California State Assembly

NATURAL RESOURCES, TRANSPORTATION, AND UTILITIES AND ENERGY

ISAAC BRYAN, LORI WILSON, AND COTTIE PETRIE-NORRIS
CHAIRS

AGENDA

Wednesday, August 20, 2025
1:30 p.m. – 1021 O Street, Room 1100

JOINT OVERSIGHT HEARING

California's Transportation Fuels Transition

Over the past twenty years, California has sought to decarbonize its economy through ambitious climate and air quality policies. These efforts have spurred the growth of clean energy technologies and industries, creating tens of thousands of jobs.[1] The state has also achieved major reductions in fossil fuel use: cutting annual gasoline demand by more than 2 billion gallons in eight years;[2] replacing more than 2 billion gallons of fossil diesel with renewable diesel,[3] which supplies nearly three-quarters of the state's diesel needs;[4] and increasing zero-emission vehicle adoption from under 8% of new car sales in 2020 to more than 25% by 2024.[5] These measures, alongside other clean transportation policies, have significantly improved air quality, including reducing tens of thousands of tons of nitrogen oxide (NOx) pollution since 2016.[6]

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[1] Truitt, et al., National Renewable Energy Lab, *State-Level Employment Projections for Four Clean Energy Technologies in 2025 and 2030,* March 2022; https://docs.nrel.gov/docs/fy22osti/81486.pdf. California-specific fact sheet: https://docs.nrel.gov/docs/fy22osti/82180.pdf

[2] from 15.48 billion gallons in 2016 to 13.47 billion in 2024; California Department of Tax and Fee Administration, Fuel Taxes Statistics & Reports, "Motor Vehicle Fuel 10 Year Reports;" https://cdtfa.ca.gov/taxes-and-fees/MVF-10-Year-Report.xlsx

[3] as reported by the California Air Resources Board regarding the impacts from the Low Carbon Fuel Standard; "For first time 50% of California diesel fuel is replaced by clean fuels;" August 23, 2023 press release; https://ww2.arb.ca.gov/news/first-time-50-california-diesel-fuel-replaced-clean-fuels

[4] U.S. Energy Information Administration (EIA) finds renewable diesel comprised nearly 65% of California's diesel fuel consumption in the third quarter of 2024, a slight decline from about 70% in the second quarter; "Consumption of renewable diesel continues general growth trend on the U.S. West Coast;" U.S. EIA; February 18, 2025; https://www.eia.gov/todayinenergy/detail.php?id=64566

[5] Alejandro Lazo, "California's surge in EV sales has stalled – so what happens to its landmark mandate?;" *CalMatters;* February 6, 2025; https://calmatters.org/environment/climate-change/2025/02/electric-car-sales-stall-california

[6] CARB's criteria pollutant inventory, Standard Emission Tool calculator; CEPAM 2019v1.04; https://ww2.arb.ca.gov/applications/cepam2019v1-04-standard-emission-tool

Throughout this time, the Legislature has advanced policies while seeking to balance affordability, safety, and reliability of this critical sector. Today, the transportation fuels sector is entering a pivotal phase, characterized by rapid changes. The petroleum industry is complicated, interconnected, and depends on extensive infrastructure (oil fields, marine terminals, refineries, pipelines, tankers) to operate. This infrastructure won't disappear, nor will it lose its functionality. Rather, the next two decades will mark what Professor Emily Grubert calls the "mid-transition" – a period where zero-carbon and fossil fuel systems "co-exist at scales where each imposes operationally relevant constraints on the other."[7] Without proactive management, this period could bring higher energy costs and less reliable fuel supplies, undermining public confidence in decarbonization. To prevent that, California must chart a clear and deliberate path.

While existing statute requires more deliberate planning – most explicitly through the Transportation Fuels Transition Plan called for under SB X1-2 (Skinner, Chapter 1, Statutes of 2023) – such planning is delayed or, in the case of CARB's Scoping Plan, lacking specificity in developing strategies for meeting decarbonization goals.[8] Meanwhile, California's petroleum market has been responding to the changes arising from both California and global demand. In 2020, the Marathon Martinez refinery converted to renewable diesel production with no crude refining capacity.[9] In 2024, the Phillips 66 Rodeo refinery ceased production of California specific gasoline and converted to renewable diesel. In October 2024, Phillips 66 announced a planned closure of its Wilmington refinery by year's end 2025.[10] And in April 2025, Valero announced the planned closure of its Benicia refinery by April 2026.[11] These conversions and closures are not unique to the state, as nationally consolidation and closures are occurring.[12] However, the immediate impact in California is the real potential for significant supply constraints and likely price increases.

