California's Oil Hypocrisy

The state has waged an aggressive campaign to move away from fossil fuels with the objective of reducing the amount of CO_2 in the atmosphere. One of the consequences of this campaign has been a steady decline in California's oil production.

Last September, Governor Newsom signed an executive order banning the sales of new gas-powered cars starting in 2035. About 2 million new cars are sold every year in California.

But why do we care? After all, there's nothing wrong with drilling less as long as California is cutting its consumption. Except it isn't. Despite an aggressive campaign toward electrifying California's infrastructure, petroleum use in the state has increased.

Most barrels of oil used in California are not produced in California but come from overseas due to lack of interstate crude oil transport. That, along with California's declining oil production, means California's dependence on foreign oil imports has steadily grown in recent years. In fact, California's foreign oil imports have tripled in the past 20 years.

California imports 58.7% of the oil it consumes from outside the U.S. The majority of Imports come from Ecuador, Saudi Arabia, Iraq and Colombia. Three percent came from Russia before the embargo.

The reason for the imports is not just to meet California consumer demand. The demand for California refined crude oil products has actually been going down this past decade, not up, thanks in part to programs such as Advanced Clean Car Standards, Low Carbon Fuel Standard requirements, and improved land-use planning. Yet crude oil imports have been going up during that same time period driven by refinery exports during this period as well.

Refineries are turning to imported crude oil not just to meet consumer needs here but also so they can turn around and export the refined products. California is becoming the gas station of the Pacific Rim.

California has seventeen refineries. Gas sold in the state is refined locally by a handful of companies, including Chevron, Marathon Petroleum and PBF Energy. That means mechanical hiccups at refineries can cause major price spikes not seen elsewhere in the country.

California gasoline prices are generally higher and more variable than prices in other states because relatively few supply sources offer California's unique blend of gasoline outside of the state. So if a refinery goes down for any reason the price goes up. But there have been no known recent breakdowns to account for the present increase.

Refineries have shut down for their annual maintenance but this does not explain the widening price gap.

As gas prices plummeted around the nation in recent weeks, California's price at the pump has rebounded with a vengeance to an average of over $6 a gallon. California's perplexing price swing is largely due to the local oil industry.

Much of California's high gasoline costs are explainable. The state's 54-cent gasoline excise tax is among the highest in the country. There are also stricter environmental regulations and special fuel blends that prevent rampant smog from accumulating in cities, altogether these factors tack on roughly $1.20 to California's gas prices.

One has to start wondering, if the mysterious price surge is a result of California Gov. Gavin Newsom's turned up rhetoric against the oil industry as the Golden State moves to phase out most gas-powered vehicles by 2035 and expanded restrictions on drilling.

The industry has a large investment in the drilling and refining of oil. Knowing that the governor is phasing them out, are they are trying to hedge their bets by recovering their investment between now and 2035 when no new gas vehicles can be sold in California?

Right now the cost of the average electrical car is around $66,000 well out of reach of the average person. This price is driven by the price of the battery. Unless there is a major breakthrough, the price will not be going down. One estimate is that by 2035 about 30% of the cars in California will be electric. Electricity imports now account for approximately 30 percent of total system electric generation each year. This energy is more likely to be produced by natural gas and coal. By 2035 this number will increase due to the increase in electrical vehicles and as the state continues closing down its remaining nuclear and gas power plants. California was the largest net electricity importer of any state in 2019 and will continue to be under present policies.

So if the goal of this shift in energy to renewables was to reduce the amount of CO_2 in the atmosphere it is a total failure since all it is doing is shifting the generation of CO_2 to other areas. What it does do is make the WOKE community feel good at the expense of people of California.

The unintended consequence is higher fuel and energy costs, loss of jobs, the migration of people out of the state for the first time in the history of California and the dependence of people on government for their survival.

But in the end maybe this is what it is all about, creating an oligarchy, where a small group of elites think they know what is best for us and can exercise control of the masses. Is that where this is headed????