



Item 4: Information Item - Vice Chair Gunda's Response to Governor's April 21, 2025 Letter Regarding the Transportation Fuels Industry

July 10, 2025 Business Meeting

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CEC's Petroleum Policy Tools

Through two special session bills, the CEC is tasked with considering the following suite of gasoline price spike mitigation tools during the transportation fuels transition.

SB X1-2 (2023)



Data collection and monitoring



Refinery maintenance monitoring



Maximum margin and penalty

AB X2-1 (2024)



Refinery resupply requirements



Minimum inventory requirements



Petroleum Policy Progress

2023



- Launched data submission portal
- Opened OIIP and OIR
- Held public workshops on maximum margin and penalty

2024



- Adopted 3 data regulation packages providing 9 new data streams
- Held 11 workshops on topics including gasoline prices, supply reliability, max margin and penalty
- Published Transportation Fuels Assessment
- First meeting of Independent Consumer Fuels Advisory Committee (ICFAC)

2025



- Adopted 1 data regulation package offering 2 new data streams
- Held 2 workshops on refinery resupply planning
- Second meeting of ICFAC
- Response to Governor's letter



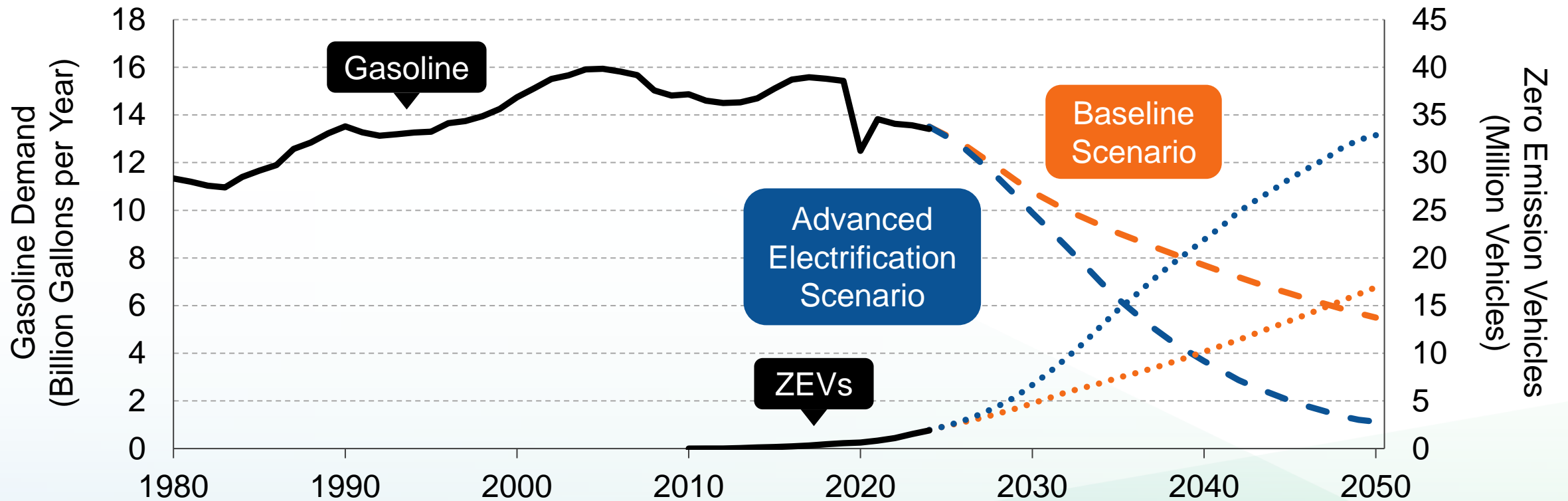
A Phase of Rapid Transition

Pre-Transition
(Fossil Growth)

Early-Transition
(Fossil Adequacy)

Mid-Transition
(Building/Retiring)

