

## Economic Costs of Business Interruption to the Supply Chain



Joe Sparano  
President  
Western States Petroleum Association

May 18, 2007

---

# Western States Petroleum Association

## California Supply and Demand

- California now consumes 44 to 45 million gallons of gasoline and 10 million gallons of diesel fuel per day
- Demand for transportation fuels increased nearly 50% in last 20 years
- Number of refineries producing gasoline in California dropped from 32 in mid-1980s to 14 today
- California now imports 3.5 million gallons of gasoline per day
- Transportation fuel infrastructure is inadequate and not keeping up with rapidly growing population and demand



Source: California Energy Commission

# Western States Petroleum Association

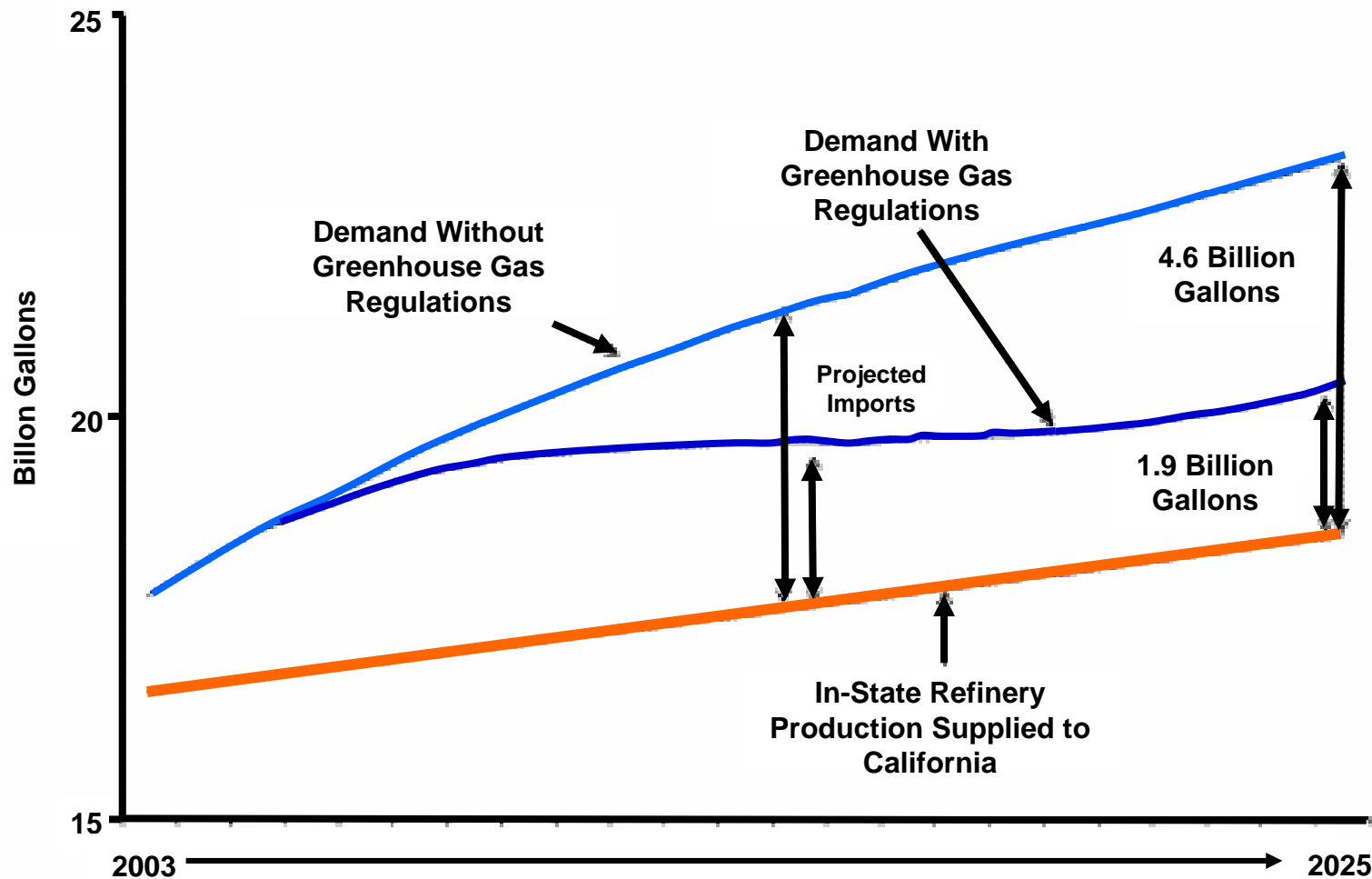
## California Energy Commission forecasts

- Conservation and alternative fuels may reduce demand for petroleum
- However, reduced demand for traditional transportation fuels (gasoline, diesel, and jet fuels) will not have appreciable impact on crude oil imports
- Reduced demand for traditional fuels will likely result in decreased imports of clean fuels, rather than decreased imports of crude oil



