

Session 2 Discussion Points



**QUESTIONS AND ANSWERS ON THE NEW
COUNCIL DIRECTIVE 2009/119/EC**

Focus Topics



- Specific scenarios which show the **need for oil emergency stockholding** and **instruments** how best to respond
- The need to hold **product and crude oil**
- Advantages/disadvantages of **industry-versus agency stockholding**
- Different types of **stock availability**

1 - Need for emergency oil stocks



- **Stockholding obligation**
 - “Emergency stocks” vs. other stock types (art. 2)
 - 2 calculations: obligation and stock levels (art. 3 & 4)
 - Contingency planning (art. 20, paragraph 2)
 - Using the stocks (art. 20, paragraph 5)

2 - Instruments for meeting obligation



- **Industry vs Agency options**
 - **Central Stockholding Entities (CSEs)** (art. 7)
 - ✦ optional, anywhere in EU, non-profit
 - **Economic Operators** (art. 8)
- **Delegating** tasks of managing emergency stocks (art. 7 & 8)

3 - Product vs. Crude Oil



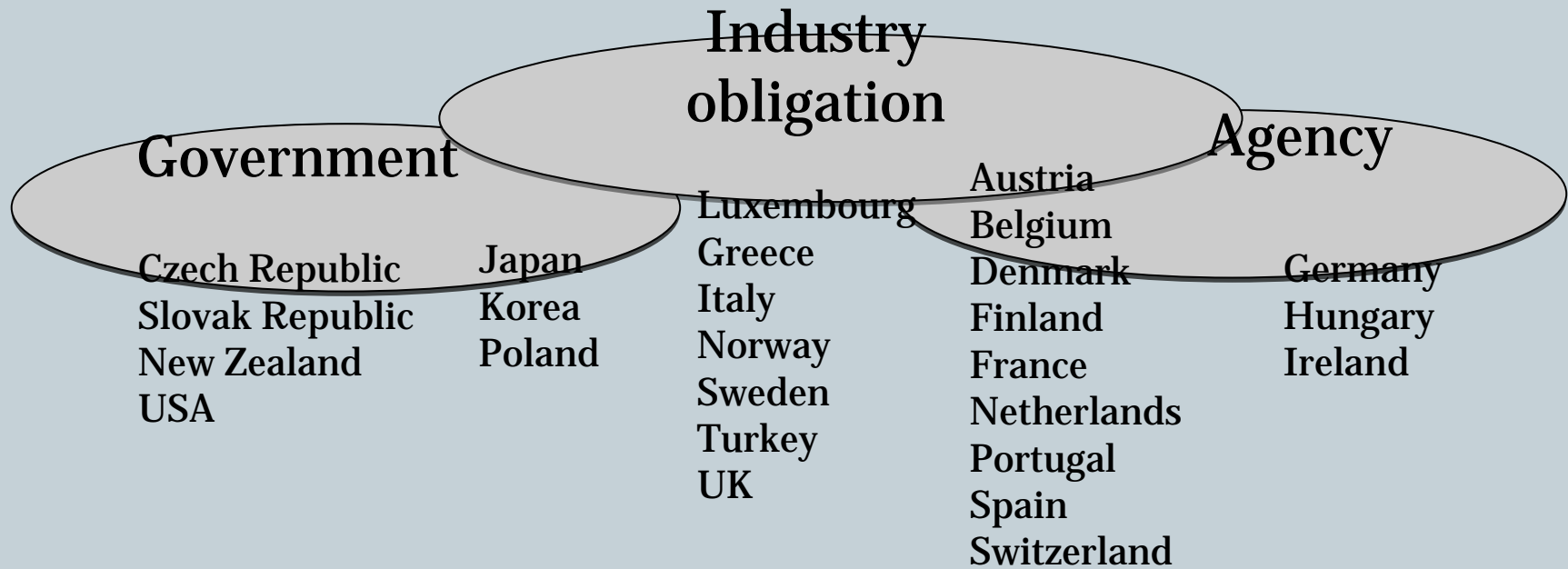
- **Specific stocks (art. 9)**
 - Optional commitment to specific number of days cons.
 - ✦ chosen from list of products \geq 75% of inland consumption
 - If less than 30 days are held:
 - ✦ must meet 1/3 of obligation with product stocks
 - ✦ Submit annual report, analyzing and documenting how emergency stocks physically accessible and controllable in crisis
 - Can be commingled with other stocks
 - Must maintain detailed register of specific stocks
- **Bio fuels \ additives (art. 16)**
 - Counted in obligation when blended
 - Counted in stocks when blended or when subject to rules ensuring they will be blended for transport use

