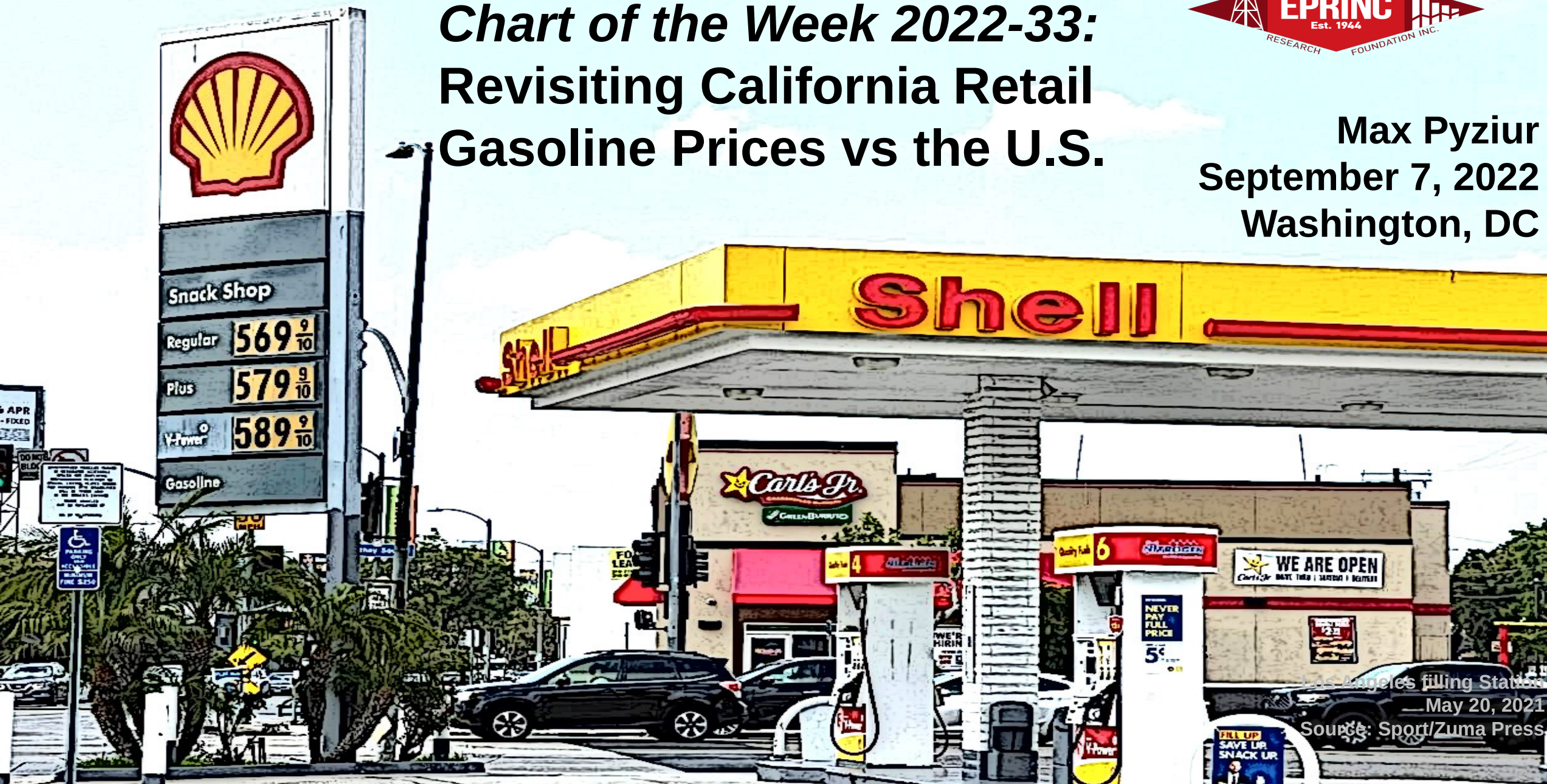
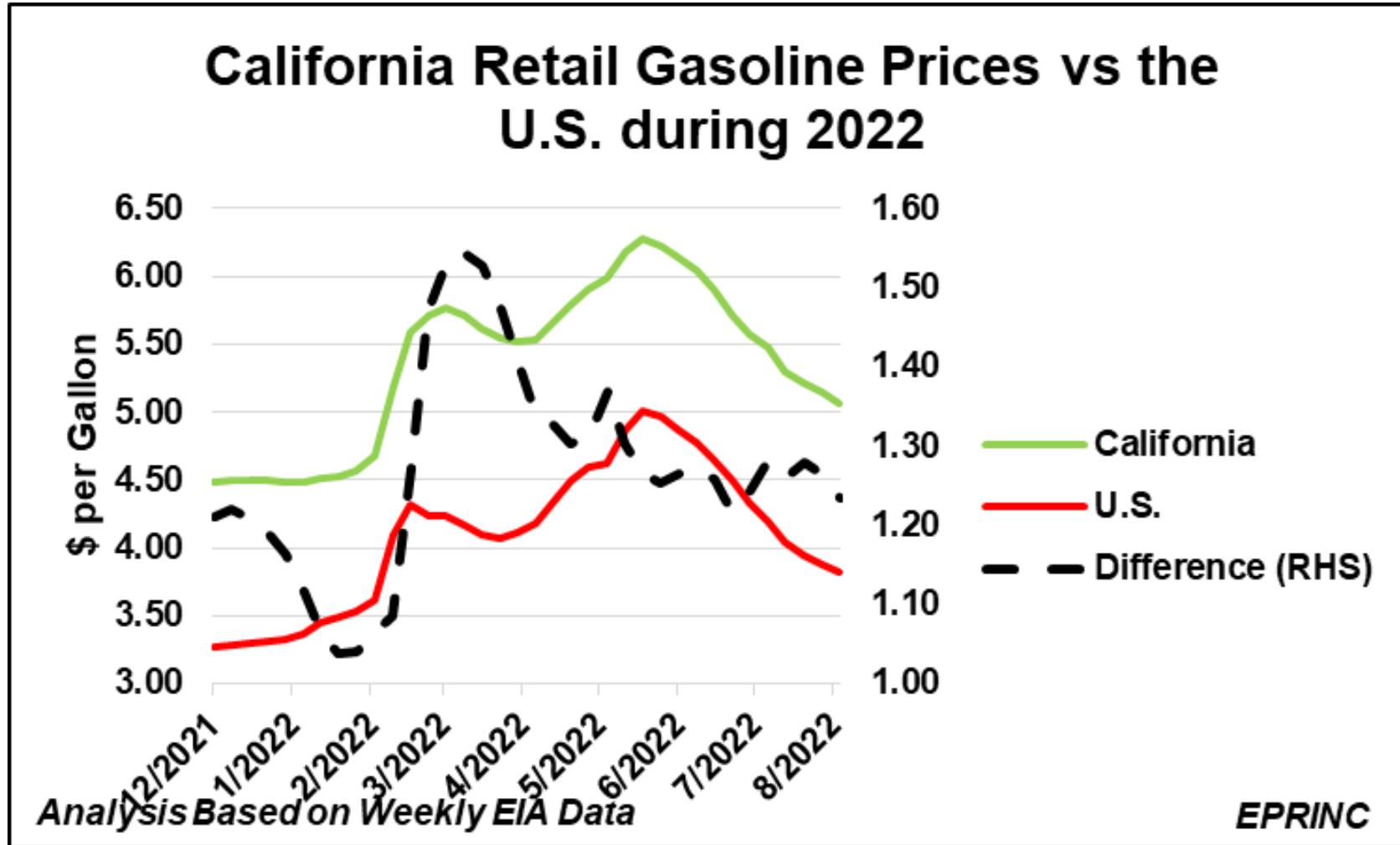


