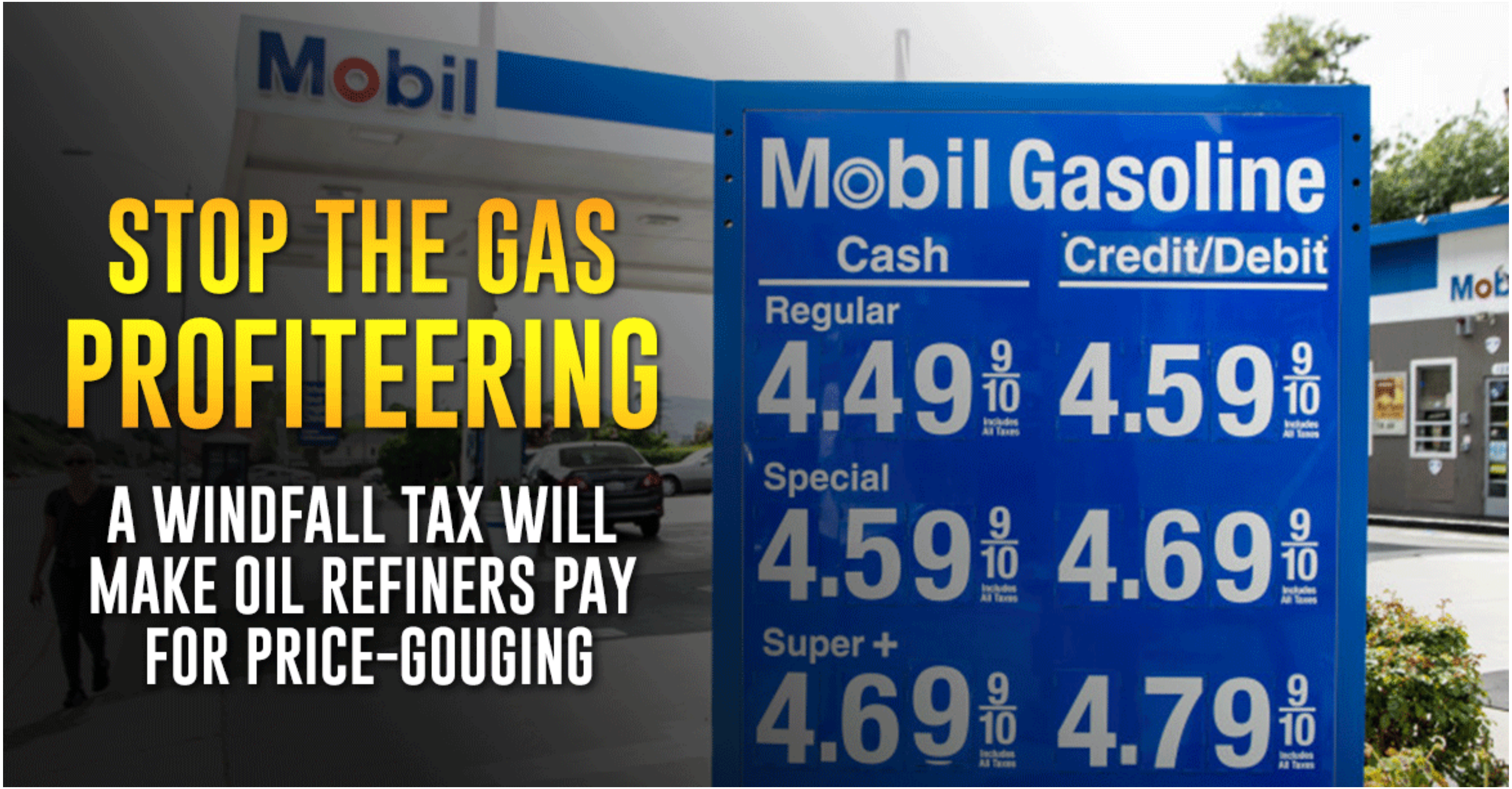
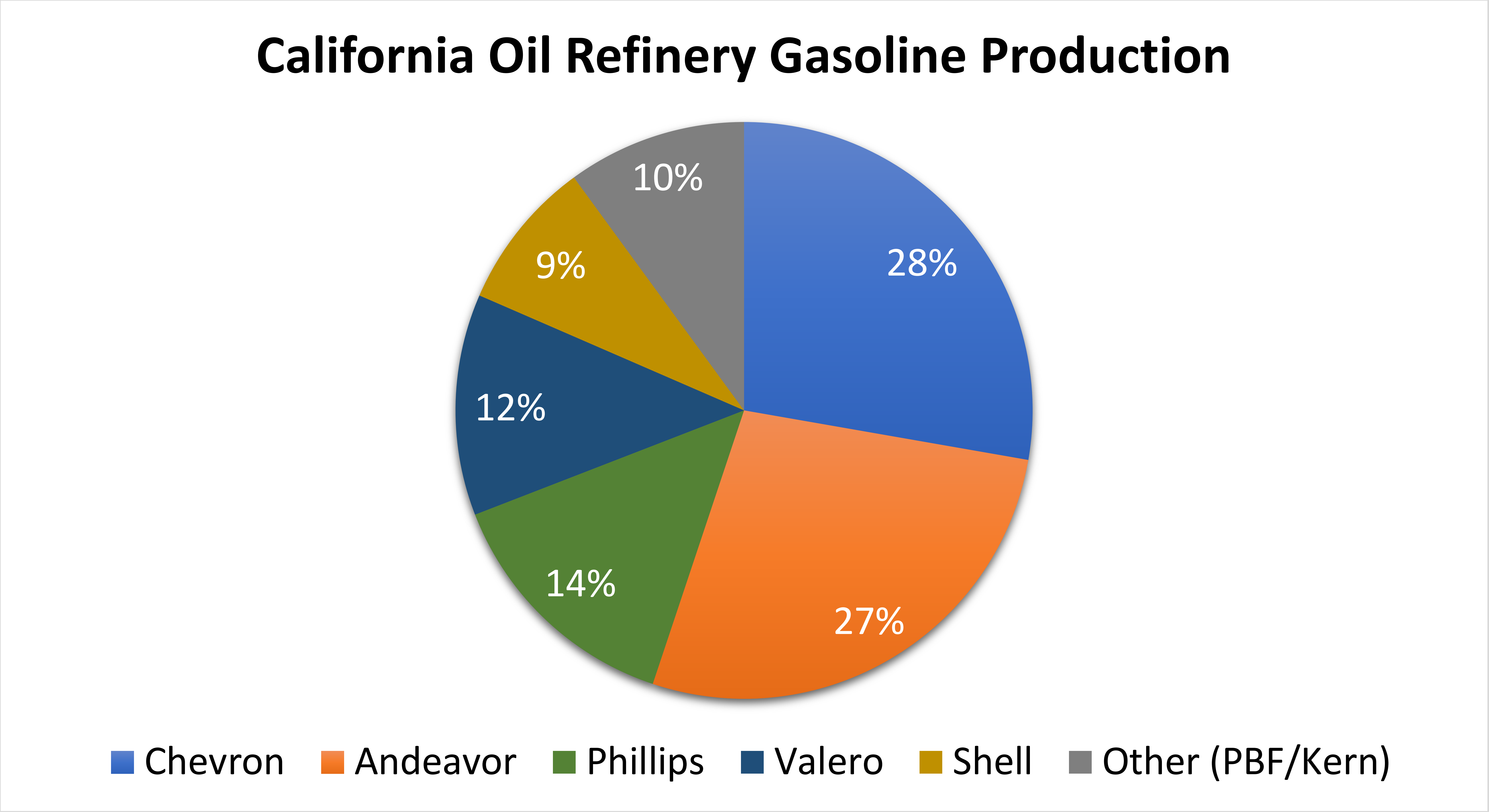