These sudden exits – driven by market forces both inside and outside the state – can have significant negative impacts on consumer prices, energy security, local governments, jobs and local revenue, as well as worker safety, public health, and long-term environmental risk. Over time, the petroleum market will likely adjust to a refinery closure, but in the short term, the sudden loss of refining capacity and the need to import more fuel could create risks to price stability and supply reliability. To safeguard against this, the transition must be actively managed. California's policies must accelerate renewable and low-carbon technologies while ensuring existing petroleum infrastructure remains safe, reliable, and affordable until replaced.

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[7] Grubert and Hastings-Simon; "Designing the mid-transition: A review of medium-term challenges for coordinated decarbonization in the United States;" *WIREs Climate Change;* January 2022; e 768; https://emilygrubert.org/wp-content/uploads/2022/10/Grubert-and-Hastings-Simon-2022-Designing-the-mid-transition-A-review-of-medium-t.pdf

[8] Gabriel Petek; Legislative Analyst's Office, *The 2022 Scoping Plan Update*; January 2023; https://lao.ca.gov/reports/2023/4656/2022-Scoping-Plan-Update-010423.pdf

[9] Ted Goldberg; "Shutdown of Marathon's Martinez Refinery Prompts Calls for 'Just Transition' for Oil Workers;" *KQED;* August 3, 2020. https://www.kqed.org/news/11831607/shutdown-of-marathons-martinez-refinery-prompts-calls-for-just-transition-for-oil-workers

[10] Philips 66 news release; "Phillips 66 provides notice of its plan to cease operations at Los Angeles-area refinery;" October 16, 2024; https://investor.phillips66.com/financial-information/news-releases/news-release-details/2024/Phillips-66-provides-notice-of-its-plan-to-cease-operations-at-Los-Angeles-area-refinery/default.aspx.

[11] Matthew Green; "Potential Valero Refinery Closure Leaves Benicia, State Officials Scrambling for Alternatives;" *KQED*; April 26, 2025; https://www.kqed.org/news/12037668/potential-valero-refinery-closure-leaves-benicia-state-officials-scrambling-to-pick-up-pieces

[12] Such as LyondellBasell in Texas, Phillips 66 Alliance Refinery in Louisiana, and PBF Energy refinery in Paulsboro, New Jersey.

On April 21, 2025, following the Valero closure announcement, Governor Newsom sent a letter to California Energy Commission (CEC) Vice Chair Gunda directing him "to redouble the State's efforts to work closely with refiners on short- and long-term planning…to ensure that Californians continue to have access to a safe, affordable, and reliable supply of transportation fuels, and that refiners continue to see the value in serving the California market."[13] On June 27, 2025, Vice Chair Gunda responded with a list of strategies and recommendations.[14] The Vice Chair's recommendations were summarized as three concurrent strategies, all equally needed, to ensure a more managed fuel transition:

1) Stabilize fuel supply through imports of refined fuels and maintaining in-state refining capacity.
2) Provide sufficient confidence to invest in maintaining reliable and safe infrastructure operations to meet demand.
3) Develop and execute a holistic transportation fuels transition strategy.[15]

In mid-July, 2025, the administration circulated draft legislative language[16] seeking to address strategy #2, specifically focused on stabilizing in-state crude oil production while advancing some environmental safeguards. [Appended on the Utilities and Energy website for this hearing]

The purpose of this hearing is to understand these three strategies put forward by Vice Chair Gunda to manage the transportation fuels transition in the state, and to develop greater clarity on what actions are needed both immediate and long-term. The hearing will not be solely focused on the administration's recent draft legislation on petroleum, though attention will be given to the solutions presented therein. The hearing will also be an important opportunity for the Legislature to consider longer-term solutions, given that a fulsome, planned approach for this transition has yet to be developed.

This hearing may also prove a complement to the upcoming hearing of the Assembly Select Committee on the Transportation Costs and Impact of the Low Carbon Fuel Standard, currently scheduled for Wednesday, August 27th, to examine how the Low Carbon Fuel Standard (LCFS) has been central to California's transportation fuels sector decarbonization strategy, to assess the LCFS's current framework and limitations, and to consider opportunities for ensuring program effectiveness and prioritizing a safe, affordable, and reliable supply of transportation fuels.

