



**DIVISION OF PETROLEUM
MARKET OVERSIGHT**

California's Fuels Transition: A Competition-Based Perspective

Tai S. Milder, Director

Who Said It?

“Our concern is that **high gas prices in California are the result of low competition** in the market.”

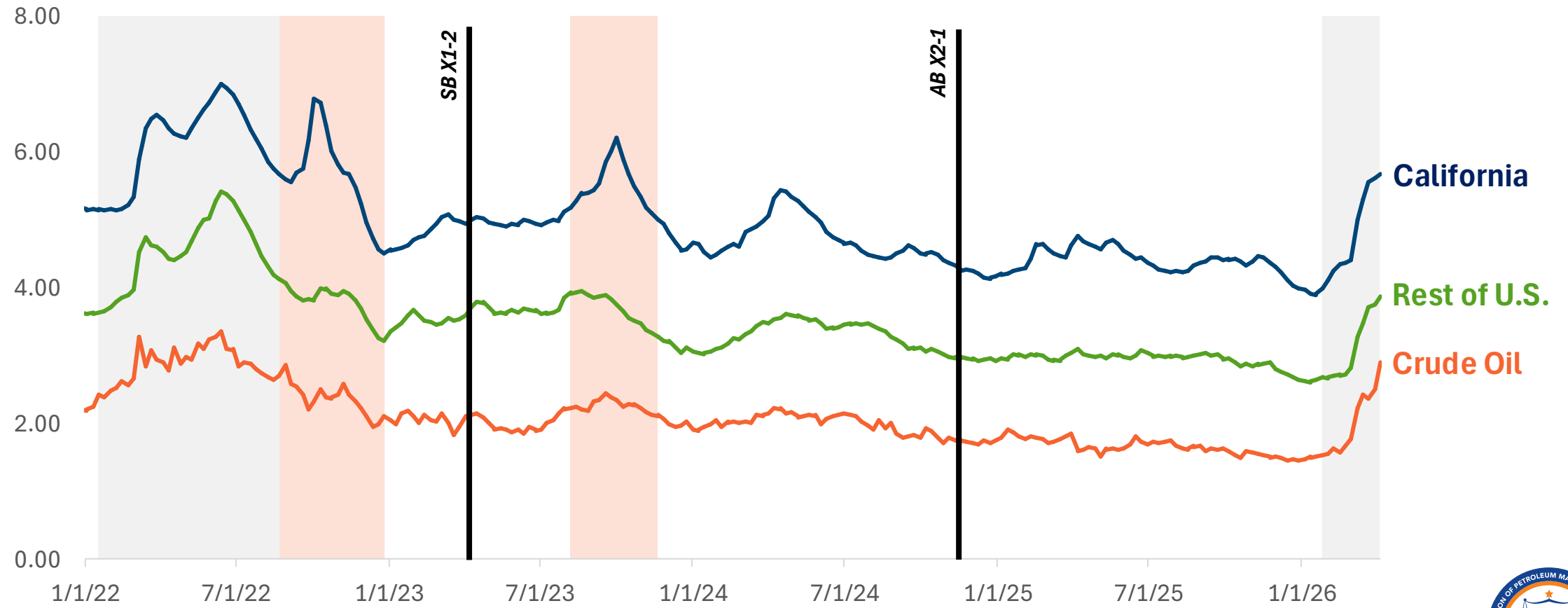
“In California, just six companies account for more than 90 percent of California’s refining capacity, and these same six companies control more than 90 percent of gasoline sold in California.”



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Global Events v. Regional Price Spikes

Gasoline and Crude Prices (\$2025/gal)



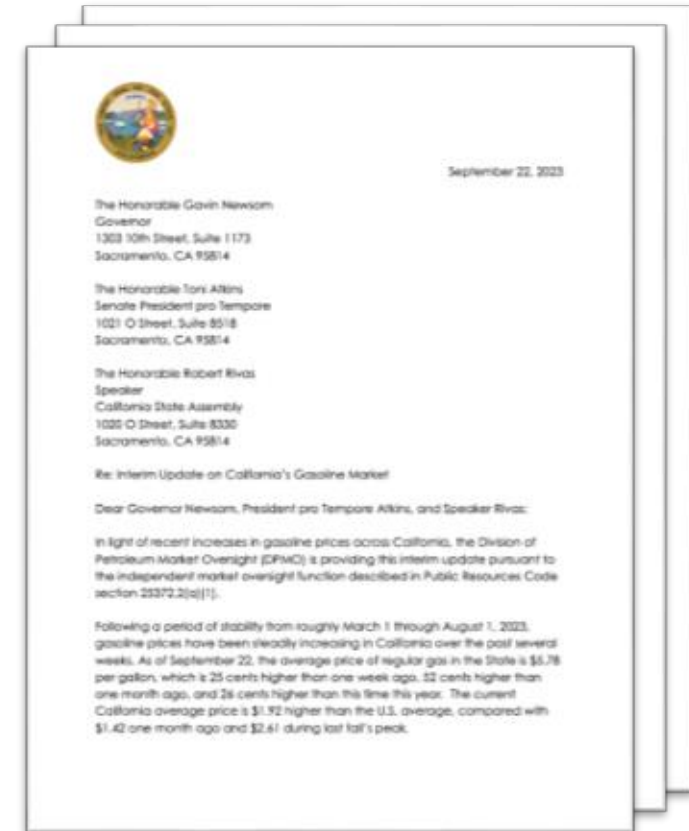
DPMO analysis of EIA data. ANS is used as a crude oil benchmark.



