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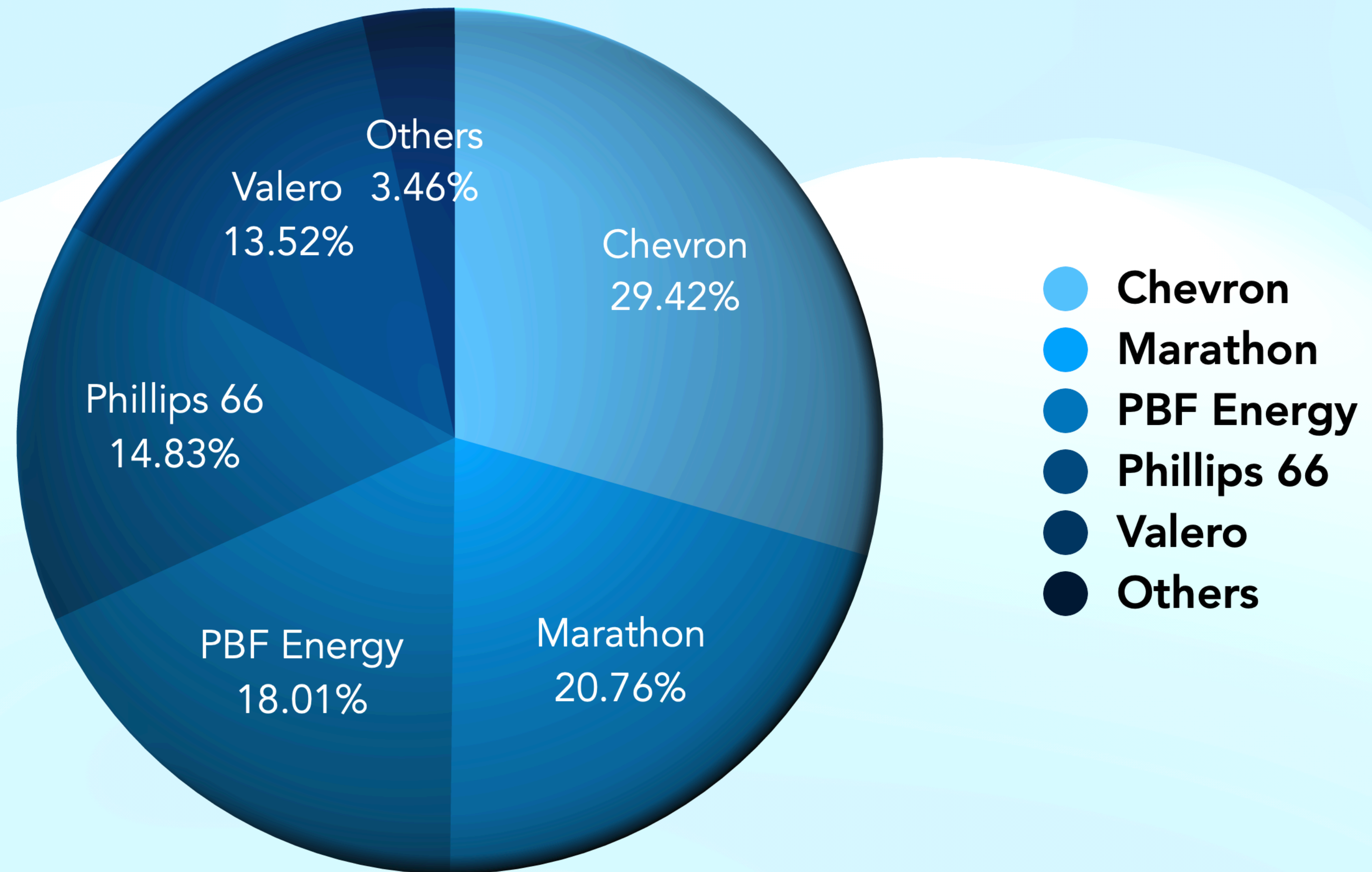
Testimony of Jamie Court

President, Consumer Watchdog

California Energy Commission's (CEC) Informational Hearing on California Gasoline Price Spikes, Refinery Operations, and Transitioning to a Clean Transportation Fuels Future

