

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

**Registered Entity Identifier Code (optional):** 22-188

**Organization:** New York Mercantile Exchange, Inc. ("NYMEX")

**Filing as a:**  **DCM**  **SEF**  **DCO**  **SDR**

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy):** 06/09/22 **Filing Description:** Initial Listing of the Micro RBOB Gasoline Futures Contract

**SPECIFY FILING TYPE**

**Please note only ONE choice allowed per Submission.**

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

**Rule Numbers:**

**New Product**

**Please note only ONE product per Submission.**

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Official Product Name:** See filing.

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

**Official Name(s) of Product(s) Affected:**

**Rule Numbers:**



Christopher Bowen  
 Managing Director and Chief Regulatory Counsel  
 Legal Department

June 9, 2022

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
 Office of the Secretariat  
 Commodity Futures Trading Commission  
 Three Lafayette Centre  
 1155 21st Street, N.W.  
 Washington, DC 20581

**Re: CFTC Regulation 40.2(a) Certification. Initial Listing of the Micro RBOB Gasoline Futures Contract.  
 NYMEX Submission No. 22-188**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of the Micro RBOB Gasoline Futures contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort, effective Sunday, June 26, 2022, for trade date Monday, June 27, 2022, as more specifically described below.

<b>Contract Title</b>	<b>Micro RBOB Gasoline Futures</b>
<b>Rulebook Chapter</b>	435
<b>Commodity Code</b>	MRB
<b>Listing Schedule</b>	Monthly contracts listed for 12 consecutive months.
<b>First Listed Contract</b>	July 2022
<b>Contract Size</b>	4,200 gallons (one-tenth the size of RBOB Gasoline Futures (RB))
<b>Settlement Method</b>	Financial
<b>Minimum Price Fluctuation</b>	\$0.0001
<b>Value per Tick</b>	\$0.42
<b>CME Globex Match Algorithm</b>	First-In, First-Out (FIFO)
<b>Block Trade Minimum Threshold</b>	250 contracts – subject to a minimum 15-minute reporting window
<b>Termination of Trading</b>	Trading shall cease one business day prior to the termination date of the RBOB Gasoline Futures contract for the corresponding contract month.
<b>Trading and Clearing Hours</b>	<b>CME Globex Pre-Open:</b> Sunday 4:00 p.m. - 5:00 p.m. Central Time/CT Monday - Thursday 4:45 p.m. - 5:00 p.m. CT <b>CME Globex:</b> Sunday - Friday 5:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT <b>CME ClearPort:</b> Sunday - Friday 5:00 p.m. - 4:00 p.m. CT with no reporting Monday - Thursday from 4:00 p.m. - 5:00 p.m. CT

The new financially-settled Micro RBOB Gasoline Futures contract is a referenced contract and will be subject to federal position limits during the spot month. The core referenced futures contract is the RBOB Gasoline Futures contract (Commodity Code: RB; Rulebook Chapter 191).

The Exchange reviewed the designated contracts market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Contract may have some bearing on the following Core Principles:

- **Compliance with Rules:** Trading in the Contract will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in the Contract will also be subject to the full panoply of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group’s designated contract markets, activity in the new product will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- **Contract Not Readily Subject to Manipulation:** The Contract is not readily susceptible to manipulation and are based on the deep liquidity of the underlying futures contracts.
- **Prevention of Market Disruption:** Trading in the Contract will be subject to the Rules of NYMEX which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group’s designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department.
- **Position Limitations or Accountability:** The speculative position limits for the Contract as demonstrated in this submission are consistent with the Commission’s guidance.
- **Availability of General Information:** The Exchange will publish on its website information regarding contract specifications, terms and conditions, as well as daily trading volume, open interest and price information for the Contract.
- **Daily Publication of Trading Information:** The Exchange will publish information contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contract.
- **Execution of Transactions:** The Contract will be listed for trading on the CME Globex electronic trading and for clearing through CME ClearPort. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.
- **Trade Information:** All required trade information for the Contract will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Financial Integrity of Contract:** The Contract will be cleared by the CME Clearing House which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- **Protection of Market Participants:** NYMEX Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange’s competitive trading venues and will be applicable to transactions in the Contract.

