

Refiners exported inventory in run up to record gas price spike

California gasoline prices spiked to record highs in Autumn 2022 even as crude oil prices fell.¹ See Chart 1. State and federal analysts identified abnormally low gasoline inventories as a causal factor.^{1,2} The State Energy Commission asked the refiners why they failed to keep normal levels of inventory in stock despite the foreseeable cycle of summer driving followed by refinery maintenance in the fall.¹ After all, oil companies make more gasoline in California than Californians need or use.³⁻⁷

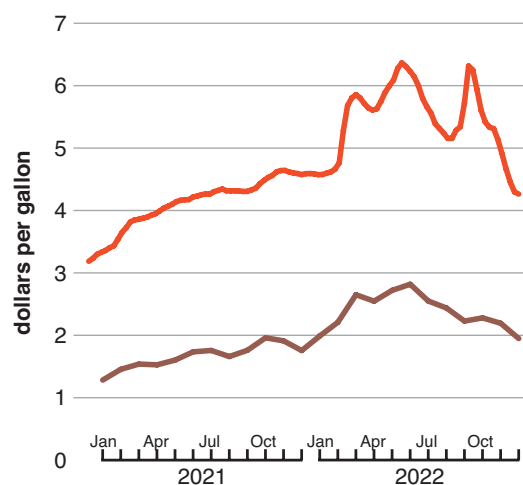
One clear answer to this question has emerged. The refiners exported critical gasoline inventory that otherwise could have helped to cushion a severe price spike. If only half of their foreign exports during January through April had been delayed until December, California gasoline stocks (thick black and blue lines in Chart 2) would not have dipped below their historic range (tan shading) during 2021 and 2022.

Some 3.26 million barrels of gasoline went from California to 25 other nations during January through April 2022.⁶ This included, for example, ≈ 2.67 million barrels sent to El Salvador and Guatemala in that period.⁶ The worst statewide inventory crunch in 2022 was smaller, ≈ 1.35 million barrels below the historic five-year low for the first week of September in 2015–2019.⁷

The Autumn 2022 spike boosted gas prices nearly a dollar despite falling crude prices and caused “real economic hardship” to millions of Californians, the Energy Commission said.¹

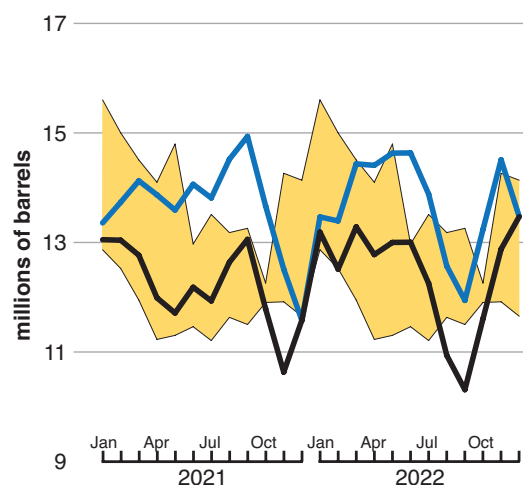
In contrast to global crude oil prices, in-state refined fuel inventories are controllable by actions we can take in the state. This point may become increasingly important as we transition from oil to sustainable alternatives for our collective health and climate.

See next page for links



1. Gasoline and crude oil prices

— California gasoline^a
— Crude for West Coast refineries^b



2. California gasoline inventory^{c, d}

■ Historic range for month during 2015–2019
— Actual during 2021–2022
— Potential if half of foreign exports from state are delayed from January–April to December

a. Average statewide retail price for all grades and formulations of gasoline from federal data: http://www.eia.gov/dnav/pet/pet_pri_gnd_dcus_sca_w.htm
b. West Coast (PADD 5) refiner acquisition cost of crude oil from federal data: http://www.eia.gov/dnav/pet/pet_pri_rac2_dcu_r50_m.htm
c. Month-end stocks of gasoline and gasoline blending components from <https://www.energy.ca.gov/data-reports/reports/weekly-fuels-watch>
d. Potential stocks (blue curve) assuming half of gasoline exported from California to other nations during January–April was instead kept as inventory until December. Federal export data for Harmonized commodities 2710121510, 2710121514 and 2710121519; <https://usatrade.census.gov/data/perspective60>

Refiners exported inventory in run up to record gas price spike—*continued*

Links

- (1) 30 September 2022 letter from David Hochschild, Chair, California Energy Commission, to refinery executives; <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=22-IEPR-05> (TN# 246295).
- (2) *This Week in Petroleum*; release date: 26 Oct 2022; U.S. Energy Information Administration. https://www.eia.gov/petroleum/weekly/archive/2022/221026/includes/analysis_print.php
- (3) *Decommissioning California Refineries: Climate and health paths in an oil state*; A report for Communities for a Better Environment (CBE) by Greg Karras. Available at <https://www.energy-re-source.com/publications>
- (4) *Climate Pathways in and Oil State—2022*; A California Environmental Justice Alliance (CEJA) Report. Prepared by Greg Karras, Community Energy reSource. Available at <https://www.energy-re-source.com/publications>
- (5) CARB, 2022. *2000–2020 GHG Inventory (2022 Edition)*; Full Inventory, Fuel Combustion and Heat Content; California Air Resources Board; accessed Nov. 2022 from <https://ww2.arb.ca.gov/ghg-inventory-data>
- (6) U.S. Census Bureau Trade Data Reports; gasoline exports from California to other nations by District and ten-digit “Harmonized Commodity Code” for codes 2710121510, 2710121514, and 2710121519; accessed Jan. and Feb. 2023 from <https://usatrade.census.gov>
- (7) CEC, 2023. *Fuel Watch*; Refinery Inputs and Production; and Refinery Stocks; California Energy Commission; accessed Feb. 2023 from <https://www.energy.ca.gov/data-reports/reports/weekly-fuels-watch>