November 29, 2022

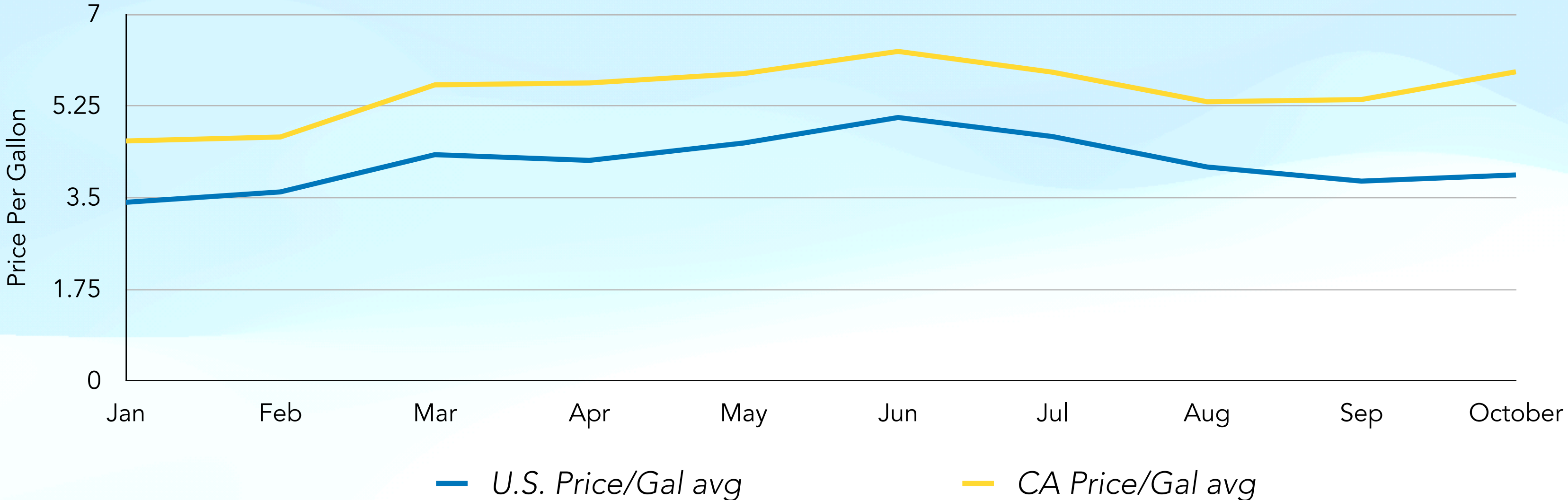
5 Oil Refiners Make 97% of Gasoline in California



Source: California Energy Commission

California Gas Prices Were As Much As \$2.60 greater than US Gas Prices — Despite Taxes and Environmental Rules Adding Only About 69 cents Per Gallon