Problem #1: Episodic Price Spikes

Root Causes?

- **Lack of resupply** during planned refinery maintenance events
- **Seasonally low inventories**, which reduce available buffers for planned *and* unplanned refinery maintenance events
- **An opaque, thinly traded spot market**, which is highly susceptible to volatility and market manipulation



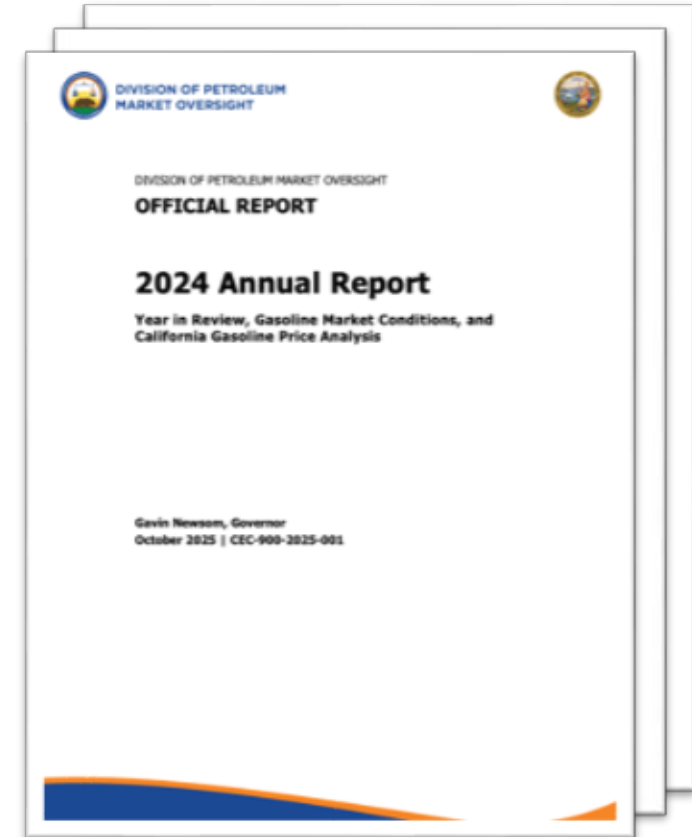
DPMO Letter, Sept. 2023



Problem #2: Inflated Branded Prices

Root Causes?

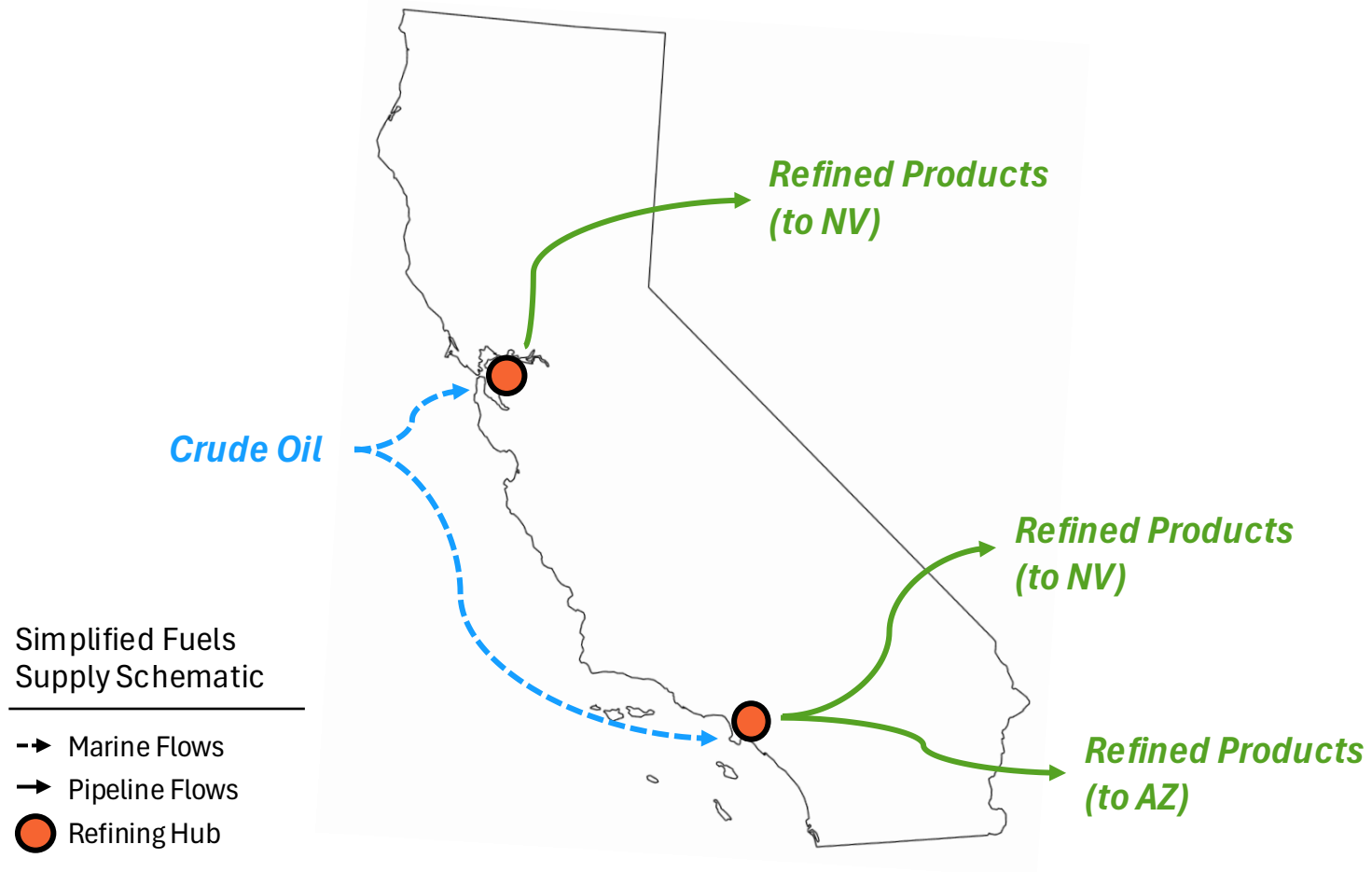
- **Historically high vertical integration** through dealer tankwagon, which dominates wholesale in CA but not in the rest of the U.S.
- **Increasing downstream concentration** through large refiner and marketing acquisitions in the 2000s and 2010s
- **More branded stations and fewer gas stations per capita**, making it harder for drivers to find lower-priced alternatives



