



Recent Fuel Price Trends & Market Developments

Petroleum Market Advisory Committee Meeting

California Energy Commission

Sacramento, California

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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

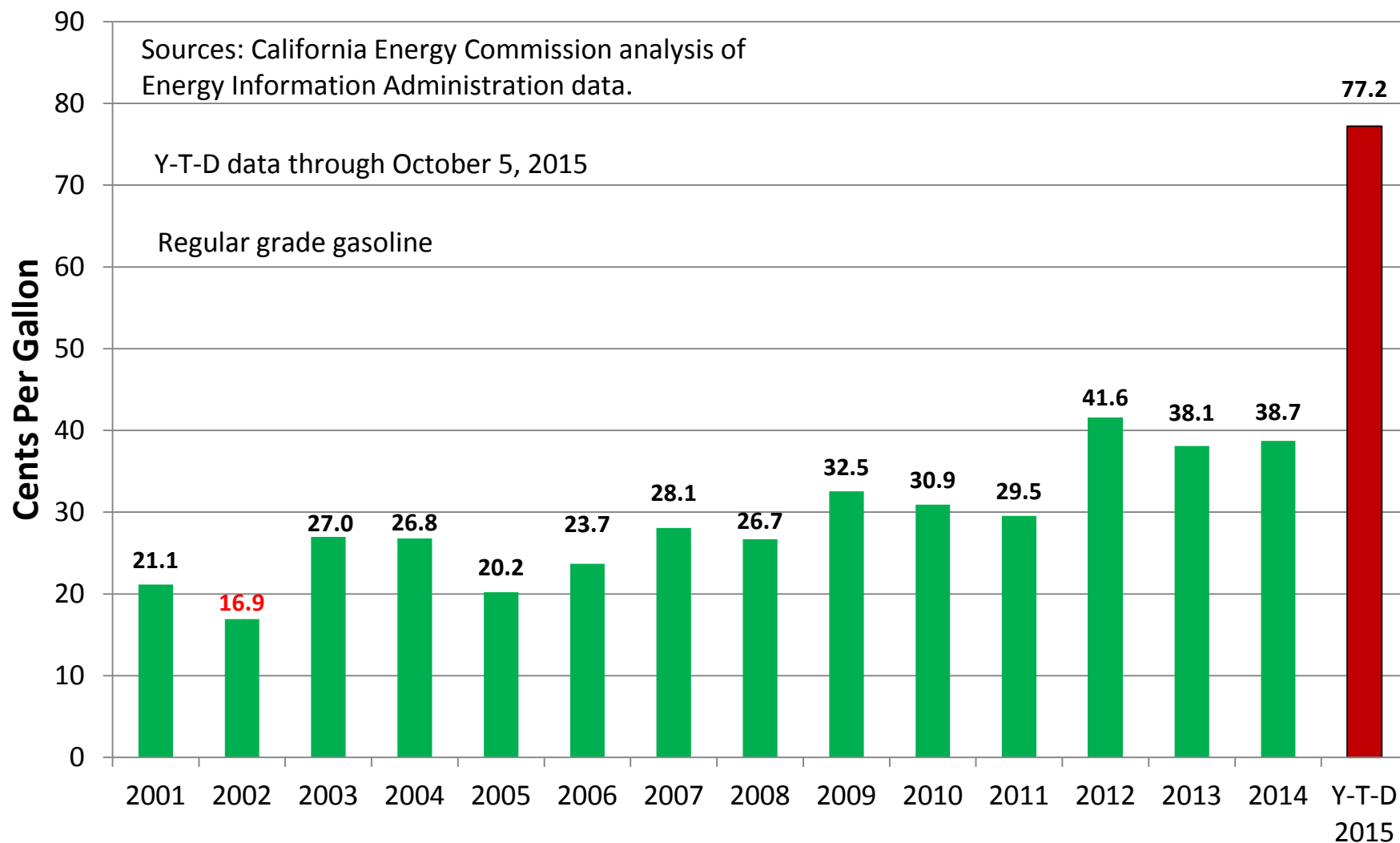
Washington Average Prices

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

