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# California State Senate

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## OVERSIGHT HEARING

### **Managing the Transportation Fuels Transition: An Update on Ensuring Affordable and Reliable Fuel Supply**

1021 O Street, Room 1200  
Wednesday, June 3, 2026  
2:00pm

## BACKGROUND

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The price and availability of petroleum fuel – particularly (but not only) gasoline – has remained a significant concern for Californians. As the state transitions to more fuel efficient and zero-emission vehicles (ZEV) and cleaner fuels, the demand for gasoline and other petroleum fuels is declining, but gradually. As such, there is a need to ensure affordable and reliable petroleum-based transportation fuel supply for the near- and long term.

Two recent special legislative sessions called by the Governor to address transportation fuel price spikes and supply have provided expanded state agency regulatory and market monitoring authorities and required explicit planning efforts to address the transition away from petroleum fuels. Since the special sessions, additional in-state petroleum fuel refineries announced plans to close their petroleum-based refining operations, raising further concerns about the continued availability of petroleum transportation fuels, particularly California's unique gasoline blend. In the midst of the state wrestling with implementing the new regulatory authorities and addressing the closure of refinery facilities, on February 28th, President Trump initiated coordinated airstrikes with Israel that resulted in the death of Iran's Supreme Leader Ayatollah Khamanei. In retaliation, Iran has essentially suspended ship traffic through the Strait of Hormuz, a key passage for a fifth of global crude oil supply. As a result, the war in Iran has affected supply and price of crude oil across the globe, an

important component of refined gasoline and other petroleum-based transportation fuels, affecting consumers worldwide. Consumers in this country have not been spared as the price at the pump has increased, along with the price of other products and commodities that depend on crude oil. Californians also experience the gasoline price increases since the war began; these impacts are in addition to the effects of recent in-state refinery closures.

Today's oversight hearing is intended to provide members of the committee and the public with an opportunity to hear from key state agencies regarding the efforts to address transportation fuel affordability and reliable supply. In addition to receiving an update of the many authorities and requirements from the two special session bills, SBX1-2 (Skinner, Chapter 1, Statutes of the 2023-24 First Extraordinary Session) and ABX2-1 (Hart, Chapter 1, Statutes of the 2023-24 Second Extraordinary Session), the presenters from the administration will also discuss the impacts on price and supply from the war in Iran and recent refinery closures, including efforts to mitigate the impacts. The California Energy Commission (CEC), whose authorities were expanded by the special session bills, including regulatory authorities, will share the latest status on addressing price spikes and ensuring adequate supply, along with the increased data transparency tools provided by the special session bills, building off those afforded by SB 1322 (Allen, Chapter 374, Statutes of 2022). Additionally, presenters will share key planning requirements from the first special session, including the *Transportation Fuels Assessment (2024)* and *Draft Transportation Fuels Transition Plan* (draft released in May), and highlights from the *Draft SB 237 Assessment* required by SB 237 (Grayson, Chapter 118, Statutes of 2025) which is based on correspondence between the Governor and CEC's Vice Chair Siva Gunda regarding near-term recommendations. The California Air Resources Board (CARB) Chief of the Industrial Strategies Division Matthew Bothill will join Commissioner Gunda in presenting their co-authored *Draft Transportation Fuels Transition Plan* and areas of overlap related to the *Draft SB 237 Assessment*. CEC Department of Petroleum Market Oversight (DPMO) Director Tai Milder will share the department's efforts to monitor market activity for market flaws or abuses, in addition to providing findings and recommendations, as provided in *DPMO's Annual Report*. The California Department of Tax and Fee Administration (CDTFA) Chief Deputy Director Gentian Droboniku will share findings from the most recent CEC and CDTFA *Joint Agency Report 2025 Review of the Price of Gasoline in California and Related Effect on State Revenues*, a key report that examines the gasoline retail market. Following the administration panel, members of the committee will hear from stakeholders regarding the current efforts to address price and supply, specifically representatives from Consumer Watchdog, the Western States Petroleum Association (WSPA), and Union of Concerned Scientists.

