

# Gasoline Education

The Following Information Is Designed to Answer the Questions....

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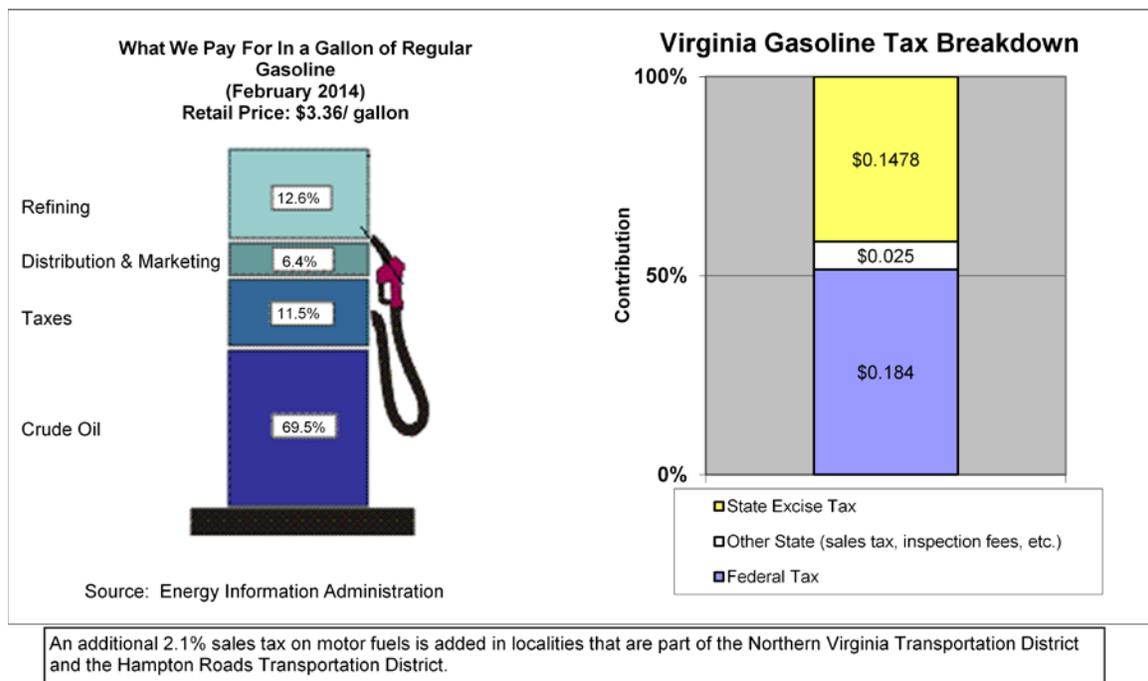
[Which nations comprise OPEC \(the Organization of Petroleum Exporting Countries\)?](#)

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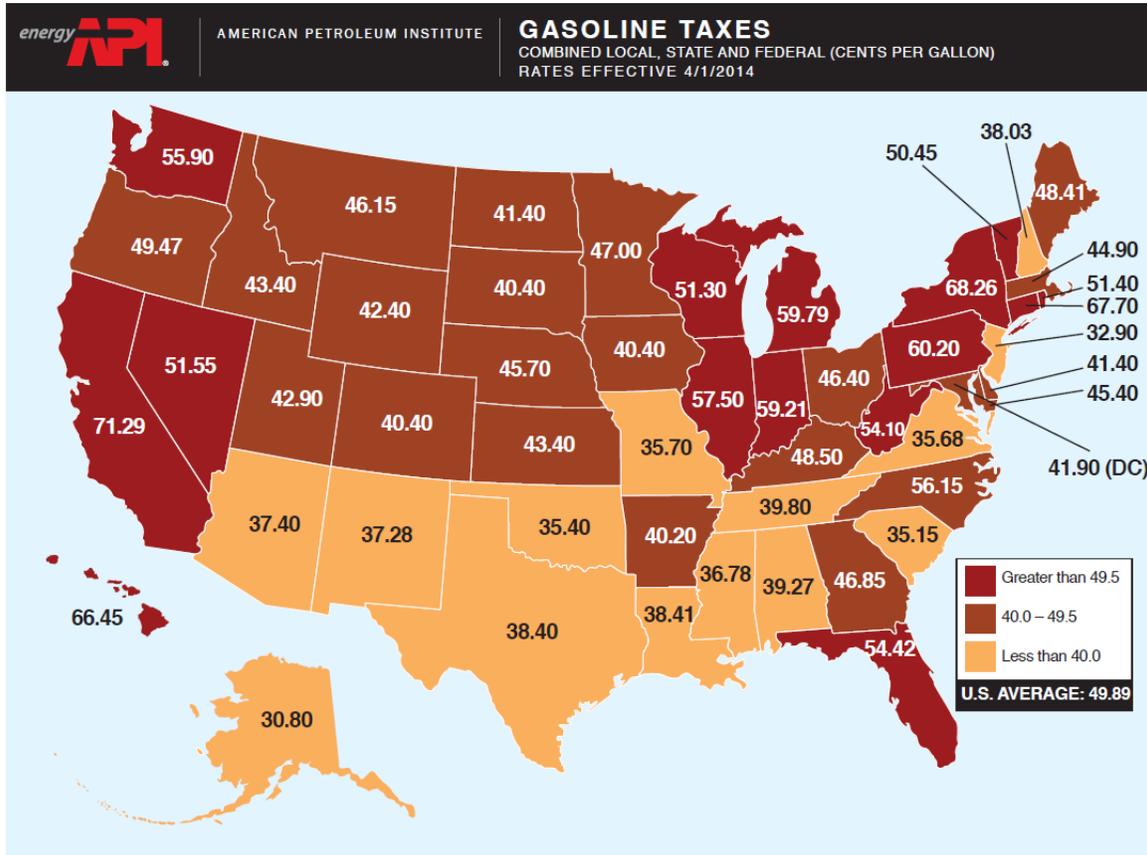
## 1) What Factors Establish The Retail Price of Gasoline?

