

# OPIS Refined Spot Markets

## U.S. and Canada Carbon Markets

Millions of gallons of gasoline, diesel fuel, heating oil, jet fuel, ethanol and other oil products are bought and sold each day in cash bulk markets. Commonly known in the trade as “spot” market prices, these transactions typically occur at the leading oil refining, barge and pipeline centers in the United States. These include the U.S. Gulf Coast, Group 3, Chicago, Atlantic Coast, Los Angeles, San Francisco Bay and Pacific Northwest.

### Quality and Integrity of Spot Price Methodology

OPIS publishes its market assessment methodology in full on this website and in abbreviated form in its nightly reports. The methodology is written in clear, easy-to-understand language and is fully available to the public and does not require a user name or password for access. Details of each product assessment’s methodology are below.

### Reliable, Indicative and Distortion-free

OPIS’ overarching strategic goal continues to be that it is recognized as a widely accepted fuel price benchmark for supply contracts and competitive positioning. OPIS is relied on as a trusted benchmark because, based on its published methodology and internal policies and practices, OPIS can provide assurance it remains completely unbiased and independent. OPIS has no stake in fuel transactions, is not funded by oil industry initiatives, and strictly adheres to antitrust guidelines determined by independent legal counsel.

OPIS does not discriminate between reporting parties that are in good standing and have demonstrated a commitment and reputation for truthful and accurate price discovery when calculating its market assessments.

### Criteria and Procedures

OPIS market assessors follow the marketplace throughout a full day of trading by constant communication with designated and approved traders and brokers to discover done deals, bids and offers. This full day methodology requires OPIS market assessors to be in contact with active marketplace participants during every trading day.

The OPIS full day methodology is applied to all of its market assessments with the exception of Europe LPG which utilizes a “market window” to capture deal activity. This window is described fully in the Europe LPG methodology (<http://www.opisnet.com/about/methodology.aspx#EuroLPG>). This “market window” approach to assessing the Europe LPG is a reflection of the preference of the market participants as documented in OPIS’ electronic log of customer feedback and input and reflects the unique nature of the market’s behavior.

OPIS market assessors communicate with market participants via electronic instant messaging,, email and telephone communication.

Additionally, OPIS market assessors receive deal sheets from active market participants detailing their market activity for the day.

Only market data that fits OPIS methodology is used in assessing ranges for OPIS spot products. This includes restrictions on the timing of the market activity reports and the volume of product being traded as well as other factors as enumerated extensively by individual commodity, and made publicly available.

Preference for OPIS market assessments is done deals. However, in the absence of done deals, OPIS market assessors use confirmed bids and offers to set ranges for market assessments. Highest bid and lowest offer are used by OPIS market assessors to set ranges in the absence of done deals.

In very illiquid markets, formulations are used to calculate values of derivatives of more liquid products based on historic market behavior. These formulations are set based on market participant feedback and approval.

OPIS supervisors routinely review market assessors' judgments throughout the trading day and prior to publication of the assessment. Additionally, OPIS supervisors review any market data not used in the assessment and the reasons they were not used.

Units of measure referenced in OPIS market assessments vary depending on the standard measurements used by the commodity marketplace being followed (e.g., refined products are assessed in US dollars per barrel while renewable biofuels such as ethanol are assessed in US dollars per gallon).

### **Consistency Between Assessors**

Each market OPIS assesses ideally has three fully trained market editors assigned to it. Each of these market editors is fully versed in the latest methodology, market participants and market intelligence available for that market. In the event the primary market editor is not available to assess his or her market, the secondary editor is fully capable of stepping in to assess the market. Additionally, a third level of redundancy in editorial continuity is an operational goal. All OPIS data is thoroughly archived and backed up by information technology systems and hardware on- and off-site.

New OPIS market assessors undergo apprenticeship training in OPIS methodology and are required to observe closely as veteran market assessors assess markets for a period of no less than four (4) weeks prior to assessing those markets themselves.

Additionally, OPIS market assessors report to and are supervised by a core group of veteran OPIS senior editors who ensure OPIS methodology and defined practices and procedures for assessing markets are consistently followed.

### **Relative Importance of Types of Data**

OPIS market editors give all due priority to concluded transactions when making market assessments with the exception of market trading days in which an exceptional event or anomaly occurs just prior to OPIS' deadline for publishing market assessments. However, all price assessments that deviate from OPIS' prioritization policy for transactional data require the consultation and prior approval of a supervisory editor.

In the case of illiquid markets where transaction volume is light or non-existent, editors draw upon bids and offers and other market intelligence to set ranges. In some cases, assessments are made based on historically demonstrable formulaic relationships to more liquid products that are reviewed regularly with the marketplace to maintain their relevance.

### **Notional or Illiquid Markets**

In the absence of done deals, OPIS market assessors can set ranges for products in somewhat illiquid markets based on bids and offers heard in the marketplace. In such cases, OPIS market assessors use a highest bid/lowest offer methodology.

Some OPIS market assessments are “notional values” meaning the product markets being assessed do not typically feature daily activity such as done deals, bids or offers. Instead, these markets are understood by the marketplace, OPIS customers and OPIS market assessors as formulations referring back to a “parent”, more liquid product based on historical and logical pricing relationships affected by known transportation, storage or handling costs.

### **Timeliness of Data Submissions**

OPIS market assessors track spot markets on a full-day basis and OPIS’ daily ranges reflect confirmed trades by timing, volume, product and location each day.

“Typical” trading hours extend from 9:00 a.m. to 5:15 p.m. Eastern Time (6:00 a.m. to 2:15 p.m. Pacific Time) for U.S. Refined Products and 9:00 a.m. to 5:00 p.m Eastern Time for US Natural Gas Liquids. European price assessment timings are described in their individual methodologies. Deals that are received outside those hours are reviewed, evaluated and independently approved for consideration in our full-day ranges. In order to meet publication deadlines, OPIS reserves the right to not accept deals as part of the final day’s product ranges if that information is sent to/received by OPIS after 5:15 p.m. (2:15 p.m. Pacific Time).

OPIS market assessors sample on a daily basis a broad cross-section of refiners, traders, marketers, brokers and end users active in buying, selling or trading physical barrels. OPIS policies and practices require market assessors to cast a wide net to capture as many transactions as possible in arriving at OPIS day-to-day price assessments of spot market values. OPIS market assessors take an “arm’s length” approach to covering the market.

OPIS daily spot market assessments include information obtained from “back office deal logs” sent to OPIS as part of its daily market price discovery. The information highlights actual transactions during the day, including price, volume, product and timing..

OPIS market assessors compare the end-of-the-day deal logs with our confirmed deals through the day to ensure OPIS does not duplicate information. Whenever possible, OPIS confirms deals via constant communication with traders and brokers in the marketplace.

### **Bulk of Data from One or More Sources**

OPIS takes into account in its daily full-day price assessments market data from a variety of approved reporting entities. The volume of data coming from any single entity on any given day can vary, depending on that entities activity (buying or selling needs) in the marketplace.

OPIS gives equal weight to all market data submitted and deals confirmed based on our published methodology. To ensure consistency and integrity, all deals are weighed equally, without respect to any single data provider constituting a significant proportion of the total data.

OPIS requires its market assessors to conduct a broad canvass of the market each day so that OPIS is not “submitter dependent” on any one source for any single portion of data.

Market liquidity varies by individual regions from day to day with pipeline scheduling days typically reflecting high volume days.

### **Criteria for Excluding Data**

OPIS adheres to its methodology language first and foremost. Any data that does not conform to the methodology’s definitions regarding timing, size, specification, volume or verifiability are not included in OPIS’s market assessments.

All data exclusions must be reviewed and approved by an OPIS supervisory editor.

Additionally, OPIS market assessors reserve the right to exclude market data received that either: 1) cannot be repeated in the marketplace, 2) cannot be confirmed in the marketplace by counter-parties or independent market observers and/or 3) comes from a source that is unidentifiable and/or unverifiable as a “bona fide” source of market data.

