



ERDÖLBEVORRATUNGSVERBAND



German National Petroleum
Stockpiling Agency

IEA – EU – HANDA Workshop „Establishment of Emergency Oil Stocks in Southeast Europe“

Zagreb, 28th. May 2009



Legal Statute and Organisation

- Entity under Public Law (state agency)
- Legal supervision by the Ministry of Economics
- Operational supervision by advisory board
- Exempt from corporation (income) tax
- act autonomous, concludes contracts of its own behalf, can take legal action, can be sued



Responsibilities

- Holding strategic oil reserve in compliance with IEA and EU-regulations and the EBV-law
- Freshholding of products, compliance with all quality specs
- Release of oil in a crisis based on an ordinance of the Ministry of Economics



Membership Concept

- Everybody who produces or imports oil products in or into Germany is a compulsory member of EBV
- Members are obliged to pay a fee per ton of product produced or imported (0.4 €-cent / ltr)
- Members are entitled to buy oil products from EBV in case of an emergency release in proportion to the fees paid

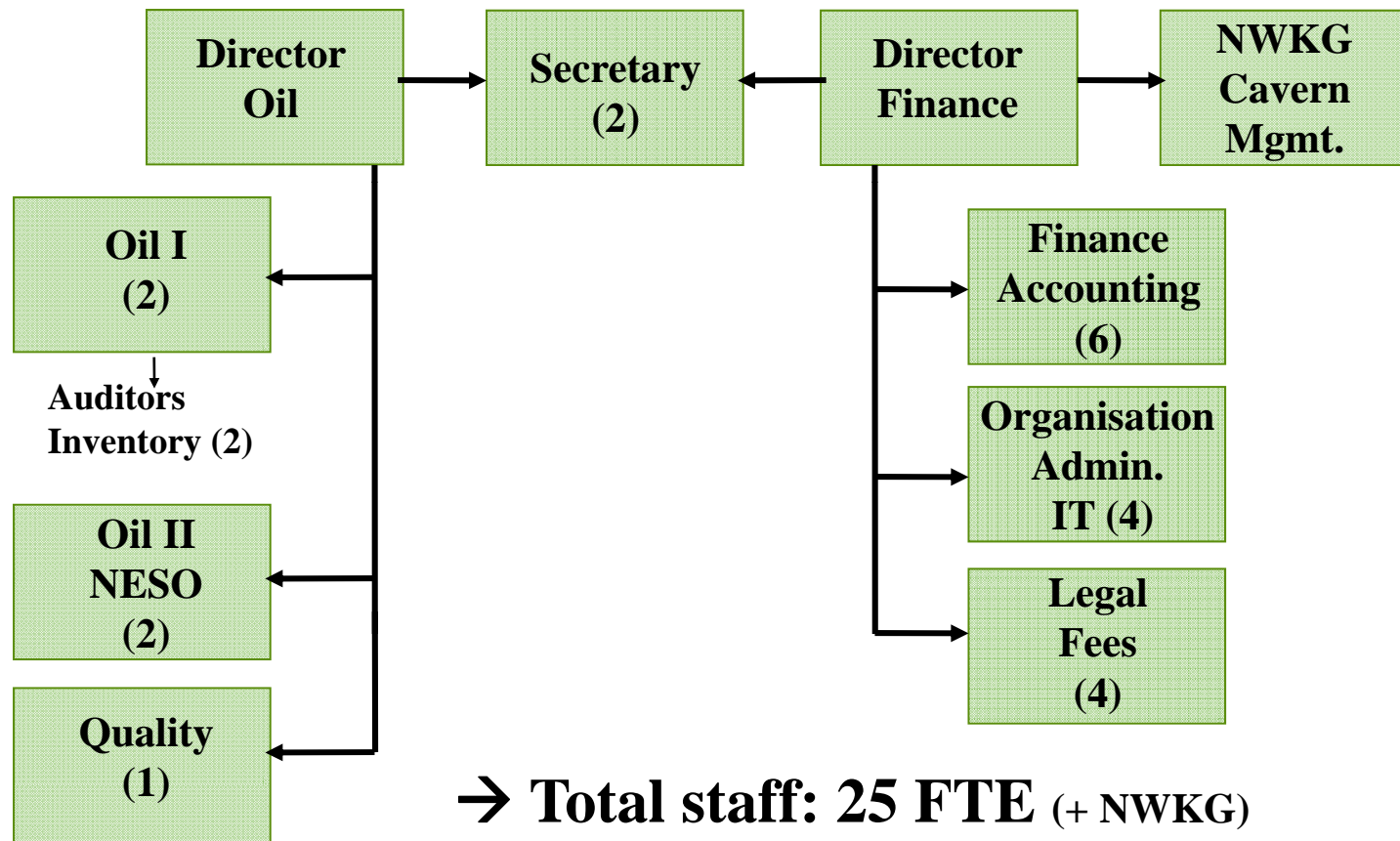


Bodies and Committees

- General Assembly: elects supervisory board
- Supervisory Board: elects and supervises Board of Directors, meets three times a year
- Advisory Committees for Stockholding, Budget, Finance and Legal (8 representatives of the member companies in each committee)
- Board of Directors: 2 members (appointed for 5 years)



