COMMENTARY

The solution to high gas prices is using less oil, not delaying California's climate programs

BY ROBERT MCCULLOUGH
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Prices at a gas station in Fresno on March 19, 2026. Californians pay more than the national average. Photo by Larry Valenzuela, CalMatters

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Since Trump's war on Iran began, Californians have watched **gas prices** jump dramatically, forcing families to cut back on necessities. It's a stark reminder of the pitfalls of relying on volatile commodities to power our lives and businesses.

Yet in one of the more egregious examples of an arsonist crying at the fire, Chevron and other fossil fuel companies have seized this moment to try and **lobby against California climate policies**, in an attempt to pass the blame for their own high prices.

As a market analyst who has spent more than four decades advising governments and businesses on energy issues, I have significant expertise in market manipulation. I can say with certainty that these oil industry claims about climate policy being the driver of high gas prices are false and dangerous.

Understanding why Californians pay a premium for gas and how the state can most effectively inoculate consumers from volatile fossil fuel prices matters now more than ever.

Oil is a global commodity. Geopolitical disruptions like we're seeing now send prices soaring — which is great for oil company profits and terrible for consumers. While oil companies are set to make a multibillion-dollar windfall from recent events, Californians can expect to pay more not just for gas, but also for food, air travel and electricity.

The two most volatile components of our gas bills — crude oil prices and the margins oil companies charge — are controlled by the oil industry, not the state. California's price premium over the rest of the country is a result of market concentration. A handful of firms — just five major refineries — have a lock on nearly all in-state refining capacity. When global supplies tighten, that concentration gives those firms enormous pricing power.

While the rest of the country saw prices increase roughly 102 cents since the start of the war, California saw a **jump of 120 cents**. That difference is market structure leading to an inflated price.

Unfortunately this isn't a new phenomenon. In fact, Californians have **paid mystery surcharges** to the oil industry for close to 10 years, **to the tune of $59 billion**, with no adequate explanation. That's one reason Gov. Gavin Newsom and the state Legislature established a new gas price transparency program in 2024 to prevent price gouging.

We've seen the refineries' pricing power in action during supply disruptions in the past. In fact, the biggest California-specific price spikes in the past decade have come from refinery failures: a 2025 fire at the Martinez Refinery sent prices up **42 cents per gallon**, a 2019 Valero shutdown added **61 cents per gallon** over 44 days, the 2015 ExxonMobil Torrance explosion cost California drivers nearly **$2.4 billion** over 40 days and the 2012 power outage at an Exxon-Mobil refinery raised California gasoline prices **48 cents** in just one week.

California's climate programs — such as cap-and-invest and the Low Carbon Fuel Standard — **accounted for less than 6% of gas price increases** from 2019 to 2023. That's a small fraction of what a single refinery accident can do.

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By Alejandro Lazo

The climate programs are not only one of the smallest line items in a gas bill; they are paying dividends that will help shield consumers from volatile prices in the future.

Since 2013, California's **cap-and-invest program** has generated $34 billion in revenue and **funded over 500,000 projects** — zero-emission school buses, wildfire prevention, safe drinking water — all while the state's **gross domestic product grew** by a staggering 81%.

Over the next 20 years, this program is expected to **generate $56 billion to benefit utility ratepayers.**

The oil industry and their allies are seeking to distract scrutiny away from their own market power. California's vulnerability to high gas prices comes from its limited supply routes and highly concentrated refining market.

And the oil industry — from whom President Trump **requested $1 billion** — is a key part of the system that drives these egregious price spikes while also being the sole beneficiary of them.

Ultimately, the only real hedge against high gas prices and oil price volatility is using less oil. That's exactly what California's climate programs are helping consumers do. It's what a faster, clean energy transition actually delivers — genuine protection from oil chaos, not more exposure to it.

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