### **Rationale for Methodology Adoption**

All OPIS market assessments follow methodologies reflective of the market’s actual behavior with regard to timing of trading, specifications of product, location of trading, and historically established relationships between products.

OPIS methodologies are carefully crafted through market participant consensus and are designed to be inclusive of all market data that fits OPIS published methodology parameters, including restrictions for inclusion of any market data that does not fit those same parameters.

The timeframes in which products are assessed are those requested by the market participants and vary from product to product.

OPIS market assessments commonly use the terms “prompt” and “any” to describe the timing of product delivery. Definition of timeframes for these terms varies from market to market and from product to product. In general, however, “prompt” refers to product expected to make delivery within a week while “any” refers to product expected to make delivery after a week’s time but before the end of a month.

### **Procedures for Internal Review and Approval**

OPIS methodology is version controlled and constantly scrutinized for clarity, relevance and comprehensiveness by market assessors and senior editors. It is also reviewed and discussed regularly during weekly spot market editors’ meetings. Records of these meetings, subjects covered and market assessors in attendance are kept in a central electronic file.

OPIS methodology language and any proposed changes are drafted by market assessors and/or senior editors and circulated for review by all other market assessors and senior editors involved in the market(s) and product(s) addressed by the methodology. All proposed changes are version-controlled and require approval by a senior editor prior to initiating external review.

Additionally, mandatory quarterly reviews of all OPIS methodology are conducted and documented by relevant OPIS market assessors and senior editors to ensure clarity, accuracy and relevance. Records of

these quarterly methodology reviews, market participants polled and their feedback received are kept in a central electronic file.

### **Procedures for External Review and Approval**

OPIS methodologies are developed after substantial consultation with the stakeholder community, are in-line with market realities and are regularly reviewed by customers and editors on a quarterly basis.

Whenever an OPIS methodology is being created or altered, stakeholders in the product market affected are consulted via a two-step process:

1. key stakeholders are asked to review an exposure draft of the proposed methodology (or change to methodology) and given adequate time (two to four weeks if the change is deemed "minor" and four to six weeks if the change is deemed "major") to respond in writing with feedback and suggest changes, etc.
2. After key stakeholders are thus polled and changes are either accepted or rejected, the proposed methodology (or change to methodology) is circulated via email to all OPIS customers who use (or would likely use) the market assessment. Thirty days are given for feedback and any suggested changes are given full consideration by senior editors and market assessors.

Reasons for rejecting stakeholder feedback might include, but are not limited to:

1. suggested changes would tend to make market discovery less transparent
2. suggested changes would exclude full market participation by otherwise bona fide market participants under the parameters of the methodology
3. suggested changes would unfairly favour one market participant or class of trade over another
4. suggested changes would limit the utility of the market assessment
5. suggested changes would distort the true functioning of the market assessment

Additionally, OPIS reserves the right to reject any feedback it deems to be non-constructive or inherently untenable.

### **Changes to Methodology**

OPIS conducts quarterly spot methodology reviews during which our market editors consult with stakeholders to ensure our methodologies reflect current market realities and are as useful and relevant as they can be.

These spot methodology reviews are in addition to our ongoing and constant examination of our methodologies that may result in improvements in our processes and practices.

Both quarterly and as-needed methodology changes involve a robust polling of the marketplace to ensure all points of view are considered prior to any changes being considered or made.

During quarterly spot methodology reviews, all current methodology language is reviewed with stakeholders to ascertain if any improvements or revisions need to be made.

Based on the input received, OPIS senior editorial leadership will decide whether to accept or reject suggestions made by stakeholders for methodology changes.

Once a spot methodology change is contemplated, OPIS reaches out to stakeholders in the form of a formal letter delivered via email soliciting feedback on the change. Feedback may be given via post,

email or telephone and the opportunity to comment on any contemplated spot methodology change is open for no less than four (4) weeks and generally not more than six (6) weeks.

In the case of methodology additions, a draft notice is sent out to customers with a deadline for comments set at a maximum of two (2) weeks.

OPIS will publish stakeholder comments received with our responses regarding proposed methodology changes on our website and will respect commenter confidentiality as requested.

### **Full-Day Philosophy**

OPIS editors track spot markets on a full-day basis and our daily ranges reflect confirmed trades by timing, volume, product and location each day. Editors reserve the right to exclude any deal or deals they deem “not reflective” of prevailing or fair market value. These deals may be mentioned in our written commentary, however.

“Typical” trading hours extend from 9:00 a.m. to 5:15 p.m. Eastern Time (6:00 a.m. to 2:15 p.m. Pacific Time) for US Refined Products and 9:00 a.m. to 5:00 p.m. Eastern Time for US Natural Gas Liquids. European and Asian price assessments have their own timings as described in their individual methodologies. Deals that are received outside those hours are reviewed and evaluated for consideration in our full-day ranges. In order to meet publication deadlines, OPIS reserves the right to not accept deals as part of the final day’s product ranges if that information is sent to/received by OPIS after 5:15 p.m. (2:15 p.m. Pacific Time).

We recognize ascertaining a spot product range can be subjective, and that there may be parties that dispute our numbers. Assessing markets requires judgment on the part of our editors, but those calls will be reviewed among experienced reporters and within the context of that day’s market. Ranges are only changed in the case of clerical errors such as typos or transposition mistakes.

### **Definition of “Last” and “Mean”**

**OPIS Last:** The OPIS “Last” is a price indicator of where cash or spot market prices end for each full-day spot market trading session. It provides a numerical approximation of a refined products end-of-the day value.

The OPIS “Last” is a market indicator number and DOES NOT necessarily reflect an actual spot market deal transaction. In other words, it DOES NOT necessarily reflect a “Last” trade. Instead, it is designed to indicate the market’s direction at the end of the trading day to help gauge the relative shift in physical values from day to day.

In the absence of an actual confirmed trade, the OPIS “Last” may be included in OPIS’s Full-Day Spot Trading Ranges using a “highest bid/lowest offer” methodology to pinpoint a reasonable number it would take to close a transaction at day’s end.

**OPIS Mean:** The OPIS Spot “Mean” represents the numerical mid-point of the OPIS “low” and the OPIS “high” calculated using actual spot market deals confirmed by OPIS markets editors during the course of full-day trading.

OPIS spot market transactions are made transparent during the day on the OPIS Deal Log as part of the daily OPIS Spot Ticker.

While the OPIS Spot “Mean” is calculated using actual deal transactions from “low” to “high” during the day, editors do take into account in full-day price assessment end-of-the-day market shifts that potentially indicate new pricing levels.

At times to supplement confirmed deals or in the absence of confirmed deals, OPIS editors use a “highest bid/lowest offer” methodology to assess the new pricing levels as part of the full-day range.

### **Data Collection**

OPIS editors sample on a daily basis a broad cross-section of refiners, traders, marketers, brokers and end users active in buying, selling or trading physical barrels. We cast a wide net to capture as many transactions as possible in arriving at our day-to-day price assessments of spot market values. Editors take an “arm’s length” approach to covering the market.

Editors confirm and record deals done for gasoline and distillate products that meet minimum pipeline/barge volumes specific to each geographic market. As the majority of the market is done on an EFP basis, we follow deals as basis discounts or premiums to the New York Mercantile Exchange. We consider fixed-price deals only if they fall within the full-day differential range based off the NYMEX at settlement, or to assess cash-for-cash “regrade” transactions.

OPIS daily spot market assessments include information obtained from “back office deal logs” sent to us as part of our daily market price discovery. The information highlights actual transactions during the day, including price, volume, product, timing and counter party.

OPIS has signed confidentiality agreements with some providers not to make this information public, except to use the transactions in our daily range of prices and weighted averages providing it meets our volume and timing criteria. OPIS editors compare the end-of-the-day deal logs with our confirmed deals through the day to insure we do not duplicate information.

