DIVISION OF PETROLEUM MARKET OVERSIGHT

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Re: Response to Request for Public Comment on OPIS's Methodology

Dear Ms. Stroud-Goodrich and Ms. Raji:

The California Division of Petroleum Market Oversight (DPMO) is submitting this public comment regarding the Oil Price Information Service's (OPIS's) methodology for assessing California refined product markets.

As the predominant price reporting agency on the U.S. West Coast, OPIS plays a critical role in facilitating price discovery for refiners, importers, and traders. Additionally, OPIS-assessed prices are commonly used in bulk, rack, and dealer tank wagon contracts. OPIS has referred to itself as the "official industry benchmark for the U.S. West Coast fuel market," stating that "nearly all fuel supply contracts on the West Coast reference OPIS spot prices."[1] As a result, OPIS's price assessments directly impact consumer costs for the tens of millions of Californians who rely on gasoline, diesel, and jet fuel every day.

DPMO is concerned that OPIS's approach is becoming increasingly ill-suited for California's concentrated and highly contracted fuels markets.[2] California's gasoline market has a relatively small number of refiners and importers who sell only a fraction of wholesale fuel at the spot market. Data reported by market participants pursuant to the California Price Gouging and Transparency Law (Senate Bill X1-2) indicates that a significant number of spot market transactions occurring in California are not reported to OPIS.[3] This creates the appearance of an even less liquid market on the U.S. West Coast, which can lead to significant volatility and escalating prices based on thin information. This perception of illiquidity, and its resulting volatility, can harm consumers and make it difficult for

[1] Oil Price Information Service (OPIS), "OPIS West Coast Spot Market Report," https://www.opis.com/wp-content/uploads/2025/08/West-Coast-Factsheet-PROOF2.pdf.
[2] See Division of Petroleum Market Oversight (DPMO), "Core Options for Reforming the California Gasoline Spot Market" (January 31, 2024), https://efiling.energy.ca.gov/GetDocument.aspx?tn=254283.
[3] This data is collected under Public Resources Code 25354(l).

many firms to reliably participate in the wholesale and retail markets. OPIS's methodology and editorial choices may exacerbate these dynamics.

We raise three specific areas of concern regarding OPIS's price assessment practices: (1) assessment practices during periods of low liquidity; (2) reliance on single sources for price assessments; and (3) the approach to the use of bids and offers, which appears to result in higher assessments.

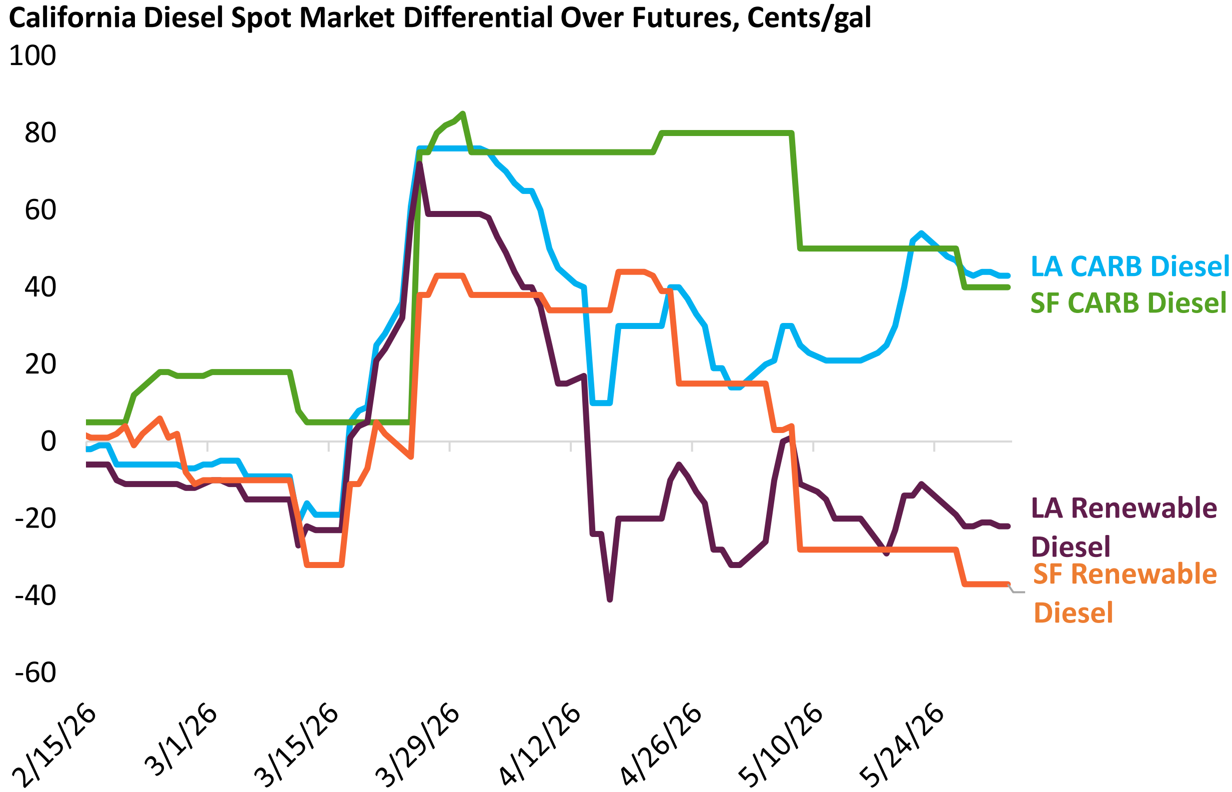
OPIS's Assessment Practices During Instances of Low Liquidity

