



Understanding ICE's latest used cooking oil (UCO) futures contract

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Used Cooking Oil Delivered U.S. Gulf Coast Prices (Cts/Lb)



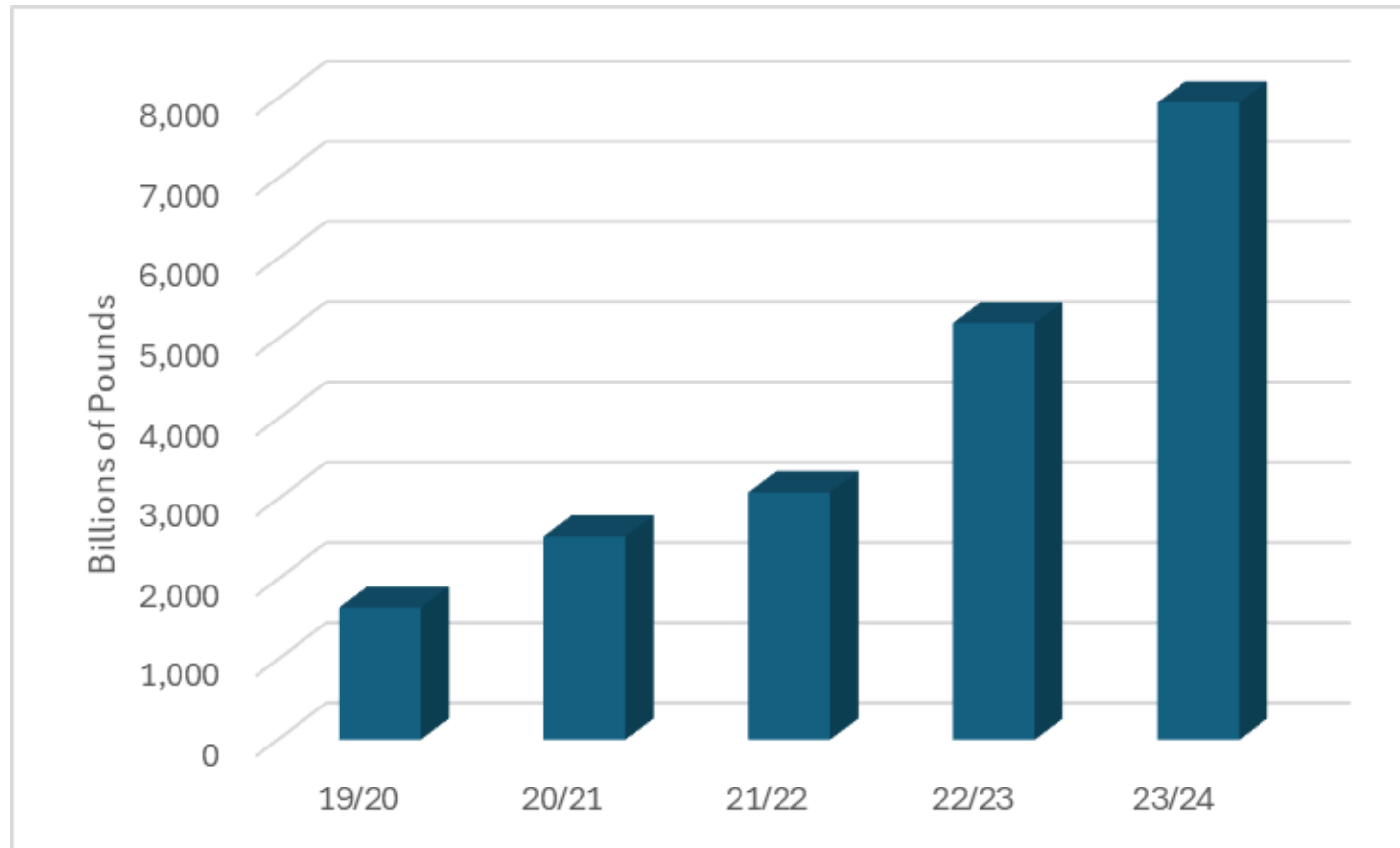
Average Monthly Price (Contract Settlement)