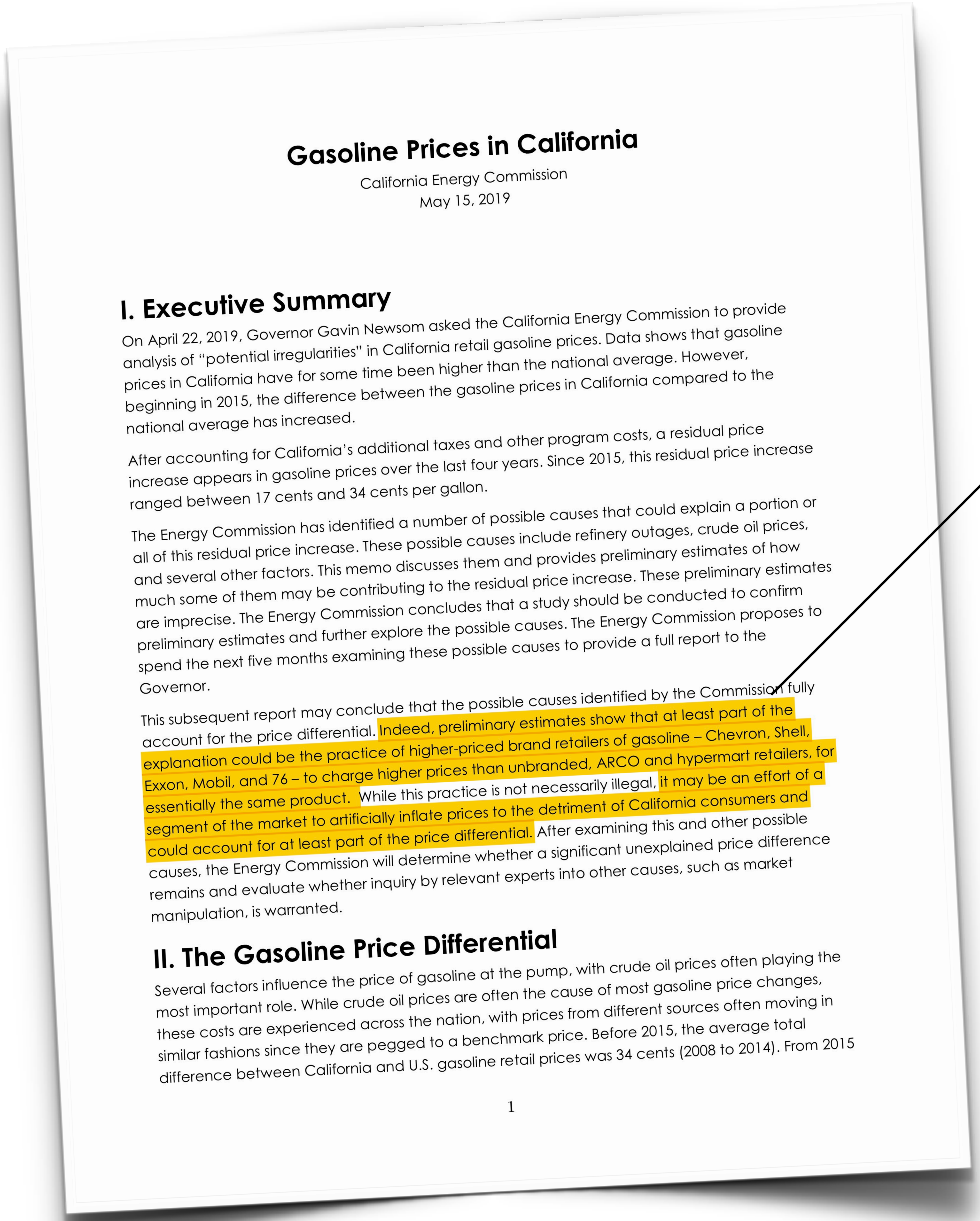

