

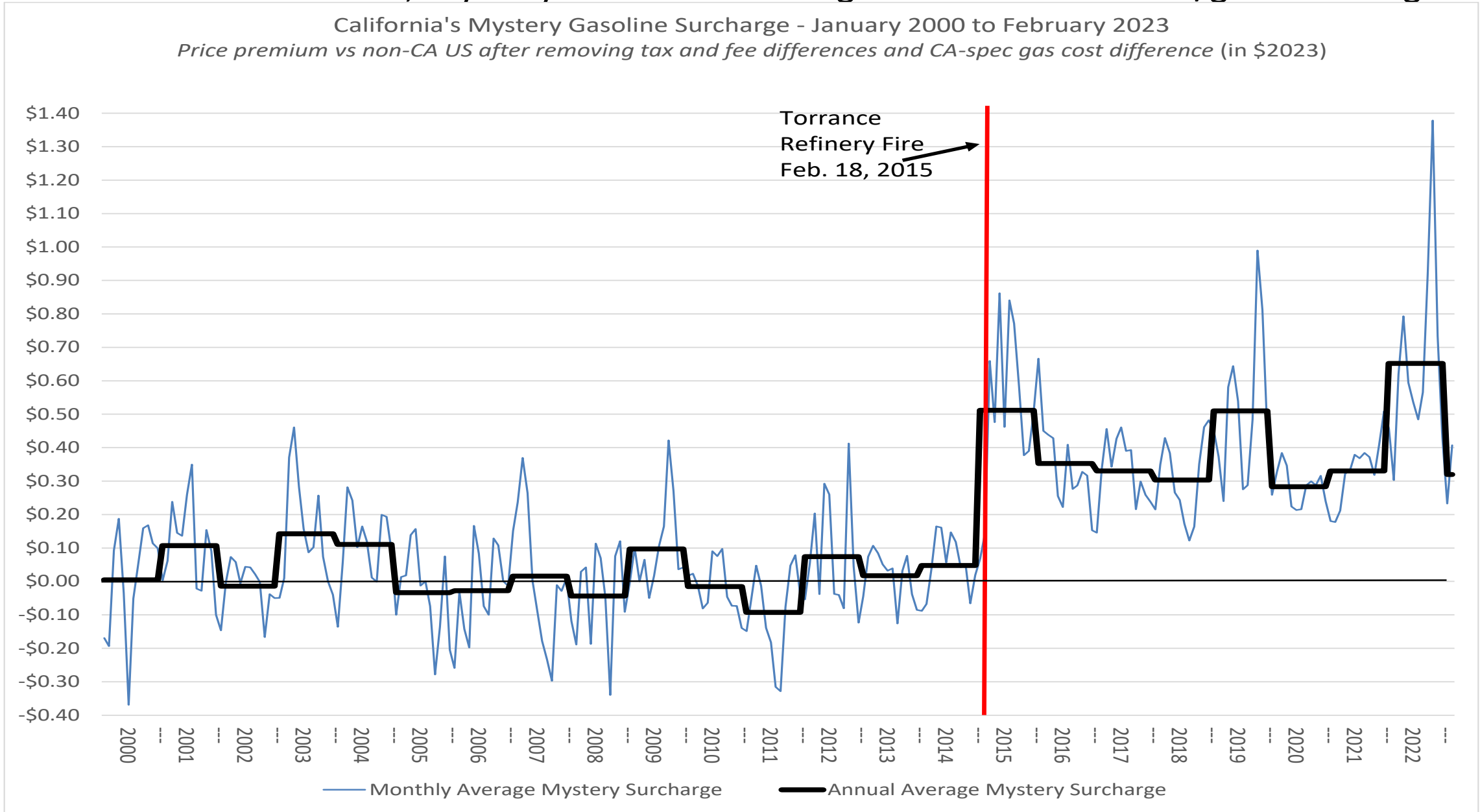
California's Gasoline Price Problem and Proposed Solutions

