

OPIS Response to DPMO Public Comment on OPIS California Refined Product Methodology

OPIS appreciates the public comment regarding OPIS's methodology for assessing California refined products markets published by the Division of Petroleum Market Oversight (DPMO) on June 30, 2026. OPIS shares DPMO's objective of supporting transparent, reliable, and representative price discovery and welcomes continued engagement on the assessment of California spot markets.

OPIS's West Coast price assessments and methodology adhere to the IOSCO Principles for Oil Price Reporting Agencies, the globally recognized standards for commodity price reporting. The Principles govern sourcing, data verification, and the hierarchy of data inputs, such as trades, bids, and offers used in price assessments. Since 2013, OPIS has engaged external auditors to review its OPIS West Coast benchmarks against the Principles and provide independent assurance. OPIS methodologies are formally reviewed internally and externally with stakeholders annually.

Following discussions with DPMO on August 18 and September 22, OPIS would also like to take the opportunity to respond to three concerns raised in the DPMO public comment regarding (1) OPIS's assessment practices during periods of illiquidity, (2) OPIS's approach to bids and offers and DPMO's concerns that it may lead to higher assessments, and (3) concerns that OPIS may rely on single sources for price assessments.

1) SF CARB diesel and periods of limited liquidity

OPIS agrees with DPMO that spot markets for San Francisco refined products have generally exhibited less transactional liquidity than Los Angeles markets.

Under OPIS's methodology, when transactional activity is limited or absent, assessors may consider other qualifying market information and established pricing relationships to inform the assessment process; however, from March to May 2026, established pricing relationships were not observed in the market for San Francisco CARB diesel.

The San Francisco CARB diesel assessment remained near plus 75 to plus 80 cents per gallon from late March to early May 2026. That level was confirmed by the market. Verified San Francisco CARB diesel trades were concluded at 75 cents on March 25 and March 31, and at plus 80 cents on March 27, April 22, and May 5. Separately, Los Angeles CARB diesel traded 11 times around that time frame, ranging from a premium of 8 and 10 cents on March 19 to 40 cents on April 23, 14 cents on April 30, and 20 cents on May 5. These transactions demonstrate that the two markets were trading at materially different levels, not that the San Francisco assessment was "frozen." Notably, when a qualifying offer tested the San Francisco market lower on May 8, the assessment moved from plus 80 cents to plus 49.5 cents.

The OPIS process and methodology require that an assessment change must be supported by relevant market evidence and internal review. When no market information that satisfies the methodology is available, an assessment may remain unchanged.

Waterborne Assessments

Under the current market conditions, OPIS does not consider waterborne assessments or renewable diesel transactions to be applicable substitutes for San Francisco CARB diesel pricing assessments.

OPIS has not identified a discoverable market for waterborne refined products in the U.S. West Coast with active spot bids, offers, or trades. Therefore, OPIS cannot currently assess a waterborne based price that could be utilized as a substitute for San Francisco CARB diesel. OPIS also does not assess a derived or calculated waterborne logistics cost for determining the relational value between the San Francisco and Los Angeles refined products markets.¹ The Los Angeles and San Francisco spot markets have a historically proven relationship value through North-South pipeline trading rather than waterborne trade.

Renewable Diesel

Renewable diesel is an assessed spot product that currently trades only in relation to spot CARB diesel fuel. Because renewable diesel does not trade as a differential to the NYMEX ULSD contract nor as an outright price, the renewal diesel spot price cannot independently be used as a reference for determining CARB diesel prices.

Further, this year, San Francisco's renewable diesel fuel spot market traded with less liquidity than CARB diesel. Between March and May 2026, OPIS confirmed transaction data showed more deals and consistency in trading activity for San Francisco CARB diesel than renewable diesel. During the time period, OPIS confirmed nine San Francisco CARB diesel spot trades and two San Francisco renewable diesel trades. In April, no transactions were confirmed for San Francisco renewable diesel.

OPIS received no qualifying trade data during the relevant period that would support that San Francisco CARB diesel should be assessed at parity with San Francisco renewable diesel. Between March and May 2026, the two trades confirmed for San Francisco renewable diesel fuel were San Francisco CARB diesel minus 37cts/gal and San Francisco CARB diesel minus 77cts/gal. On those separate trade dates, the renewable diesel fuel market relied directly upon

¹ The "low cost of transport" for waterborne values cited by DPMO (\$0.015/gal) is a calculated cost of transportation from a San Francisco terminal to a ship in the San Francisco Bay Area. It is not a difference in transportation cost between Los Angeles and San Francisco that can be referenced for a shipping "cost of transportation" between these two markets.

the San Francisco fossil fuel market as a basis for pricing and could not otherwise serve as a price basis for spot CARB diesel.