Committee members may want to understand how the efforts to implement SB 1322, SBX1-2, ABX2-1 are driving towards addressing gasoline price spikes, higher gasoline prices generally, and stabilizing supply, as intended.

- What is the current status of available gasoline supply in the near term? What about other fuels, such as jet fuel and blend stocks?
- How are recent refinery closures impacting the pricing and availability of petroleum-based fuels?
- How do the effects of the war in Iran shift or adjust actions to stabilize supply and address pricing?
- What is the status of implementing the new tools afforded from the special session bills?
- How are the CEC and DPMO using the new tools to better protect Californians from price gouging of gasoline?
- Do the agencies and entities have sufficient information to pinpoint the “mystery surcharge” on retail gasoline prices? What has and can be done to address it?
- How is the state preparing for the transition to a continued decline in gasoline demand but its continued long-term need for motorists?
- What are the next steps in addressing the near- and mid-term transition plans?
- What are the actions needed to stabilize in-state refineries as we transition towards increased dependence on imports of refined fuels?
- What is the status of pipeline infrastructure development to provide refined gasoline from out of state? What is needed to support turning on these faucets? Are there any concerns with these efforts?
- How is the interagency efforts of the Petroleum Strategy Taskforce structure assisting in the planning and oversight of the various entities involved in ensuring supply and affordability?

## **Background on gasoline prices and market in California**

*Gasoline prices trend higher in California compared to the rest of the nation.* Californians, generally, pay higher prices for gasoline compared to the rest of the country. According to the CEC, there are five main reasons why California retail gasoline prices are higher than the average price in the United States, specifically: higher taxes on gasoline, higher gasoline production costs, environmental program costs, California’s shorter winter season, and the isolated nature of the California fuels market. California’s unique, cleaner-burning gasoline blend costs more to produce than other types of gasoline, accounting for an additional 10 to 15 cents per gallon (according to the CEC). The summer-blend gasoline is designed to evaporate

at a higher temperature than winter-blend gasoline so as to minimize its contribution to unhealthy ground-level ozone (also known as smog). However, the summer-blend gasoline is more expensive to produce and tends to be used for longer stretches of the year, given California’s warm climate.

<b>Estimated Gasoline Price Breakdown and Margins (March 2026)</b> (Source: California Energy Commission website)	
Crude Oil Costs	\$2.33 (44%)
Refining Margin	\$1.00 (19%)
Distribution Margin	\$0.59 (11%)
Cap and Trade (now Cap and Invest)	\$0.22 (4%)
Low Carbon Fuel Standard	\$0.18 (3%)
State Excise Tax	\$0.61 (12%)
Federal Excise Tax	\$0.18 (3%)
State/Local Sales Tax	\$0.12 (2%)
Underground Storage Tank Fee	\$0.02 (less than 1%)
<b>Retail Prices</b>	<b>\$5.26</b>

*California gasoline fuels market is isolated.* California’s gasoline fuels market is geographically isolated from other locations in the U.S. that produce refined fuel products. California has eight refineries that refine crude oil into gasoline fuel; the majority are located in and around the South Bay region in the Los Angeles Basin, some in the East Bay region of the Bay Area, and the smallest by volume produced is located in Bakersfield. The state’s refineries process over 1.6 billion barrels of crude oil per day. In 2021, 88% of gasoline production was used in state and 12% was exported. These refiners produce transportation fuels that meet California standards, including the specially formulated gasoline to meet California’s air quality standards mandated by the CARB, known as California Reformulated Gasoline Blendstock for Oxygenated Blending (CARBOB) gasoline. In addition to providing in-state supply, California refiners provide the majority of transportation fuels to neighboring states – sending the equivalent of 10% of California’s consumption of gasoline to Nevada and Arizona via pipeline from Southern California. California refiners also export gasoline via marine shipments, including to western Mexico and Central America. However, the gasoline sent to neighboring states and countries is not the CARBOB gasoline, and is, generally, less expensive to produce.