Chart of the Week 2022-33: Revisiting California Retail Gasoline Prices vs the U.S.

Max Pyziur
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Washington, DC



California Retail Gasoline Prices vs. the U.S. during 2022



	Average Annual California Premium to National Retail Regular Prices	Total Estimated Difference Based on Annual California Vehicle Miles Traveled (\$Billion\$)
2005	\$0.20	\$2.7
2006	\$0.24	\$3.2
2007	\$0.28	\$3.6
2008	\$0.27	\$3.4
2009	\$0.33	\$4.3
2010	\$0.31	\$4.0
2011	\$0.30	\$3.8
2012	\$0.42	\$5.4
2013	\$0.38	\$4.9
2014	\$0.39	\$5.1
2015	\$0.74	\$10.4
2016	\$0.59	\$8.5
2017	\$0.61	\$8.7
2018	\$0.76	\$10.8
2019	\$1.00	\$14.2
2020	\$0.88	\$10.6
2021	\$1.00	\$13.0
Analysis based on EIA, FHWA Data		EPRINC

Revisiting California Retail Gasoline Prices vs. the U.S.



- Historically, California has had higher gasoline prices than the rest of the U.S, and higher than even other West Coast states. This is due to a combination of logistical and regulatory factors.
- Beginning in the 1970s, California received special waivers under the U.S. Clean Air Act (CAA) to more aggressively pursue pollution from the combustion of transportation fuels. This led to California developing its own gasoline formulation standard (known as California Air Resources Blendstock - CARB) in the 1990s in order to reduce smog and other air-borne pollutants. This program was highly successful. As a result, all gasoline consumed in California is only produced by the state's refineries.
- Furthermore, because of its high consumption, the Los Angeles region needs to import gasoline from the San Francisco one. With no direct product pipelines between the two regions, the fuels are moved by Jones Act tankers.
- Additional environmental policies caused higher California gasoline prices include the MTBE ban, the Renewable Fuel Standard (RFS), and most importantly California's Low Carbon Fuel Standard. Enacted in 2009, the last seeks to both lower carbon intensity and lower consumption of petroleum-based fuels. In order to achieve compliance, California gasoline formulation became increasingly stringent.
- In the early 2000s, California's retail regular gasoline premium was between approximately 20 and 30 above the rest of the U.S., leading to California motorists paying an additional annual total \$2.7 to \$4.3 billion for gasoline. From 2015 through 2021, with increasingly aggressive LCFS and other regulatory policies, this premium has risen to an average between 75 cents to \$1.05, with motorists paying an additional annual total between \$8.5 and \$14.2 billion.
- During 2022, with contractions in refining capacity and recovery in post-COVID demand, the premium that California motorists paid rose even further, ranging from \$1.05 to \$1.55. This would imply that California motorists paid a total annual premium of \$15 billion above the national average.
- The expanded version of this slide deck is available at: <https://eprinc.org/chart-of-the-week/>
- For more information on this chart, please contact Max Pyziur (maxp@eprinc.org)