



## What Could End These Surging Gas Prices?

### Description

The price of gas keeps surging higher and higher. As of this writing, the price of WTI crude was \$123 — the highest level in many months. Gasoline, of course, is rising alongside crude.

This year, oil prices are far higher than any level since 2014. Thanks to a combination of different supply crunches, oil prices are rising, even as the economy slows down. A lot of Canadians are feeling the heat. Gas prices are rising far more than incomes. As a result, more and more Canadians report being unable to afford gasoline. In this article, I will explore some changes that could occur in the future to reduce the price of gas.

### OPEC

The [Organization of Petroleum Exporting Countries](#) (OPEC) is one entity that could reduce the price of gas if it wanted to. OPEC is a cartel made up of countries that, together, produce a large percentage of the world's oil. According to recent estimates, they have about 1.8 million of barrels of oil per day in excess capacity. If they decided to unleash all of that at once, it would likely reduce the cost of gas. It would certainly lower the price of oil; gasoline is less certain, as it has diverged from oil more than usual this year. However, it's likely that gas prices would go down if oil prices were to decrease by an extreme amount.

The question is whether OPEC will actually boost output. U.S. president Joe Biden is headed to Saudi Arabia to ask the Saudis for more oil, but this approach has been attempted before, with mixed results. OPEC only agreed to a [modest output hike](#) at their most recent meeting, and Saudi Arabia missed its already tepid quota. So, it remains to be seen whether we'll see any movement on the OPEC front.

### Increased oil output

Another possible factor that could influence the price of oil a little is Canadian companies increasing output. Recently, Alberta premier Jason Kenney went to the U.S. and told leaders there that Canada could boost oil production by 900,000 barrels per day. That would have a non-negligible impact on the

price of oil.

Companies like **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) could play a big role in this. Suncor is mainly known for its gas station business, but it exports some oil as well. If it had the ability to ramp up production, it could send more oil to the U.S. and possibly contribute to lowering the global oil price. It might sound strange to suggest that sending more oil to the U.S. could lower the price in Canada, but remember that oil is a global market. The lower the global price, the better it is for everyone. So, potentially, Suncor could play a role in relieving the energy crunch the world is feeling.

## Foolish takeaway

2022 has been a wild year for energy prices, and the worst may not yet be behind us. U.S. officials are doing more to ease the pain than they had been previously, but it's not clear that OPEC will co-operate. Perhaps Canada could play a role in easing the world's pain at the pump. With plenty of proven reserves, we could contribute to easing the global supply crunch.

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