*Unexpected disruptions and facility outages can result in reduced supply and price spikes.* California has no ability to deliver gasoline into the state via pipelines, as the existing pipelines deliver gasoline and other refined fuels out of the state. Gasoline imports, generally, provide a smaller portion of overall supply. However, when needed, California imports gasoline via marine shipments, which can take three to six weeks to deliver and with prices that account for the additional costs of transporting

via international marine vessel. As a result of California’s isolated gasoline fuels market, unexpected and unplanned disruptions on the system, including unplanned refinery outages, can impact the supply and often result in price spikes. This was the situation after the unexpected outage at the then-Exxon Mobil Torrance Refinery in February 2015 due to an explosion of the facility that resulted in an extended outage. Gasoline prices were immediately affected, as prices increased \$0.25 per gallon within a week of the outage.

**Map Showing Pipeline Flows for California, Nevada, and Arizona**  
 (as copied from the *Transportation Fuels Assessment*, p. 10)<sup>1</sup>



California has a 40-plus year history of attempting to address gasoline prices. Most notably, following the 1979 energy crisis, when the nation (and much of the Western world) faced petroleum shortages and high prices, California established the Petroleum Industry Information Reporting Act of 1980 via SB 1444 (Holmdahl, Chapter 1055, Statutes of 1980). Often referred to as PIIRA, the statute required the CEC to collect and analyze specified data reported by petroleum industry companies on a weekly, monthly, and annual basis. The CEC analyzes the data to understand the operations of the petroleum industry in California. The Legislature enacted PIIRA as an acknowledgement that the petroleum industry is “an essential element of the California economy and is therefore vital to the importance to the health and welfare of all Californians.” The Legislature also stated that; “A complete and thorough understanding of the operation of the petroleum industry is required by state government to enable it to respond to possible shortages or other disruptions.” Under PIIRA’s provisions, much of the data collected by the CEC must remain confidential

<sup>1</sup> Gee, Quentin, and Aria Berliner and Alexander Wong. 2024. 2024 *Transportation Fuels Assessment*. California Energy Commission. Publication Number: CEC-200-2024-003-CMF. Adapted from the U.S. Energy Information Administration Analysis & Projections of West Coast Transportation Fuels Markets. 2015. Available at: [https://www.eia.gov/analysis/transportation\\_fuels/padd5/](https://www.eia.gov/analysis/transportation_fuels/padd5/)

as to specific entities in the market. The CEC utilizes the data to help establish public reports based on aggregated data. The confidentiality provisions of PIIRA are intended to encourage timely reporting and prevent companies from gaining access to pricing data that would allow them to manipulate the market. Since the passage of PIIRA, California policymakers have responded to significant gasoline price increases several times. (*See Background of Extraordinary Session Informational Hearing by this committee on February 22, 2023*)

*Legislation to require more data on petroleum industry.* SB 1322 (Allen, 2022) required the CEC to publicly post oil refining margins on a refiner basis for those refiners with more than one refinery in the state. Additionally, the bill expanded the types of data that the CEC must collect on a monthly basis to include refinery-specific data and extended existing confidentiality requirements to the data reported by the bill. While the CEC reports aggregated industry data on refining margins, it is based on self-reported data provided through the Oil Price Information Service (OPIS). SB 1322 required specified refinery specific data regarding costs paid for crude oil, quantity of wholesale gasoline sold that meets California specifications and corresponding volume-weighted average prices, reduced by all applicable local, state, and federal taxes, separated by type of sale, and separate quantification of the volume-weighted fees or estimated valuations of costs embedded in all wholesale gasoline sales associated with the low-carbon fuel standard (LCFS) and associated with cap-and-trade cap-at-the-rack program. The WSPA petitioned for a rulemaking to provide clarification of some of the new reporting requirements in SB 1322. However, the CEC declined to proceed with a rulemaking, citing the recently called First Extraordinary Session as reason to not proceed with a rulemaking. Based on conversations with CEC staff, absent the rulemaking, the CEC is directing refiners to provide the required information to the best of their ability.

