

Platts Used Cooking Oil FOB Straits and UCOME FOB China

On August 1, 2022, Platts, part of S&P Global Commodity Insights, launched new spot assessments for Used Cooking Oil (UCO) FOB Straits (CODE), as well as Used Cooking Oil Methyl Ester (UCOME) FOB China (CODE), and its related UCOME CFR Singapore (net forward) (CODE). This follows extensive consultation of producers, consumers, traders and others in the oil, biofuel, and renewable fuel markets as the demand for UCO and UCOME produced and loaded out of China and the Straits of Singapore grow in consumption and supply, with market participants expressing keen interest in greater price transparency in these markets. A subscriber note announcing the launch can be accessed here: [Platts launches Asian UCO, UCOME assessments | S&P Global Commodity Insights \(spglobal.com\)](#)

What is UCO/UCOME?

UCO consists of vegetable oils or animal fats that have been used by households or restaurants for food preparation. UCO is considered a waste product as it is no longer fit for human consumption for food hygiene reasons. UCO, however, can be aggregated and further processed to UCOME, used to produce biodiesel. UCO can also be used by HEFA pathway bio-refineries as feedstock to produce renewable distillates such as Sustainable Aviation Fuel (SAF) and Hydrotreated Vegetable Oil (HVO).

Why has Platts launched these assessments?

Platts has observed growing demand for Asian origin UCO that originates in or transits from Singapore, and the adjacent Malaysian ports of Port Klang and Pasir Gudang on their way to demand centers in Europe.

In addition, UCOME originating from China is increasingly finding its way to European markets. The new assessments complement the existing suite of Platts global UCO/UCOME coverage, which include UCO North Asia (AUCOC00), UCO CIF ARA (AUCOA00), and UCOME FOB ARA RED (AUMEA00).

Where are these new assessments published?

Publications

- Platts Biofuelscan
- Platts Weekly Biomass-Based Diesel Report

Why is there a growing demand for UCO/UCOME?

The European Union Renewable Energy Directive II (RED

II) aims to displace biofuels produced from feed crops and phase out biofuels from palm oil due to the high indirect land use change impacts. Instead, renewable fuels in transport should come from advanced (bio)fuels, produced from feedstocks which are listed under

Annex IX of the RED II. This includes the use of waste oils and fats, including the use of UCO as listed under Annex IX B.

What specifications of UCO are reflected in Platts assessments?

The new UCO FOB Straits assessment reflects ISCC-Certified, non-origin specific product matching the following quality criteria: FFA 5% maximum, minimum of 50 g iodine per 100 g of used cooking oil, M&I 2% maximum, Sulfur 40 ppm maximum, Wax content 300ppm maximum. In addition, the assessment reflects product that holds proof of sustainability obtained in the framework of voluntary schemes approved by the EU Commission. Proof of Sustainability, Annex VII and Right to Audit needs to be provided by the seller. Platts is also changing the Free Fatty Acids (FFA) maximum from 5-6% to 7%, for its existing FOB North China UCO specifications following feedback from the market.

What specifications of UCOME are reflected in Platts assessments?

The new UCOME FOB China assessment reflects product meeting the EN14214 specification excluding oxidation stability, and allows for Sulphur content of maximum 15 ppm, a maximum CFPP of 8 degrees Celsius, a maximum water content of 350 ppm with minimum GHG savings of 87%. The assessment would also reflect RED and German mandate compliant material eligible for UK and Dutch double-counting. All material needs to be traceable and have Right to Audit provided by the seller.

What cargo sizes and laycans do the assessments reflect?

Volumes of 1-5 kmt UCO are considered and normalized for assessment purposes to 1 kmt for cargoes loading 20 to 40 days ahead of the publication date. The minimum loading rate will be 150 mt per hour for breakbulk cargoes. Volumes of 2.5-10 kmt UCOME are considered and normalized for assessment purposes to 2.5 kmt for cargoes loading 20 to 40 days ahead of the publication date.

Platts has also started calculating a CFR Singapore UCOME net forward using its new UCOME FOB China assessment and the Clean South Korea-Singapore 30 kt MR \$/mt freight rate (TCADK00).

What is the Platts UCO/UCOME assessment methodology?

Platts' UCO/UCOME assessments are underpinned by its established Market on Close assessment methodology that's also used to assess major benchmarks including Platts Dated Brent, Platts FOB Singapore Gasoil Cargo, Platts JKM (LNG) and Platts Ethanol T2 FOB Rotterdam. As part of the assessment process, Platts editors publish UCO/UCOME market information throughout the day and approved market participants can submit their firm bids, offers and interest to trade to Platts for publication. Platts regularly reviews performance of trades executed during the MOC process to maintain the integrity of its assessment process. More information on Platts methodology can be found in the Platts Assessment Methodology Guide available here: https://www.spglobal.com/commodityinsights/PlattsContent/_assets/_files/en/our-methodology/methodology-specifications/global_biofuels.pdf

How can a company register to participate in the MOC process?

Entities that wish to participate in the UCO/UCOME MOC should complete the following form: spglobal.com/platts/en/our-methodology/participation-review

The Platts Price Group then conducts a participation review to establish that the company is credible, creditworthy and an active participant in the broader market for that commodity. The entities can also request more information on how MOC works and Platts guidelines governing the process. Entities must be reviewed for each specific market and evaluated against the editorial criteria for that market. Therefore, each entity must undergo the participation review process for UCO/UCOME, regardless of an established participation level in another Platts MOC process. For more information on the participation review process, please contact: pricegroup@spglobal.com

For more information on the recently launched spot assessments for Used Cooking Oil (UCO) FOB Straits, as well as Used Cooking Oil Methyl Ester (UCOME) FOB China, and the Platts Market On Close process underpinning these assessments, please email Asia_ags@spglobal.com, with a cc to pricegroup@spglobal.com

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