



# Recent Fuel Price Trends & Market Developments

## Petroleum Market Advisory Committee Meeting

California Energy Commission

Sacramento, California

October 13, 2015

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*California Energy Commission*

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# Snapshot - Retail Prices Declining in CA

- CA retail gasoline prices are slowly dropping
- California
  - **Down** 28.2 cpg since last month and **down** 2.1 cpg since last week
  - 69.8 cpg **lower** than same time last year
- Washington
  - **Down** 30.3 cpg since last month and **down** 4.8 cpg since last week
  - 100.8 cpg **lower** than same time last year

## National Average Prices

Prices updated as of 10/12/2015 3:45am

	Regular	Mid	Premium	Diesel
Current Avg.	\$2.314	\$2.579	\$2.796	\$2.527
Yesterday Avg.	\$2.317	\$2.580	\$2.798	\$2.526
Week Ago Avg.	\$2.290	\$2.564	\$2.785	\$2.493
Month Ago Avg.	\$2.350	\$2.642	\$2.862	\$2.539
Year Ago Avg.	\$3.208	\$3.416	\$3.594	\$3.683

## California Average Prices

Prices updated as of 10/12/2015 3:45am

	Regular	Mid	Premium	Diesel
Current Avg.	\$2.914	\$3.041	\$3.143	\$2.837
Yesterday Avg.	\$2.917	\$3.041	\$3.144	\$2.836
Week Ago Avg.	\$2.935	\$3.061	\$3.164	\$2.823
Month Ago Avg.	\$3.196	\$3.331	\$3.432	\$2.883
Year Ago Avg.	\$3.612	\$3.718	\$3.817	\$3.965

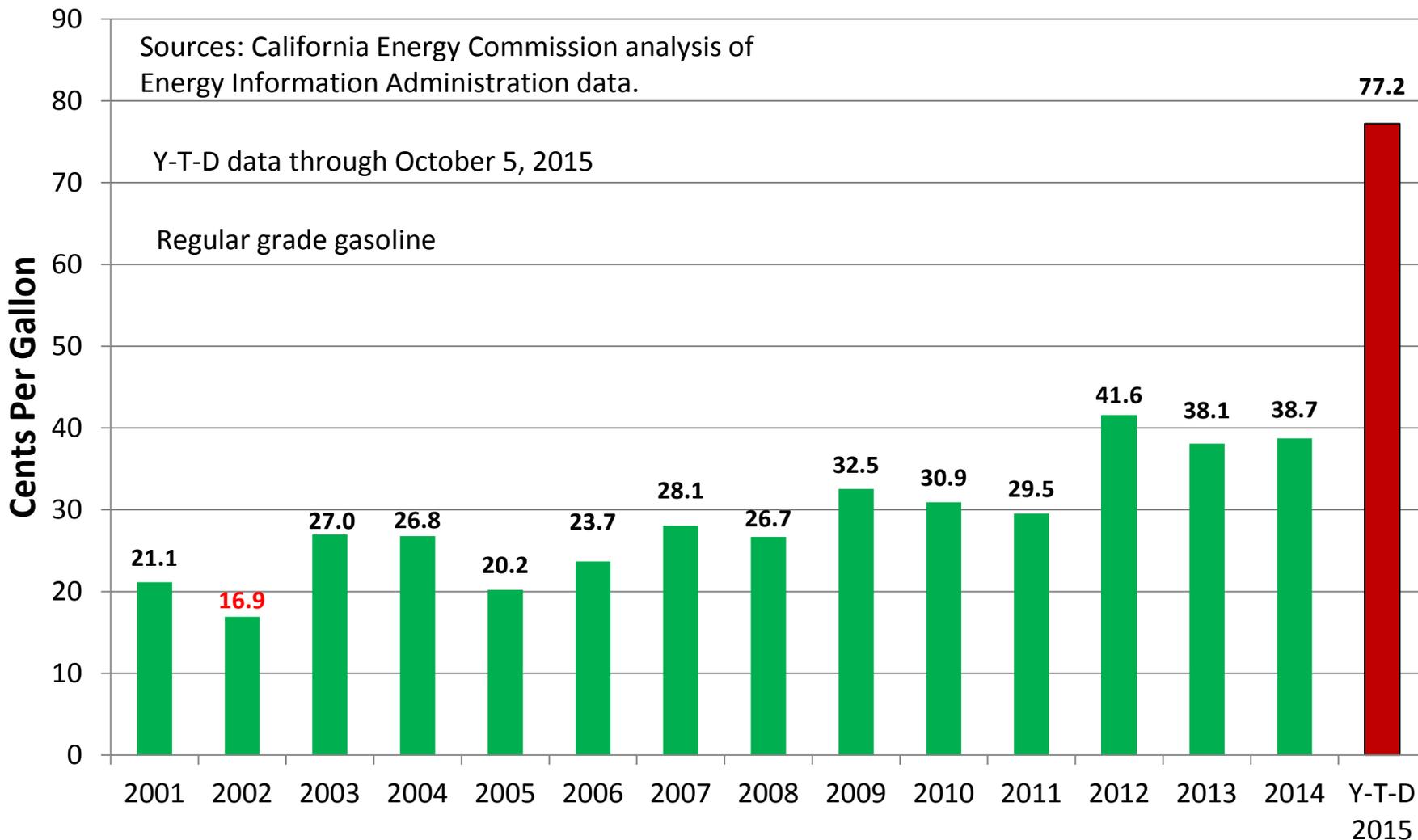
## Washington Average Prices

Prices updated as of 10/12/2015 3:45am

	Regular	Mid	Premium	Diesel
Current Avg.	\$2.515	\$2.689	\$2.806	\$2.746
Yesterday Avg.	\$2.517	\$2.694	\$2.815	\$2.745
Week Ago Avg.	\$2.563	\$2.740	\$2.861	\$2.761
Month Ago Avg.	\$2.818	\$3.002	\$3.126	\$2.843
Year Ago Avg.	\$3.523	\$3.654	\$3.763	\$3.909

