Ucome) and 70pc very low-sulphur fuel oil (VLSFO). These calculated prices provide the market with a reference for a waste-based marine biodiesel blend in North America.

Why are these prices needed by the market?

Currently in North America, biodiesel feedstocks such as soybean oil, used cooking oil (UCO), distiller's corn oil and tallow are not differentiated in the market when producing biodiesel. This is a challenge for ship owners seeking marine biodiesel blends with a waste-based Ucome component that deliver a high greenhouse gas (GHG) reduction.

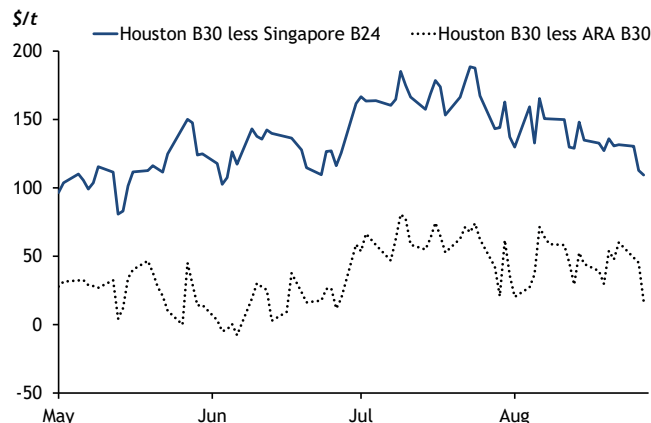
Demand for Ucome blends is in part driven by the FuelEU maritime regulation that comes into effect from 2025, under which ship owners operating on transatlantic routes will need to meet a 2pc GHG reduction requirement on a full life-cycle basis compared with 2020 base year levels. The IMO's carbon intensity indicator (CII), EU emissions trading system (ETS) regulations and voluntary requirements are also driving demand for marine biodiesel blend availability at global ports.

These prices provide the market with transparency on the value of waste-based B30 marine biodiesel blends at Houston and Los Angeles. They can be used by ship owners, biodiesel producers and bunker fuel suppliers to understand the value of Ucome blends in the global market and how these blends could compete with other key ports in Europe and Asia.

How is this price calculated?

The Ucome component of the blend price uses the Argus B99 fob Los Angeles outright price as a starting point. The value of US subsidies is then added to this price to bring it to a level that would reflect bunkering by ocean-going vessels outside of US territorial waters, where US subsidies are not eligible.

Biodiesel for bunkering Houston less Singapore and ARA



Source: Argus

The US subsidies include US blender tax credit (BTC), D4 renewable identification number (RIN) equivalence, low-carbon fuel standard (LCFS) credits, California carbon allowance (CCA) for diesel and California Air Resources Board's carbon intensity (CI) target. The result is a Ucome fob price for ocean-going vessels.

For the B30 dob Los Angeles blend, 30pc of the Los Angeles Ucome fob price for ocean-going vessels is added to 70pc of VLSFO dob Los Angeles plus storage, throughput, blending and barging costs.

For the B30 Houston blend, 30pc of the Los Angeles Ucome fob price for ocean-going vessels is added to 70pc of VLSFO dob Houston less freight between Los Angeles and the US Gulf coast, plus storage, throughput, blending and barging costs.

What is the difference between Argus' Houston B30 (B99 and ULSD) price and the new Houston B30 (Ucome and VLSFO) price?

The B30 (B99 and ULSD) price is to inform bunkering decisions for harbour craft vessels operating within US territorial waters that are eligible for US subsidies. The B30 (Ucome and VLSFO) price is to inform bunker procurement by ship owners operating outside of US territorial waters that cannot claim US subsidies.



Methodology

B30 marine Ucome dob Los Angeles and dob Houston, for ocean-going vessels

Published daily in \$/metric tonnes (t), \$/mn Btu, \$/t VLSFO and \$/t MGO equivalents.

Calculated as a blend of used cooking oil methyl ester (Ucome) (30pc) and fuel oil with 0.5pc sulphur (70pc) plus storage, throughput, blending and barging costs.

Houston B30 is calculated as the Los Angeles B30 less freight differential between the US Gulf coast and Los Angeles.

The Ucome is calculated by adding B99 fob Los Angeles outright, US blenders tax credit (BTC), D4 renewable identification number (RIN) equivalence, low-carbon fuel standard (LCFS) credit, California carbon allowance (CCA) for diesel and California Air Resources Board's carbon intensity (CI) target.

How can these prices be used?

- **Contracts:** Companies can use this price in term contracts, spot contracts and in contract negotiations with bunker suppliers. The price can also be used for internal transfer within organisations.
- **Optimisation:** Ship owners can use these prices to determine the cost benefit of bunkering B30 at Houston and Los Angeles compared with Asian or European ports. They can be used to determine the cost of bunkering marine biodiesel to improve a vessel's CII score, reduce EU ETS costs or meet FuelEU maritime requirements. Refiners, traders and bunker suppliers selling marine biodiesel can identify shortages/oversupply to manage production and maximise profits and margins.
- **Risk management:** Companies buying Ucome and VLSFO for blending can use this independent index for mark-to-market valuations.
- **Analysis:** Marine biodiesel prices can be used to monitor the evolving premium to conventional bunkers and as an input to price forecasts. This price can also be compared with Argus marine biodiesel prices in Asia and Europe to determine competitiveness.

For more information

This price is published in the [Argus Marine Fuels](#) and [Argus Americas Biofuels](#) reports.

For general queries and to talk to one of our experts, please contact oil-products@argusmedia.com.

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