US Gas Prices vs. CA Gas Prices 2022



Added CA Costs From Environmental Regulation And Taxes

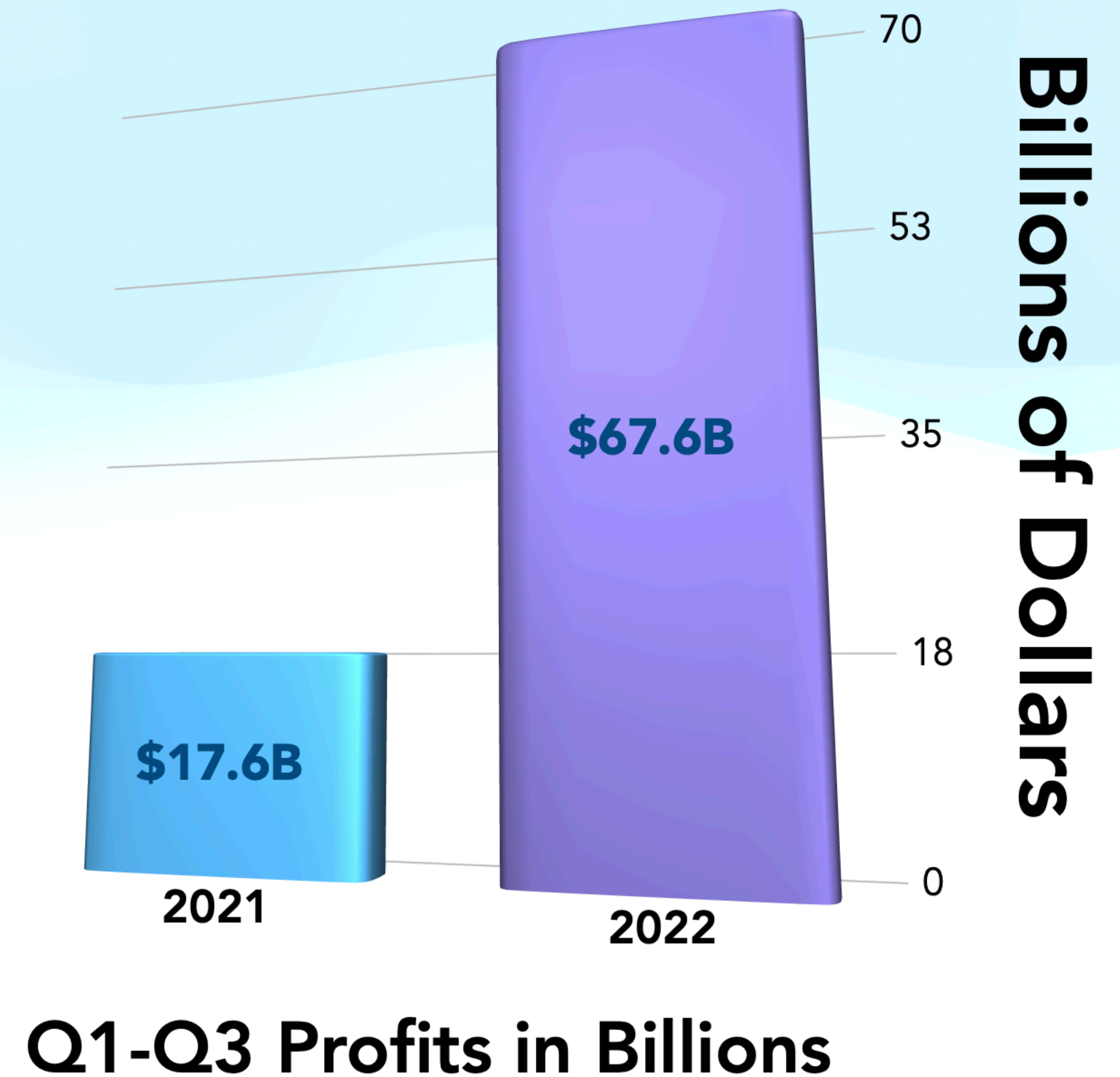
- Added state taxes = 25 cents
- (Average state tax is 29 cents/ CA taxes are 54 cents)
- Low carbon fuel standard = 16 cents
- Cap and trade = 26 cents
- Underground storage = 2 cents
- Difference = 69 cents

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	October
U.S. Price/Gal avg	3.413	3.611	4.322	4.213	4.545	5.032	4.668	4.087	3.817	3.935
CA Price/Gal avg	4.584	4.660	5.655	5.692	5.871	6.294	5.897	5.333	5.375	5.905

Big 5 oil refiners posted profits of \$67.6 billion in the first nine months of 2022 — nearly quadruple the \$17.6 billion posted for the same period in 2021.

TOTAL PROFITS FOR FIRST NINE MONTHS 2022:
\$67.6 BILLION

TOTAL PROFITS FOR FIRST NINE MONTHS 2021:
\$17.6 BILLION



Refiner Profit Per Gallon By Year (CA/West)