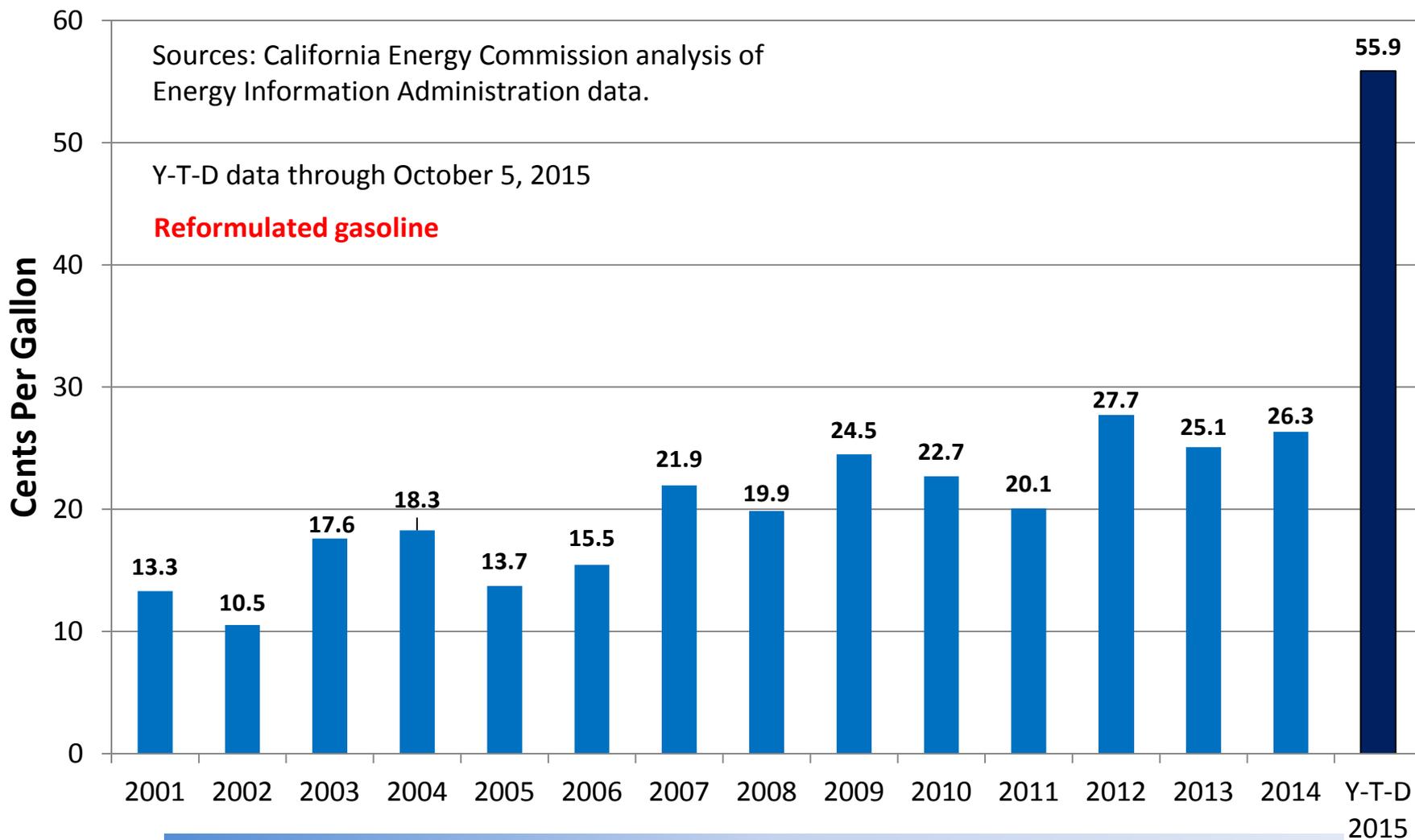


# Retail Gasoline Price Differences California Less U.S. Average



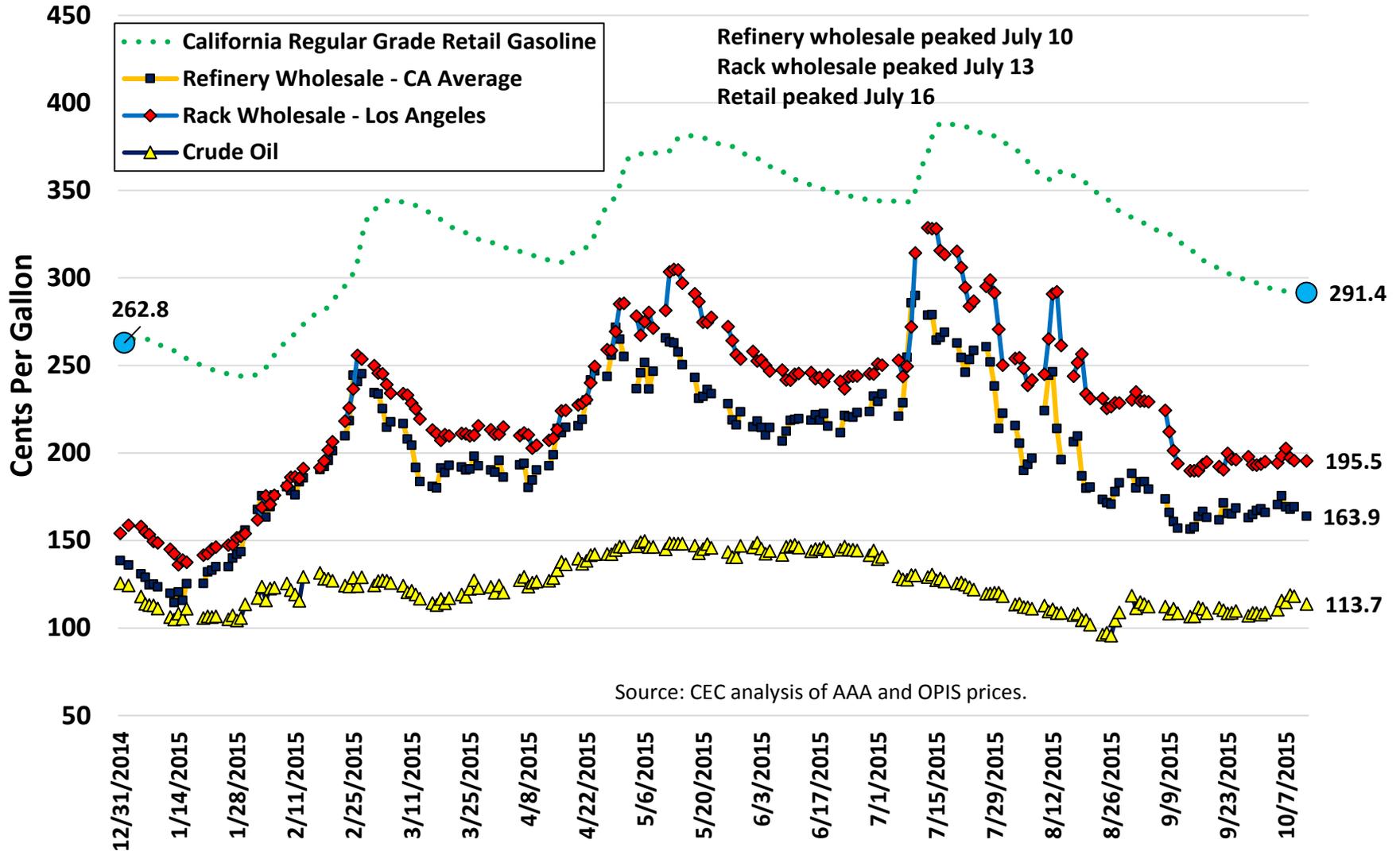


# Retail Gasoline Price Differences Calif. Less U.S. Reformulated Average





# California Gasoline Price Changes Retail, Rack and Refinery Wholesale

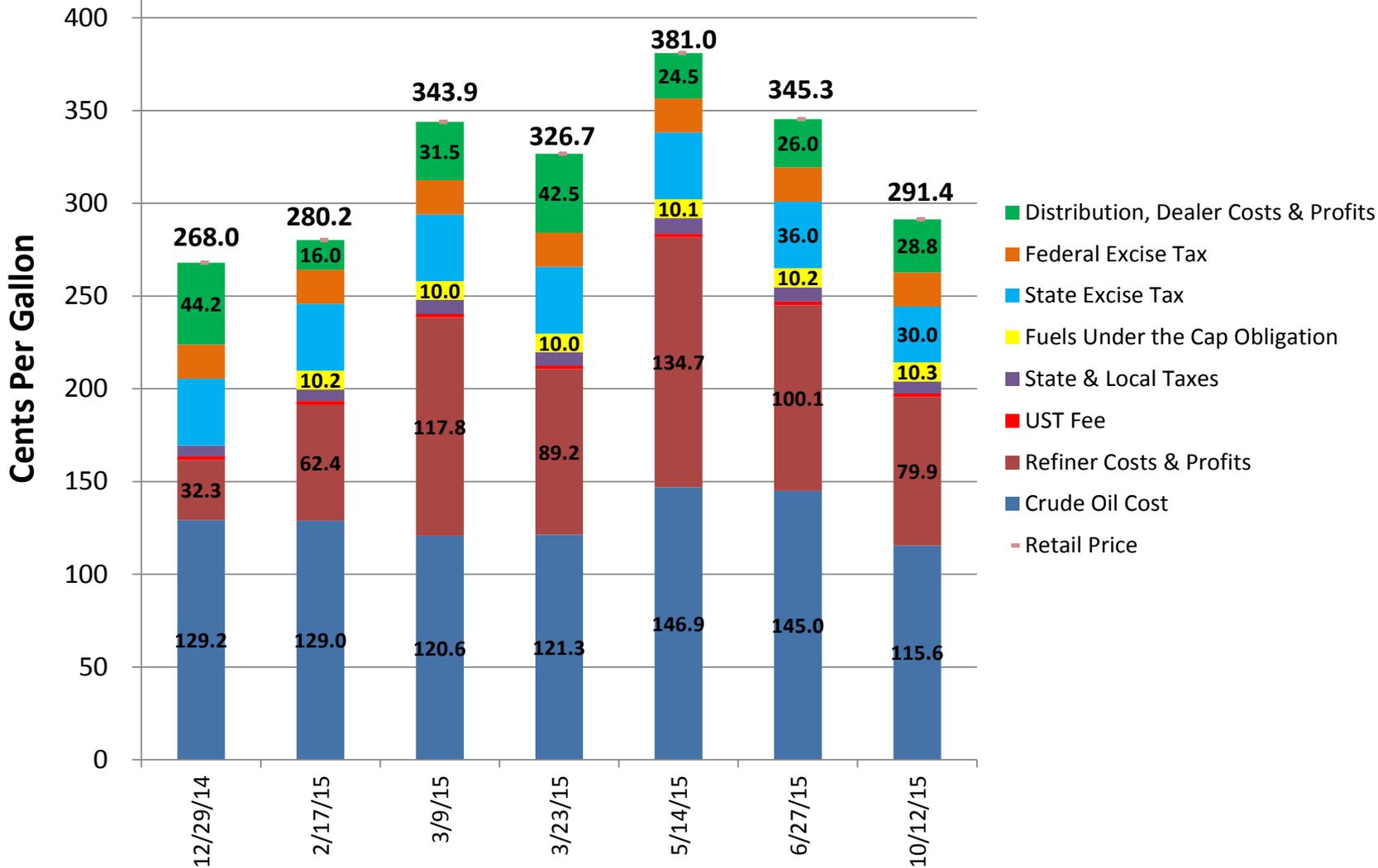


Source: CEC analysis of AAA and OPIS prices.



