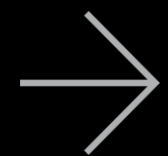


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Refinery Resupply Planning – Analysis of Key Parameters

California Energy Commission



Kevin DeCorla-Souza
Senior Director, Energy Markets

June 8, 2026

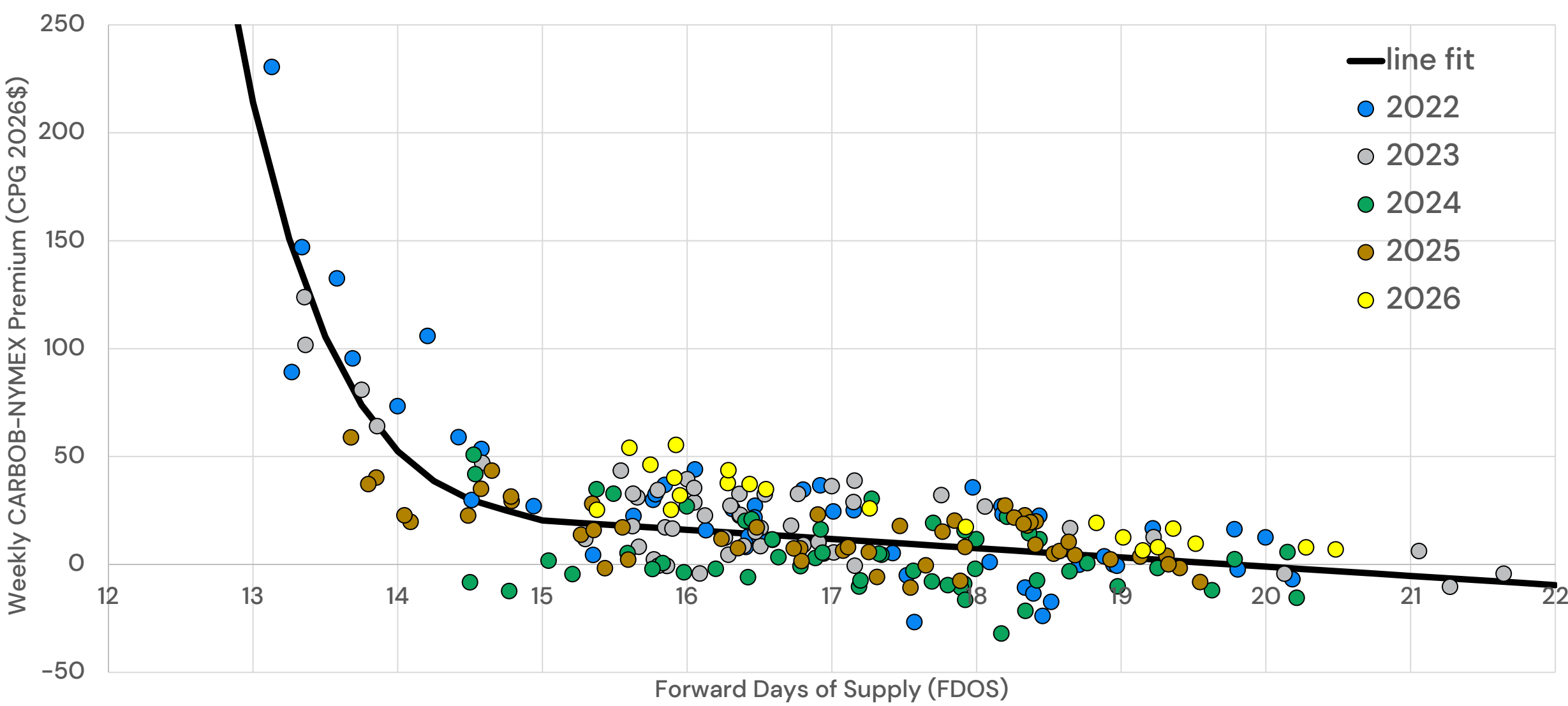
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Refinery Resupply Planning – Key Parameters

1. **Minimum Production Loss Trigger:** At what size planned gasoline loss should Resupply Planning be required?
2. **Resupply Amount:** For qualifying outages, what percentage of the expected gasoline loss should be resupplied?

