

**DOCKETED**

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CALIFORNIA ENERGY COMMISSION

In the matter of:

Business Meeting

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Docket No. 25-BUSMTG-01

FRIDAY, AUGUST 29, 2025

11:30 A.M. - 3:00 P.M.

Physical primary location:  
CALIFORNIA NATURAL RESOURCES BUILDING  
MEDIA ROOM 2-201 (SECOND FLOOR)  
715 P STREET  
FIRST FLOOR AUDITORIUM  
SACRAMENTO, CALIFORNIA 95814  
(Wheelchair Accessible)

Teleconference location:  
HOLIDAY INN EXPRESS  
(BREAKFAST AREA/ROOM)  
2700 LENWOOD ROAD  
BARSTOW, CA 92311

The California Energy Commission (CEC) aims to begin the business meeting promptly at the start time and the end time is an estimate based on the agenda proposed. The meeting may end sooner or later than the time indicated depending on various factors. Commissioners may attend remotely in accordance with Government Code section 11123.2(j).

Pursuant to the California Code of Regulations (CCR), title 20, section 1104(e), any person may make an oral comment on any agenda item. To ensure the orderly conduct of business, such comments will be limited to two minutes or less per person.

Please visit the CEC Business Meeting web page for more information and materials at  
<https://www.energy.ca.gov/proceedings/business-meetings>.

Reported by:  
Martha Nelson

APPEARANCESCOMMISSIONERS

David Hochschild, Chair (remote/Barstow)

Siva Gunda, Vice Chair

Andrew McAllister, Commissioner

Noemi Gallardo, Commissioner (remote/Barstow)

STAFF

Drew Bohan, Executive Director

Sanjay Ranchod, Chief Counsel

Jeremy Smith, Deputy Director, Energy Assessments Division

PUBLIC ADVISORS

Mona Badie, Public Advisor

Ryan Young, Deputy Public Advisor

PUBLIC COMMENT

Jamie Court, Consumer Watchdog

Andy Gerber, Bricklayers and Allied Craftworkers Local 4

Jason Lindsey, Ironworkers Local 378

Refugio Pinedo, Bricklayers and Allied Craftworkers Local 4

John Hershey, Plumbers & Pipefitters Local 447

Joe Jawad, United Steelworkers Local 326

Erica Valentine, UA Local 393

APPEARANCESPUBLIC COMMENT (cont'd)

Tanya DeRivi, Western States Petroleum Association

Mark Mulliner, California State Building and Construction  
Trades Council

Daniel Barad, Union of Concerned Scientists

Tim Sbranti, Contra Costa Cui and Construction Trades  
Council

Chuck Leonard, Plumbers & Steamfitters Local 443

James Holland, Boilermakers Local 92

Timothy Jeffries, International Union of Operating  
Engineers Local 3

Aureliano Ochoa, Heat & Frost Insulators Local 16

Anthony Viscuso, Heat & Frost Insulators Local 16

Thomas Kohlenberg, International Union of Operating  
Engineers

Che Timmons, Plumbers & Steamfitters Local 342

Randy Thomas, Boilermakers Local 549

Mike Smith, United Steelworkers

Tracy Scott, Retired President, United Steelworkers Local 5

Albert Duarte, Riverside & San Bernardino Building and  
Construction Trades Council

Stephen Rosenblum

Julia May, Communities for a Better Environment

Woody Hastings, The Climate Center

APPEARANCESPUBLIC COMMENT (cont'd)

Julian Vinatieri, IBEW Local 302

Mitchell Bechtel, District Council of Ironworkers

Pete Wohlgezogen, UA Local 250 Steamfitters & Refrigeration

Martin Rodriguez, Ironworkers Local 433

Brandon Dennison-Borja, IBEW 302

Alfonso Ruiz, Heat & Frost Insulators Local 5

Woody Little, Last Chance Alliance

Gracya Mohabir, California Environmental Voters

Danny Bernardini, Napa-Solano Building & Construction  
Trades Council

Jon Munoz, UA Local 250

Mitch Ponce, Iron Workers Local 433, and Los Angeles/  
Orange County Building & Construction Trades Council

Alissa Reed, Kern/Inyo/Mono Building & Construction Trades  
Council

Tom O'Connor, ICF Consulting

Michael Hernandez, Contra Costa County Electricians Local  
302

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P R O C E E D I N G S

11:36 a.m.

FRIDAY, AUGUST 29, 2025

(Whereupon an introduction video is played and not  
transcribed.)

VICE CHAIR GUNDA: Thank you. Good morning,  
everyone. My name is Siva Gunda, Vice Chair of the  
California Energy Commission. Today is August 29th, 2025.  
I call this meeting to order.

Joining me from the Sacramento meeting location  
is Commissioner McAllister. Joining us from our noticed  
Barstow meeting location is Chair and Commissioner  
Gallardo. Commissioner Skinner is absent and we have a  
quorum.

With that, let us stand for the Pledge of  
Allegiance.

(The Pledge of Allegiance is recited in unison.)