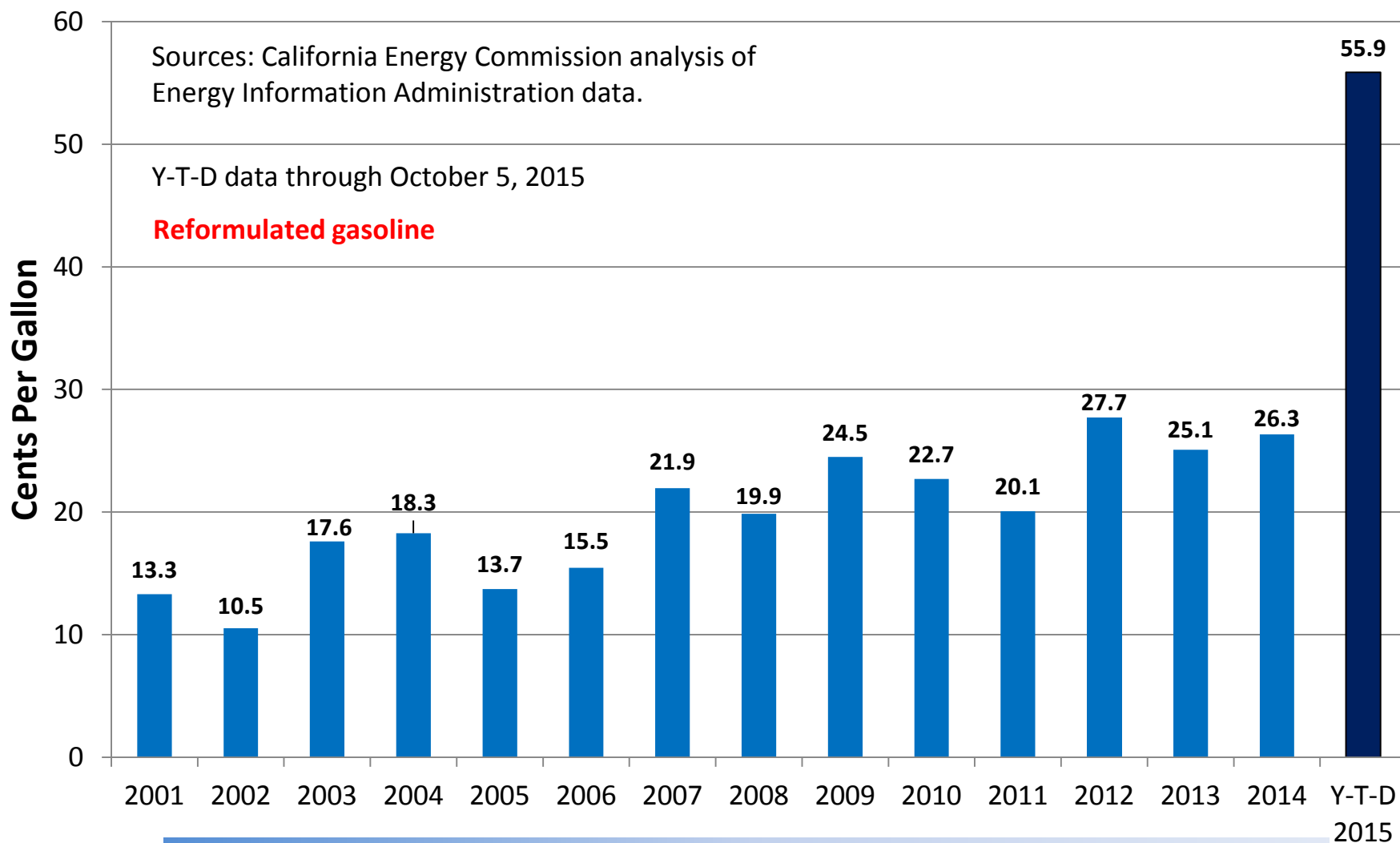


Retail Gasoline Price Differences California Less U.S. Average



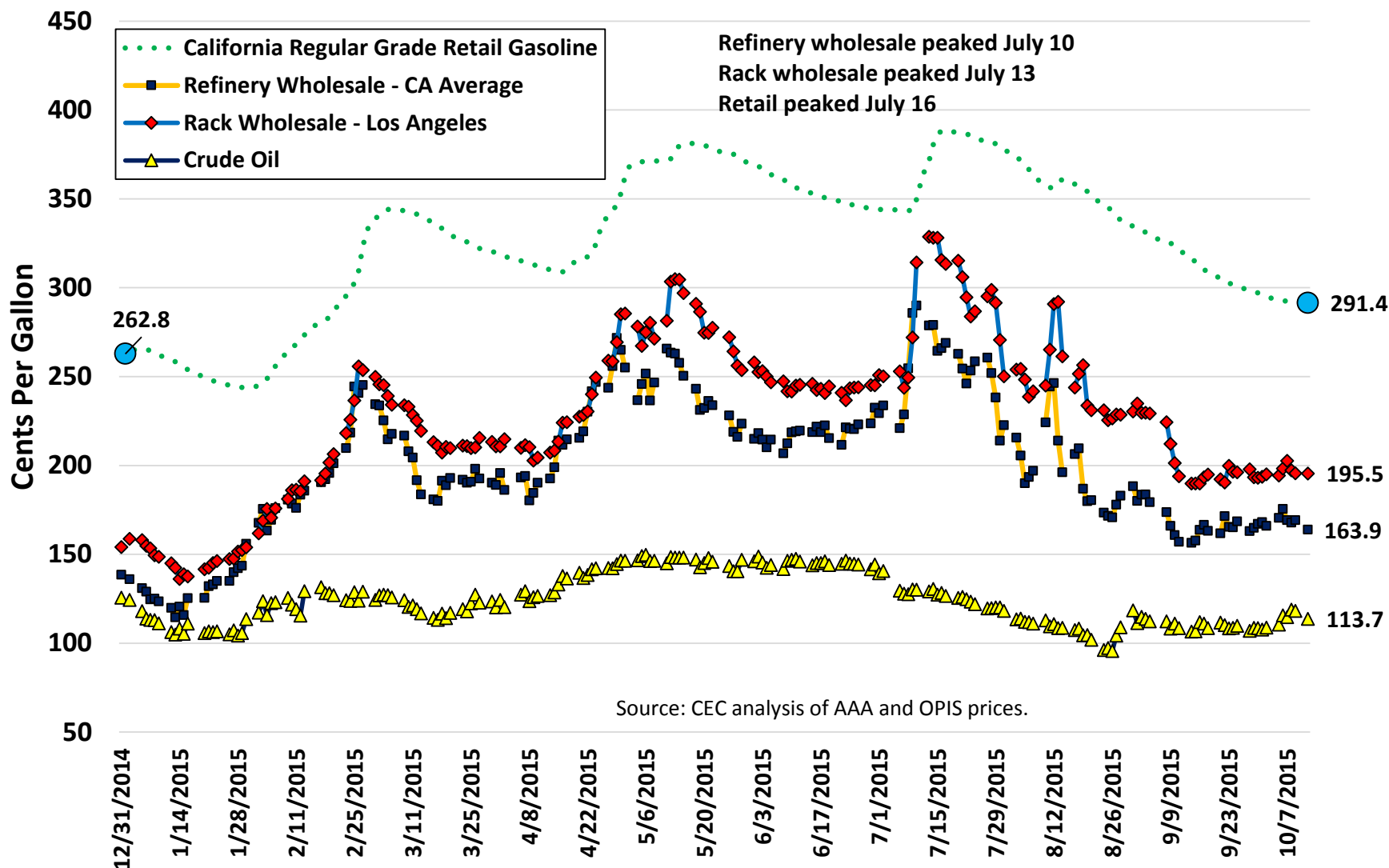


Retail Gasoline Price Differences Calif. Less U.S. Reformulated Average





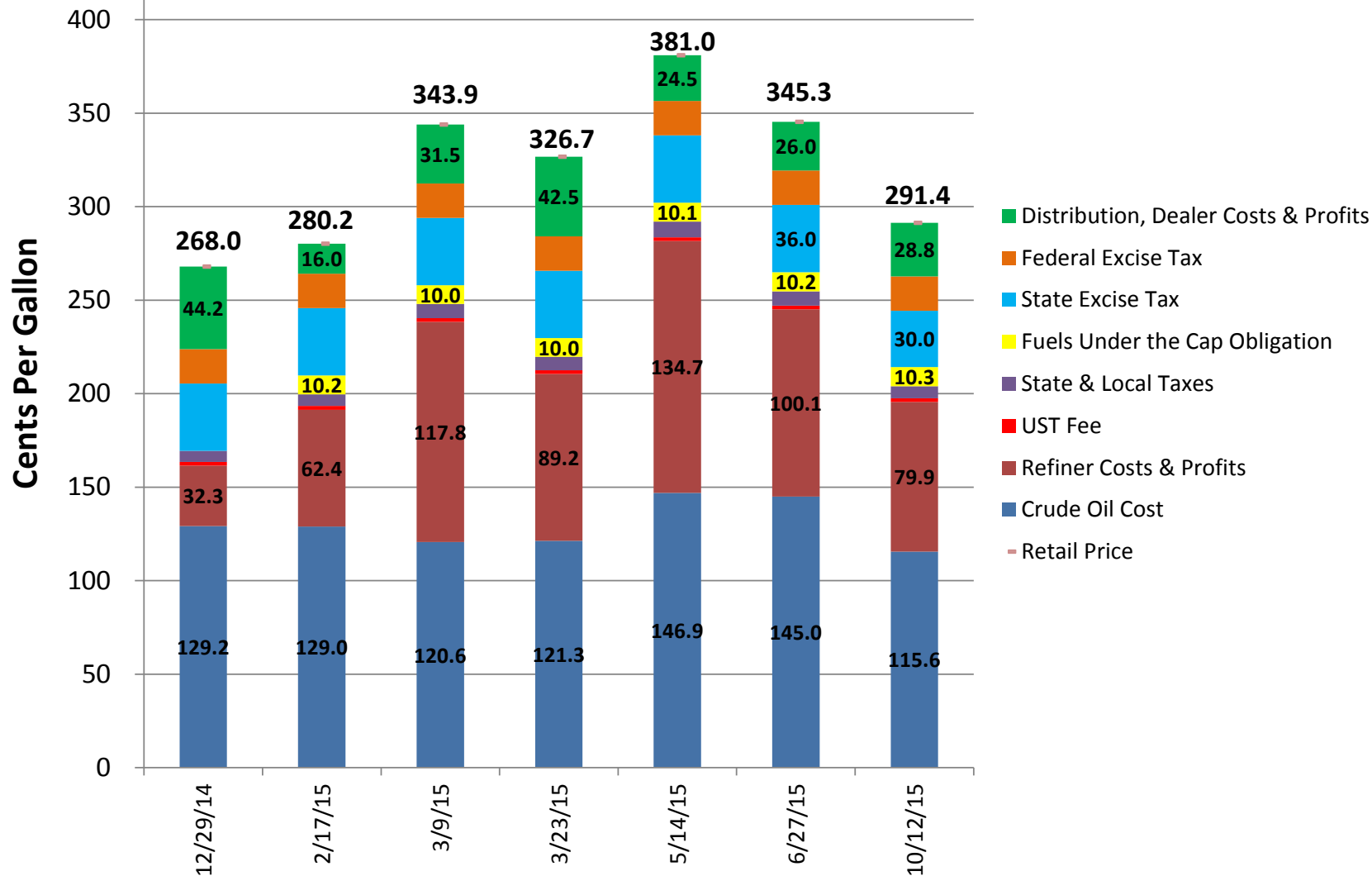
California Gasoline Price Changes Retail, Rack and Refinery Wholesale