California Gasoline Price Model



...Price spreads increase

As Days of Supply fall...

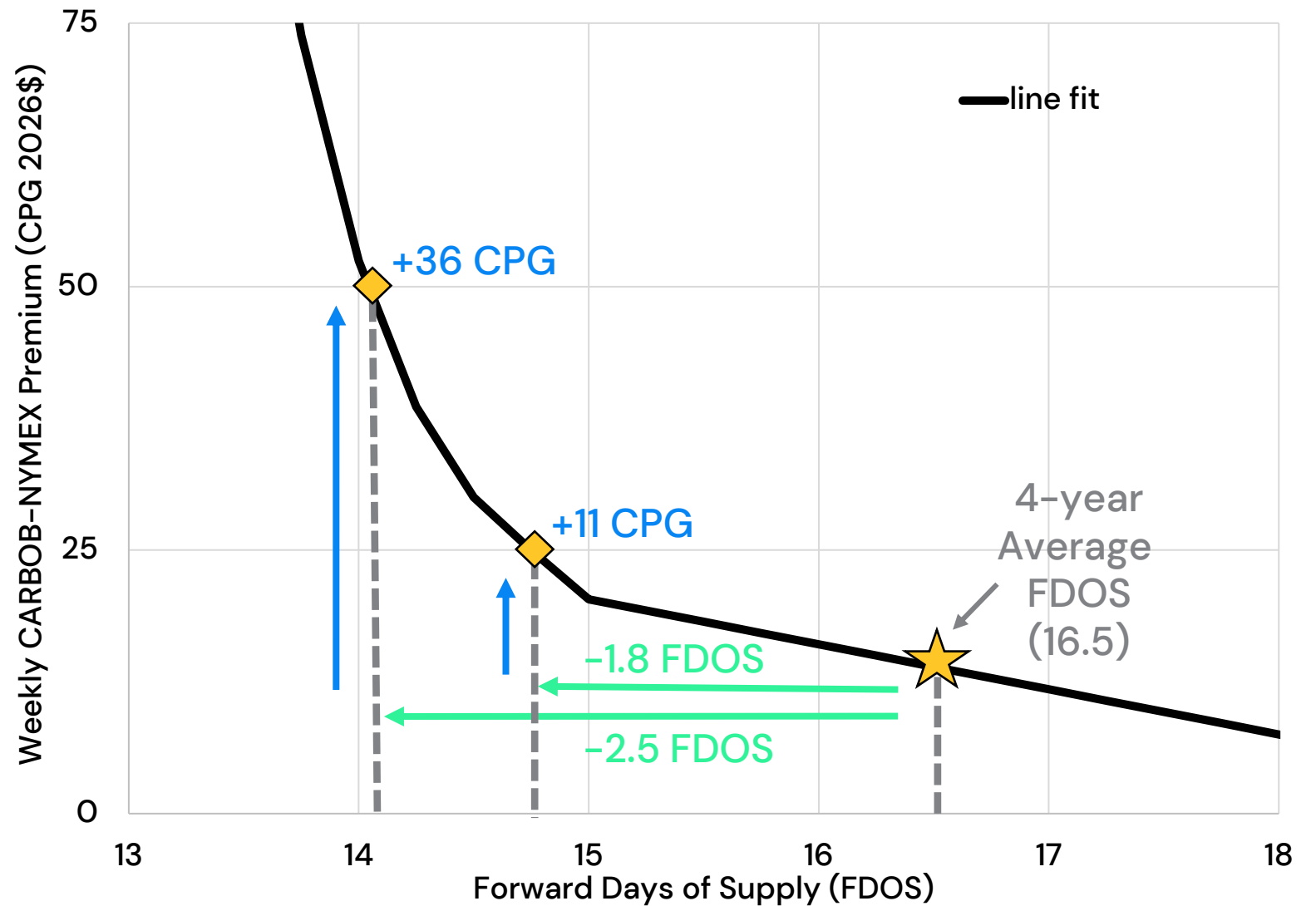
Minimum Production Loss Trigger

The Minimum Production Loss Trigger is driven by a policy question: what price premium is too high?

