GOVERNOR
GAVIN NEWSOM

Preventing Big Oil's profit spikes & saving Californians at the pump

Price spikes that cost consumers are profit spikes for oil companies, and they're overwhelmingly caused by a lack of backfilling supplies when refineries go down for maintenance. Governor Newsom's proposal would require maintaining minimum supply inventories, which would help prevent price spikes and save Californians money.

Price spikes are profit spikes

- Gas price spikes are largely driven by refineries going offline without adequate plans for backfilling supply. Last year alone it cost Californians at the pump upwards of $1 billion.
- Under California's new anti-price gouging law, refiners are reporting maintenance schedules but have no obligation to maintain back-up supply.
- The data also shows refiner profits spike during these times of maintenance.

Requiring minimum levels of gasoline supply & resupply plans

Resupply plans and minimum gasoline inventories are critical to protect against the impacts of limited supplies. Requiring resupply measures and minimum inventories would ensure market stability. Governor Newsom's proposal would:

- Require California's petroleum refiners to demonstrate resupply plans and arrangements to the California Energy Commission (CEC) that are adequate to address the loss in production from refinery maintenance.
- Authorize the CEC to require petroleum refiners to maintain enough fuel inventory to keep fuel supply stable.
- Subjects refiners to an administrative penalty for failure to comply with the resupply obligations and minimum inventory requirements with any penalty funding deposited into the Price Gouging Penalty Fund and distributed to consumers.