

DOCKETED	
Docket Number:	22-IEPR-05
Project Title:	Emerging Topics
TN #:	247683
Document Title:	Catherine Reheis-Boyd, WSPA Presentation
Description:	N/A
Filer:	Donnie Cox
Organization:	California Energy Commission
Submitter Role:	Public
Submission Date:	11/23/2022 4:30:09 PM
Docketed Date:	11/23/2022



Western States Petroleum Association

*California Energy Commission
November 29, 2022*

Earnings in Perspective

Reported earnings by America's natural gas and oil industry indicate a sector that is a large, robust driver of the U.S. economy – benefiting millions of American households through individually owned stocks, mutual funds, retirement accounts and other financial instruments. Earnings allow American companies to help strengthen the broader economy by investing in facilities, infrastructure, new technologies and new production that supports millions of American jobs.

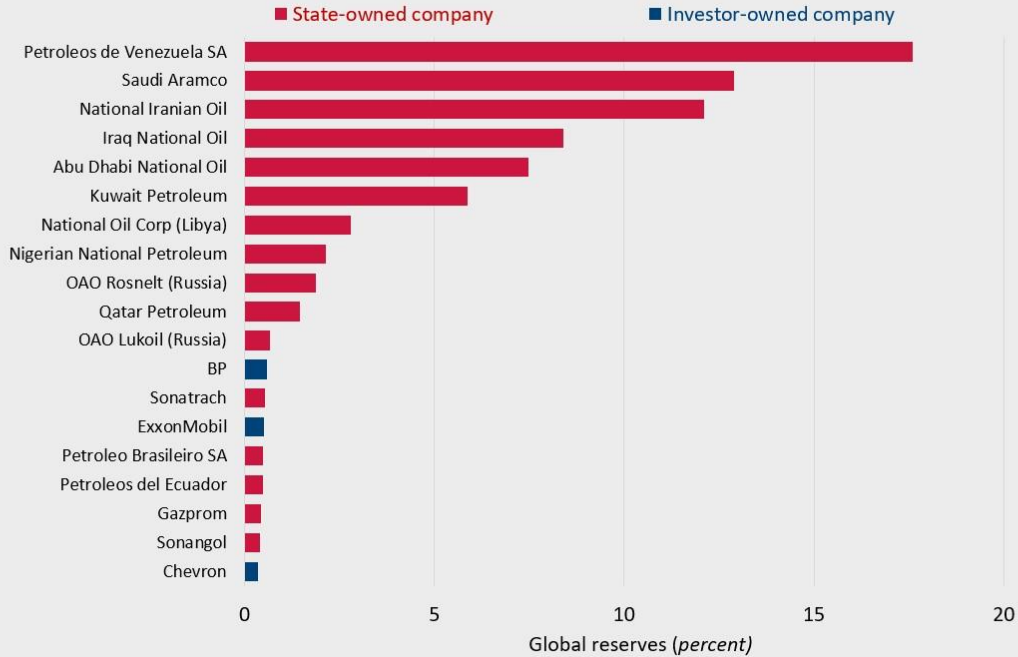


Oil and Natural Gas are Critical to Energy Security

Since energy touches virtually every aspect of modern life, it's critically important for the U.S. to have secure sources of natural gas and oil and, under our economic system, a robust energy industry to develop them

In 2020, state-owned oil companies controlled about 77 percent of world oil reserves.

Largest Oil Companies by Reserves, 2020



Sources: Company Annual Reports; Oil & Gas Journal; Bloomberg.