From a 16.5 FDOS starting point:

- 50 CPG premium → -2.5 FDOS drawdown
- 25 CPG premium → -1.8 FDOS drawdown

Note: results are sensitive to the initial FDOS starting point



Minimum Production Loss Trigger for Individual Refiners

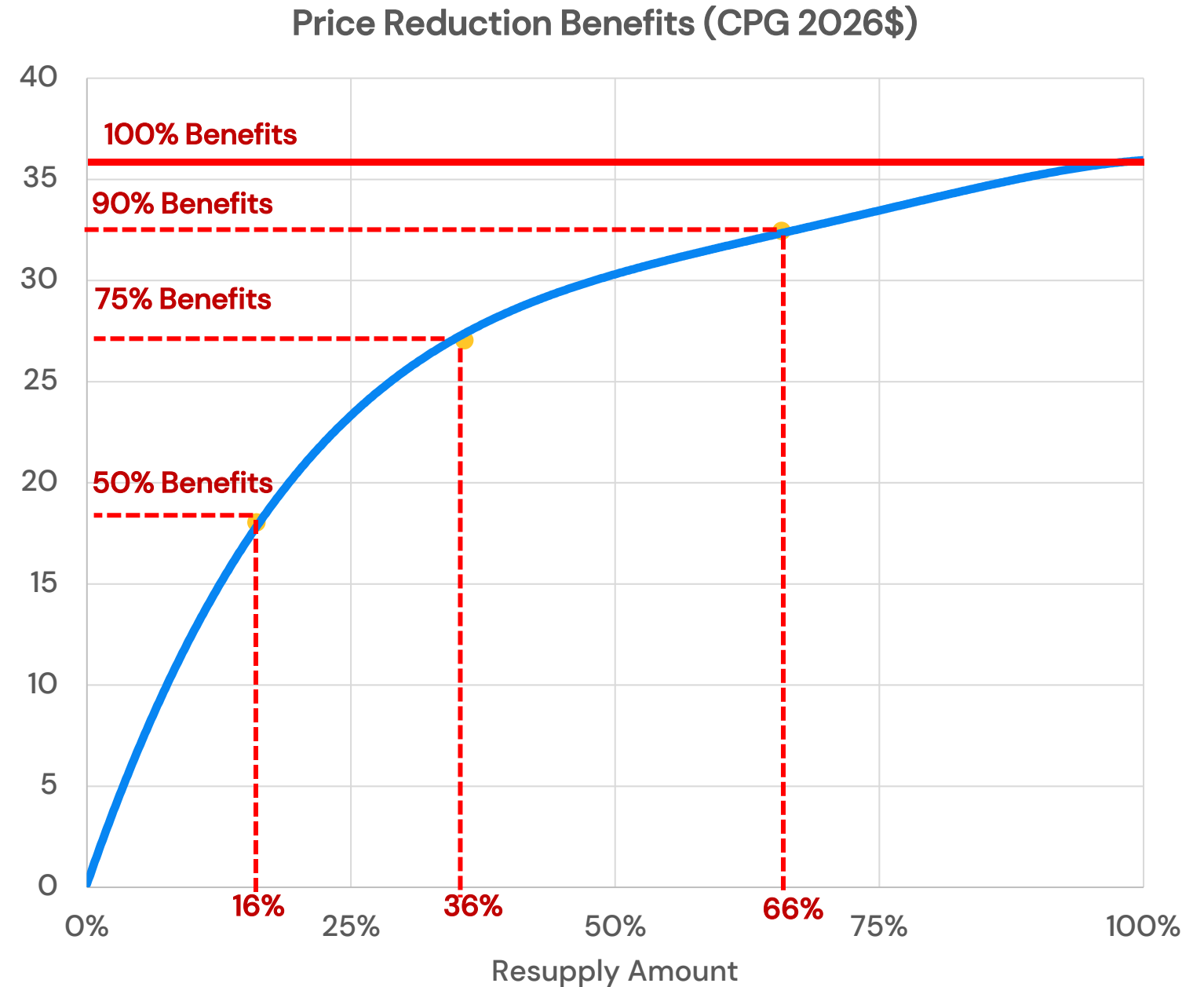
Because two or more simultaneous refinery outages are common, the production loss trigger for individual refiners may be set lower:

From a 16.5 FDOS starting point:

- **50 CPG premium → -2.5 FDOS drawdown (-1.92 mn bbls) / 2 = ~960,000 bbls**
- **25 CPG premium → -1.8 FDOS drawdown (-1.36 mn bbls) / 2 = ~680,000 bbls**

Resupply Amount – Diminishing Returns

Scenario: 960,000–bbl Production Loss
Trigger (Avoid 50 CPG premium / 36 CPG
price spike)

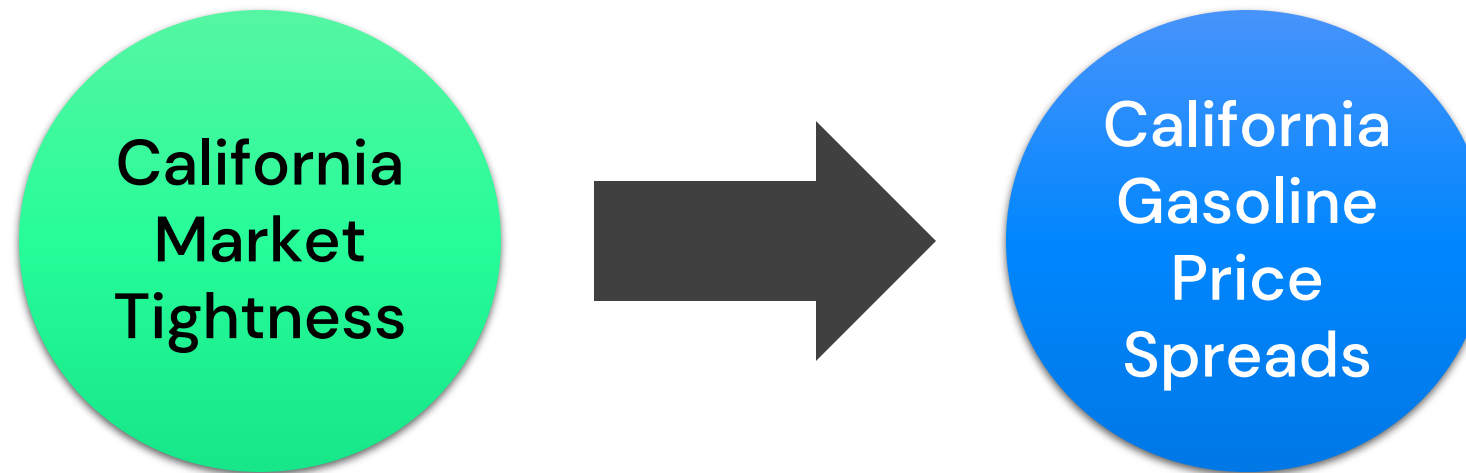


Takeaways

- **Minimum Production Loss Trigger:** can be informed by the Gasoline Price Model but it is driven by a policy question—how much of a premium versus NYMEX is tolerable?
- **Resupply Amount:** resupply benefits exhibit diminishing returns—price reductions are greater for the first barrels replaced
- **Resupply Source:** Price reduction benefits require resupply to come from outside the West Coast region (additive to regionwide inventories)
- **Resupply Timing:** Resupply would optimally come in before or during the outage

California Gasoline Price Model

Results of benefit-cost analysis are driven by California Gasoline Price Model that establishes a relationship between two key variables:



California Gasoline Market Tightness: Forward Days of Supply

The diagram illustrates the formula for Forward Days of Supply at time $t=0$. It features a central equation with three green boxes providing context: 'Stocks at beginning of week' points to the $Stocks_{t=-1}$ term; 'Expected build (+) or drawdown (-) in stocks over next 3 weeks' points to the $\sum Exp. Supply Balance_{t=0,1,2}$ term; and 'Avg. daily motor gasoline sales (less ethanol content)' points to the denominator $Avg. Daily Demand_{t=0,1,2}$. A fourth box, 'Common metric to measure market tightness', points to the entire left side of the equation.