Gasoline is refined from crude oil, which, in turn, is the principal cost component of a gallon of gasoline, as shown by the chart below. The primary factors contributing to the price of a gallon of gasoline are refinery processing costs, distribution and marketing of the refined gasoline to retail stations across the country, taxes and retail stations' costs. Additional periodic factors include economic forces (supply and demand), seasonal weather events, and conflicts in some major oil producing regions.



Crude oil is the largest factor in the price of a gallon of gasoline. As of April 2014, a barrel of crude oil sells for around \$100.00. This compares to the prices in 2012, when the average price for a barrel of crude oil was around \$94.00 and the average national price of a gallon of gas was \$3.63. (Source: EIA).

## Gasoline Taxes By State

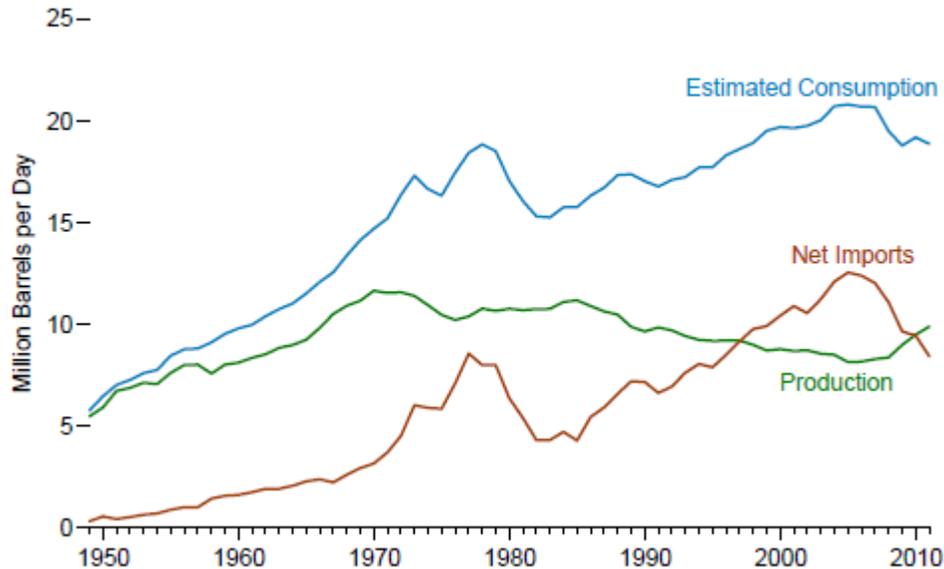


Source: American Petroleum Institute

Virginia has one of the lowest state taxes on gasoline in the nation, and, as of April 2014, is the 5<sup>th</sup> lowest taxed state for gasoline. The figure in the graph above includes the 2.1% sales tax added for localities within the Northern Virginia Transportation District and the Hampton Roads Transportation District.