OPIS's stated policy is to use "other market intelligence" or "historically demonstrable formulaic relationships" in "illiquid markets where transaction volume is light or non-existent."[4] However, in recent years, there have been multiple periods when apparent illiquidity prompted OPIS to carry over very high spot market assessments for many days, notwithstanding key market dynamics that tend to negate such high valuations.

For example, from March to early May 2026, OPIS's assessment of petroleum diesel differentials on the San Francisco spot market spiked as high as $0.85/gal above NYMEX and remained nearly $0.80/gal above NYMEX for 37 days.[5] During this time, OPIS effectively froze its assessment citing the lack of trades, bids and offers. This prolonged price freeze occurred at a time when prices in the interconnected Los Angeles spot market were $0.40-0.60/gal lower. Refined products move between Los Angeles and San Francisco on a very regular basis with a low cost of transport,[6] yet the discordant price assessment persisted. *See* **Exhibit 1.**

[4] OPIS, "Methodology," under "Relative Importance of Types of Data," https://www.opis.com/about/methodology/.
[5] Beginning April 1, 2026, San Francisco petroleum diesel assessments over NYMEX increased to $0.75/gal and $0.795/gal for CARB diesel and ULSD, respectively, and remained at those high levels through April 21, 2026 when CARB diesel rose to $0.795/gal. Both products would remain at $0.795 until they rose $0.005/gal to $0.80/gal on May 5, 2026.
[6] For example, Argus assesses the price of Waterborne San Francisco CARBOB and ULSD at $0.015/gal above the corresponding San Francisco pipeline assessment to reflect the cost of transportation. (See Argus, "Argus US Products Methodology and Specifications Guide" (June 2026), p. 11, https://www.argusmedia.com/-/media/Files/methodology/argus-us-products.ashx.)

Exhibit 1: San Francisco CARB Diesel Experienced Two "Freezes" in Spring 2026



DPMO analysis of OPIS West Coast reports.

This instance is particularly confounding because the San Francisco fossil diesel spot market regularly experiences illiquidity as a result of the dominance of renewable diesel, a "drop-in" substitute for fossil diesel. Because the two products are mutually fungible, renewable diesel pricing could serve as a key benchmark for assessing fossil diesel in San Francisco. Based on OPIS's assessment in this period, renewable diesel was priced (based on actual trades) at an average discount of more than $0.40/gal below the OPIS assessed price for fossil diesel.

OPIS's approach to the illiquid San Francisco fossil diesel spot market during this period was in direct tension with OPIS's contemporaneous assessment of Los Angeles fossil diesel, Los Angeles renewable diesel, and San Francisco renewable diesel. This elevated pricing comes at a significant cost for downstream fuel purchasers, especially end consumers, who pay inflated prices at the rack and at retail based on assessments by OPIS that are, with every passing day, based on increasingly outdated information.

