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**Marathon Petroleum Corporation**

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November 17, 2022

The Honorable Chair David Hochschild  
California Energy Commission  
715 P Street  
Sacramento, CA 95814

Via Email: [David.Hochschild@energy.ca.gov](mailto:David.Hochschild@energy.ca.gov)  
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**RE: Informational Hearing on California Gasoline Price Spikes, Refinery Operations and Transitioning to a Clean Transportation Fuels Future**

Dear Chair Hochschild:

I am writing in response to the California Energy Commission's (CEC) request for Marathon Petroleum Corporation to present at the November 29 hearing on "California Gasoline Price Spikes, Refinery Operations, and Transitioning to a Clean Transportation Fuels Future." While the Commission requests that witnesses provide answers regarding inventory management practices and other factors that are cited as the reasons for the recent spikes in gasoline pricing in California, the Commission also rightly acknowledges that "participants may take the position that they have information-sharing constraints imposed by federal anti-trust laws." Marathon shares these concerns and will therefore be unable to testify. We believe the industry trade association – the Western State Petroleum Association – is better suited to provide industry-wide insights on the policies and market conditions that impact California gasoline markets.

Regarding your questions on gasoline prices, the largest factor in petroleum fuel prices is the price of crude oil, which is a globally traded commodity. Other factors include the operating cost of refining the crude into fuels (including the use of natural gas); availability of logistics (pipeline capacity, transport trucks, railcars, storage facilities); local, state, and federal taxes; state and federal renewable fuel blending regulations; and how much supply there is in various regions relative to demand. It's also important to note that the ability and cost to import gasoline to California from Asia has been dramatically impacted by the war in Ukraine. Under normal circumstances, foreign markets would supplement supply to California when inventory levels drop.

Through WSPA, the industry's consistent message is that California needs energy policies that are predictable, technology-neutral, and create an even playing field for energy companies to compete as they meet Californians' energy needs while also investing in an



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energy-diverse future. It is important to note that many of the state's policies have made – and will continue to make – California even more susceptible to global energy shocks like the one we are currently seeing. As you correctly noted in the informational hearing package, “California’s carbon neutrality goals are expected to drive down the demand for petroleum fuels, while supply of fuels is becoming constrained due to California’s unique blends, the isolated market, the impact of refinery outages, and retirements of existing refineries.” Marathon strongly supports the fact-based study that CEC is proposing to develop an understanding of the impact of climate goals on supply and demand for petroleum fuels, in-state production capacity, and the reliability and affordability of petroleum fuels.

We appreciate and welcome the opportunity to continue dialogue with you and senior level members of the CEC and look forward to arranging a more suitable forum to discuss these topics and what Marathon is doing to meet the needs of consumers and business in the state of California.

Respectfully,

*Stephen Konig*

Stephen Konig