

## DOCKETED

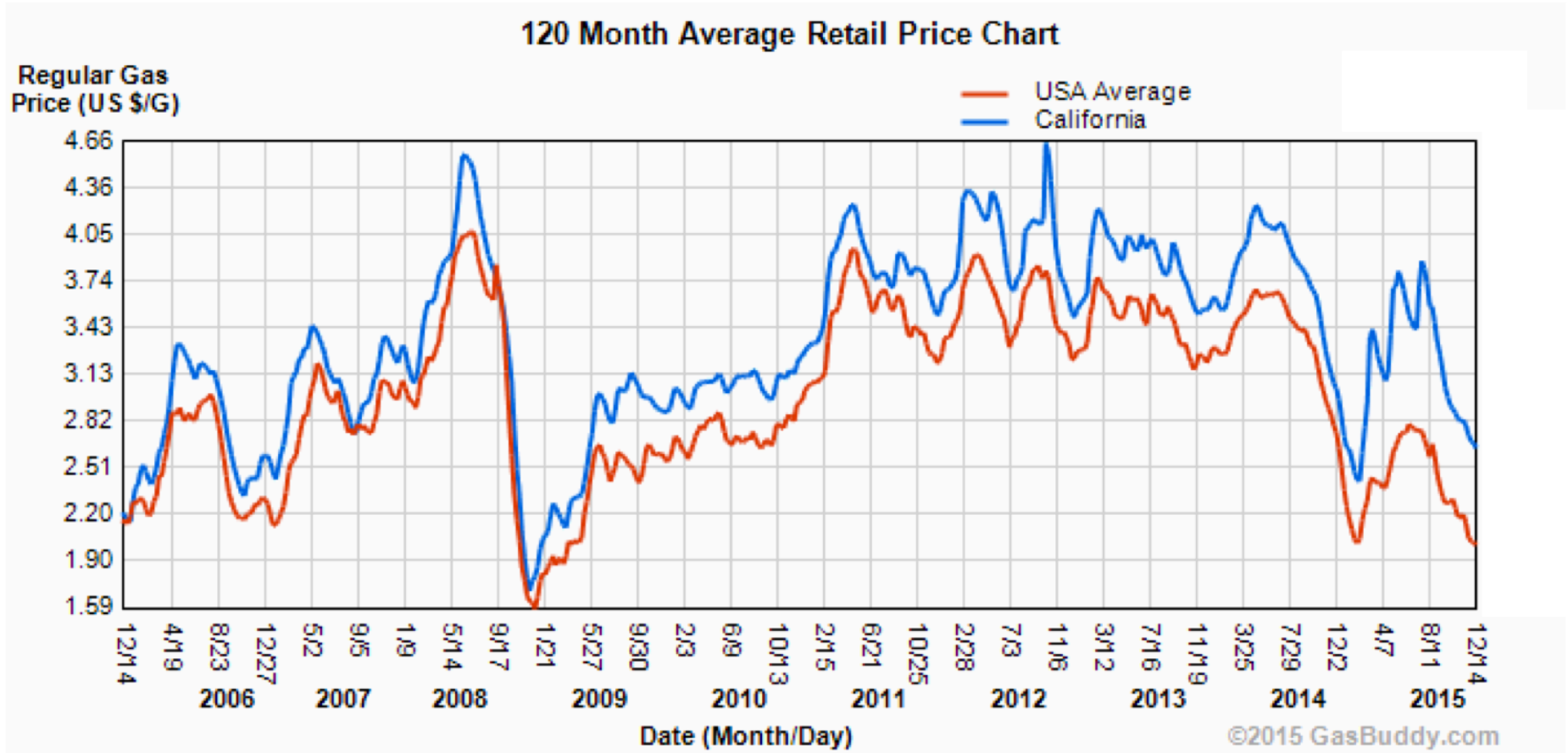
|                         |                                     |
|-------------------------|-------------------------------------|
| <b>Docket Number:</b>   | 15-PMAC-01                          |
| <b>Project Title:</b>   | Petroleum Market Advisory Committee |
| <b>TN #:</b>            | 207139                              |
| <b>Document Title:</b>  | Consumer Watchdog Presentation      |
| <b>Description:</b>     | Consumer Watchdog Presentation      |
| <b>Filer:</b>           | Ryan Eggers                         |
| <b>Organization:</b>    | California Energy Commission        |
| <b>Submitter Role:</b>  | Energy Commission                   |
| <b>Submission Date:</b> | 12/29/2015 9:55:30 AM               |
| <b>Docketed Date:</b>   | 12/29/2015                          |