California Retail Gasoline Components

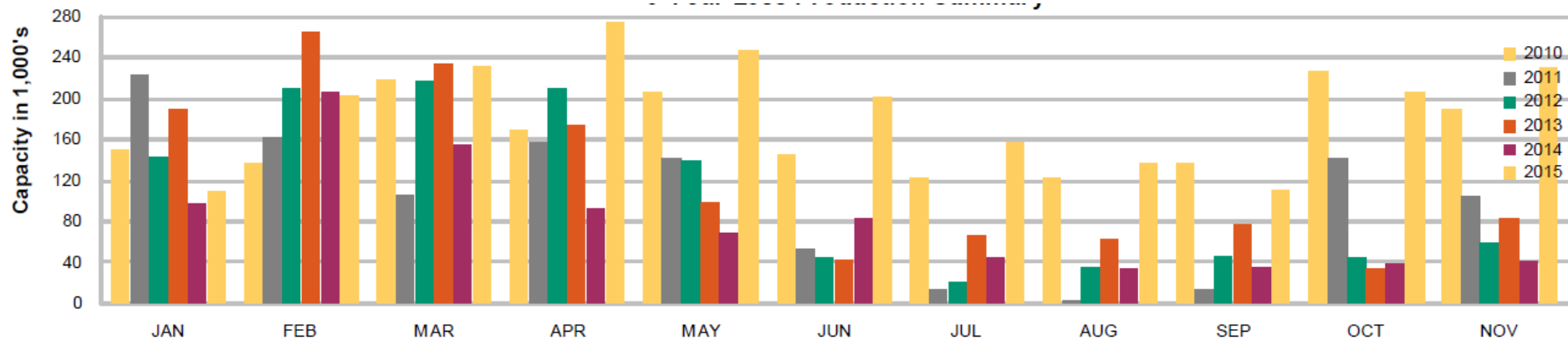
Sources: California Energy Commission analysis of OPIS, EIA, and AAA data.





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

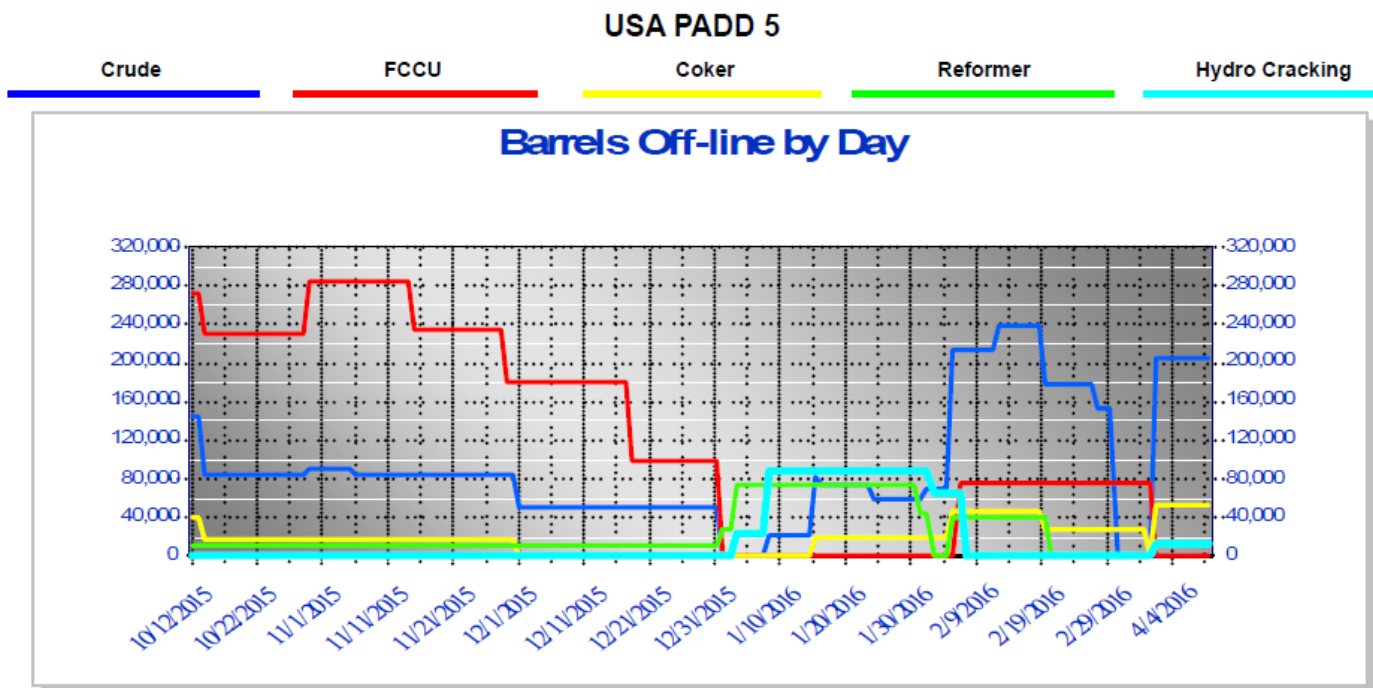


Source: Industrial Information Resources (IIR) Loss Gasoline Production Report.



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**

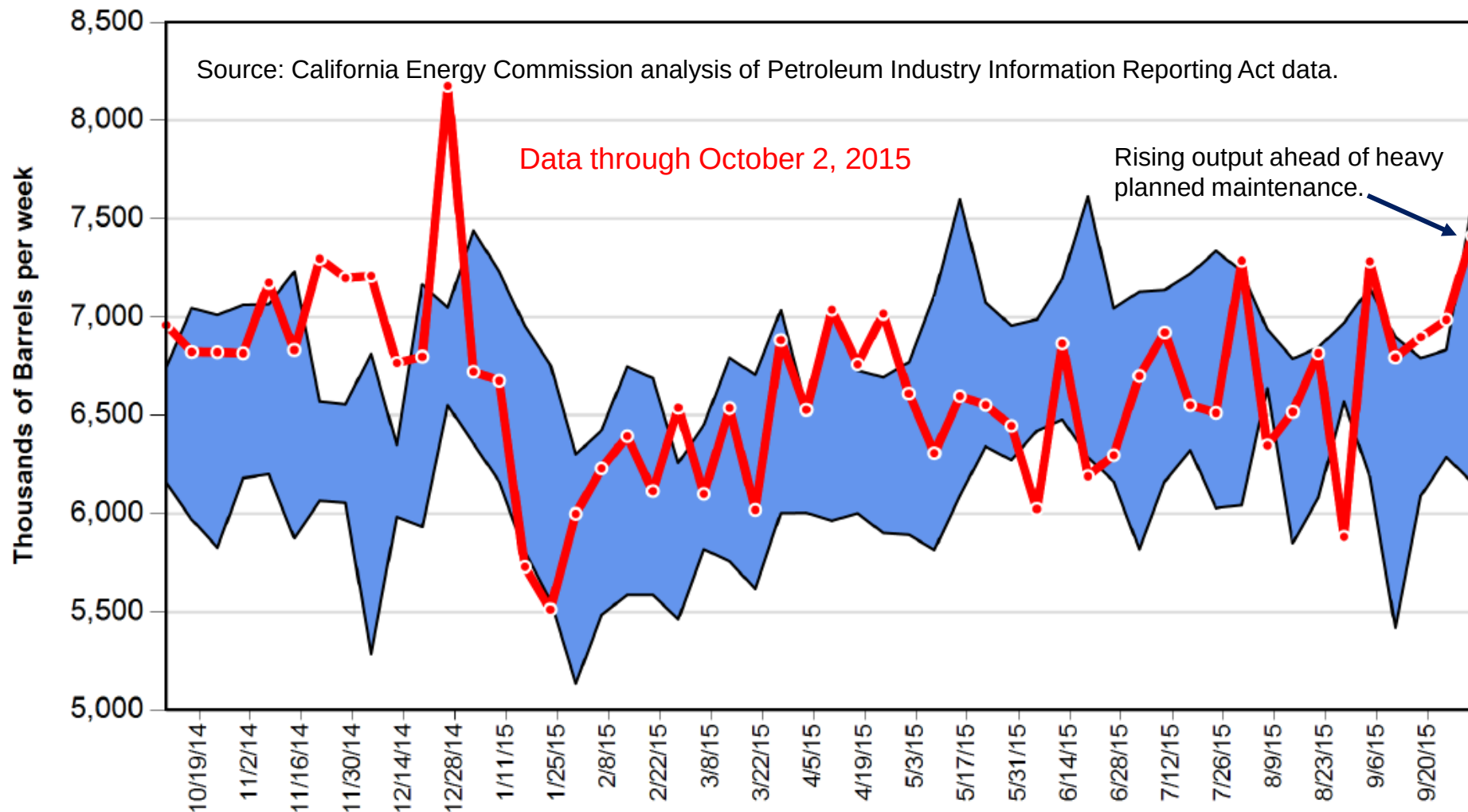


Source: Industrial Information Resources (IIR) Refinery Off-line Report.