Editors respect the wishes of sources to remain anonymous in their activities in the market, and any information we receive regarding parties in deals is kept confidential.

Ranges reflect actual transacted deals. In the case of confirmed trading followed by a shift in the market without a done deal, editors will consider the last deal recorded and weigh it in light of subsequent buyer and seller bids and offers.

In the total absence of confirmed deals, we will use the input of the trading community to help us assess a viable “get-done” range and last value, and also consider the relationship the illiquid product may have with more actively-traded grades.

Typically, the “lowest sell price” and the “highest bid price” will be used to help us arrive at our full-day range.

### **California Carbon Allowance (CCA) Methodology**

OPIS provides daily price discovery for California Carbon Allowances (CCA) created for the state’s cap-and-trade regulations, conjoined by Quebec in 2014 and Ontario in 2018, that are being traded in the marketplace.

### **Products:**

Current Year Vintage CCA

Previous Year Vintage CCA  
Next Year Vintage CCA  
Forward Year Vintage CCA  
Advance Year Vintage CCA

**Timing:** Prompt and Forward for all five products, in addition to Prompt +1 and Prompt +2 timing for the Current Year Vintage CCA.

**Prompt:** CCAs delivering prompt month, with the roll date scheduled two days before the final business day of the month.

**Prompt +1:** CCAs delivering one month ahead of the prompt month.

**Prompt +2:** CCAs delivering two months ahead of the prompt month.

**Forward:** CCAs delivering December of current year.

Due to OPIS's extensive forward pricing index for the Current Year Vintage CCA market, when October becomes prompt timing, OPIS will advance the Current Year CCA Forward timing to December of the next year.

When December becomes prompt timing for the Previous, Next, Forward and Advance Year CCA vintages, OPIS will advance the Forward timing to December of the next year.

**Minimum volume:** 10,000 allowances.

**Daily Pricing Mechanism:** \$/metric ton.

### California Carbon Offset (CCO) Methodology

OPIS provides daily price discovery for California Carbon Offsets (CCO) created for the state's cap-and-trade regulations, conjoined by Quebec in 2014, that are being traded in the marketplace.

#### **Products:**

Golden CCO (meets CARB validation criteria, cannot be made invalid.)

CCO 3 (must maintain CARB validation criteria for three consecutive years.)

CCO 8 (must maintain CARB validation criteria for eight consecutive years.)

**Timing:** Current calendar year

**Minimum volume:** 1,000 allowances.

**Daily Pricing Mechanism:** \$/metric ton.

**Calculation:** OPIS assesses the CCO markets based on bids, offers and other trade information gathered from market participants. The assessment will include deals reported by market participants for offsets delivered by the end of the calendar year, until the last month of the year when deals for the following year may also be considered. The Golden CCO assessment will also take into account the regrade value, or differential, to the prompt timing Current Year Vintage CCA based on feedback from market partic-

ipants. The CCO3 market is assessed as a regrade to the Golden CCO market, and the CCO8 market is assessed as a regrade value to the CCO3 market, considering intraday bids, offers and trade data.

### California Cap-at-the-Rack (CAR) Methodology

OPIS provides a daily price for the estimated impact of cap-and-trade regulations on gasoline and diesel fuel delivered at each California rack. California’s cap-and-trade regulations officially impact the California rack market beginning January 1, 2015; OPIS began publishing the CAR price August 1, 2014, ahead of the regulation compliance start date.

**Products:**

- CARB RFG Gasoline: Unleaded, Midgrade and Premium
- CARB Distillates ULSD: No. 2
- B5 Biodiesel
- LPG
- LNG

**Timing:** Current day pricing based on the OPIS CCA Current Year Vintage prompt timing assessment. OPIS also provides a week average and a 30-day average for CAR assessment prices.

**Daily Pricing Mechanism:** Cents-per-gallon; LNG CAR prices are cents-per diesel gallon equivalent (DGE)

**Calculation:** OPIS uses its assessment for California Carbon Allowances (CCA) to calculate a daily cents-per-gallon cap-at-the-rack value based on the following carbon dioxide equivalent (CO2e) emissions for obligated fuels delivered at California racks:

#### California Fuels Carbon Emissions Equivalent Calculations per Gallon, or DGE where noted

Summer CARBOB		Winter CARBOB		Ethanol	ULSD No.2	Biodiesel	LPG	LNG/DGE
Reg	0.00893	Reg	0.00891	0.00022	0.01024	0.00001	0.00582	0.00732
Mid	0.00891	Mid	0.00891					
Prem	0.00890	Prem	0.00892					

#### Carbon Emissions Equivalent Calculations per Gallon for Diesel Fuels

ULSD No.2 CO2e	Biodiesel CO2e
0.01024	0.00001

\*Source: California Air Resources Board

The LNG CO2e/DGE value of 0.00732 is defined by the following equations:

$$\begin{aligned} \text{LNG CO2e/MMBtu} &= 0.053072 \\ \text{LNG MMBtu/DGE} &= 7.25 \text{ DGE} \\ \text{LNG CO2e/DGE} &= 0.053072 \div 7.25 \\ \text{LNG CO2e/DGE} &= 0.00732 \end{aligned}$$

The OPIS Cap-at-the Rack (CAR) cents-per-gallon assessment for each product is calculated using the following formula: CPG = OPIS daily current year, prompt month CCA assessment mean \$/mt x CO2e/gal of obligated fuel.

Since biomass derived fuels have a compliance obligation under the California cap-and-trade program,

OPIS considers the CO<sub>2</sub>e/gal values for those products when calculating the CAR price for blended gasoline and biodiesel delivered at the rack.

The assessment for CAR gasoline prices (CARB RFG) = 90% gasoline grade's CO<sub>2</sub>e/gal x the prompt CCA assessment + 10% ethanol CO<sub>2</sub>e/gal x the prompt CCA assessment.

The assessment for CAR biodiesel prices (B5) = 95% CARB diesel CO<sub>2</sub>e/gal x the prompt CCA assessment + 5% biodiesel CO<sub>2</sub>e/gal x the prompt CCA assessment.

**CAR Gasoline RVP schedule:** The schedule for determining winter or summer blend gasoline CAR calculations at each rack terminal will be determined by the following RVP cap limits and dates set for each air basin in California's Reformulated Gasoline Regulations. OPIS reserves the right to publish seasonal CAR gasoline prices at each terminal, reflecting vapor pressure specifications based on actual supply availability, which can fluctuate during transition months, apart from the air district's mandated RVP date.

Air Basin	Summer	Winter
Mojave Desert	March 1	November 1
North Coast	May 1	October 1
Sacramento Valley	April 1	November 1
Salton Sea	March 1	November 1
San Diego	March 1	November 1
San Francisco Bay	April 1	November 1
San Joaquin Valley	April 1	November 1
South Central Coast	May 1	November 1
South Coast	March 1	November 1

Twice a year during the RVP transition periods, OPIS will publish a CAR price assessment for both winter and summer gasoline grades in the Carbon Market Report. Both gasoline seasonal CAR price assessments will be published September 28, 29 or 30-October 31 and February 27, 28 or 29-April 30.

### Quebec Cap-at-the-Rack Assessment (CAR) Methodology

OPIS provides a daily price for the estimated impact of cap-and-trade regulations on fuels distributed in Quebec.