Mobil
STOP THE GAS
PROFITEERING
A WINDFALL TAX WILL
MAKE OIL REFINERS PAY
FOR PRICE-GOUGING
Mobil Gasoline
Cash
Credit/Debit
Regular
4.49 9/10
4.59 9/10
Special
4.59 9/10
4.69 9/10
Super +
4.69 9/10
4.79 9/10

5 Oil Refiners Control 90% of California Gasoline



Source: California Energy Commission https://www.energy.ca.gov/almanac/petroleum_data/refineries.html


REFINERY
SAME GASOLINE
"BRANDED" GAS STATIONS
80% of the market
Costs 20¢-30¢ more per gallon
Chevron
Shell
VALERO
PHILLIPS 66
"INDEPENDENT" GAS STATIONS
20% of the market
Costs 20¢-30¢ less per gallon
COSTCO WHOLESALE
UNITED OIL & GAS
WORLD OIL
Gas from Washington
CLOSED
REFINERY
GS
GAS
Branded
$4.09 / Gallon
Independent
$3.89 / Gallon
CLOSED
REFINERY
SAME GASOLINE
REFINERY
Gas to South America
Marina Del Rey
Los Angeles International Airport
El Segundo
Hawthorne
Manhattan Beach
Gardena
Compton
Paramount
Norwalk
Hermosa Beach
Redondo Beach
Torrance
Lakewood
West Carson
Cypress
Signal Hill
Lomita
Rolling Hills Estates
Wilmington
Long Beach
Rolling Hills
Rancho Palos Verdes
Terminal Island
San Pedro
Seal Beach
Sunset Beach
Commerce
Montebello
Pico Rivera
Whittier
Huntington Park



Gasoline Prices in California

California Energy Commission
May 15, 2019

I. Executive Summary

On April 22, 2019, Governor Gavin Newsom asked the California Energy Commission to provide analysis of "potential irregularities" in California retail gasoline prices. Data shows that gasoline prices in California have for some time been higher than the national average. However, beginning in 2015, the difference between the gasoline prices in California compared to the national average has increased.

After accounting for California's additional taxes and other program costs, a residual price increase appears in gasoline prices over the last four years. Since 2015, this residual price increase ranged between 17 cents and 34 cents per gallon.

The Energy Commission has identified a number of possible causes that could explain a portion or all of this residual price increase. These possible causes include refinery outages, crude oil prices, and several other factors. This memo discusses them and provides preliminary estimates of how much some of them may be contributing to the residual price increase. These preliminary estimates are imprecise. The Energy Commission concludes that a study should be conducted to confirm preliminary estimates and further explore the possible causes. The Energy Commission proposes to spend the next five months examining these possible causes to provide a full report to the Governor.

This subsequent report may conclude that the possible causes identified by the Commission fully account for the price differential. Indeed, preliminary estimates show that at least part of the explanation could be the practice of higher-priced brand retailers of gasoline – Chevron, Shell, Exxon, Mobil, and 76 – to charge higher prices than unbranded, ARCO and hypermart retailers, for essentially the same product. While this practice is not necessarily illegal, it may be an effort of a segment of the market to artificially inflate prices to the detriment of California consumers and could account for at least part of the price differential. After examining this and other possible causes, the Energy Commission will determine whether a significant unexplained price difference remains and evaluate whether inquiry by relevant experts into other causes, such as market manipulation, is warranted.