California Gasoline Production

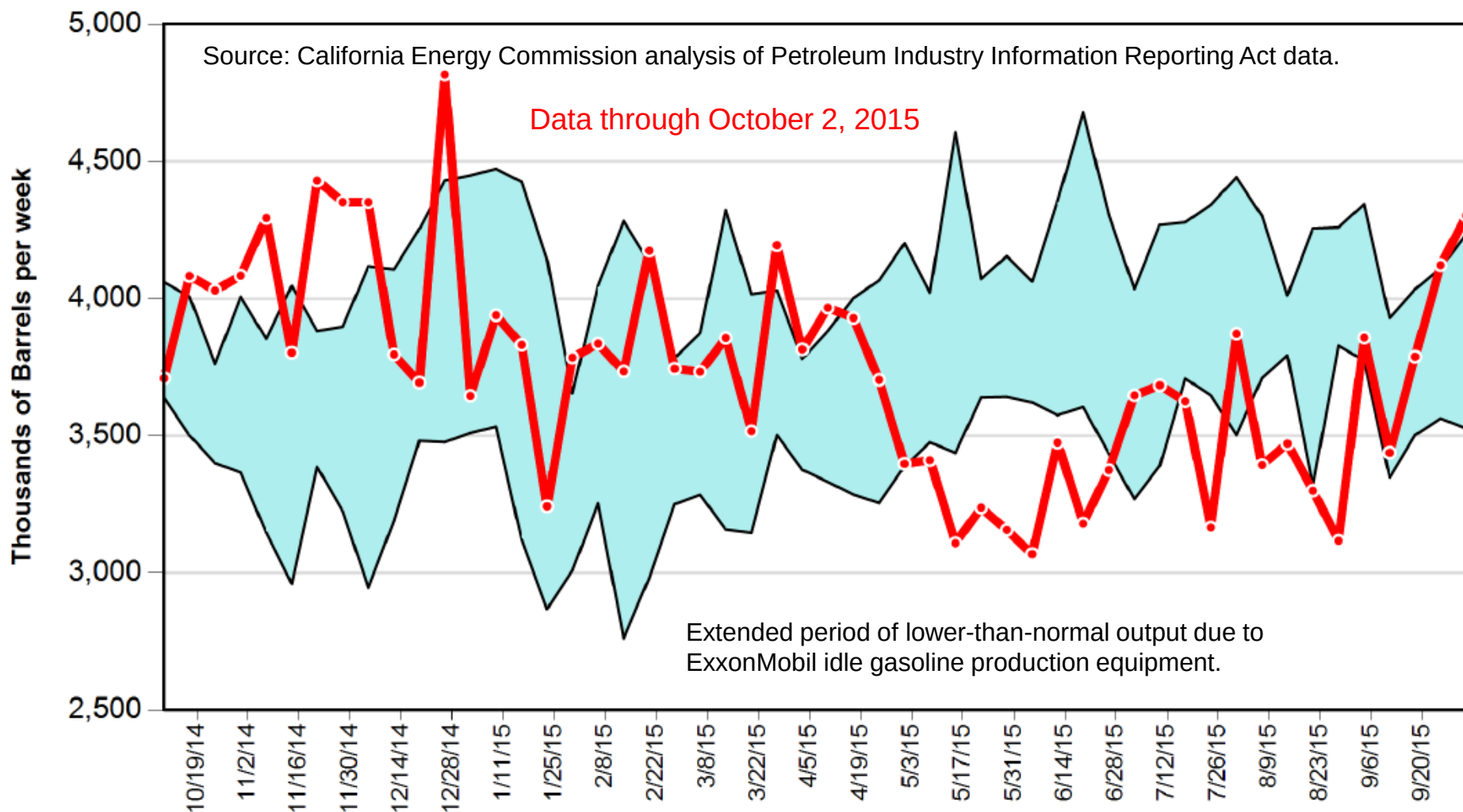
Current vs. 5-year High-Low Band





S. Calif. Gasoline Production

Current vs. 5-year High-Low Band



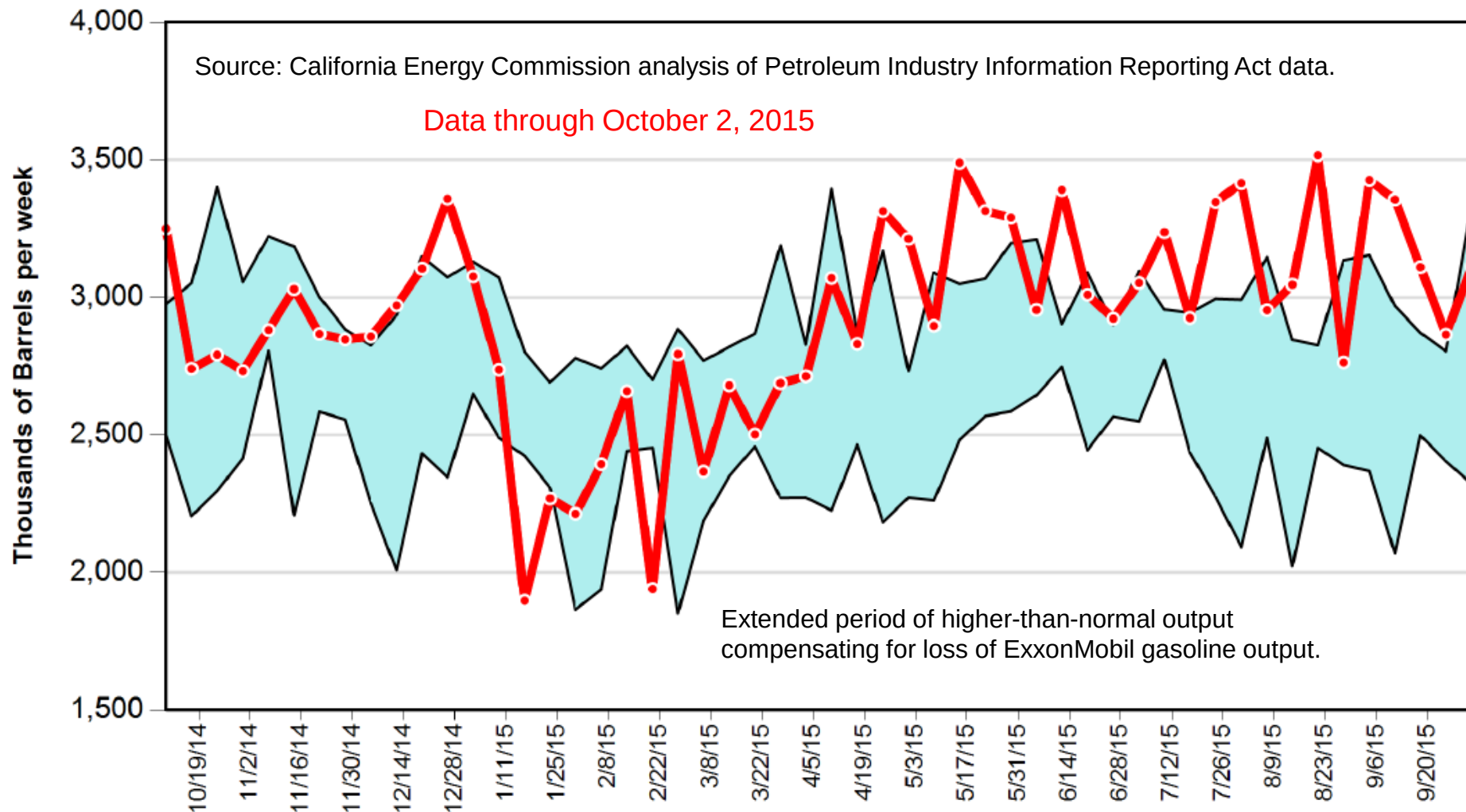


California Gasoline Production

Current vs. 5-year High-Low Band