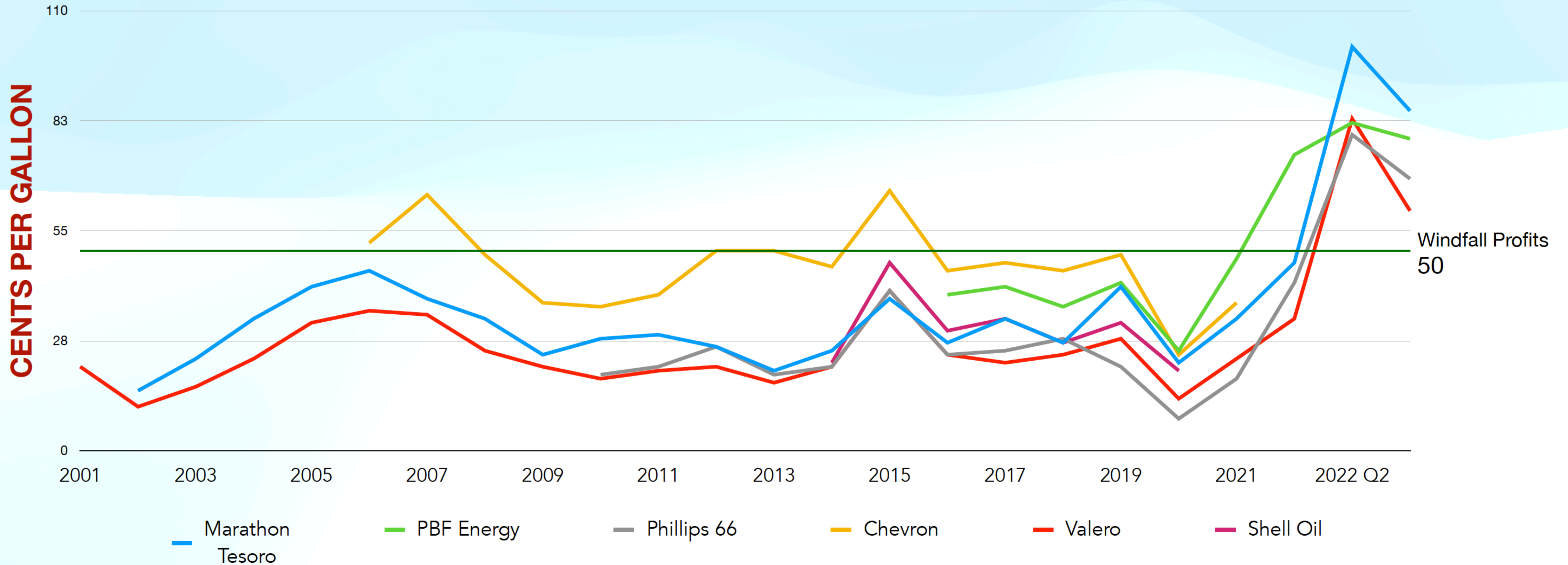
Year	Chevron <small>(Chevron Texaco Until 2005)</small>	Marathon / Tesoro	PBF Energy	Phillips 66	Valero	Shell Oil
2022 3 rd Q		85 Cents	78 Cents	68 Cents	60 Cents	
2022 2 nd Q	N/A	\$1.01	82 Cents	79 Cents	83 Cents	N/A
2022 1 st Q	N/A	47 Cents	LA: 78 Cents SF: 70 Cents	42 Cents	33 Cents	N/A
2021	37 Cents	33 Cents	LA: 48 Cents SF: 48 Cents	18 Cents	23 Cents	N/A
2020	24 Cents	22 Cents	LA: 26 Cents SF: 23 Cents	8 Cents	13 Cents	20 cents
2019	49 Cents	41 Cents	LA: 43 Cents SF: 40 Cents	21 Cents	28 Cents	32 cents
2018	45 Cents	27 Cents	36 Cents	28 Cents	24 Cents	27 cents
2017	47 Cents	33 Cents	41 Cents	25 Cents	22 Cents	33 cents
2016	45 Cents	27 Cents	39 Cents	24 Cents	24 Cents	30 cents
2015	65 Cents	38 Cents	N/A	40 Cents	40 Cents	47 cents
2014	46 Cents	25 Cents	N/A	21 Cents	21 Cents	22 cents
2013	50 Cents	20 Cents	N/A	19 Cents	17 Cents	N/A
2012	50 Cents	26 Cents	N/A	26 Cents	21 Cents	N/A
2011	39 Cents	29 Cents	N/A	21 Cents	20 Cents	N/A
2010	36 Cents	28 Cents	N/A	19 Cents	18 Cents	N/A
2009	37 Cents	24 Cents	N/A	N/A	21 Cents	N/A
2008	49 Cents	33 Cents	N/A	N/A	25 Cents	N/A
2007	64 Cents	38 Cents	N/A	N/A	34 Cents	N/A
2006	52 Cents	45 Cents	N/A	N/A	35 Cents	N/A
2005	N/A	41 Cents	N/A	N/A	32 Cents	N/A
2004	N/A	33 Cents	N/A	N/A	23 Cents	N/A
2003	N/A	23 Cents	N/A	N/A	16 Cents	N/A
2002	N/A	15 Cents	N/A	N/A	11 Cents	N/A
2001	N/A	N/A	N/A	N/A	21 Cents	N/A
AVG	46 Cents	30 cents	42 cents	22 cents	23 cents	30 cents