VICE CHAIR GUNDA: Thank you.

Before we begin, I wanted to announce that the  
revised agenda was posted, removing Item 5 from the agenda.  
That item will not be heard today.

We will first take public comment, then move on  
to agency announcements. The Public Advisor will provide  
the instructions.

Mona?

1 MS. BADIE: Thank you.

2 Good morning. My name is Mona Badie. I'm the  
3 Public Advisor for the California Energy Commission. We're  
4 going to do a few public comment periods today, and we're  
5 going to take public comment from both noticed locations  
6 for the business meetings. So we've got one location here  
7 in Sacramento and we have a second location out in Barstow,  
8 California for today's meeting.

9 And this first public comment period is an open  
10 public comment period, so for any item on the agenda. But  
11 we do ask if you're here for Items 3 or 4, that you use the  
12 dedicated public comment period for those, for comments for  
13 those items. So it's the consent agenda and the regulatory  
14 item that's on the agenda. And then -- but right now we'll  
15 take comments on any of the agenda.

16 And first we will -- I'm going to check the QR  
17 code queue for in the room in Sacramento. We've got no one  
18 in the room.

19 And then Ryan, for our Barstow location, is there  
20 anyone who would like to comment on Item 1 in-person at  
21 this time?

22 MR. YOUNG: There's no one in the room at this  
23 time. Back to you, Public Advisor.

24 MS. BADIE: Thank you.

25 All right, and then I'm transitioning over to



1 Zoom.

2 And we've got Jamie Court. Jamie, I'm going to  
3 open your line and we're asking for comments to be two  
4 minutes or less. There will be a timer on the screen. It  
5 is helpful if you can state and spell your name for the  
6 court reporter, as well.

7 MR. COURT: Jamie Court, Consumer Watchdog. I'm  
8 the President.

9 I just have to make a comment about this  
10 reduction, the freezing on the price gouging penalty. You  
11 know, I'm thoroughly troubled and disgusted that we would  
12 consider a five-year freeze on this penalty.

13 And it's not that you didn't come out with a  
14 penalty. It's the fact that you didn't even begin the  
15 deliberations on a penalty. I saw Governor Newsom say,  
16 we're getting screwed. The companies are making billions  
17 and billions of dollars. We needed a price gouging  
18 penalty. We went to a special session. And the Energy  
19 Commission was directed to create a public process by which  
20 we would determine whether a penalty is going to be  
21 necessary. And you did not even start that public process.  
22 And it's been two years.

23 And I understand your need for investor  
24 confidence. But it has been proven by the DPMO and the CEC  
25 that companies price gouged. They profited excessively.

1 The DPMO has even said that we think, because of the  
2 consolidated market, a price gouging penalty would help.  
3 And by putting this on freeze for five years, you are  
4 giving the refiners the opportunity to make enormous  
5 profits and not be penalized for it.

6 And I know you say it can be paused at any -- un-  
7 paused at any time, but not without the analysis you  
8 haven't begun. So that is a year and a half out. And that  
9 gives the refiners open range to make the type of margins,  
10 like \$2.00-plus that they were making in 2022, which was  
11 the reason we created the penalty in the first place.

12 You are setting the next governor back in a huge  
13 way. Governor Newsom is going to be left from office.  
14 Commissioner Gunda, you're going to be out in January 2026.  
15 And you're leaving the next governor and the people of  
16 California with nothing to do but pay more.

17 I urge you not to do this or to reduce the  
18 timeframe because this is an abdication of your duty and  
19 the governor's duty to follow through on the mandate of the  
20 legislature. And it is a tremendous abdication. I urge  
21 you to really reconsider this.

22 Thank you.

23 MS. BADIE: Thank you.

24 All right, and that is all the raised hands for  
25 Item 1.

1           Ooh, we've got one more. Andy, I saw your hand.  
2 We temporarily lost you. All right, so, Jamie, I know that  
3 your comment will be for Item 4.

4           And then, Andy, I'm going to open your line.  
5 You'll unmute on your end. We are asking for comments to  
6 be two minutes or less. And it does help our court  
7 reporter to state and spell your name.

8           MR. GERBER: So can I comment on Item 4 or not  
9 yet?

10           MS. BADIE: You can, but we do request that if  
11 you are coming to Item 4, that you wait for the dedicated  
12 public comment period. But if you are not able to stay for  
13 whatever reason, then you can comment now on Item 4 and  
14 we'll note that.

15           MR. GERBER: Okay, well, I'll just comment on  
16 Item 4 right now. My name is Andy Gerber, A-N-D-Y  
17 G-E-R-B-E-R. I am the President of Bricklayers and Allied  
18 Craft Workers Local No. 4 in Southern California.

19           And I just want to comment that, you know,  
20 refineries, you know, they need to stay open. They need to  
21 stay with the maintenance, keep going, because we have a  
22 tremendous workforce that, you know, take care of these  
23 refineries. They line the whole vessels with fire bricks.  
24 And it's just going to lose a lot of jobs. It's going to  
25 displace a lot of people. And we just feel like, you know,

1 gas is going to -- gas is not going anywhere. Let's try to  
2 get a transition to better without just immediately, you  
3 know, getting rid of jobs.