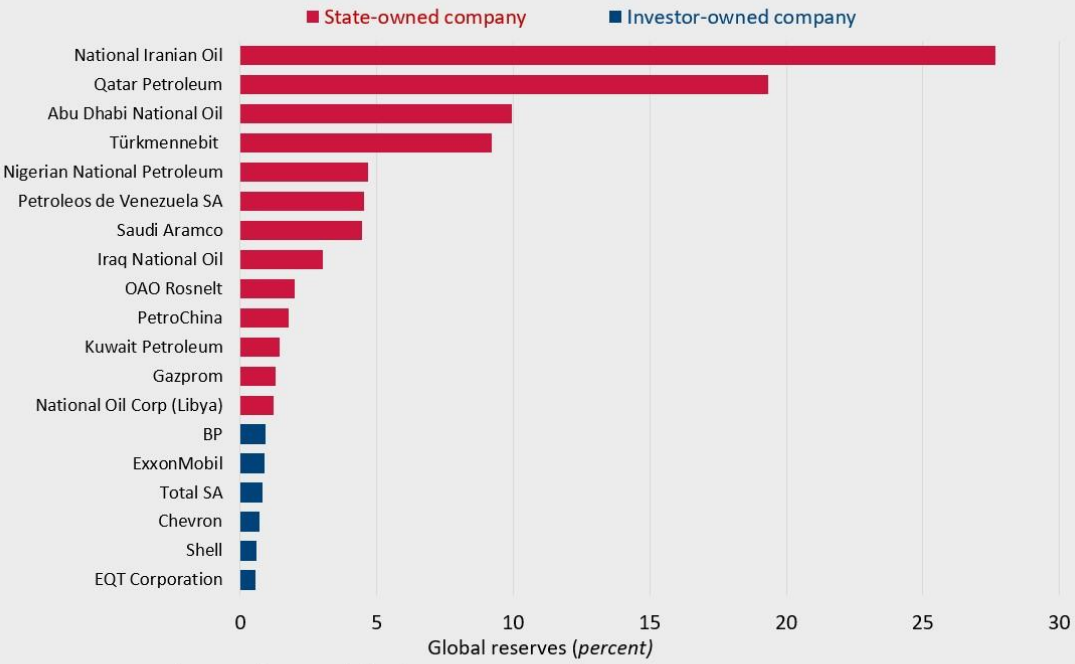


Oil and Natural Gas are Critical to Energy Security

The picture is even more dramatic for natural gas. The chart below shows that state-owned companies control about 93% of the world's natural gas reserves

In 2020, state-owned natural gas companies controlled roughly 93 percent of world natural gas reserves.

Largest Natural Gas Companies by Reserves, 2020

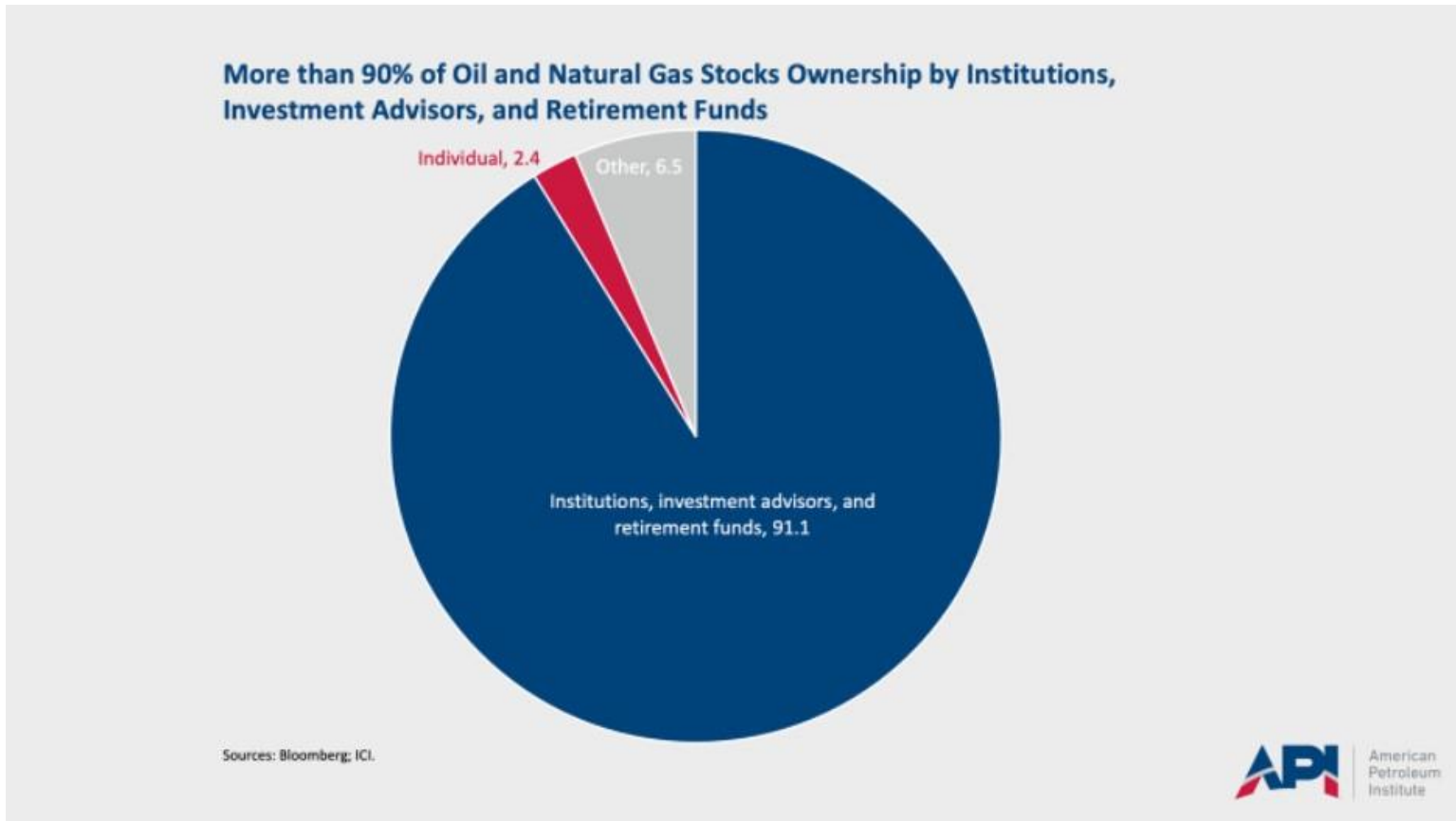


Sources: Company Annual Reports; Oil & Gas Journal; Bloomberg.