*Other actions to address gasoline price volatility prior to SBX1-2.* The Newsom Administration, including the CEC, sent letters to oil industry executives and held an informational hearing on the issue of recent gasoline price increases, in particular regarding concerns about the record-setting price differential of \$2.50 per gallon of gasoline between California prices and the national average. The correspondence occurred around the time some refineries were taken off-line for maintenance. When gasoline prices spiked in late summer/early fall 2022, Governor Newsom, as previous Governors have at times done, directed CARB to make an early transition to winter-blend gasoline to help increase supply and also noted a desire for a special session of the Legislature to address windfall profits in the oil industry. On November 29, 2022, the CEC held an informational hearing on the California Gasoline Price Spikes, Refinery Operations, and Transitioning to a Clean Transportation Fuels Future. The hearing discussed possible causes of the price spikes, including concerns about the

“Mystery Surcharge” – the price differential at the retailer end – and the need for more data to better understand the causes between branded and unbranded fuels. Additionally, the CEC staff relayed plans for a Fuels Transition Study, to “understand the impact of climate goals on the demand, reliability, safety, and affordability of petroleum fuels under a variety of scenarios.”

### **About the Special Sessions:**

On the heels of record-setting gasoline prices in 2022, on December 5, 2022, the opening day of the 2023-24 Legislative Session, Governor Newsom called for a Special Session of the Legislature to consider and act upon legislation necessary to:

- a) Deter price gouging by oil companies by imposing a financial penalty on excessive margins, with any penalties collected to be returned to Californians.
- b) Empower the CEC and the CDTFA to more closely review and evaluate costs, profits, and pricing in the refining, distribution, and retail segments of the market for gasoline in California.
- c) Provide for greater regulatory oversight of the refining, distribution, and retail segments of the market to prevent avoidable supply shortages and excessive price increases.
- d) Make conforming changes to existing law consistent with paragraphs (a), (b), and (c).

In addition to calling for the special session, on the same day, SBX1-2 was introduced with the Governor’s proposal for a Petroleum Windfall Profits Penalty policy which at the time prescribed the profit margin cap approach (though with blanks for the actual numbers) and with the intent to adopt future legislation to require the CEC to conduct assessments and other actions. Subsequently, this committee held an informational hearing on February 22, 2023 to discuss the Governor’s proposal and hear from expert perspectives, including the Legislative Analyst’s Office (LAO), the Anti-trust Office within the Office of Attorney General Rob Bonta, as well as, former chairs and members of the now-dissolved Petroleum Market Advisory Committee (PMAC), on methods to address gasoline price spikes, high gasoline prices, gasoline supply, and related issues.

On March 20, 2023, SBX1-2 was amended eliminating the prescribed profit margin cap approach (instead authorizing the CEC to adopt a profit margin cap), and intent to adopt subsequent legislation. The bill incorporated additional elements, including

details on the membership of an expert advisory committee and required reporting to the Legislature, among other requirements. The amended version of SBX1-2 was voted on by both houses and signed by Governor Newsom on March 28, 2023.

**About SBX1-2 and ABX2-1**

SBX1-2 incorporates several policies to address gasoline supply and pricing. The main elements of the new law are the authority for the CEC to establish a maximum gross refining margin and penalty, a new Division of Petroleum Market Oversight, an Independent Consumer Fuels Advisory Committee, expanded reporting requirements by industry participants, CEC ability to impose refinery maintenance and turnaround requirements, annual report on gasoline prices, a transportation fuels assessment, and transportation fuels transition plan. ABX2-1 was passed in a subsequent special session to authorize the CEC to develop resupply and minimum inventory requirements on refineries during maintenance events.