4 So I want to say that jobs are going to be lost  
5 because of this, so thank you.

6 MS. BADIE: Thank you for your comment.

7 All right, let's see, okay, Jason Lindsey, I'm  
8 going to open your line again. Again, if you're here for  
9 Item 4, it does help us if we have all those comments heard  
10 at the same time, especially since, you know, most folks  
11 are joining for Item 4. But this is an accommodation if  
12 you're able to stay. And, Jason, I'm going to open your  
13 line. It does help us if you can state and spell your name  
14 for our court reporter. There will be a two minute timer  
15 on the screen.

16 MR. LINDSEY: I'll just go ahead and wait and  
17 make my comments during Item 4.

18 MS. BADIE: Thank you. I appreciate it.

19 All right, Refugio, I'm going to open your line.  
20 Again, just a reminder, if you're here for Item 4, it does  
21 help if we can hear all those comments at the same time.  
22 But we have this comment period open as an accommodation  
23 for folks that cannot stay for the dedicated public comment  
24 period. I'm going to open your line. We do ask that you  
25 state and spell your name for our court reporter so we can

1 capture that in the record. And there will be a two-minute  
2 timer on your screen.

3 MR. PINEDO: Yes, hello. This is Refugio Pinedo,  
4 Jr. Can you hear me?

5 MS. BADIE: Yes.

6 MR. PINEDO: Okay, sorry about that. Anyways,  
7 first name is Refugio, that's R-E-F, as in Frank, -U-G-I-O.  
8 Last name is Pinedo, P, as in Paul, -I-N-E-D-E-O, Jr. And  
9 I'm with BAC Local 4 also.

10 I just have a question, but it is regarding Item  
11 4, but I just want to make my comment now if that's okay?

12 Okay, so what I want to know is how in the  
13 heck -- we've got two refineries that are getting ready to  
14 shut down in Southern California. We're paying the highest  
15 prices in the nation. And you guys are considering  
16 penalizing the refineries and making it harder for them to  
17 stay in business so they can supply energy. What kind of  
18 modern society exists without energy, is what I want to  
19 know? It's freaking ridiculous. We're already paying  
20 through the nose. How much more do we have to pay? When  
21 are politicians going to have common sense, is what I want  
22 to know?

23 So I would seriously hope that you guys would  
24 reconsider what you're trying to do with the refineries.  
25 Modernizing them and make them efficient and make them safe

1 is the way to go. But to come up with these freaking  
2 ridiculous taxing and all these other freaking ridiculous  
3 fees to shut them down or to force them out of business,  
4 and then we're going to start importing oil from other  
5 parts of the world or from other states, is freaking  
6 ridiculous.

7 And where the hell is the governor on all this  
8 stuff? He wants to be president of the United States. Are  
9 you serious?

10 I mean, come on, you guys have to snap out of  
11 this and start thinking about the people of California. If  
12 not, every single politician in California needs to go.  
13 That's just the bottom line. I don't give a damn what  
14 party you're with. But what you're doing to working people  
15 is freaking ridiculous. You're closing down and shutting  
16 down good paying jobs, raising the price of fuel, which is  
17 going to raise the price of everything because there's oil  
18 in everything, including the nice Teslas that you guys  
19 drive. There is oil in some of the products that are put  
20 together in that car.

21 So you guys need to snap out of it and get out of  
22 this fantasy land and get serious about this. I would hope  
23 that you guys would reconsider.

24 Thank you.

25 MS. BADIE: Thank you.

1           And just a reminder, I've got two more hands up,  
2 if you're here for Item 4, we're asking folks to wait for  
3 the dedicated public comment period for Item 4.

4           John Hershey, are you here for Item 4 or are you  
5 here for another item on the agenda? John Hershey, you  
6 will have to unmute on your end for us to get your audio  
7 feed.

8           MR. HERSHEY: Hello. Mic check.

9           MS. BADIE: Hi. Are you here for Item 4 or  
10 another item on the agenda?

11          MR. HERSHEY: Yeah, so I understand you'd like to  
12 have speakers wait for Item 4, but I was hoping to do that  
13 now as I'll have something coming up shortly.

14          MS. BADIE: Yes, go ahead.

15          MR. HERSHEY: Yeah, hi. So my name is John  
16 Hershey, J-O-H-N H-E-R-S-H-E-Y, with the Local 447 Plumbers  
17 & Pipefitters in Sacramento.

18          And I just want to just echo our support for the  
19 position of the staff on postponing the implementation of  
20 the penalties and taxes on the -- on refineries, and that  
21 we will also stand with the State Building Trades on this  
22 question.

23          Thank you very much.

24          MS. BADIE: Thank you.

25          And then last hand, Joe Jawad, again I'm going to

1 ask, are you here for Item 4? Can you wait for the  
2 dedicated public comment period? It's coming up. Are you  
3 here for Item 4, Joe?