Brief Market Overview. California's gasoline supply begins with crude oil, much of which is imported, and moves through refining, transport, storage, and blending before reaching retail fueling stations. The state processes over 1.6 million barrels of crude per day across nine refineries,[17] producing specially formulated California Reformulated Gasoline Blendstock for Oxygenate Blending (CARBOB) gasoline that meets California's air quality standards. Gasoline distribution involves terminals, tanker trucks, and branded retail contracts, with spot market prices heavily influencing wholesale and retail costs. The California spot market is opaque and concentrated among a few large refiners, creating vulnerabilities to price volatility.

[13] https://www.gov.ca.gov/wp-content/uploads/2025/05/Newsom-Gupta-Letter-4.21.pdf
[14] Vice Chair Gunda letter to Governor Newsom, June 27, 2025; https://www.energy.ca.gov/sites/default/files/2025-07/CEC%27s_Respone_to_Governor_Newsom%27s_Letter_June-27-2025_ada.pdf
[15] pg. 13, Vice Chair Gunda letter, *Ibid.*
[16] https://www.politico.com/f/?id=00000198-1b60-d87a-a9bd-7f62dfed0000&nname=california-climate&nid=00000189-315c-d8dd-a1ed-797dc9f10000&nrid=7e322a17-e675-43f9-9949-a94cade3f751
[17] CEC's "California's Oil Refineries" facts, data as of October 17, 2024; https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/californias-oil-refineries

California's gasoline market is geographically and functionally isolated from other U.S. markets, with limited ability to import finished gasoline or substitute alternative fuels. This isolation, combined with a relatively small number of refineries, makes the system vulnerable to disruptions, as seen during the 2015 Torrance refinery outage, which sharply impacted supply and prices.

For a more comprehensive overview of California's petroleum market, see "Chapter 2: Petroleum Basics" in the CEC's 2024 Transportation Fuels Assessment[18] or appendices to the background of the Assembly Committee on Utilities and Energy oversight hearing on transportation fuels in May, 2025.[19]

Market Trends. As noted above, California's fuel market is in a period of transition.[20] Supply is tightening, as demand is declining. This demand decline took years to show a clear downward trend, but that shift now appears to be underway, as demonstrated in Figure 1 below. Whether this trend will continue, given federal policy changes, remains unclear; though scholarship[21] and strategies[22,23] to foster a continued decline in petroleum demand in the state are being advanced.

At present, California's petroleum refining capacity is comparable with its demand. As shown in Figure 1,[24] as of May 2025, nine refineries in the state produce CARBOB. Figure 1 shows the capacity of CARBOB generated by in-state refiners every year. The green bars are southern California refineries and the blue bars are northern California refineries. The purple line shows monthly demand for gasoline in the state. The yellow line shows the monthly demand for gasoline both in state and with exports to Arizona and Nevada. However, as shown moving into later 2025 and 2026, with the loss of two refineries in-state demand will exceed supply.

[18] Pg. 31; CEC; *Transportation Fuels Assessment: Policy Options for a Reliable Supply of Affordable and Safe Transportation Fuels in California;* August 2024; https://efiling.energy.ca.gov/GetDocument.aspx?tn=258521&DocumentContentId=94552

[19] https://autl.assembly.ca.gov/system/files/2025-05/05.28_petroleum-oversight-hearing-background.pdf

[20] See also informational hearings of this committee on September 18th and 19th, 2024, during the 2nd Extraordinary Session that discusses the state's transportation fuel market.