- **Disciplinary Procedures:** Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in the Contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in these products are identified.
- **Dispute Resolution:** Disputes with respect to trading in the Contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. The rules in Chapter 6 allow all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to the rules in Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange hereby certifies that listing the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
 Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: NYMEX Rulebook Chapter 435  
 Exhibit B: Position Limits, Position Accountability and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)  
 Exhibit C: Exchange Fees  
 Exhibit D: NYMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table  
 Exhibit E: NYMEX Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table  
 Exhibit F: NYMEX Rule 855. (“Offsetting Positions”) Contracts Eligible for Offset Table  
 Exhibit G: Cash Market Overview and Analysis of Deliverable Supply

## Exhibit A

### NYMEX Rulebook

#### Chapter 435 Micro RBOB Gasoline Futures

##### 435100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

##### 435101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month will be equal to the RBOB Gasoline Futures contract (RB) final settlement price for the corresponding contract month on the last trading day for the Micro RBOB Gasoline Futures contract month.

##### 435102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by the Exchange.

###### **435102.A. Trading Schedule**

The hours of trading for this contract shall be determined by the Exchange.

###### **435102.B. Trading Unit**

The contract quantity shall be 4,200 U.S. gallons. Each contract shall be valued as the contract quantity (4,200) multiplied by the settlement price.

###### **435102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be \$0.0001 per gallon. The maximum price fluctuation shall be consistent with the prevailing price limits of the RBOB Gasoline Futures contract.

###### **435102.D. Special Price Fluctuation Limits**

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits and Daily Price Limits Table in the Interpretations & Special Notices Section of Chapter 5.

###### **435102.E. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

###### **435102.F. Termination of Trading**

Trading shall cease one business day prior to the termination date of the RBOB Gasoline Futures contract for the corresponding contract month.

##### 435103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

**Exhibit B**

**NYMEX Rulebook**

**Chapter 5**

**(“Trading Qualifications and Practices”)**

**Position Limits, Position Accountability and Reportable Level Table**

(attached under separate cover)

## **Exhibit C**

### **Exchange Fees**

	<b>Member</b>	<b>Non-Member</b>
CME Globex	\$0.30	\$0.60
EFP	\$0.35	\$0.65
Block	\$0.35	\$0.65
EFR/EOO	\$0.35	\$0.65

<b>Processing Fees</b>	<b>Member</b>	<b>Non-Member</b>
Cash Settlement	\$0.30	\$0.60
Facilitation Fee	\$0.06	
Give-Up Surcharge	\$0.05	
Position Adjustment/Position Transfer/Fungibility	\$0.10	

**Exhibit D**

**NYMEX Rulebook  
Chapter 5  
("Trading Qualifications and Practices")**

**Rule 588.H. ("Globex Non-Reviewable Trading Ranges") Table**

<b>Instrument</b>	<b>Globex Symbol</b>	<b>Globex Non-Reviewable Ranges (NRR)</b>	<b>NRR: Globex Format</b>	<b>NRR: Minimum Ticks</b>	<b>NRR: Globex Format</b>	<b>NRR: Outright Minimum Ticks</b>
<u>Micro RBOB Gasoline Futures</u>	<u>MRB</u>	<u>\$0.015 per gallon</u>	<u>150</u>	<u>150</u>	<u>Each leg evaluated as an outright</u>	