# Consumer Watchdog Presentation for the Petroleum Market Advisory Committee

December 16<sup>th</sup>, 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**

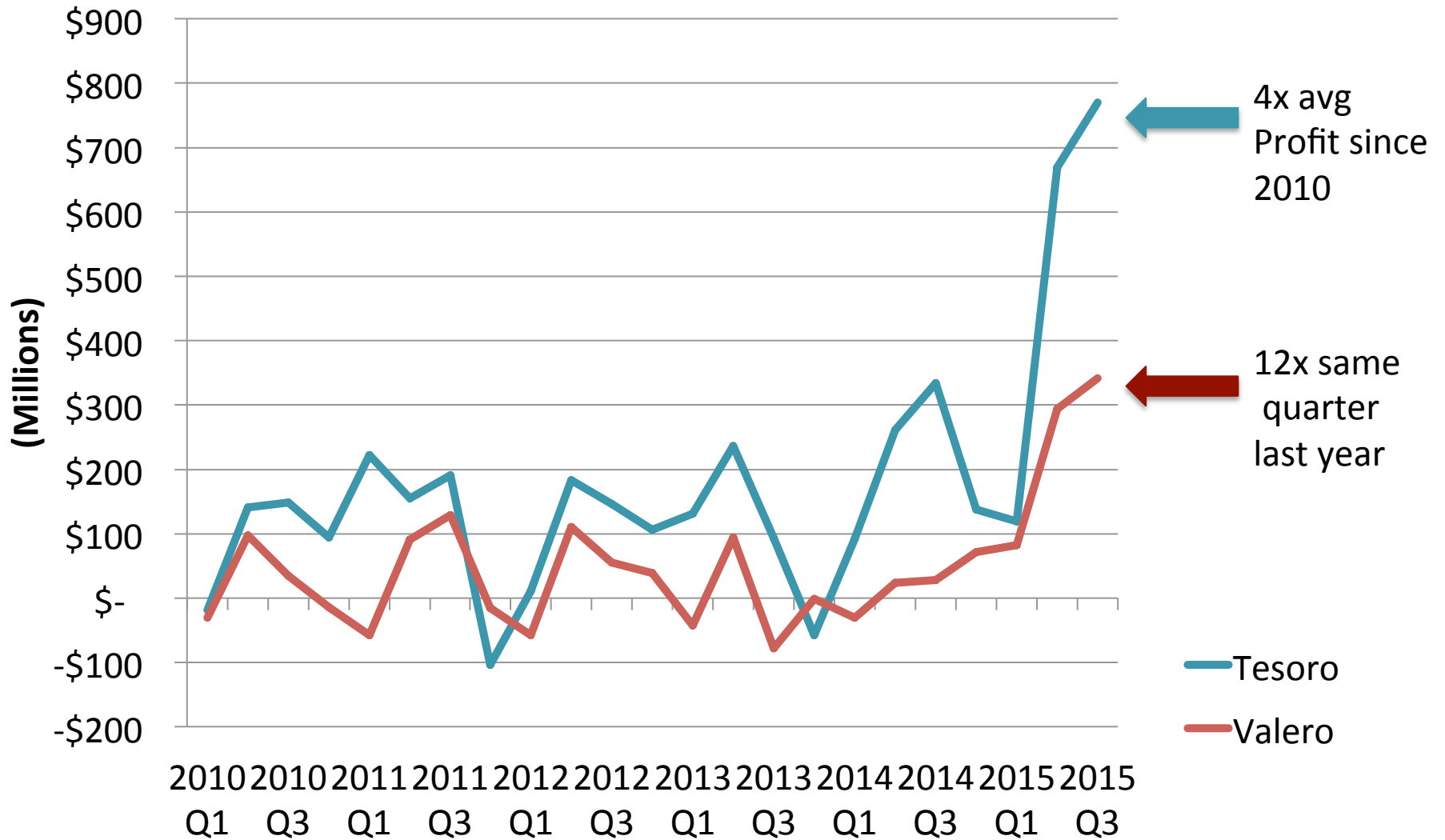
- Extra Cost Per Driver:

**\$340**

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

# Tesoro & Valero California Profits

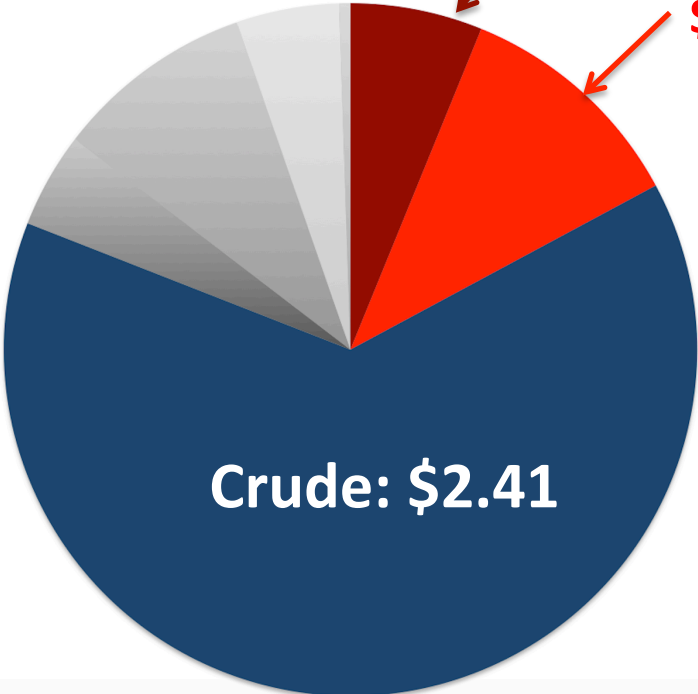
2015 Q3 Best Quarters Ever



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

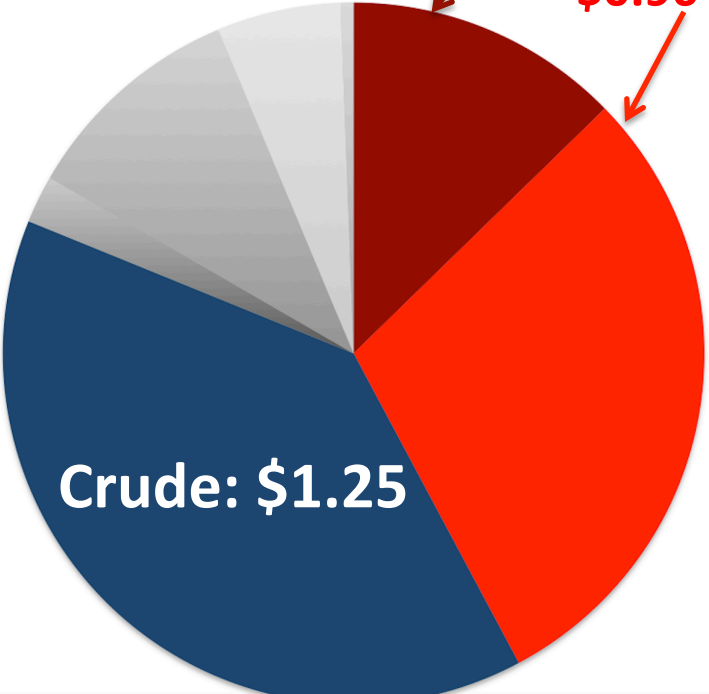
# CEC Margin Breakdown – Branded Stations

