

California Fueling Uncertainty: Assessing California's Petroleum Supply Resilience and Strategic Planning

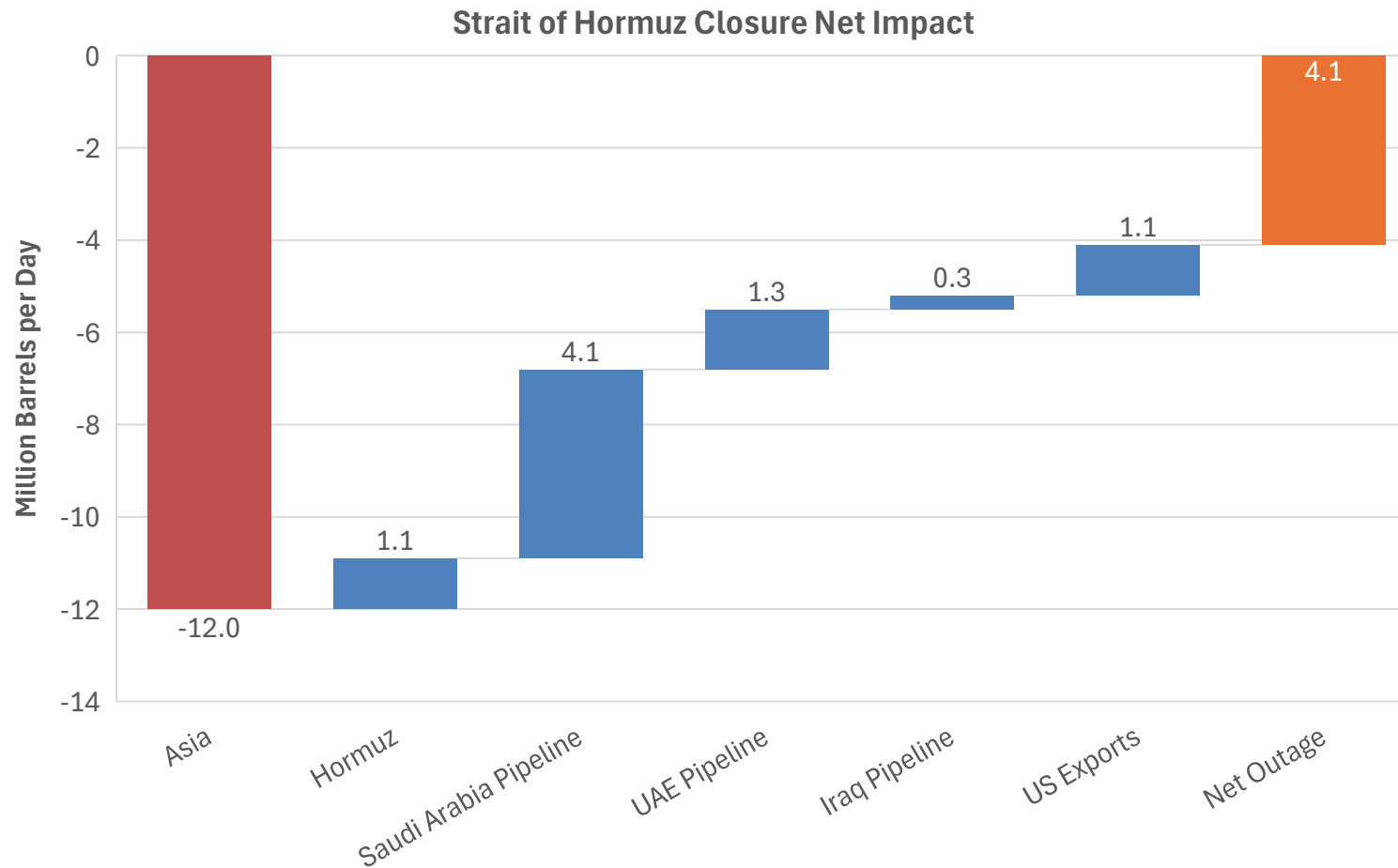


*California Assembly Utilities and Energy Committee
Skip York – Nonresident Fellow, Global Energy
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- Founded in 1993 by Rice University in honor of Secretary James A. Baker, III
- Nonpartisan, data-driven research have informed decisions of policymakers, business leaders, academics and the public for more than 30 years.
- Major research pillars within the institute:
 - Economics & Finance
 - Energy
 - Foreign Policy
 - Health & Science

Majority of lost Hormuz volumes to Asia have been replaced, but for how long?