**32 cents average
2001 - 2021**

California Saw Windfall Profits Never Recorded By Oil Refiners

\$1.8 Billion In 2022 Windfall Profits Already

Profits Per Gallon, 2001-2022



CA Oil Refiners More Than Doubled Their Profit Margins In 2022

Average Profit Margin 2001 – 2021: 32 cents per gallon

2022 Profit Margin Q1 – Q3 (Excluding Chevron): 69 cents per gallon

2022 Margins

Q3 73 cents/gallon

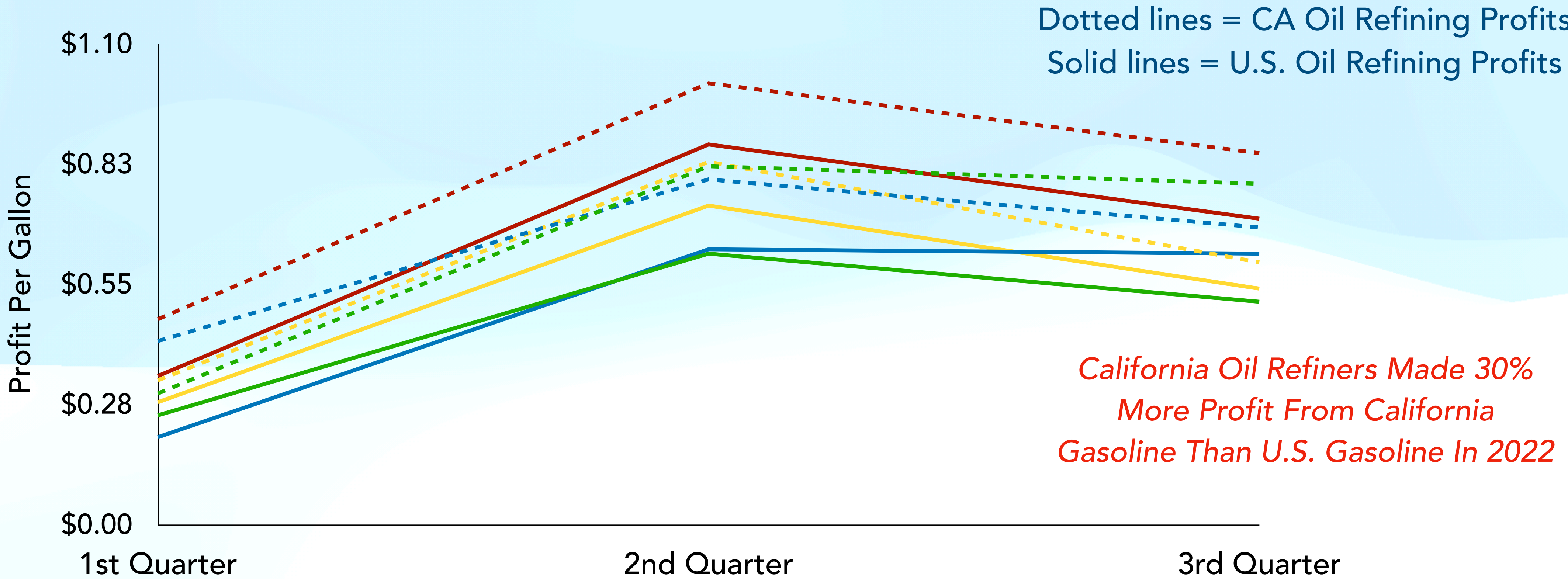
Q2 86 cents/gallon

Q1 49 cents/gallon

Oil Refiners Made 30% More Profit From West Coast / California

3RD Q 2022 Profits Per Gallon By Region	West Coast	Gulf Coast	Mid-Continent	East Coast	World	Average (excluding WC)	Percentage of CA profits greater than other regions				% Profits Higher in CA
							Gulf Coast	Mid-Continent	East Coast	World	
Chevron	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	
Marathon	\$ 0.85	\$ 0.65	\$ 0.74	N/A	N/A	\$ 0.70	29%	16%	N/A	N/A	22%
PBF Energy	\$0.78	\$0.49	\$0.55	\$0.48	N/A	\$0.51	57%	45%	59%	N/A	54%
Phillips 66	\$0.68	\$0.50	\$0.90	\$0.45		\$0.62	29%	-35%	37%		10%
Valero	\$0.60	\$0.47	\$0.52	N/A	\$0.57	\$0.54	25%	15%	N/A	6%	11%
2ND Q 2022 Profits Per Gallon											
Chevron	N/A	N/A	N/A	N/A	N/A						
Marathon	\$1.01	\$0.85	\$0.89	N/A	N/A	\$0.87	18%	14%	N/A	N/A	16%
PBF Energy	\$0.82	\$0.43	\$0.72	\$0.72	N/A	\$0.62	63%	16%	16%	N/A	32%
Phillips 66	\$0.79	\$0.59	\$0.63	N/A	\$0.67	\$0.63	32%	25%	N/A	19%	25%
Valero	\$0.83	\$0.67	\$0.71	N/A	\$0.80	\$0.73	22%	16%	N/A	4%	14%
1ST Q 2022 Profits Per Gallon											
Chevron	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	
Marathon	\$0.47	\$0.38	\$0.29	N/A	N/A	\$0.34	26%	53%	N/A	N/A	40%
PBF Energy	\$0.30	\$0.28	\$0.20	\$0.26	N/A	\$0.25	8%	40%	16%	N/A	22%
Phillips 66	\$0.42	\$0.18	\$0.18	N/A	\$0.25	\$0.20	120%	120%	N/A	85%	107%
Valero	\$0.33	\$0.31	\$0.24	N/A	\$0.30	\$0.28	7%	32%	N/A	11%	16%
						0					Average: 30%

