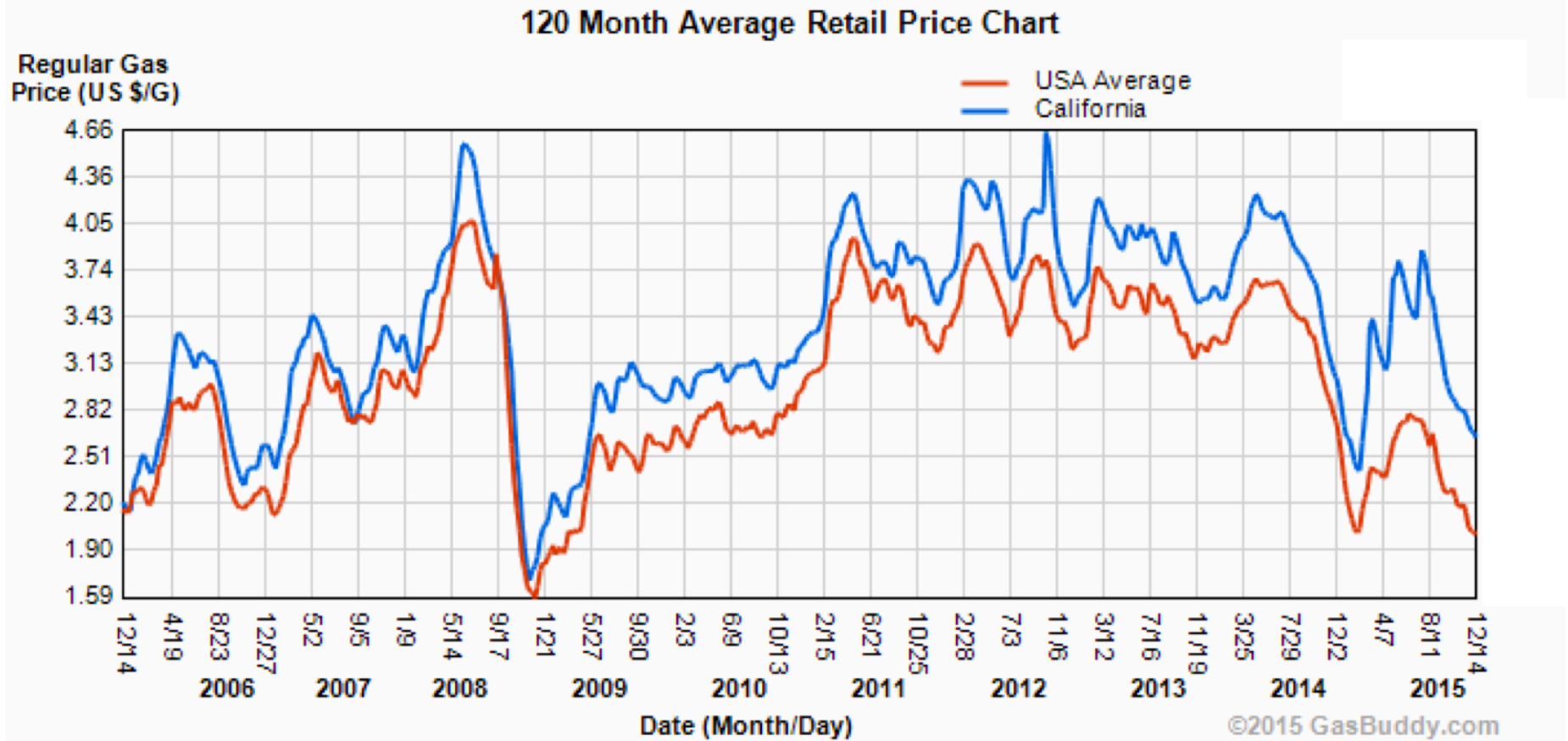


Consumer Watchdog Presentation for the Petroleum Market Advisory Committee

December 16th, 2015



CA & US Gas Prices



TODAY

US Gas Prices: \$2.01

CA Gas Prices: \$2.65

LA Gas Prices: \$2.75

The Golden State Gouge

- Between 2/1/2015 and 11/30/2015 Californians have paid an extra:

\$9,687,000,000

- After taking out California's slightly higher taxes:

\$8,180,000,000

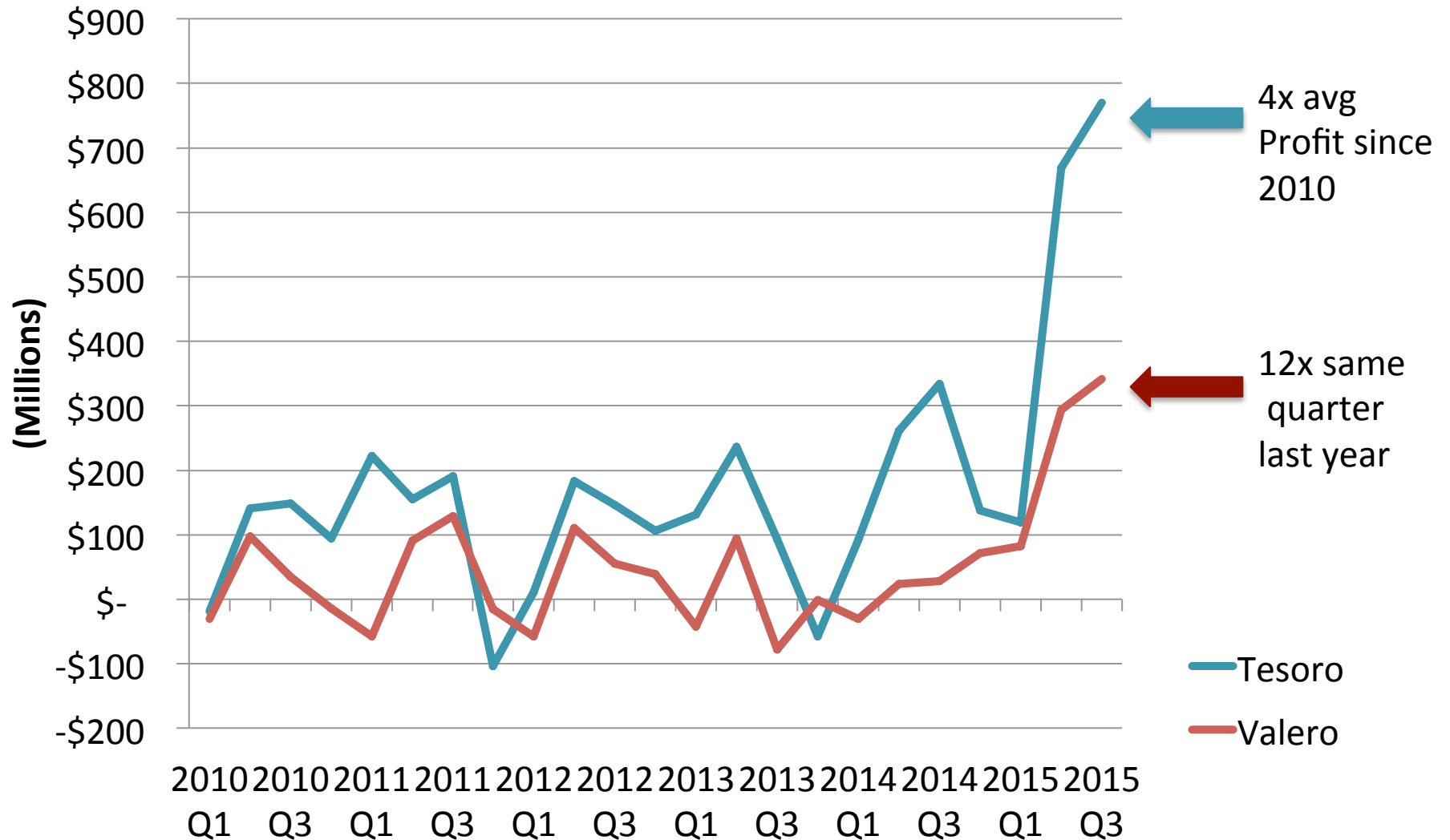
- Extra Cost Per Driver:

\$340

Figure is based on California consumption, and the higher price charged to California drivers over the US average.