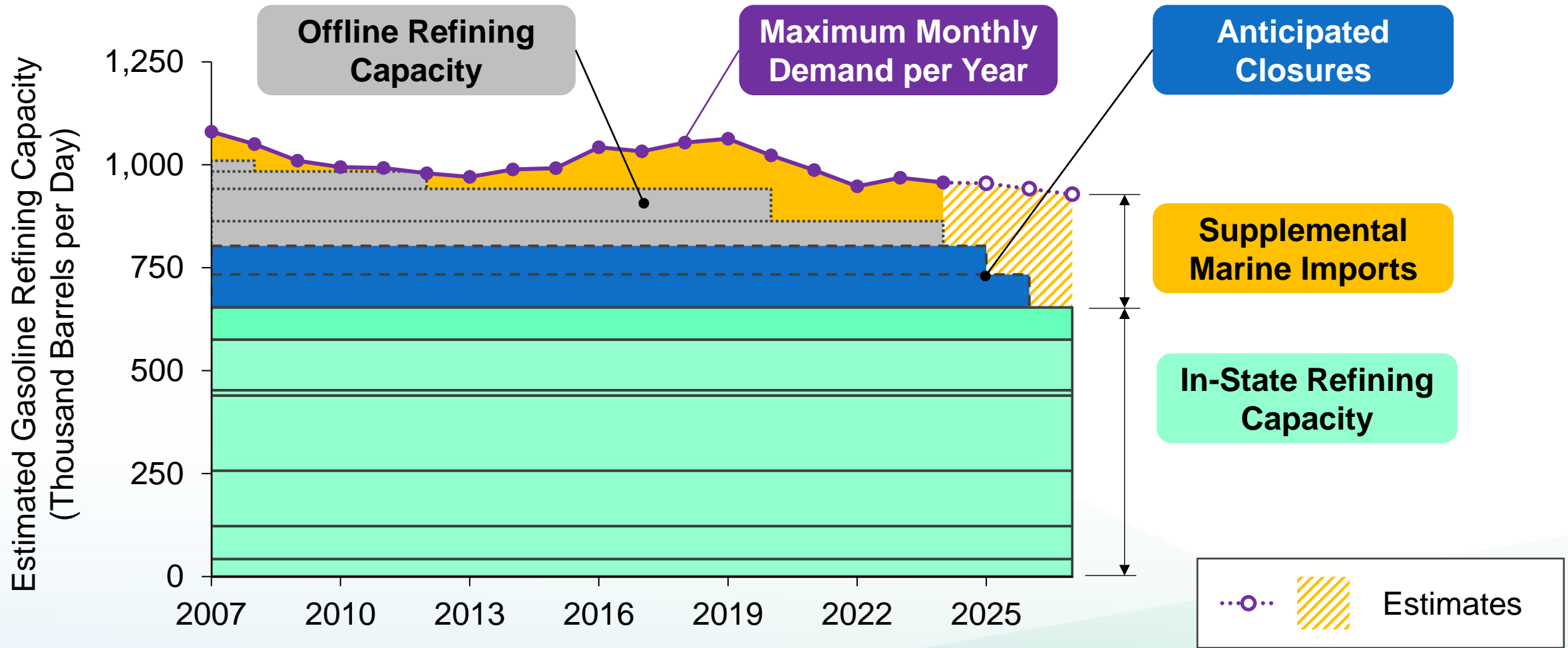
Late-Transition
(New Dominant System)



Source: CEC Staff



In-State Refining Capacity vs. Demand



Source: CEC Staff, CDTFA



Transitions Across the World



California's transition from fossil transportation fuels

How can we learn from others' successes while avoiding their pitfalls?



U.S. coal production

Long-term demand declines have produced repeated bankruptcies and mass layoffs.



Norway's Equinor

Majority state-owned oil company channels revenue to energy transition but depends on oil exports to do so.



U.K.'s last steel plant

Urgent state takeover preserved capacity, though ad hoc action led to political controversy.