Source: Fastmarkets



U.S. Domestic UCO Consumption



Source: Fastmarkets

U.S. Regulatory Environment

45Z Tax Credit Guidance



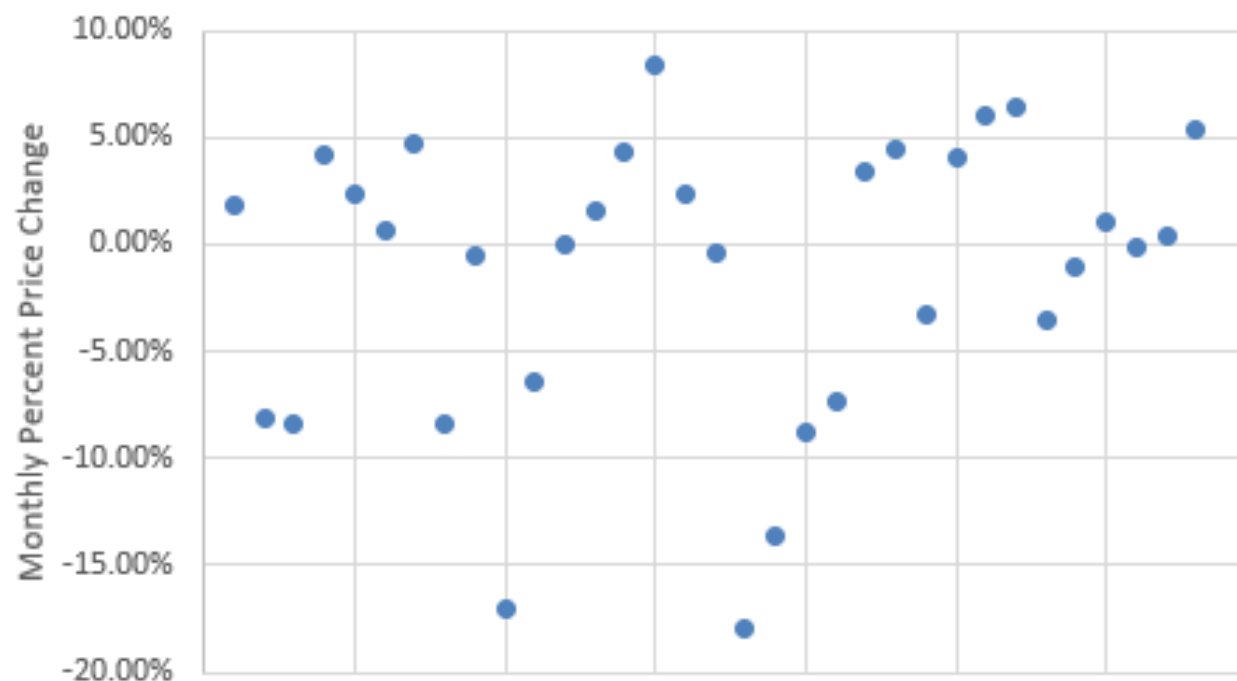
45Z tax credit in the Inflation Reduction Act, which provides guidance on the value of the tax credit based on feedstocks used for biofuel production.

Canadian canola oil and imported used cooking oil are excluded from the U.S. tax credit, benefiting U.S. domestic used cooking oil collectors.





Used Cooking Oil Monthly Prices Percent Changes Month over month



April 2022 – January 2025

Source: Fastmarkets

ICE Contract Specifications: Biodiesel Outright - US Gulf Coast Used Cooking Oil (Fastmarkets) future (ICE contract code: UGC)

Description	A monthly cash settled future based on the Fastmarkets daily assessment price for US Gulf Coast Used Cooking Oil
Contract symbol	UGC
Contract size	60,000 pounds
Unit of trading	Any multiple of 60,000 pounds
Currency	U.S. dollars and cents
Trading price quotation	One hundredth of one cent (\$0.0001) per pound
Settlement price quotation	One hundredth of one cent (\$0.0001) per pound
Minimum price fluctuation	One hundredth of one cent (\$0.0001) per pound
Last trading day	Last trading day of the contract month
Floating price	In respect of daily settlement, the floating price will be determined by ICE using price data from a number of sources including; spot, forward and derivative markets for both physical and financial products
Final settlement price quotation	In respect of final settlement, the floating price will be a price in USD and cents per pound based on the average of the high & low "Latest Price" quotations appearing in the "Fastmarkets The Jacobsen" report under the heading "Animal Fats & Oils", subheading "Used Cooking Oil (UCO) (cents/lb)" for "Gulf Delivered" for each business day (as specified below) in the determination period
Contract series	Up to 48 consecutive months, or as otherwise determined by the exchange
Business days	Publication days for Fastmarkets: The Jacobsen Report

Hedging Example:



A refiner (UCO buyer) is exposed to price increases. How to manage that risk?



1. Refiner

Is concerned about UCO prices moving higher and wants a fixed price for May delivery.