Tesoro & Valero California Profits

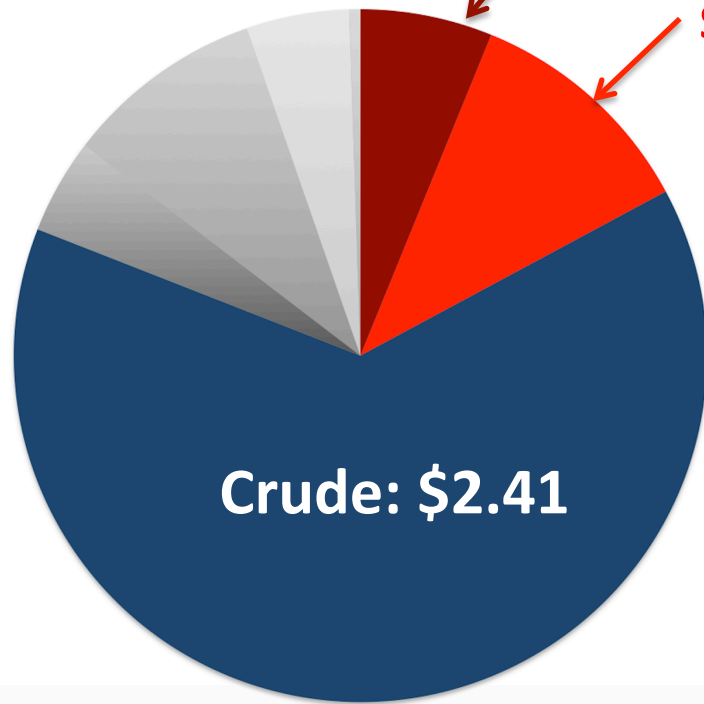
2015 Q3 Best Quarters Ever



Data from SEC filings (10-K & 10-Q) provided by Valero & Tesoro. Tesoro profits based on Consumer Watchdog analysis of data.