4 MR. JAWAD: Yeah. Mic check.

5 MS. BADIE: Yes.

6 MR. JAWAD: Yeah, I'm here for Item 4. As well  
7 as previous talkers, I do have something coming up at noon,  
8 so I'd like to speak, if that's all right.

9 MS. BADIE: Yes, that's fine. Thank you.

10 MR. JAWAD: Yeah, I just want to mention, you  
11 know, along with all the, you know, sustainable wage --  
12 living wage jobs for these families that will lose over  
13 this, if we make it harder for facilities, refineries,  
14 renewables facilities to make product in California, we're  
15 going to be importing this stuff from a place that's, you  
16 know, not regulated the way that we're regulated without  
17 the same safety regulations.

18 So I just, I urge that we' rethink it and that we  
19 support the postponing of this only because, you know,  
20 along with losing jobs, we're putting this product and the  
21 refining in the hands of people that don't have the same  
22 safety regulations.

23 And I just wanted to get on here and show support  
24 from that. That's from Local 326 United Steelworkers. We  
25 need to capitalize and show major support for making this



1 product in California instead of incentivizing importing  
2 it.

3 That's all I got.

4 MS. BADIE: Thank you.

5 Erica Valentine, I'm going to open your line.  
6 Again, if you're here for Item 4, I do ask that you wait.  
7 It's going to be called very shortly.

8 MS. VALENTINE: I am here for Item 4. When you  
9 say shortly, how shortly do you mean, like within the next  
10 30, 40 minutes? Sorry. I know you guys have a lot on your  
11 agenda.

12 MS. BADIE: (Indiscernible.) Right after this  
13 item, we're going to skip through the next two so we can  
14 get to Item 4, so it will be very shortly.

15 MS. VALENTINE: Okay, I'll wait as you -- as  
16 requested.

17 MS. BADIE: Thank you so much. Appreciate you.  
18 All right, that is all there is for item one.  
19 Vice Chair, back to you.

20 VICE CHAIR GUNDA: Thank you, Mona.

21 Thank you for the comments that were just made.

22 So now moving to Item 2, Agency Announcements,  
23 any Commissioners, discussion for Item 2, Agency  
24 Announcements?

25 Anything from the location in Barstow?

1           Seeing none, so we'll move forward to the Consent  
2 Calendar, Item number 3. We have just one item on consent.

3           We will now hear public comment on the Consent  
4 Calendar.

5           MS. BADIE: Thank you.

6           The Commission welcomes public comment on item  
7 three. That's the AB 209 Report. If you're here to  
8 comment on that report, you can use the QR code in the room  
9 with us. And if you're on Zoom, you'll use the raise-hand  
10 feature on your screen, it looks like it's on palm, or star  
11 nine if joining by phone.

12           We're not seeing anyone in the room in  
13 Sacramento.

14           Is there anyone in the room from Barstow who  
15 wants to comment?

16           MR. YOUNG: Thank you. No public here in Barstow  
17 who wish to comment. Back to you, Public Advisor.

18           MS. BADIE: Thank you.

19           All right, I don't have any raised hands on Zoom,  
20 so back to you, Vice Chair Gunda.

21           COMMISSIONER MCALLISTER: Move this item.

22           VICE CHAIR GUNDA: Yeah. Anyone want to second  
23 from Barstow? Commissioner Gallardo or Chair, would you  
24 second?

25           CHAIR HOCHSCHILD: Second.

1 VICE CHAIR GUNDA: With that, we'll move and take  
2 a vote.

3 Commissioner McAllister?

4 COMMISSIONER MCALLISTER: Aye.

5 VICE CHAIR GUNDA: Chair?

6 CHAIR HOCHSCHILD: Aye.

7 VICE CHAIR GUNDA: I heard aye there.

8 Commissioner Gallardo?

9 COMMISSIONER GALLARDO: Aye.

10 VICE CHAIR GUNDA: Okay, I vote as aye as well.  
11 Thank you. And the vote is 4-0 and the motion passes.

12 With that, let's move to Item number 4, Maximum  
13 Gross Gasoline Refining Margin and Penalty Implementation  
14 Timeline.

15 And I welcome Executive Director Drew Bohan to  
16 present.

17 EXECUTIVE DIRECTOR BOHAN: Thank you very much,  
18 Vice Chair. And good morning, Chair, Vice Chair, and  
19 Commissioners. For the record, my name is Drew Bohan and I  
20 am the Commission's Executive Director.

21 In 2023, Governor Newsom signed Senate Bill X1-2.  
22 This bill directed the CEC to do a number of things to  
23 ensure Californians have a safe, reliable, and affordable  
24 supply of transportation fuels for as long as they need  
25 them. To date, we've made substantial progress meeting the

1 requirements of this bill. For example, I'll just run  
2 through a couple.