4 - Stock Availability



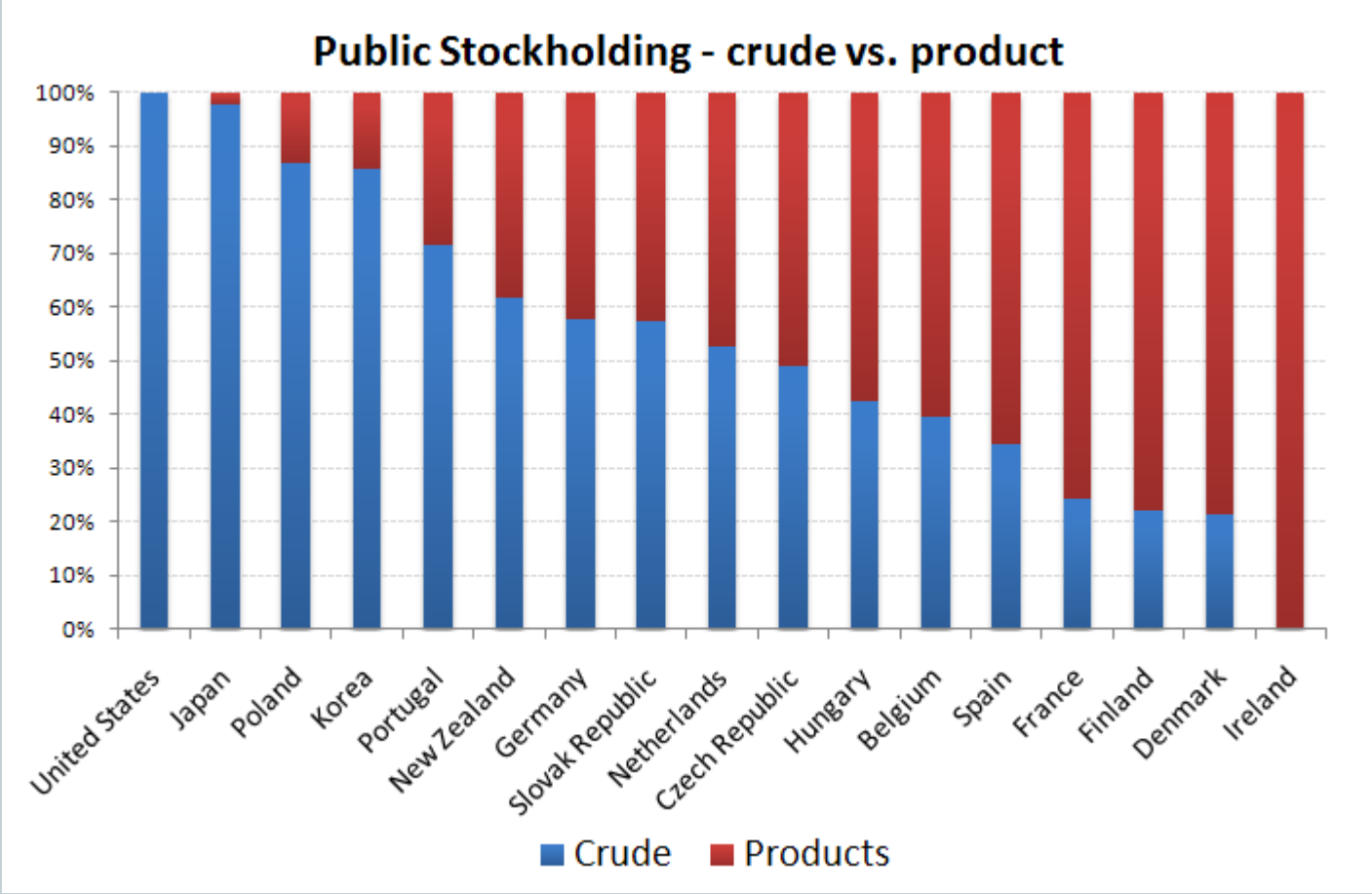
- **Physical accessibility**
 - Means for locating and transporting stocks within fixed time (art. 2, para. M)
 - Established arrangements for identification, accounting and control at any time (art. 5)
- **Specific stocks**
 - Detailed register to pinpoint exact location (art. 10)
 - Control of movement (when commingled)
 - Unconditional immunity from enforcement action
- **Emergency stocks (other than specific stocks)**
 - Annual report on location, nature, quantities and owner (art. 6)

Different Stockholding Structures in IEA Countries



Note: There is no stockholding obligation on industry in Australia and Canada.
Australia is a small net importer, while Canada is a net exporter.