II. The Gasoline Price Differential

Several factors influence the price of gasoline at the pump, with crude oil prices often playing the most important role. While crude oil prices are often the cause of most gasoline price changes, these costs are experienced across the nation, with prices from different sources often moving in similar fashions since they are pegged to a benchmark price. Before 2015, the average total difference between California and U.S. gasoline retail prices was 34 cents (2008 to 2014). From 2015

1

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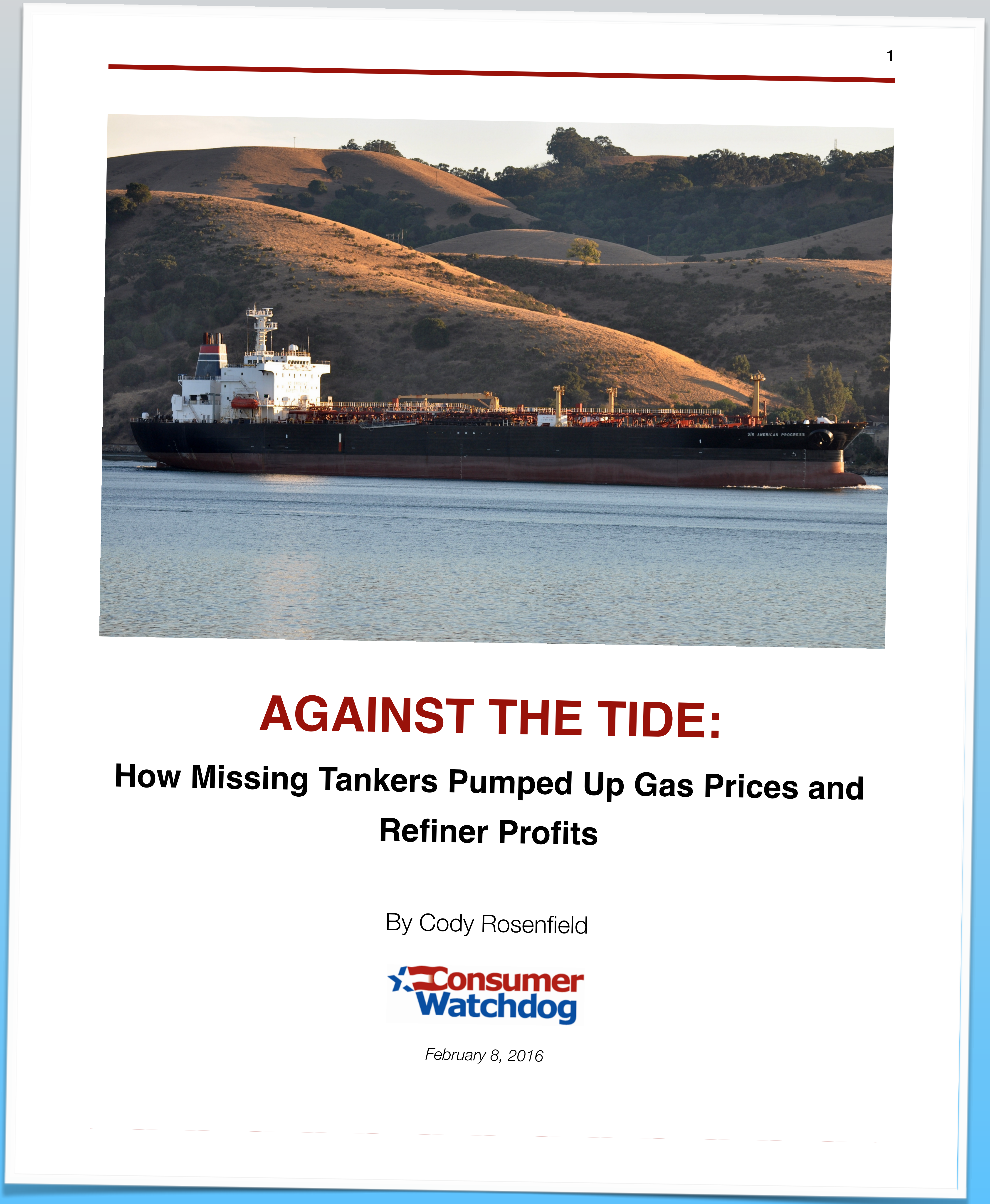

1

AGAINST THE TIDE:

How Missing Tankers Pumped Up Gas Prices and Refiner Profits

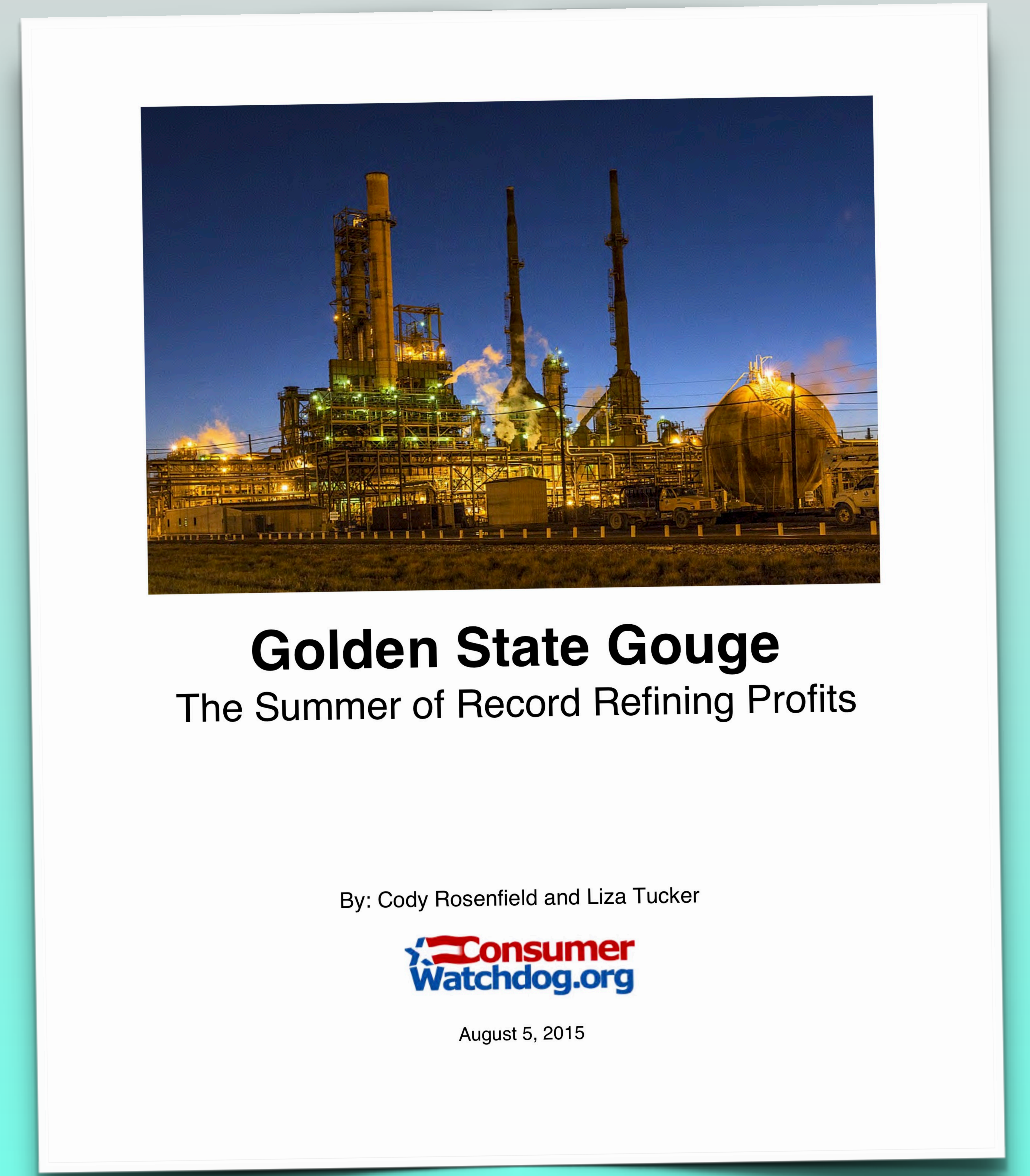
By Cody Rosenfield

Consumer Watchdog

February 8, 2016

Exxon’s Hidden Tanker

The S/R American Progress, an Exxon vessel, spent 70 days off the coast of Singapore at the height of California’s gas price crisis in 2015.