OPIS may consider updating its practices to promote adequate price discovery in West Coast markets during periods of illiquidity by using reliable market information (like pricing in neighboring, liquid markets as well as for similar products) and by developing a method for reverting to historical price ranges.

Overreliance on Single-Source Reporting

DPMO is concerned that OPIS does not take adequate steps to ensure that just one or two transactions, or a single entity reporting more than half of all transactions, does not dramatically move the market, particularly when this may be contrary to market fundamentals.

OPIS policy is to consider all data "equally, without respect to any single data provider constituting a significant proportion of total data."[7] OPIS's competitors take different approaches. Platts requires that a company's "bids or offers … be clearly available for execution by any other potential [market on close] participant" when that company has provided "more than half of all available information."[8] Argus requires that "the supervising editor … engage in an analysis of market data with the primary reporter to ensure that the quality and integrity of the assessment has not been affected" in certain price assessments when more than half of the data comes from a single entity.[9] OPIS may consider developing and applying similar controls for its price assessments as those utilized by Platts and Argus.[10]

OPIS's Use of Bids and Offers

DPMO is concerned by the lack of transparency around the use of bids and offers for price assessments, with the result tending to be price assessments that are biased toward high offer values.

OPIS's policy is to prioritize transaction data for its assessments, but to "use bid/ask ranges to set highs and lows" when "the amount of transaction data is

[7] OPIS, "OPIS Methodology," under "Bulk of Data from One or More Sources."
[8] Platts, "Platts Assessment Methodology Guide" (June 2026), p. 10, https://www.spglobal.com/content/dam/spglobal/ci/en/documents/platts/en/our-methodology/methodology-specifications/platts-assessments-methodology-guide.pdf.
[9] Argus, "Argus US Products Methodology and Specifications Guide," p. 2,
[10] Relatedly, OPIS policy is to "*exclude any deal or deals [that editors] deem to be 'not reflective' of the prevailing market value*," but this control is thin when compared to OPIS's competitors. (See "OPIS Methodology.") Platts generally excludes information that reflects market gapping (*e.g.*, exceed the increments allowed in its market-on-close process), do not appear to be repeatable, or otherwise appear atypical or one-off. (See "Platts Assessment Methodology Guide," pp. 9-11.) Argus reporters similarly apply extra scrutiny to transactions that "*deviate significantly*" from the previous day's mean, "*fall outside the generally observed highs and lows*" during that trading day, or "*appear to the reporter to be illogical or to stray from the norms of trading behavior*," among other criteria. (See "Argus US Products Methodology," p. 3.)

much less comprehensive."[11] However, OPIS appears to use bids and offers to set exact-value price assessments in an inconsistent manner. Often, OPIS assesses the price at half a cent below the seller's offer price without respect to buyers' bids. Such a one-size approach creates a systemic bias in favor of higher price assessments. And while this is the default approach, there are material deviations that are not well explained.[12] OPIS may consider updating its methodology to clearly state how bids and offers will be incorporated in price assessments and to apply that methodology consistently.

Conclusion

Price reporting is a key function for commodities markets that should be founded in transparency and consistency. We appreciate the opportunity to provide feedback to improve OPIS's price assessments for the California market. Should you have any questions about this public comment, please do not hesitate to contact DPMO at DPMO@energy.ca.gov.

Sincerely,

Tai S. Milder
Director
Division of Petroleum Market Oversight

[11] OPIS, "OPIS Methodology," under "Overview."

[12] In other instances, OPIS appears to either disregard bids and offers (*see* OPIS West Coast Spot Reports dated Jan. 27, 2026 and Oct. 31, 2025); increase price assessments when there are no bids, offers, or trades (see OPIS West Coast Spot Report dated March 30, 2026); decrease price assessments when there are higher bids or offers than the previous assessment (OPIS West Coast Spot Reports dated April 1 and 23, 2026); or change the price assessment due to a bid or offer but state that it was unchanged (OPIS West Coast Spot Report dated November 7, 2025).