# U.S. Petroleum and Other Liquids, Consumption, Production, and Imports

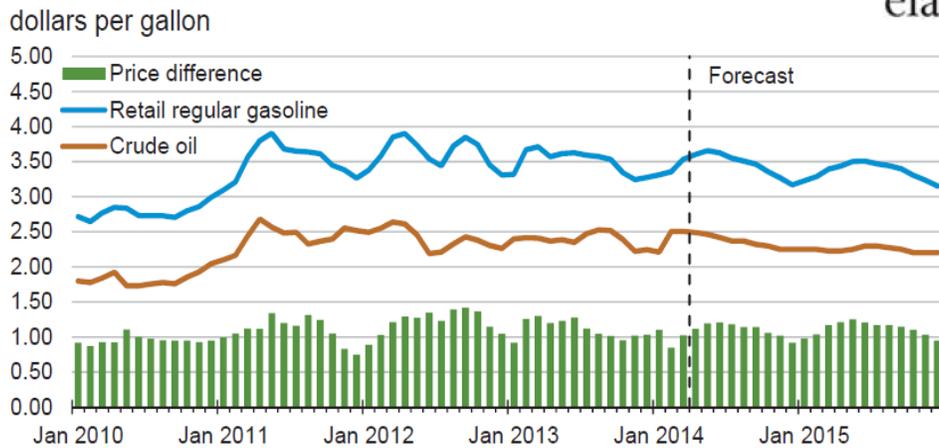
## Overview, 1949-2011



Source: U. S. Energy Information Administration / Annual Energy Review 2011

The cost of manufacturing, distribution and marketing, which is primarily borne by domestic refineries, has remained fairly consistent, and has even declined slightly, over the last 35 years. As the chart shows, the price of crude oil has risen sharply and fluctuated significantly over the same period of time, causing the total price of gas to increase.

## U.S. Gasoline and Crude Oil Prices



Crude oil price is composite refiner acquisition cost. Retail prices include state and federal taxes.

Source: Short-Term Energy Outlook, April 2014.

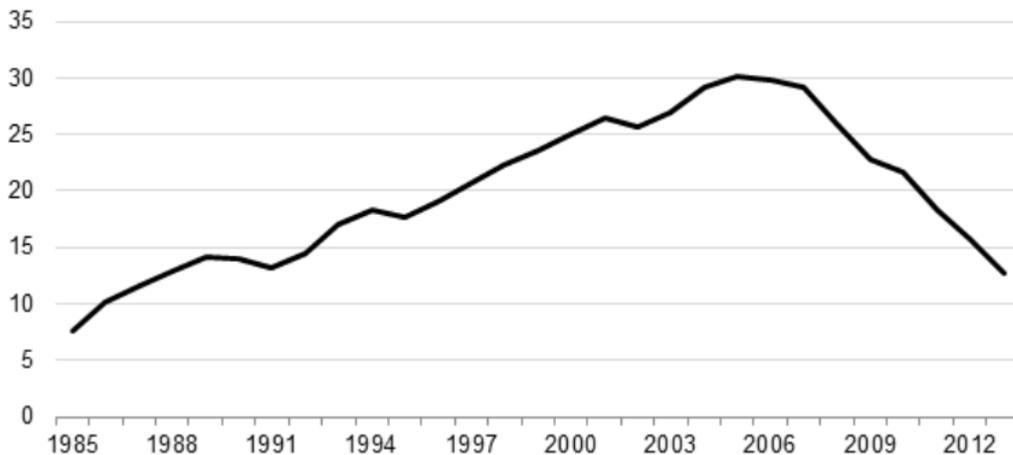
Source: Energy Information Administration

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## 2) How much Petroleum does the U.S. Import?

### Net energy imports in 2013 lowest in more than 20 years

**U.S. net energy imports (1985-2013)**  
quadrillion Btu



Source: U.S. Energy Information Administration, [Monthly Energy Review](#)

Total U.S. net imports of energy, measured in terms of energy content, declined in 2013 to their lowest level in more than two decades. Growth in the production of oil and natural gas displaced imports and supported increased petroleum product exports, driving most of the decline. A large drop in energy imports together with a smaller increase in energy exports led to a 19% decrease in net energy imports from 2012 to 2013.

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## 3) From Where Does the U.S. Import Petroleum?

**2012: Top sources of imported petroleum to the United States million barrels per day and percent share of gross and net imports<sup>1</sup>**

Import sources	Gross imports	Exports to import source	Net imports
Total, all countries	10.596	3.184	7.412
OPEC countries	4.256 (40%)	177	4.078 (55%)
Persian Gulf countries	2.151 (20%)	0.088	2.144 (29%)
<b>Top five countries<sup>2</sup></b>			
Canada	2.955 (28%)	0.403	2.551 (34%)
Saudi Arabia	1.359 (13%)	0.001	1.358 (18%)
Mexico	1.031 (10%)	0.526	0.469 (6%)
Venezuela	0.952 (9%)	0.085	0.867 (12%)
Russia	0.477 (5%)	0	0.477 (10%)

<sup>1</sup>Based on net petroleum imports; preliminary data.

