



EBV

Erdölbevorratungsverband

Körperschaft des Öffentlichen Rechts

Sales / Distribution Strategies

How to Get the Strategic Reserve to the Consumer



EBV

Supply Crisis

- **In Charge: Minister for Economy and Labour**
- **International Consultations: IEA /EU**
- **Domestic Consultations**
 - **Oil Crisis Advisory Council**
 - **Supply Coordination Group**



EBV

Range of possible measurments

- **appeals to reduce energy consumption**
- **restriction to traffic**
- **release of strategic reserve**
- **rationing of oil consumption**



EBV

German Release Procedure

**Ministry of Economics and Labour
orders EBV by decree to release:**

- **x tons of**
- **products x, y, z**
- **within x weeks**



EBV

The Membership Concept

Part I

- **Refiners and independent importers are compulsory (by law) members of EBV**
- **Members have to pay a fee to EBV based on their production or importation of oil products**



EBV

Current Fee Level

(as of 1.4.2003)

7,66 \$/t Cat I (gasoline*)

5,78 \$/t Cat II (gasoil, light heating oil, jet A-1)

5,13 \$/t Cat III (heavy heating oil)

***) equals 0,5 €- cents per liter or 0,2 US - cents per gallon**



EBV

The Membership Concept

Part II

- **EBV calculates fee to cover all stockpiling cost**
- **Members in turn charge fee to final consumer, i.e. the final beneficiaries of the stockpiling**
- **Members entitled to participate in release of oil in proportion to fees paid**



EBV

German Release Procedure

- **Offer to EBV-members to buy released oil products at market price**
- **Market price calculated using agreed upon formula**
- **120 members, 10 biggest Member make up for 95% of fee income**
- **offer rejected : back to allocation pool**
- **offer accepted: bank guarantee**
release at closest tank farm or other options



EBV

Structure of Oil Stocks

- **At least 40% of stocks have to be products.**

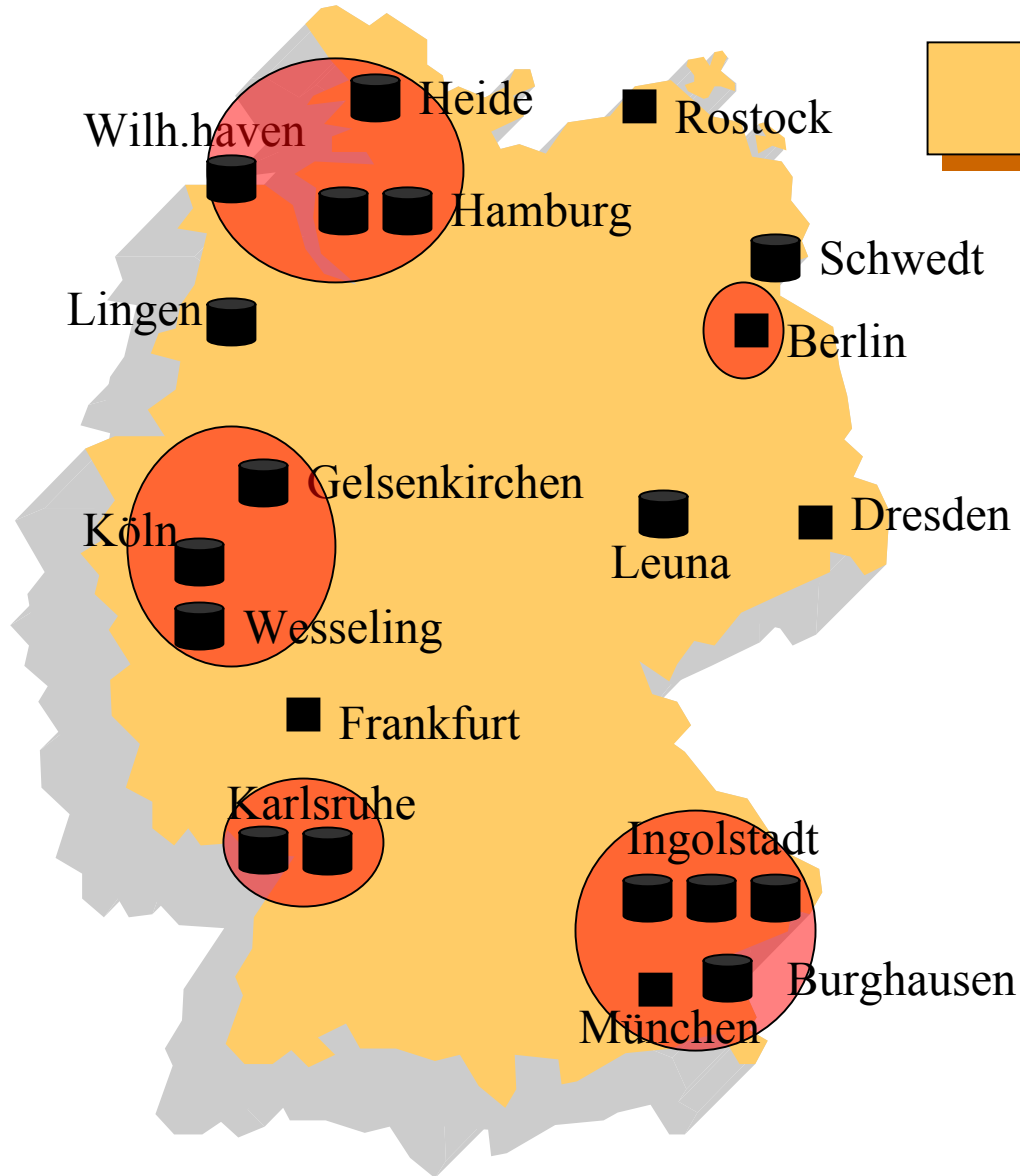
Currently:

- **crude oil 13 Mio t equals 10 Mio t products**
 - **finished products 13 Mio t**
- **Products to be held fresh and marketable**

Major Product Storage Locations



EBV



Product stocks

■ 4 mill to Mogas

■ 9 mill to Gasoil

regional spread
guaranteeing

■ immediate supply to major consumption areas

■ shortest response in a crisis

■ safety aspects



EBV

Structure of Oil Stocks

Stocks embedded into infrastructure of private sector

- **85% of product stocks are in commingled storage with commercial partners**
- **Approx 30 Mio cubic meters storage capacity at 180 locations**
- **600 storage and delegation contracts**



EBV

Timing of Release

- **Release process assisted by special computer software**
- **Released products available for consumers 7 days after release ordinance was issued**



EBV

Summary

Release of stocks

- **via sale at market price to EBV-members**
 - **refiners**
 - **independent importers**
- **using the existing oil-infrastructure**
- **in compliance with free market principles**