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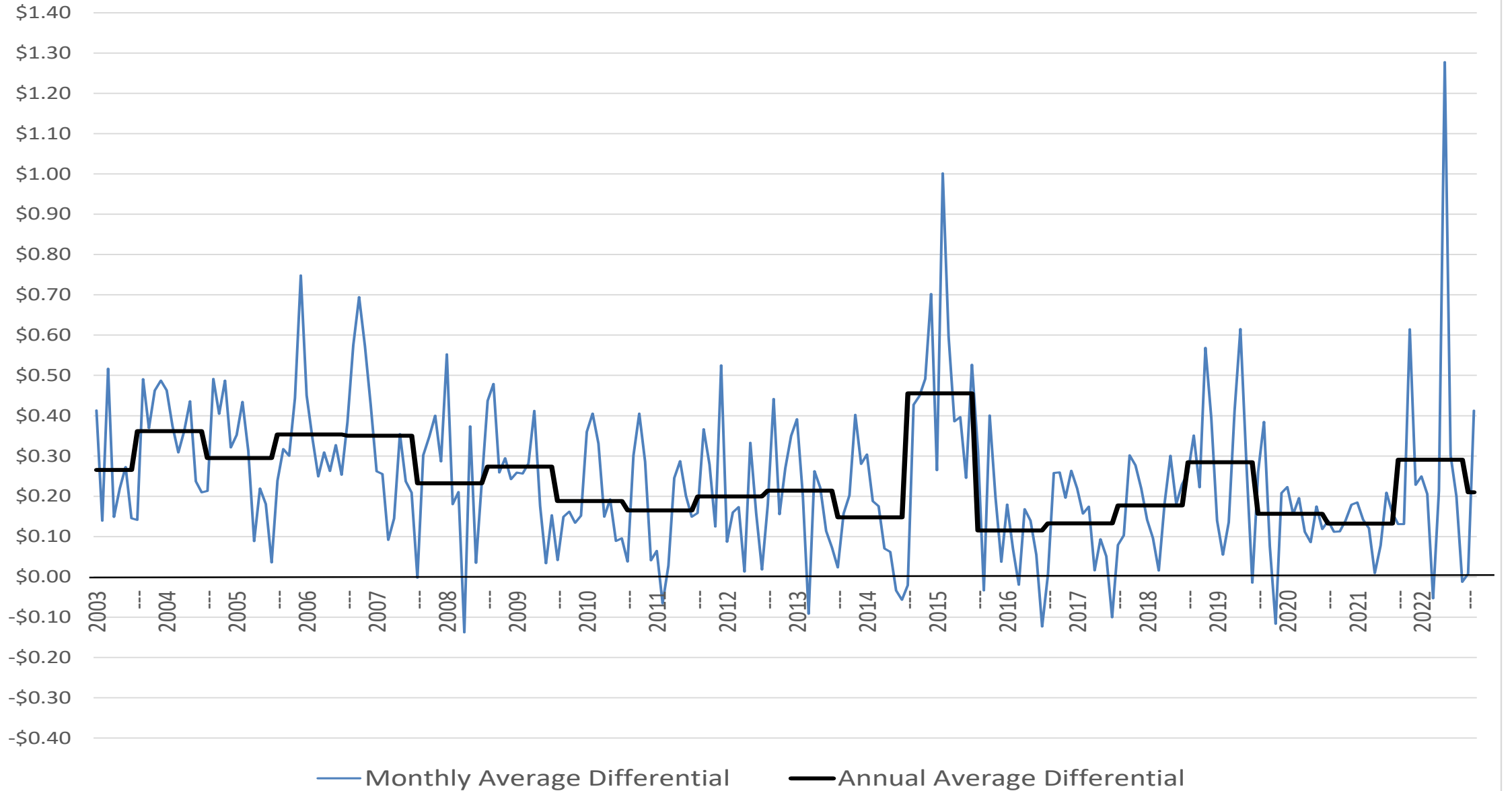
Before Feb 2015, California's Gas Prices Exceeded rest of US by difference in taxes and fees. But since Feb 2015, Mystery Gasoline Surcharge has added 40 cents/gallon on avg



(Source: Author's calculations. For further details see <https://energythaas.wordpress.com/2019/05/20/the-mystery-gasoline-surcharge-gets-some-respect/>)