For ease of reference, the table below summarizes some of the key activities/actions within SBX1-2 and ABX2-1 and their current status.

<b>Table on Implementation Status of SBX1-2 and ABX2-1</b>		
<b>Element/activity</b>	<b>Due Date</b>	<b>Status</b>
Maximum gross refining margin and penalty regulation by CEC	No required due date	Suspended for five years by CEC in 2025 (as authorized in SB 237).
Annual report on the price of gasoline by CDTFA and CEC	March 1, and every March 1	First report released in 2024. 2025 report released last month.
Transportation fuels assessment by CEC	January 1, 2024, and every three years	CEC released final report in 2024. Next report due in 2027 with new requirements from SB 237.
Transportation Fuels Transition Plan	December 31, 2024	CEC and CARB released draft report last month. Soliciting public comment.
New Division of Petroleum Market Oversight (DPMO)	No specific date.	DPMO reports they are fully staffed. They issued their first annual report (2024 Annual Report) in October 2025.
Establishes the Independent Consumer Fuels Advisory Committee	No specific date but is required to inform the shaping of margin and penalty.	The advisory committee has met a couple of times.

Expanded reporting requirements by industry participants	Daily, weekly, monthly, and annual reporting requirements on industry participants	CEC is collecting data. Initially there were some concerns about lack of standardization and updates to forms.
Refinery turnarounds and maintenance	No specific date.	CEC in process of developing regulations.
Authorizes the CEC to establish resupply requirements during planned maintenance outages to avoid supply shortages. Authorizes the CEC to develop a framework for minimum inventory requirements.	No specific dates.	CEC held workshops to solicit input on development of regulations.

*Maximum gross refining margin.* The law authorizes the CEC to establish a maximum gross refining margin and penalty on gasoline sold by refiners in the state, which is the maximum amount of the gross gasoline refining margin excluding state program costs (essentially a refiner’s profit). If the CEC establishes the maximum margin, the CEC must establish a penalty for exceeding the maximum margin and requires the penalty to be a percentage of the amount the refiner exceeds the maximum margin, to be tiered and increase with the amount the refiner’s gross margin exceeds the maximum gross margin. The CEC is authorized to adjust the margin and the penalty to ensure a sufficient, affordable, and fairly priced supply of gasoline is available to Californians. Requires the State Auditor, by no later than March 1, 2033, to complete an audit and performance review of the maximum margin and penalty. If the Auditor finds the policy is not working to address price spikes and stabilize the gasoline fuel supply market, the CEC is required to cease implementing the policy within 180 days after the Auditor’s report.

Pursuant to SBX1-2, the CEC is prohibited from establishing a maximum margin and penalty, unless the CEC finds that the likely benefits to consumers outweigh the potential costs to consumers. Requires the CEC to consider, at a minimum:

- a) Whether it is likely that the maximum margin and penalty will lead to a greater imbalance between supply and demand in California transportation fuels market than would exist without the maximum margin and penalty.
- b) Whether it is likely that maximum margin and penalty will lead to higher average prices at the pump on an annual basis than would exist without the maximum margin and penalty.

- c) Whether case-by-case exemptions from the maximum margin will be sufficient to ensure that individual refiners have an opportunity to demonstrate the need for a greater margin before they make decisions about production.

*New Division of Petroleum Market Oversight (DPMO).* SBX1-2 establishes DPMO within the CEC and requires DPMO to be led by a director appointed by the Governor, subject to Senate confirmation, and specifies that DPMO operates with authority independent of the CEC's authority. Among the duties of the DPMO, the division has the duty to provide guidance and recommendations to the Governor and the CEC on any issues related to transportation fuels pricing and transportation decarbonization in California. Pursuant to the statute, DPMO is provided with the ability to subpoena witnesses and require by subpoena any books, papers, records, or other items.

