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## **CFCA Responds to DPMO Letter on Gas Prices**

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**Sacramento, CA** – Today, the California Fuels and Convenience Alliance (CFCA) released the following statement in response to the recent letter from the Division of Petroleum Market Oversight (DPMO) to Governor Newsom:

CFCA appreciates DPMO’s letter to the Governor acknowledging many of the issues that drive gas prices higher in California. It’s unfortunate however, that it took a state commission and millions of taxpayer dollars to identify the exact same issues that our members have sounded the alarm on for years. Moreover, it’s disappointing that rather than address these issues during SB1x-2 discussions earlier this year, the State instead chose to target our industry with yet more burdensome regulations, which will only drive prices higher.

As we know, California functions as a fuel island. We are unable to import gasoline via pipeline from other parts of the country, and the only option to bring in CARBOB compliant fuel is to import gasoline on tankers from places halfway across the world (including South Korea and Singapore).

This is compounded by the fact that in-state refinery capacity continues to diminish in response to the State’s environmental policies. Further, refineries reduce output when they perform critical maintenance to protect their workers, so when there is less liquidity in the market and refining capacity drops, gas prices are sent higher. Finally, DPMO criticizes refineries for failing to have sufficient inventory of gasoline or blend stocks on hand, but this ignores the fundamental problem: Pervasive permitting issues prevent refineries from keeping higher stocks of gasoline in their inventories. Every finding in the DPMO letter is a direct result of diminishing supply, while demand remains steady, leaving an increased reliance on the volatile spot market.

“Ultimately, the State plays an outsize role in determining the price of gasoline Californians pay” said Elizabeth Graham, Chief Executive Officer of the California Fuels and Convenience Alliance. “As more refineries convert to alternative fuels, decreased state supply will continue to present challenges for our station owners and their retail prices. The Governor’s recent directive to CARB to approve an early transition to the cheaper winter blend of gasoline is welcomed news. Last year, the Governor issued the exact same directive to CARB and gas prices dropped by over a \$1 per gallon. State policy has a direct role in the price of gasoline, and there is a lot more that can be done to solve our supply problems while

protecting the environment. We are more than happy to work with the Governor and Legislature to identify other ways the State can deliver relief to Californians at the pump.”

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**About CFCA**

*CFCA is the industry's statewide trade association representing the needs of small and minority wholesale and retail marketers of gasoline, diesel, lubricating oils, motor fuels products, and alternative fuels, including but not limited to, hydrogen, compressed natural gas, ethanol, renewable and biodiesel, and electric charging stations; transporters of those products; and retail convenience store operators. CFCA's members serve California's families, agriculture, police and fire, cities, construction, and all consumer goods moved by the delivery and transportation industries.*