Their current physical agreement is to purchase UCO in May, with physical price based on monthly average April as quoted by Fastmarkets



2. Mitigating risk

To reduce the risk of higher UCO prices for May delivery, the refiner purchases April ICE UCO cash-settled futures contract at 50 cts/lb



3. Outcome

Subsequently, the calculated average price in April (based on Fastmarkets) is 52 cts/lb (at close of April monthly trading). For April ICE UCO futures trade, the refiner will receive a cash payment of 52 minus 50 cts/lb

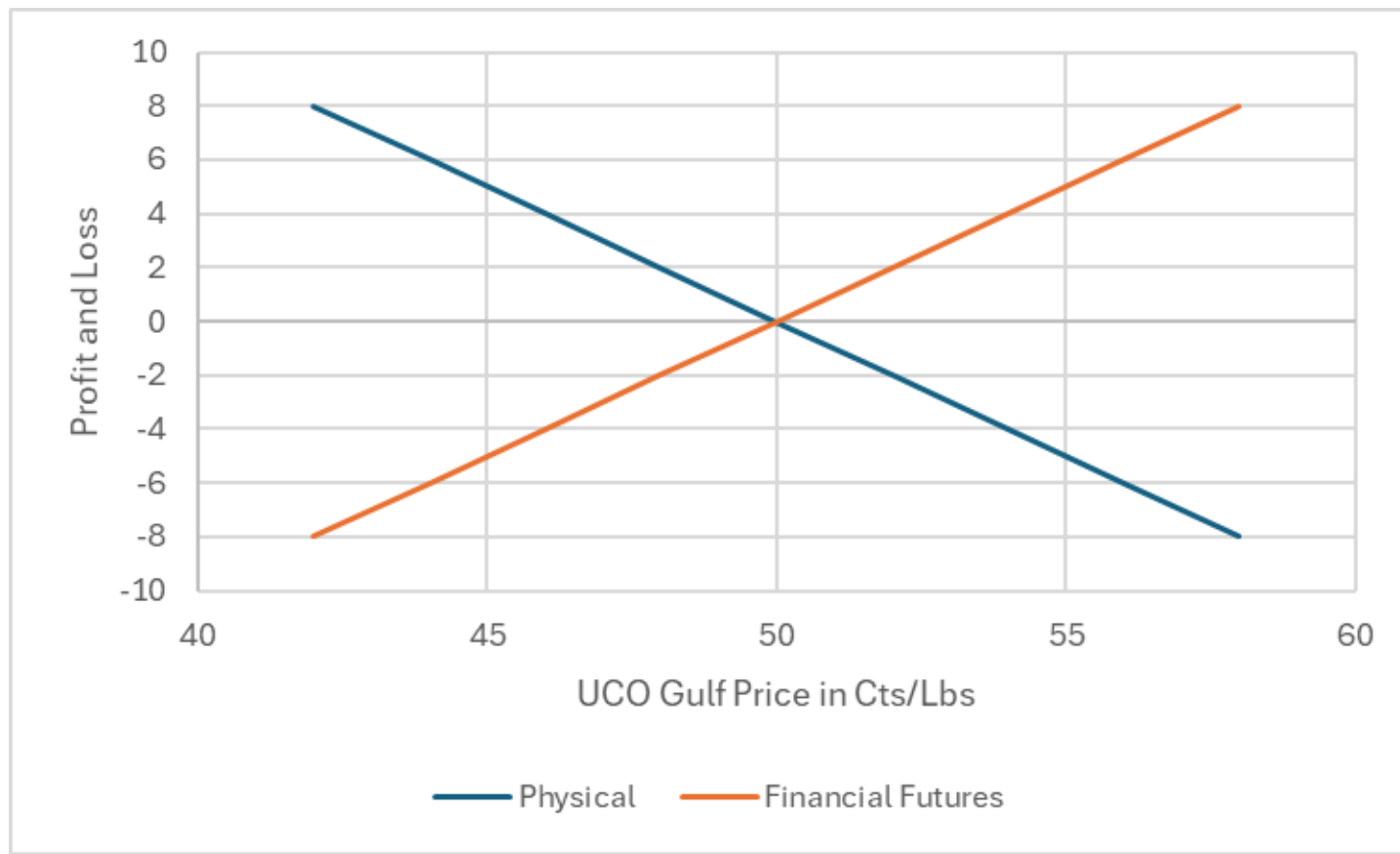
2 cts/lb * # of contracts

$0.02 * 60,000 = \$1,200$ per contract



Payouts (Profit/Losses)

Refiner (buyer of UCO): Physical Payout versus Offsetting Futures Payout



Source: Fastmarkets



US Gulf Coast UCO Price Assessment (Fastmarkets)



AG-UCO-0007 Used cooking oil, delivered US Gulf Coast, cts/lb

Quality: Free fatty acids (FFA) max. 15%, fatty acid composition (FAC) max. 39%, moisture, impurities and unsaponifiable matter (MIU) max. 2%

Quantity: Min five rail cars, or equivalent volume

Origin: United States

Location: Delivered US Gulf (New Orleans, LA area or Houston, TX area)

Timing: For shipment within 30 days of sale

Unit: US cents/lb

Publication: Daily until 3pm US Central Time. From the Friday after Memorial Day until the Friday before Labor Day, the Friday close of trade is 12pm Central Time.

