Item 4: Maximum Gross Gasoline Refining Margin and Penalty Implementation Timeline (Docket No. 23-OIIP-01)

August 29, 2025, Business Meeting

Drew Bohan
Executive Director

Legislative Background

- SB X1-2 (2023) gave the CEC authority to set maximum gross gasoline refining margin (GGRM) and penalty if likely benefits to consumers outweigh costs

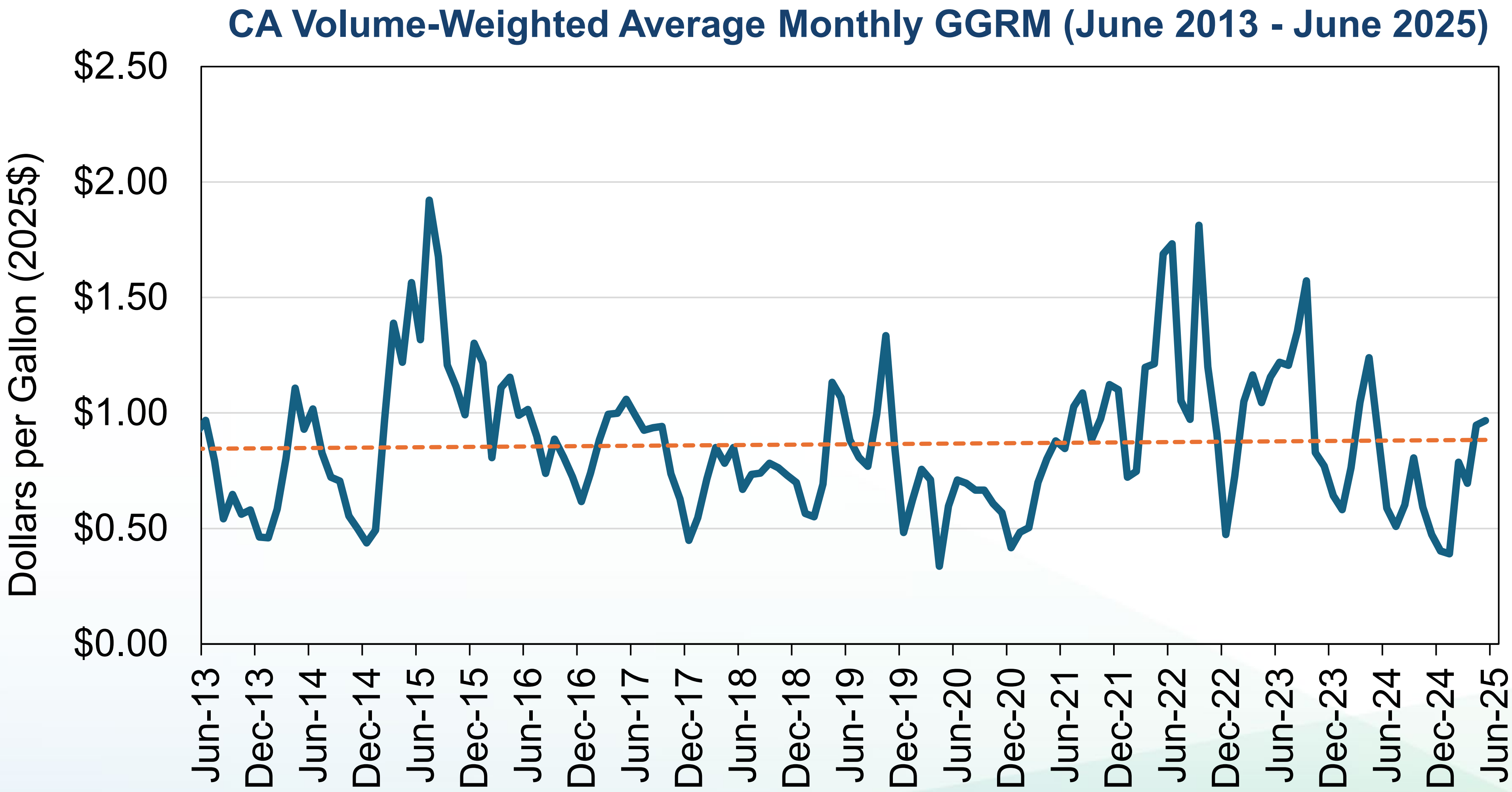
- The CEC must consider:
  - Risk to supply-demand balance
  - Impact to prices at the pump
  - Exemption provisions