# California Retail Gasoline Components

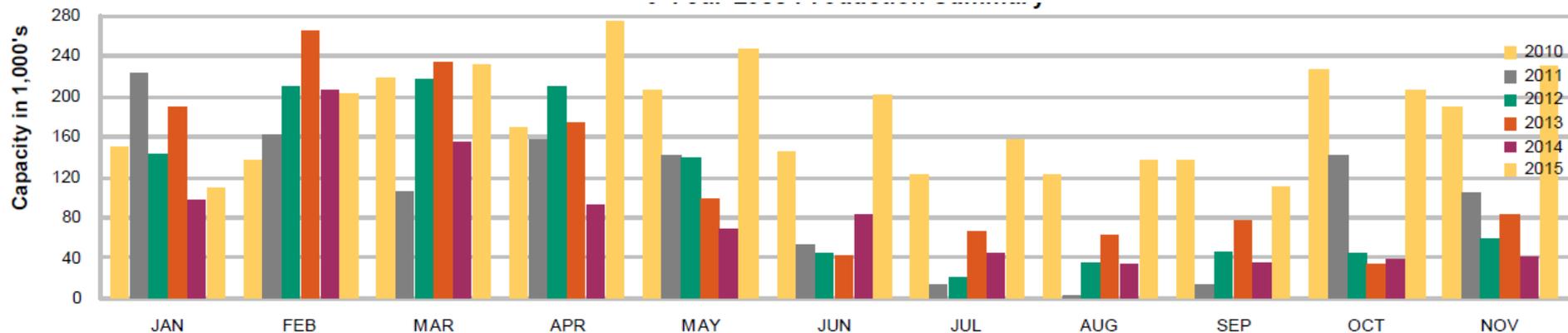
Sources: California Energy Commission analysis of OPIS, EIA, and AAA data.





# Refinery Operations

- Refinery problems – gasoline impact quantified
  - West coast gasoline production capability significantly degraded
  - Based on analysis of IIR data, the quantity of gasoline production capacity off-line during April – September averaged nearly 130 thousand barrels per day (TBD) greater than 2014
    - March – 75 TBD more, April 180 TBD more, May 175 TBD more & June 120 TBD, July 115 TBD, August 100 TBD & September 75 TBD more than previous year

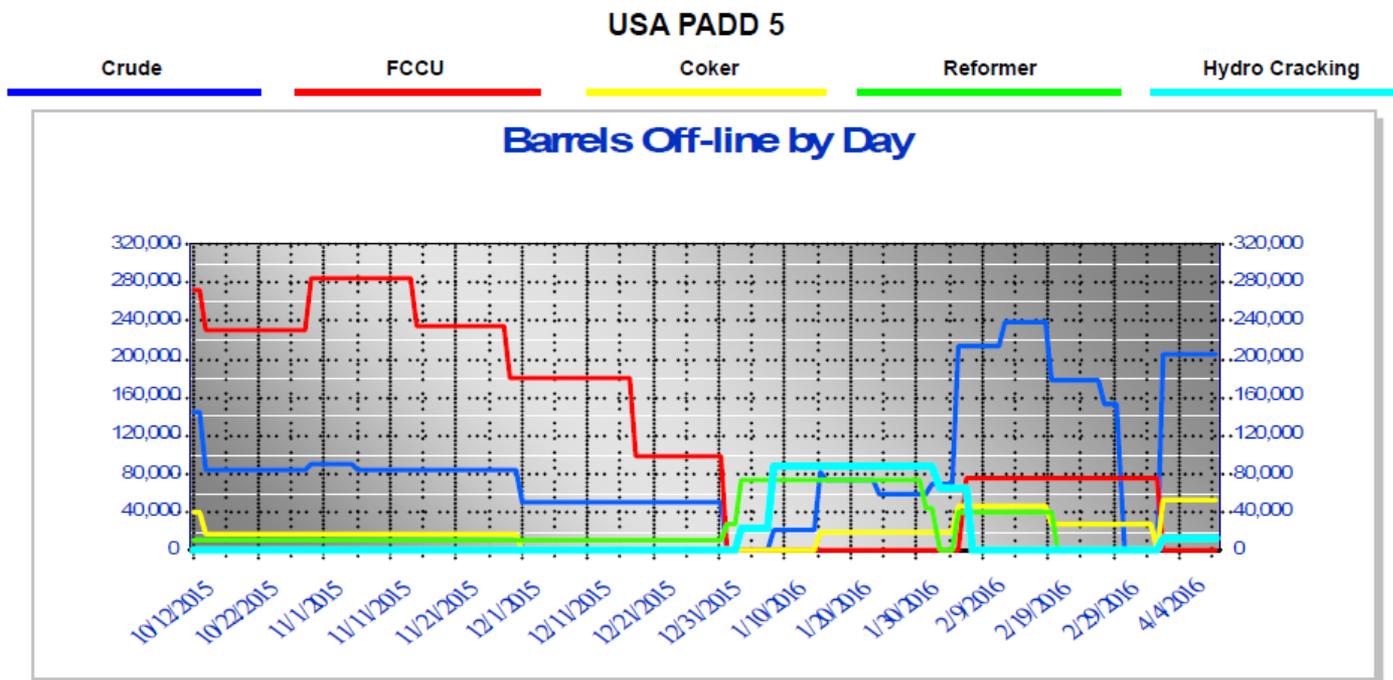


Source: Industrial Information Resources (IIR) Loss Gasoline Production Report.



# Refinery Operations – Look Ahead

- Other refinery issues:
  - ExxonMobil – Torrance refinery will not resume operation of gasoline production equipment until 1Q 2016 – Sale to PBF announced
  - West Coast planned maintenance activity heavier-than-normal through late December – **mainly impacting gasoline production**