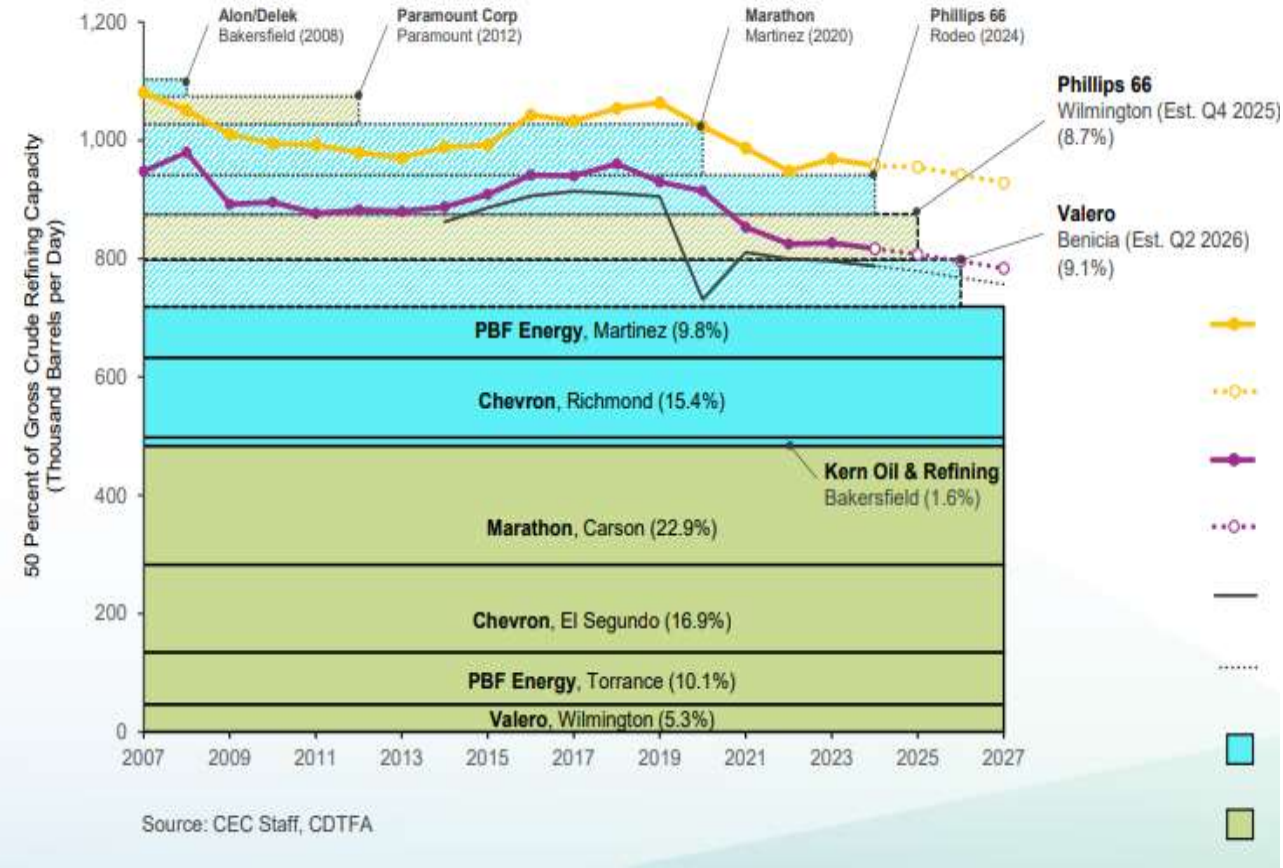
[21] Alex Nieves, "A silver lining in Trump's anti-climate agenda;" *Politico*; August 15, 2025; https://www.politico.com/newsletters/california-climate/2025/08/15/a-silver-lining-in-trumps-anti-climate-agenda-00512579?nname=california-playbook&nid=00000150-384f-da43-aff2-bf7fd35a0000&nrid=7e322a17-e675-43f9-9949-a94cade3f751

[22] such as initiating legal proceedings, implementing Indirect Source Review, and engaging in voluntary agreements.

[23] CARB, "Report to the Governor in Response to Executive Order N-27-25 on ZEV Deployment;" August 2025; https://ww2.arb.ca.gov/sites/default/files/2025-08/August%202025%20Report%20to%20the%20Governor%20in%20Response%20to%20Executive%20Order%20on%20ZEV%20Deployment%20FINAL_0.pdf

[24] Slide 7, Joint Agency presentation to Assembly Committee on Utilities and Energy, May 28, 2025; https://autl.assembly.ca.gov/system/files/2025-05/agency-slides_asm_ue_oversight-hearing_petroleum_05-28-25.pdf

Figure 1 – Peak CARBOB Gasoline Refinery Capacity (approximate) Overlaid with Maximum Monthly Consumption (in-state: purple line; with exports: yellow line), with northern California (blue bars), southern California (green bars).