Actions Taken to Date

2023 — 2024 — 2025

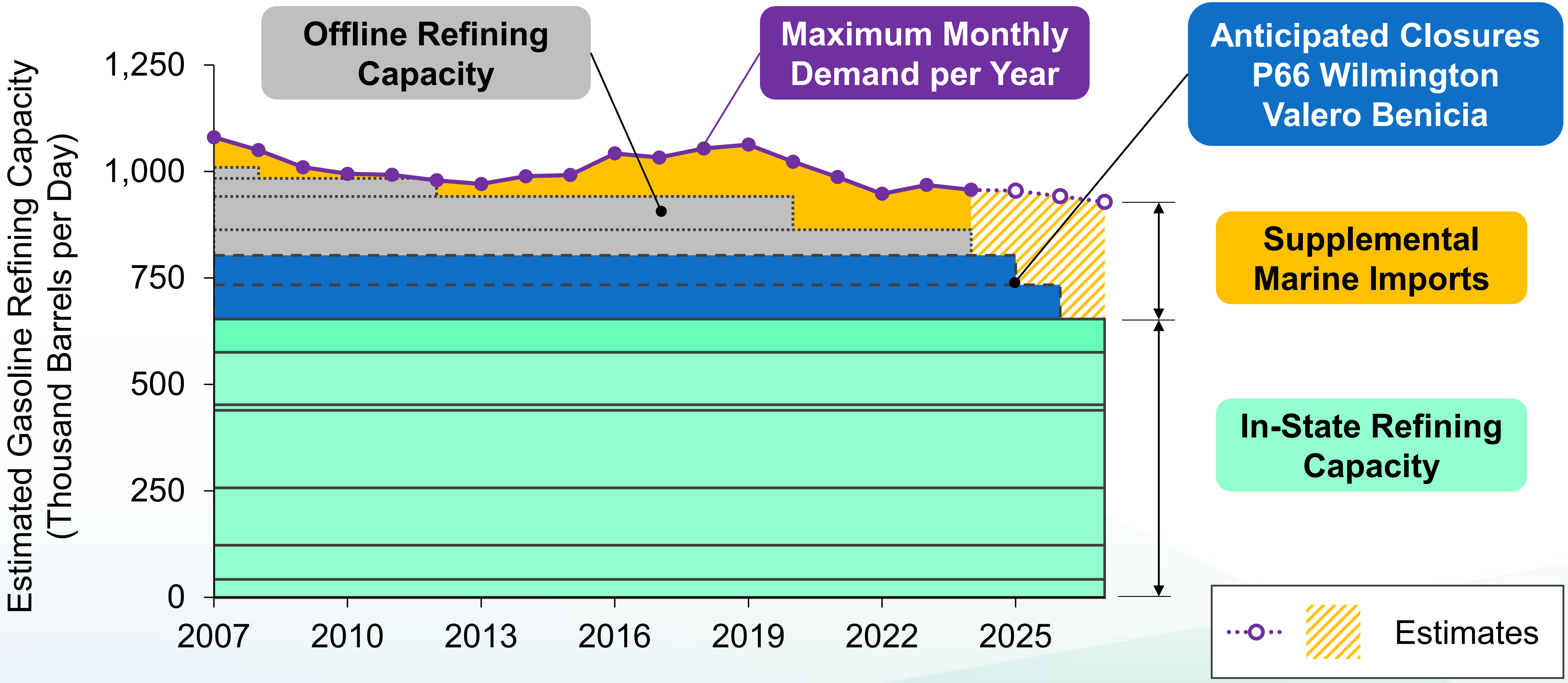
- Reporting monthly GGRMs (since January 2023)
- Opened informational proceeding (October 2023)
- Held 3 public workshops (November 2023, April and September 2024)
- Governor requested recommendations (April 2025)
- Vice Chair Gunda response recommended strategic pause (June 2025)

Volatility in Refining Margins



Source: CEC analysis of M1322 data.

Refining Sector Concentration



Source: CEC Staff, CDTFA

Benefits to Californians

- Protects supply reliability during the mid-transition
- Helps stabilize prices by maintaining refining capacity and reducing outage risks
- Supports safe refinery operations
- Provides time to collect and analyze full-cycle market data

Staff Recommendation

- Approve the resolution.