**Exhibit E**

**NYMEX Rulebook**

**Chapter 5**

**(“Trading Qualifications and Practices”)**

**Rule 589. Special Price Fluctuation Limits and Daily Price Limits Table**

<b>Product</b>	<b>Rulebook</b>	<b>Commodity Code</b>	<b>PRIMARY/ASSOCIATED</b>	<b>ASSOCIATED WITH</b>	<b>Dynamically Calculated Variant - All Hours</b>	<b>Daily Price Limit</b>
<u>Micro RBOB Gasoline Futures</u>	<u>435</u>	<u>MRB</u>	<u>Associated</u>	<u>RB</u>	<u>10% of Dynamically Calculated Reference Price</u>	<u>Daily Price Limit Table</u>

## Exhibit F

**NYMEX Rulebook  
Chapter 8  
("Clearing House and Performance Bonds)  
NYMEX Rule 855. ("Offsetting Positions") – Contracts Eligible for Offset Table**

<b>Clearing/ Globex Code</b>	<b>Product Name</b>	<b>Rulebook Chapter</b>	<b>Offset Ratio</b>	<b>Offset to Clearing/ Globex Code</b>	<b>Offset to Product Name</b>	<b>Rulebook Chapter</b>	<b>Cash/ Deliverable</b>	<b>Futures/ Option</b>
MRB/MRB	Micro RBOB Gasoline Futures	435	10	RT/RT	RBOB Gasoline Bullet Futures	555	C	F
MRB/MRB	Micro RBOB Gasoline Futures	435	5	QU/QU	E-mini RBOB Gasoline Futures	403	C	F
QU/QU	E-mini RBOB Gasoline Futures	403	0.2	MRB/MRB	Micro RBOB Gasoline Futures	435	C	F
RT/RT	RBOB Gasoline Bullet Futures	555	0.1	MRB/MRB	Micro RBOB Gasoline Futures	435	C	F

## Exhibit G

### **Cash Market Overview and Analysis of Deliverable Supply**

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is certifying the initial listing of the following contract:

<b>Contract Title</b>	<b>Commodity Code</b>	<b>Rulebook Chapter</b>
Micro RBOB Gasoline Futures	MRB	435

The new financially-settled Micro RBOB Gasoline Futures contract is a referenced contract and will be subject to federal position limits during the spot month. The core referenced futures contract is the RBOB Gasoline Futures contract (Commodity Code: RB; Rulebook Chapter 191).

Appendix C to part 38 of the Commission’s regulations defines deliverable supply as “the quantity of the commodity meeting the contract’s delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract’s delivery points during the specified delivery period, barring abnormal movement in interstate commerce.”

In estimating deliverable supply for the RBOB Gasoline Futures, NYMEX relied on long-standing precedent, which provides that the key component in estimating deliverable supply is the portion of typical production and supply stocks that could reasonably be considered to be readily available for delivery.

#### **I. Methodology and Data Sources**

The Exchange considered three components in evaluating deliverable supply estimates of RBOB Gasoline for the New York Harbor delivery location of the RBOB Gasoline Futures contract:

- (1) Refinery and Blender Production;
- (2) Pipeline flows and net receipts to the delivery area;
- (3) Storage levels in the delivery area.

The Exchange determined to use data collected by the U.S. Department of Energy’s Energy Information Administration (“EIA”) for its analysis and evaluation of deliverable supply estimates for RBOB Gasoline in New York Harbor. The EIA provides detailed data on each of the three components of deliverable supply.

#### **II. Introduction**

The New York Harbor RBOB Gasoline Futures contract is the main benchmark used for pricing of gasoline in the U.S. petroleum products market. The U.S. gasoline market represents a large physical market, with total U.S. refinery capacity of 9.5 million to 10.0 million barrels per day (b/d) of gasoline.