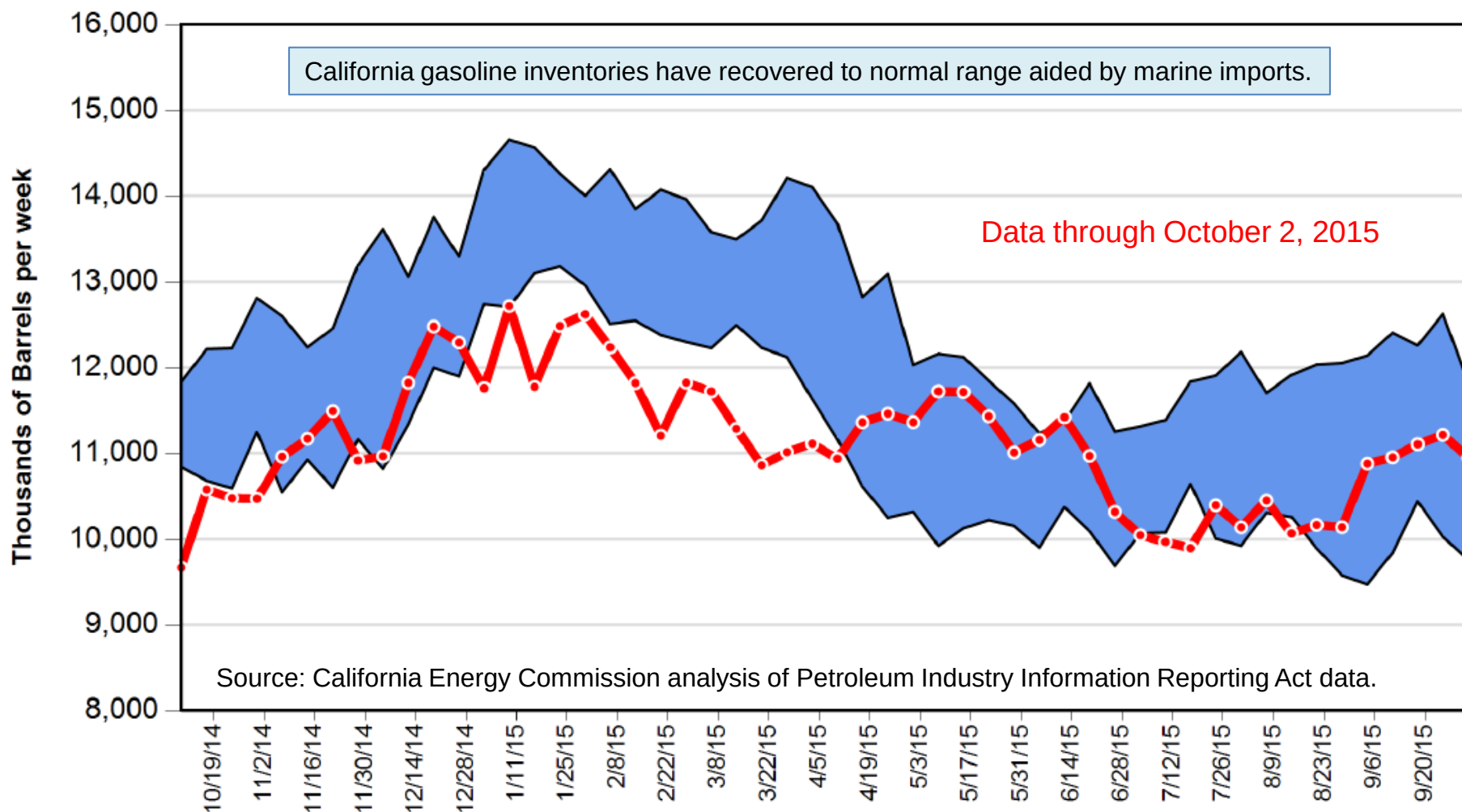
Source: California Energy Commission analysis of Petroleum Industry Information Reporting Act data.

Data through October 2, 2015





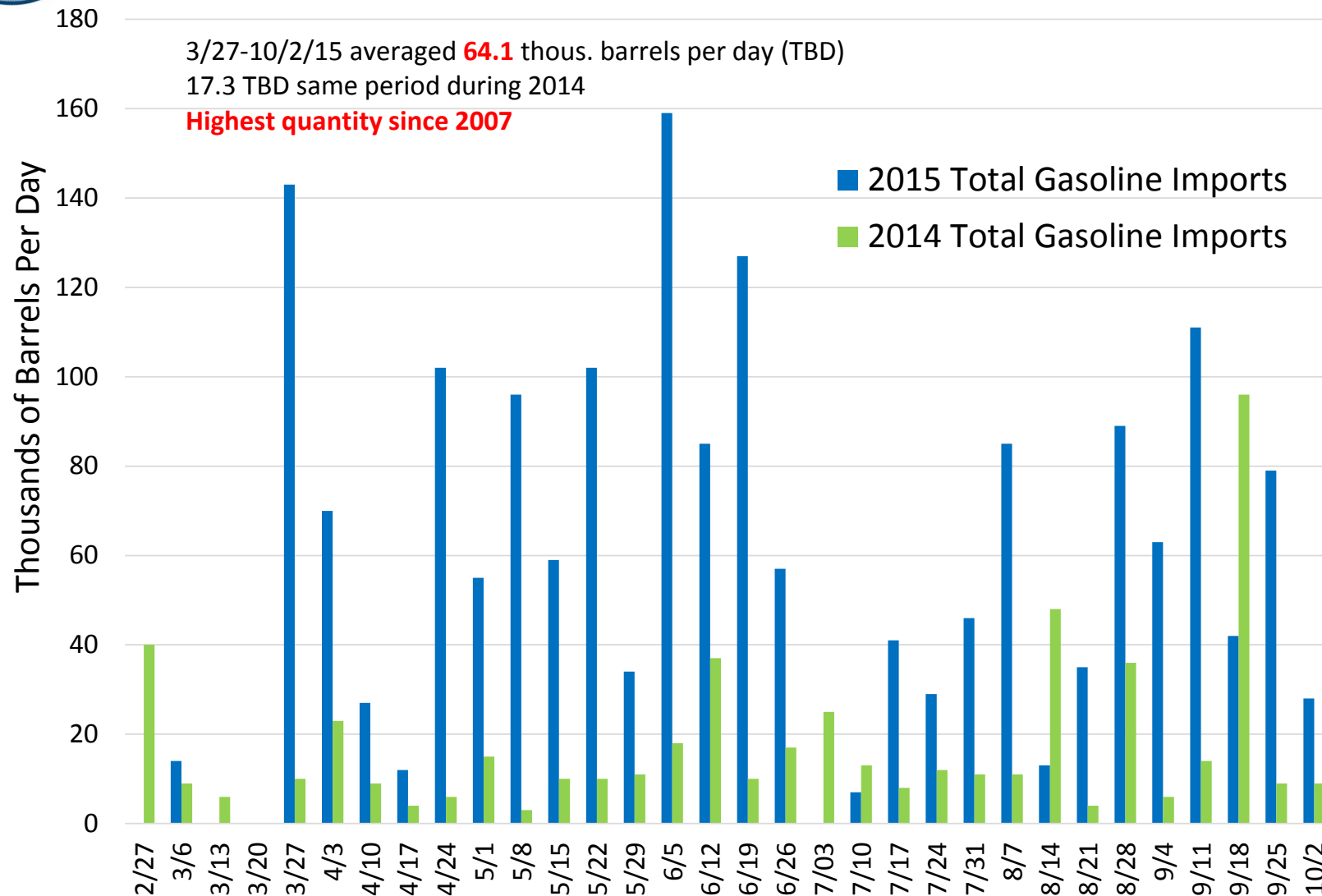
California Gasoline Inventory Levels Current vs. 5-year High-Low Band