Organisational Chart





Financing (1)

by law: All current annual expenditures are to be covered by membership fees (“**Financing by Fees**”)

- Annual budget: 410 mill. € , financed by EBV-fees of member companies:
 - expenses payable for storage and delegations (55 %)
 - interests for loans (44 %)
 - others (administration, insurance) < 1 %
- → average-costs: 18 €/ ton + year
- Authorisation to cover all costs by adjusting membership fees (insolvency impossible)



Financing (2)

by law: All stocks and investments are to be financed by loans
 (“**Financing by Loans**”)

- Total volume of loans → 3.0 bn. €
- Maturity: 10 to 30 years, full redemption at maturity date
- Fixed interest-rate agreements
- Annual Re-Financing Volume: 200 - 400 mill. €
- Currently avg. Interest-rate: 4.8 %
- AAA-Rating by S&P – outlook stable
- Indirect guarantee by Federal Government



Crisis Response (1)

- Consultations of IEA-/EU-member-countries
- Statutory order of the ministry
- Allocation of the released volumes to members according to their share in fees
- Sale at market-prices
- Refining contracts for crude
- Statutory order for preferred supply of priority-customers / institutions, where requested
- Tender for sale of remaining quantities



Crisis Response (2)

- Members renting storage-facilities to the EBV will be supplied with volumes stored at these locations
- Small member-companies will be supplied with volumes located in their area
- Companies operating all over Germany will be supplied by mutual agreement
- Delegated stocks will be allocated to delegating companies



What Kind of Stock to Hold (1)

	Cat I	Cat II	Cat III	Total
Obligation 2009.04.01	5.1	15.0	0.4	20.5
Coverage 2009.03.31	5.5	14.5	1.4	21.4
• Products	2.4	7.4	0.0	9.8
• Crude (14.9)	3.1	7.1	1.4	11.6

in mill. tons

→ Crude: average product-yield of German refineries



What Kind of Stock to Hold (2)

Finished Products:

- 2.4 mill. tons Mogas
- 7.4 mill. tons Middledestillates
- fit best for regional spread
- shortest response in a crisis

Crude (14.9 mill. tons)

- cheap as mainly stored in low cost caverns near central ocean shipping terminals and / or refineries with major pipeline-links
- refining contracts already fixed
- expensive turn over for quality reasons can be avoided
- allows more flexibility



Stockholding Practices (1)

- Three categories of stocks:
 - Cat. I : Gasoline
 - Cat. II : Diesel, Heating Oil, JET A-1
 - Cat. III : Heavy Fuel Oil
- 90 days refining production + net imports
- Products: Min. 15 days above ground products in each of 5 German supply-regions
- Min. 90 % EBV owned stocks, Max. 10 % delegations
- Max. 60 % Crude



Stockholding Practices (2)

	Cat I	Cat II	Cat III	Crude
Stocks as per 2009.03.31	2.4	7.4	0.0	14.9
• Caverns / EBV	0.1	1.7	0.0	7.3
• Caverns / 3rd parties	0.8	0.0	0.0	6.4
• above-ground / EBV	0.0	0.1	0.0	0.0
• above-ground / 3rd parties	1.2	5.4	0.0	0.8
• Delegations	0.3	0.2	0.0	0.4

- 90% of above-ground storage is commingled



Stockholding Practices (3)

- Yearly public tender
- Opening of the tender by presence of a notary
- Contractual time up to 5 years (JET: 10 years)
- Relocation of the stocks, if needed
- Yearly audits at all depots by two EBV-auditors
 - availability of EBV stocks / delegations / tank seals
 - availability of EBV ullage
 - technical state of the storage facilities



Stockholding Practices (4)

- Underground: caverns (mainly crude)
 - affiliate NWKG: 4 cavern-facilities, 58 caverns
 - third-party caverns
- Above-ground storage (mainly products) 164 storage-facilities, 460 contracts (Storage in foreign countries only if bilateral agreement exists: B, NL, F, I)
- Delegations only for short term coverage



Advantages of EBV CONCEPT

- Agency-approach according to EU-directive
- No impact on national budgets
- Stocks under governmental control
- Direct access in case of a crisis
- Immediate availability of stocks (no dead stocks)
- Stock rotation guaranteed through commingled storage
- No distortions in the market (market neutral)
- No capital employed for oil-companies
- Low costs