#### Products:

Gasoline: 87 Unleaded, 89 Midgrade and 91 Premium

Diesel Fuel: High Sulfur #2, Ultra Low Sulfur #2, Ultra Low Sulfur Winter #2, Ultra Low Sulfur #1

Light Oils: High Sulfur Furnace Fuel Oil, Low Sulfur Stove Oil #1, Ultra Low Sulfur Furnace Oil

Biodiesels: \*See Below

**Timing:** Current day pricing, based on the OPIS CCA Current Year Vintage, prompt timing assessment.

**Daily Pricing Mechanism:** Canada cents-per-liter and U.S. cents-per-gallon.

**Currency Conversion:** OPIS will reference the Bank of Canada USD-CAD Exchange Rate in its daily price conversions.

**Calculation:** OPIS will use its assessment for Carbon Allowances (CCA) to calculate a daily Canadian cents-per-liter (cts/L) and U.S. cents-per-gallon (cts/gal) cap-at-the-rack value based on the following carbon dioxide equivalent (CO<sub>2</sub>e) emissions for obligated fuels supplied in Quebec:

<b>Quebec Fuels Carbon Emissions Equivalent Calculations</b>			
<b>Gasoline CO<sub>2</sub>e per Liter</b>		<b>Gasoline CO<sub>2</sub>e per Gal</b>	
87 Reg	0.00236	87 Reg	0.00894
89 Mid	0.00236	89 Mid	0.00894
91 Prem	0.00236	91 Prem	0.00894
<b>Diesel Fuels CO<sub>2</sub>e per Liter</b>		<b>Diesel Fuels CO<sub>2</sub>e per Gal</b>	
HS #2	0.00279	HS #2	0.01056
ULS #2	0.00279	ULS #2	0.01056
ULS #2 Winter	0.00279	ULS #2 Winter	0.01056
ULS #1	0.00279	ULS #1	0.01056
<b>Light Oil CO<sub>2</sub>e per Liter</b>		<b>Light Oil CO<sub>2</sub>e per Ga</b>	
HS Furnace Fuel Oil #2	0.00274	HS Furnace Fuel Oil #2	0.01035
LS Stove Oil #1	0.00274	LS Stove Oil #1	0.01035
ULS Furnace Oil	0.00274	ULS Furnace Oil	0.01035

\*Source: Quebec's Ministry of Sustainable Development, Environment and the Fight against Climate Change

The OPIS Cap-at-the-Rack (CAR) Canadian cts/L and U.S. cts/gal for each product are calculated using the following formulas:

CAR cts/L = OPIS daily current year, prompt month CCA assessment mean CAN \$/mt x CO<sub>2</sub>e/L of obligated fuel x 100.

CAR cts/ gal = OPIS daily current year, prompt month CCA assessment mean US \$/mt x CO<sub>2</sub>e/gal x 100.

\*Biomass derived fuels do not have a compliance obligation under the Quebec cap-and-trade program, but OPIS considers the CO<sub>2</sub>e/L and CO<sub>2</sub>e/gal values for the diesel fuel percentages of biodiesel blends calculating the CAR price for delivered biodiesel fuels.

## **Ontario Cap-at-the-Rack (CAR) Methodology**

OPIS provides a daily price for the estimated impact of cap-and-trade regulations on fuels distributed in Ontario.

### **Products:**

Gasoline: Conventional 87 Unleaded, 89 Midgrade, and 91 Premium, 87 Unleaded with 10% Ethanol, 89 Midgrade with 5% Ethanol.

Diesel Fuel: High Sulfur No. 2, Ultra Low Sulfur No. 2, and Ultra Low Sulfur No. 1.

Light Oils: High Sulfur Furnace Fuel Oil, Low Sulfur Stove Oil No. 1, and Ultra Low Sulfur Furnace Oil.

B5 Biodiesel

Propane

**Timing:** Current day pricing, based on the OPIS CCA Current Year Vintage, prompt timing assessment.

**Daily Pricing Mechanism:** Canadian cents-per-liter and U.S. cents-per-gallon.

**Currency Conversion:** OPIS will reference the Bank of Canada CAD-USD Exchange Rate in its daily price conversions.

**Calculation:** OPIS uses its assessment for Carbon Allowances (CCA) to calculate a daily Canadian cents-per-liter (cts/L) and U.S. cents-per-gallon (cts/gal) Cap-at-the-Rack value based on the following carbon dioxide equivalent (CO<sub>2</sub>e) emissions for obligated fuels supplied in Ontario:

<b>Ontario Fuels Carbon Emissions Equivalent Calculations</b>			
<b>Gasoline CO<sub>2</sub>e per Liter</b>		<b>Gasoline CO<sub>2</sub>e per Gal</b>	
87 Reg	0.00236	87 Reg	0.00894
89 Mid	0.00236	89 Mid	0.00894
91 Prem	0.00236	91 Prem	0.00894
<b>Diesel Fuels CO<sub>2</sub>e per Liter</b>		<b>Diesel Fuels CO<sub>2</sub>e per Gal</b>	
HS #2	0.00301	HS #2	0.01138
ULS #2	0.00301	ULS #2	0.01138
ULS #1	0.00301	ULS #1	0.01138
<b>Light Oils CO<sub>2</sub>e per Liter</b>		<b>Light Oils CO<sub>2</sub>e per Gal</b>	
HS Furnace Fuel Oil #2	0.00274	HS Furnace Fuel Oil #2	0.01035
LS Stove Oil #1	0.00274	LS Stove Oil #1	0.01035
ULS Furnace Oil	0.00274	ULS Furnace Oil	0.01035
<b>Propane CO<sub>2</sub>e per Liter</b>		<b>Propane CO<sub>2</sub>e per Gal</b>	
Propane	0.00154	Propane	0.00584

*\*Source: Ontario Ministry of the Environment and Climate Change*

The OPIS Cap-at-the-Rack (CAR) Canadian cts/L and U.S. cts/gal for each product are calculated using the following formulas:

CAR cts/L = OPIS daily current year, prompt month CCA assessment mean CAN \$/mt x CO<sub>2</sub>e/L of obligated fuel x 100.

CAR cts/gal = OPIS daily current year, prompt month CCA assessment mean US \$/mt x CO<sub>2</sub>e/gal x 100.

Biomass derived fuels do not have a compliance obligation under the Ontario cap-and-trade program, but OPIS considers the CO<sub>2</sub>e/L and CO<sub>2</sub>e/gal values for the diesel fuel percentages of biodiesel blends calculating the CAR price for delivered biodiesel fuels.

### **Regional Greenhouse Gas Initiative (RGGI) Methodology**

OPIS provides daily price discovery for Regional Greenhouse Gas Initiative (RGGI) allowances that are being traded in the marketplace.

**Products:** Combined Current Year/Previous Year Vintage RGGI

**Timing:** Prompt and Forward

**Prompt:** RGGIs delivering prompt month, with the roll date scheduled two days before the final business day of the month.

**Forward:** RGGIs delivering December of current year.

**Minimum volume:** 5,000 allowances.

**Daily Pricing Mechanism:** \$/short ton.

### **Low Carbon Fuel Standard Credits (LCFS) and Clean Fuel Program (CFP) Methodology**

California LCFS and Oregon CFP Credits: Traded in U.S. dollars per metric ton of carbon dioxide (CO<sub>2</sub>), this represents the daily traded price range on carbon credits generated for compliance under California's Low Carbon Fuel Standard program implemented by the California Air Resources Board (CARB) and Oregon's Clean Fuels Program implemented by the Oregon Department of Environmental Quality (DEQ). Trading is for credits transferable in the current calendar year, until the last month of the year when deals for the following year may also be considered.

OPIS uses the carbon credit value to calculate a value for Carbon Intensity (CI) points per gallon of ethanol (gCO<sub>2</sub>e/MJ-gal). CI points are measured in grams of CO<sub>2</sub> emitted per mega joule (MJ) of energy produced by the fuel as defined in pathways described by CARB and DEQ for their respective programs. The price per CI point, in dollar terms (\$/CI point per gallon), is based on the following formula: OPIS will multiply our market-derived assessment of carbon credit value by the baseline energy density of denatured ethanol as referenced by CARB in its LCFS regulations and by DEQ in its CFP regulations (currently 81.51 MJ/gal) and divide that result by 1,000,000 to yield CI value in dollars per CI point per gallon. The underlying CI scores of the required ethanol needed to comply with CARB and DEQ's gasoline standard and the pathway calculations for CI are subject to change at the respective agency's' discretion. OPIS will announce changes to the underlying calculations as they take effect.