$$Fwd\ Days\ of\ Supply_{t=0} = \frac{Stocks_{t=-1} + \sum Exp. Supply\ Balance_{t=0,1,2}}{Avg. Daily Demand_{t=0,1,2}}$$

Stocks at beginning of week

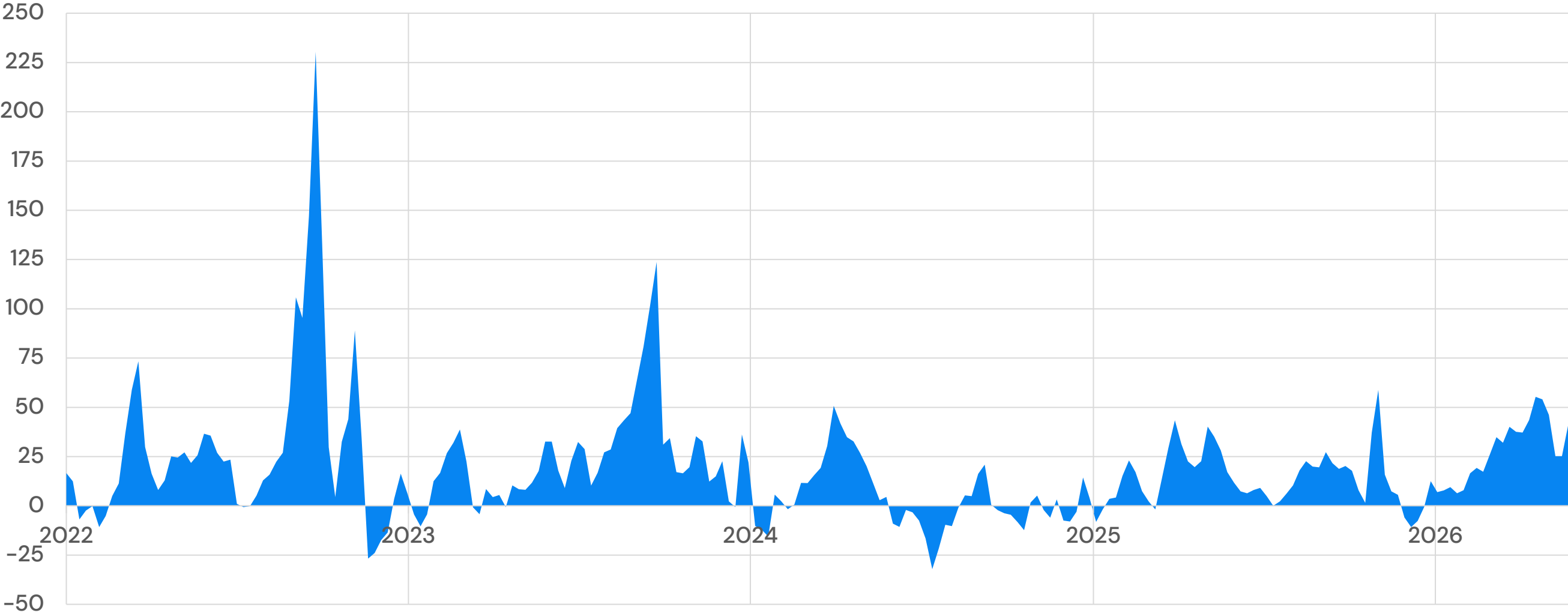
Expected build (+) or drawdown (-) in stocks over next 3 weeks

Common metric to measure market tightness

Avg. daily motor gasoline sales (less ethanol content)

California Gasoline Price Spreads

CARBOB-NYMEX Premium, Weekly Average, 2022-2026 YTD (2026\$ CPG)



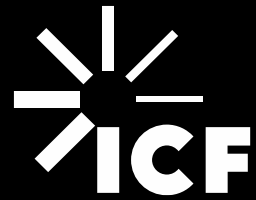
Source: Argus, CME, ICF calculations

Note: CARBOB-NYMEX Premium = LA Spot CARBOB - NYMEX Front-Month New York Harbor RBOB - RVP premium (~4 cpg per 1 psi RVP difference)

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