



State of California
Office of the Attorney General

ROB BONTA
ATTORNEY GENERAL

December 5, 2022

The Honorable Gavin Newsom
Governor of California
1021 O Street, Suite 9000
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker, California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable Toni Atkins
President Pro Tem, California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

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

I write to express my strong support for the Governor's proposal to impose financial penalties on excessive profit margins earned by oil companies. The extraordinary profiteering that we have seen in California's retail gas market is unacceptable – and being raked in on the backs of consumers and at the expense of hardworking California families. I stand with Governor Newsom in calling for an end to this egregious behavior, and for making oil companies pay their due.

As gas prices for consumers soared to unprecedented new levels, recent third quarter financial reporting confirms that oil refiners were earning record high profits. Exorbitant gas prices are painful for all of us, but their burden is borne disproportionately by lower-income Californians. Oil companies should not be able to profiteer in the face of market disruption and limits to supply, and

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those who are engaging in such conduct deserve to be penalized, with the funds collected and returned to hardworking California families.

As Attorney General, I have made it a priority to protect consumers and promote market competition. My office has investigated gas prices, looked for price-fixing and market manipulation, and prosecuted bad actors that schemed to drive up the price of gas during previous periods of market disruption. We are currently engaged in litigation against two multinational gas trading firms for allegedly manipulating California's gas prices and costing consumers more at the pump in the wake of the Torrance Refinery explosion in 2015.

Earlier this year, following Russia's invasion of Ukraine, my office sent a letter to refiners operating in California warning the companies against taking advantage of current market disruptions to engage in market manipulation and other violations of state antitrust law. I supported Senate Bill 1322 (Allen, Ch. 374, Stats. 2022), the California Oil Refinery Cost Disclosure Act, which requires new reporting of data to bring greater transparency to oil company profits. And, just last week, my office's Antitrust Section provided expert testimony at the November 29 hearing of the California Energy Commission to investigate the recent upsurge in gas prices.

At great hardship, Californian consumers have been paying too much at the pump, while oil companies continue to report record profits at their expense. This is unacceptable and unsustainable. I stand with the Governor in supporting financial penalties to deter profiteering, and new measures to increase transparency in the price of gas in the retail market. My office is ready and willing to assist your respective offices in advancing these objectives as the Legislature prepares to convene in special session.

Sincerely,


ROB BONTA
Attorney General