In the U.S. gasoline market, there are two main formulations for gasoline: Reformulated Gasoline and Conventional Gasoline, as required by a complex network of federal and state regulations. The U.S. Environmental Protection Agency (“EPA”) administers the Clean Air Act (“CAA”) requirements, and various state agencies regulate their own specific air rules. Under the CAA, the urban areas with the highest levels of smog pollution are required to use clean-burning Reformulated Gasoline blended with 10% ethanol. These urban areas include the entire Northeastern United States, California, Chicago, Atlanta, and Houston. These areas account for approximately 40% of U.S. gasoline demand. The 10% ethanol blending requirement in Reformulated Gasoline requires that the ethanol be segregated from the gasoline at the wholesale level in the pipeline distribution system. In the wholesale market, the

gasoline is shipped unfinished (without the ethanol), and it is called Reformulated Blendstock for Oxygen Blending (RBOB). The ethanol blending occurs at the last stage of the delivery process when the gasoline is loaded into the tanker truck for retail delivery.

#### **A. New York Harbor Delivery Region**

New England and the Central Atlantic Coast of the United States, collectively defined by the EIA as the “Northeast”, is a well-connected and integrated geographical region in terms of oil and products infrastructure. The region is part of the larger PADD 1,<sup>1</sup> and is more specifically defined by PADD 1A (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont) and PADD 1B (New York, New Jersey, Delaware, Pennsylvania, Maryland, and Washington, DC).<sup>2</sup>

Located in both New York and New Jersey, the New York Harbor area is the largest oil importing and third largest container port in the nation and is the main refined products pricing and trading hub. Petroleum products in New York Harbor are supplied by refineries located in New Jersey, Delaware and Pennsylvania, all located within 100 miles of the New York Harbor area. East Coast refineries, a majority of which are located in New Jersey, Pennsylvania and Delaware, send products by local pipelines into New York Harbor.

Many of the petroleum products delivered to New York Harbor are redistributed to smaller ports where they supply local demand. In particular, the Hudson River is a major inland water route for petroleum product barges supplying eastern New York and parts of western New England. Significant volumes are shipped to New England via barge from New York Harbor. On the other side of the state, western New York product markets are primarily supplied from Canada at the Port of Buffalo, and via the Buckeye and Sunoco pipeline systems from Pennsylvania and the Midwest.<sup>3</sup>

#### **B. Refineries and Refinery Capacity Overview**

The Colonial Pipeline is the largest refined products pipeline in the U.S. and a key products supply link for the Northeast. The pipeline connects the Northeast to refinery output from the US Gulf Coast. Colonial's network of pipelines crosses 11 states, serving more than 260 marketing terminals in the Southern and Eastern United States. It generally takes from 14 to 24 days for a product batch on the Colonial Pipeline to get from Houston, Texas to the New York Harbor area, with 18.5 days being the average time.

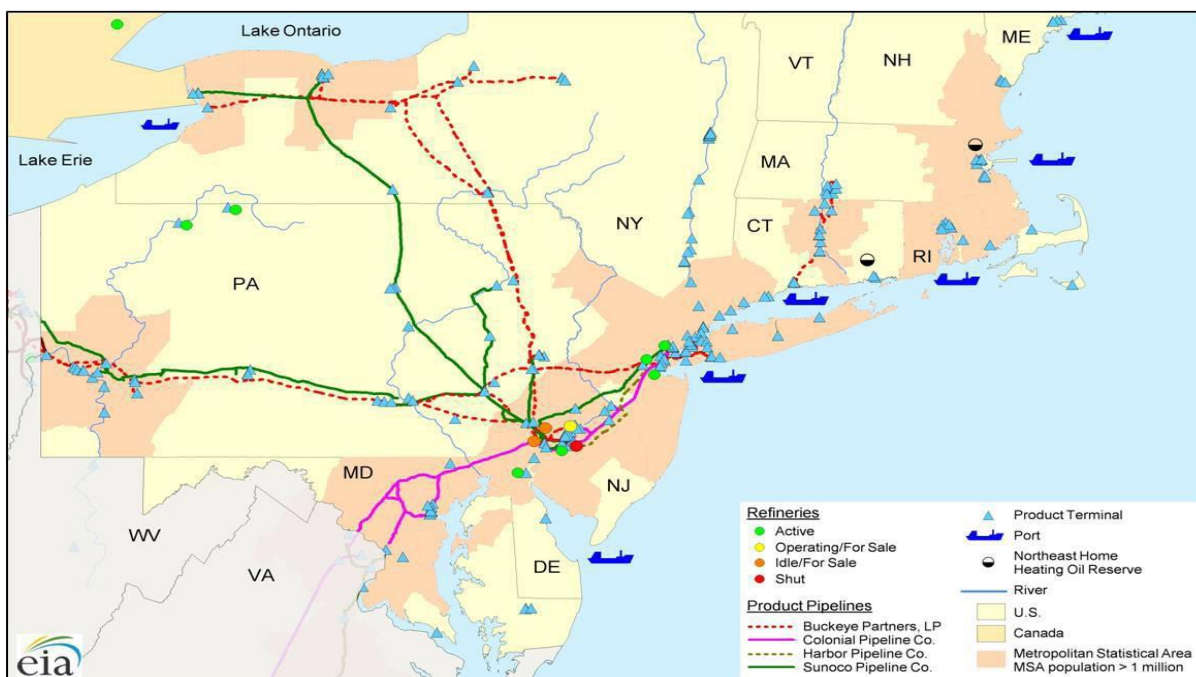
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<sup>1</sup> [https://www.eia.gov/tools/glossary/index.php?id=P#PADD\\_def](https://www.eia.gov/tools/glossary/index.php?id=P#PADD_def)