Golden State Gouge

The Summer of Record Refining Profits

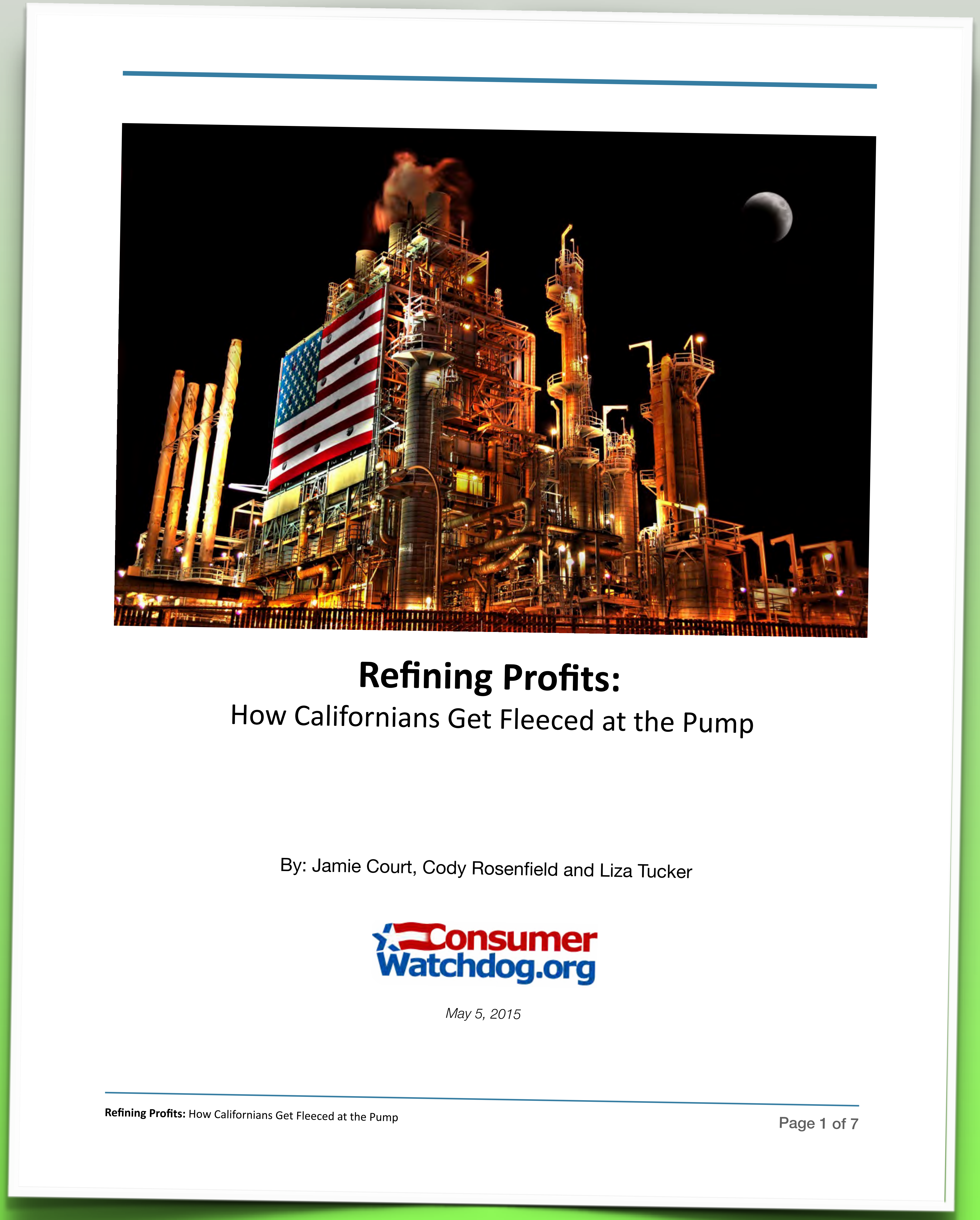
By: Cody Rosenfield and Liza Tucker

Consumer Watchdog.org

August 5, 2015

Record Profits for Refiners

Refiner margins–the amount of money refiners collect for each gallon of gasoline–set a record for California in July 2015. The margin stands at $1.61 for branded stations – triple their typical returns of 48 cents per gallon.



