SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Steven Bradford, Chair
2023 - 2024 1st Ext.

Bill No:	SBX1 2	**Hearing Date:**	3/22/2023
Author:	Skinner		
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Urgency:	No	**Fiscal:**	Yes
Consultant:	Nidia Bautista		

SUBJECT: Energy: transportation fuels: supply and pricing: maximum gross gasoline refining margin

DIGEST: This bill proposes several policies to address gasoline supply and pricing, including authorizing the California Energy Commission (CEC) to establish a maximum gross gasoline refining margin (maximum margin) and penalty on gasoline sold by refiners in the state. This bill also establishes a new independent division at the CEC, the Division of Petroleum Market Oversight (Division), to provide independent oversight and analysis of the transportation fuels markets. Additionally, this bill establishes the Independent Consumer Fuels Advisory Committee (Committee) for the Division; expands and recasts the existing reporting requirements on refiners; and requires the CEC, by January 1, 2024, and every three years thereafter, to submit an assessment to the Legislature and Governor that identifies methods to ensure a reliable supply of affordable and safe transportation fuels in California.

ANALYSIS:

Existing law:

1) Establishes the State Energy Resources Conservation and Development Commission, also known as the California Energy Commission (CEC), consisting of five members appointed by the governor, and specifies the duties of the CEC. Requires the CEC to assess trends in energy consumption and analyze the social, economic, and environmental consequences of these trends. (Public Resources Code §25200 et. seq.)

2) Establishes the California Department of Tax and Fee Administration (CDTFA), as of July 1, 2017, within the Government Operations Agency, vested with duties, powers, and responsibilities of the Board of Equalization, except those established by, and specified in, the California Constitution. (Government Code §15570 et seq.)

3) Establishes the Petroleum Industry Information Reporting Act of 1980 (PIIRA). (Public Resources Code §§25350 *et seq*.)

4) Requires major oil producers, refiners, marketers, oil transporters, and oil storers to submit certain information to the CEC, as provided. (Public Resources Code §25354)

5) Requires operators of refineries operating in the state that produce gasoline meeting California specifications to submit a report within 30 days of the end of each calendar month with certain information, including the maximum margin of gasoline sold in that month. Requires the CEC within 45 days of the end of each calendar month to post certain information on its internet website. (Public Resources Code §25355)

6) Subjects a person who fails to provide information to the CEC after being notified of the failure to civil penalties in specified amounts. (Public Resources Code §25362)

7) Requires that information presented to the CEC is held in confidence by the CEC or aggregated to the extent necessary to ensure confidentiality if public disclosure of the specific data would result in unfair competitive disadvantage to the person supplying the information. (Public Resources Code §25364)

8) Requires every petroleum refinery employer to provide to the Division of Occupational Health and Safety (Cal/OSHA) a full schedule of planned turnarounds for all affected units for the following calendar year, and defines the schedule submitted to be treated as a "trade secret." Defines "turnaround" to mean a planned, periodic shutdown, total or partial, of a refinery process unit or plant to perform maintenance, overhaul, and repair operations and to inspect, test, and replace process materials and equipment. (Labor Code §§7872, 7873)

9) Requires that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. (California Constitution Article I, §3)

10) Requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. (California Constitution Article XIII B, §6 and Government Code §17500 et seq.)

This bill:

1) Authorizes the CEC to establish a maximum margin, 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, this bill requires the CEC to 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, as specified.

2) Prohibits the CEC 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.

3) Authorizes the CEC to petition the court to enjoin a refiner from exceeding the maximum margin.

4) Authorizes the CEC to rescind or adjust the maximum margin and the penalty percentages to ensure that a sufficient, affordable, and fairly priced supply of gasoline is available to Californians.

5) Requires the CEC to consider a refiner's request for an exemption from the maximum margin, as provided. Requires a refiner seeking an exemption to file a statement under the penalty of perjury setting forth the basis of the request for exemption. By requiring the statement to be filed under the penalty of perjury, this bill expands the scope of the crime of perjury, thereby imposing a state-mandated local program.