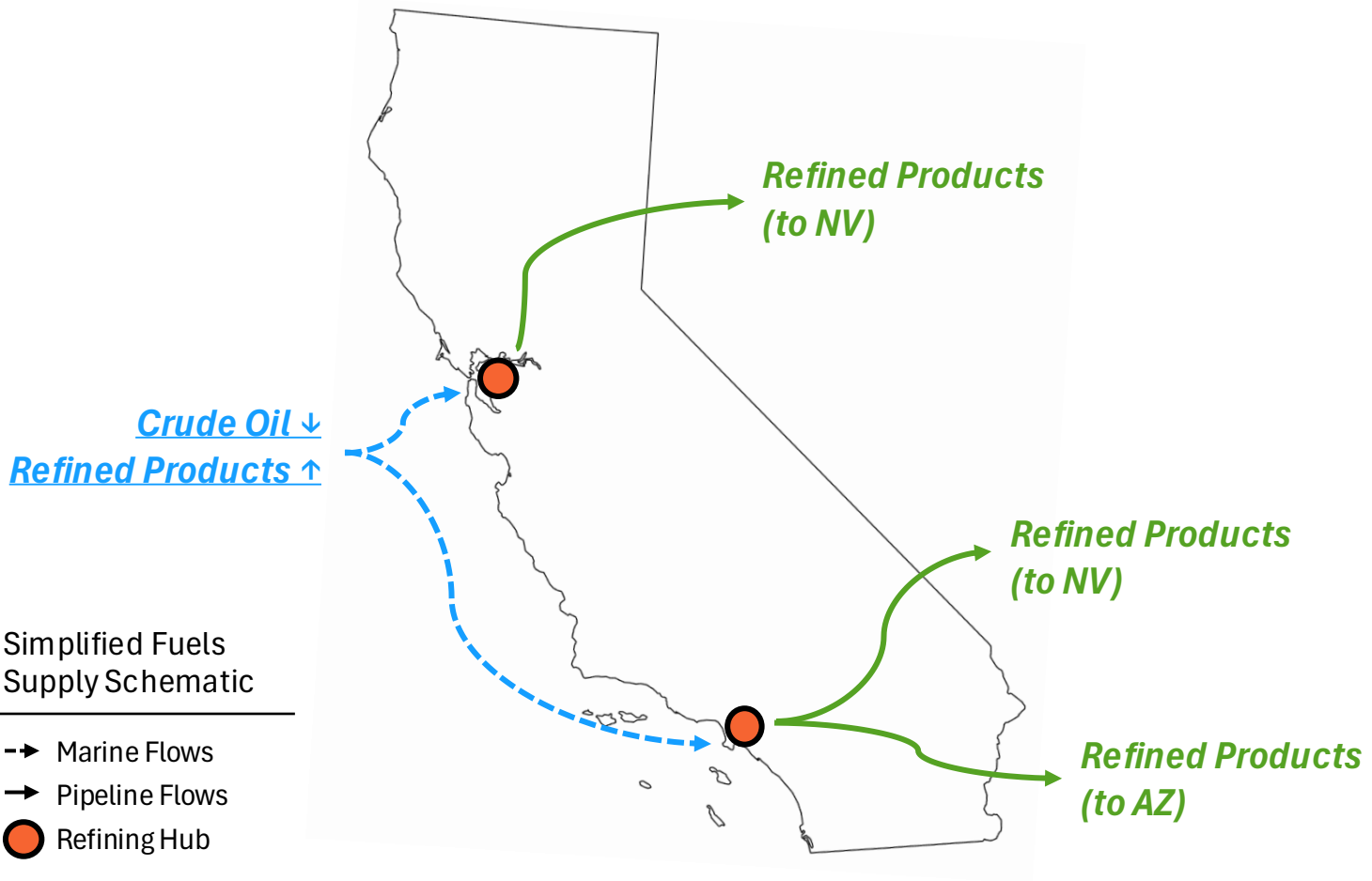
DPMO Report, Oct. 2025



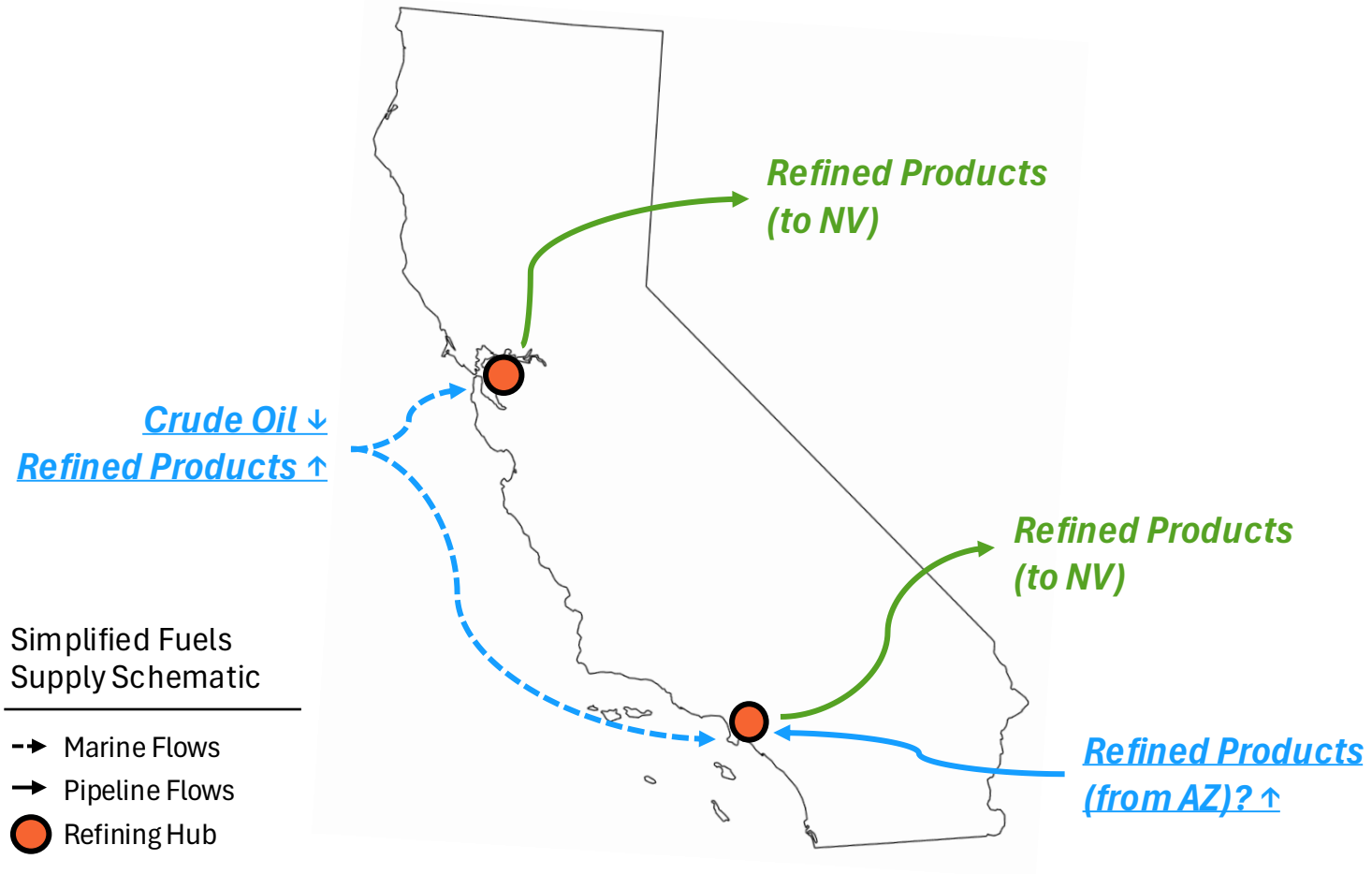
The Fuels Supply Transition (~2010)



The Fuels Supply Transition (~2026)