3 We've collected and posted for the public a  
4 wealth of data about the operations of the refining  
5 industry.

6 We adopted, last year, a Transportation Fuels  
7 Assessment that is an excellent primer on the way the  
8 petroleum market works here in California from crude oil  
9 production to shipping to refining to retail distribution.

10 And we've looked very closely at the issue before  
11 you today, the maximum gross gasoline refining margin,  
12 GGRM, or I'll refer to it as the max margin, and the  
13 penalties for refiners that exceed it.

14 This grant of authority from SB X1-2 is  
15 extraordinary and it directed us to evaluate the propriety  
16 of utilizing this tool. We're grateful to the governor and  
17 to the legislature for entrusting us to carefully look at  
18 this consumer protection tool.

19 And to be clear, the law does not direct us to  
20 adopt a penalty. Rather, it directs us to analyze the  
21 issue and then only impose a max margin and penalty if the  
22 likely benefits to consumers outweigh the potential costs.  
23 Our job is to evaluate that question. That's the central  
24 issue. We're doing this to improve the situation for  
25 consumers and keep prices down and increase supply for now.

1           For the last two-plus years, we have worked with  
2   our sister agencies, including the Division of Petroleum  
3   Market Oversight. We've hosted numerous public workshops.  
4   We've met with a wide variety of stakeholders, including  
5   representatives of the refining companies who operate here  
6   in California. We've done our homework and we've learned a  
7   lot.

8           Four months ago, in April, Governor Newsom sent a  
9   letter to Vice Chair Gunda requesting that he make  
10  recommendations on changes to state policy to ensure a  
11  couple things: one, that Californians have access to safe,  
12  reliable and affordable transportation fuels; and  
13  refineries continue to see value in serving California even  
14  as demand for their product decreases.

15          Vice Chair Gunda responded with a letter stating  
16  that we simply need to do more analytical work before  
17  establishing a maximum chain of penalties. It's a very  
18  difficult task, very complicated. We've looked at a lot of  
19  sources from around the world in our analysis.

20          Vice Chair Gunda's letter noted that California  
21  is in a mid-transition phase as we move away from vehicles  
22  powered by petroleum to vehicles powered by clean  
23  electricity. In this mid-transition that we're in, there's  
24  some great news. Today, about one in four new vehicles  
25  sold in California is electric. At the same time, we still

1 have 20 million-plus vehicles in California that rely on  
2 fuel.

3 The Vice Chair's letter to the Governor  
4 recommended that we focus on managing this very complicated  
5 transition and then return to our evaluation of a maximum  
6 margin and penalty after a reasonable period of time. The  
7 resolution before you today presented by staff recommends  
8 the Commission do just that. It states that, I'm going to  
9 read this,

10 "The CEC will not take further action on a maximum  
11 gross gasoline refining margin or penalty for a period  
12 of five years. And if the CEC establishes a max  
13 margin prior to 2035 and a refiner requests an  
14 exemption from the imposition of a penalty, the CEC  
15 will consider the following two issues to be good  
16 cause to grant an exemption, either the refiner made  
17 significant investments in its gasoline producing  
18 units between January 1 of 2026 and the end of 2030 or  
19 other factors that the Energy Commission would  
20 ordinarily consider in determining whether there's  
21 good cause for an exemption."

22 The PowerPoint presentation will briefly walk you  
23 through the reasons why staff is making this  
24 recommendation.

25 And my apologies, can you advance back to the

1 first slide? I just want to walk through these quickly.

2 So we talked about this one. I don't need to go  
3 through that again. Please, please go ahead.

4 Okay, this is just a quick timeline to show that  
5 reporting on these GGRMs began a couple of years ago. We  
6 opened an informational proceeding. We held workshops.  
7 We've gotten a lot of recommendations and I already talked  
8 about the ones from Vice Chair. I just wanted to show the  
9 public and you, Commissioners, that this has been a long  
10 process and we've held a lot of different activities during  
11 it.

12 Next slide, please.

13 Okay, this graph shows the gross margins of the  
14 refining industry in California. It goes back to 2013 up  
15 until June of this year and it shows significant  
16 volatility. We see that line moving up and down and up and  
17 down. The red line describes sort of the straight steady  
18 upward trend that we've observed. The spikes that you see  
19 where prices -- where the gross margin gets as high as just  
20 shy of \$2.00, we've seen those in recent years, they've  
21 largely been tied to extraordinary events like global crude  
22 oil price shocks, supply chain disruptions, and unplanned  
23 outages. When a refinery has a problem and has to shut  
24 down, that constrains supply.

25 But outside of these sorts of events, margins

1 tend to return to historical norms. You can see a spike  
2 when something happens and then you'll see the refining  
3 margins then return to a more stable level. Sometimes they  
4 dip quite low, as the graph shows, where they're negative,  
5 and they can be as low as about \$0.50 negative margin.

6 So let me ask that we move on to the next slide,  
7 please.

8 I just want to conclude by saying that the data  
9 at this point just is not sufficient to indicate that  
10 there's ongoing market manipulation or a structural failure  
11 that would justify immediate regulatory intervention.