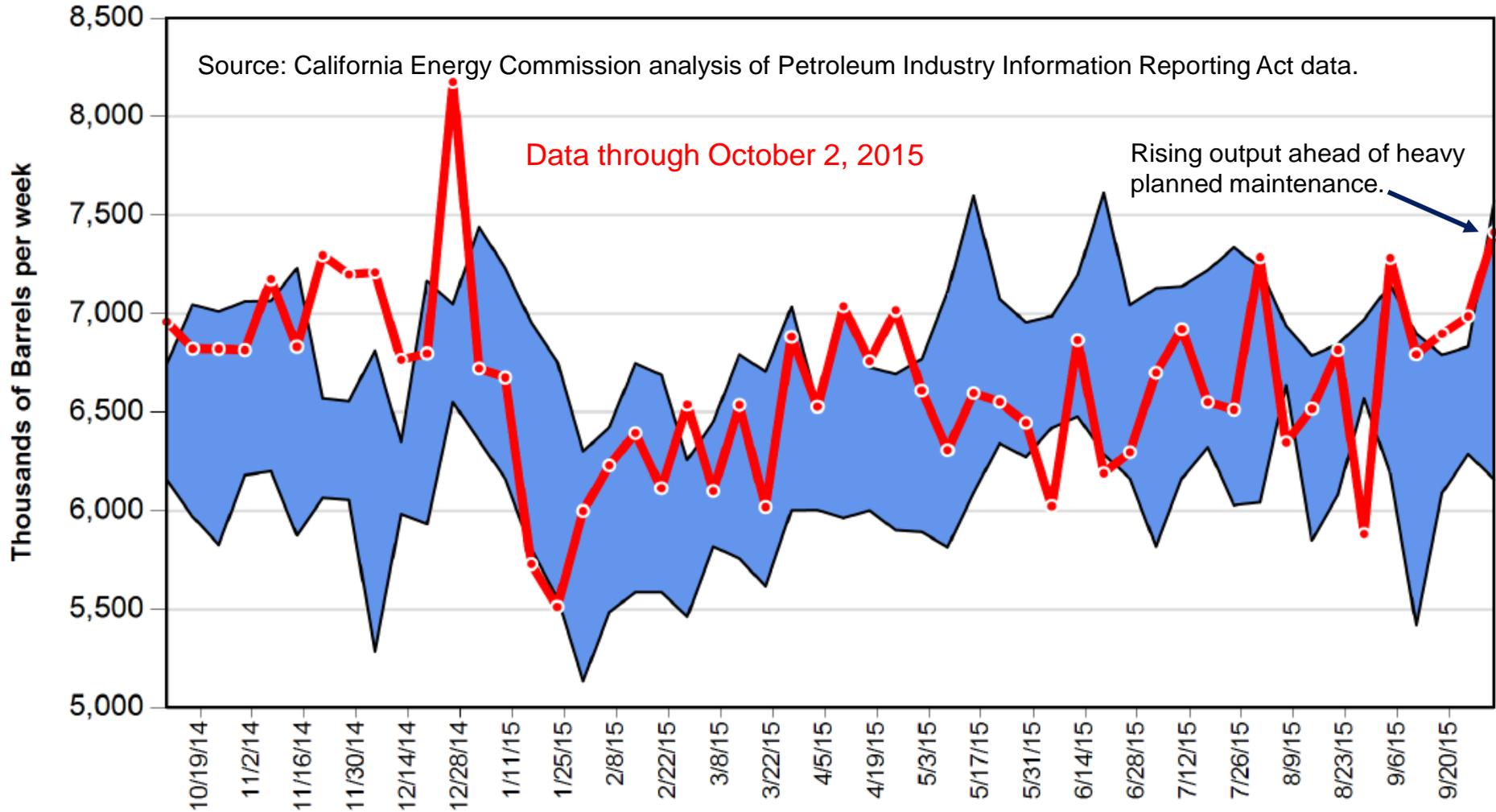


Source: Industrial Information Resources (IIR) Refinery Off-line Report.



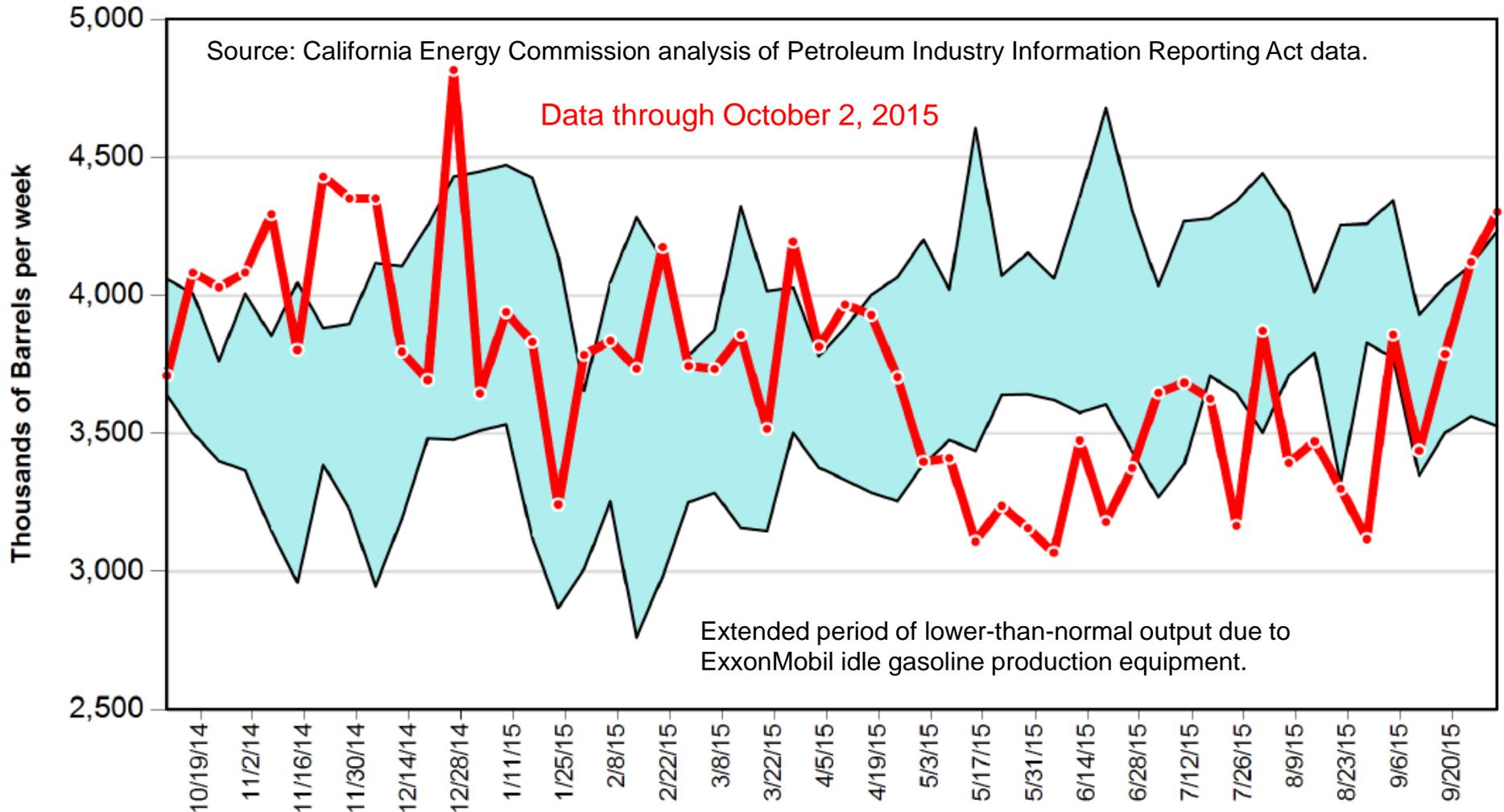
# California Gasoline Production Current vs. 5-year High-Low Band

Source: California Energy Commission analysis of Petroleum Industry Information Reporting Act data.