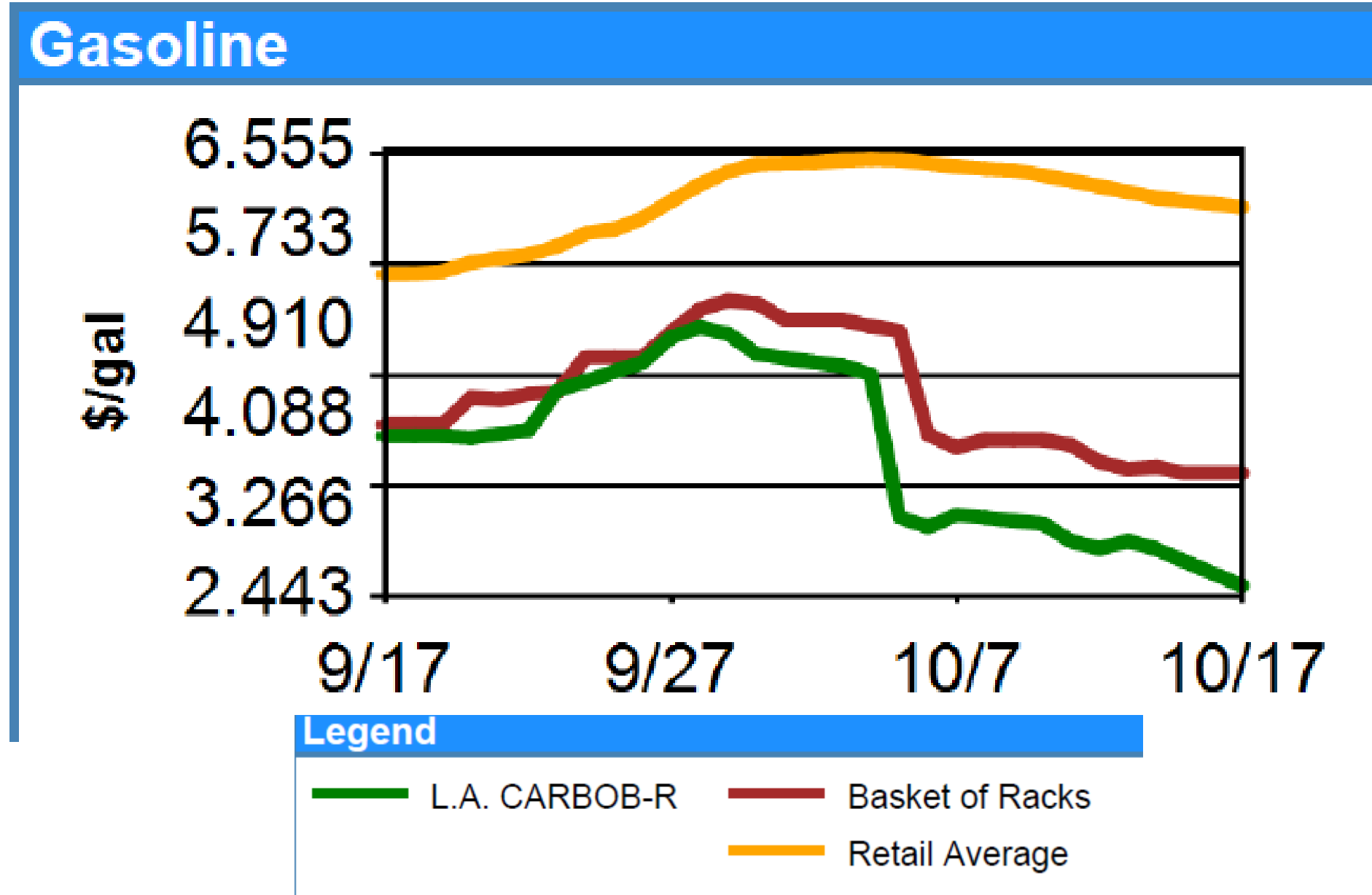
No change in wholesale price trend of CA gasoline vs US

LA Spot Price versus NY/Gulf Average Spot Price - June 2003 to February 2023 (\$2023)



(Source: Energy Information Administration data)

The Sept/Oct price spike ended quickly at wholesale, but not retail



Most of California's gasoline price problem is not at the refineries, or showing up at rack

- After adjusting for taxes and environmental fees, less than one-third of the differential between California and the rest of the country – the Mystery Gasoline Surcharge – is present in the spot gasoline price
- Most of the Mystery Gasoline Surcharge is downstream, in what the industry calls marketing, distribution and retailing
 - But CA refiners are in those sectors as well, directly or through complex contracts with downstream firms
- CA downstream markets seems to be less competitive than elsewhere
 - Fewer stations, fewer unbranded stations
 - Bigger branded/unbranded price differentials
- Exact cause of Mystery Gasoline Surcharge since 2015 is unclear
 - Need investigation by experts in competition policy and gasoline markets

Further info on gas prices

- Severin Borenstein, <http://borenstein.berkeley.edu>
- Further readings:
 - Petroleum Market Advisory Committee final report (2017)
<https://efiling.energy.ca.gov/getdocument.aspx?tn=221306>
 - Blog posts
 - <https://energyathaas.wordpress.com/2020/02/10/californias-mystery-gasoline-surcharge-strikes-back/>
 - <https://energyathaas.wordpress.com/2019/05/20/the-mystery-gasoline-surcharge-gets-some-respect/>
 - <https://energyathaas.wordpress.com/2018/10/15/trying-to-unpack-californias-mystery-gasoline-surcharge/>
 - <https://energyathaas.wordpress.com/2018/02/26/californias-mystery-gasoline-surcharge-continues/>