



Fuel Surcharge Mechanism

(as described at Condition 8.8 of
DBC UK's General Conditions of Carriage)
1 March 2016

Unless otherwise agreed in writing by DBC UK, upon or after rendering any invoice to the Customer relating in whole or in part to locomotive haulage services, DBC UK shall be entitled to invoice the Customer (and the Customer shall be bound to pay) a surcharge calculated as follows (“**the Fuel Surcharge**”):

1. For every £10 (or part thereof) by which the cost of diesel fuel exceeds £275 per metric tonne, a fuel surcharge of 0.368% (or such other percentage as DBC UK shall reasonably notify to the Customer via its website) of the invoice total shall be payable.

2. For the purpose of calculating the Fuel Surcharge (and no other purpose):

(a) The Fuel Surcharge shall be applied to trains run in a particular month by reference to the average cost of diesel fuel. The surcharge (which is calculated in accordance with clause (d)) is changed on a bi-monthly basis, with the average price of diesel fuel for months A and B being used to calculate the surcharge to apply in months D and E. The surcharge to apply will be available for customers in month C.

(b) Where the operation of a particular train runs over the division between two months, the train shall be deemed to have been run entirely in the earlier month.

(c) Where an invoice relates to trains run in more than one month, it shall be treated as a number of separate invoices, with separate invoice totals relating to each month.

(d) The cost of diesel fuel shall be calculated as a monthly average as follows:

(1) First, by taking Platt's prices (or such other price as DBC UK may reasonably apply) for ULSD 10ppm cargoes CIF NWE ARA basis:

- (i) calculate daily average price based on High and Low Price;
- (ii) calculate monthly average price for each working day of the month;
- (iii) thereby giving an average Platt's price per metric tonne (in US dollars).

(2) Second, convert that figure to sterling:

- (iv) using the Bank of England's daily US\$/£ exchange rate figures (reference: XUDLUSS)(or such other exchange rate as DBC UK may reasonably apply) determine US dollar/ sterling exchange rates (reference: XUDLUSS);
 - (v) work out monthly average for each working day in the month;
 - (vi) divide the Platt's price in US dollars by the average exchange rate;
 - (vii) thereby giving an average Platt's price per metric tonne (in sterling).
- (3) Third, calculate the effect of duty:
- (viii) take current fuel duty figure for "red" diesel (expressed per litre) (if duty increases during the month, take the weighted average of old and new rates);
 - (ix) convert to a £ per metric tonne figure (multiply by 1,170);
 - (x) thereby giving a duty in £ per metric tonne figure.
- (4) Fourth, add the duty figure in (3) to the sterling fuel price in (2), to give a total cost to DBC UK of fuel, expressed in £ per metric tonne.
- (5) Fifth, apply the surcharge, based on each £10 by which the figure arrived at in (4) exceeds £275 per metric tonne.
- (e) The Fuel Surcharge shall apply irrespective of the method of haulage deployed by DBC UK.

Example:

Calculation of the fuel surcharge for May/June 2012 was 18.80% (as set out below). It was based on fuel prices for February and March 2012, and was communicated to Customers in or about April 2012.

	February	March	Bi-month weighted avg.
Platts \$/tonne	\$1,019.80	€1,052.10	\$1,036.49
\$ (Bank of England)	1.580	1.582	1.5813
£ per Tonne	£645.36	£664.92	£655.47
Duty (11.14 pence per litre x 1,170)			£130.34
Total Fuel + duty			£785.81

Average Fuel cost excluding delivery = £0.67 per litre

Fuel surcharge = 0.368% for every £10 above £275 per tonne = 18.80%