12 Now, this slide I want to spend a minute on,  
13 Commissioners. Many of you have seen this slide before.  
14 The public who have joined us may have seen it as well. I  
15 just want to take a minute because I think this illustrates  
16 why we need to be very careful with the use of this tool.

17 The line at the top of the black dots that goes  
18 across the top of the graph is demand in California. As  
19 you can see it peaked in 2019 and it's been descending ever  
20 since. Our analysis shows that is, in significant measure,  
21 due to the adoption by Californians of electric vehicles.  
22 And we don't know the future but we're describing on this  
23 chart a downward trend in demand.

24 The horizontal bars, the green ones at the bottom  
25 and the different colors, those represent refineries in



1 California, and collectively, they represent the refining  
2 capacity in California. As you can see, when we get to  
3 2025, it's been going down. And the sort of yellow light  
4 slashed area in the upper right corner of the -- of that  
5 figure shows the delta between our refining capacity, our  
6 ability to produce our own fuel, and what we need to get  
7 from elsewhere, which is from shipping. It's really our  
8 only material source of additional fuel in California.

9           So these closures, refineries have been closing.  
10 And Northern California has been particularly hit by this.  
11 Marathon Martinez closed recently, as did Philips Rodeo.  
12 They didn't close but they no longer produce gasoline.

13           So while demand is declining, as the chart  
14 illustrates, supply is declining faster, and it declines in  
15 chunks. When a refinery closes, you lose that chunk of  
16 production versus what you can see from the graph is a  
17 relatively steady decline in demand. We hope that picks up  
18 and gets fast but, you know, as we look now, it's moving  
19 down steadily. So this imbalance between the demand for  
20 fuel and the supply of produced fuel in California is  
21 what's caused us concern and triggered the proposal that's  
22 before you today.

23           So we can make up that delta. When we're not  
24 producing enough to serve Californians' needs, we can make  
25 it up through imports. But there's a challenge in doing

1 that. Imported fuel is extraordinarily helpful to  
2 California, but over-reliance on importing fuel poses risk  
3 to our consumers. It poses the risk of greater exposure to  
4 global price volatility as we rely on refineries from  
5 around the world to produce the fuel. The fuel we use in  
6 California is a special blend called CARBOB. It's isn't  
7 widely used outside of California. And only a handful of  
8 refineries produce it.

9           There's also longer wait times. When we -- when  
10 California -- when businesses do order fuel from overseas,  
11 it can take 30 days or longer to get to California. This  
12 makes us less flexible to respond to market disruption. If  
13 we experience some maintenance, one of those refineries you  
14 see in green on the graph, if one of those goes down, we're  
15 going to be immediately faced with a significant shortage  
16 of fuel. We do have some storage in California, but we're  
17 going to need to import. And if we can get it from another  
18 state nearby, that really helps. But if we can't, it's  
19 going to take a while to get here and California is going  
20 to be negatively impacted.

21           Next slide, please. And this is the last slide,  
22 I'll just mention, before final recommendation.

23           So we view our staff proposal not as an action --  
24 not as inaction, but as to deliver a strategic signal to  
25 the market. Staff believes the proposed resolution will

1 build investor confidence in California's refining sector  
2 at a really critical moment. Industry needs to continue to  
3 invest in significant maintenance. Large refinery  
4 turnarounds are typically planned years in advance and can  
5 cost hundreds of millions of dollars.

6 The resolution as proposed will give refineries  
7 the certainty to invest in critical maintenance and  
8 reliability upgrades, knowing they can plan for one or two  
9 full turnaround cycles without sudden policy shifts. We  
10 believe this will reduce the likelihood of additional  
11 refinery closures or supply disruptions due to outages.

12 We also think it will help protect workers and  
13 the public because when prices go up, that can harm the  
14 public, and certainly maintenance that is foregone can also  
15 cause risks.

16 While we're proposing this pause, we plan to  
17 continue to gather evidence needed to make the best long-  
18 term decision as we move through this mid-transition.  
19 Staff's proposal aligns with our broader energy strategy,  
20 which is protecting consumers while supporting an orderly  
21 decline in the legacy system and a shift to clean  
22 transportation fuels.

23 Finally, staff's proposed approach preserves our  
24 regulatory authority, so if future conditions warrant, we  
25 can act at that time.

1           Next slide, please.

2           For those reasons, we request that the Commission  
3 adopt the resolution that's before you.

4           And before I close, I just want to say, the list  
5 is long of all the staff who helped out with this. I'm  
6 grateful to so many people that I can't name, but I want to  
7 call special attention to a few folks.

8           One of them is Jeremy Smith. He's the best data  
9 expert I've ever met, hands down.

10          Aleecia Gutierrez, who is Jeremy's boss, has been  
11 helpful throughout this process.

12          And finally, and I'm sure my boss will recognize  
13 them, as well, but from the Vice Chair's Office, Aria  
14 Berliner and Theresa Keetes have worked incredibly hard on  
15 this.