<sup>2</sup>Based on gross imports by country of origin.

Last updated: June 3, 2013

Source: U. S. Energy Information Administration

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#### **4) What Affects the Price of Crude Oil?**

Crude Oil, the major component and the leading variable cost in the price of gasoline, is a commodity. Crude Oil differs from most other commodities because it is subject to the restrictions of a cartel called OPEC (the Organization of Petroleum Exporting Countries). OPEC operates as a quantity-controlling mechanism for crude oil exports. Other global factors contributing to high gasoline prices include instability in some key oil producing regions, seasonal weather conditions and continued high worldwide demand. Reduced supply and increased demand for a product generally result in higher prices for that product, especially if it is a commodity.

Source: [www.opec.org](http://www.opec.org) (opens in new window)

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#### **5) Who is OPEC?**

The twelve nations that comprise OPEC are:

Algeria	Angola	Ecuador	Iran
Iraq	Kuwait	Libya	Nigeria
Qatar	Saudi Arabia	United Arab Emirates	Venezuela

Source: [www.opec.org](http://www.opec.org) (opens in new window)

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#### **6) Driving More Efficiently**



##### **a) Drive Sensibly**

Aggressive driving (speeding, rapid acceleration and braking) wastes gasoline. It can lower your gasoline mileage by 33 percent at highway speeds and by 5 percent around town. Sensible driving is also safer for you and others, so you may save more than gasoline money.

Fuel Economy Benefit: 5-33%

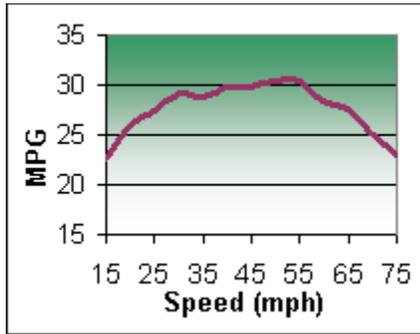
Equivalent Gasoline Savings: \$0.07-\$0.49/gallon

##### **b) Observe the Speed Limit**

Gasoline mileage decreases rapidly at speeds above 60 mph. Each 5 mph you drive over 60 mph is like paying an additional \$0.10 per gallon for gasoline. Observing the speed limit is also safer.

Fuel Economy Benefit: 7-23%

Equivalent Gasoline Savings: \$0.10-\$0.34/gallon



### ***c) Avoid Excessive Idling***

Idling gets 0 miles per gallon. Cars with larger engines typically waste more gasoline at idle than do cars with smaller engines.

### ***d) Use Cruise Control***

Using cruise control on the highway helps you maintain a constant speed and, in most cases, will save gasoline.

Source: [www.fueleconomy.gov](http://www.fueleconomy.gov) (opens in new window)

### ***e) One-Stop Shopping***

Consolidate trips and errands to cut down on driving time and keep needless miles off the odometer. "Comparison shop" by telephone, online, or through newspaper advertisements.

### ***f) Routinely Maintain Your Vehicle***

Keeping tires inflated, moving components properly lubricated, and ignition and emission systems operating properly will help your vehicle achieve maximum fuel economy and extend its useful life.

### ***g) Lighten the Load***

Don't haul extra weight in the passenger compartment, trunk, or cargo area of your vehicle. A heavier vehicle uses more gasoline.

### ***h ) Compare Gasoline Prices***

Shop for low gasoline prices locally, but don't waste gas or time driving to a distant filling station just to save a few cents a gallon.

Source: [www.aaamidatlantic.com/about/public\\_affairs](http://www.aaamidatlantic.com/about/public_affairs)

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## ***7) Role of the Virginia Attorney General***

The Attorney General's Office and federal agencies such as the Federal Trade Commission and the U.S. Department of Energy continue to monitor gasoline prices in an effort to determine whether changes in prices are caused by normal market forces or by other factors that may violate state and federal competition laws. In addition, the Virginia legislature passed a price gouging statute at the 2004 session of the General Assembly. This statute is triggered when either the Governor or the President declares a state of emergency covering parts of Virginia. The price gouging statute requires the Virginia Attorney General, and other enforcement agencies, to

consider whether post-disaster prices of a supplier grossly exceed the prices the supplier charged for the same goods or services during the ten (10) days immediately prior to the disaster. The statute also requires consideration of whether the increased costs are attributable solely to the increased costs of the supplier. The Attorney General is prepared to act if an emergency is declared or if a determination is made that our competition laws are being violated.

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