CA Profit/Gallon v U.S. Profit/Gallon



- Marathon (CA)
- PBF Energy (CA)
- Phillips 66 (CA)
- Valero (CA)
- Marathon (US)
- PBF Energy (US)
- Phillips 66 (US)
- Valero (US)

Rebates from 2022

2022 1st Q profits per gallon

	Profits \$	% of Market	Gallons Sold	Excess Profit	Rebate
Marathon	0.47				
PBF	0.74	0.18	630,000,000	0.24	\$151,200,000.00
Phillips 66	0.42				
Valero	0.33				
Chevron	?	0.29			

49 cents average in 1st Q '22

2022 2nd Q profits per gallon

	Profits \$	% of Market	Gallons Sold	Excess Profit	Rebate
Marathon	1.01	0.21	735,000,000	0.51	\$374,850,000.00
PBF	0.82	0.18	630,000,000	0.32	\$113,400,000.00
Phillips 66	0.79	0.15	525,000,000	0.29	\$152,250,000.00
Valero	0.83	0.14	490,000,000	0.33	\$161,700,000.00
Q2 Windfall					\$802,200,000.00

86 cents average in 2nd Q '22

2022 3rd Q profits per gallon

	Profits \$	% of Market	Gallons Sold	Excess Profit	Rebate
Marathon	0.85	0.21	735,000,000	0.35	\$257,250,000.00
Valero	0.60	0.14	490,000,000	0.1038	\$50,862,000.00
PBF	0.74	0.18	630,000,000	0.24	\$441,000,000.00
Phillips 66	0.68	0.15	525,000,000	0.18	\$94,500,000.00
Q3 Windfall					\$843,612,000.00

73 cents average in 3rd Q '22

Q3 Windfall	\$843,612,000.00
Q2 Windfall	\$802,200,000.00
Q1 Windfall	\$151,200,000.00
Rebate Owed	\$1,797,012,000.00

WHY DO CALIFORNIANS NEED A WINDFALL PROFITS REBATE?

OIL REFINERS MADE 30% MORE PROFIT IN CA THAN ANYWHERE ELSE IN 2022



OWES \$632 MILLION
REFUND



OWES \$706 MILLION
REFUND



OWES \$246.7 MILLION
REFUND



OWES \$212 MILLION
REFUND

How do refiners do it?

1. Market Power
2. Taking Advantage Of Commodities Market
3. Lack of Transparency In Spot Market Makes It Prone To Manipulation

Solutions

Windfall Profits Cap/ Price Gouging Rebate

- Utilizing new refiner profits disclosure law SB 1322

Transparency In Spot Markets

- Public ledger for All Transactions