6) Requires depositing the penalties collected into the Price Gouging Penalty Fund, created by this bill in the State Treasury. Requires the moneys in the

fund, upon appropriation by the Legislature, address the consequences of price gouging on Californians.

7) Requires the California State Auditor (Auditor), no later than March 1, 2033, to complete an audit and performance review of the maximum margin and penalty. Requires the Auditor to make a determination in a report to the Legislature and the CEC, by no later than June 1, 2033, as to whether the maximum margin and penalty is achieving the intended goal to reduce gasoline price spikes and stabilize the gasoline fuel supply market. Requires the CEC, within 180 days after the issuance of the report, to cease implementing the maximum margin and penalty, if the Auditor concludes that the maximum margin and penalty should be terminated.

8) Requires the CEC, in cooperation with the CDTFA, to submit a report to the Legislature, by March 1 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. Authorizes the CDTFA 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.

9) Requires 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. Requires the CEC to use reasonable means necessary and available to seek and obtain information from any sources for purposes of preparing the assessment and would authorize the CEC to impose a civil penalty if a person fails to timely provide information necessary for preparing the assessment. Requires the CEC and the California Air Resources Board (CARB), on or before December 31, 2024, and taking into account the assessment, to prepare a Transportation Fuels Transition Plan.

10) Establishes the Division within the CEC, and requires the Division to be led by a director appointed by the Governor, subject to Senate confirmation, and specifies that the Division operates with authority independent of the CEC's authority. Specifies the duties of the Division, including, 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. Authorizes the Division to subpoena witnesses and require by subpoena any books, papers, records, or other items.

11) Establishes the Independent Consumer Fuels Advisory Committee (Committee), 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. This bill requires the Committee to advise the CEC and the Division. Provides the Committee with access to all the information provided to the CEC and Division. Requires the executive director of the CEC to ensure any confidential information shared with the members of the Committee is subject to a nondisclosure agreement.

12) Revises, recasts, and expands 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.

13) 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.

14) Authorizes the CEC to impose requirements governing the timing of turnaround and maintenance developed through consultations with the Labor and Workforce Development Agency, labor and industry stakeholders.

15) Increases the amount of civil penalties that may be imposed.

16) Makes legislative findings to that the restrictions on the public's right to information, as specified, is needed prevent adverse impacts on market competition in the transportation fuels sector.

17) Provides that that no reimbursement is required by this act because the only costs that may be incurred by a local agency because the bill creates, changes, or eliminates a new crime.

18) Includes numerous findings and declarations concerning recent gasoline prices, refinery outages, and the desire for more transparency into refinery operations and greater visibility into the pricing, contracting, and marketing practices of industry participants.

Background

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.

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 11 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 percent of gasoline production was used in state and 12 percent 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 percent 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 four 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.

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, Statues of 1980). Often referred to as PIIRA, the statute requires 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 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 of petroleum industry. SB 1322 (Allen, Chapter 374, Statutes of 2022) requires 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 expands the types of data that the CEC must collect on a monthly basis to include refinery-specific data, and extends 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 requires 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 Western States Petroleum Association (WSPA) petitioned for a rulemaking to provide clarification for 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. At a CEC business meeting this month, the CEC noted that only one refiner had not submitted the data required, with the refiner citing a lack of clarity on the requested data.

More recent actions to address gasoline price volatility. More recently, the Newsom Administration, including the CEC, have 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, 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."

Governor Newsom officially calls an Extraordinary Session of the Legislature. The Governor formally issued a proclamation on December 5, 2022, the first day of the 2023-24 Legislative Session, when Senators and Assembly members were sworn into office. On that same day, SBX1-2 (Skinner) was introduced containing the concept and general framework for the Governor's Petroleum Windfall Profits Penalty proposal, but with an acknowledgement that this bill would need to be further developed, given the blanks on the proposed profit margins and the construct of this bill noting the intent for future legislation to operationalize aspects of the proposal.