# S. Calif. Gasoline Production Current vs. 5-year High-Low Band

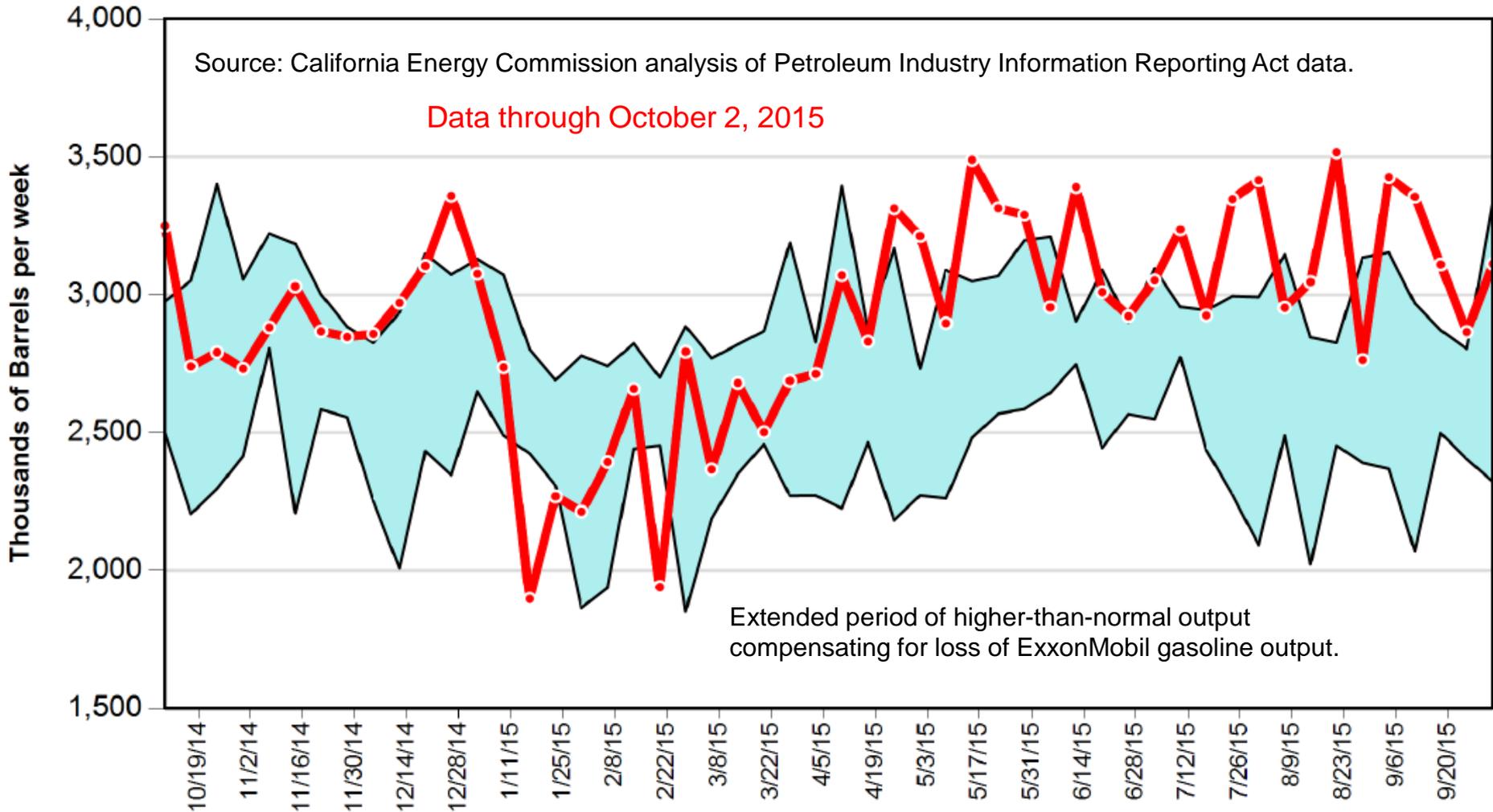




# California Gasoline Production Current vs. 5-year High-Low Band

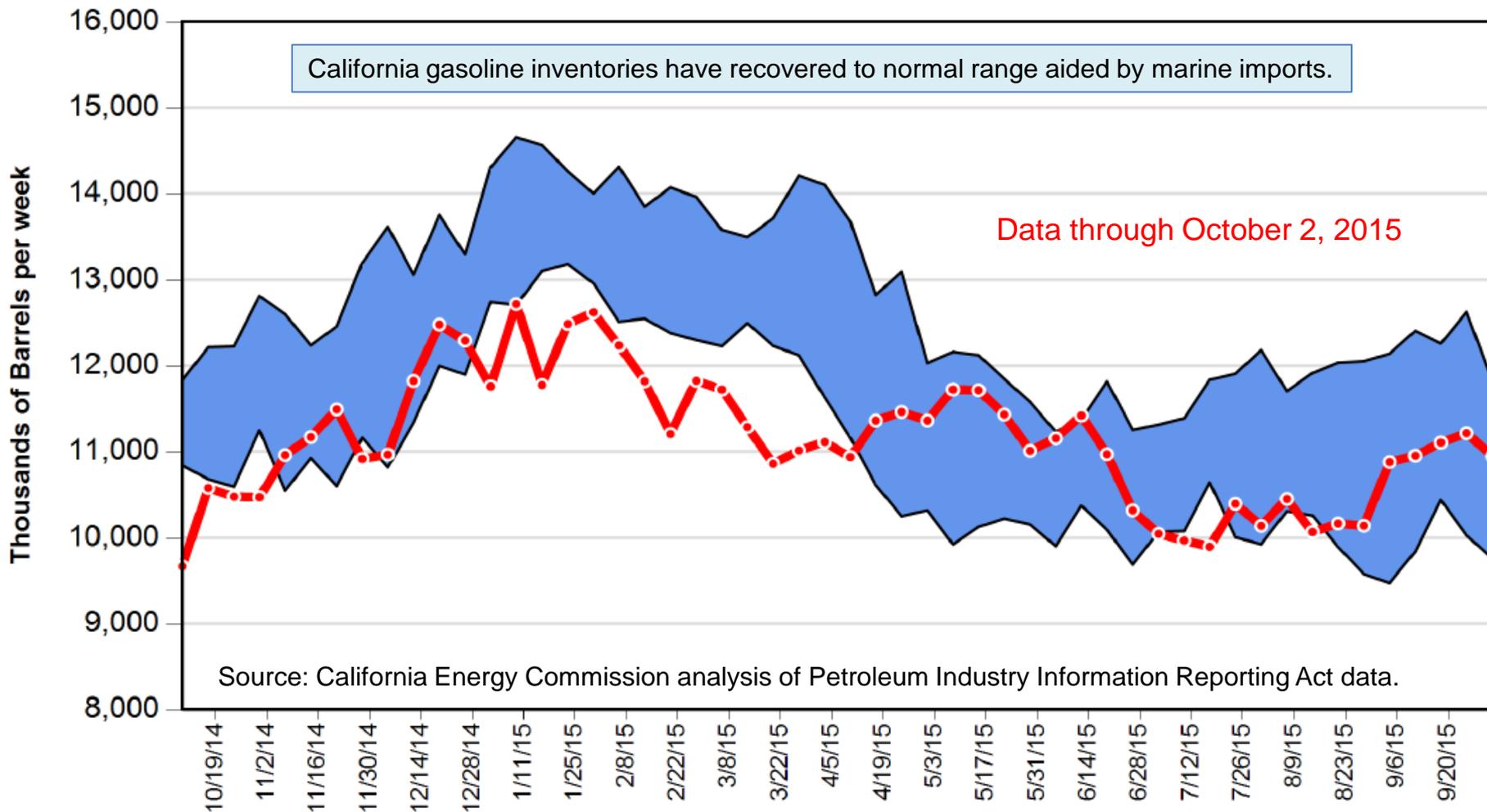
Source: California Energy Commission analysis of Petroleum Industry Information Reporting Act data.

Data through October 2, 2015





# California Gasoline Inventory Levels Current vs. 5-year High-Low Band





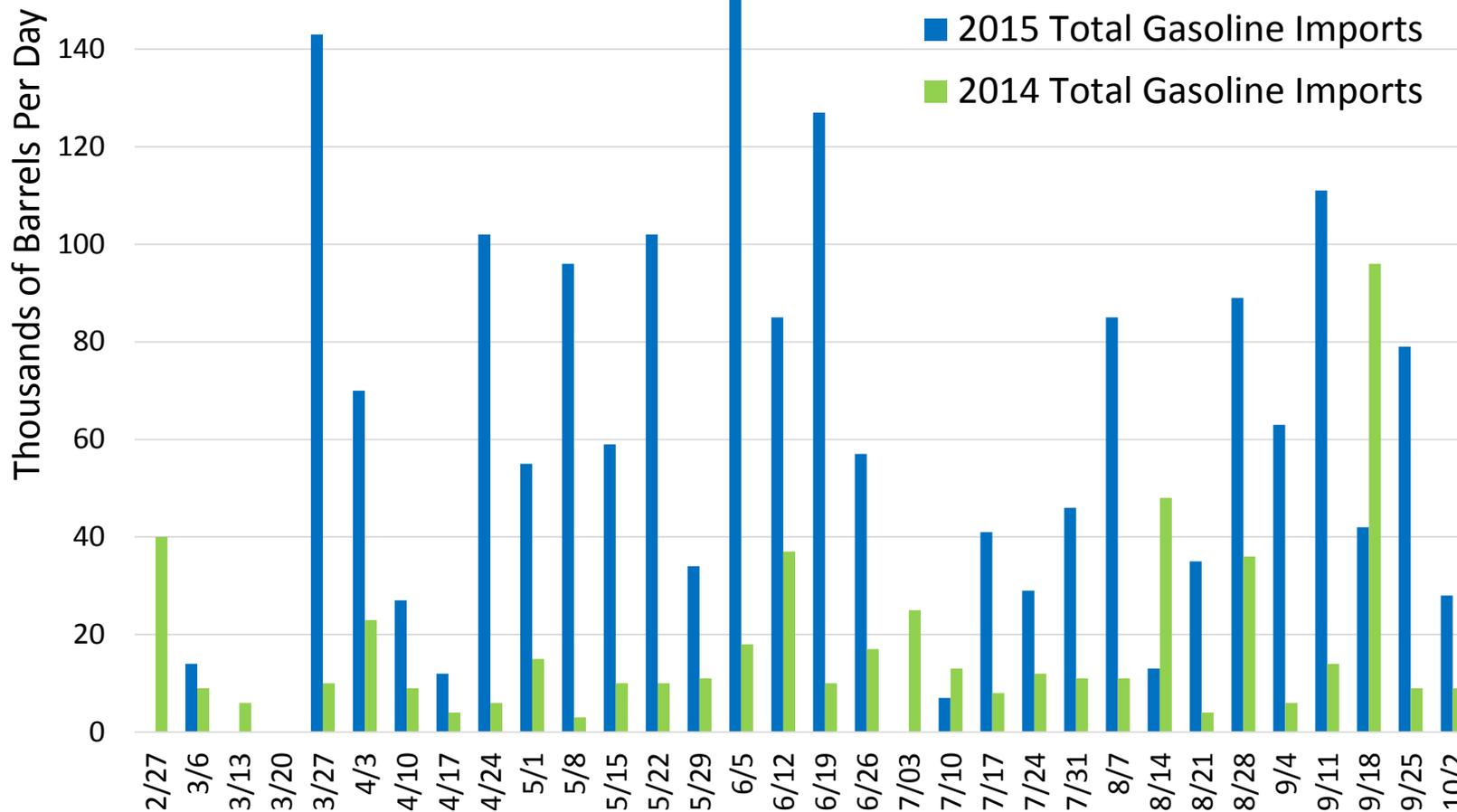
# West Coast Foreign Gasoline Imports

Source: California Energy Commission analysis of weekly import data from the Energy Information Administration.