- CARB on April 22, 2016, reduced the CIs for most ethanol pathways based on revisions to its Indirect Land Use Change (ILUC) calculation and other factors. The agency made those changes effective retroactively to January 1, 2016, and the new pathways are now the basis of ethanol transaction talks. Because buyers of ethanol in California typically purchase the fuel with "full obligation," we expect that practice will continue into next year.
- Accordingly, as of June. 1, 2016, OPIS shifted its ethanol spot price discovery methodology for Los Angeles and San Francisco-area markets to the "79.9" CI proxy purchased with the full obligation.
- Effective April 3, 2017, OPIS changed its ethanol spot price discovery methodology for Oregon to a "69.89" CI proxy purchased with full obligation. The CI reflects DEQ's approved default CI for Midwest dry mill ethanol.
- Effective April 3, 2017, OPIS will change its ethanol spot price discovery methodology for Oregon to a "69.89" CI proxy purchased with full obligation. The CI reflects DEQ's approved default CI for Midwest dry mill ethanol.

OPIS prints a "Carbon Credit CPG" calculation derived from our Carbon Credit spot assessment for the LCFS and CFP. The Carbon credit value Per Gallon (CPG) value of gasoline and diesel carbon credits is calculated by using the following formula:  $CPG = \text{OPIS Carbon Credit value} \times (\text{Current CI} - \text{Target CI}) \times \text{Energy Density} \times 10^{-6}$ .

### **OPIS's California LCFS Carbon Intensity Calculations**

OPIS in 2016 revised its calculation of the dollar value per carbon intensity point (\$/CI) and carbon credit value per gallon (CPG) and has since 2011 reported a CI level for its spot ethanol pricing in Los Angeles and San Francisco and published a carbon credit value per gallon of gasoline and diesel calculation.

The formulae for those calculations are as follows:

**The price per CI point, in dollar terms (\$/CI point per gallon):** OPIS Carbon Credit value x CARB Dena-

tured Ethanol Energy Density/1,000,000 (normalizing factor) = \$/CI per gallon.

**The Carbon credit value Per Gallon (CPG) value of gasoline and diesel carbon credits:**  $CPG = OPIS \text{ Carbon Credit value} \times (\text{Current CI of CARBOB or CARB Diesel} - \text{Target CI of CARBOB or CARB Diesel}) \times \text{Energy Density of CARBOB or CARB diesel} \times 10^{-6}$ .

The underlying CI scores of the formulae above (the Current CI and Target CI) and the pathway calculations for CI are subject to change at CARB's discretion and in accordance with the LCFS regulatory timetable.

<b>As of Jan. 1, 2018</b>	
Gasoline Current CI	99.78
Gasoline Target CI	93.55
Diesel Current CI	102.01
Diesel Target CI	98.44

OPIS publishes an additional assessment of CPG values based on the carbon intensity of E10 blended gasoline and B5 blended diesel. The formulae for those calculations will be as follows:

**Carbon Gasoline 90% CPG = OPIS Carbon Credit value x (Current CI of CARBOB – Target CI of CARBOB) x Energy Density of CARBOB x 10<sup>-6</sup> x 0.90.**

**Carbon Diesel 95% CPG = OPIS Carbon Credit value x (Current CI of CARB Diesel – Target CI of CARB Diesel) x Energy Density CARB diesel x 10<sup>-6</sup> x 0.95.**

*Energy Densities of LCFS Fuels and Blendstocks\**

Fuel (units)	Energy Density
CARBOB (gal)	119.53 (MJ/gal)
CaRFG (gal)	115.63 (MJ/gal)
Diesel fuel (gal)	134.47 (MJ/gal)
CNG (scf)	0.98 (MJ/scf)
LNG (gal)	78.83 (MJ/gal)
Electricity (KWh)	3.60 (MJ/KWh)
Hydrogen (kg)	120.00 (MJ/kg)
Denatured Ethanol (gal)	81.51 (MJ/gal)
Neat Biomass-based diesel (gal)	126.13 (MJ/gal)

\*Source: California Air Resources Board

## **OPIS's Oregon CFP Carbon Intensity Calculations**

As it does for the LCFS program, OPIS will calculate a dollar per CI and carbon credit value per gallon of gasoline and diesel calculation under Oregon's Clean Fuels Program.

The formulae for those calculations are as follows:

**The price per CI point, in dollar terms (\$/CI point per gallon):** OPIS Carbon Credit value x DEQ Denatured Ethanol Energy Density/1,000,000 (normalizing factor) = \$/CI per gallon.

**The Carbon credit value Per Gallon (CPG) value of gasoline and diesel carbon credits:** CPG = OPIS Carbon Credit value x (Current CI of DEQ Gasoline or Diesel – Target CI of DEQ Gasoline or Diesel) x Energy Density of Gasoline and Diesel x 10<sup>-6</sup>.

The underlying CI scores of the formulae above (the Current CI and Target CI) and the pathway calculations for CI are subject to change at DEQ's discretion and in accordance with the CFP regulatory timetable.

**As of Jan. 1, 2018**

Gasoline Current CI	100.77
Gasoline Target CI	97.66
Diesel Current CI	101.65
Diesel Target CI	98.61

OPIS publishes an assessment of CPG values based on the carbon intensity of E10 blended gasoline and B5 blended diesel. The formulae for those calculations follow:

**Carbon Gasoline 90% CPG = OPIS Carbon Credit value x (Current CI of DEQ Gasoline – Target CI of DEQ Gasoline) x Energy Density of Gasoline x 10<sup>-6</sup> x 0.90.**

**Carbon Diesel 95% CPG = OPIS Carbon Credit value x (Current CI of DEQ Diesel – Target CI of DEQ Diesel) x Energy Density diesel x 10<sup>-6</sup> x 0.95.**

*Energy Densities of CFP Fuels and Blendstocks\**

<b>Fuel (units)</b>	<b>Energy Density</b>
Gasoline (gal)	122.48 (MJ/gal)
Diesel fuel (gal)	134.48 (MJ/gal)
CNG (scf)	0.98 (MJ/scf)
LNG (gal)	76.84 (MJ/gal)
Electricity (KWh)	3.60 (MJ/KWh)
Hydrogen (kg)	123.00 (MJ/kg)
Denatured Ethanol (gal)	81.51 (MJ/gal)
Clear Biomass-based diesel (gal)	119.55 (MJ/gal)
Renewable Hydrocarbon Diesel (gal)	129.65 (MJ/gal)
Undenatured Anhydrous Ethanol	80.53 (MJ/gal)

\*Source: Oregon Department of Environmental Quality

## U.S. RIN Credits Methodology

*Minimum volumes are indicated for each product below. In some instances of low liquidity, lower-volume transactions might be included in the daily price assessment if all other standard transaction criteria are met.*

### Ethanol RIN Credits

This is the price assessment range for Renewable Identification Numbers attached to Renewable Biofuel as defined under the U.S. EPA's Renewable Fuels Standard. Trades are generally for volumes of 1 million to 5 million RINs. RINs are generated by production of ethanol or other specified renewable fuels and traded daily for delivery anywhere in the U.S. Smaller or larger volume RIN trades as well as confirmed bids and offers may also be used in factoring the daily RIN price assessment. Ethanol RIN credit values are shown for the current and previous year of trading.

### Biodiesel RIN Credits

This is the price assessment range for Renewable Identification Number credits attached to Biomass-based Diesel as defined under the U.S. EPA's Renewable Fuels Standard. RINs are generated by production of biomass-based biodiesel and traded daily for delivery anywhere in the U.S. generally for a minimum of 250,000 RINs. Slightly smaller volume RIN trades as well as confirmed bids and offers may also be used in factoring the daily RIN price assessment. Biodiesel RIN credit values are shown for the current year and the previous year as well as for the following year, when available.

