

# Panel explores why gas is so expensive in Calif.

By Alison Noon, AP

SACRAMENTO – Gouging by oil companies could be one reason California drivers pay about 76 cents more for a gallon of regular gas than motorists elsewhere in the nation, a state government panel was told Monday.

Fuel experts and consumer advocates also told the Petroleum Market Advisory Committee that a high state gas tax and more rigorous regulations have kept prices relatively high as oil prices have plunged across the nation in recent months.

Drivers in California pay more partly because of stiffer fuel blend standards to meet the state's unique air-quality rules, speakers said at the hearing.

The panel, appointed by the California Energy Commission, is studying whether changes in state policies and laws could rein in the prices.

The average price in California for a gallon of regular gasoline was \$2.50 on Monday – 76.5 cents higher than the national average, according to Gordon Schremp, a fuels adviser at the CEC Energy Assessment Division.

Committee Chairman Severin Borenstein said taxes and cleaner-burning fuel account for about 40 cents of the price difference. Witnesses split over whether the additional cost stems from price gouging by providers.

Bob van der Valk, senior editor of the Bakken Oil Business Journal, said a lack of active oil traders has opened the door to price gouging.

“We have an ill-equipped market, so it is prime to be

manipulated and it is being manipulated,” van der Valk said.

Dolores Santos of the Oil Price Information Service noted that a number of fuels advisers and gas companies have left California or deactivated their businesses – increasing pricing fluctuations – since a regulatory provision of Assembly Bill 32 took effect a year ago.

Jamie Court, president of the advocacy group Consumer Watchdog, argued that oil refiners have been intentionally importing less oil and increasing exports, thereby tightening supplies in California.

Two industry associations were invited to the meeting. Their representatives did not comment during the discussion.

The committee also considered how the state could feasibly and legally require oil companies to disclose more information. The members agreed to focus on making transaction prices more transparent and publishing information more quickly at their next meeting.

Lawmakers last year held hearings on gas prices after one of the largest price swings in recent history.

State energy officials said two refineries that make up 17 percent of the state’s processing capacity went offline after a plant explosion and a labor dispute, limiting supply and driving up prices.