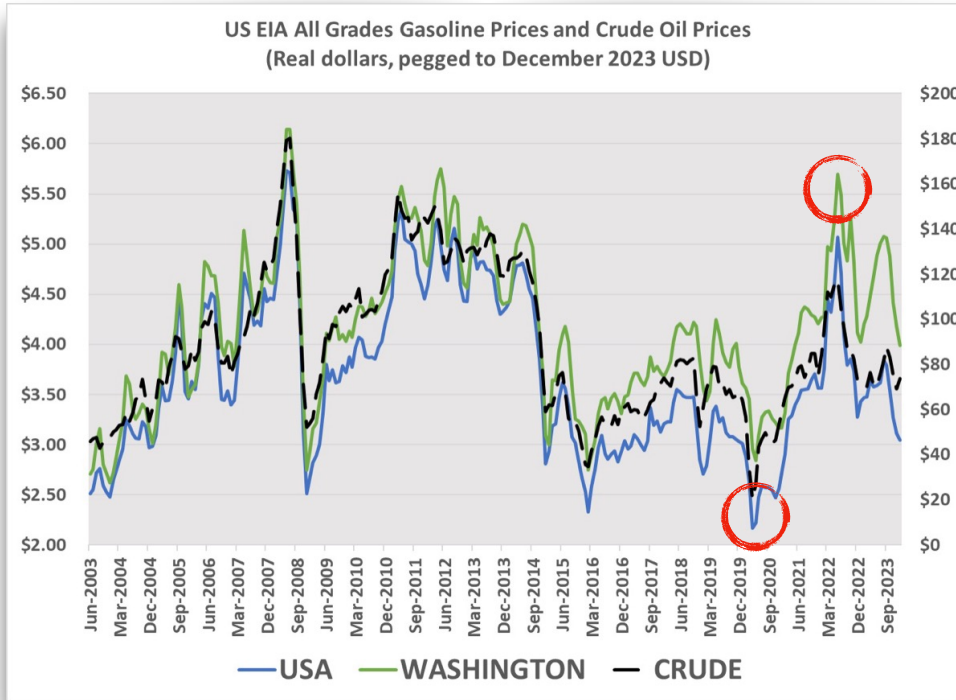


A discussion on gas pricing and the Climate Commitment Act

As can be seen from the historical, inflation-adjusted fuel price chart below, gas prices in Washington have long been influenced by 2 factors:

1. Gas pricing mirrors swings in crude oil prices that are controlled by factors far beyond local control;
2. Gas pricing in Washington has always been notably higher than the average US gasoline prices.



Historical, inflation-adjusted, gasoline (left axis) and crude oil (right axis) prices using US EIA data and nominal price adjustments. USA (national average) and Washington prices mimic crude oil prices. Washington prices are always higher than USA. Red circles indicate low and high points in the last 4 years. See the article by the Clean & Prosperous Institute.

This graph illustrates gas prices from 2003-2023. Washington gas prices are always higher than national prices.

Gas price facts:

◆ The price of regular gas is primarily determined by the cost of four things, per the U.S. Energy Information Administration: Crude oil – 49%; Refining – 21%; Distribution and marketing – 15%; Taxes – 14%.¹ Fuel taxes change and are solely used for highway purposes in Washington.

◆ Some reasons that Washington has higher prices than nationally is because: we are geographically ‘isolated’ (pipeline routes are limited); interruptions in production (maintenance

at local refineries); and the main driver of gas prices is the cost of crude oil.²

- ◆ According to the GasBuddy website, price for a gallon of gas in Washington in September 2020 was about \$2.73. A year later, 2021, it was about \$1 more at \$3.70. Why the rise in price? The Climate Commitment Act didn’t begin until Jan 2023, so it likely could not have affected these prices.
- ◆ The highest price in this 3 year graph is \$5.53 in July 2022, still 6 months prior to the start of the Climate Commitment Act.
- ◆ Climate Commitment Act auction prices in 2023 ran between \$45.00 and \$63.03 per allowance. In 2024, the price has halved. Recent auction prices, which is typical in the second year of trading, was \$25.76. There are some allowance auction pass-through costs since 2023, but the proponents of

¹ The News Tribune <https://www.thenewstribune.com/news/state/washington/article276709611.html>
Washington gas tax \$.49/gallon, nationally \$.29/gallon. Prices include federal taxes of \$.18/gallon.

²Clean & Prosperous Institute “The Real World: Climate Commitment Act and Gas Prices” <https://www.cleanprosperousinstitute.org/2024/03/20/the-real-world-climate-commitment-act-and-gas-prices/>



GasBuddy 4 month historic cost of Washington gas.

I-2117 claim 50 cents a gallon increased costs—which is false. Actual gas prices illustrates that pricing moves independently of auction prices.



Crude Oil Costs:

- ◆ The price of crude oil in 2020 was under \$20 / barrel—the price of gas was \$2.42/gallon.³
- ◆ The price of crude oil in 2021 was about \$60/barrel —the price of gas about \$3.70.
- ◆ In 2022, crude spiked at over \$120/barrel, and correspondingly, the price at the pump was the highest in 3 years at \$5.53.

The price of crude oil per barrel: less than \$20/barrel in 2020; about \$60/barrel 2021; over \$120/barrel 2022. The current price is \$79/barrel.

Crude oil costs drive gas pricing.

³ Macrotrends <https://www.macrotrends.net/1369/crude-oil-price-history-chart>