### Cellulosic Ethanol RIN Credits

This is the spot price assessment range for Renewable Identification Numbers attached to Cellulosic Biofuel and designated as D3 RINs under the U.S. EPA's Renewable Fuels Standard for volumes in the prior and current year. Trades will generally be for a minimum of 100,000 RINs, though smaller volume trades, as well as confirmed bids and offers may be used in determining a price assessment.

### Advanced Biofuel Credits

This is the price assessment range for Renewable Identification Number credits attached to Advanced Biofuels (categorized as D5 by EPA) as defined under the U.S. EPA's Renewable Fuels Standard for a minimum of 100,000 RINs for the current year and the previous year as well as for the following year, when available. Smaller volume Advanced Biofuels RIN trades as well as confirmed bids and offers may also be used in factoring the daily RIN price assessment.

### OPIS Renewable Volume Obligation (RVO) Methodology

OPIS Renewable Volume Obligation is a cts/gal price assessment, reflecting the sum of today's average Current Year Renewable Identification Number (RIN) assessed price for each of the EPA-designated D-Category RINs multiplied by this year's EPA's designated RVO percentage, adjusted for their nested category relationships.

## Priority Ranking of Data Types

OPIS market editors give all due priority to concluded transactions when making market assessments with the exception of market trading days in which an exceptional event or anomaly occurs just prior to OPIS' deadline for publishing market assessments. However, all price assessments that deviate from OPIS' prioritization policy for transactional data require the consultation and prior approval of a supervisory editor.

In the case of illiquid markets where transaction volume is light or non-existent, editors draw upon bids and offers and other market intelligence to set ranges. In some cases, assessments are made based on historically demonstrable formulaic relationships to more liquid products that are reviewed regularly with the marketplace to maintain their relevance.

OPIS market assessors may take into account market intelligence or developments that come to their attention after a done deal or series of done deals when setting their ranges for particular products. The frequency of such inclusion of market intelligence or developments outside of done deals depends on the market and product being covered.

OPIS market assessors give priority to done deals with the exception of market trading days in which an exceptional event occurs just prior to OPIS' deadline for publishing market assessments. For example, after nearly a full day of market activity is recorded by an OPIS market assessors a refinery experiences a fire or other emergency that would impact supply, market participants may report bids or offers outside of the range of the done deals recorded earlier in the day. If insufficient time remains for this activity to result in one or more new done deals, and none are reported by deadline time, the OPIS market assessor may include this new market data in his or her assessment of that day's market activity.

### **Only Bona Fide Sources Used**

OPIS market assessors only accept market data from submitters that represent actual participants who are designated and approved informed, vetted and trained observers of marketplace activity. These transactions are reported to OPIS as "arms-length" transactions – buyers and sellers are independent of each other.

OPIS spot market assessors expect data submitters act in good faith to submit only complete and truthful market intelligence about their trading activity. If any data submitter is found to be submitting incomplete or inaccurate data, OPIS spot market assessors will no longer accept data from that submitter. OPIS considers the data it receives to be sufficient and accurate to assess a spot product's value.

### **Anomalous or Suspicious Data**

OPIS has established a listing of approved acceptable anomaly or exception scenarios and instituted a practice for OPIS market assessors to log excluded data – and their reasons for excluding it - as they receive it on a centrally located and accessible database spreadsheet. This logbook of excluded data is reviewed no less frequently than daily by a senior editor who must document approval or disapproval of the data excluded and the stated reasons for doing so.

### **Encouragement for Total Data Submission**

It is OPIS' firm policy that all submitters of market data or intelligence must act in good faith with OPIS and its subscribers by disclosing only truthful and complete data relevant and pertaining to our spot market coverage. Any submitter found to be willfully submitting incomplete or untruthful data will be excluded from submitting data to OPIS spot market assessments. For questions and/or feedback please contact OPIS Vice President of Content Robert Gough at [rgough@opisnet.com](mailto:rgough@opisnet.com) or 1-301-284-2138.

### **Submitter Quality and Integrity Standards**

Infrequently, OPIS market assessors encounter data submitters attempting to "talk their books" (i.e., only transmit market intelligence that supports their position in the market without reporting data that might disadvantage that position). These attempts to provide only partial information and thus influence our assessment range are discoverable through market assessors vetting the information submitted, any-

mously, with other market participants and filling out the missing information from other market sources. It is the practice and policy of OPIS market assessors to then confront the source of the incomplete data with any new market intelligence about their company's activity and press to confirm the new information with the source. If data submitters do this often, their data will be excluded from market assessments since it gives an incomplete picture of market activity as it relates to their company. These attempts are infrequent as data submitters realize OPIS market assessors, by fully investigating daily market activity, are likely to discover the full picture of trading activity in any event. Any data, thus offered in an incomplete fashion, will be excluded from our spot market assessment and so noted on our data exclusion sheet.

### **Size and Liquidity of Physical Markets**

All of the parameters for data inclusion or exclusion for OPIS market assessments are spelled out in the individual spot market methodologies, including, but not limited to: the size and liquidity of the physical market being assessed (meaning the number and volume of transactions submitted), the range and average volume and range and average of price, and indicative percentages of each type of market data that have been considered in an assessment.

### **Basis for Editorial Judgment**

OPIS adheres to its methodology language first and foremost. Any data that does not conform to the methodology's definitions regarding timing, size, specification, volume or verifiability are not included in OPIS's market assessments.

### **Qualifications for Submitting Data**

Submitters of market data to OPIS must be market participants either actively trading the spot product market assessed on the day it is assessed or having traded the product market at least once within the last five (5) trading days.

#### **Market participants are:**

1. Traders – employees or contracted employees of companies engaged in physical buying or selling of the product being assessed either from the supply side or the demand side of the marketplace, or
2. Brokers – buyers and sellers of physical market products acting on behalf of clients who take or may take a financial position in the marketplace.

### **Evaluation of Data Submitters' Identities**

OPIS market assessors must know the source of market data being submitted and verify that they are now active or have been active within the past five (5) trading days in the marketplace of the product being assessed.

Identities of data submitters is held confidentially but is verified by OPIS market assessors through a variety of means including:

1. his or her own experience and knowledge of the marketplace;
2. OPIS enterprise-wide experience and knowledge of the marketplace based on the 100 plus years combined experience of our spot market editors; and/or
3. Data submitters' identity, title and company affiliation cross-referenced in OPIS actively maintained

database (this database is commercially available as well made available to OPIS market assessors as the "OPIS/Stalsby" line of industry directories: <http://www.opisnet.com/energy-directories.aspx>)

### **Back Office Submissions**

OPIS receives "deal sheets" during the trading day – most often near the close of trading – that illustrate a data submitting company's full trading activity for that day and the products traded.

These are submitted by data submitting company's back office departments, typically "risk management" officials who aggregate data from their energy or commodities desks.

Data submitters must be employees or contract employees in good standing of companies actively participating in market activity either daily or at least once every five (5) trading days. This status is verified by OPIS market assessors on a daily basis through market research.

If a data submitter works for a company that does not submit deal sheets to OPIS for purposes of market assessments and instead submits data on "as transacted" basis throughout the trading day, this data is vetted through independent market participant sources and verified before being included in a market assessment.

### **Identify Communications and Cross-checking Data**

OPIS market assessors are required to vet and verify all data submitted before including it in a spot market assessment by cross-checking market intelligence with other market participants who may have witnessed or been party to the transaction from the other side of the deal whenever possible. If submitted data cannot be verified, it is not used in setting the spot assessment and is logged in our data exclusion record which is reviewed and approved by a supervisory editor.

Infrequently, OPIS is made aware of attempts by data submitters to submit false, misleading or incomplete data to an OPIS market assessor for purposes of trying to move a market assessment one way or another. Such attempts were detected by OPIS market assessors through the process of constant checking and verifying market intelligence with independent market participants and those data submitters were barred from submitting their data for inclusion in our market assessment.

### **Market Assessor Training, Experience & Skills**

OPIS employs a system of mentoring for junior market assessors and for market assessors seeking to learn other markets. This training process includes requirements for a deep understanding of our methodologies and policies as well as the nuances of the markets and products covered. No market assessor is allowed to assess a market without having undergone the prerequisite training and oversight by the mentoring editor.