The proclamation noted: 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).

SBX1-2 (Skinner). This bill proposes several policies to address gasoline supply and pricing, including:

- **Excess Profit Cap and Penalty.** Authorizes the CEC to establish a maximum margin and penalty on gasoline sold by refiners in the state. Prohibits the CEC from setting the maximum margin unless it finds that the likely benefits to consumers outweigh the potential costs to consumers. Authorizes the CEC to adjust or rescind the maximum margin and penalty.

- **State Auditor Review.** Requires the Auditor to complete, by March 1, 2033, an audit and performance review of the maximum margin to determine whether the intended goal to reduce gasoline price spikes and stabilize the gasoline fuel supply market for California consumers is being achieved. Requires the CEC to cease implementing the maximum margin and penalty by 180 days from the date the Auditor issues the report and finds the margin and penalty are not meeting the goal.
- **Division of Petroleum Market Oversight**. Establishes a new independent division at the CEC, the Division, to provide independent oversight and analysis of the transportation fuels markets. Provides the Division with subpoena power.
- **Independent Consumer Fuels Advisory Committee**. Establishes an advisory Committee for the Division with six members appointed by the Governor, one by the Speaker of the Assembly and one by the Senate Committee on Rules. Establishes revolving door protections for members of the Committee, except for the labor and industry representatives.
- **Significantly Expanded Reporting Requirements**. Expands and recasts the existing reporting requirements on refiners to include many other entities in the market, including pipeline and port operators, oil transporters, oil storers, facilities that process renewable feedstocks, and others. The expanded reporting includes daily, weekly, monthly, and annual reporting to the CEC. Explicit reporting of contracts and details of transactions in the spot market.
- **Assessment on Transportation Fuels Supply.** Requires the CEC, by January 1, 2024, and every three years thereafter, to submit an assessment to the Legislature and Governor that identifies methods to ensure a reliable supply of affordable and safe transportation fuels in California.
- **Transportation Fuels Study**. Requires the CEC and CARB to prepare a Transportation Fuels Transition Plan by December 31, 2024.
- **Data Disclosure to the Legislature**. Requires the CEC, upon request, to share confidential information in aggregate or anonymized form to the Assembly Speaker, Senate Committee on Rules, and appropriate policy committee, with each person agreeing in writing to maintain the information confidential.
- **Refinery Turnarounds and Maintenance**. This bill would require advance reporting to the CEC of scheduled planned maintenance and notifications of unplanned maintenance. This bill also authorizes the CEC to impose the timing of planned maintenance, in consultation with the Labor and Workforce Development Agency.

Need for the profit cap. Supporters of this bill cite argue that oil companies are gouging consumers and raking in excessive profits. They contend that a windfall profits cap on refining gasoline will save consumers billions of dollars in overcharges. The Governor's Office argues that the maximum margin and penalty are needed as a deterrent to prevent oil companies from creating price spikes, which hurt consumers. They also note the CEC will only establish a margin, if and when, the agency determines the benefits outweigh the costs to consumers. The opponents of this bill express concerns that there are many factors that contribute to gasoline price volatility. They express concerns that the sponsors of this bill will attribute any price increases to excess profit, and not consider the many other factors of the market – especially supply and demand and cyclical fluctuations in profits. This bill provides the CEC with flexibility to establish, rescind, and adjust a maximum margin, as needed. The flexibility afforded to the CEC may be both reassuring and concerning for both supporters and opponents. However, given the unknowns about instituting a maximum margin and penalty policy, such flexibility may be warranted to ensure the CEC is able to respond to changing market conditions and to new information as it becomes available – of which there will be an abundance given the extensive and expanded reporting requirements in this bill! Additionally, the Auditor will be required to audit the performance of the maximum margin and penalty by March 2033 and issue a report by June 2033. Should the Auditor find the margin and penalty are not meeting their intended goals, the CEC will be required to cease implementation within 180 days of the date of issuance of the Auditor's Report.