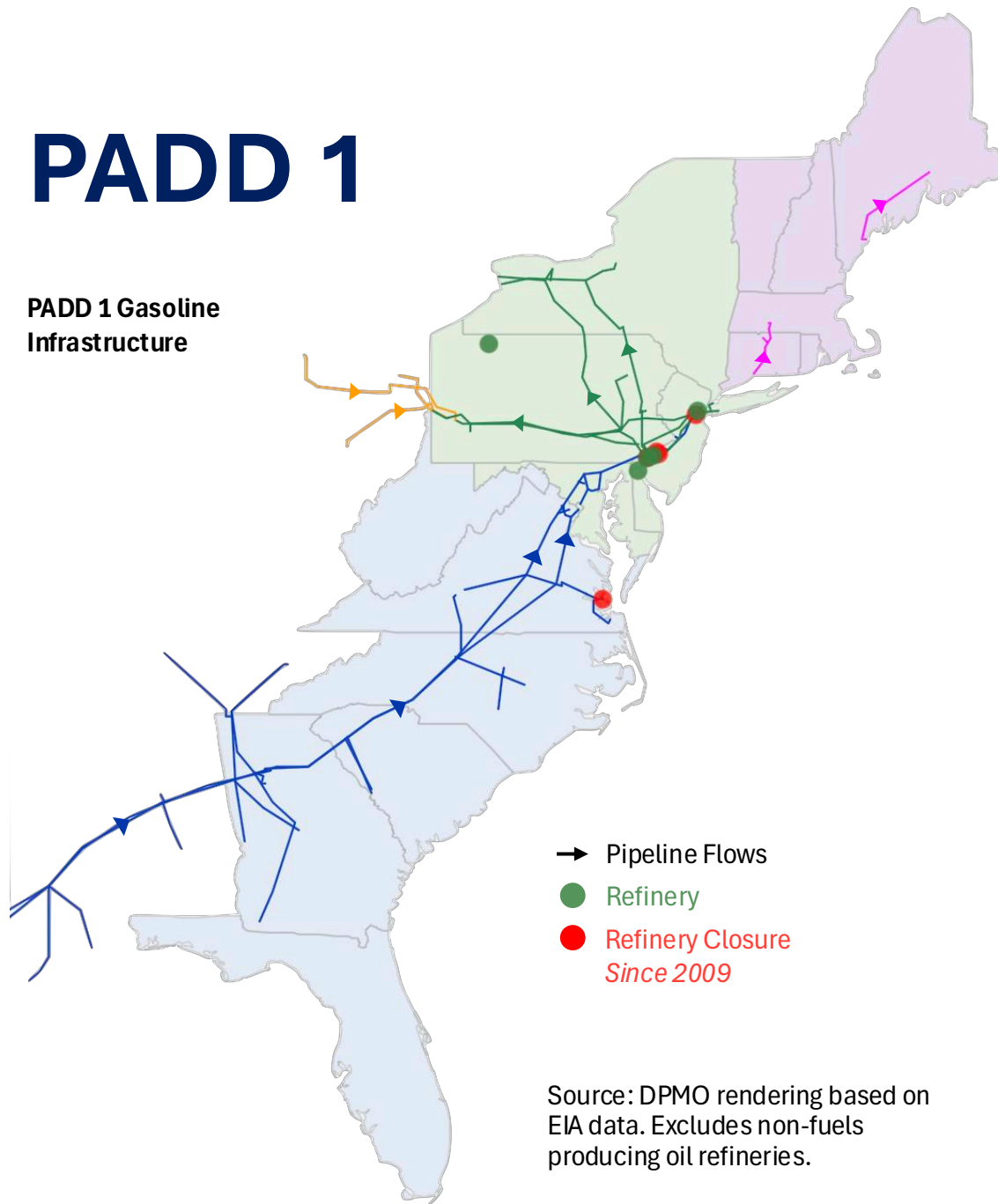


The Fuels Supply Transition (~2030?)



PADD 1

PADD 1 Gasoline Infrastructure



Source: DPMO rendering based on EIA data. Excludes non-fuels producing oil refineries.

PADD 1A

Marine and overland imports
(last refinery closed in 1984)

PADD 1B

Five refineries (four refinery closures since 2009), pipeline imports, and marine imports