3/27-10/2/15 averaged **64.1** thous. barrels per day (TBD)

17.3 TBD same period during 2014

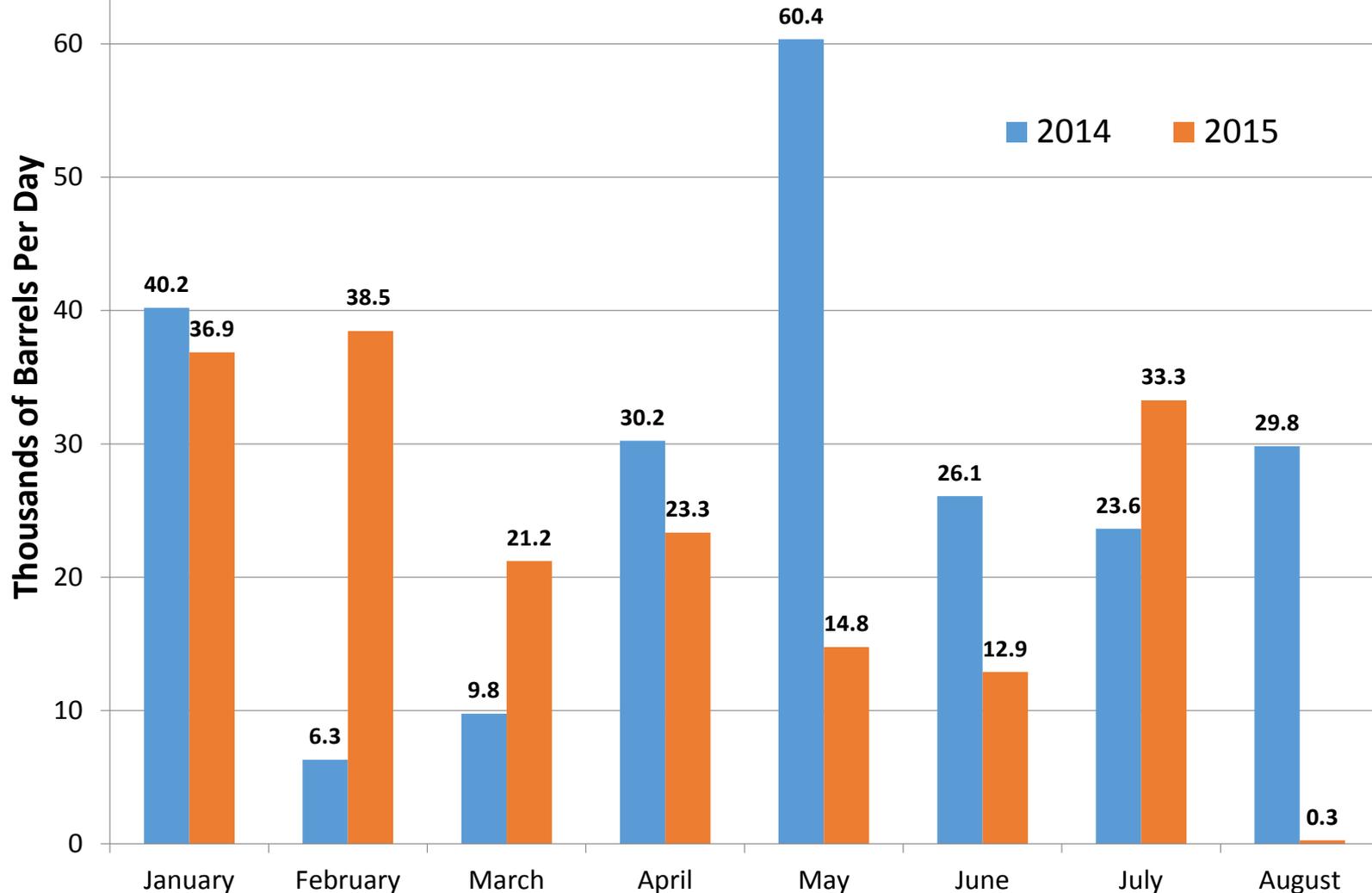
**Highest quantity since 2007**





# California Foreign Gasoline Exports

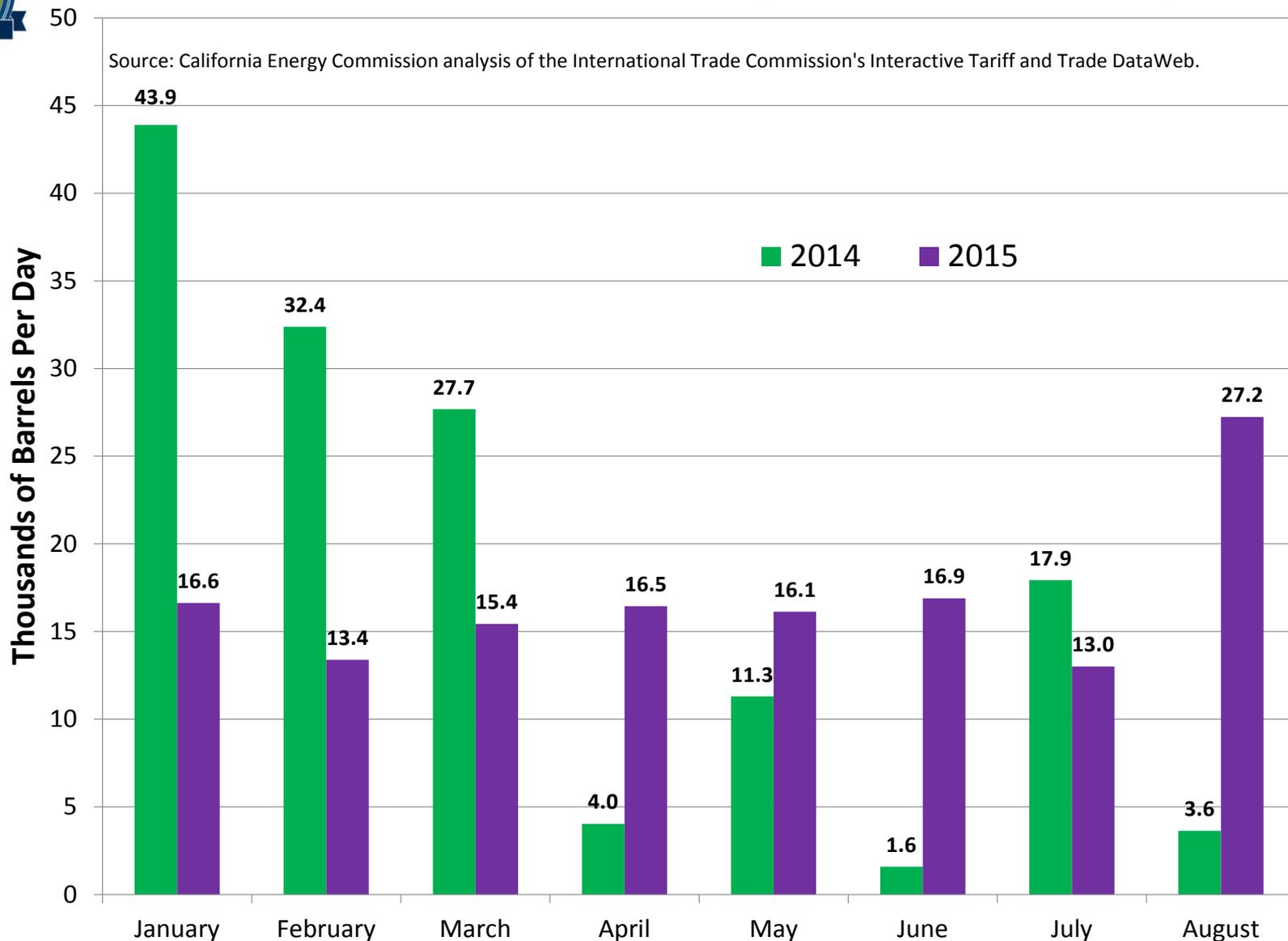
Source: California Energy Commission analysis of the International Trade Commission's Interactive Tariff and Trade DataWeb.





# Pacific Northwest Foreign Gasoline Exports

Source: California Energy Commission analysis of the International Trade Commission's Interactive Tariff and Trade DataWeb.