<sup>2</sup> [https://www.eia.gov/tools/glossary/index.php?id=P#PADD\\_def](https://www.eia.gov/tools/glossary/index.php?id=P#PADD_def)

<sup>3</sup> <http://205.254.135.7/state/state-energy-profiles-analysis.cfm?sid=NY>

**Figure 1 - Northeast Refined Products Market Logistics<sup>4</sup>**



In 2011, Colonial Pipeline expanded the northern end of its Houston-to-New York system by adding 100,000 b/d of capacity. In addition, the company completed a series of system upgrades leading to more than 100,000 b/d of capacity for distillates<sup>5</sup> specifically serving the New Jersey, Pennsylvania, and New York markets. Also, Colonial Pipeline added an additional 100,000 b/d of gasoline and distillates capacity in early 2013<sup>6</sup> to meet demand on the northern portion of the line (Greensboro, NC to Linden, NJ).

In the U.S., there were 129 operating refineries, in which 124 were operating in the US with total atmospheric crude oil distillation capacity (ACDU) of 18.1 million b/d as of January 1, 2021.<sup>7</sup> The East Coast (PADD 1) has seven refineries, with 818 thousand b/d of atmospheric crude distillation capacity. The region has 310,000 b/d of fluid catalytic cracking (FCC) capacity. PADD 1 includes all states in New England, the Mid-Atlantic, and the South Atlantic and is subdivided into three sub-PADDs.

- PADD 1A – Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut
- PADD 1B – New York, Pennsylvania, New Jersey, Delaware, Maryland, District of Columbia
- PADD 1C – West Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida

Supply dynamics for each of the three sub-PADDs vary. PADD 1A, which encompasses New England, has no refineries and relies on imports and transfers from other PADDs, primarily PADD 1B. PADD 1C, the South Atlantic, has one operating refinery and relies primarily on pipeline transfers and marine shipments from PADD 3 and imports. PADD 1B is supplied by a combination of refineries, transfers from other PADDs -- primarily from PADD 3 -- and imports.<sup>8</sup> As stated above, the majority of PADD 1B refineries are located in New Jersey, Delaware and Pennsylvania, and are within 100 miles of the New York Harbor area. These refineries are directly connected to the New York Harbor market by local pipelines and/or waterborne barges. A list of Northeast refineries is provided in Table 1.