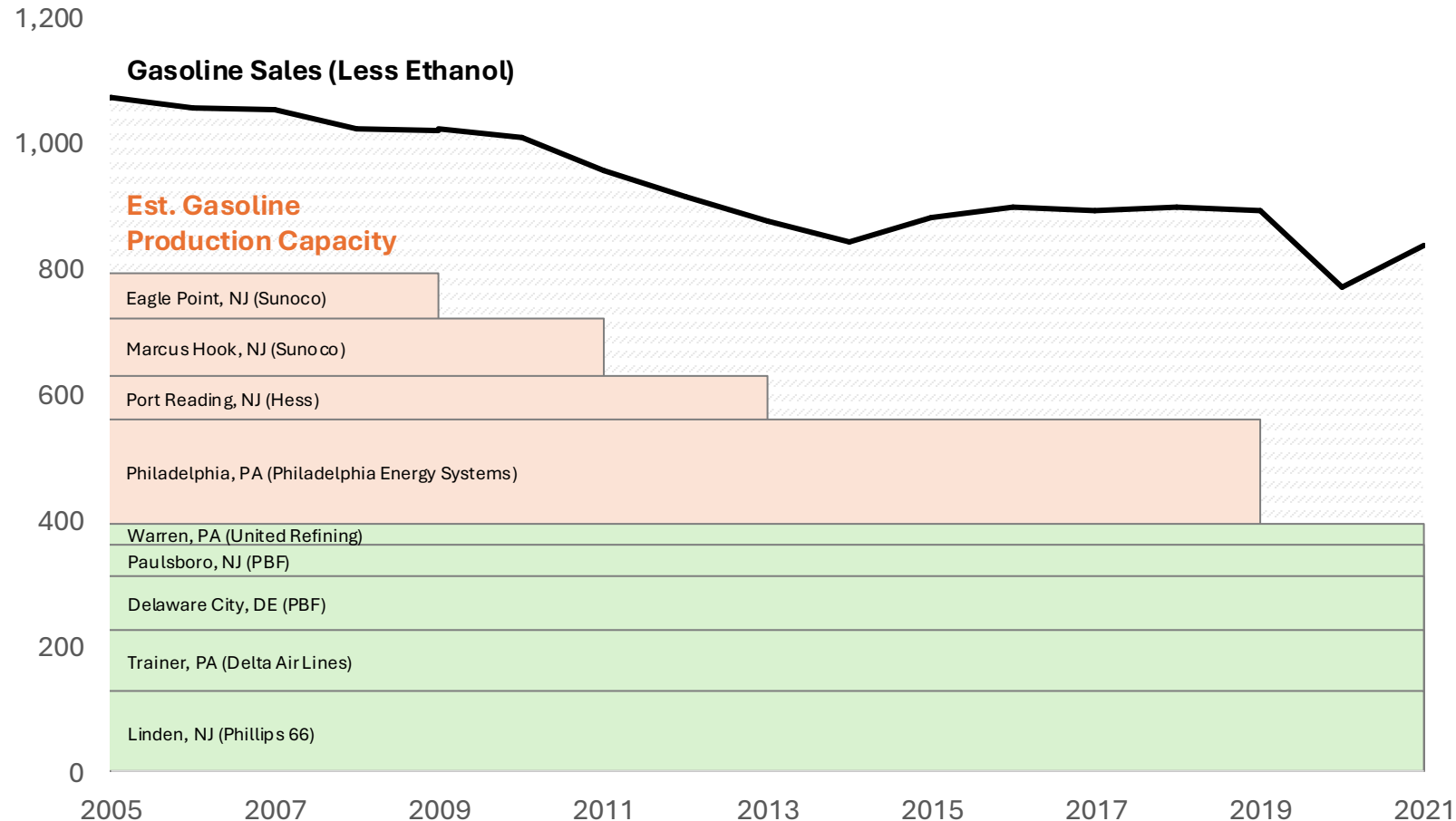
PADD 1C

Marine and pipeline imports



PADD 1B Refinery Trends

PADD 1B Gasoline Production Capacity and Sales (KB/D)



Market trends:

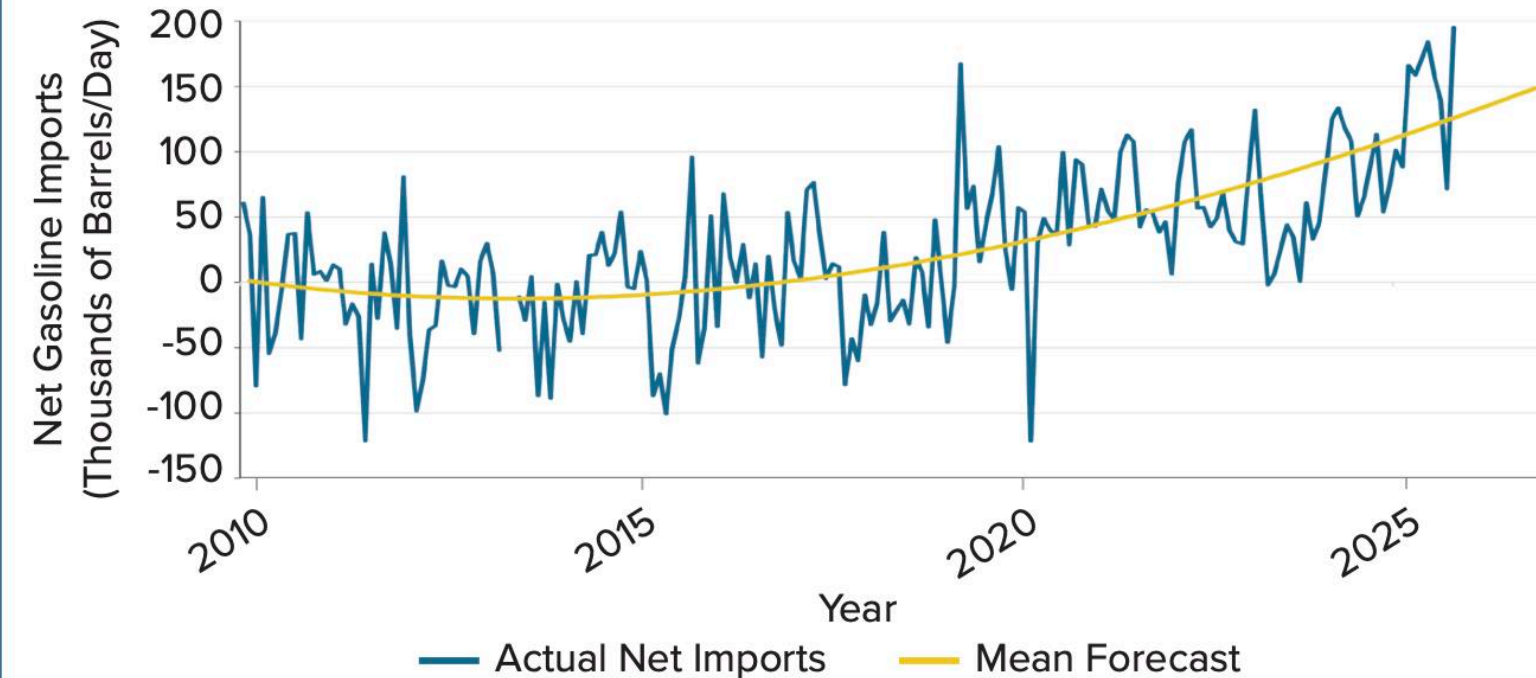
- Declining demand
- Older, less competitive refineries with higher operating costs have closed
- Cost-competitive marine and pipeline imports flexibly meet residual demand

Source: DPMO analysis of EIA sales and refinery capacity data. Excludes non-fuels producing oil refineries.