Need to proceed with caution. Unlike other consumer goods, gasoline is ubiquitous in our lives and largely needed by most everyone, every day. Consumers are not able to postpone gasoline purchases in the same way they can wait out higher prices of other goods. Additionally, California's air quality and climate change-related policies are transitioning the state away from fossil fuel uses, most notably Governor Newsom's Executive Order (N-79-20) to require 100 percent of in-state sales of new passenger cars and trucks to be zero-emission by 2035, thereby prohibiting the sale of new gasoline-fueled vehicles by 2035. This combination of factors, along with the isolated nature of the California transportation fuels market, creates a challenge for the state to ensure consumers are protected with adequate gasoline supply at affordable prices, all while advancing California's climate policies that shift demand away from petroleum fuels. The balancing act of providing adequate supply with uncertain demand is no small feat. Yet, the implications to Californians can be significant to their health, well-being, and quality of life, if policies do not achieve the intended relief. In this regard, the elements of this bill that require fuel assessments every three years and a fuel transition study will likely be very beneficial to inform changes in future policies and efforts to address supply and affordability for transportation fuels. This includes more information about retail aspects of the market and its effects on price and supply.

Petroleum market oversight. Among the main findings of the Petroleum Market Advisory Committee (PMAC), and many of its members (including the former Chair Severin Borenstein), is the need for more expert analysis of the transportation fuels market. The PMAC members noted the difficulty of coming to any clear conclusions from voluntary efforts, but raised concerns about the price differential for Californians at the gas pump – citing the growing "mystery surcharge." This bill establishes an independent Division of Petroleum Market Oversight at the CEC with a director appointed by the Governor and confirmed by the Senate. As noted above, the Division will have subpoena authority of witnesses and books. It is likely to take some time for the Division to be staffed given the pace of state hiring. However, the Administration has noted its commitment to standup the Division as quickly as possible, should this bill be enacted.

Ensuring worker and public safety. This bill requires refineries to provide the CEC with their planned schedule for turnarounds and maintenance. This bill also authorizes the CEC, in consultation with the Labor and Workforce Development Agency, labor and industry, to issue a regulation governing the timing of the maintenance in a way that protects health and safety of workers and the public, while minimizing production losses. However, it is not clear the CEC has or will have much knowledge, beyond the supply of fuels, to inform such a regulation. They will need to lean heavily on the Labor and Workforce Development Agency to ensure safety is not undermined. Unfortunately, California has experienced explosions at refineries, including where workers have been harmed. As such, the need for safety – especially for workers and the local community – are imperative.

So much data! Need to protect against unfair competitive disadvantage and market manipulation. From the wellhead to the consumer, gasoline supply and pricing is a complicated market with varied players, some vertically integrated companies, marketers, traders, limited transparency, and affected by both a global crude oil market and regional market for refined gasoline. SBX1-2 proposes to provide significantly more reporting of an abundance of data from what seems like the entire ecosystem of the transportation fuels market. Expanding access to data by experts, especially those in the new independent Division at the CEC, the Attorney General, and other state agencies, should help ensure the state has enough transparency to better address supply and pricing challenges. However, it should be noted that SB 1322 was just recently enacted and CEC is in the process of reviewing the first set of required data submissions by refiner. As noted above, there is some dispute as to the terms of the data that is required to be reported. The Legislature has not received the required aggregate information. Should this bill pass, the Legislature should continue to monitor implementation of this bill to ensure the data requested and the expanded list of reporting entities in this bill are proving beneficial. More importantly, the Administration and Legislature will need to monitor against the use of confidential data in a manner that could result in harm to consumers. PIIRA confidentiality provisions require limited access to aggregate data by the public in order to protect against competitive disadvantage and market manipulation. With a declining number of refineries (now down to 11 that refine CARBOB gasoline), the Attorney General's pending litigation against two market traders who are alleged to have manipulated the spot market to their benefit and to the detriment of consumers, there is a great need to proceed with caution in divulging confidential data. While this bill attempts to strike the appropriate balance, the expanded reporting requirements, public disclosure, and expanded access to the data (including with nondisclosure agreements) may require future tweaking.

