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Spot Market Description for the Transportation Fuels Assessment Workshop California Energy Commission

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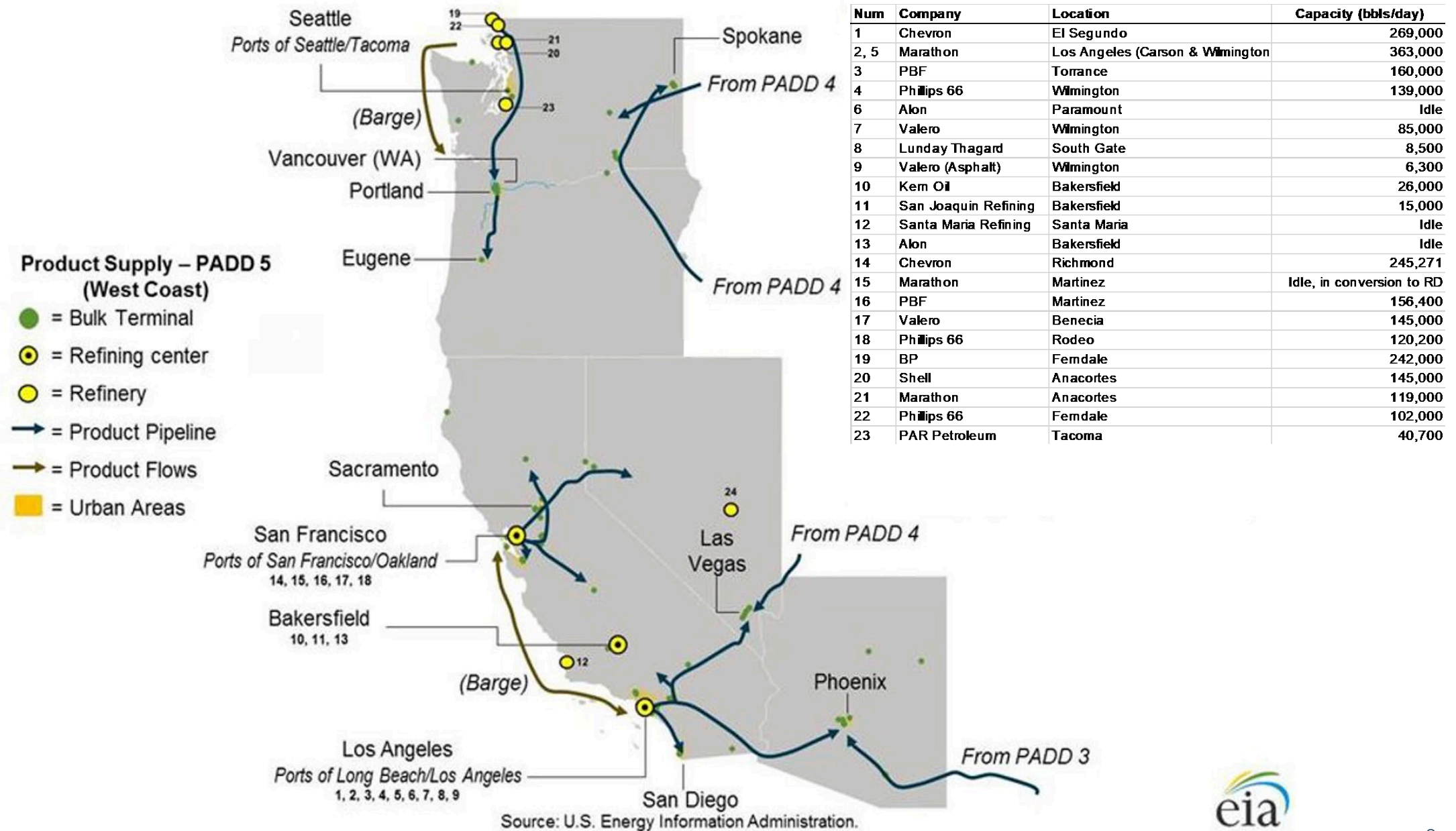
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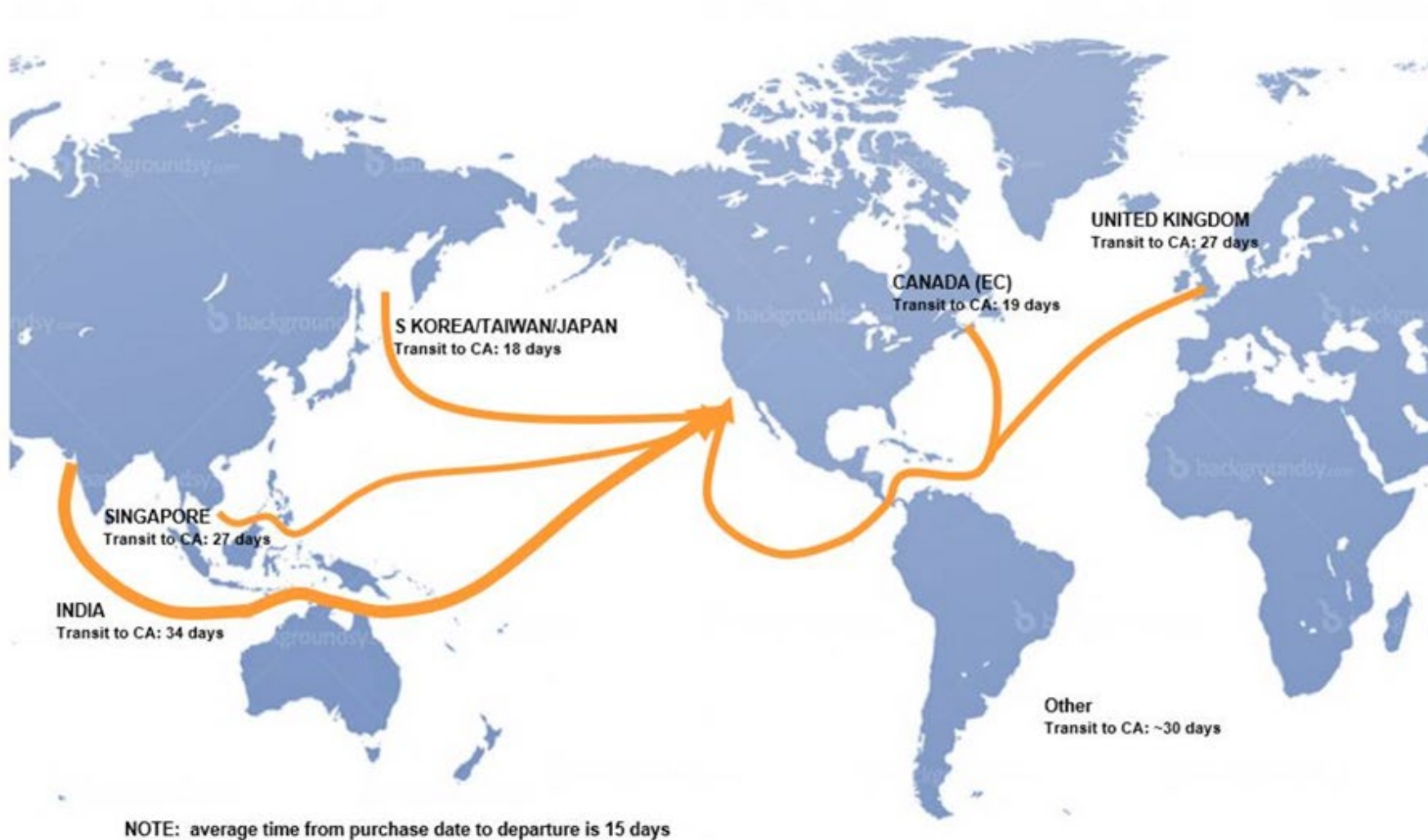
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The West Coast is a fuel island



