

ETHYL TERTIARY BUTYL ETHER (ETBE)

Ethyl Tertiary Butyl Ether or ETBE is an oxygenated fuel that can be blended with gasoline to make it burn more cleanly and thus improve overall air quality. ETBE is produced by mixing ethanol and isobutylene and reacting them with heat over a catalyst. ETBE, because of its ethanol base, has good blending properties for both octane improvement and motor fuel volatility control

ETBE attains the overall goals of reducing the health impacts of motor fuel because it can utilize excess butanes in the refining industry resulting from the phase-out of lead. These butanes can be converted to isobutylene which, when combined with ethanol, produce an environmentally superior motor fuel.

The ETBE and methyl tertiary butyl ether (MTBE) processes are similar although reaction rates and operating conditions vary. A number of MTBE units in Europe have converted to use fuel ethanol feedstock for ETBE production in order to meet Biofuels specifications. The Commission Green Paper “Towards a European strategy for the security of energy supply” sets the objective of 20% substitution of conventional fuels by alternative fuels in the road transport sector by the year 2020. These specifications dictate that all member states of the European Union will reach targets of biofuels in the energy component of all petrol and diesel for transport purposes placed on their markets. These targets were set at 2% by 31 December 2005 and 5.75% by 31 December 2010 so far. By 31 December 2006 at the latest, and every two years thereafter, the Commission shall draw up an evaluation report for the European Parliament and for the Council on the progress made in the use of biofuels and other renewable fuels in the Member States.

ICIS pricing quotes ETBE in **Europe**

Frequency:

ETBE published weekly on Thursdays in Europe.

ETBE (EUROPE)

Weekly Price Assessments:

- Outright Price FOB ARA T2 (USD/MT)
- Premium for ETBE FOB ARA T2 (USD/MT)

General Information

Assessment Window: Price assessments are based on information supplied by market participants through the week up to close of business on Thursday at 1700 hours in London.

Specifications: ICIS pricing quotes 86-98% specification on a spot basis and prices are assessed against MTBE and/or 10ppm premium unleaded gasoline barges, depending on the deals reported. Outright price assessments are calculated by taking the premium and adding it to the mid point of MTBE (or gasoline) trades over the week. The premium price assessment is based on the assumption of 100% ETBE purity.

Timing: In Europe, quotes refer to barges loading (FOB) four weeks forward from the date of publication.

Standard cargo size: Typically 1,000-10,000 tonnes in Europe.



Assessment basis: European ETBE quotes are published on a free on board (FOB) Northwest Europe (NWE) basis. Prices incorporate discussions and confirmed deals across the region. Prices may represent a bid/offer range in the absence of confirmed deals and may be assessed against MTBE or 10ppm premium unleaded gasoline, depending on the deal. The MTBE or 10ppm premium unleaded gasoline barge quotes used are based on deals done over the week. There may also be a reference to the MTBE factor or value. This is the calculation made by refiners and blenders by taking MTBE and dividing the price by 10ppm premium unleaded gasoline, thereby giving it a factor that players can decide whether or not it is economical in their blend systems. The ETBE report offers market commentary and analysis including details of traced spot transactions, supply/demand issues, export/import information news when applicable, spot prices, contract price negotiations and general sentiment for price direction. Where applicable there is product information, comments on upstream and downstream market developments and general market intelligence including comments on European Union and individual state legislation relating to ETBE and biofuels.