Prior/Related Legislation

SB 1322 (Allen, Chapter 374, Statutes of 2022) required the CEC to collect specified pricing data from each oil refinery operating in the state.

SB 448 (Leno, 2013) would have required the CEC to collect and analyze specific information regarding petroleum pricing, establish the Motor Vehicle Fuel Market Advisory Committee to provide subject matter expertise on fuel pricing, and include specified recommendations regarding its findings, including an analysis of potential market manipulation in the Integrated Energy Policy Report. The bill was vetoed.

SB 1444 (Holmdahl, Chapter 1055, Statues of 1980) established the PIIRA which requires specified monthly and annual reporting requirements for certain members of the petroleum industry and quarterly and annual reporting of the CEC. The bill includes confidentiality protections for the data submitted so as to prevent unfair competitive disadvantage.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

Governor Gavin Newsom, State of California, Co-sponsor
Attorney General Rob Bonta, State of California, Co-sponsor
350: Bay Area Action, Butte County, Conejo San Fernando Valley, Humboldt, Sacramento, San Diego, SoCal Climate Action, South Bay Los Angeles, Southland Legislative Alliance, and Ventura County Climate Hub
Environmental Working Group
Equity Transit
Feminists in Action Los Angeles
Food & Water Watch
Fossil Free CA
FracTracker Alliance
Friends of Harbors Beaches and Parks
Friends of the Earth
Gemini Energy Solutions, Inc.
Glendale Environmental Coalition

1000 Grandmothers for Future Generations
Action for the Climate Emergency
Alameda County Democratic Party
American Federation of State, County and Municipal Employees, AFL-CIO
Ballona Wetlands Institute
Battle Creek Alliance & Defiance Canyon Raptor Rescue
BeniSolSolar
Biofuelwatch
Breast Cancer Action
Brightline
Businesses for a Livable Climate
CA Youth Vs Big Oil
California Alliance for Retired Americans
California Climate Voters
California Environmental Justice Alliance
California Environmental Voters
California Green New Deal Coalition
California Nurses for Environmental Health and Justice
California Public Interest Research Group
California State Association of Electrical Workers
California Working Families Party
CatholicNetwork US
Center for Biological Diversity
Center for Community Action and Environmental Justice
Center for Environmentally Recycled Alternatives
Center on Race, Poverty & the Environment
Central California Asthma Collaborative
Central California Environmental Justice Network
Citizens' Climate Lobby, Sacramento
Citizens' Climate Lobby, Santa Cruz
City of Mountain View
City of Fullerton
Clean Power Campaign
Climate Action Campaign
Climate First: Replacing Oil & Gas
Climate Hawks Vote
Coalition of California Utility Employees
Consumer Watchdog
Consumers for Auto Reliability and Safety
Corvallis Interfaith Climate Justice Committee
Defend Ballona Wetlands
Drawdown Bay Area
Ecology Center
Economic Security Project Action
Elders Climate Action, NorCal & SoCal Chapters
Elected Officials to Protect America
Environment California
Environmental & Public Health Consulting
Green Building Architects
Greenlining
Greenpeace USA
Health Justice Commons
Indivisible East Bay
Let's Go Farm
Let's Green CA!
Long Beach Gray Panthers
Los Angeles Cleantech Incubator -Manhattan Beach Huddle
Marin Interfaith Climate Action
Menlo Spark
NextGen CA
Northridge Indivisible
Novasutras
Ocean Conservation Research
Oil and Gas Action Network
Oil Change International
Pacific Environment
Pelican Media
Physicians for Social Responsibility-Sacramento
Physicians for Social Responsibility-San Francisco Bay
Progressive Democrats of America-California
Project Green Home
RootsAction.org
Sacramento Climate Coalition
Santa Barbara Standing Rock Coalition
Santa Cruz Climate Action Network
Save the Environmental Protection Agency
SEIU California
Sierra Club California
Silicon Valley Youth Climate Action
Small Business Alliance
Spottswoode Winery, Inc.
Stand.earth
Sunflower Alliance
Sunrise SLO
Sustainable Mill Valley
System Change Not Climate Change
The Climate Alliance of Santa Cruz County
The Climate Center
Transformative Wealth Management, LLC
UFCW Western States Council
Undaunted California
Voices in Solidarity Against Oil in Neighborhoods
Western States Council Sheet Metal, Air, Rail and Transportation
Women's March Santa Barbara
21 Individuals

