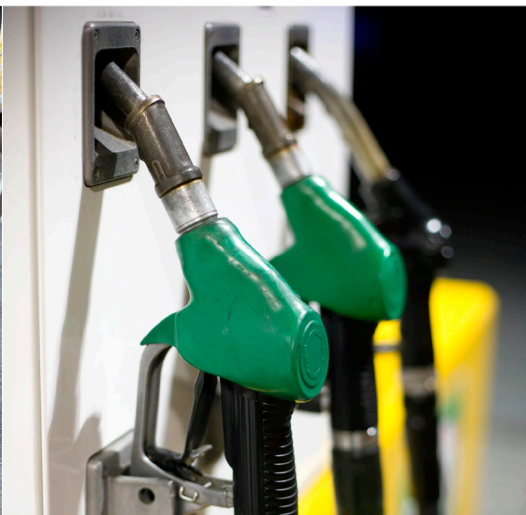


Argus and O.M.R. Consultation Outcome

Outcome of consultation on methodology changes related to the integration of Argus and O.M.R. services



Outcome of the consultation on methodology changes related to the integration of Argus and O.M.R. services

London/Kellinghusen, 15 May 2020 (Argus O.M.R.) — Following consultation, Argus and O.M.R. will merge Argus German Fuels (Argus Handel) and O.M.R.'s Inland Price Assessments into a single report and online service publishing prices produced according to both methodologies at the start of 2021. Further integration of Argus and O.M.R. will occur as we combine the activities of our journalists into one team. That group will continue to produce low, high and volume-weighted average price assessments, offering the market a choice of pricing methodology to use in term contracts. A comprehensive list of price assessments that will be included in the Argus OMR service from the start of January 2021 is available [here](#).

Timing

Following consultation, that overarching integration of Argus O.M.R. will occur at the start of January 2021. The alignment of regions will occur to a different timeline than initially proposed, and with a revision to the West pricing region.

The location Gustavsburg will be added to the vDIP Argus O.M.R. price for the Rhein-Main region from 1 January 2021 instead of 1 June 2020 as initially proposed.

From 1 January 2021 price region West will also include locations Neuss and Düsseldorf with a freight differential to Duisburg, like the current vDIP Argus price region Niederrhein-Ruhr.

From 1 June 2020 Argus will add vDIP prices for the East and Emsland regions.

Transactions in the low/high assessment process

O.M.R. low/high price assessments are currently based on reported offer prices and list prices received by email. From the start of January 2021, Argus O.M.R. will primarily base its low/high price assessments on reported transactions, using reported offers only when liquidity is low.

Argus has been collecting transaction data from the German downstream market for heating oil, diesel and gasoline since 2014 and now receives several hundred transactions from a growing number of market participants every day. Argus editors and reporters test the data to identify and remove outliers or other anomalous trades, after which the resulting set of data is used in the production of the Argus volume-weighted average price assessments published in Argus German Fuels.

From the start of January 2021, that cleaned trade data will also form the basis of the low/high Argus O.M.R. assessments. The high price will be the highest price at which 90m³ of heating oil and diesel and 30m³ of E5 gasoline traded in the relevant location, and the low price will be the lowest price at which 90m³ of heating oil and diesel and 30m³ of E5 gasoline traded in the relevant location. If either the high or low traded price did not trade in at least 90m³ or 30m³, Argus O.M.R. will publish a volume-weighted average of the highest-priced or lowest-priced trades whose total aggregate volume meets the 90m³ or 30m³ threshold.

If less than 500m³ of total volume is reported for a given assessment or fewer than six parties report transactions, Argus O.M.R. reporters may also take offers into account in the published low/high assessment.

Argus O.M.R. will continue to publish the midpoint price for each region as the mean of the low/high assessment.

Argus O.M.R. will cease publication of the existing Argus low and high prices, which are simply the lowest and highest reported trade for a region.

Sample data

Sample price data produced using the new methodologies described in this announcement will be made available on request. [Click here](#) to register.

Transactions and the Intraday Price Prisma

To preserve the relevance and utility of the Prisma indications, Argus O.M.R. will incorporate trade information in their creation. From the start of January 2021, the Prisma indications will incorporate trade information in a similar way to the new end-of-day low/high methodology.

Although increasingly common, not all market participants can report trades to us throughout the day. Accordingly, Argus O.M.R. editors will continue to survey market participants for both order and trade prices to inform the Prisma indications.

Assessment and Intraday Price Prisma timing

From the start of January 2021, Argus O.M.R. will advance the end times of those three survey periods, which would serve as cut-off times for information to be considered in the Prisma or end-of-day price assessments. Accordingly, information received until 11:15 will be included in the first Prisma assessment, information received until 14:15 will be included in the second Prisma assessment, and information received up to 17:00 will be included in the end-of-day assessment. Argus O.M.R. editors and reporters will continue to contact market participants by telephone and electronically throughout the day. Information about trades completed after 17:00 Central European Time and/or reported to Argus after 17:00 London time may not be considered for inclusion in the assessment.

Regional alignment

Argus and O.M.R. have historically produced prices according to slightly different regional definitions. From the start of January 2021, pricing regions will fully align, and low/high and volume-weighted average price assessments will be produced for:

- North - Hamburg
- West - Duisburg, Gelsenkirchen, Essen
- Cologne Bay - Cologne, Cologne-Godorf, Wesseling
- Rhein-Main - Frankfurt base with Flörsheim, Raunheim, Gustavsburg, Hanau, Aschaffenburg
- Southeast - Cunnersdorf, Gera, Hartmannsdorf, Leuna, Rhäsa, Thüringen (Lederhose)
- Southwest - Karlsruhe
- South - Ingolstadt, Vohburg, Neustadt
- Magdeburg - Magdeburg
- Seefeld-Schwedt - Seefeld, PCK Schwedt
- East - Berlin including Kablo
- Emsland - Lingen, Osnabrück, Münster

From the start of June 2020, Argus O.M.R. will cease the Argus assessments for Munich.

Volume-weighted averages become vDIP

To more clearly differentiate the various types of assessments published by Argus O.M.R., the current set of Argus volume-weighted average price assessments will be renamed “vDIP Argus O.M.R.”. The methodology governing those prices will not change.

Standardising 98 Ron and E10 assessments

Both Argus and O.M.R. publish price assessments in the less liquid 98 Ron and E10 markets based on differentials to the more active trade in E5 gasoline. From the start of January 2021, both low/high and vDIP assessments will use a single assessment of a national consensus differential to E5, as currently reported in Argus German Fuels for 98 Ron and E10 gasoline, which will then be applied to regional E5 low/high and vDIP assessments to produce outright regional 98 Ron and E10 gasoline prices.

Conclusion

Thank you very much for your response to this consultation. We look forward to working with you on bringing more transparency to the German downstream market.

Best regards,



Kevin Schaefer
Geschäftsführer



Hagen Reiners
Editor- German Fuels