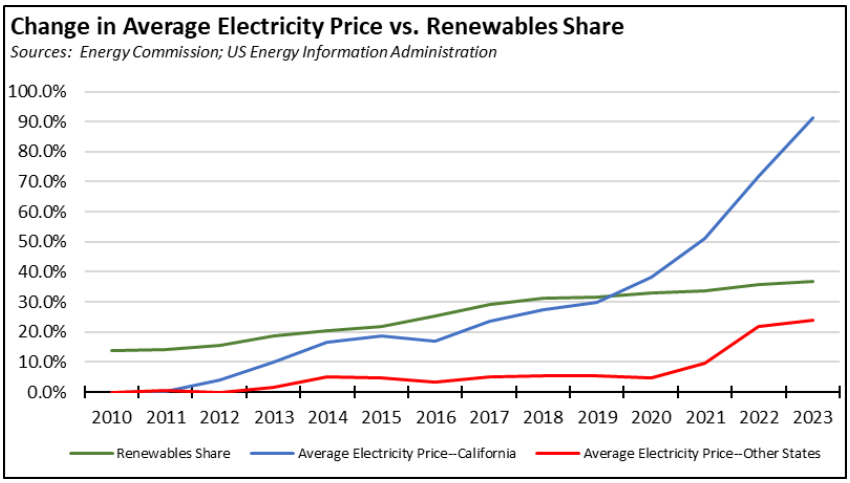
California Energy Price Data for **July 2025**

Below are the monthly updates from the most current July 2025 fuel price data (GasBuddy.com) and May 2025 electricity and natural gas price data (US Energy Information Administration). To view additional data and analysis related to the California economy visit our website at www.centerforjobs.org/ca.

Average energy prices remained the highest among the contiguous states and DC for electricity and fuels, while average residential natural gas rates notched up to the third highest.

Energy Price (12-month moving average; fuels monthly)	**Rank Among Contiguous States**	
	Current Month	Previous Month
Residential Electricity Rate	1	1
Average Residential Electricity Bill	9	9
Commercial Electricity Rate	1	1
Industrial Electricity Rate	1	1
Residential Natural Gas Rate	3	4
Commercial Natural Gas Rate	3	3
Industrial Natural Gas Rate	5	5
Gasoline	1	1
Diesel	1	1

California's by-now secured position with the highest electricity costs appears to be an overlooked consideration in the most recent round of self-congratulations among the state's leadership on the state's increasing use of renewable generation sources. These announcements have concentrated on the state reaching new goalposts in its use of renewable generation along with attendant effects on emissions, but fail to note—as we do below—that the average state residential rate is now 101.3% higher than the average for all other states, commercial rates are 111.2% higher, and industrial rates 183.3% higher. As renewable generation has grown, so have the costs paid by households, businesses, and governments. In the chart below, the Renewables Share includes small hydro but not large hydro and nuclear in order to conform to the state's Renewable Portfolio Standard restrictions.