<sup>4</sup> <http://www.eia.gov/analysis/petroleum/nerefining/update/pdf/neprodmkts.pdf>

<sup>5</sup> [http://www.eia.gov/pressroom/presentations/sieminski\\_10102012.pdf](http://www.eia.gov/pressroom/presentations/sieminski_10102012.pdf)

<sup>6</sup> <http://www.colpipe.com/home/news-media/press-releases/pressdetail?ID=7cb2e327-d0b3-6eb4-9c07-ff00009907dd>

<sup>7</sup> <https://www.eia.gov/petroleum/refinerycapacity/>

<sup>8</sup> [http://www.eia.gov/pressroom/testimonies/howard\\_03192012.pdf](http://www.eia.gov/pressroom/testimonies/howard_03192012.pdf)

**Table 1 – Mid-Atlantic (PADD 1B) Refineries<sup>9</sup> (Source: EIA)**

Name	State	Owner	Capacity	Status
Delaware City Refining Co LLC	Delaware City, DE	PBF Energy Co LLC	171,000 b/d	Operational
Paulsboro Refining Co LLC	Paulsboro, NJ	PBF Energy Co LLC	100,000 b/d	Operational
Phillips 66 Company	Linden, NJ	Phillips 66 Company	258,500 b/d	Operational
American Refining Group Inc	Bradford, PA	American Refining Group Inc	11,000 b/d	Operational
United Refining Co	Warren, PA	Red Apple Group Inc	65,000 b/d	Operational
Monroe Energy LLC	Trainer, PA	Delta Airlines Inc	190,000 b/d	Operational

### III. Deliverable Supply Estimates

#### A. Refinery and Blender Production

In recent years, Northeast refineries supplied about 40% of gasoline (and 60% of the ULSD) consumed in the Northeast. Shipments from the U.S. Gulf Coast and imports supply the remainder of the market.<sup>10</sup> The EIA provides gasoline production data for RBOB Gasoline that is produced by both refiners and blenders, under the category of “refiner and blender net production” as shown in Table 2 below. The majority of PADD 1 refineries are located in Delaware, New Jersey, and Pennsylvania, with direct connection to the New York Harbor market by pipelines and/or waterborne barges. In addition, the EIA’s “refiner and blender net production” category includes RBOB produced by refiners, and also includes blender production which relies on imported gasoline blending components.

Blenders are significant producers of RBOB gasoline, and the majority of RBOB blending components are sourced through imported gasoline blendstocks that enter via the New York Harbor. Typically, gasoline blenders are large trading companies that operate in the global market, such as Vitol, Glencore, and Trafigura. Since the blenders’ production of RBOB is sourced from imported gasoline blending components, these imported blending components are captured in the EIA’s category of “refinery and blender net production.” Consequently, the Exchange will include only the EIA’s “refinery and blender net production” category as the key component of New York Harbor supply and *not* include import data. Thus, to prevent potential double-counting of imported gasoline blending components, the Exchange will not use imports in its deliverable supply analysis, but rather will utilize the EIA’s data for “refinery and blender net production”.

According to EIA data from May 2019 through April 2022, the three-year average of RBOB production by refiners and blenders in PADD 1 was 1.15 million b/d, or 34.5 million barrels per month, as presented in Table 2 below. The RBOB gasoline that is produced in PADD 1 is in the vicinity of New York Harbor area, with direct connectivity to New York Harbor terminals, and the majority of this RBOB is transshipped and/or stored in New York Harbor terminals.

<sup>9</sup> <https://www.eia.gov/petroleum/refinerycapacity/refcap21.pdf>

<sup>10</sup> [http://www.eia.gov/pressroom/testimonies/howard\\_03192012.pdf](http://www.eia.gov/pressroom/testimonies/howard_03192012.pdf)

**Table 2 – PADD 1 Production<sup>11</sup> (Source: EIA)**

RBOB Gasoline, in thousands b/d	May 2019 – April 2020	May 2020 – April 2021	May 2021 – April 2022	Average
Refinery and Blender Net Production	1,212	1,061	1,164	1,146

In conversations with market participants, it was determined that a portion of the Philadelphia refinery production is used to supply the Pennsylvania market via the Buckeye Laurel Pipeline. Based on EIA’s prime supplier sales data,<sup>12</sup> the Exchange estimates that the gasoline supplied to Pennsylvania was approximately 225,000 barrels per day for the three-year period of March 2019 through February 2022. Therefore, the Exchange reduced the total refinery and blender net production by 225,000 barrels per day to account for gasoline supplied to Pennsylvania directly from Philadelphia-area refineries. Consequently, the total refinery and blender net production available for the New York Harbor market is approximately 920,000 barrels per day (rounding down), which is equivalent to 27.6 million barrels per month.