Every three (3) months, OPIS market assessors must undergo refresher courses on OPIS's methodology, confidential information, conflicts of interest, personal account dealing, editorial independence and ethics policy.

As part of market assessors' quarterly training, examinations are administered by supervisory personnel and grades given to market assessors to ensure they possess a full and complete understanding of OPIS methodology, the markets they will be covering and OPIS compliance and ethics policy. If any market assessor does not achieve and maintain our internal certification, or a passing grade on this quarterly examination, he or she will not be allowed to assess a market until such time as a passing grade can be achieved. An electronic record of each OPIS market assessors' test grades will be made available for external audit.

Prior to employment at OPIS, every market assessor must submit to, undergo and pass a criminal background check.

### **Assessments Produced on a Consistent Basis; Succession Plans**

OPIS employs a system of scheduling market assessors that includes no less than two (2) alternate market assessors for each market who are adequately trained and sufficiently experienced at covering that market if the primary market assessor were to, either expectedly or unexpectedly, become unavailable to cover his or her market. This schedule is developed each week by a supervisory senior editor with input from all market assessors. Only market assessors who are adequately trained and have recently (no less than twice within the last ten (10) trading days) covered the market are eligible as alternates.

OPIS maintains a vacation and "outs" calendar that is centrally available to all OPIS personnel. OPIS market assessors must give their supervisory editor a minimum of two weeks' notice for planned absences in order to adequately prepare a back-up market assessor that is qualified to carry on their daily spot market assessment duties.

OPIS routinely cross-trains market assessors to be proficient in markets other than their primary market in order to ensure sufficient alternates are available to cover a market at any given time.

OPIS market assessors write, maintain and review quarterly a "grey book" of instructions on how to cover markets that is centrally available to all OPIS market assessment personnel. This "grey book" is version-controlled to ensure only the most recent information is included.

OPIS maintains quality control over market assessors work through the daily review of assessment prior to publication (electronic systems prohibit market assessors from publishing market assessments, only supervisory editors can publish assessments). No OPIS market assessor can approve and publish their own assessments.

Data exclusions are logged, reviewed and approved by supervisory editors on an ongoing, daily basis.

OPIS market assessors are cross-trained to qualify to assess other spot markets..

### **Supervision of Assessors**

OPIS employs a secure, third-party service provider that provides permission-based, real-time monitoring of emails, instant messages and file transfers as well as archiving capability with full search functionality.

OPIS senior editors in a supervisory role actively monitor the data submissions and conversations between OPIS market assessors and data submitters and can flag certain keywords appearing in those electronic communications that might require further investigation, training or disciplinary action.

Also, OPIS senior editors must sign off on each and every market assessment as part of an inhouse secure, permission-based electronic system before that market assessment can be published. Unless a senior editor has signed off on an assessment via this system, the market assessment cannot be published.

All market assessments can only be based upon or corroborated by evidence captured by the third-party service provider software.

Additionally, for no less than five (5) years, OPIS keeps records of all market assessor training on methodology, marketplace dynamics and OPIS compliance and ethics policy, including certificates of completion, testing materials administered and individual market assessors' grades for those examination materials. OPIS also keeps an electronic copy of weekly editorial meeting notes including records of participants, subject matter discussed and action items assigned.

Data exclusions and the rationale behind them must be reviewed and approved by a senior editor. Simi-

larly, all corrections must be approved by a senior editor prior to being published.

All communications between OPIS market assessors and data submitters are archived in a secure, permission-based central database for no less than five (5) years. These communications are separated by market assessor (including identification) and include, but are not limited to,:

- Instant messenger communications (e.g., Yahoo! IMs)
- Emails including attachments of deal sheets and market information submissions
- Worksheets submitted daily by market assessors via scanned pdfs
- Data exclusion and reasoning logs complete with senior editor review and authorization signature
- Deal logs entered into OPIS' proprietary and secure intranet spot assessment tool

All market assessments can only be based upon or corroborated by evidence captured by the third-party service provider software.

### **Conflicts of Interest**

OPIS's market assessors may not use corporate property, information, or position for improper personal gain, and no employee may compete with the OPIS directly or indirectly. As employees they have a duty to OPIS to advance its legitimate interests when the opportunity to do so arises. Accordingly, they are expected to avoid any association that might conflict with loyalty to the OPIS or compromise their judgment. A conflict of interest exists whenever a person's private interests and his or her business responsibilities are at odds. OPIS prohibits conflict of interest and while it is not possible to identify every particular activity that might give rise to a conflict of interest, examples of conflicts of interest that should be avoided include the items listed below:

- any consulting or employment relationship with any customer, supplier or competitor;
- any outside business activity by an employee that is competitive with the OPIS' business;
- receiving any gifts, gratuities or entertainment from any person or entity with which OPIS has business dealings other than commonly distributed items of nominal value that are given for advertising or promotional purposes or those that conform to customary industry practices;
- using for personal gain or for the benefit of others, confidential, or proprietary information obtained during their employment with OPIS;
- loans to, or guarantees of obligations of, partners, officers or employees;
- taking advantage of an opportunity that an employee learned of in the course of his or her employment with OPIS;
- employees owning stock in a competitor, supplier or vendor, other than insignificant amounts in publicly traded companies;
- selling anything to OPIS, buying anything from OPIS or entering into business transactions with OPIS on terms other than those which apply to unaffiliated third parties, unless approved in advance by OPIS senior management; and
- using or misappropriating any data you learned of in the course of your employment with OPIS in a manner that would directly or indirectly provide the employee with an economic benefit.

## **Annual Acknowledgment**

All OPIS market assessors, are required to execute an annual acknowledgement of the Code of Conduct representing that they have read and understand acceptable and non-acceptable behavior.

## **Personal Account Trading Policy**

OPIS market assessors are forbidden from holding stock, engaging in trading activity or holding a financial position in any of the companies that participate in the markets we assess or report on other than indirect amounts of stock of publicly traded companies. Also, the spouses and immediate family of OPIS market assessors must not own stock, engage in trading activity or hold a financial position in any of the companies participating in the markets we assess or report on other than insignificant amounts of stock in publicly traded companies.

## **Job Offers**

OPIS market assessors must, upon penalty of discipline up to and including termination, immediately report to OPIS senior management any and all job offers proffered by market participants and/or data submitters.

If the OPIS market assessor contemplates accepting the job offer, he or she will immediately be transferred off the market assessment related to the market participant or data submitter's market.

If the OPIS market assessor declines the job offer, the declination must be made immediately to the offering party.

OPIS senior management will monitor any communication on this subject between the market assessor and the data submitter or market participant.

Upon pain of discipline up to and including termination, OPIS market assessors must not be engaged in personal activity that results in a conflict of interest, such as possessing a personal or financial relationship with a participant in a market that OPIS assesses or accept gifts in excess of \$50 aggregate per year.

To ensure integrity of our business relationships, OPIS market assessors are required to be accompanied by OPIS senior editors in a supervisory role whenever visiting with market sources. Any attempt to influence a market assessor, e.g., violate OPIS gift policy, by a market participant would be halted and the market assessor would receive instruction both verbal and written on why such activity cannot be permitted. Additionally, the market participant would be informed of OPIS policy prohibiting such activity.

All gifts and offers inadvertently received from data submitters or market participants must be documented and reported to OPIS senior management immediately.

## **Policies Kept Current**

The above stated conflict of interest policies are kept current by way of quarterly review by OPIS senior management and authorized Human Resources personnel.

## **Wall of Separation: Editorial / Marketing / Sales**

OPIS functionally and physically separates its marketing and sales departments from the editorial (including market assessment) group. Each has its own director-level senior staffer that is empowered to make individual decisions and report directly to the President of OPIS. Additionally, no editor, market assessor or editorial supervisor is compensated or incentivized via a sales-related bonus plan.