16          So thank you very much for your time.

17          VICE CHAIR GUNDA: Thank you, Drew, for your  
18 presentation.

19          I just want to make sure, you were breaking up a  
20 little bit for me and I want to make sure we correct the  
21 record.

22          If we can go back to slide number five that Drew  
23 presented?

24          Yeah, just want to make sure. I think, Drew, you  
25 misspoke as negative. I believe it's negative relative to

1 the mean you were speaking about. So I just want to make  
2 sure that's corrected. And --

3 EXECUTIVE DIRECTOR BOHAN: You are correct.

4 VICE CHAIR GUNDA: Yes.

5 EXECUTIVE DIRECTOR BOHAN: That was a mistake.  
6 Thank you for blaming me on the fuzzy connection.

7 VICE CHAIR GUNDA: Yeah, so I think it's kind of,  
8 you know, just restating that I think is an important part.

9 There's two points I want to make sure.

10 I think, one, the observation that there is a  
11 slight increase in the GGRM is true, and it's something we  
12 need to continue to investigate. It's also important to  
13 recognize the volatility that we pointed to in the past  
14 since the Torrance refinery fire with the decreased supply.  
15 And, you know, we've seen more and more volatility. So  
16 while the average has been increasing, it's also the  
17 volatility has been higher. So that's an important thing  
18 to think through.

19 And I want to recognize some of the work that the  
20 Department of Petroleum Market Oversight has done on this  
21 to also further look at the nuances in the last staff  
22 report that has been posted today. Looking at just the  
23 gross margins industry-wide doesn't give the full picture.  
24 It's important to note how the business models of different  
25 industry players would impact that. And I think that's

1 further investigation we need to continue to do.

2 Again, I think not disagreeing with what Drew has  
3 just said, which I all agree with, it's important to note  
4 that that this chart has a lot of nuance and details that  
5 have to be continued to investigated and analyzed.

6 With that, can we go public comment? Thanks.

7 MS. BADIE: Yes. Thank you.

8 The Commission welcomes Item 4 at this time.  
9 We're going to start with folks in the room in Sacramento,  
10 then move to anyone in the room in Barstow, and then we'll  
11 go on to Zoom.

12 If you're in the room with us, we've asked folks  
13 to use the QR code or sign up with the Public Advisor's  
14 table. And same with our Barstow, or just raising your  
15 hand. And then if you're on Zoom online, use the raise-  
16 hand feature on your screen, it looks like an open palm,  
17 and star nine if joining by phone.

18 So starting with folks in the Sacramento  
19 location, I will call your name. And then we are asking  
20 for folks to come up to the podium, and that's just to my  
21 right up here.

22 And we have Tanya DeRivi. And then after Tanya,  
23 we'll hear from Mike Mulliner.

24 And then just a reminder for our in-person  
25 commenters, we're going to have a timer on the screen.

1 We're asking for comments to be two minutes or less.

2 MS. DERIVI: Good afternoon. My name is Tanya  
3 DeRivi, T-A-N-Y-A D, like David, -E, capital -R-I-V, like  
4 Victor, -I, with the Western State Petroleum Association.

5 Thank you for this opportunity to provide  
6 comments on the recommended decision for this Commission to  
7 not set a gross gasoline refining margin cap under SB X1-2.  
8 While this is a step in the right direction, it stops well  
9 short of a full statutory repeal or the 20-year pause WSPA  
10 recommended. California's refiners will need appropriate  
11 signals from the state to have the certainty necessary to  
12 continue investing in the state.

13 The recommendation before you today is a step  
14 towards the governor's direction to the Energy Commission  
15 to quote, "help ensure that Californians continue to have  
16 access to a safe, affordable, and reliable supply of  
17 transportation fuels and that refiners continue to see the  
18 value in serving the California market," end quote,  
19 contributes to a possibility of a more predictable  
20 regulatory environment, which is critical for investors'  
21 decisions related to providing the transportation fuels  
22 needed by Californians and, for a limited time, avoids  
23 imposing a penalty that could reduce in-state gasoline  
24 supply and unintentionally drive up pump prices by forcing  
25 refiners to cut production to stay below a revenue cap, an

1 outcome directly contrary to the intent of the authorizing  
2 legislation.

3           This recommendation is informed by the Commission  
4 staff's analysis of real-world data and market conditions,  
5 including the fact that California does not have enough in-  
6 state refining capacity left to meet its own demands and  
7 announced upcoming refinery closures will only worsen the  
8 situation. WSPA continues to warn that a future margin cap  
9 or any other policy that detours investments won't solve  
10 fuel market issues beyond refiners' control, including  
11 economic, geopolitical, or systemic realities.

12           Finally, we appreciate the Commission's  
13 collaborative efforts with stakeholders given the pressing  
14 need to stabilize California's refining sector and look  
15 forward to working with the CEC to advance policies that  
16 are in the best interest of consumers.