Refining Profits:
How Californians Get Fleeced at the Pump

By: Jamie Court, Cody Rosenfield and Liza Tucker

ConsumerWatchdog.org

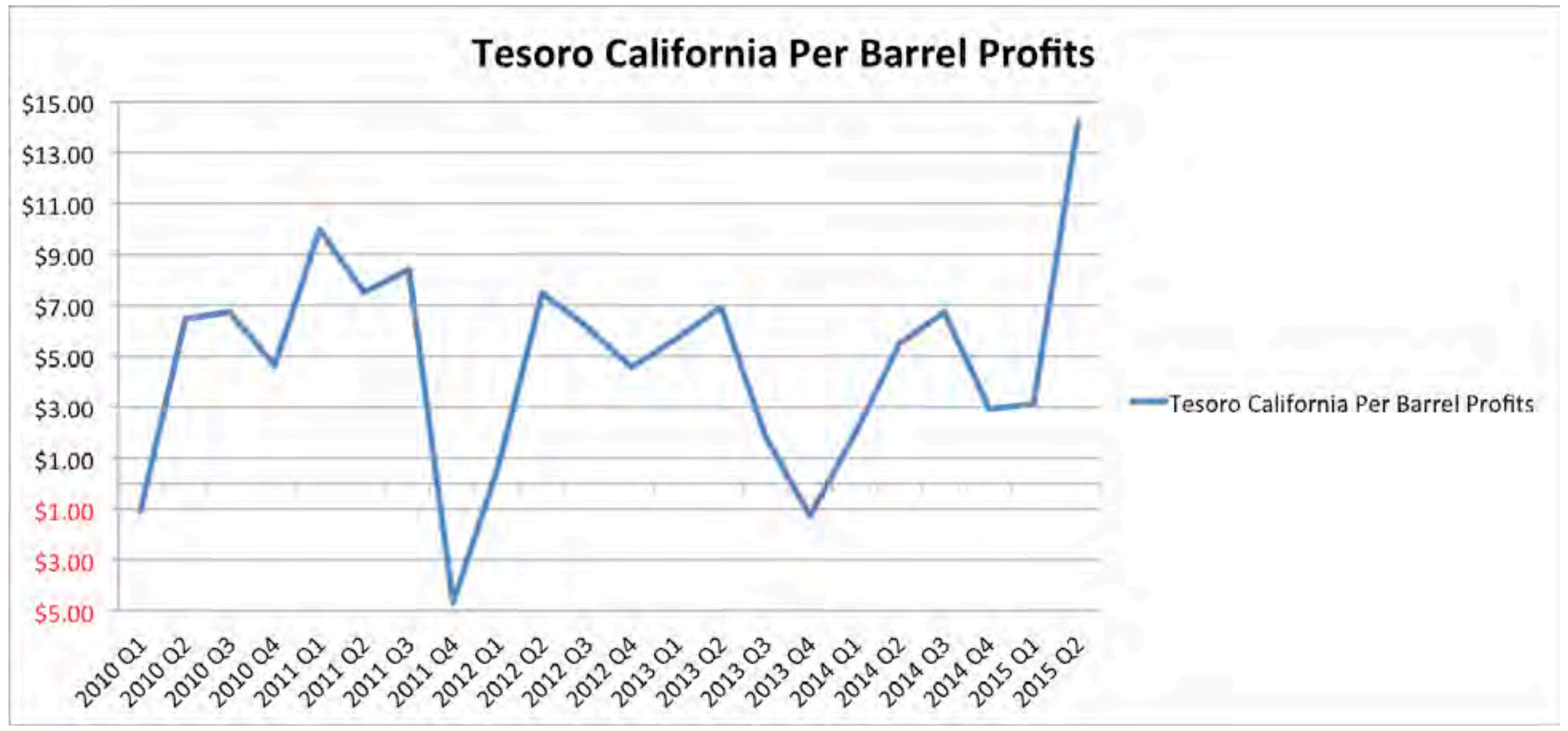
May 5, 2015

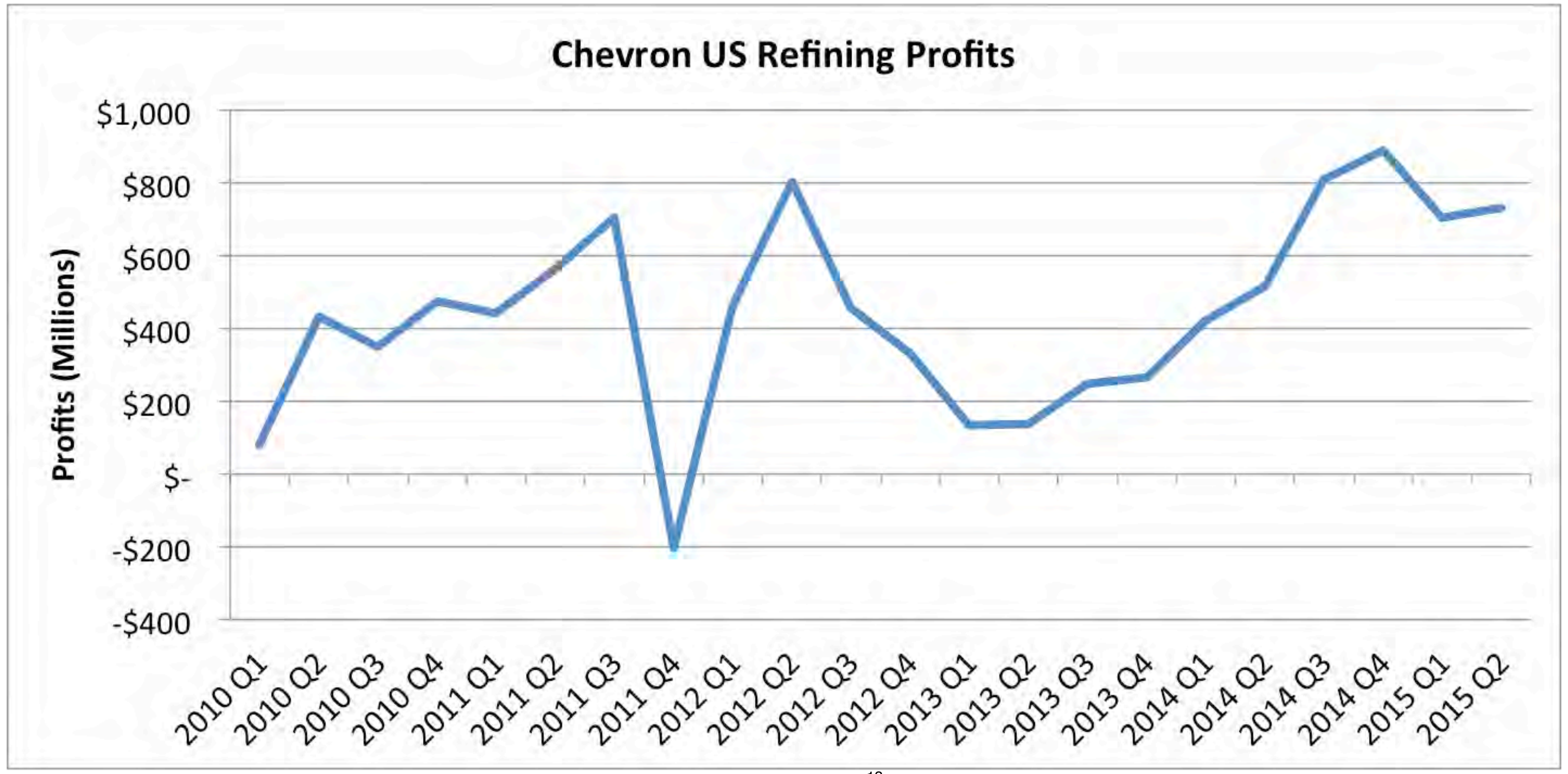
Spiking Prices

Oil refiners are making huge profits with each gasoline spike. Their incentive is to keep the current system of low inventories, downed refineries and little transparency in place.

