

California pays more at the pump. Don't blame climate policy.



Oil is a global commodity – and global chaos drives your price at the pump.

The U.S. is now the world's largest producer of oil and natural gas, with reserves at record highs. But, American consumers still pay prices set by world markets, not domestic supply. When Russia invaded Ukraine in 2022, when Iran's conflict disrupted the Persian Gulf, buyers across Asia and Europe exercise their right to go shopping in the United States. And, prices rise accordingly. This is good for fossil fuel producers and bad for consumers.



Taxes and climate compliance costs didn't move this month. Oil company margins did.

A gallon of California gasoline has **four main cost components**: crude oil prices, refinery margins set by oil companies, taxes set by the State of CA and U.S. Congress, and greenhouse gas compliance (GHG) costs. Since February 28, 2026, taxes and GHG compliance costs have not changed. What has changed are crude oil prices and the margins oil companies charge — the two most volatile components of your gas bill, and the two controlled by the oil industry, not the state.



California's price premium over the rest of the country comes from market concentration, not climate policy.

Unlike most states, California has no pipeline inflows of crude oil from the Gulf Coast or Rocky Mountain states. A handful of firms — just five major refiners — control nearly all in-state refining capacity. When global supply tightens, that concentration gives those firms enormous pricing power. The rest of the country saw prices rise roughly 91 cents per gallon since the Iran conflict began. **California saw 106 cents.** The difference is market structure, not the carbon price.



Announcements of refinery failures, not climate rules, cause California's biggest price spikes.

History is clear on this. 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. Cap-and-invest and the Low Carbon Fuel Standard, by contrast, accounted for **less than 8%** of gas price increases from 2019 to 2023 — a fraction of what a single refinery accident costs consumers.



Cap and Invest is one of the smallest line items in your gas bill — and it's paying dividends.

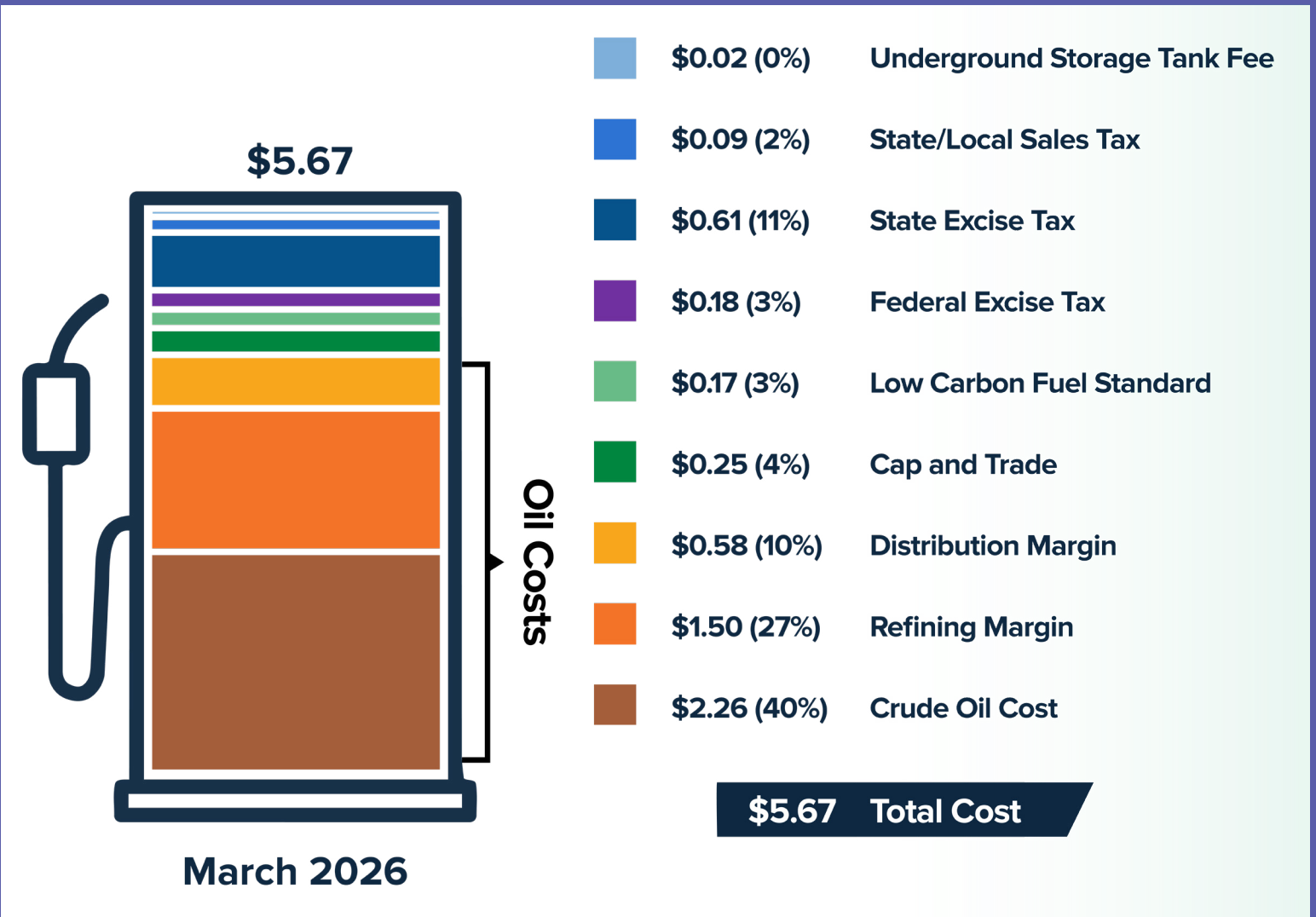
Since 2013, California's cap-and-invest program has generated **\$34 billion in revenue and funded over 500,000 projects** — zero-emission school buses, wildfire prevention, safe drinking water — all while the state's GDP grew by a staggering **81% as greenhouse gas emissions fell 21%**. And, over the next 20 years, this program is expected to **generate \$56 billion to benefit utility ratepayers.**



The only real hedge against oil price volatility is using less oil.

Every major global crisis of the past two decades — Iraq, Katrina, the Arab Spring, Ukraine, Iran — has hurt consumers at the pump. This will keep happening as long as California runs on oil. A stronger cap-and-invest program accelerates the transition.

Oil Costs Are the Source of Pain at the Pump



Source: Consumer Watchdog - [Estimated Gasoline Price Breakdown and Margins](#)