# Western States Petroleum Association

## Imports: California projected gasoline and diesel demand



Source: California Energy Commission



# Western States Petroleum Association

## California Energy Commission forecasts

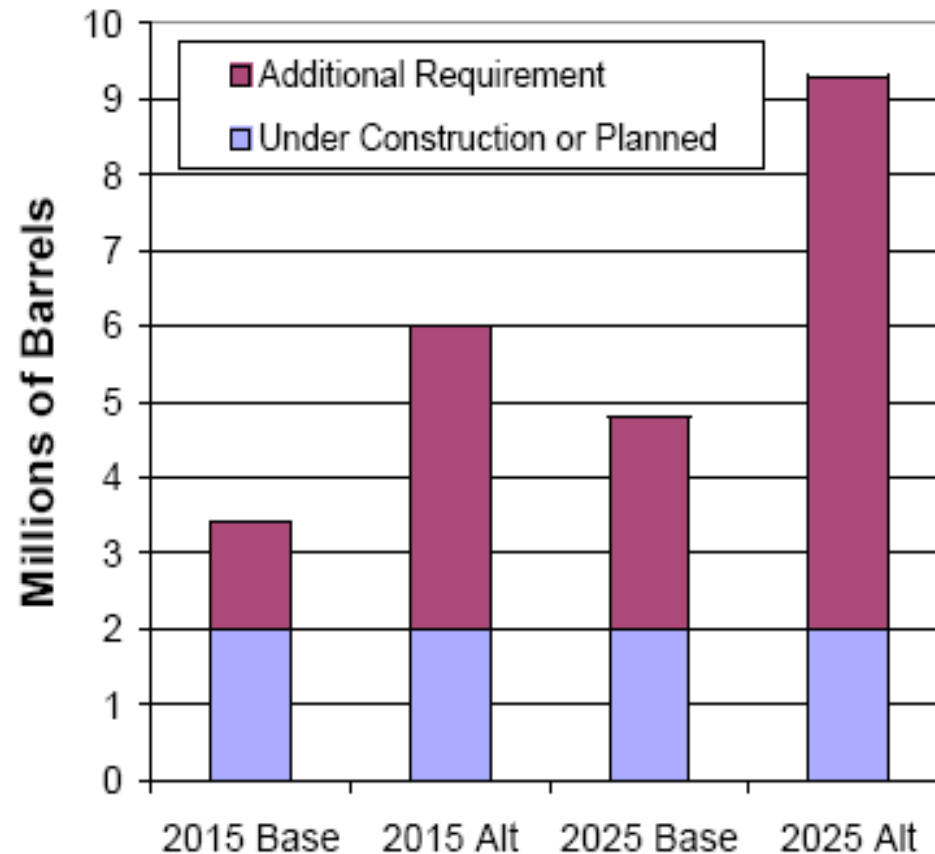
Incremental S. Calif. Crude Oil Imports - Millions of Barrels				
Distillation Capacity Growth Rate	Low Rate of Crude Oil Decline - 3.1%		High Rate of Crude Oil Decline - 3.8%	
	2015	2025	2015	2025
0.41 Percent	59	106	66	118
0.70 Percent	69	130	77	142
0.98 Percent	80	155	88	166



# Western States Petroleum Association

## California Energy Commission forecasts

Petroleum storage capacity – Los Angeles Basin

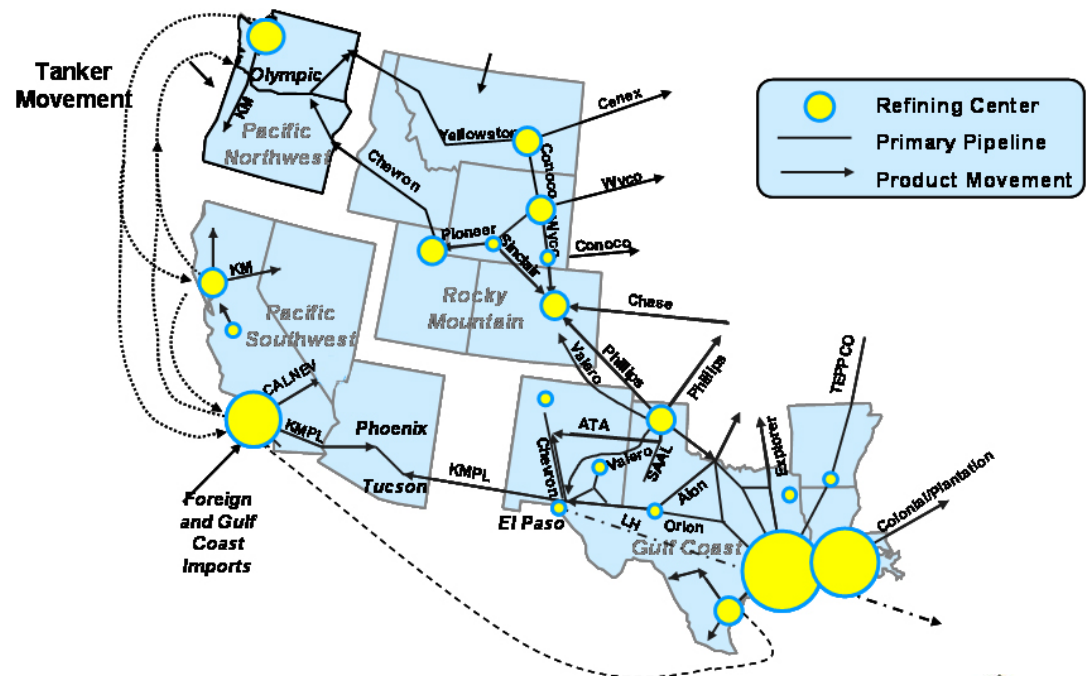


# Western States Petroleum Association

## Impact on ports

In addition to today's vessels, by 2025 Southern California will need:

- 10 additional 150,000 dwt crude oil tankers per month
- 30 to 35 additional gasoline and diesel ships every month
- 14 EIRs pending at Port of Los Angeles



# Western States Petroleum Association

Where do we go from here?