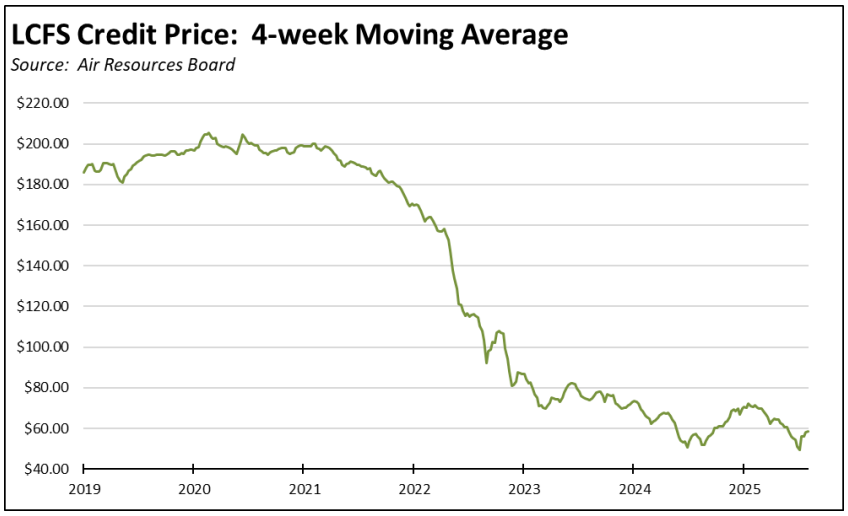


Higher State Taxes & Fees on Fuels Took Effect in July

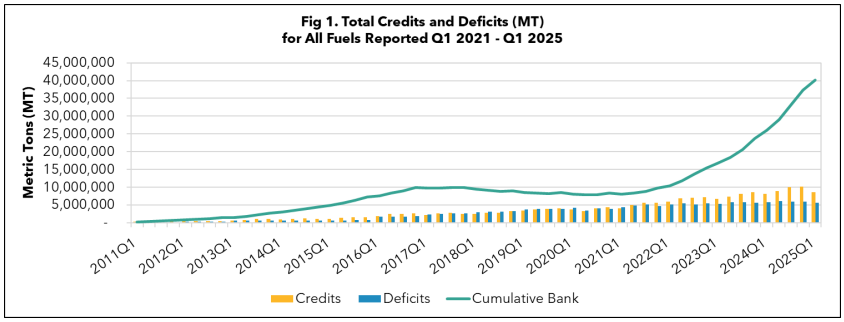
Effective July 1, additional state taxes and fees were applied to the cost of fuels. State excise tax increased on both gasoline (1.6 cents) and diesel (1.2 cents). The Air Board's higher cost amendments to the Low Carbon Fuel Standard (LCFS) also were finally allowed to become operative.

As provided in our new series on LCFS costs from OPIS (see below), the tighter standards under the new regulations saw the LCFS component jump 72% for gasoline and 88% for diesel. With only one month's worth of data, however, there is no clear pattern as yet showing the effect on pump prices. Using price data from US Energy Information Administration as used by the Energy Commission, the spread in prices between the US and California for regular gasoline was 16.3 cents higher in July compared to the same month in 2023. For diesel, the spread was 6.6 cents higher. The incremental cost for LCFS combined with the higher excise tax was 7.1 cents for gasoline and 8.5 cents for diesel, but other factors likely affect the July outcomes that can only become apparent with other data points.

What is clear is that LCFS costs are being heavily moderated by one overarching factor, the substantial number of banked credits that has been built up in recent years. While the regulations require fuels to use increasing credits, prices for those credits have consequently been low, with prices driven even lower recently due to the previously-uncertain future for these rules. For example, the LCFS cost component from OPIS for gasoline was 13.2 cents a gallon in July. At credit prices that prevailed at the beginning of the year, the cost instead would have been 15.8 cents. At credit prices seen in 2020 and the first half of 2021, the cost impact would have been much higher at 44.4 cents a gallon.



Banked credits instead have been soaring since 2023, producing a strong dampening effect on the market and providing the Air Board with breathing space in which to claim, at least for now, that the stricter rules have had little effect on prices. In their most recent report, banked credits grew by 2.8 million in the first quarter to a total of 40.2 million, or the equivalent alone of a full year's worth of demand based on the 2024 data and 2025 target carbon intensity (CI). As the target CIs increase, however, this stock will be drawn down rapidly and instead push off the price reckoning to a future governor and legislature.