## **Management of Advertising Conflicts with Market Participants**

OPIS' sales and advertising departments understand there is no "quid pro quo" for advertising with OPIS

that would guarantee favorable editorial treatment in either news or market analyses. Indeed, routinely, advertisers and sponsors of OPIS publications and events are the subject of objective, unbiased news analysis and market reporting without prejudice to the amount (or lack thereof) of sponsorship and/or advertising revenue spent with the company.

OPIS supervisory editors monitor the constantly updated list of advertisers and sponsors of OPIS products and events in order to be alert to and to halt and report any communication to influence or attempt at coercion from the advertiser, sponsor or any other OPIS personnel, including sales, related to OPIS spot market assessments. OPIS supervisory editors utilize the independent, third-party e-mail and instant message software system referenced above for this purpose.

### **Remuneration for Pricing Editors Not Tied to Sales of Price Reporting Services**

No OPIS pricing editor or market assessor is incentivized on sales of OPIS products.

### **Electronic Access**

All OPIS archives of corrections, data exclusions, supervisor sign-offs on assessments, market assessor test scores and all other sensitive and/or confidential data are accessible based on a permission-based hierarchy system of access: market assessor (lowest level), senior editor/supervisor (medium-level access), director and/or President (highest level).

OPIS is a Payment Card Industry-compliant shop. The PCI Data Security Standard represents a common set of industry tools and measurements to help ensure the safe handling of sensitive information. Initially created by aligning Visa's Account Information Security (AIS)/Cardholder Information Security (CISP) programs with MasterCard's Site Data Protection (SDP) program, the standard provides an actionable framework for developing a robust account data security process - including preventing, detecting and reacting to security incidents.

In security terms, it means that OPIS adheres to the PCI DSS requirements for security management, policies, procedures, network architecture, software design and other critical protective measures.

Security procedures required for PCI compliance with regard to receiving and processing credit card payments have multiple beneficial effects on overall data security for OPIS' market assessment and editorial functions as well:

- All OPIS laptops, personal computers and mobile devices that can access OPIS data servers and data are password-encrypted.
- Passwords must meet complex "strength" standards for access.
- Passwords must be changed every 3 months.
- OPIS market assessors accessing the OPIS servers or network remotely are issued a VPN (virtual private network) token with a randomly generated set of six digits that changes every one (1) minute. This code along with a four-digit code set by each individual market assessment is required to gain access to OPIS servers.
- All OPIS laptops and personal computers automatically lock after 10 minutes of inactivity. Each employee must enter his or her password to regain entry.

- OPIS facilities are secure and accessible only by radio-frequency enabled employee key cards.
- Any missing key cards and/or VPN tokens and any OPIS laptop, personal computer or mobile device must be reported to Corporate IT security immediately.
- No OPIS employee is allowed to write down or share his or her password with anyone else either inside or outside the company except to authorized IT personnel or senior management.

### **Personal account trading policy**

OPIS employees are forbidden from holding stock or a financial position in any of the companies that participate in the markets we assess or report on other than indirect amounts of stock of publicly traded companies. Also, the spouses and immediate family of OPIS employees must not own stock or a financial position in any of the companies participating in the markets we assess or report on other than indirect amounts of stock in publicly traded companies.

OPIS market assessors may not engage in bidding, offering or trading of market products on either a personal basis or on behalf of market participants.

### **Accounting**

OPIS uses an electronically secure system for processing corporate card expenditures which requires full disclosure of the nature of expenses, including names, companies and titles of any guests included in an expense and reason for the expense. These reports must be reviewed and authorized by a senior editor prior to approval. Additionally, accounting personnel scrutinize these reports prior to approval and payment.

### **Human Resources**

OPIS employs Human Resources and benefits professionals who establish and monitor corporate benefits such as individual retirement accounts. These accounts held by OPIS market assessors are prohibited from direct investment in companies that are the subject of OPIS market assessments.

OPIS market assessors report to a senior editor who in turn reports to a director-level executive. At each level (market assessor, senior editor and director), employees are held accountable for following OPIS methodology and ethics policy regarding conflict-of-interest avoidance upon disciplinary penalty up to and including termination. Director-level executives report to the President of OPIS.

The President of OPIS and the ownership of OPIS' parent company IHS Markit emphasize and endorse a strict adherence to our Code of Conduct and allocate the resources needed to maintain our enforcement mechanisms and policies.

No OPIS market assessor, senior editor or director-level executive is engaged in, or incentivized by, sales of OPIS products.

### **Complaints**

OPIS publicly makes available and follows a formal complaints process under which:

- Complaints are logged on a standard form by OPIS' Customer Service department.
- Complaints can either be telephoned in, emailed in or submitted online.
- Once the form has been filled including complete details on the identity of the complainant, his or

her company and contact information, nature of the complaint (including market assessment and/or report as applicable) and time of the complaint, the complaint is forwarded to a Customer Service supervisor.

- If the complaint pertains to an OPIS market assessment, the Customer Service supervisor passes along the complaint form to the market assessor covering that particular market.
- If the complaint pertains to an OPIS methodology and how it is structured, the Customer Service supervisor passes it along to the supervisory editor of the spot market assessment in question for due consideration.
- If a request for correction is made, the market assessor logs the request including the particular product and assessment being questioned, time of the corrections request, nature of the correction request and what other assessments and/or reports may be impacted by the request.
- This corrections log is kept in a centrally available, permission-level access enabled central repository for no less than five (5) years.
- A senior editor then reviews the request and either approves or rejects the corrections request.
- If the corrections request is rejected, the reason for the rejection is logged and relayed back to the complainant.
- If a correction is issued, the correction notice with corrected data appears in the next communication to OPIS subscribers.
- If a complainant whose request for correction was denied wishes to further pursue the request, they have the right to speak promptly to the market assessor's supervisor, followed by the director of the division, followed by the President of OPIS. Beyond this avenue of redress, the complainant would then be referred to Corporate Counsel.

### **OPIS Spot Price Customer Bill of Rights**

Every spot price editor at Oil Price Information Service understands that his or her top priority is calling market assessments fairly. Our methodologies are crafted after careful consultation with our customers and applied by our editors to ensure maximum transparency and accuracy.

Still, we understand there may be times when spot price customers wish to question, dispute or comment on a price assessment and/or our methodologies. As a valued OPIS spot price customer, you have the right to:

- a prompt reply to any inquiry regarding price assessments and/or methodology within two trading days
- a full consideration by senior OPIS spot market personnel of any request for a correction or adjustment of a price assessment as well as any suggested changes to OPIS spot price methodology and
- complete confidentiality.

Oil Price Information Service Customer Care is available by telephone Monday through Friday, 7:30am-6:30pm and Saturday, 8:00am-12:00noon ET. at 888-301-2645 and by email at [energyocs@opisnet.com](mailto:energyocs@opisnet.com).

OPIS supervisory editors will monthly review complaints and correction statistics to identify and if need be, address, areas of concern, e.g., multiple errors regarding market assessors' application of our methodology. These reviews and statistics will be made available for external audit.

OPIS supervisory editors conduct any inquiry or dispute of an OPIS spot market assessment independent

of the market assessor who reported the assessment. This inquiry is conducted directly with the complainant and involves independent verification of the veracity of the claim. If such a complaint warrants a correction, a correction is then ordered by the OPIS supervisory editor. If a correction is not warranted because it does not fit the criteria of our OPIS methodology, the supervisory editor will communicate this to the complainant along with a complete explanation in a timely manner.

A corrections log is kept and reviewed monthly by senior editors for root cause analysis and corrective action/retraining as necessary.

### **Cooperation with Authorities**

OPIS will cooperate with market authorities to the full extent required by law.

### **External Auditing**

OPIS engages an external service provider to perform an examination of our operational policies, controls and practices, designed to comply with IOSCO's Principles for Oil Price Reporting Agencies and our published spot price reporting methodologies.