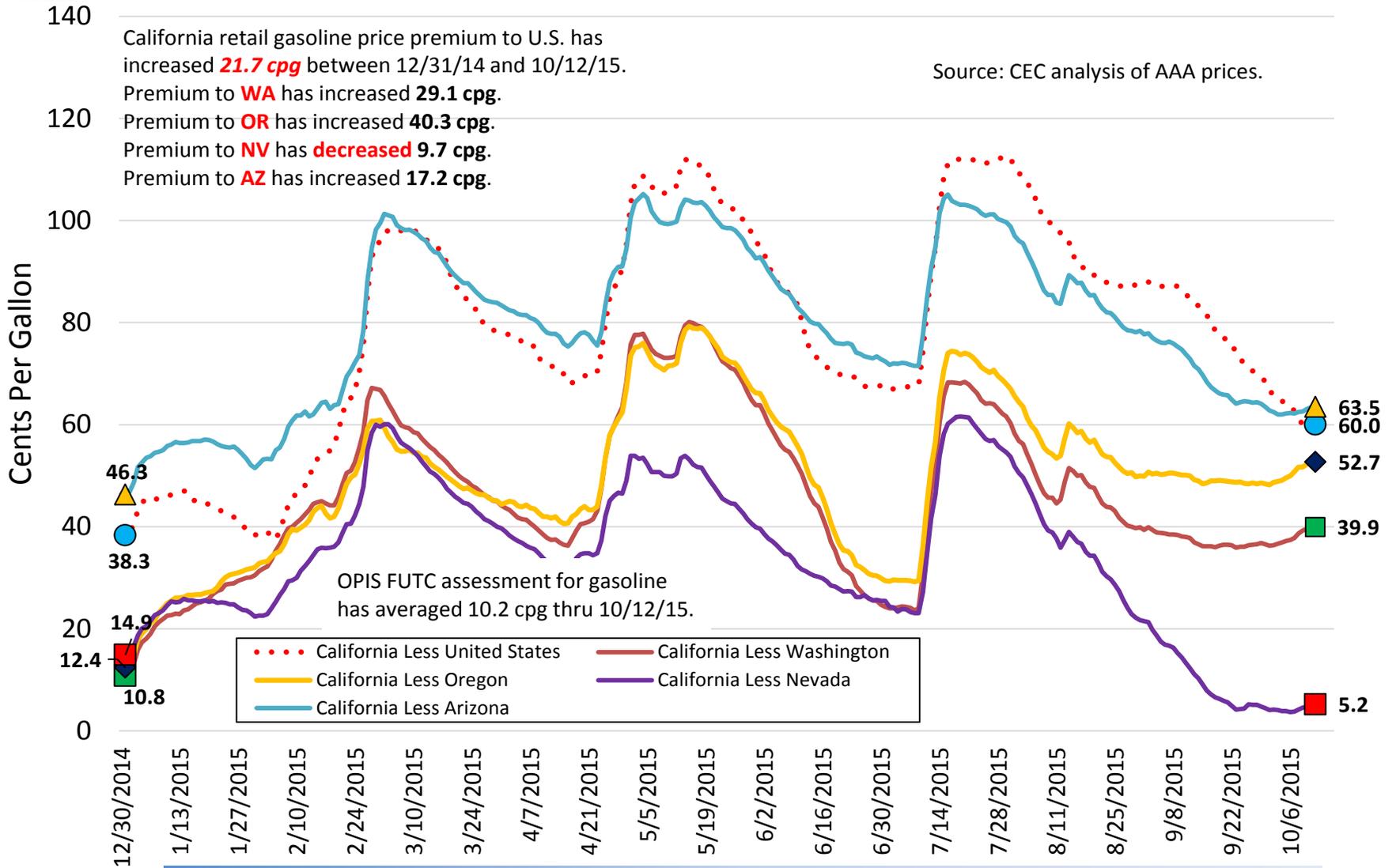


# Fuels-Under-the-Cap (FUTC) Tracking

- Fuels-Under-the-Cap regulation went into effect January 1, 2015
- The Oil Price Information Service (OPIS) calculates a value for the FUTC obligation each business day, California Cap-at-the-Rack (CAR)
- Assessment valuation uses price of carbon x carbon intensity of the transportation fuel
  - Winter CARB reformulated gasoline with 10 percent ethanol
  - Summer CARB reformulated gasoline with 10 percent ethanol
  - CARB diesel fuel
- Majority of fuel providers have elected to use the daily OPIS CAR calculation for inclusion in their bills of lading at the distribution terminal
  - Either as a line item or embedded in the price
- Some marketers are calculating their own FUTC assessment and including in the overall price of the fuel



# Retail Gasoline Price Differences California vs. United States and Selected States





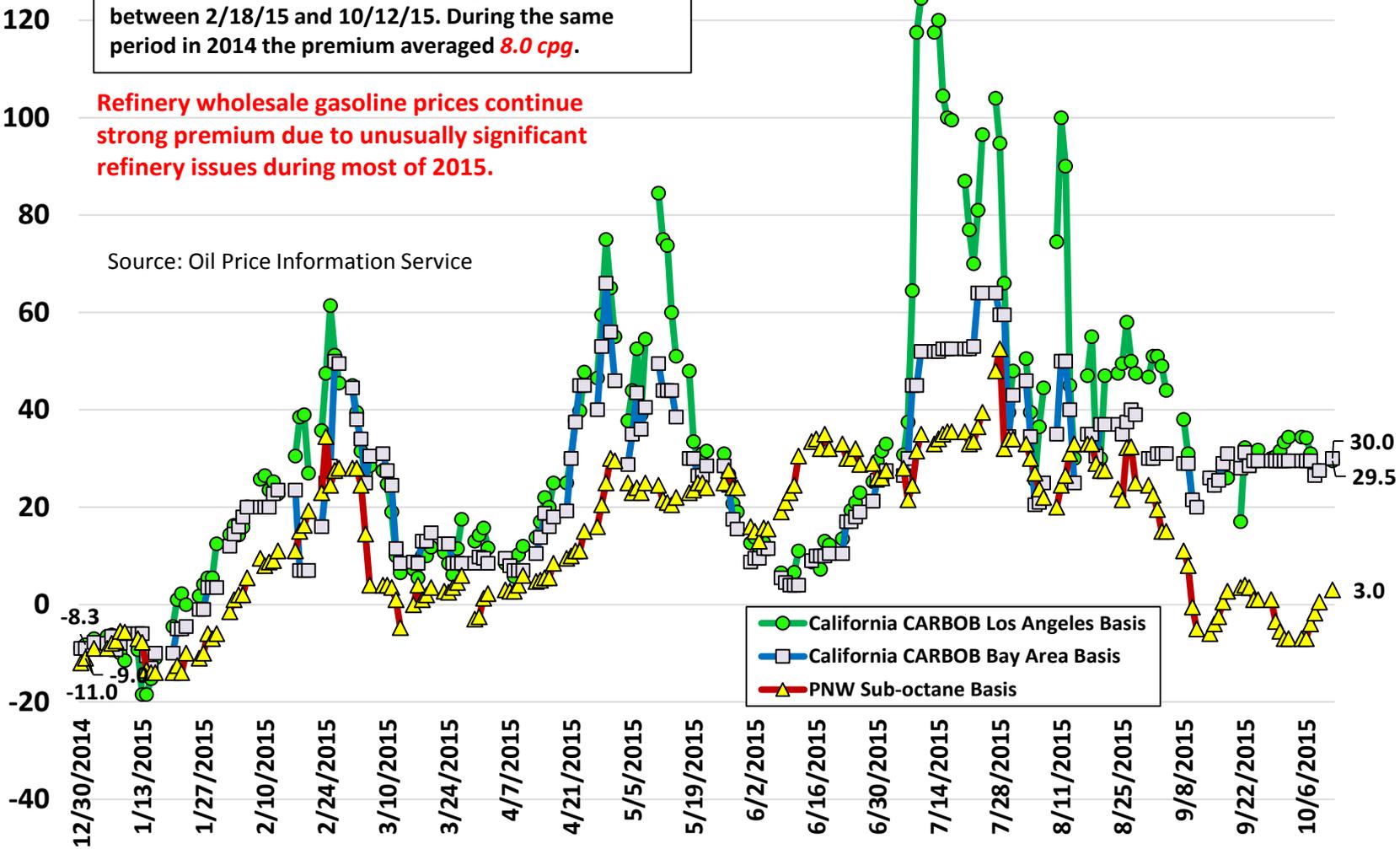
# Gasoline Refinery Spot Price Basis California vs. Pacific Northwest

California average refinery spot price premium to NYMEX gasoline contract has averaged **33.0 cpg** between 2/18/15 and 10/12/15. During the same period in 2014 the premium averaged **8.0 cpg**.

Refinery wholesale gasoline prices continue strong premium due to unusually significant refinery issues during most of 2015.