Further, according to input from market participants, approximately 30% to 40% of RBOB production is committed to retail distribution networks, and the remaining portion is available for re-selling in the spot market. Therefore, at least 60% of PADD 1 production of RBOB would be available for re-selling in the New York Harbor spot market. Consequently, we estimate that approximately 16.6 million barrels per month of RBOB (60% of 27.6 million barrels per month) would be deliverable in New York Harbor.

**B. Pipeline Flows and Net Receipts**

The U.S. Gulf Coast, or PADD 3, refining capacity accounts for 50% of total US production of refined products and provides approximately 259,000 b/d of RBOB gasoline to PADD 1 via pipeline and tanker/barge shipments, as presented in Table 3 below. However, the majority of PADD 1 pipeline and tanker/barge receipts of RBOB from PADD 3 do not end up in the New York Harbor area as they are delivered at points further south of New York Harbor. According to market participants, only about 25% to 30% of PADD 1 gasoline receipts are delivered to the New York Harbor area. Therefore, using the more conservative 25% estimate for RBOB pipeline and tanker/barge shipments from PADD 3, the total receipts from PADD 3 to the New York Harbor area accounts for approximately 65,000 b/d (25% of 259,000 b/d) or 1.9 million barrels per month.

**Table 3 – RBOB Movements from PADD 3 into PADD 1<sup>13</sup> (Source: EIA)**

	March 2019 – February 2020	March 2020 – February 2021	March 2021 – February 2022	Average
RBOB Movements, in Barrels per Day	282	249	247	259

<sup>11</sup> EIA, <http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WGRRPP12&f=W>

<sup>12</sup> EIA Prime Supplier Sales Volumes by State, [https://www.eia.gov/dnav/pet/pet\\_cons\\_prim\\_dcu\\_SPA\\_m.htm](https://www.eia.gov/dnav/pet/pet_cons_prim_dcu_SPA_m.htm)

<sup>13</sup> EIA, Monthly Data in barrels per day, [https://www.eia.gov/dnav/pet/pet\\_move\\_ptb\\_dc\\_R10-R30\\_mbbbl\\_m.htm](https://www.eia.gov/dnav/pet/pet_move_ptb_dc_R10-R30_mbbbl_m.htm)

### C. Inventories of Gasoline in the New York Harbor Market

The New York Harbor area has petroleum bulk storage capacity of over 75 million barrels, making it the largest petroleum product hub in the country. The three-year average of gasoline stocks held in the Central Atlantic region, or PADD 1B, including New York, New Jersey, and Pennsylvania is approximately 32.7 million barrels as seen in Table 4 below. According to market participants, the New York Harbor RBOB market accounts for 25% to 30% of the inventories reported in EIA's PADD 1B inventory statistics. Using the more conservative estimate of 25% of PADD 1B inventories, the average stock level of gasoline is estimated to be about 8.2 million barrels in the New York Harbor area. Based on estimates from industry experts, we determined that the operational minimum levels for storage tanks in the New York Harbor area are approximately 5% to 10%. Using the more conservative estimate of 10%, we therefore estimate that approximately 820,000 barrels of the approximately 8.2 million barrels of stored gasoline in the New York Harbor area is used for operational purposes, leaving 7.4 million barrels available for spot month delivery from inventory.