When gasoline production falls short, additional supply comes by tanker from around the globe



Turning to prices, oil prices are set at the point of title transfer

Crude Oil at Wellhead



Spot Gasoline at Pipeline Hub



Delivered to the Station



Truck Loading at the Rack



Sold to Consumers

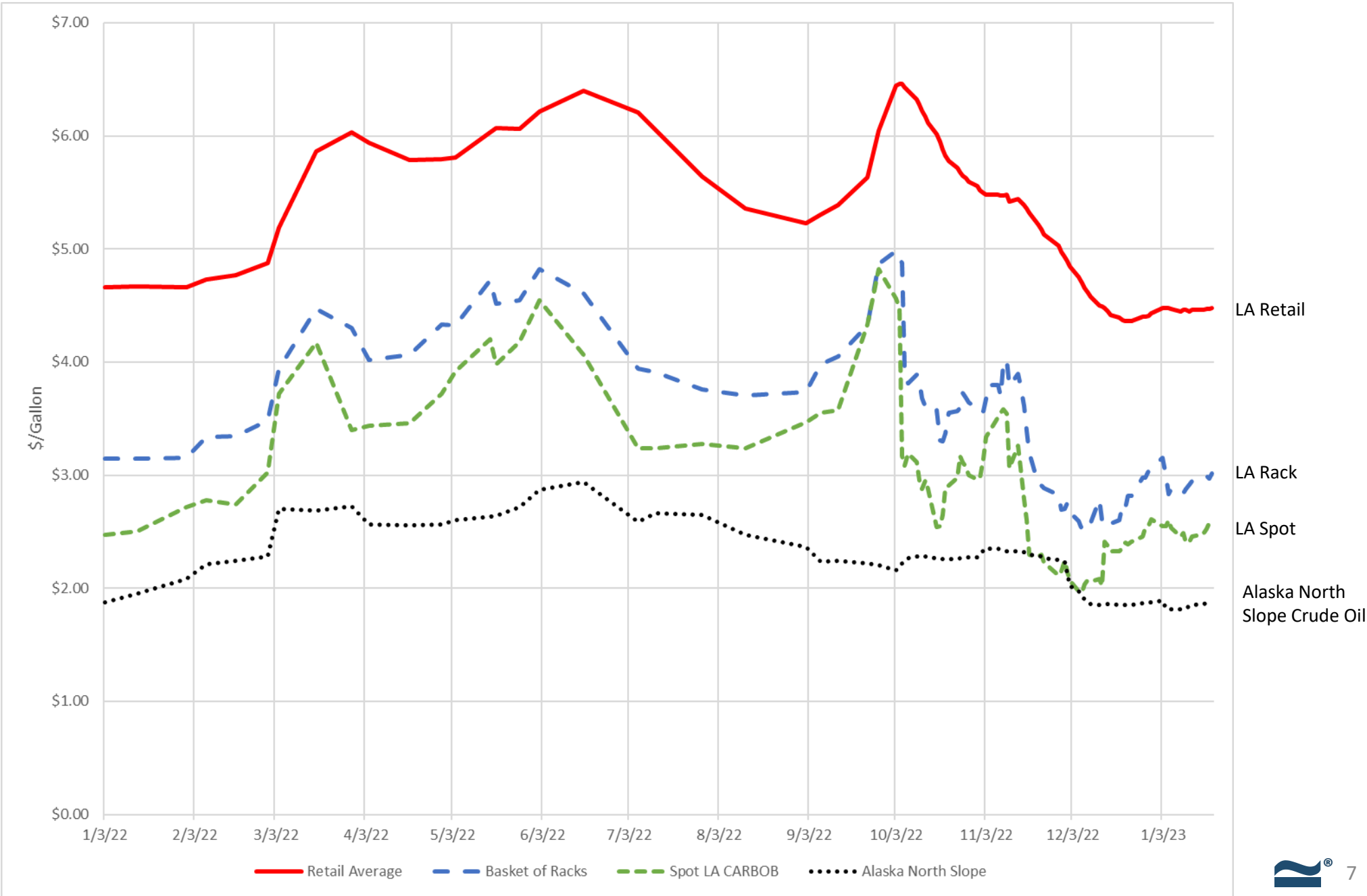


Los Angeles Crude Oil & Gasoline Prices -2022

Note the rise starting in March due to the Ukraine war.