West Coast Foreign Gasoline Imports

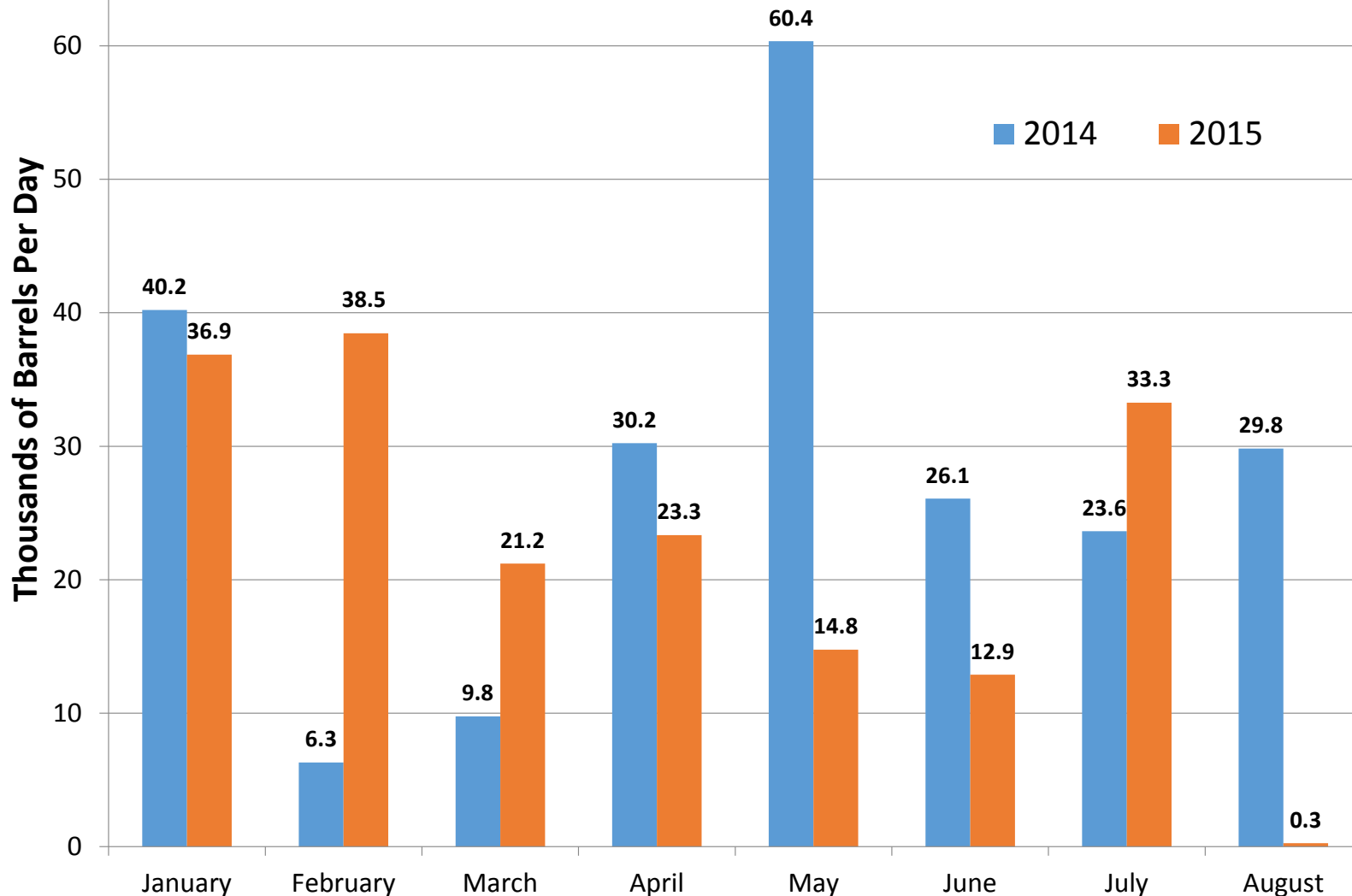
Source: California Energy Commission analysis of weekly import data from the Energy Information Administration.





California Foreign Gasoline Exports

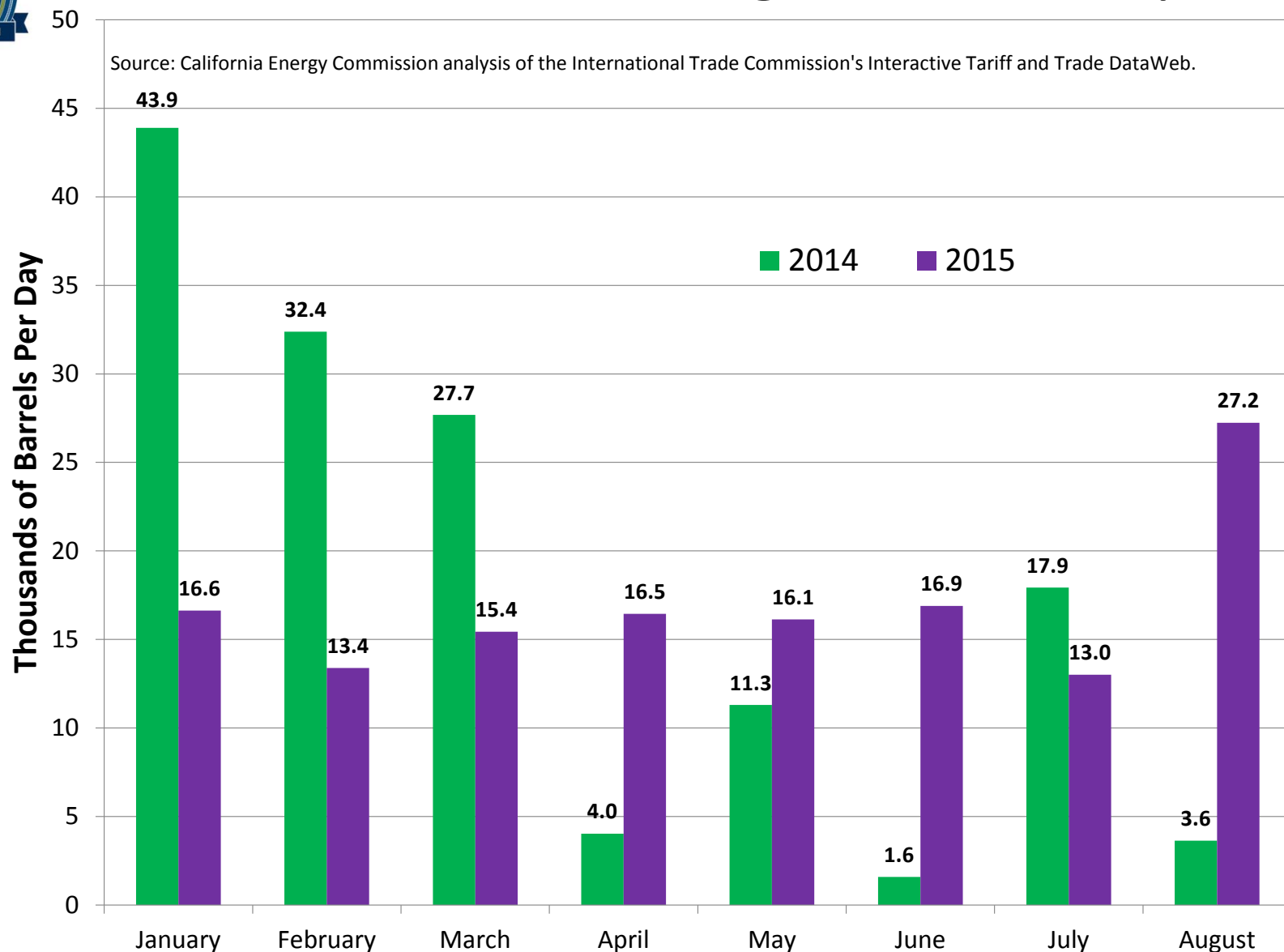
Source: California Energy Commission analysis of the International Trade Commission's Interactive Tariff and Trade DataWeb.





