

Pasadena Star-News

Gasoline switchover affects price, but is necessary

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The petroleum industry has been going through cycles of switching in producing summer to winter gas for about 30 years. This occurs in the fall and in the spring having refineries take some of their units down or shutting down completely. The industry term for this is that they going into a "turn around." This all started after the federal EPA and in our case, the California Air Resources Board, starting setting standards for Reid Vapor Pressure in gasoline during the high ambient outside temperature season.

The lower the RVP the better your engine will run during the summer heat and especially when climbing those long grades in your car or truck. Some engines would "knock" during the summer before the standards were implemented and major oil companies initially voluntarily produced the antiknock compound in their gasoline as a way of promoting their brand.

Of course, it costs more to produce the lower RVP gasoline. Other factors have changed to prevent knock in engines as well, such as timing enhancements on engines, thermostats, coolants and radiator fans.

Of course, refineries make less gasoline per barrel during the summer since the extra refining process causes evaporation of some of the light ends in the gasoline. Conversely, we produce about 10 percent more gasoline in the winter. When all refineries are up and running at full capacity, as they are currently, it causes supply to once again meet our demand of about 45 million gallons of gasoline per day or 1.2 billion gallons per month in California. Gasoline prices tend to ebb down during periods when supply and demand is at equilibrium. We are short in the summer and depend on imports from other refineries in the country and the world to ship CARB quality gas.

They are very reluctant to do so since it represents a boutique gasoline that is expensive to produce, and when shipped to destinations other than California, it becomes a "loser" on their slate.

The main problem in the petroleum industry today is not the supply of crude, or for that matter, its price, but rather "refining capacity." So, refiners asked themselves the question, "Why make gasoline that may or may not make you more profit if you can stick to having a formula that can sell in more places than our Golden State.

As of today, all gasoline produced in California by major oil companies in our market sell their gasoline at the branded station level with refineries owned by those same oil companies. That leaves the customer with only two decisions to make when they shop for gas.

The first one is the price, and after that, the octane rating posted on the pump. Names of brands

and additives are not as important as they used to be in the past.

Who can forget those times we drove up the Grapevine to go to Bakersfield in a car with its engine knocking? It got so bad, sometimes, you had to turn off the air conditioning and roll down the windows, even when the temperature was 110 degrees.

In summary, we have to switch quality of gasoline from hot to cold weather seasons. The summer formula takes more refining, produces about 10 percent less gasoline out of the same barrel of oil and is overall more expensive during the summer.

Crude oil closed down nearly \$6 per barrel on Thursday, which put it well under the market's high of \$55.67 per barrel of just two months ago.

Wholesale gasoline prices on the West Coast dropped 20 cents per gallon along with crude oil. This will show up on the price signs at your local gas stations as soon as this weekend. Independent stations including the Puma Station at Towne Avenue and the 10 Freeway in Pomona are already posting the elusive price of \$1.99 for a gallon of gasoline.

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