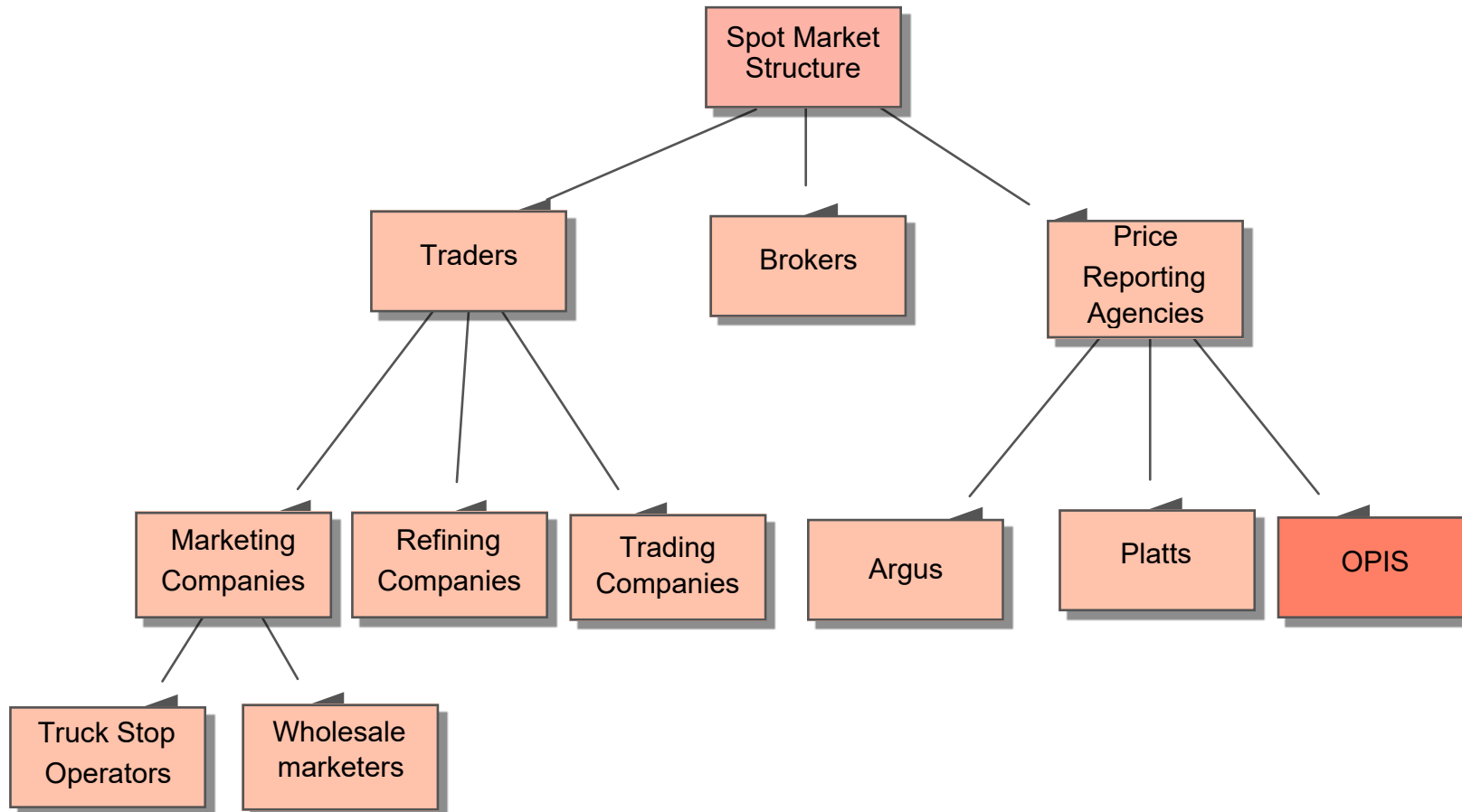
The September spot spike was due to California refining issues.

The duration of that spot spike was about 2 months. The retail spike lasted a few weeks longer.