*Establishes the Independent Consumer Fuels Advisory Committee (ICFAC).* SBX1-2 creates the ICFAC within the CEC, consisting of six members appointed by the Governor, one member appointed by the Speaker of the Assembly, and one member appointed by the Senate Committee on Rules. Statute requires the ICFAC to advise the CEC and DPMO and provides ICFAC with access to all the information provided to the CEC and DPMO and requires confidentiality.

*Expanded reporting requirements by industry participants.* SBX1-2 revised, recast, and expanded the existing reporting requirements to the CEC to, among other things:

- a) Require pipeline operators and operators of ports through which refined gasoline is imported to annually report their capacities for all pipelines and ports used to transport refined gasoline.
- b) Require all importers of refined products and renewable fuels via marine vessel to submit reports to the CEC, as specified.
- c) Require non-refiners that commercially trade in gasoline, gasoline blending components, diesel fuel, or renewable fuel inventory to submit weekly reports to the CEC.
- d) Require refiners and non-refiners that consummate spot market transactions to submit a daily report to the CEC containing certain information for each transaction occurring in the preceding day, as provided, and require refiners to report maintenance activities, both planned and unplanned, to the CEC, as provided.

- e) Requires refiners to notify the executive director of the CEC of all plans to undertake turnaround and planned maintenance, and to include specified information, including the drawdown of inventory levels of gasoline and gasoline blending components controlled by the refiner and at other storage locations.
- f) Requires the operators of refineries to report additional information, including the net gasoline refining margin per barrel of gasoline sold in that month. Requires the CEC to post on its internet website certain information related to the net gasoline refining margin.

*Refinery turnarounds and maintenance.* SBX1-2 authorized the CEC to impose requirements governing the timing of turnaround and maintenance for refineries developed through consultations with the Labor and Workforce Development Agency, labor and industry stakeholders. ABX2-1 authorized the CEC to develop minimum inventories and resupply during turnarounds in order to buffer risks of price spikes during these refinery maintenance events.

*Annual report on the price of gasoline.* SBX1-2 required the CEC, in cooperation with the CDTFA, to submit a report to the Legislature, by March 1<sup>st</sup> of each year that includes a review of the price of gasoline in California and its impact on state revenues for the previous calendar year. Pursuant to the legislation, CDTFA is authorized to request from any person certain records required to be maintained and any records in the person's possession, custody, or control that the CDTFA deems necessary to facilitate the report or to assist the CEC. The two recent reports have provided greater understanding of the retail market dynamics, including the growth of hypermarkets in the state. Hypermarkets are generally large, big box retailers or supermarkets who sell gasoline to their members or customers, these include Food 4 Less, Safeway, Raley's, Vons, Foods Co, Walmart, Sam's Club and Costco. They represent roughly 3% of the gasoline retail outlets but serve a growing share of the gasoline sold, just over 20%.<sup>2</sup>

*Transportation fuels assessment.* SBX1-2 also required the CEC, on or before January 1, 2024, and every three years thereafter, to submit an assessment to the Governor and the Legislature that identifies methods to ensure a reliable supply of affordable and safe transportation fuels in California. The CEC is required to use reasonable means necessary and available to seek and obtain information from any sources for purposes of preparing the assessment. The CEC may impose a civil penalty if a person fails to provide timely information necessary for preparing the

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<sup>2</sup> Droboniku, Gentian and Bryan Neff. 2026. *2025 Review of the Price of Gasoline in California and Related Effect on State Revenues*. CEC and CDTFA. Publication Number: CEC-200-2026-006.

assessment. The 2024 Transportation Fuels Assessment<sup>3</sup> includes 12 policy options to address reliable supply of affordable transportation fuels.