This trend of thinner margins between supply and demand may come to dominate the landscape of California petroleum operations in the decades to come. As a result, absent intervention, pricing volatility may be a likely consequence. This is due to basics of supply and demand that were demonstrated with more clarity during the 2024 special session:[25] when days of petroleum supply in the state drops below 13-15, prices in California increase.[26] In this way, increasing in-state supply might serve as a proxy to reducing prices; though this is by no means guaranteed, given the global nature of oil pricing and California's large crude import volumes.[27]

A First Step. On Tuesday, April 15, 2025, Valero Energy submitted notice to the CEC of its intent to idle, restructure, or cease refining operations at Valero's Benicia Refinery by the end of April 2026.[28] This announcement occurred just six months after Phillips 66 announced their plan

[25] August 31st, 2024 Proclamation; https://www.gov.ca.gov/wp-content/uploads/2024/08/PROC_SIGNED_08.31.2024-1.pdf
[26] See slide 32, Joint Agency presentation to Assembly Committee on Utilities and Energy, May 28, 2025; https://autl.assembly.ca.gov/system/files/2025-05/agency-slides_asm_ue_oversight-hearing_petroleum_05-28-25.pdf
[27] approximately 76% imported, as of 2024; https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/annual-oil-supply-sources-california
[28] Business Wire; "Valero Announces Notice to the California Energy Commission Regarding its Benicia, California, Refinery;" April 16, 2025; https://www.businesswire.com/news/home/20250415977846/en/Valero-Announces-Notice-to-the-California-Energy-Commission-Regarding-its-Benicia-California-Refinery

to close their Wilmington facility.[29] These announcements put the state on a path to quickly lose about 18% of its refining capacity, leading to the real possibility of high gas prices by early 2026, and severe impacts to local communities, the workforce, and energy security. As noted above, these announcements spurred action by the Newsom administration to better manage these closures. On April 21, 2025, Governor Newsom sent a letter to CEC Vice Chair Gunda directing him to find a path toward continued accesses to affordable and safe fuel.[30] Vice Chair Gunda held extensive stakeholder sessions to develop a plan, and on June 27, 2025, he responded to the Governor's letter with a list of strategies and recommendations.[31]

The Vice Chair's letter highlighted "three concurrent strategies" for managing the state's refinery capacity:

1. **Stabilize fuel supply through imports of refined fuels and maintaining in-state refining capacity.**

   The solutions identified within this strategy include developing regulatory coordination at all levels of government to consider specific impacts sector-wide; addressing permitting issues; and forming an interagency work group.

2. **Provide sufficient confidence to industry to invest in maintaining reliable and safe infrastructure operations to meet demand.**

   The solutions identified within this strategy include increasing in-state production of crude in a targeted way, specifically by prioritizing existing oilfields outside health protection zones (HPZs) for new extraction and declaring the Kern County Zoning Ordinance's second supplemental environmental impact report (EIR) in compliance with the California Environmental Quality Act (CEQA); pausing implementation of a maximum gross gasoline refiner margin and penalty, as advanced under SB X1-2 (Skinner, Chapter 1, Statutes of 2023); and encouraging CARB to meet with terminals and refiners to discuss at-berth implementation, a regulation that requires emissions control technology for all ocean-going vessels at California ports.[32]

3. **Develop and execute a holistic transportation fuels transition strategy.**

   The solutions identified within this strategy include long-term considerations, such as funding to support climate, health, community, and worker priorities; asset retirement obligations for refinery remediation and decommissioning; evaluating other fuel supply options; increasing marine terminal capacity; and developing strategies around potential state management or ownership of assets.

While all three strategies raise important issues – and are characterized as needing to occur concurrently – only one includes concrete action, leaving potential approaches to the other two uncertain. In mid-July, 2025, the administration circulated draft legislative language[33] which

[29] Philips 66 news release; "Phillips 66 provides notice of its plan to cease operations at Los Angeles-area refinery;" October 16, 2024; https://investor.phillips66.com/financial-information/news-releases/news-release-details/2024/Phillips-66-provides-notice-of-its-plan-to-cease-operations-at-Los-Angeles-area-refinery/default.aspx
[30] https://www.gov.ca.gov/wp-content/uploads/2025/05/Newsom-Gupta-Letter-4.21.pdf
[31] pg. 13, Vice Chair Gunda letter, *Ibid.*
[32] https://ww2.arb.ca.gov/our-work/programs/ocean-going-vessels-berth-regulation
[33] https://www.politico.com/f/?id=00000198-1b60-d87a-a9bd-7f62dfed0000&nname=california-climate&nid=00000189-315c-d8dd-a1ed-797dc9f10000&nrid=7e322a17-e675-43f9-9949-a94cade3f751