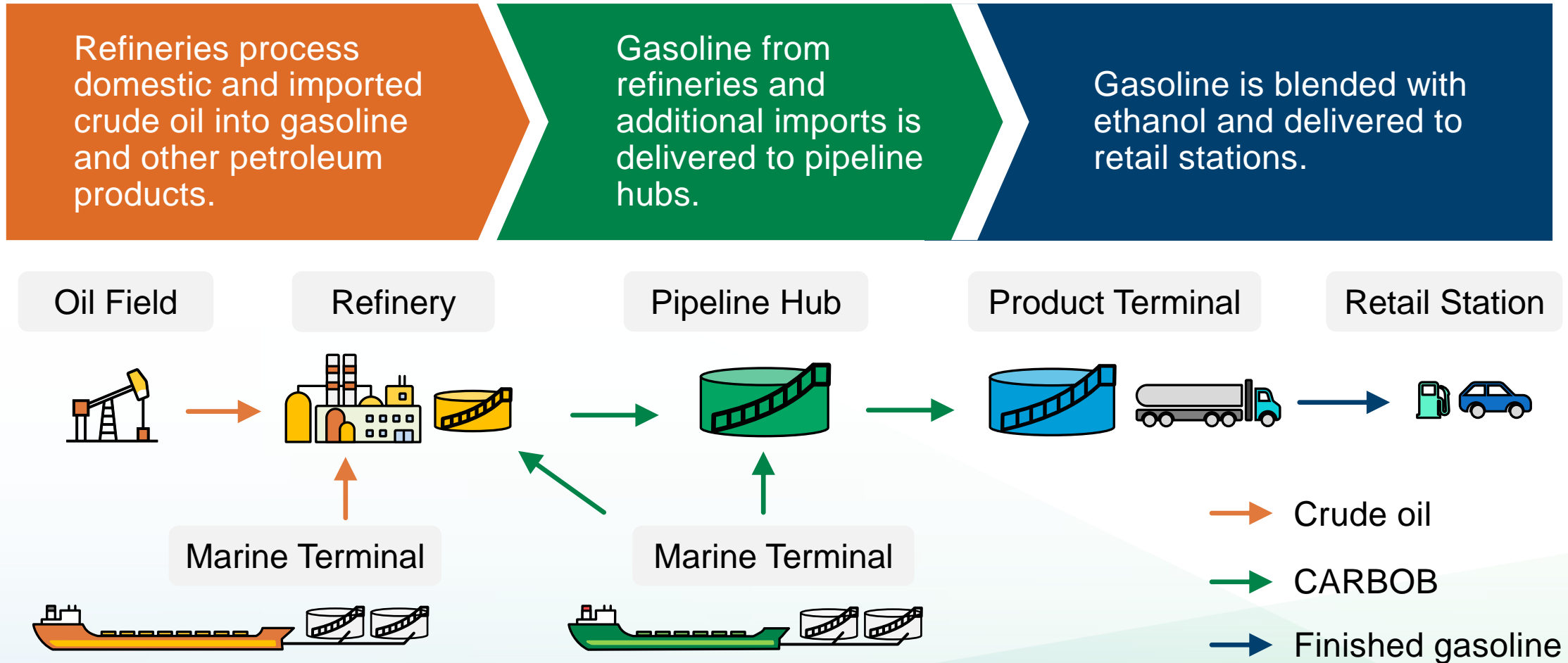


Australia's refineries

Government production subsidy kicks in when refineries make a loss but may not prevent future exits.



Investments Needed Across Value Chain



Source: CEC Staff



Strategies Development Process



Continued implementation of transparency tools granted by the Legislature



Cross-Agency Petroleum Strategy Task Force: coordinated work within state government



Roundtables and discussions with stakeholders

- Impacted communities
- Local and regional authorities
- Workers
- Environmental and Environmental Justice advocates
- Industry



Strategies and Recommendations

1

Maintain Capacity to Stabilize Fuel Supply

- Support import of refined products by addressing regulatory and permitting barriers.
- Explore strategies to retain operations at existing refineries.

2

Investment Confidence for Safe and Reliable Operations

- Stabilize in-state crude oil production and delivery for California refineries to support the petroleum system.
- Harmonize state regulations with policy goals.
- Strengthen coordination across local, regional, and state authorities.

3

Holistic Transition Strategy

- Support a managed transportation fuels transition, including:
 - Transition Support: funding for climate, health, communities, and workers.
 - Environmental: air quality standards and climate goals.
 - Health and Safety: Protect workers and communities.



Vice Chair's Response

Strategies and Recommendations

1. Maintain Capacity to Stabilize Fuel Supply
2. Provide Sufficient Investment Confidence to Maintain Safe and Reliable Operations
3. Holistic Transition Strategy

Governor's Letter and CEC Response

- Available on our website:
[Senate Bill X1-2 Implementation](#)