<b>List of Policy Options to Address Affordable, Reliable, and Safe Fuel Supply</b> (from the <i>2024 Transportation Fuels Assessment</i> , page 56)
<b>Policy Options Targeting the Demand of Gasoline</b>
Enhanced ZEV Access
Vehicle Miles Traveled (VMT) Reduction Strategies
Fuel Conservation
<b>Policy Options Targeting the Supply of Gasoline</b>
Storage Strategies: <ul style="list-style-type: none"> <li>(a) Stock minimums for refiners and terminals</li> <li>(b) utilization of existing non-operating storage</li> <li>(c) (c) state-owned product reserve</li> </ul>
Production Enhancement Strategies <ul style="list-style-type: none"> <li>(a) Production enhancement strategy: E15 (ethanol 15)<sup>4</sup></li> <li>(b) Reid Vapor Recovery (RVP) Modification</li> <li>(c) Non-CARBOB fee-based allowance</li> <li>(d) CARBOB for Reno</li> </ul>
Alignment of Gasoline Specifications for Western States
Import Strategies: <ul style="list-style-type: none"> <li>(a) Resupply compensation</li> <li>(b) Short-term imports</li> <li>(c) Federal Jones Act vessels</li> </ul>
<b>Highly Complex Implementation Policies</b>
Gas Price Stabilization Fund
Cost of Service Model
State-owned Refineries
Retail Margin Management
<b>Emergency Implementation Policies</b>
Railcar Replenishment

*Transportation Fuels Transition Plan*. SBX1-2 also required the CEC and the CARB, on or before December 31, 2024, and considering the assessment, to prepare a Transportation Fuels Transition Plan to explore how to ensure the supply of petroleum and alternative transportation fuels is affordable, reliable, equitable, and adequate to meet the demand. Last month, the CEC and CARB released the *Draft Transportation Fuels Transition Plan* with a myriad of recommendations and strategies, as noted in the graph below which will be further discussed by the presenters.

<sup>3</sup> Gee, Quentin, and Aria Berliner and Alexander Wong. 2024. *2024 Transportation Fuels Assessment*. California Energy Commission. Publication Number: CEC-200-2024-003-CMF.

<sup>4</sup> AB 30 (Alvarez, Chapter 247, Statutes of 2025) authorizes blends of gasoline containing up to 15% ethanol by volume provided certain assessments are done.

### Transportation Fuels Transition Plan Strategies

Topic	Mid-Transition	Late-Transition
Regional and local-based strategies	Workforce safety & transition plans	
	Pilot fund for local tax base	
	Liability transparency	
	Economic development	
	Displaced oil & gas worker fund	
Fossil demand reduction strategies	Zero-emission vehicle growth	
	Alternative jet fuel	
	Jet fuel demand reduction	
	Ethanol	
Supply stabilization strategies	Resupply and minimum inventories	
	Fuel specification harmonization	
	Non-CARBOB* fee or variance option	
	Crude oil production stabilization	
	Marine terminal capacity	
	State intervention	

\* California Reformulated Gasoline Blendstock for Oxygenate Blending

*SB 237 Assessment.* In addition to the above authorities and requirements, SB 237 included a number of provisions largely to build confidence in continued petroleum industry operations in the state, including drilling in Kern County. The bill also required an assessment of the recommendations noted in correspondence between Governor Newsom and his appointee, CEC Vice Chair Gunda, to evaluate recommendations and strategies put forward by Commissioner Gunda in his June 27, 2025 letter to the Governor. The *Draft SB 237 Assessment* was released last month and evaluates three concurrent strategies to support an orderly managed transportation fuels transition: stabilize fuel supply; support investment confidence, for safe, reliable operations; and develop and execute a holistic transition strategy. The SB 237 Assessment is characterized as a point-in-time evaluation of progress on the strategies in the June 2025 letter. The SB 237 Assessment evaluates the strategies based on a three-part governance framework: Bucket 1 – reactive; Bucket 2 – sustaining systemwide reliability; and Bucket 3 – proactive transition. Overall, the Assessment argues for a managed transition that incorporates actions within all three buckets.

The CEC states the four documents [Transportation Fuels Assessment, Draft Transportation Fuels Transition Plan, SB 237 Assessment, and the CARB Scoping Plan] together represent the most comprehensive analytical framework California has assembled for managing its petroleum transition so far.