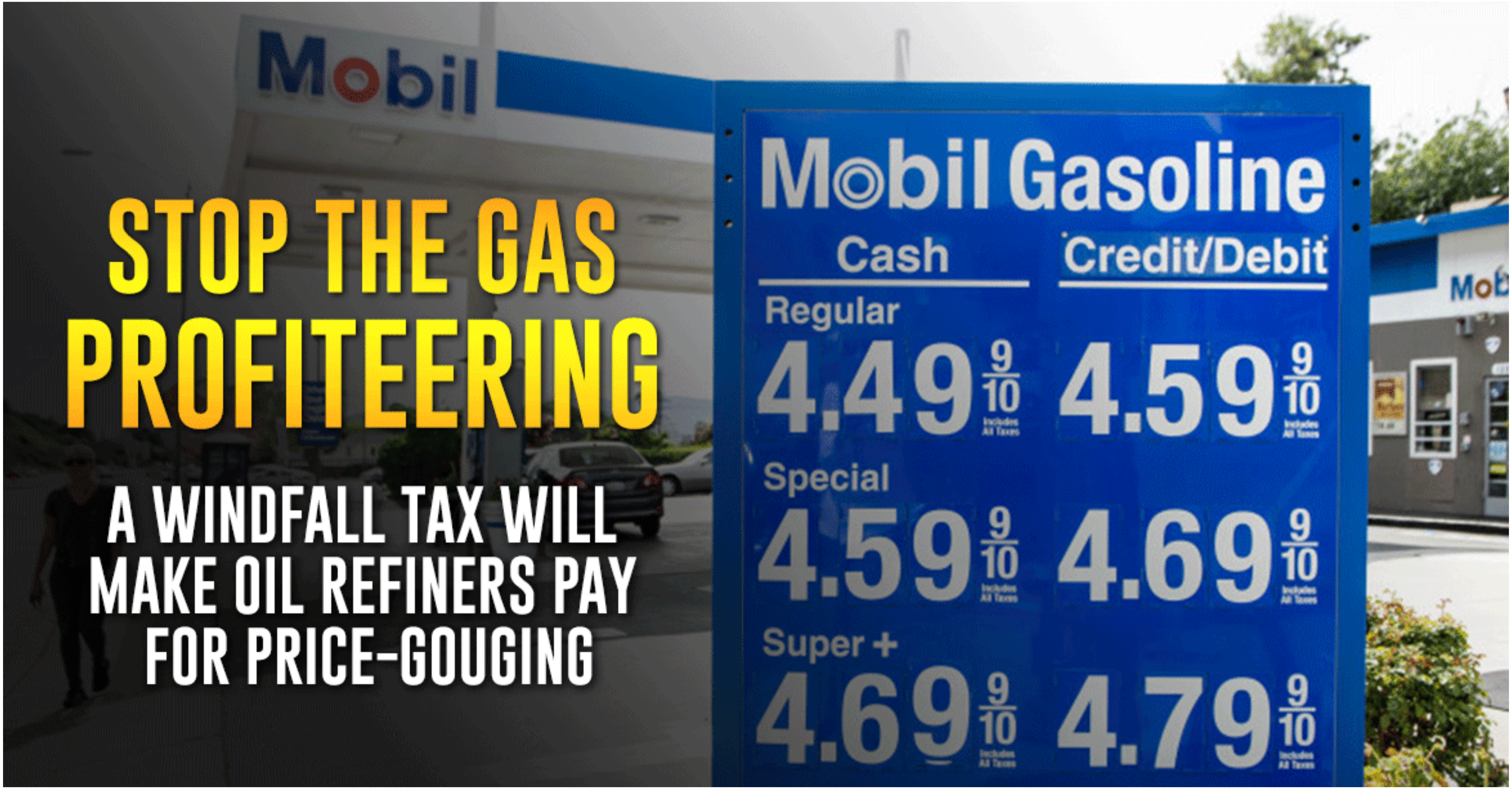
Profit Spikes

Tesoro provides their California margin per barrel, as well as costs per barrel. Subtracting the costs from the margin provides per barrel profits, which reached an eight-year high of $14 per gallon, more than twice their average quarterly profit over the last ten years.





Company filings with the Securities and Exchange Commission, and Chevron[13]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