Crude Oil vs Product in Public Stockholdings



Calculating the Stockholding obligation

net imports

Based on:

Monthly reporting of MOS

Using:

12 months of previous calendar year

tonnes of crude oil equivalent

NAPHTHA YIELD

A. Refinery Gross Output of Naphtha	0	kmt
B. Naphtha Refinery Fuel	0	kmt
C. Naphtha Backflows to Refinery	0	kmt
D. Refinery Intake (calculated) of Crude, NGL and Feedstocks	0	kmt
E. Percent Naphtha Yield ((A-B-C)/D) x 100	-	%

CRUDE COMPONENT

F. Crude, NGL and Feedstock Imports	0	kmt
G. Crude, NGL and Feedstock Exports	0	kmt
H. Crude, NGL and Feedstock Stocks changes	0	kmt
I. F-G-H	-	kmt
J. I x 0.96 (1)	-	kmt

PRODUCT COMPONENT

K. Total Product Imports	0	kmt
L. Naphtha Imports	0	kmt
M. Total Product Exports	0	kmt
N. Naphtha Exports	0	kmt
O. Total bunkers	0	kmt
P. Naphtha Bunkers	0	kmt
Q. Total Product Stock change	0	kmt
R. Naphtha Stock Change	0	kmt
S. (K-L)-(M-N)-(O-P)-(Q-R)	-	kmt
T. S x 1.065 (2)	-	ktcoe

TOTAL NET IMPORTS

U. Method 1 (J+T)	-	ktcoe
V. Daily Net Imports (U/365)	-	ktcoe
W. 90 Day Commitment (V x 90)	-	ktcoe
X. Method 2 (I - (Naphtha cons.)+T)	-	ktcoe
Y. Daily Net Imports (X/365)	-	ktcoe
Z. 90 Day Commitment (Y x 90)	-	ktcoe
AA. Method 3 ((I x (1-E))+T)	-	ktcoe
BB. Daily Net Imports (AA/365)	-	ktcoe
CC. 90 Day Commitment (BB x 90)	-	ktcoe

N.A. = Not Applicable; kmt = thousand metric tons; ktcoe = thousand metric tons crude oil equivalent;

1. 4% Reduction for naphtha yield.

2. Standard conversion to crude equivalent using factor of 1.065.

Calculating the Level of stocks in days cover

net imports

Based on:

Monthly reporting of MOS

Using:

End-month stock levels

tonnes of crude oil equivalent

CRUDE COMPONENT

A. Stocks of Crude, NGL and Feedstocks	0	kmt
B. A x 0.96 (1)	-	ktcoe

PRODUCT COMPONENT

C. Total Product stocks	0	kmt
D. Naphtha Stocks	0	kmt
E. C-D	-	kmt
F. E x 1.065 (2)	-	ktcoe
G. Gasoline Stocks	0	kmt
H. Kerosene Stocks	0	kmt
I. Gasoil/Diesel Stocks	0	kmt
J. Residual Fuel Oil Stocks	0	kmt
K. Stocks of 4 Main Product Groups (G+H+I+J)	-	kmt
L. K x 1.2 (3)	-	ktcoe

MEMO ITEM

M. LPG Stocks	0	kmt
N. Other Product Stocks	0	kmt

TOTAL EMERGENCY RESERVES (4)

O. Method 1 (B+F) x 0.9	-	ktcoe
P. Method 2 (B+L) x 0.9	-	ktcoe

NET IMPORT COVERAGE

Q. Adjusted Daily Net Imports (c.o.e)	-	ktcoe
R. Days of Net Imports Method 1 (O/Q)	-	days
S. Days of Net Imports Method 2 (P/Q)	-	days

N.A. = Not Applicable; kmt = thousand metric tons; ktcoe = thousand metric tons crude oil equivalent;

1. 4% Reduction for naphtha yield.

2. Method 1: Exclusion of naphtha stocks and standard conversion to crude equivalent using factor of 1.065.

3. Method 2: Conversion of four main product group stocks to crude oil equivalent using factor of 1.2.

4. Adjusted for assumed 10 per cent unavailable stocks.