



November 15, 2022

Governor Gavin Newsom  
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[Leg.unit@gov.ca.gov](mailto:Leg.unit@gov.ca.gov)

Senate President pro Tempore Toni Atkins  
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Assembly Speaker Anthony Rendon  
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[Assemblymember.rendon@assembly.ca.gov](mailto:Assemblymember.rendon@assembly.ca.gov)

**Re: Special Session of the Legislature to Address Oil Company Price Gouging**

Dear Governor Newsom, Senate pro Tem Atkins, and Speaker Rendon:

On behalf of the undersigned groups, we are writing to express our support for Governor Newsom’s call for a special session to address inexplicably high gasoline prices in the state, including potentially via a price gouging penalty on the oil industry.

As sharply illustrated by the letter from the California Energy Commission (CEC) to refinery executives dated September 30 demanding answers regarding the recent gas dramatic price spike, there is no clear reason for that spike to be occurring. In their responses, industry officials have offered only smokescreens to explain it, citing such factors as long-term economic trends, refinery outages, and taxes. None of these factors explain the recent steep spike in gas prices happening at the pump, or the mystery surcharge in California gas prices documented by academics and in a recent Consumer Watchdog study. As CEC notes, the price spike occurred despite crude oil prices dropping nearly \$10 per barrel below the average price in August 2022.

It is essential that the legislature not only protect consumers from oil company price gouging, but also that it ensure that California’s oil industry does not perpetuate itself through market

manipulation, at a time when it is increasingly important that we secure our state's clean energy future through a phaseout of oil extraction and refining. Particularly when market forces are making refining for the California market less profitable and economically sustainable, refineries should be phased out in a just transition to clean energy, rather than being allowed to prop themselves up with high prices at the expense of the state's consumers.

It is also essential that any funds recovered through a price gouging penalty be directed toward the root of the problem, which is the inordinate power that the fading oil industry holds over California's economy and transportation system. Your work thus far has moved California toward the right track of ending California's dependence on oil – by advancing clean transportation solutions, as well as prohibiting oil drilling proximate to communities. You can further advance that goal by making sure that new revenues created by this penalty are directed not just toward helping drivers and California citizens generally, but toward furthering the transition to clean energy – through, for instance, electric vehicle and e-bike incentives, charging infrastructure, active and public transportation, cleanup of orphan wells, and assistance with transition for oil-dependent workers and communities.

We look forward very much to seeing the Governor's proposal to push back against oil company price gouging, and will support sound means to prevent companies from taking advantage of consumers to prop themselves up economically. We stand ready to support you on the path to building a future beyond fossil fuels in California.

Very truly yours,



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CA Government Affairs Director  
Natural Resources Defense Council



Ann Alexander  
Senior Attorney, Nature Program  
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Bill Magavern  
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