**Table 4 – Gasoline Stocks in PADD 1B<sup>14</sup> (Source: EIA)**

Inventory, in thousand barrels	PADD 1B (Central Atlantic)
May 2019 – April 2020	33,463
May 2020 – April 2021	34,730
May 2021 – April 2022	29,848
<b>Average</b>	<b>32,680</b>

Based on the above analysis, the Exchange determined at this time to base its estimates of deliverable supply on the sum of:

- A. *Refinery and Blender Production = 16.6 million barrels*
- B. *Pipeline flows to the delivery area = 1.9 million barrels*
- C. *Storage levels in the delivery area = 7.4 million barrels*

The Exchange estimates the monthly deliverable supply of RBOB gasoline to the New York Harbor to be approximately 25.9 million barrels, which is equivalent to **25,900** contracts per month (contract size 42,000 gallons or 1,000 barrels). The Exchange and Federal spot month position limit for the New York Harbor RBOB Gasoline Futures Contract is 2,000 contracts or **7.7%** of the estimated monthly deliverable supply.

For purposes of calculating compliance with position limits, the Micro RBOB Gasoline Futures contract aggregates into the financially-settled RBOB Gasoline Last Day Financial Futures Contract (code: 27) at a ratio of 10:1.

<sup>14</sup> [http://www.eia.gov/dnav/pet/pet\\_stoc\\_wstk\\_dcu\\_r1y\\_w.htm](http://www.eia.gov/dnav/pet/pet_stoc_wstk_dcu_r1y_w.htm)



**APPENDIX A**

**PADD 1, Refiner and Blender Net Production<sup>15</sup>**

**(Source: EIA, Monthly Averages based on Weekly Data)**

(Thousand Barrels per Day)

<b>Year</b>	<b>Month</b>	<b>Total</b>
2019	May	1,308
	Jun	1,329
	Jul	1,301
	Aug	1,313
	Sep	1,271
	Oct	1,276
	Nov	1,297
	Dec	1,288
2020	Jan	1,206
	Feb	1,244
	Mar	1,090
	Apr	627
	May	807
	Jun	1,014
	Jul	1,124
	Aug	1,174
	Sep	1,127
	Oct	1,112
	Nov	1,086
	Dec	1,042
2021	Jan	1,006
	Feb	1,011
	Mar	1,091
	Apr	1,133
	May	1,198
	Jun	1,210
	Jul	1,232
	Aug	1,215
	Sep	1,172
	Oct	1,206
	Nov	1,180
	Dec	1,161
2022	Jan	1,034
	Feb	1,104
	Mar	1,123
	Apr	1,135

<sup>15</sup> <http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WGRRPP12&f=W>

**PADD 1B (Central Atlantic) Total Gasoline Stocks<sup>16</sup>**

**(Source: EIA, Monthly Averages based on Weekly Data)**

(Thousand Barrels)

<b>Year</b>	<b>Month</b>	<b>Total</b>
2019	May	32,143
	Jun	31,946
	Jul	29,075
	Aug	31,288
	Sep	32,854
	Oct	31,577
	Nov	30,399
	Dec	33,239
2020	Jan	35,895
	Feb	36,905
	Mar	36,791
	Apr	39,447
	May	38,943
	Jun	39,473
	Jul	35,847
	Aug	33,297
	Sep	30,883
	Oct	30,049
	Nov	30,621
	Dec	34,965
2021	Jan	34,503
	Feb	36,805
	Mar	35,085
	Apr	36,290
	May	33,009
	Jun	34,782
	Jul	34,122
	Aug	27,557
	Sep	25,970
	Oct	27,026
	Nov	26,146
	Dec	29,290
2022	Jan	31,012
	Feb	30,212
	Mar	31,227
	Apr	27,827

<sup>16</sup> [http://www.eia.gov/dnav/pet/pet\\_stoc\\_wstk\\_dcu\\_r1y\\_w.htm](http://www.eia.gov/dnav/pet/pet_stoc_wstk_dcu_r1y_w.htm)