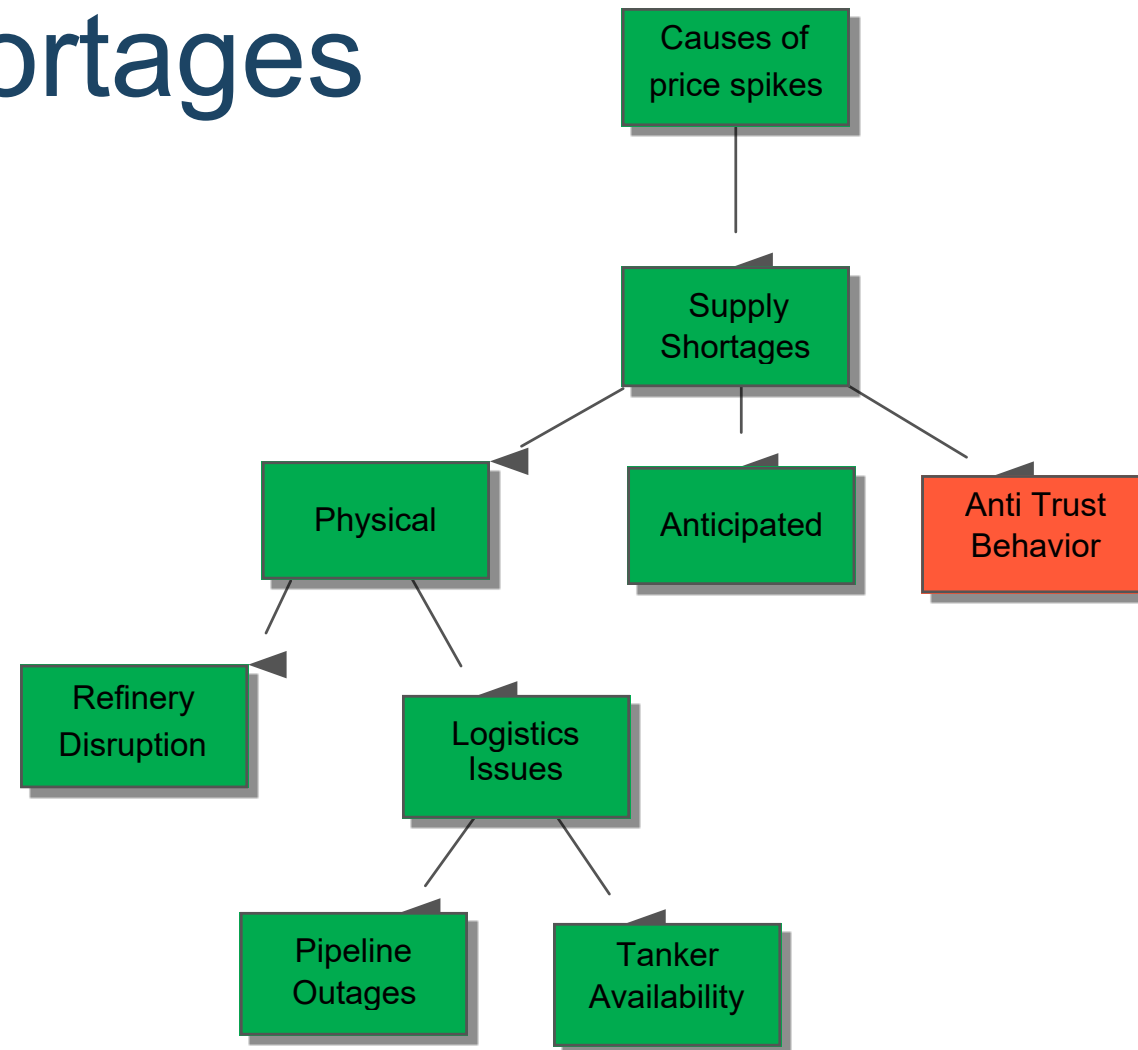


Source: OPIS

The product spot market has a limited number of participants



Spot market price spikes are caused by supply shortages



Price spike mitigation measures must address the supply shortage issue