Record Gasoline Imports

Figure 1. Net Maritime Imports of Gasoline to California



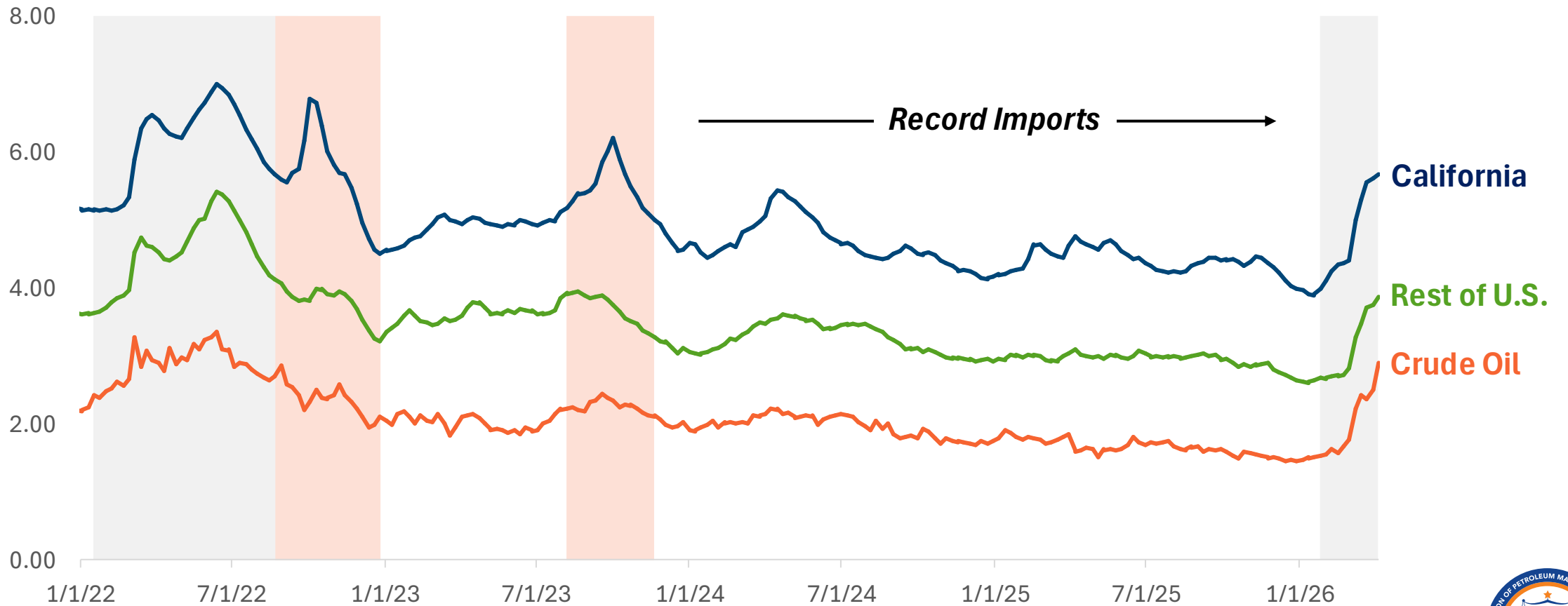
Source: Division of Petroleum Market Oversight (DPMO) analysis of state and federal imports data and authors' calculations.

Armando R. Colina, Bulat Gafarov, James Hasbany, and Jens Hilscher, "Can Imports Stabilize California Gasoline Prices in the Face of Refinery Closures?" UC ARE Update (March 2026).



Import Competition → Price Stability?

Gasoline and Crude Prices (\$2025/gal)