**2010-2014**  
Station Margin: \$0.23  
Refiner Margin: \$0.41



Avg. Price: \$3.77

**2015**  
Station Margin: \$0.41  
Refiner Margin: \$0.96

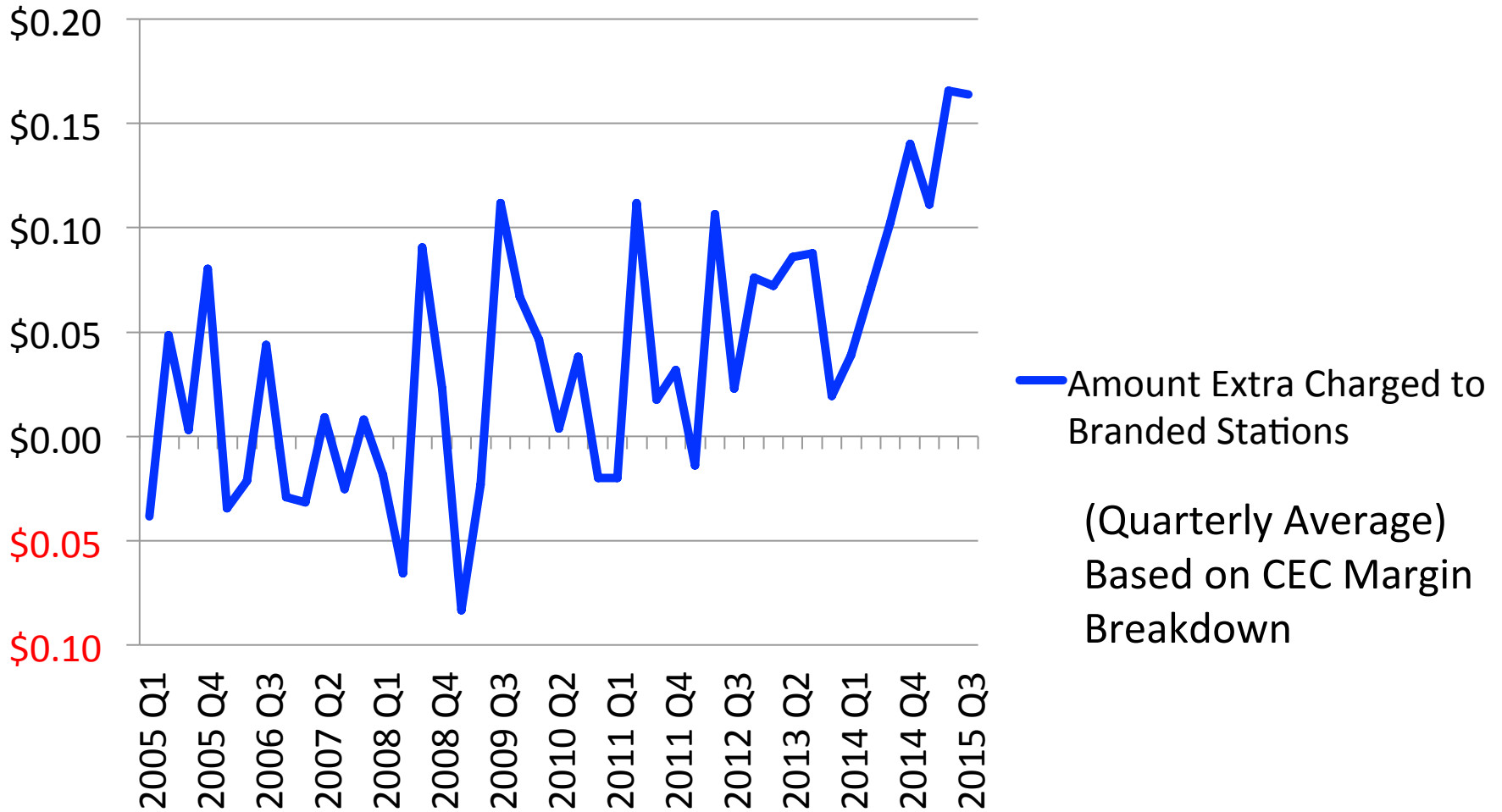


Avg. Price: \$3.21

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

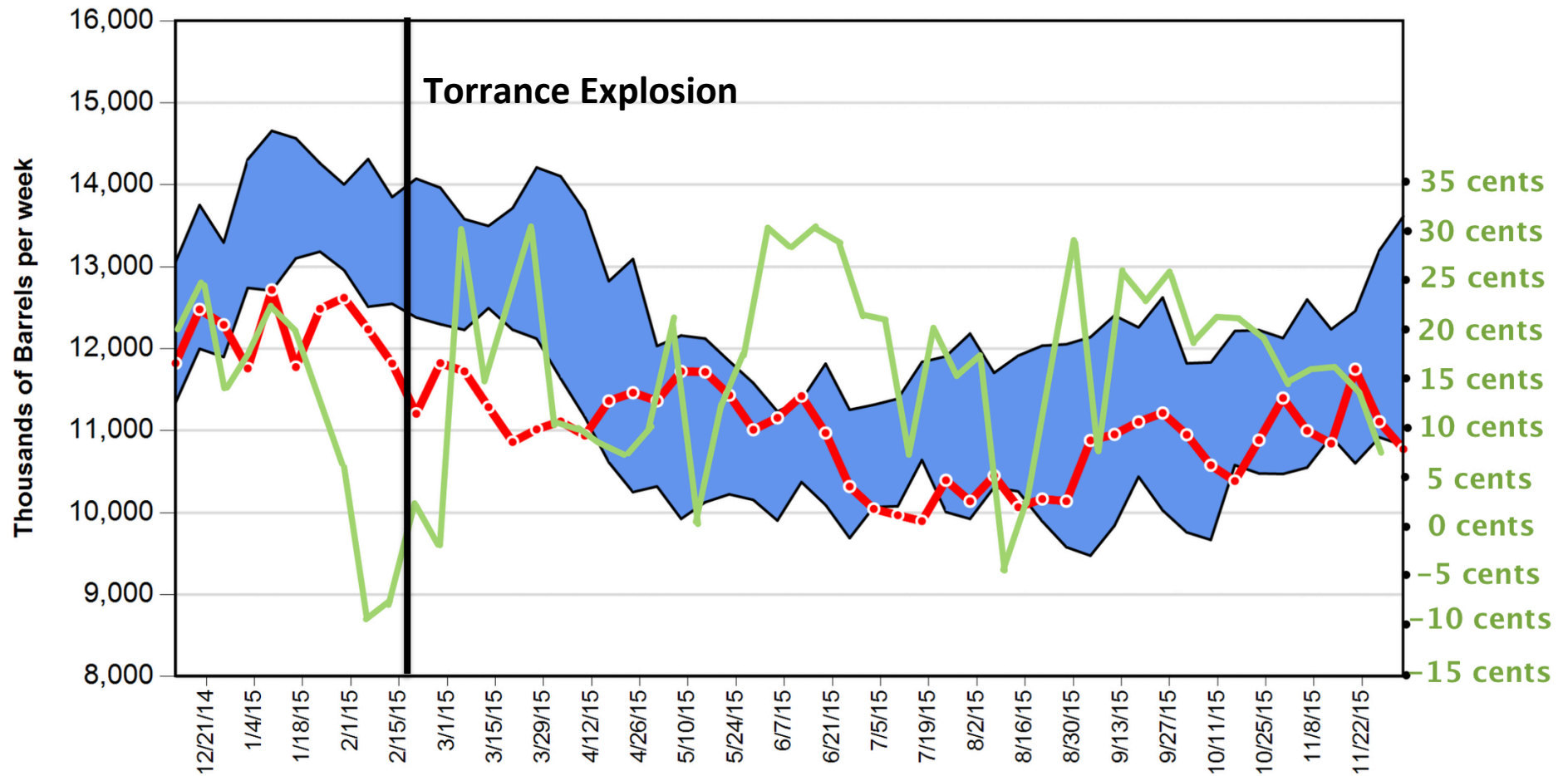
# From Consumer Watchdog's last PMAC presentation:

## 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        |
| <b>KML-Orange-VLO</b> | <b>12/11/2015</b> | <b>00:00</b> | <b>CRB87E10</b> | <b>0.0025</b> | <b>1.5375</b> |
| <b>KML-Orange-VLO</b> | <b>12/11/2015</b> | <b>00:00</b> | <b>CRB89E10</b> | <b>0.0025</b> | <b>1.7875</b> |
| <b>KML-Orange-VLO</b> | <b>12/11/2015</b> | <b>00:00</b> | <b>CRB91E10</b> | <b>0.0025</b> | <b>2.0375</b> |
| 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        |
| <b>XOM-Vernon-XOM</b> | <b>12/11/2015</b> | <b>00:00</b> | <b>CRB87E10</b> | <b>0.0050</b> | <b>1.5150</b> |
| <b>XOM-Vernon-XOM</b> | <b>12/11/2015</b> | <b>00:00</b> | <b>CRB89E10</b> | <b>0.0050</b> | <b>1.7650</b> |
| <b>XOM-Vernon-XOM</b> | <b>12/11/2015</b> | <b>00:00</b> | <b>CRB91E10</b> | <b>0.0050</b> | <b>2.0150</b> |
| 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 |
|--|----------------------------|
| <b>Backdoor Valero Price</b>               | <b>\$1.53</b>              |
| <b>Backdoor Exxon Price</b>                | <b>\$1.51</b>              |
| 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 6<sup>th</sup> & September 8th, driving the price up 60 cents overnight.

“Sunlight is said to be the best of disinfectants”

– Justice Louis D. Brandeis