would only address aspects of the second strategy – maintaining reliable operations. Specifically, the draft legislation declares Kern County's EIR fully CEQA compliant, and exempts new oil wells in established oil fields from CEQA review at the California Geologic Energy Management Division (CalGEM) if the new well: 1) is outside the HPZ; 2) does not affect endangered species, waterways, or cultural resources; and 3) for every new well, two other wells must be plugged – one in a HPZ, and one in the same oil field. The administration labels this last solution the "two-for-one, plug-to drill" proposal.

The draft proposal also includes what the administration characterizes as "robust environmental safeguards" that include:

1. New regulatory requirements on offshore idle oil pipelines – including adjustments to the financial assurance formula, improved transparency of owner/operator financial responsibility certification, and hydrostatic testing; as well as affirmation of coastal development permit applicability for these offshore pipelines, specifically to address recent activity on the Santa Ynez offshore oil operation.[34]
2. Prohibition on the use of oil well stimulation treatments (i.e., fracking) statewide.

Concurrently, the CEC agendized for their August 13th business meeting a vote on the maximum gross gasoline refining margin and penalty, with the staff recommending postponing implementation.[35] The CEC ended up delaying that vote to a future business meeting; the next scheduled openings are on August 29, or September 10.[36]

The Newsom administration has not yet put forward proposals to advance the two other strategies presented in Vice Chair Gunda's letter.

Increasing Production to Stabilize Refineries. The current draft proposal raises the question of whether increasing near-term crude extraction in California could sustain the state's petroleum refineries at a level that would make the other strategies proposed in the CEC letter unnecessary. The administration has noted that the rapid reduction in availability of Californian crude oil and the increased dependence on imported crude have placed logistical challenges and cost pressures on in-state refineries. Not only that, lower in-state crude production can lead to low enough volumes of crude being transported in California's pipelines to make operating the pipelines uneconomic. Having such critical infrastructure go offline too early could lead to further closures of refineries, creating a devastating feedback loop. The administration notes that between 2014 and 2019, California's oil production saw a significant decrease of 22%; a decline that continued between 2019 and 2024, dropping by an additional 24%.

The administration has noted in-state petroleum refineries need about 500 million barrels/year to remain viable. California crude production represents about a quarter of that, or about 125 million barrels/year. So the goal of the proposal is the stabilize refineries by meeting a target volume of 125 million barrels/year. As shown in Figure 2, the proposal to advance Kern County's EIR and exempt new oil wells from CalGEM CEQA review under a "plug-to-drill" regime was modeled to reach this target volume in approximately 4 years, with the Kern County provisions making up the majority of that production. It is currently unknown to this committee how conservative the assumptions used in this analysis are and the likelihood of California