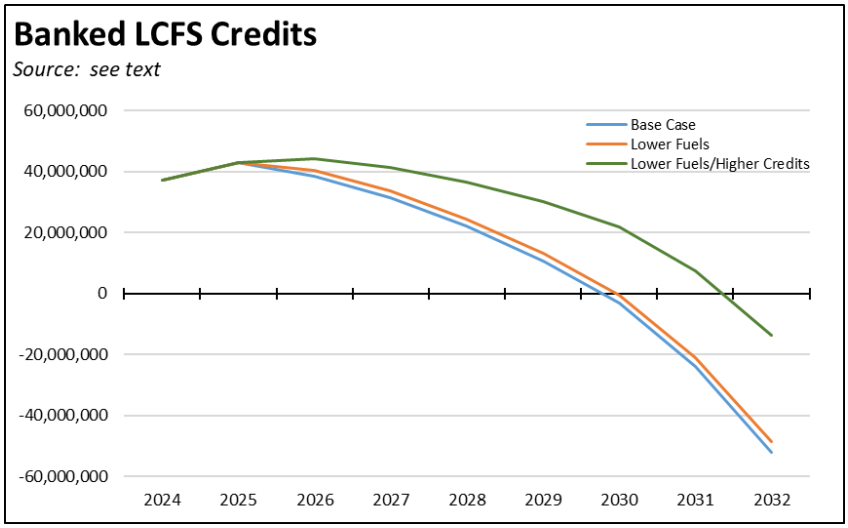
How long with this price dampening effect last? A complete answer would have to take into account a great many different factors, but the following calculations can provide a reasonable ballpark estimate:

- The Base Case assumes both that credits will be generated at the same level they were in 2024 and that fuels consumption will remain at the same level as well. Only diesel and gasoline are considered as they are the dominant fuels subject to LCFS. Applying the CI targets under the rules and assuming the Automatic Acceleration Mechanism is not triggered, the current banked credits would be exhausted just prior to the gubernatorial elections in 2030. Price effects, however, would likely begin rising rapidly well before this point, as would also be the situation with the following alternative cases.

- The Lower Fuels Case changes the assumptions to see the effect of a 5% annual reduction in fuel demand (compared to 4.1% decline in 2024). While electric vehicle sales have stalled and even retreated in the most recent results, consumers are increasingly buying hybrids—both

battery and plug-ins—that likely will have an effect on total fuel consumption going forward. Under this revised assumption, the banked credits again run out in 2030.

- The final Lower Fuels/Higher Credits Case also assumes 10% more credits will be created each year. This change has a somewhat greater effect, but the banked credits still are stretched out only an additional 2 years, just prior to the 2032 presidential elections. However, while credit generation is likely to expand to some extent, so will demand as 3 other states have adopted an LCFS program and 5 others are currently considering one.



Inflation

2.8%

Increase Since May 2024

For the 12 months ending May, the California CPI rose 2.8%, compared to 2.7% in the prior month. In the same period, the US CPI went to 2.4% from 2.3%. Using the same Department of Finance weighting formula, Food at Home (groceries) rose 2.2% in California, the same as for the US. Food Away from Home (restaurants and takeout) rose 5.1% compared to the US at 3.8%.

California vs. Rest of US Fuel Price Gap at 48% Premium

$1.46

Price Per Gallon Above Other States (CA Average)

The July average price per gallon of regular gasoline in California eased 13 cents from June to $4.51. The California regulatory and tax premium above the average for the US other than California ($3.05) eased to $1.46, a 48.0% difference.

1st

Ranked by price

In July, California had the highest gasoline price among the contiguous states and DC. Californians paid $1.8 a gallon more than consumers in Mississippi, the state with the lowest price.

California Gasoline Taxes & Fees

$1.44

Total Taxes & Fees per Gallon of Gasoline

As we have discussed in prior reports, in the absence of current Energy Commission data, we have begun our own estimates using the Commission factors and our new OPIS data. In July, $1.44 (32.0%) of the price of a gallon of regular gasoline was paid to cover state, local, and federal taxes and fees.