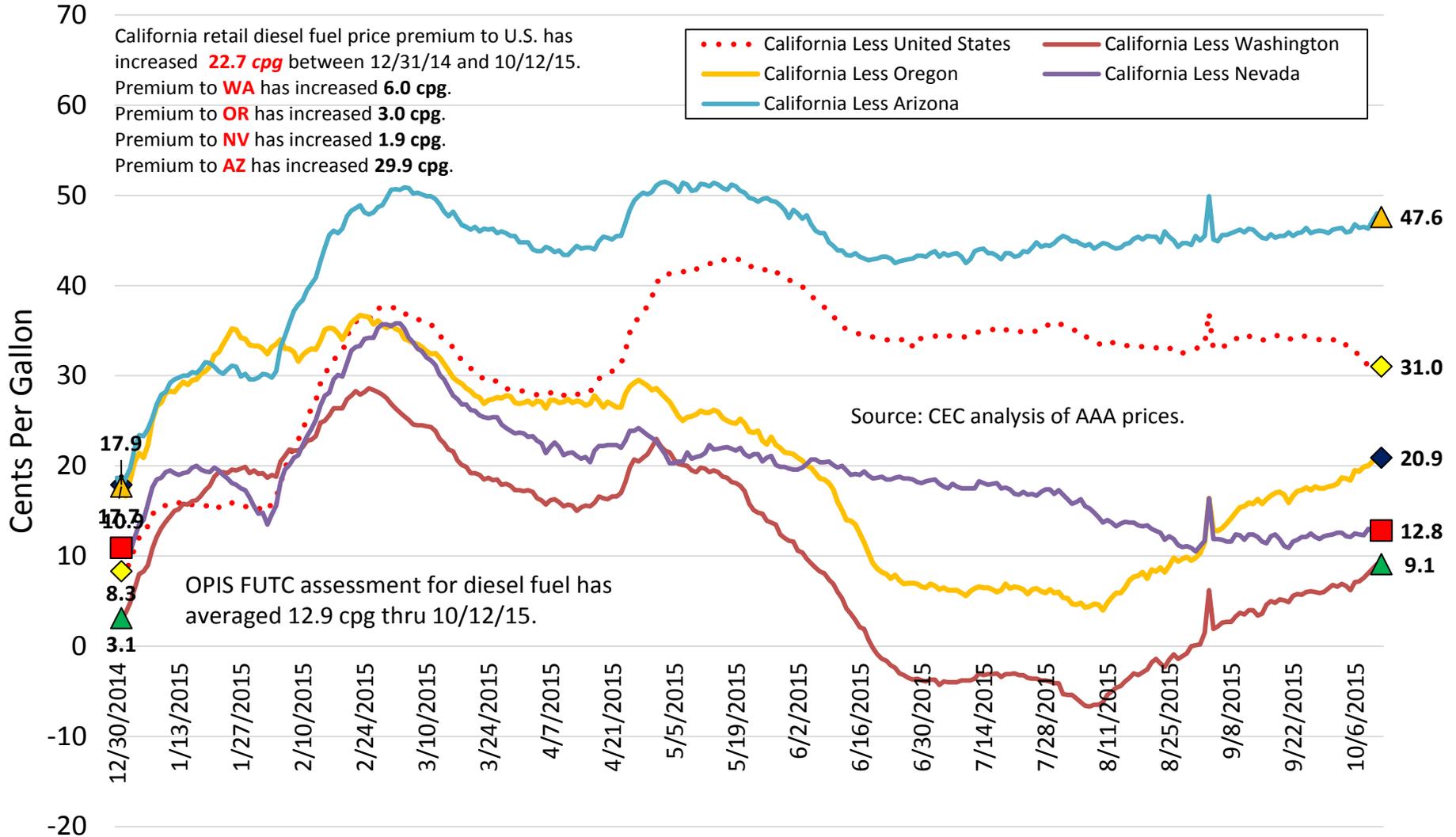
Cents Per Gallon

Source: Oil Price Information Service



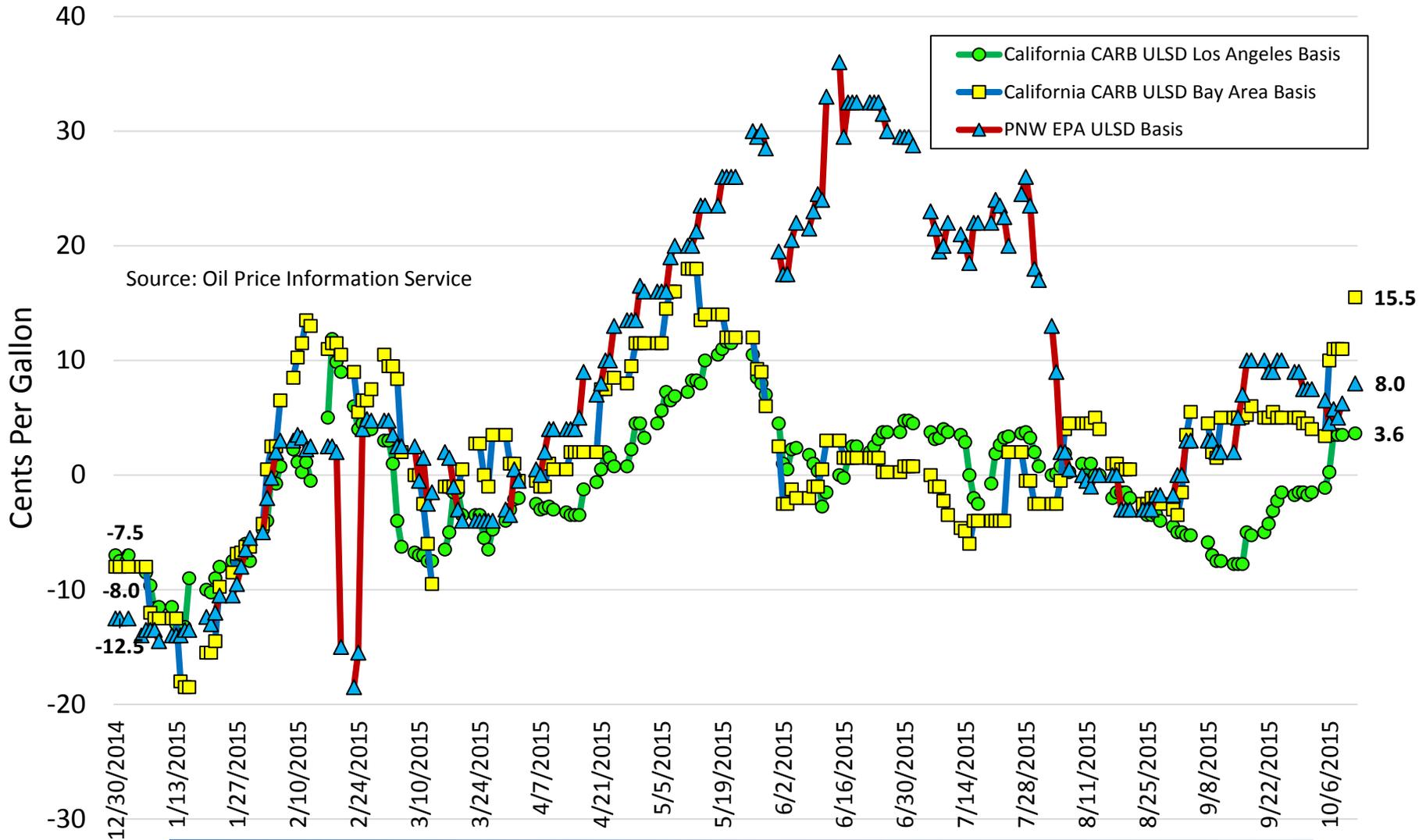


# Retail Diesel Fuel Price Differences California vs. United States and Selected States





# Diesel Fuel Refinery Spot Price Basis California vs. Pacific Northwest





# Retail Fuel Price Tracking Observations

- Gasoline

- From December 31, 2014 to October 12, 2015 the gap between the California retail gasoline price and other Western states has ranged between **a decrease of 9.7 and an increase of 40.3 cents per gallon**
- The calculated FUTC assessment by OPIS has averaged 10.2 cents per gallon over the same period and lies within the range of retail price differential change
- Even greater differentials are attributed to increased tightness in the California gasoline market caused by refinery issues - crude oil prices have also rebounded and stabilized but are not a contributing factor to the retail price differential

- Diesel Fuel

- From December 31, 2014 to October 12, 2015 the gap between the California retail diesel fuel price and other Western states has ranged from **an increase of between 1.9 and 25.6 cents per gallon**
- The calculated FUTC assessment by OPIS has averaged 12.9 cents per gallon over the same period and lies within the range of retail price differential change



# Questions?



State Capitol Building, Sacramento, CA 8-13-15