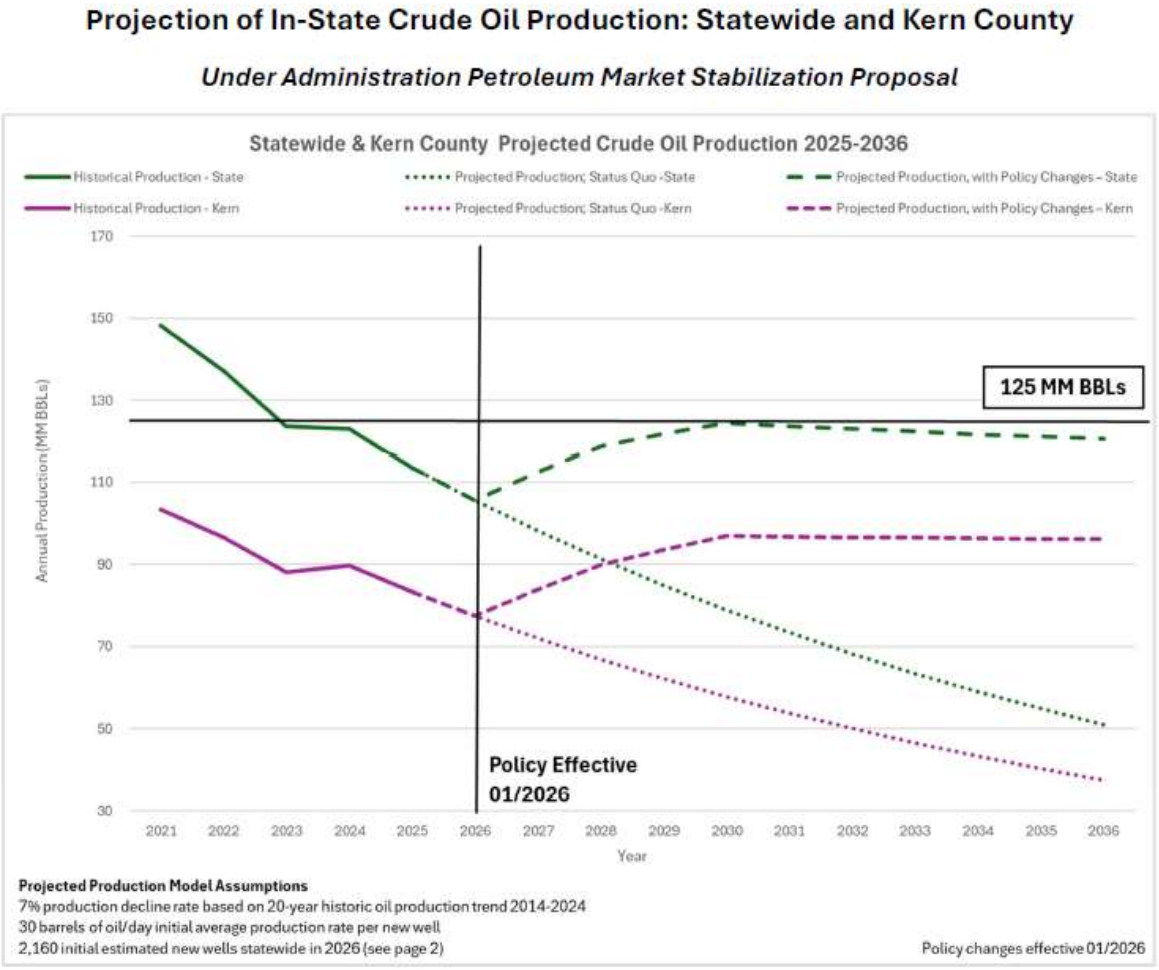
[34] Alejandro Lazo, "Oil company fined record $18 million for defying state orders to stop work on pipeline;" *CalMatters;* April 10, 2025; https://calmatters.org/environment/2025/04/oil-company-fined-state-orders-pipeline-coastal-commission-sable/

[35] https://efiling.energy.ca.gov/GetDocument.aspx?tn=265207&DocumentContentId=102141

[36] https://www.energy.ca.gov/proceedings/business-meetings

meeting this production volume, even if the proposal is fully adopted. Thus it is also unknown the degree to which increasing oil extraction across the state will lead to reliable oil supplies and stable prices, especially since well production and operator decisionmaking is influence by global market forces.

Figure 2 – Projection of in-state crude production under current draft proposal (approximate). With statewide (historic: solid green line; projected: dashed green line) and Kern County-only (historic: solid purple line; projected: dashed purple line) shown. Source: Newsom administration.



Missed Opportunities? Traditionally, when local production wanes without a similar decrease in demand, the loss in supply is met by increased imports. This is already the case in California, where daily gasoline production is approximately 760,000 barrels/day, roughly 120,000 barrels shy of the state's average daily demand of 887,000 barrels.[37] That gap is currently filled by marine imports of gasoline (and blending components) from refineries largely located abroad.[38] But this gap is still less than 10% today;[39] if more refineries close, that gap will widen. Filling

[37] Mahoney and Cummings; "An Analysis of the Valero Benicia Refinery Closure on Gasoline Prices in California;" June 20, 2025; https://nealemahoney.substack.com/p/an-analysis-of-the-valero-benicia
[38] Mahoney and Cummings, *Ibid.*
[39] https://www.energy.ca.gov/data-reports/energy-insights/what-drives-californias-gasoline-prices#:~:text=The%20state's%20market%20is%20nearly,to%20balance%20supply%20with%20demand.

that gap with more imports has largely been the strategy advanced for the Phillips 66 Wilmington closure, where the company plans to import enough refined supply – largely from their Ferndale, Washington location – to meet their in-state contractual obligations.[40] But relying on imports alone necessitates sufficient supply coming from other regions, sufficient capacity and infrastructure to bring it to the state and move it around, and local support for necessary permitting. Recent analysis by Stanford economists Neale Mahoney and Ryan Cummings point to sufficient capacity existing to do this; however, they also acknowledge logistical bottlenecks that would need to be examined and addressed. Further an import-focused strategy can also ignore significant consequences to workforce and local revenue, if not managed appropriately.

