



September 6, 2022

Governor Gavin Newsom  
1021 O Street, Suite 9000  
Sacramento, CA 95814  
[Leg.unit@gov.ca.gov](mailto:Leg.unit@gov.ca.gov)

Re: Sign SB 1322 (Allen) Into Law

Dear Governor Newsom,

On behalf of Consumer Watchdog, I urge you to sign SB 1322 (Allen), the Oil Refiner Price Disclosure Act, into law.

The legislation requires monthly disclosure by California oil refiners of their per gallon profits in California and provides other crucial information, under terms of confidentiality, to the California Energy Commission and the Attorney General.

Under SB 1322, oil refiners will be required to report their gross profits per barrel to the Energy Commission, which will then post the profits on their website in aggregate and, for any refiner with more than one refinery, by refiner in aggregate. This “gross margin” is the difference between average cost they pay for a barrel crude oil and the average price they charge for the finished barrel of gasoline. There will be a 45 day lag time on the data, which will allow the public, legislators and regulators to identify periods of price gouging in real time, but is long enough to prevent any potential market manipulation. We will know the profits per gallon through simple math because there are 42 gallons

in a barrel. Gross margins are a standard reporting tool that all of the five major oil refiners report to their investors.

In addition, the CEC, at its request, will receive detailed information, on a confidential basis, about the price and source of crude oil used by the refineries and the price oil refiners are charging gas stations for gasoline in different scenarios. The CEC will be able to analyze the data, and under amendments requested by the Attorney General, share the information with the Attorney General. The information will be confidential, but posted in aggregate for the public and researchers to use to analyze why California's gasoline prices are so much higher than America's.

Californians are currently paying about \$1.23 more per gallon for their gasoline than the average US driver, according to the Energy Information Administration, and that delta has risen to as much as a \$1.50 in recent months. Environmental costs and extra taxes in California add only 60 cents extra per gallon. SB 1322 will shed light on the difference by exposing how much oil refiner profits are in California.

Oil refiners charge Californians based on the world price of oil, but we know that these refiners hold negotiated, long term contracts at much lower prices. The CEC does not currently have access to the price paid by refiners for their crude oil. The "refiner margins" the CEC now posts is a guesstimate based on the world price of crude oil and the wholesale price of gasoline. The new information provided to the CEC and public will allow Californians to gauge the real price of making gasoline and the real profit oil refiners make from selling it.

California oil refiners currently claim the higher price of gasoline in California is due to environmental rules and higher taxes. SB 1322 will offer valuable information to put those claims to the test.

Currently, California oil refiners report their gross margins to their investors on a national and regional basis, but not California specific.

Five oil refiners make 97% of the gasoline in California. Four of the five refiners report margins to investors quarterly. One, Chevron, reports their margins annually.

In just the second quarter of 2022, California's five big oil refiners reported unprecedented windfall profits that topped \$26 billion—more than doubling their profits in the second quarter last year.

Investor reports show California refiners' Western region profit margins are through the roof. In the second quarter of 2022, West Coast profits per gallon for Marathon topped an unprecedented \$1 per gallon, nearly tripling from the second quarter of 2021. Valero, PBF and Phillips reported second quarter 2022 profits of 83 cents, 82 cents, and 79 cents per gallon. These profits are between almost three times and ten times higher than the year before. [Read more about the investor reports.](#)

Profits per gallon from West Coast operations also registered highest among each refiner's reported regions across the United States and world – suggesting that it is profits, not California's environmental rules and taxes, that drive up California pump prices. SB 1322's new reporting requirement breaking out California profits monthly is likely to show even higher profit margins in California than reported for aggregated refinery operations in Western regions.

Once we know exactly how much refiners are profiting from the pain at the pump, the state can consider forcing oil refiners to pay back some of these excessive profits via a windfall profits tax. This is a tool that some European countries facing the same price-gouging are applying to oil companies and electricity producers right now.

This is critical given that California will refund more than \$1,000 per resident who qualified due to high gasoline costs. Given this extraordinary expenditure, you and other policymakers need more accurate information to inform your future policy choices. If California oil refiners are gouging us, the state needs to claw back their profits.

SB 1322 is supported by the California Attorney General, CALPIRG (California Public Interest Research Group), Greenpeace USA, Center on Race, Poverty & the Environment, SoCal 350 Climate Action, San Diego 350 Climate Action, Friends of the Earth US, Stand.earth, Sunflower Alliance, FracTracker Alliance, Food & Water Watch, Public Watchdogs and California Nurses for Environmental Health and Justice

Californians have been an ATM for oil refiners for far too long. Your signature on this legislation will help rein in these outrageous profits. Sunlight is the best disinfectant and this industry needs serious fumigation.

Your signature on SB 1322 will force refiners to open their books so all Californians can see their true cost of doing business. Please feel free to contact me at 310-874-9989 with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Court". The signature is fluid and cursive, with a large initial "J" and a stylized "C" at the end.

Jamie Court  
President, Consumer Watchdog.