Millions Own “Big Oil”

More than 90% of the stocks of natural gas and oil companies are owned by institutions, investment advisors and retirement funds, including those of millions of Americans invested in 401Ks as well as private and public pension funds

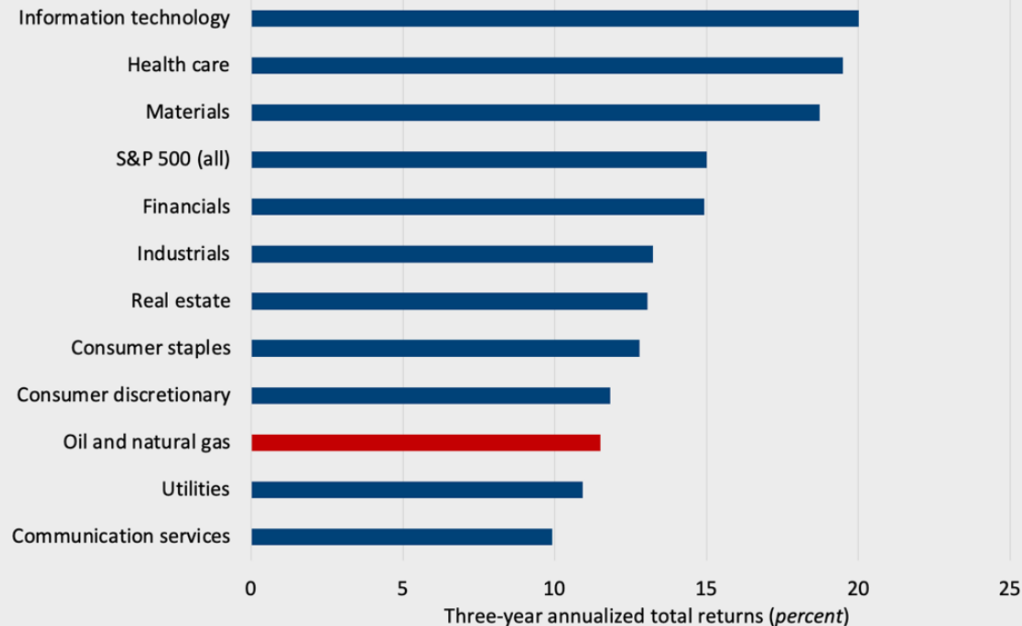


Industry's Earnings are Similar to Other S&P 500 sectors

Earnings are generating attention largely because the price of crude oil was significantly higher the first three months of the year, as growth in demand for fuels and other petroleum products outpaced growth in supply.

Comparing S&P 500 Sectors' Return on Investment

Three-Year Annualized Total Returns by S&P 500 Sector, April 2019 to April 2022



Source: Bloomberg (April 13, 2022).