Source: Fastmarkets

ICE Contacts and resources

For more information on ICE US Gulf Coast UCO (Fastmarkets) Futures

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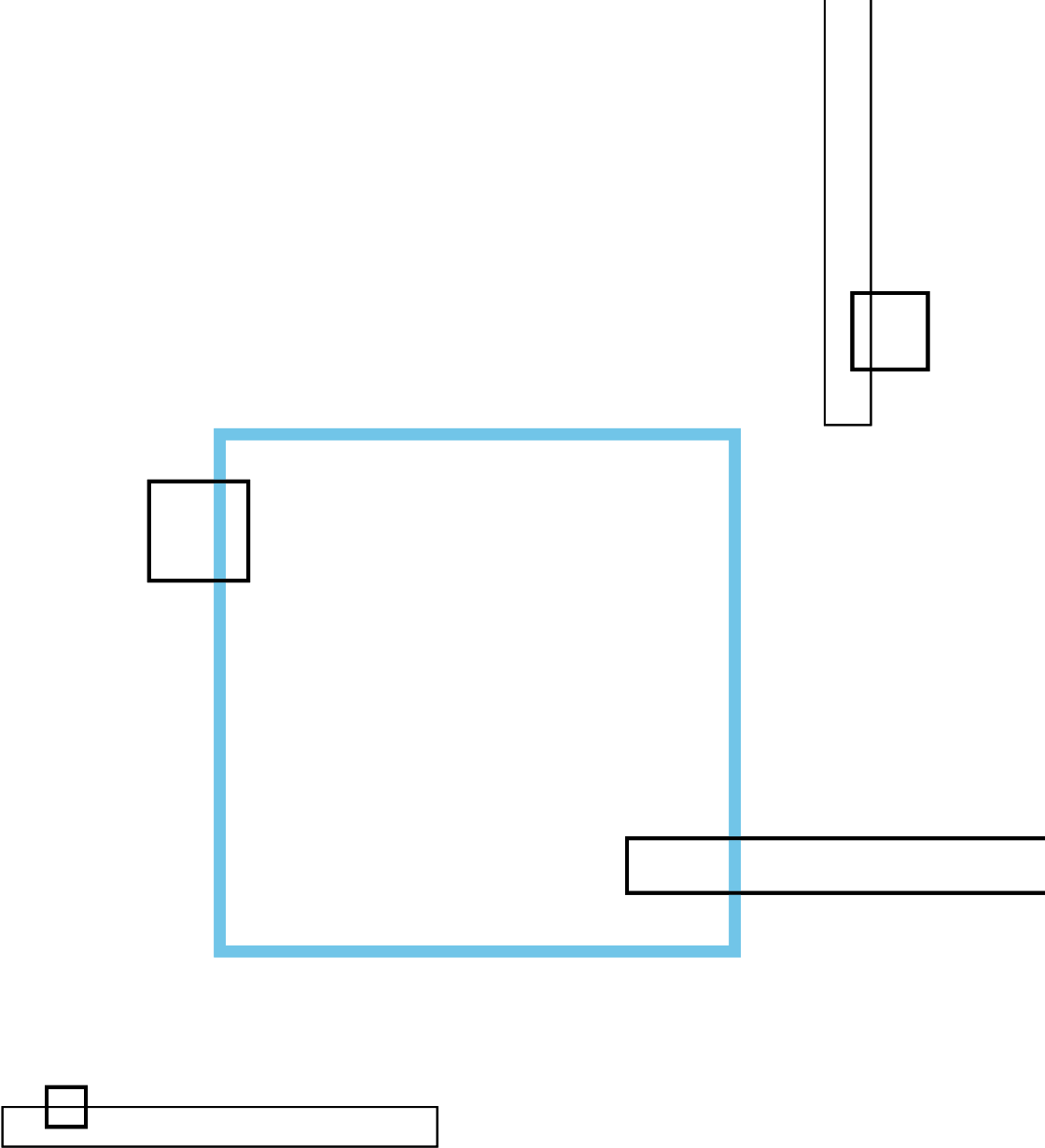
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Thank You



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