California Carbon Taxes: LCFS and Cap & Trade

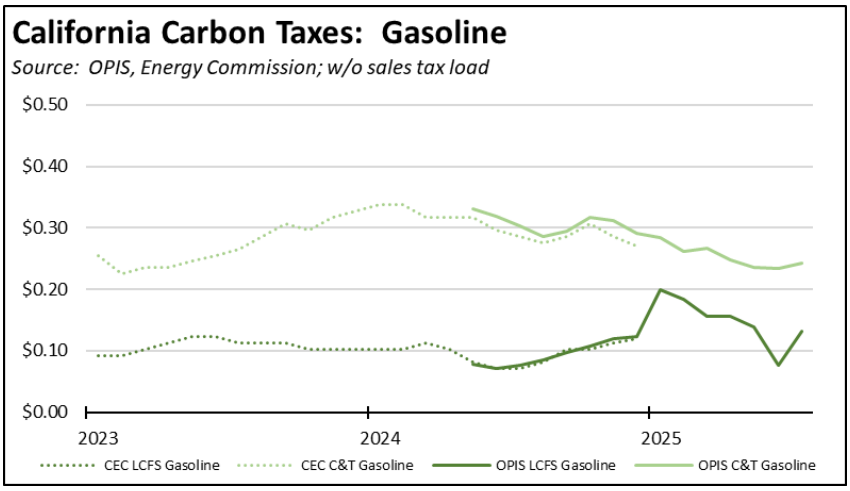
Per Gallon Carbon Taxes, July 2025

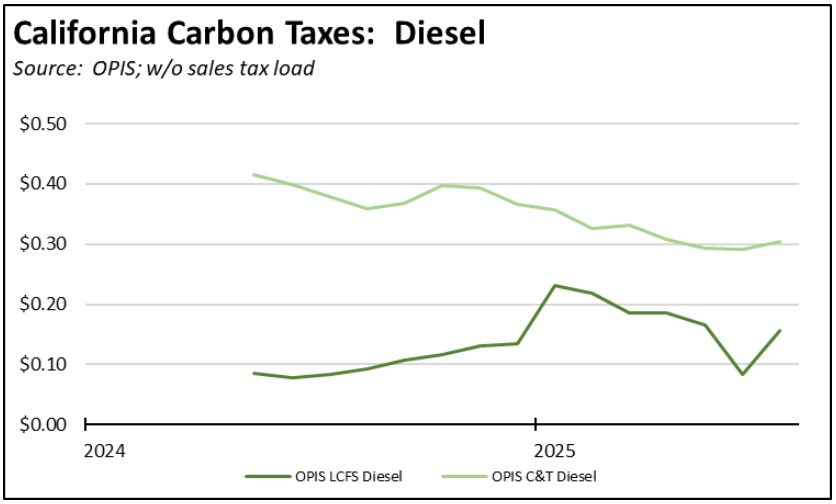
Source: OPIS adjusted to include sales tax

	LCFS	Cap & Trade
Gasoline	$0.13	$0.25
Diesel	$0.16	$0.31

In July, total LCFS Cap & Trade charges incorporated in the price Californians pay for fuel grew as the stricter regulations became effective, while the Cap & Trade component also showed a marginal increase. The costs shown in the table are for the penultimate month-to-date numbers from the OPIS Carbon Market Report, adjusted to incorporate state and local sales tax to account for the full additional costs imposed by these regulatory fees on fuel buyers. Certain Data or Information Provided By: Oil Price Information Service, LLC. Distribution of OPIS data without permission from OPIS is prohibited.

Combining the OPIS data (without the sales tax component) with the previous Energy Commission estimates, Cap & Trade costs have been easing, while LCFS costs had been rising before June but reversed course under the new regulations. Note that both charts include both the Cap & Trade components charged at the rack and levied on production from the OPIS data, and only the rack component in the Energy Commission data.





California vs. Rest of US Diesel Price

$1.56

Price Per Gallon Above Other States (CA Average)

The July average price per gallon of diesel in California rose 9 cents from June to $5.18. The California regulatory and tax premium above the average for the US other than California ($3.62) eased to $1.56, a 43.2% difference.

1st

Ranked by price

In July, California had the highest diesel price among the contiguous states and DC.

Range Between Highest and Lowest Prices by Region

$1.73

Price per Gallon above Other States (Central Coast Region)

The cost premium above the US (other than California) average price for regular gasoline ranged from $1.31 in the Inland Empire Region (average July price of $4.36), to $1.73 in Central Coast Region (average July price of $4.78).