OPPOSITION:

African American Farmers of California
American Chemistry Council
Bay Area Planning Coalition
Building Owners & Managers Association
California Business Properties Association
California Business Roundtable
California Delivery Association
California Fuels & Convenience Alliance
California Manufacturers & Technology Association
California Taxpayers Association
Central Valley Business Federation
Chamber of Commerce: California, Carson, El Dorado County, El Dorado Hills, Elk Grove, Folsom, Greater Coachella Valley, Greater Conejo Valley, Lincoln Area, Long Beach Area, Los Angeles Area, Los Angeles Latino, Murrieta Wildomar, Rancho Cordova Area, Rocklin Area, Roseville Area, Santa Barbara South Coast, Shingle Springs/Cameron Park, Simi Valley, Torrance Area, and Yuba Sutter
Coastal Energy Alliance
Federation & Kern Citizens for Energy
Inland Empire Economic Partnership
International Warehouse Logistics Association
Kern County Tax Payers Association
Los Angeles County Business Federation
Milk Producers Council
National Association of Industrial & Office Properties
Orange County Business Council
PCI West Precast Prestressed Concrete Institute
Santa Barbara County Taxpayers Association
Southern California Leadership Council
Southwest California Legislative Council
Sustainable Ag & Energy Monterey County
Tri County Chamber Alliance
United Chamber Advocacy Network
Ventura County Taxpayers Association
West Ventura County Business Alliance
Western Independent Refiners Association
Western States Petroleum Association

ARGUMENTS IN SUPPORT:

California Attorney General Rob Bonta expresses strong support for the bill stating:

> At great hardship, California consumers have been paying too much at the pump, while oil companies continue to report record profits at their expense. This is unacceptable and unsustainable. I stand with the Governor in supporting financial penalties to deter profiteering, and new measures to increase transparency in the price of gas in the retail market.

A coalition of over 100 environmental, environmental justice, consumer, faith, labor, and clean energy organizations writes to express strong support for SBX1-2 stating:

> We support a windfall profits cap to rein in refiners' unconscionable price-gouging and provide greater transparency for California's gasoline market. Additionally, given that SBX1 2 also notes the legislature's intent to establish a multi-agency process "to plan for and monitor progress towards the state's… transition away from petroleum fuels," we urge you to partner with environmental justice groups to ensure that transition is rapid, equitable, and just.

ARGUMENTS IN OPPOSITION: A coalition of 50 organizations, including the California Chamber of Commerce, several local chambers, business associations, and the Western States Petroleum Association, strongly opposes SBX1-2 stating that the bill is "unlikely to provide any price relief for consumers or businesses and in fact, will make matters worse." They further contend that "SBX1-2 will result in numerous disruptive unintended consequences," including: potential gasoline supply reduction that means higher costs for consumers and businesses, likely job losses, reduced funding for schools and local governments and likely increase the frequency and duration of volatile price spikes given California's isolated market.

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