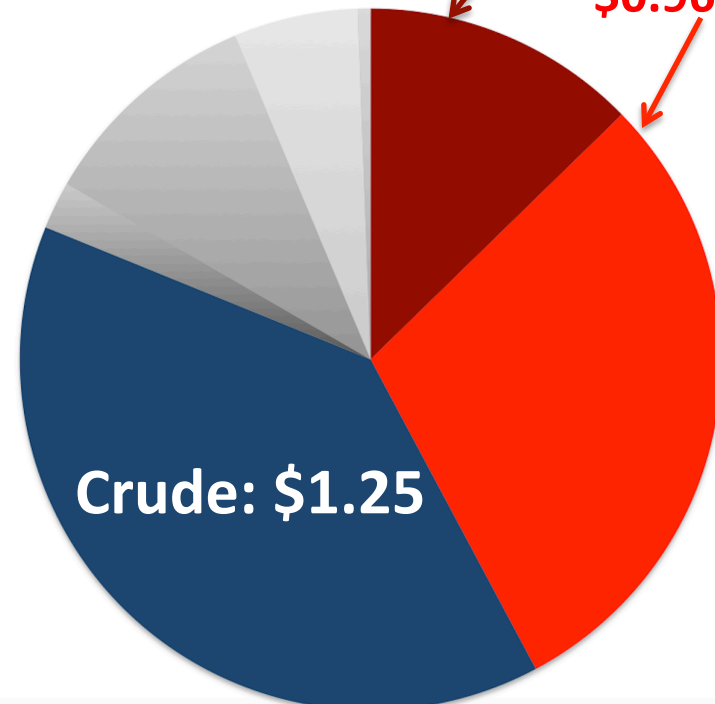
CEC Margin Breakdown – Branded Stations

2010-2014



Avg. Price: \$3.77

2015

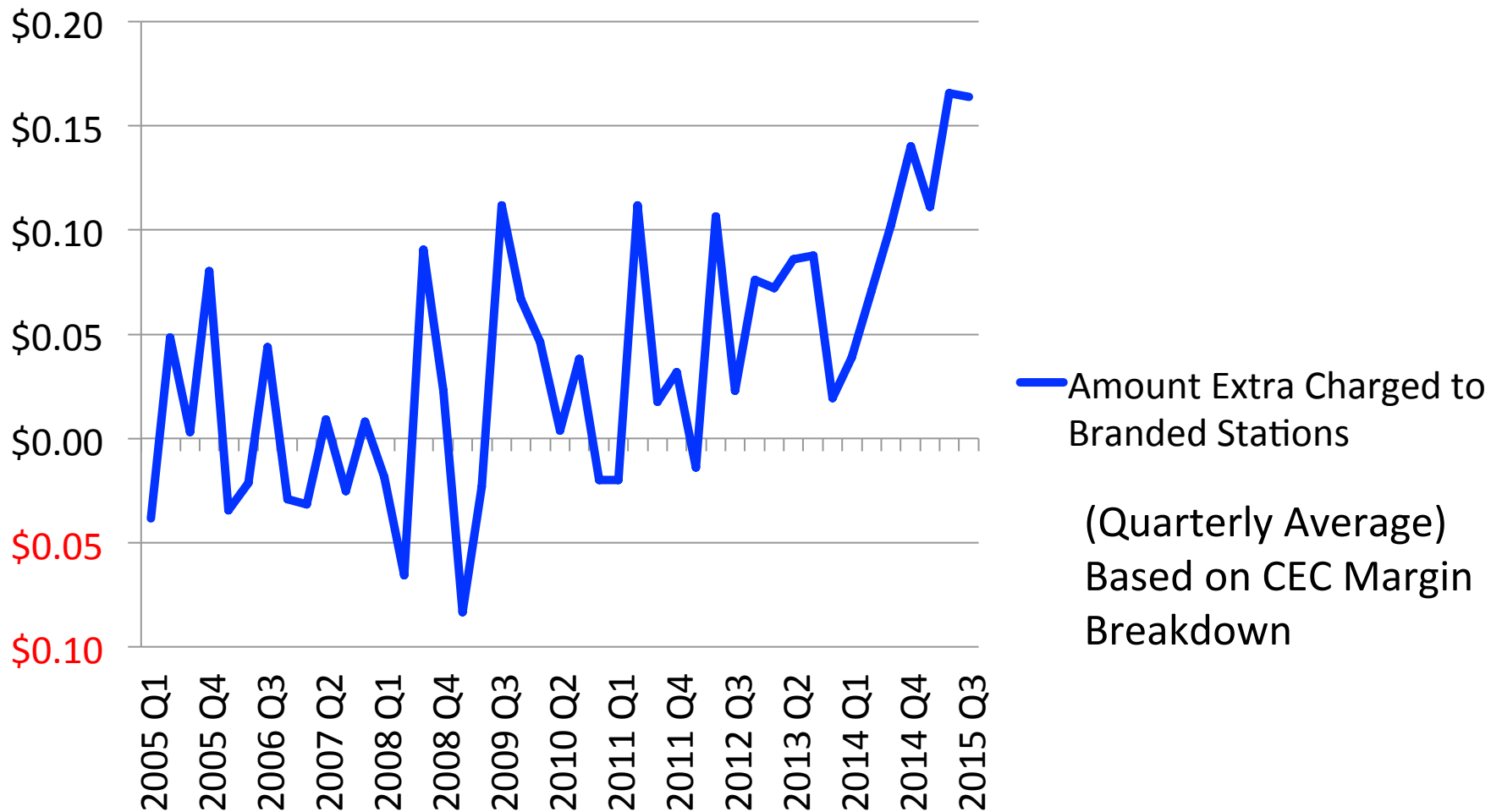


Avg. Price: \$3.21

Based on data from the California Energy Commission's Gas Price Breakdown page

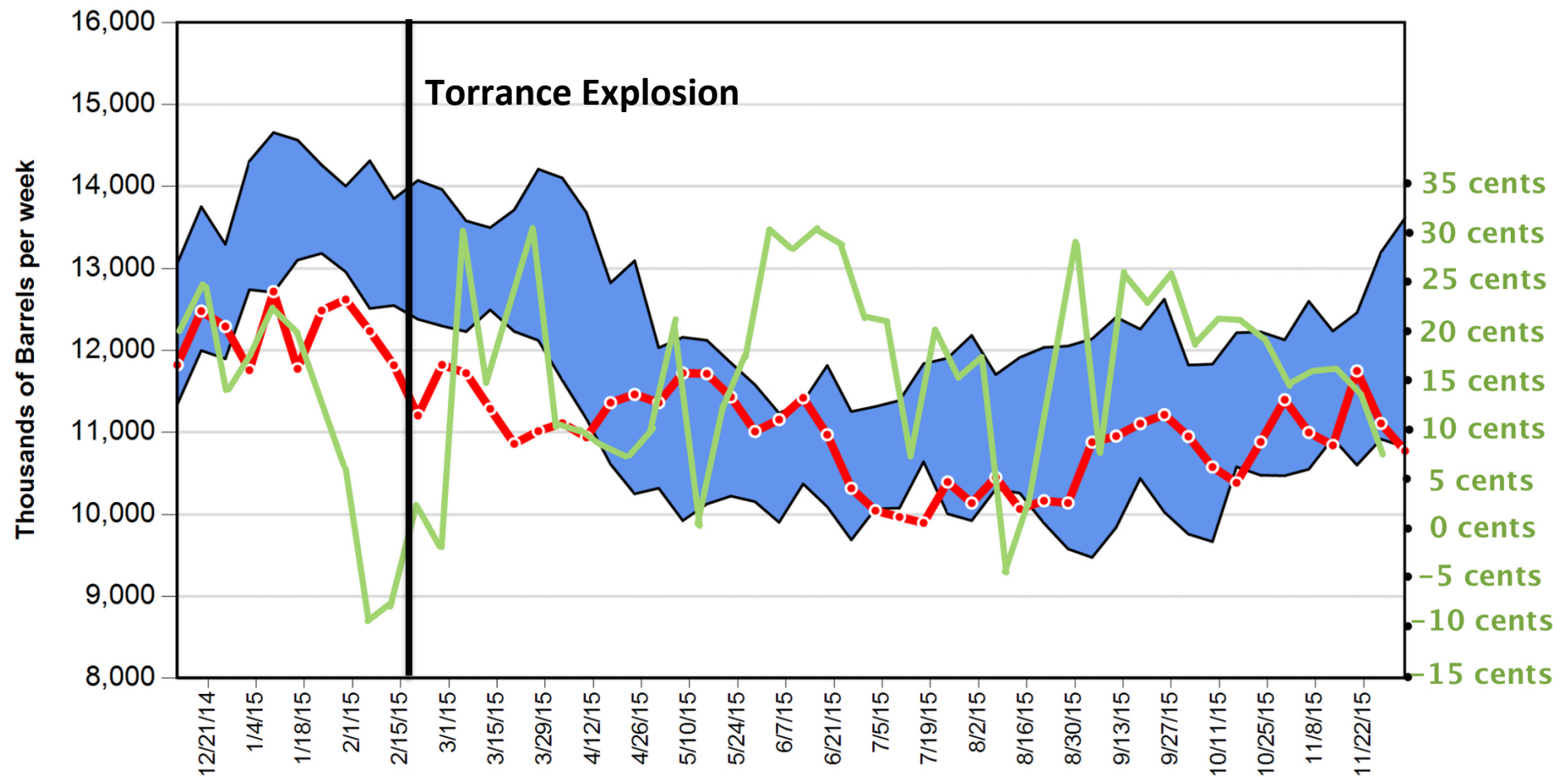
From Consumer Watchdog's last PMAC presentation:

Amount Extra Charged to Branded Stations



Amount Extra Charged to Branded Stations

Green Line Represents How Much More Branded Stations Pay for a Gallon of Gasoline



Based on data from the California Energy Commission's Gas Price Breakdown page

Backdoor “Dark Market” Deals to Unbranded Stations Reveal TRUE Wholesale Price of Gasoline

Refiners	Super-Jobbers
Valero	NGL Energy Partners
Tesoro	IPC
Exxon-Mobil	SC Fuels
	Boyett Petroleum
	SoCo Petroleum
	World Fuel

Super-Jobber NGL's Price to Unbranded Non-Contract Stations

NGL CRUDE LOGISTICS LLC

NGL Crude Logistics LLC Price Change Notice
Questions or Missing Prices?