Pacific Northwest Foreign Gasoline Exports

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





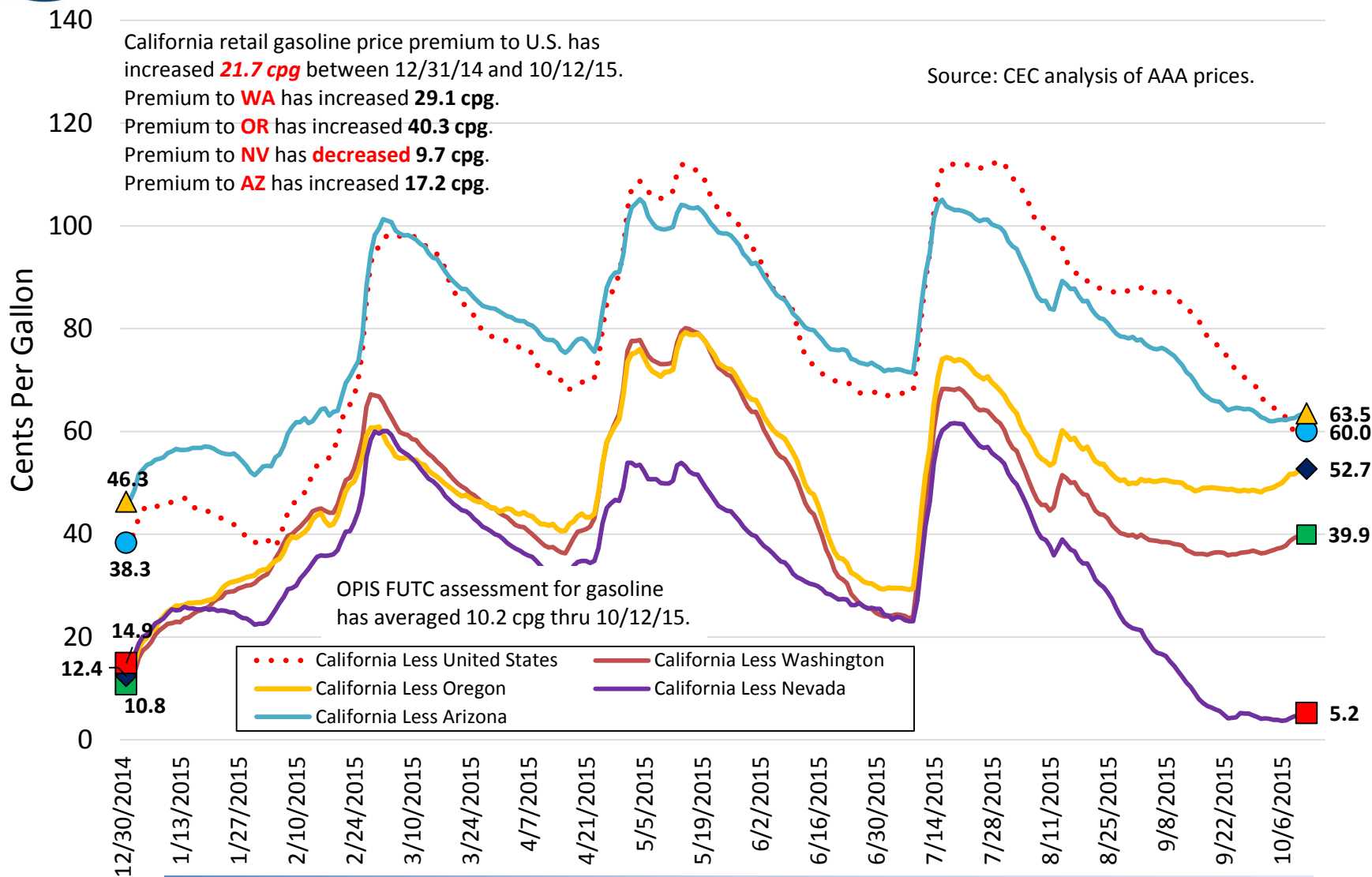
Fuels-Under-the-Cap (FUTC) Tracking

- 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



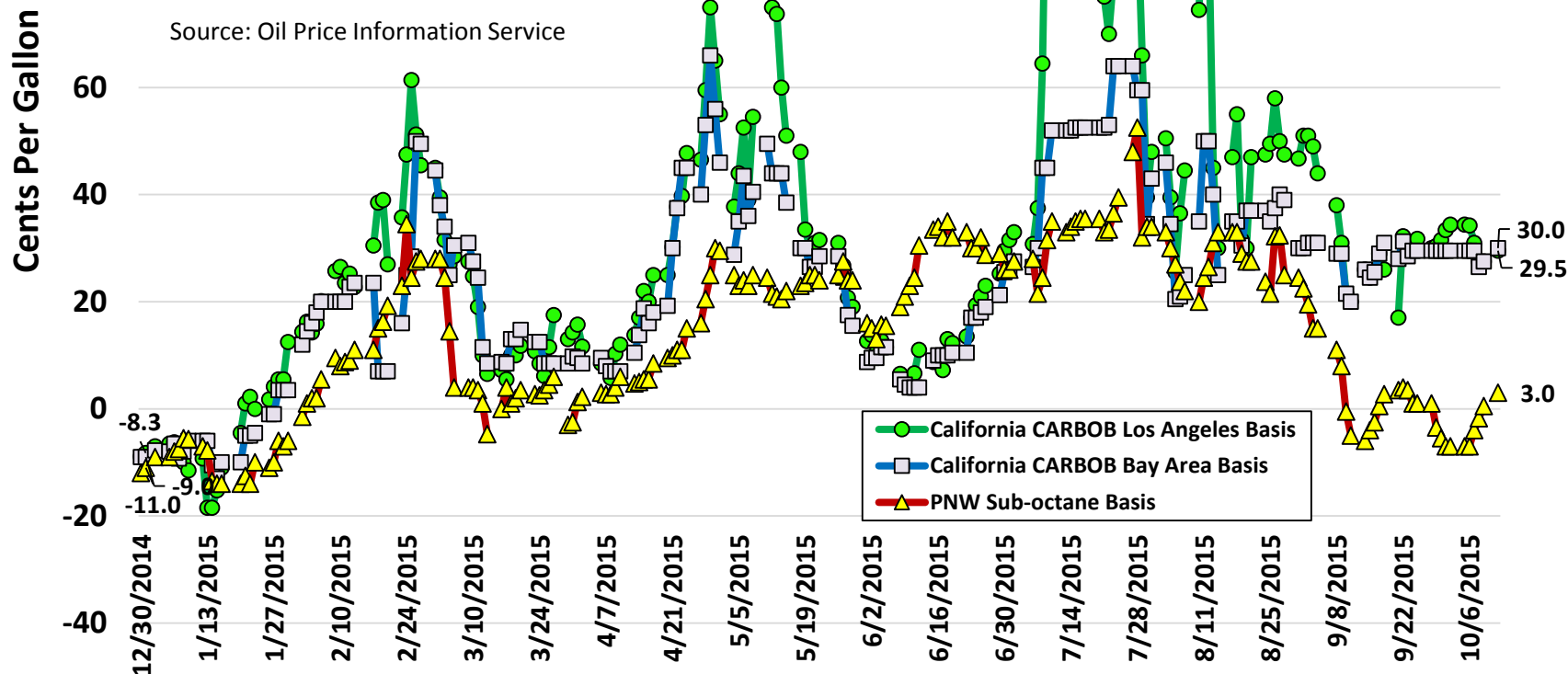


Gasoline Refinery Spot Price Basis California vs. Pacific Northwest

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**.

