Misinformation straight from the oil industry

Opponents of Washington’s Clean Fuel Standard (Clean Fuel Standard) frequently point to a Legislative Analyst’s Office (LAO) report as the reason for why Washington’s Legislature should not implement a Clean Fuel Standard. The oil industry wants legislators to believe that the LAO report was highly critical of California’s Clean Fuels program. But, as you might expect from the oil industry, they aren’t telling you the entire truth.

Keep in mind this specific LAO report that many people point to reflects the opinions of one staff member and does not correspond with the stance of other California government entities. This report was not peer reviewed.

You’re hearing a lot about the cost of gas

The oil industry has thrown around multiple numbers about how a Clean Fuel Standard would supposedly raise the price of gas. However, all of their numbers are based on incomplete speculations when we have real world information on gas costs. In fact, the current average cost for gas in California is slightly less than when their program began!

What does contribute to the price of gasoline? The majority of the cost of gas is dictated by global markets, refining, and profit. In fact, five out of the top ten most profitable markets for oil companies were located in Washington. In Seattle, they are making a profit of 80c/gallon! In reality, credit prices under Clean Fuel Standard and the price of gas are not correlated. Thanks to their near-monopoly on fuel choice, oil companies are able to set higher prices and make enormous profits. They tell you that Clean Fuel Standard will raise the price of gas, when the reality is they are increasing the costs by running some of their highest profit margins here in Washington State.

MYTH VS. REALITY:

The truth behind the price per gallon

Cost per gallon of gas in CA has actually decreased

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<tbody>
<tr>
<td>Beginning of standard</td>
<td>$3.31</td>
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<tr>
<td>Today (Nov. 2020)</td>
<td>$3.03</td>
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Meanwhile in WA it’s far cheaper to fuel up with electricity

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<tbody>
<tr>
<td>Average cost of gas</td>
<td>$2.65</td>
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<tr>
<td>Average cost of electricity in price/gallon-equivalent</td>
<td>$0.90</td>
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WHAT GOES INTO THE PRICE OF GAS?

The global price of oil is the biggest factor in the cost to consumers.
**LAO REPORT VS. CLEAN FUEL STANDARD**

**What about consumer choice and the local economy?**

Thanks to their Clean Fuel Standard, we can clearly see an increase in alternative fuels used in California and we can point to the development of new projects, such as the Paramount, California oil refinery that has converted to a renewable diesel biorefinery. We could see this in Washington too, with research showing an increase in the use of electricity and sustainable biofuels. Breaking the near-monopoly the oil industry has will give Washingtonians choices and the ability to power their vehicles in a cleaner and cheaper way. Fueling up with electricity costs about a third of filling up with gas.

Washington already supports over 1,900 jobs in the clean fuels industry and over 3,000 jobs in the electric vehicle industry. By implementing a Clean Fuel Standard statewide, Washington can become even more competitive. In fact, the state estimates that the net job creation resulting from a Clean Fuel Standard will be nearly 16,000 additional job-years by the tenth year of the policy.

**Is a Clean Fuel Standard a cost-effective mechanism?**

The LAO report found that, compared to California’s other regulatory programs to reduce GHG emissions, a Clean Fuel Standard was the least expensive in terms of cost per ton of carbon reduction! We cannot accurately compare a Clean Fuel Standard to market-based programs, such as California’s Cap and Trade program, since they cover different sectors and are in fact mutually reinforcing. Well-designed carbon pricing systems can be effective tools, but they are a complement, not a replacement, for a Clean Fuel Standard.

A Clean Fuel Standard is not only a carbon reduction policy: it will directly address air quality, public health, and economic transformation in the transportation sector in the near-term as well. Leading public health organizations like the American Lung Association, Washington State Medical Association, and the Washington Academy of Family Physicians view a Clean Fuel Standard as one of the most important ways to improve public health and air quality, saving millions in healthcare costs. A recent study found that California’s Clean Fuel Standard could contribute to $8.3 billion in avoided public health costs by 2025.

**WHAT’S REALLY GOING ON?**

How a Clean Fuel Standard has played out in California, where the average price of gas has no correlation to the price of credits.

**GAS PRICING IS ALREADY VOLATILE**

Consumers already experience volatility in fuel pricing. Even within a small area we see a variability of over $0.50/gal in Thurston County.

**Questions?**

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Source: 2020 app data from Gas Buddy


**Clean Fuel Standard | HB 1091 | WA LEG 2021**