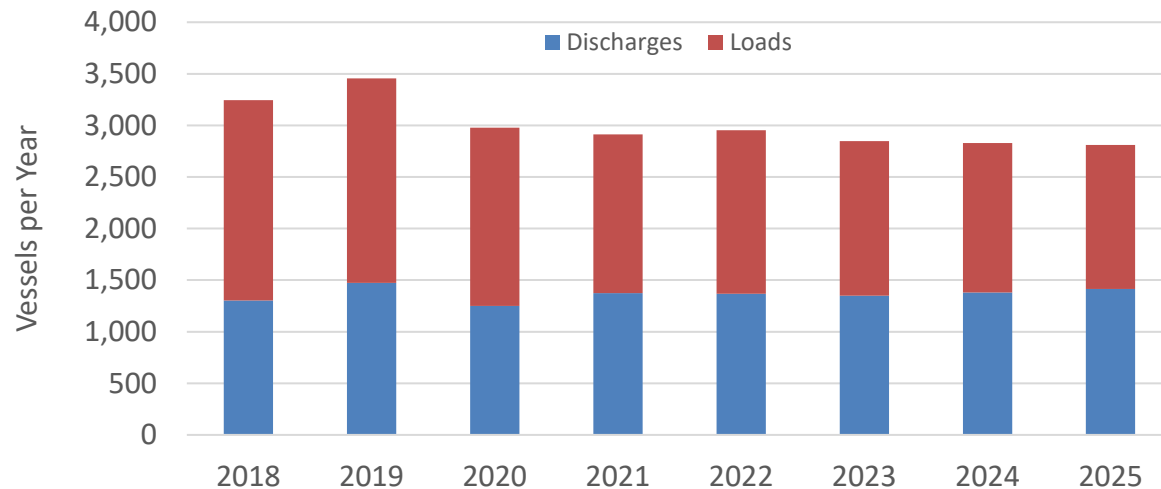


Closure of the Strait of Hormuz is hitting California fuel markets in three ways

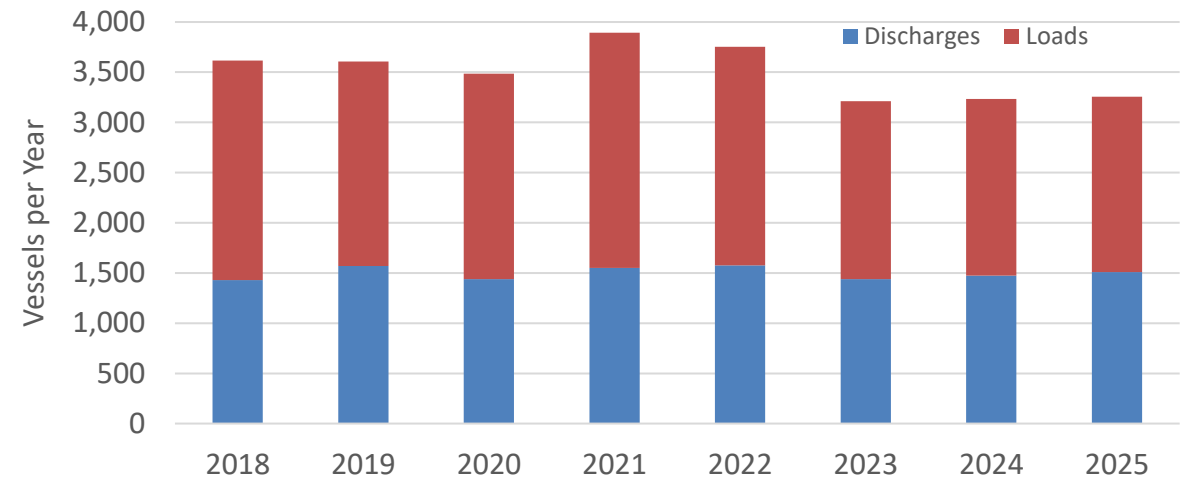
- Loss of access to Middle East crude oil forces California refiners to find alternate sources for ~20% of their feedstock – and most of the world has the same challenge
- Asian refineries are supplying less products because they have lost 35-45% of the crude oil they usually import from the Middle East
- Many Asian refining countries have imposed product export limits
- With 1,000 laden ships inside the Persian Gulf and another 3,000 loitering outside, shipping companies estimate it could take 3 months to fully restore supply chains