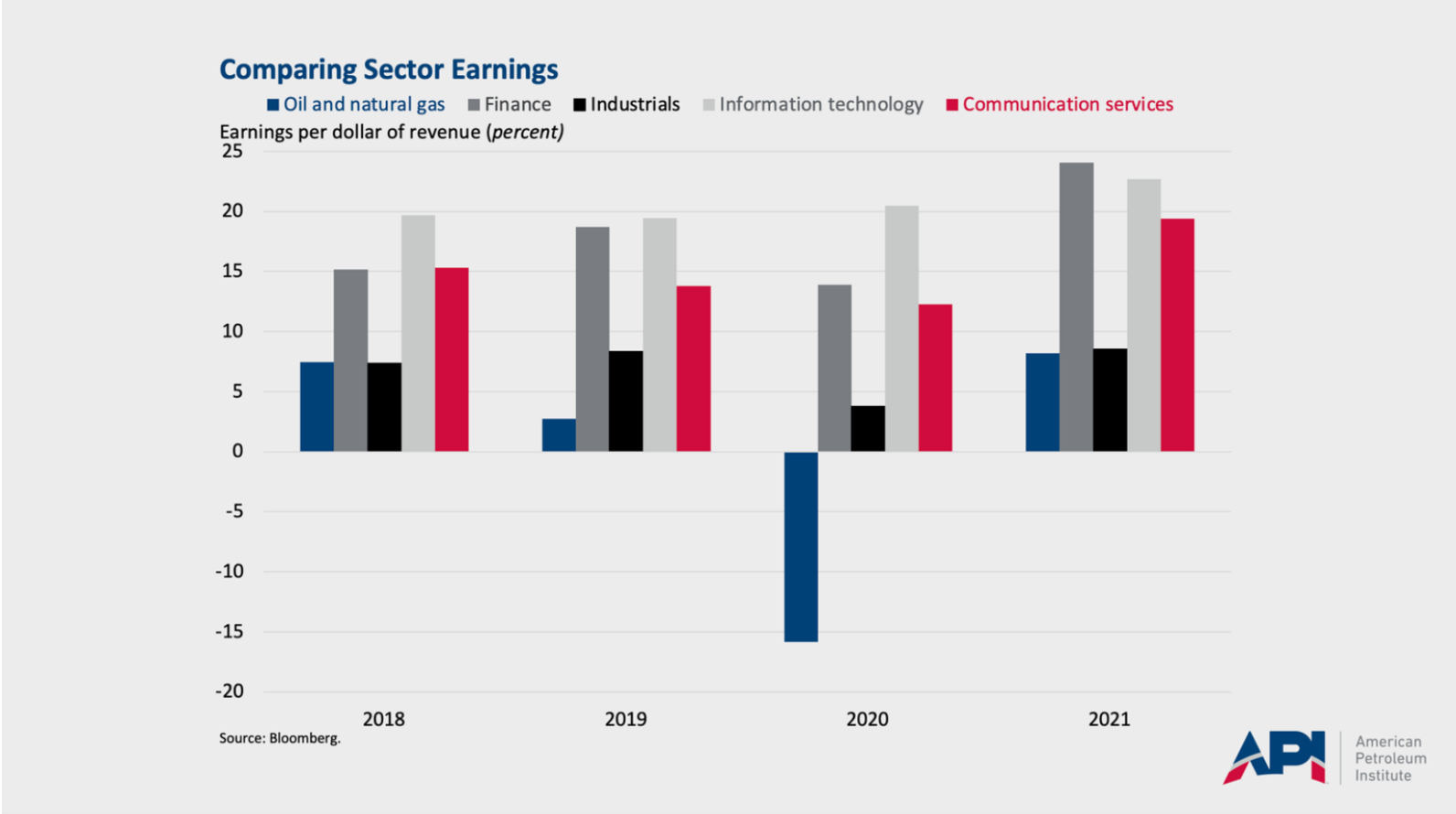
Earnings in Perspective

Earnings should be viewed in a larger context than a quarter at a time. natural gas and oil company earnings per dollar of revenue (red bars) are in line with or below those of the S&P 500 as a whole

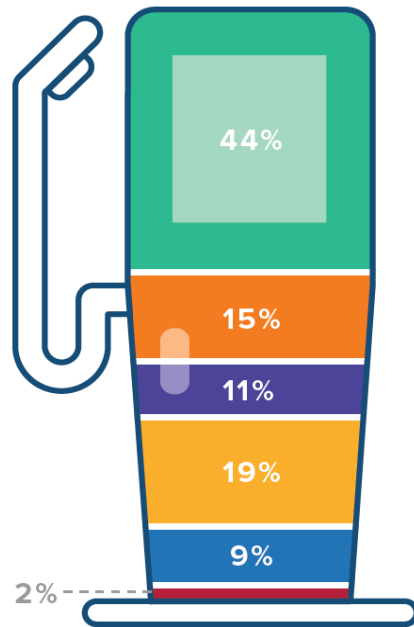


Earnings in Perspective

Relative to other S&P 500 sectors, natural gas and oil earnings can fluctuate more – because of lags in the sector’s ability to respond to rapid changes in demand. In the chart below, oil and gas earnings (expressed as earnings divided by overall revenue) were not out of line with those of other S&P 500 sectors:



CA CLIMATE POLICY IMPACTS



Source: California Energy Commission, OPIS West Coast Spot Market Report

Disclaimer: This infographic shall not be construed as a forecast of fuel prices. The basic rules of supply and demand have an impact on the price of gasoline. Additionally, local taxes and fees also account for the cost of gasoline to consumers.

Effective as of 8 November 2022

cents/gallon

54 STATE EXCISE TAX

+ **18** FEDERAL EXCISE TAX

+ **14** LOW CARBON FUEL STANDARD

+ **23** CAP-AND-TRADE

+ **12** STATE & LOCAL SALES TAX

+ **2** STATE UNDERGROUND STORAGE TAX

TOTAL

1.23 DOLLARS/GALLON

