

# BAF-EAF ENERGY SURCHARGE

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SAMSKIP MULTIMODAL CONTAINER  
LOGISTICS

AUGUST 2007

**samskip**

## **Introduction**

The Energy Surcharge table used by Samskip has been redesigned to reflect the price variation of bunkers and diesel and to include the cost effects of the mandatory use of low sulphur bunkers.

The redesigned BAF/EAF Energy Surcharge replaces the BAF/EAF table already in effect. The Energy Surcharge combines the price effects of diesel, bunker and low sulphur into one surcharge, which will be applied as a percentage on the base rate. The level of the surcharge will be reviewed on a monthly basis and varies per shipping route.

## **Low sulphur bunker**

The "MARPOL 73/78 Annex VI Regulations for the Prevention of Air Pollution from Ships" for the North Sea and Baltic Sea limits sulphur content of bunkers to 1.5%. This legislation will be effective starting 11 August 2007, meaning that all Samskip vessels will have to start using low sulphur bunkers (which are about 10% more expensive) starting August 1st.

For further information on this subject please refer to the website of the United Nations: [www.imo.org/conventions/](http://www.imo.org/conventions/)

## Diesel & Bunker Prices

The price levels of diesel and bunker are based on the weighed average cost of diesel and bunker, as published on internet<sup>1</sup>. The energy price level is calculated on the 16<sup>th</sup> of every month by averaging prices over the previous 30 days. This price level for each month is compared with prices on the reference date, i.e. 1<sup>st</sup> of January 2007.

### Diesel price

The diesel prices in the Netherlands, UK, Germany, Ireland, Italy, Belgium, Norway, Spain and Sweden are used to calculate the (weighed) average diesel price.

### Bunker price

The prices of IFO380, IFO180 and MGO are used to calculate a weighed average cost of bunker. Starting 1 August, LS380 and LS180 replace IFO380 and IFO180, thereby including the price effect of mandatory use of low sulphur bunker. Calculating the weighed average; IFO380/LS380 accounts for 58%, IFO180/LS180 for 27% and MGO for 15%.

### Weighed average energy price

The combined energy price fluctuation is calculated by comparing the weighed average of diesel and bunker price levels, in which diesel accounts for 70% and bunker for 30%. In the table below this calculation is shown for July 2007, which is the basis for the energy surcharge for August 2007.

Fuel type	Reference price 1-1-07	Average price July '07	Weight	% change
Bunker				
- IFO380 / LS380	€ 191	€ 284	58%	48.3%
- IFO180 / LS180	€ 206	€ 297	27%	44.2%
- MGO	€ 392	€ 464	15%	18.3%
- Weighed avg.	€ 225	€ 314	30%	39.5%
Diesel	€ 1.07	€ 1.20	70%	12.1%
<b>Weighed average energy price increase</b>			<b>100%</b>	<b>20.3%</b>

<sup>1</sup> Sources used:

- bunker: [www.bunkerworld.com](http://www.bunkerworld.com) (daily listing for Rotterdam)
- diesel: [www.iru.org](http://www.iru.org) (weekly listing by country)

## Energy Surcharge Table

The level of the surcharge for the coming month is based on the Energy Surcharge Table, as shown below.

Energy Surcharge Table							
Energy price increase		Surcharge on base rate (by route)					
From	To	UK	Ireland	Iberia	Norway	Sweden	Baltic
	< 1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.1%	3.0%	0.5%	0.5%	0.4%	0.4%	0.3%	0.5%
3.1%	5.0%	1.0%	1.0%	0.8%	0.8%	0.6%	0.9%
5.1%	7.0%	1.4%	1.4%	1.3%	1.3%	0.8%	1.4%
7.1%	9.0%	1.9%	1.9%	1.7%	1.7%	1.1%	1.8%
9.1%	11.0%	2.3%	2.3%	2.0%	2.0%	1.4%	2.1%
11.1%	13.0%	2.6%	2.7%	2.3%	2.4%	1.7%	2.4%
13.1%	15.0%	2.9%	3.0%	2.6%	2.7%	2.0%	2.6%
15.1%	17.0%	3.2%	3.4%	2.9%	3.0%	2.2%	2.9%
17.1%	19.0%	3.6%	3.8%	3.2%	3.4%	2.5%	3.1%
<b>19.1%</b>	<b>21.0%</b>	<b>3.9%</b>	<b>4.1%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>2.8%</b>	<b>3.4%</b>
21.1%	23.0%	4.2%	4.5%	3.9%	4.1%	3.1%	3.7%
23.1%	25.0%	4.5%	4.9%	4.2%	4.4%	3.4%	3.9%
25.1%	27.0%	4.9%	5.3%	4.5%	4.8%	3.6%	4.2%
27.1%	29.0%	5.2%	5.6%	4.8%	5.1%	3.9%	4.4%
29.1%	31.0%	5.5%	6.0%	5.1%	5.4%	4.2%	4.7%
31.1%	33.0%	5.9%	6.4%	5.4%	5.8%	4.5%	5.0%
33.1%	35.0%	6.2%	6.8%	5.8%	6.1%	4.7%	5.2%
35.1%	37.0%	6.5%	7.1%	6.1%	6.5%	5.0%	5.5%
37.1%	39.0%	6.8%	7.5%	6.4%	6.8%	5.3%	5.7%
39.1%	41.0%	7.2%	7.9%	6.7%	7.2%	5.6%	6.0%
41.1%	43.0%	7.5%	8.3%	7.0%	7.5%	5.9%	6.3%
43.1%	45.0%	7.8%	8.6%	7.3%	7.8%	6.1%	6.5%
45.1%	47.0%	8.2%	9.0%	7.6%	8.2%	6.4%	6.8%
47.1%	49.0%	8.5%	9.4%	8.0%	8.5%	6.7%	7.0%
49.1%	51.0%	8.8%	9.8%	8.3%	8.9%	7.0%	7.3%
51.1%	53.0%	9.1%	10.1%	8.6%	9.2%	7.3%	7.6%
53.1%	55.0%	9.5%	10.5%	8.9%	9.6%	7.5%	7.8%
55.1%	57.0%	9.8%	10.9%	9.2%	9.9%	7.8%	8.1%
57.1%	59.0%	10.1%	11.3%	9.5%	10.2%	8.1%	8.3%
59.1%	61.0%	10.5%	11.6%	9.8%	10.6%	8.4%	8.6%
61.1%	63.0%	10.8%	12.0%	10.2%	10.9%	8.6%	8.9%
63.1%	65.0%	11.1%	12.4%	10.5%	11.3%	8.9%	9.1%
65.1%	67.0%	11.4%	12.8%	10.8%	11.6%	9.2%	9.4%
67.1%	69.0%	11.8%	13.1%	11.1%	12.0%	9.5%	9.6%

Based on the 20.3% average increase of energy prices for in July 2007, the Energy Surcharges for August 2007 are highlighted in the table.