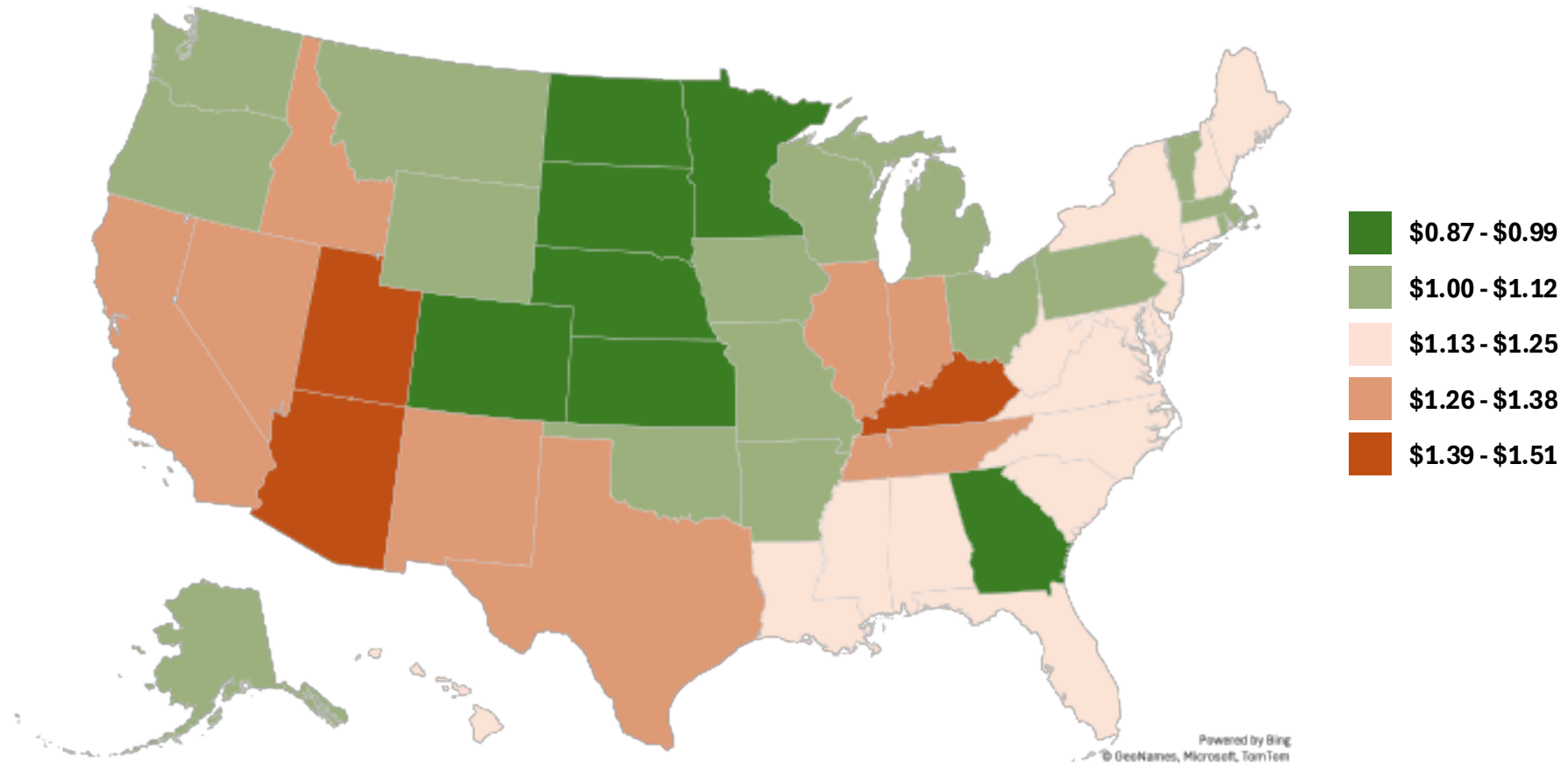


DPMO analysis of EIA data. ANS is used as a crude oil benchmark.



Iran Conflict and Gas Price Increases

U.S. Regular Gasoline Price Increases (\$/gal)
February 28 - April 9, 2026



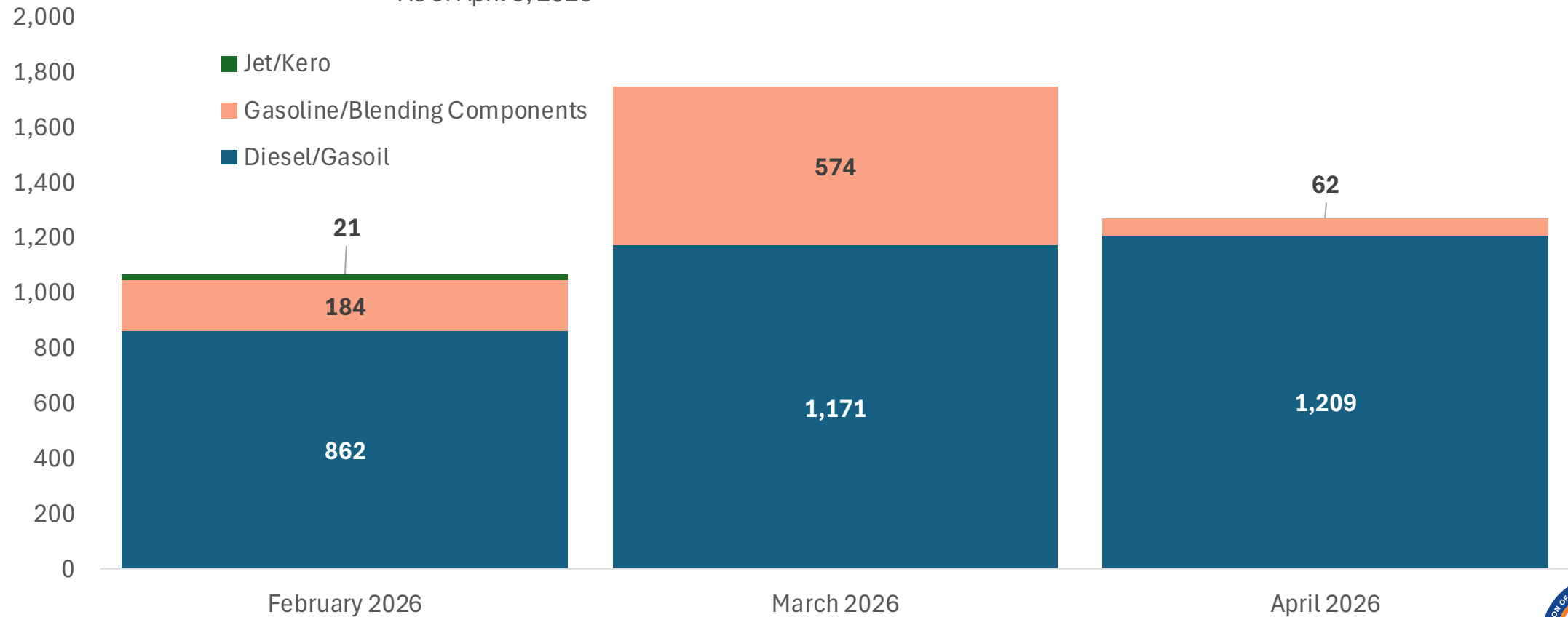
Source: OPIS/AAA data.



Global Market → Fuel Exports

California Monthly Marine Exports of Refined Products (Thousands of Barrels)

As of April 9, 2026



DPMO analysis of Vortexa data.



Attorney General Bill Lockyer (1999)

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