Highest/Lowest Fuel Prices by Legislative District:

July 2025: Average Price ($ per gallon) of Regular Gasoline

	Highest
CD02 Huffman (D)	$4.85
CD19 Panetta (D)	$4.75
CD03 Kiley (R)	$4.71
CD30 Friedman (D)	$4.70
CD11 Pelosi (D)	$4.68
SD02 McGuire (D)	$4.80
SD17 Laird (D)	$4.78
SD24 Allen (D)	$4.67
SD11 Wiener (D)	$4.66
SD13 Becker (D)	$4.66

AD02 Rogers (D)	$4.91
AD30 Addis (D)	$4.88
AD51 Zbur (D)	$4.78
AD16 Bauer-Kahan (D)	$4.76
AD12 Connolly (D)	$4.70 *Lowest*
CD45 Tran (D)	$4.34
CD39 Takano (D)	$4.34
CD33 Aguilar (D)	$4.32
CD25 Ruiz (D)	$4.31
CD35 Torres (D)	$4.30
SD35 Bradford (D)	$4.36
SD22 Rubio (D)	$4.36
SD34 Umberg (D)	$4.35
SD31 Cervantes (D)	$4.32
SD29 Reyes (D)	$4.31
AD53 Rodriguez (D)	$4.31
AD60 Jackson (D)	$4.31
AD47 Wallis (R)	$4.28
AD50 Garcia (D)	$4.28
AD22 Alanis (R)	$4.24

California Residential Electricity Price

101.3%

Above Average for Rest of US

California average Residential Price for the 12 months ended May 2025 was 31.79 cents/kWh, 101.3% higher than the US average of 15.79 cents/kWh for all states other than California. California's residential prices were the highest among the contiguous states and DC.

California Residential Electric Bill

9th

Ranked by Cost

For the 12 months ended May 2025, the average annual Residential electricity bill in California was $1,947, or 95.9% higher ($953) than the comparable bill in 2010 (the year the AB 32 implementation began with the Early Action items). In this same period, the average US (less CA) electricity bill for all the other states grew only 28.3% ($386).

In 2010, California had the 9th lowest residential electricity bill among the contiguous states and DC. In the latest data, it had the 9th highest.

Residential bills, however, vary widely by region. Transforming the 2022 data from the Energy Commission, estimated annual household usage is as much as 82% higher in the interior regions compared to the milder climate coastal areas, and substantially higher when comparing across counties.

$13.9b

Above Average for Rest of US

For the 12 months ended May 2025, California's higher electricity prices translated into Residential ratepayers paying $13.9 billion more than the average ratepayers elsewhere in the US using the same amount of energy. Compared to the lowest cost state, California households paid $17.6 billion more.

California Commercial Electricity Price

111.2%

Above Average for Rest of US

California average Commercial Price for the 12 months ended May 2025 was 25.43 cents/kWh, 111.2% higher than the US average of 12.04 cents/kWh for all states other than California. California's commercial prices were the highest among the contiguous states and DC.

California Industrial Electricity Price

181.3%

Above Average for Rest of US

California average Industrial Price for the 12 months ended May 2025 was 21.80 cents/kWh, 181.3% higher than the US average of 7.75 cents/kWh for all states other than California. California's industrial prices were the highest among the contiguous states and DC.

$21.5b

Above Average for Rest of US

For the 12 months ended May 2025, California's higher electricity prices translated into Commercial & Industrial ratepayers paying $21.5 billion more than ratepayers elsewhere in the US using the same amount of energy. Compared to the lowest rate states, Commercial & Industrial ratepayers paid $27.9 billion more.

California Natural Gas Prices

Average prices ($ per thousand cubic feet; 12-month moving average) for the 12 months ended May 2025 and changes from the previous 12-month period for each end user:

	Residential	***Commercial***	***Industrial***
CA, May 2025	$20.50	$14.80	$11.70
CA, May 2024	$19.68	$14.36	$11.70
Change	4.2%	3.1%	0.0%
Rest of US, May 2025	$14.22	$10.10	$3.99
Rest of US, May 2024	$14.50	$9.78	$3.42
Change	-1.9%	3.3%	16.7%
CA premium over Rest of US, May 2025	44.2%	46.5%	193.2%
CA premium over Rest of US, May 2024	35.7%	46.8%	242.1%