While part of the strategies put forward in Vice Chair Gunda's letter, solutions to stabilize fuel supplies through imports is not part of the current draft legislative proposal. The joint committees may wish to ask panelists to respond to potential avenues to add this strategy as part of a suite of reforms. Of interest may be recent work by the Union of Concerned Scientists focused on the state allowing alternatives to CARBOB with a small fee that is then used to effectively mitigate associated pollution increases, namely through clean vehicle replacement programs.[41] Or to seek feedback from the panelists on the benefits or drawbacks of a statewide working group to establish and formalize communication channels across agencies and government levels, and potentially reduce inefficiencies or redundancies in permitting.

In addition, Vice Chair Gunda's letter emphasized the need for the state to develop and execute a holistic transportation fuels transition strategy. While past efforts to solve for petroleum market distortions and disruptions resulted in two extraordinary sessions, and a suite of tools under SB X1-2 (Skinner, Chapter 1, Statutes of 2023) and AB X2-1 (Hart, Chapter 1, Statutes of 2024), little has been advanced on planning for this transition beyond a year or two. Key outcomes of past legislation has been enhanced reporting which greatly improved transparency into industry activities. SB X1-2 also required notice from refinery operators at least 12 months in advance of any plans to permanently shut down, shut down to reconfigure, or to sell a refinery;[42] such notice has likely aided efforts to help manage the planned shutdown in Benicia.

However, the Transportation Fuels Transition Plan led jointly by the CEC and CARB, and due on December 31, 2024, to "identify mechanisms to plan for and monitor progress toward the state's reliable, safe, equitable, and affordable transition away from petroleum fuels in line with declining instate petroleum demand"[43] remains outstanding. The potential closure of refinery operations creates challenges and consequences that reach far beyond fuel prices and availability to include local impacts to lost tax revenues and jobs; uncertainty with unfunded obligations such as worker pensions, remediation commitments, and future maintenance and monitoring of the site that will have financial implications at the local, regional, and state level; and overall loss of system resilience. These broader economic and societal impacts must also be considered and planned for during the fuels transition to minimize the impact on already-impacted communities. The forthcoming CARB-CEC Transportation Fuels Transition Plan could provide the opportunity and mechanism to evaluate and – crucially – plan for these broader impacts and unintended consequences, but it may be worthwhile for the joint committees to ask panelists for thoughts on additional solutions to address long-term strategies, such as funding to support

[40] P66 meeting transcript; 24 June 2025; https://s22.q4cdn.com/128149789/files/doc_events/2025/Jun/24/JPM-New-York-Fireside-Transcript.pdf
[41] Jeremy Martin, "What's Happening with California's Gasoline Supply?" UCS *The Equation*; June 27, 2025; https://blog.ucs.org/jeremy-martin/whats-happening-with-californias-gasoline-supply/
[42] Public Resources Code § 25354 (p)
[43] Public Resources Code § 25371.3

climate, health, community, and worker priorities; asset retirement obligations for refinery remediation and decommissioning; and developing strategies around potential state management or designation of these facilities as critical assets.

Conclusions. California has been signaling a phased decline of the oil and gasoline sector for many years. However, its efforts to plan for and adequately manage the consequences of that decline have often fallen short. The shutdowns and planned conversions of refineries in the state are occurring rapidly, and are anticipated to impact refinery capacity before any anticipated gasoline displacement has been realized via EV adoption or other fuel reduction strategies. These changes are likely to cause real consequences at the local, state, and regional level. The administration has made a rapid and thorough first step toward a more holistic and longer-term approach to managing this transition, led by the work of the CEC and Vice Chair Gunda in response to Governor Newsom's directive. However, the draft legislative proposal recently put forward by the administration seeks solutions to only one component of the "concurrent" strategies. The Legislature may wish to consider this an opportunity to create an architecture for a larger approach to this transition, guided by the concurrent strategies advanced in the Vice Chair's letter, so that it is not forced to advance policy solutions in the midst of future crises.

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