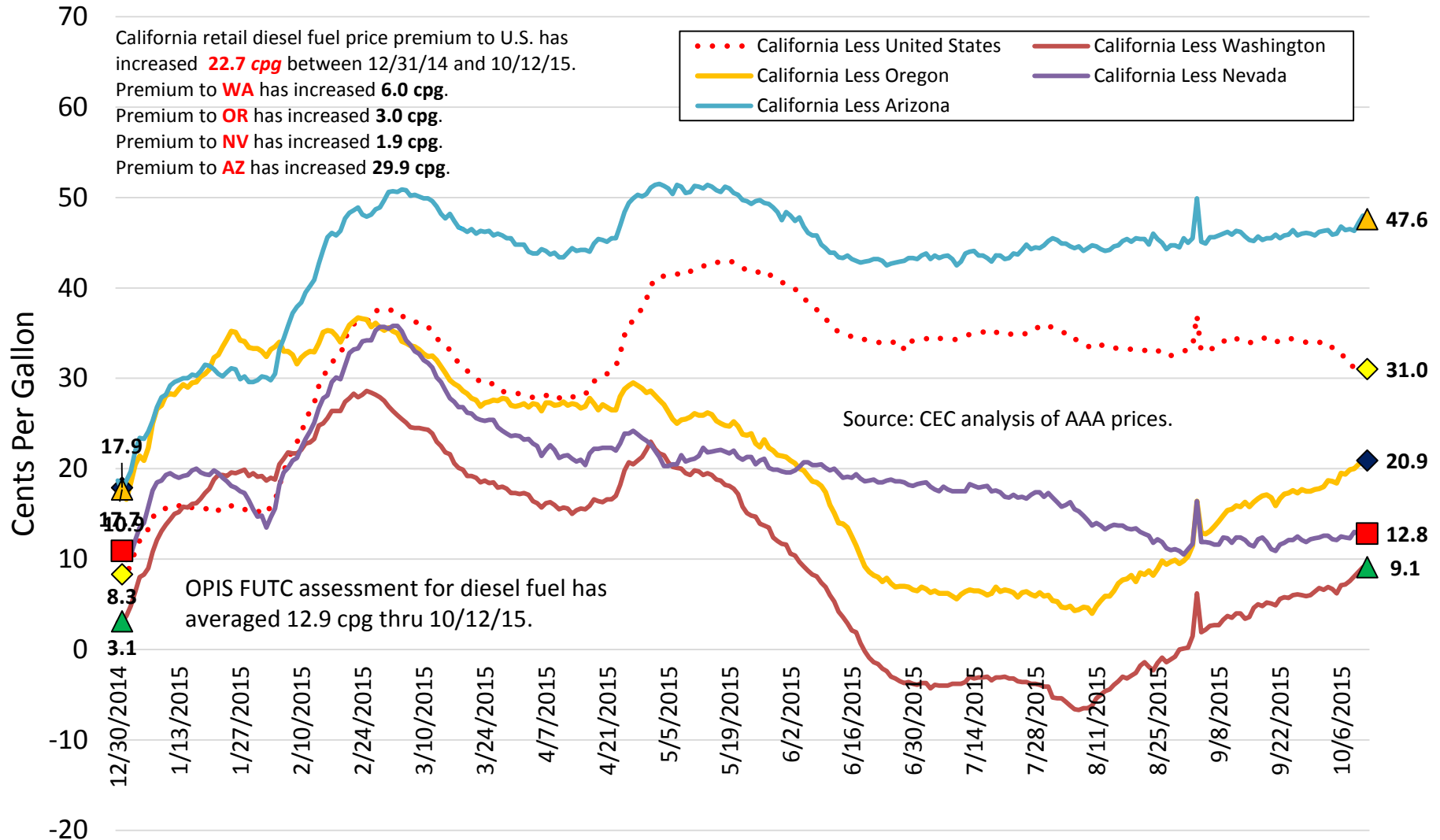
Refinery wholesale gasoline prices continue strong premium due to unusually significant refinery issues during most of 2015.

Source: Oil Price Information Service



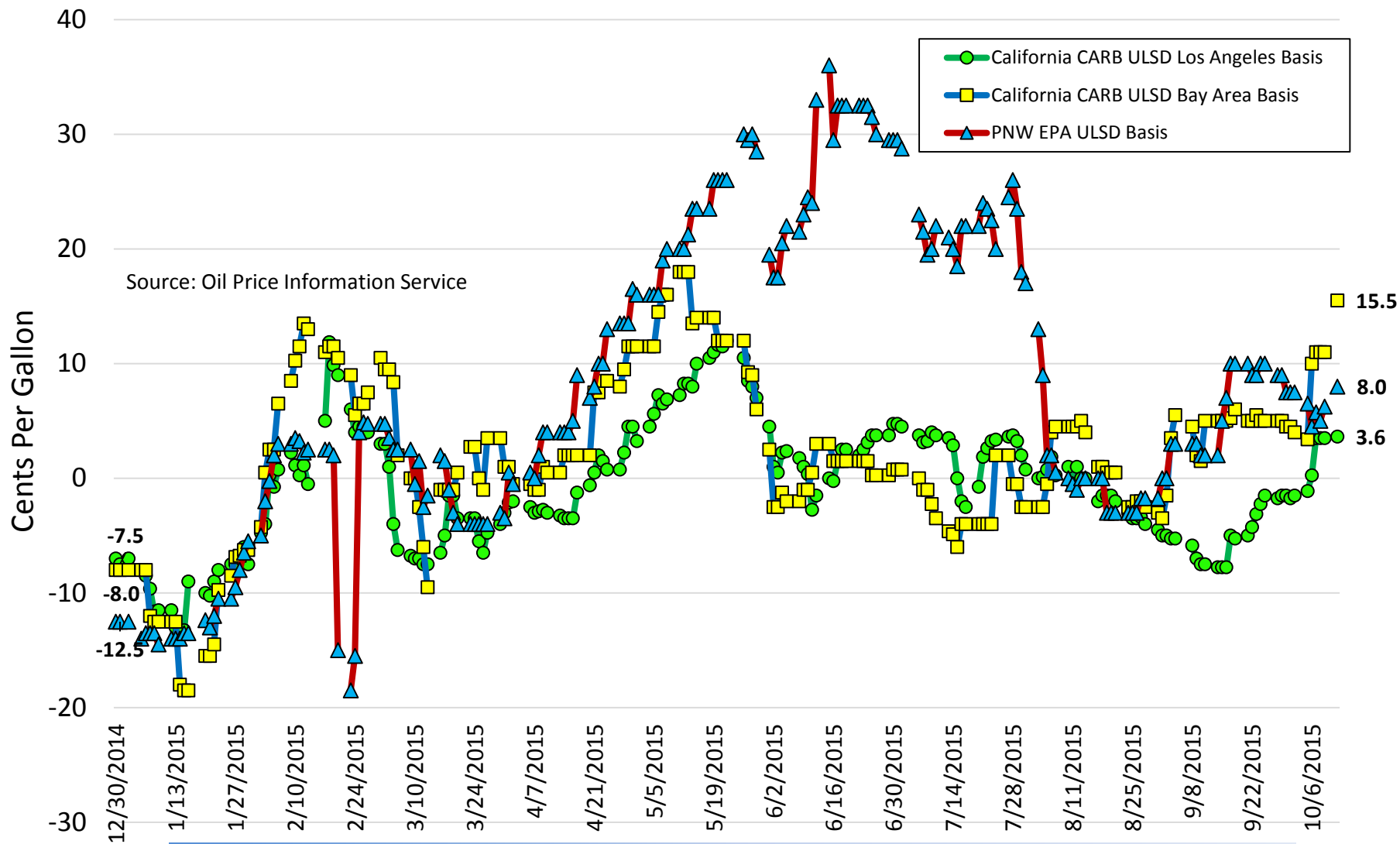


Retail Diesel Fuel Price Differences California vs. United States and Selected States





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