Due to these factors, OPIS does not currently plan to use waterborne or renewable diesel pricing in the San Francisco CARB diesel assessment.

2) Bids and offers

OPIS assessments are made in accordance with the OPIS West Coast Methodology and as noted above, West Coast San Francisco CARB Diesel is assessed in accordance with the IOSCO Principles for Oil Price Reporting Agencies. Specifically, this means that requirements for sourcing, trade data inputs (transactions, bids, offers, etc.), and data verification standards are met. Further, each OPIS West Coast assessment is peer reviewed and separately approved by a senior editor who is not responsible for assessing that market in order to provide independent review prior to publication.

The OPIS methodology requires that OPIS applies a full-day price-discovery process for West Coast assessments. This means that confirmed transactions generally receive priority, followed by firm, transparent, executable bids and offers. Executable bids and offers are considered when they provide a valid test of market direction or otherwise reflect prevailing market value.²

OPIS does not split bids and offers, favor higher offers or lower bids, or change an assessment without market-based evidence. Pricing indications are verified and cross-checked with vetted and approved market sources. Each assessment is subject to peer and senior-editor review before publication. The examples cited in the letter by DPMO are consistent with these principles.³

3) Sources of information and single-source concerns

OPIS does not assign preferential weight to information from any approved source. OPIS follows robust policies around sources to ensure reliability in its reporting. Market sources are reviewed and approved by senior editors and/or managers. The OPIS process requires that trading information received from any source is shared with other market participants for verification purposes. OPIS also publishes confirmed trades in the deal log, which provides transparency and further opportunity for market verification.

² When neither the buying nor the selling side of the market provides an adequate price test, OPIS standard practice is to assess the US West Coast spot price average at a 0.5-cent increment from either the bid or the offer. To maintain objectivity, OPIS does not assume the market value is higher or lower than this increment without evidence of market directionality.

³ For example, on April 1, 2026, an offer for San Francisco CARB diesel at plus 80 cents per gallon did not provide a market test for the previous assessment of plus 75 cents per gallon. As such, the assessment remained unchanged. On April 22, a confirmed trade at plus 80 cents per gallon provided a market test and moved the assessment from plus 75 cents to plus 80 cents. On May 4, a bid at plus 45 cents did not test the market to establish a new value, and the assessment remained unchanged from the May 1 assessment at plus 79.5 cents, with offers present in the market at plus 80 cents. The 45 cents bid was 35 cents below the last repeatable transaction level and, therefore, did not provide an adequate test of the market. On May 5, the following day, a confirmed trade at plus 80 cents provided an adequate market test to assess the price at the trade level.

Throughout the trading day, OPIS engages a broad cross-section of market participants active in the market. Submitted transactions, bids, and offers are evaluated under the applicable methodology, including requirements related to transparency, executability, verification, timing, volume, and market relevance. Trading information that cannot be verified, that is withdrawn by a market participant, that is non-repeatable, or otherwise fails to meet the methodology's specifications or the price-testing framework may be excluded.

Prior to publication, OPIS price assessments are peer reviewed by other price reporters, before being reviewed and approved by a senior editor and/or manager.

The DPMO's statement that a significant number of qualifying California spot transactions are not reported to OPIS cannot be independently evaluated without the underlying transaction information. Transactions collected under a different reporting framework may not satisfy OPIS's methodology for timing, location, volume, or other submission criteria. OPIS would be pleased to review relevant DPMO data to assess how it compares to the data used in OPIS assessments.

Ongoing monitoring

OPIS continues to monitor market conditions, including changes in San Francisco market liquidity and the potential implications for OPIS methodology. We are evaluating whether sustained changes in transaction activity warrant a methodology update, including whether additional observable market relationships or other relevant factors should be incorporated. In the event of a material methodology change, in accordance with OPIS methodology procedures, OPIS would announce proposed changes with appropriate stakeholders for consultation and market feedback.

OPIS appreciates DPMO's engagement and remains committed to transparent, consistent, and independently administered price assessments. We welcome the opportunity to review additional market data and to continue discussing the appropriate treatment of California refined products spot markets, consistent with OPIS's commitment to transparent and accurate price discovery.