Marine logistics has capacity on an annual basis, but there are congestion issues on some days

Northern California Loads & Discharges

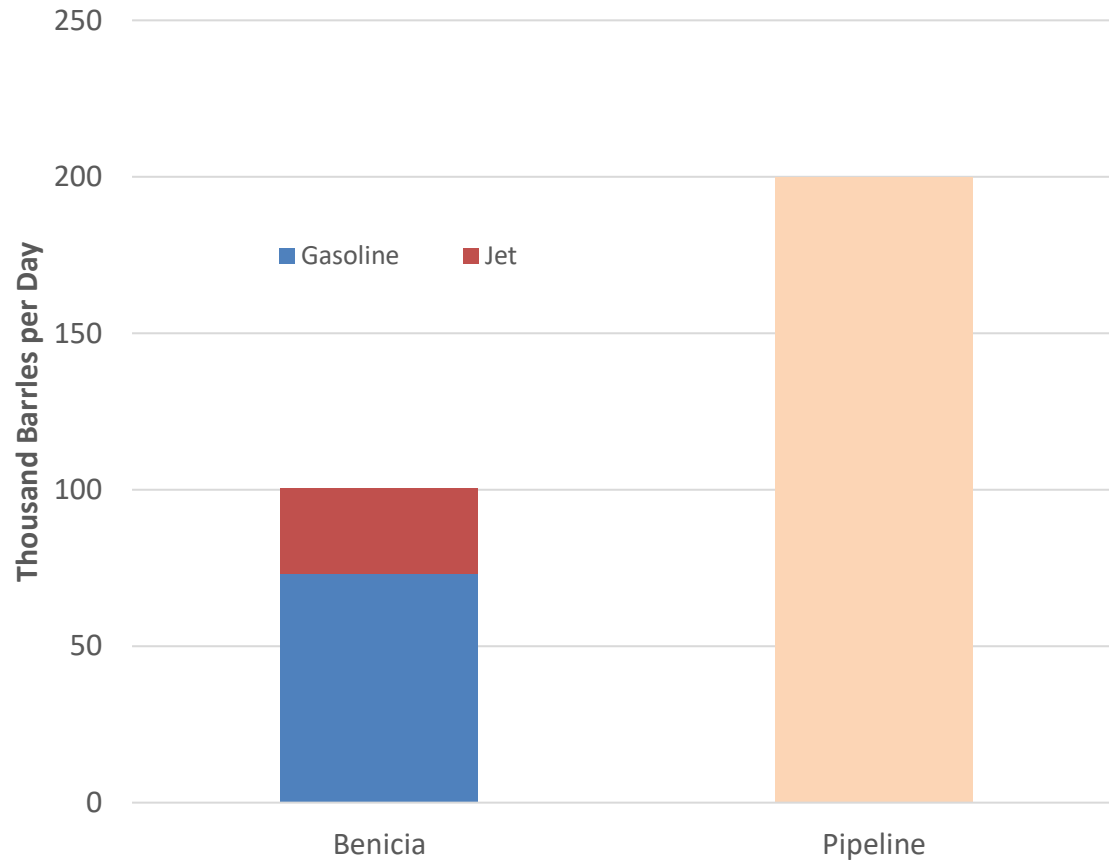


Southern California Loads & Discharges



- Discharges and Loads refer to volumes being received from or loaded onto a ship or barge. These should not be confused with imports and exports as significant volume originates from or is destined for another location within California.
- Total number of ships in the North has been relatively constant since 2020.
- However, in the South there has been a tapering in tanker traffic since 2021.

A products pipeline from the east could be the equivalent of two Benicia refineries



- Provides greater product flexibility because a pipeline only ships the products that a market needs
- Diversifies non-California supply away from long-haul supply chain of the Middle East/Asia

What are potential options within the next five years?

- **Targeted permitting relief upstream – each 15 thousand barrels per day of increased in-state production displaces a tanker from the Middle East each month**
- **Support for in state production and stability**
- **Accelerate in state Sustainable Aviation Fuel production, otherwise known as SAF, which displaces jet fuel imports and can help with increasing local gasoline supply**
- **These measures can add marginal barrels without large-scale refinery investments**