Posted: 12/10/2015 19:12 CT

Terminal:	Date:	Time:	Product:	Change:	Price:
KML-Colton-XOM	12/11/2015	00:00	CRB87E10	0.0175	1.5425
KML-Colton-XOM	12/11/2015	00:00	CRB89E10	0.0175	1.7925
KML-Colton-XOM	12/11/2015	00:00	CRB91E10	0.0175	2.0425
KML-Colton-XOM	12/11/2015	00:00	ULS15CRB	-0.0100	1.4275
KML-Colton-XOM	12/11/2015	00:00	ULS15CRBD	-0.0100	1.4325
KML-Colton-VLO	12/11/2015	00:00	CRB87E10	0.0025	1.5525
KML-Colton-VLO	12/11/2015	00:00	CRB89E10	0.0025	1.8025
KML-Colton-VLO	12/11/2015	00:00	CRB91E10	0.0025	2.0525
KML-Colton-VLO	12/11/2015	00:00	ULS15CRB	-0.0100	1.4325
KML-Colton-VLO	12/11/2015	00:00	ULS15CRBD	-0.0100	1.4375
KML-Orange-VLO	12/11/2015	00:00	CRB87E10	0.0025	1.5375
KML-Orange-VLO	12/11/2015	00:00	CRB89E10	0.0025	1.7875
KML-Orange-VLO	12/11/2015	00:00	CRB91E10	0.0025	2.0375
KML-Orange-VLO	12/11/2015	00:00	ULS15CRB	-0.0150	1.4275
KML-Orange-VLO	12/11/2015	00:00	ULS15CRBD	-0.0150	1.4325
XOM-Vernon-XOM	12/11/2015	00:00	CRB87E10	0.0050	1.5150
XOM-Vernon-XOM	12/11/2015	00:00	CRB89E10	0.0050	1.7650
XOM-Vernon-XOM	12/11/2015	00:00	CRB91E10	0.0050	2.0150
KML-Carson-VLO	12/11/2015	00:00	CRB87E10	0.0000	1.5300
KML-Carson-VLO	12/11/2015	00:00	CRB89E10	0.0000	1.7800
KML-Carson-VLO	12/11/2015	00:00	CRB91E10	0.0000	2.0300
KML-Carson-VLO	12/11/2015	00:00	ULS15CRB	-0.0100	1.4200
KML-Carson-VLO	12/11/2015	00:00	ULS15CRBD	-0.0100	1.4250

Price excludes any freight, applicable state or federal taxes, loading or environmental fees and any ethanol tax credits. California posted prices include the Cap-at-the-Rack assessment. Thank you for your business!

Unbranded Price Comparison

	Price On December 11, 2015
Backdoor Valero Price	\$1.53
Backdoor Exxon Price	\$1.51
Valero Van Nuys Rack	\$1.83
Valero Carson Rack	\$1.69
Valero Signal Hill Rack	\$1.69
Valero San Diego Rack	\$1.75
All companies So-Cal Average (9 terminals)	\$1.78

Unbranded Market (20%)

Refiners Dump Cheap Fuel in
Backdoor, Dark Market to Keep Fuel
Prices Artificially High

- Wholesale gas prices are significantly cheaper than the spot price published in OPIS, leading to higher prices on deals, and retail purchases.
- OPIS doesn't have access to these deals, and most dealers, branded & unbranded, are not privy to 'special deal' pricing.
- Station owners overpay based on lack of market information.

Branded Market (80%)

Refiners Manipulate Contracts To Keep Retail Prices Artificially High

- Refiners manipulate contractual power over Branded stations to keep prices high at the 80% of stations that receive branded fuel at Dealer Tank Wagon (DTW) or at the Branded rack.
- DTW prices & branded rack prices are 30 cents higher than unbranded prices.
- By setting higher prices at branded stations, the street price remains artificially high.
- Branded station owners share DTW prices at almost every corner through the Lundberg Survey, which publishes DTW prices.
 - This lets refiners know all prices without having to discuss with competitors.

The Lundberg Survey: Tool For Collusion

- Refiners know DTW prices at almost every street corner through the Lundberg Survey, which publishes DTW prices.
 - This lets refiners know all competitors prices without having to discuss with competitors.
 - Refiners act in concert to keep prices high based on shared pricing information.

Solution: Transparency

- Eliminate backdoor “dark market” deals:
All deals over 2500 barrels should be disclosed
- All DTW prices should be publicly disclosed.

Impact:

All market players have access to same pricing information, so that the market cannot be gamed.

Other Transparency Measures

- The CEC should receive and publish data on following aspects of the refining industry:
 - Maintenance Schedules
 - Inventory Plans
 - Unplanned Maintenance Repair Timelines
 - Imports & exports

Other areas of concern

- CARB fuel being dumped in Arizona
- CARB components or gasoline being exported to foreign nations to short the market
- Refiners creating barriers to Import
- Spot Market being cornered by refiners at critical dates: July 6th & September 8th, driving the price up 60 cents overnight.

“Sunlight is said to be the best of disinfectants”

– Justice Louis D. Brandeis