17           Thank you again for the time.

18           MS. BADIE: Thank you.

19           Next, we're going to hear from Mark Mulliner.  
20 And after Mark, we'll hear from Daniel Barad.

21           Dan, if you want to come up and have a seat at  
22 the podium, that would help us.

23           MR. MULLINER: Good morning, Vice Chair Siva,  
24 Commissioners. Mark Mulliner, California State Building  
25 and Construction Trades Council. You know, I'm here



1 representing 450,000 of our members, 70,000 of our  
2 apprentices. We have millions of manhours and many  
3 thousands of affiliate members that work in these  
4 refineries.

5           We want to say thank you. The State Building  
6 Trades recognizes that this is, in a lot of people's eyes,  
7 a stutter step that maybe is what's happen. But what it's  
8 telling us at the Building Trades is that common sense and  
9 that working together with the Commission and working  
10 together with our affiliates, we can prolong, we can make  
11 it a better positive outcome for these refineries. These  
12 refineries aren't going anywhere.

13           And we want to say thank you for recognizing that  
14 we as constituents, we as people that drive vehicles, that  
15 use fuel, we are here -- high paying jobs, apprenticeship  
16 opportunities, everything that those refineries do, and at  
17 the same time they have made a commitment to produce the  
18 cleanest fuel in the world. And that's the fuel that's not  
19 being tanked in here from other countries. That's not  
20 being tanked in here from other states. This is California  
21 fuel.

22           Do add to this, we need to go a little bit  
23 further and we need to help these refineries with the  
24 volume of crude that they need to be able to produce to be  
25 profitable, and recognizing the money they spend, billions

1 of dollars, when a fire happens. Nobody wants to talk  
2 about all the billions that goes into bringing a refinery  
3 back online, okay? They just want to talk about the base  
4 consumer cost.

5 But at the end of the day, California having  
6 grown to the fourth largest economy is because, partly, of  
7 all of our refiners and the amount of money that we all  
8 made through these refiners going back into the industry,  
9 going back into the community.

10 So State Building Trades is here to say thank you  
11 for this resolution. Thank you for the five years. And we  
12 are here to support you and your Commission.

13 Thank you very much.

14 MS. BADIE: Thanks Mark.

15 Next, we're going to hear from Daniel Barad. And  
16 after Daniel, we'll here from Tim Sbranti.

17 Tim, if you want to come and have a seat at the  
18 front? It does help us with (indiscernible).

19 MR. BARAD: Good morning. I'm Daniel Barad on  
20 behalf of the Union of Concerned Scientists, D-A-N-I-E-L  
21 B-A-R-A-D.

22 And as the Commission staff and Vice Chair  
23 constantly remind us, California is in the midst of the  
24 transition away from fossil fuels and to clean  
25 transportation. We have a scientific and moral imperative

1 to transition to zero-emission transportation as quickly as  
2 possible to meet our climate goals and to achieve our  
3 federal air quality standards. But we also need to ensure  
4 that gasoline prices and supply remain stable in the face  
5 of impending refinery closures to ensure that the impacts  
6 of this transition don't disproportionately fall upon low-  
7 income Californians.

8 UCS supported all of the tools given to the CEC  
9 in the special sessions as they increase the state's  
10 ability to manage the decline -- declining gasoline demand  
11 and protect consumers. But as concerned scientists, we  
12 also recognize the need to lead with the data and  
13 prioritize the right tools for this moment.

14 We support the staff recommendation to postpone  
15 the refining margin and penalty but reserve the right to  
16 use it if and when that is where the data leads. The CEC  
17 must prioritize regulations that stabilize supply while  
18 planning for the transition and working with other agencies  
19 and legislature to keep the pedal to the metal on the  
20 transition. This will include advancing recommendations in  
21 the agency's forward (phonetic) report and working with the  
22 legislature to secure continued funding the transition.

23 We look forward to continuing to work with the  
24 CEC and the state in an urgent but stable transition.

25 Thank you.

1 MS. BADIE: Thank you.

2 Next, we will hear from Tim Sbranti. And then  
3 after Tim, we'll hear from Chuck Leonard.

4 Chuck, it does help us along if you wanted to  
5 take a seat near the front.

6 And then just an overall reminder, we're asking  
7 for comments to be two minutes or less. There's a timer on  
8 the screen.

9 MR. SBRANTI: Great. Thank you. Tim Sbranti,  
10 Tim, T-I-M, last name S, as in Sam, -B, as in boy, -R, as  
11 in Ronald, -A-N-T-I. I am the Executive Director of the  
12 Contra Costa Building and Construction Trades Council. We  
13 represent, I represent 35,000 members of our Council, 20  
14 affiliates, and we have millions of manhours in the  
15 refineries in Contra Costa County.

16 And I just want to thank you for bringing this  
17 item forward. I want to thank the staff, I want to thank  
18 the Commission for really taking a critical look at what is  
19 going on. And we want to speak wholeheartedly in favor of  
20 the staff recommendation.

21 I think the phrase that was used was a strategic  
22 pause. And I think that's very, very prudent, especially  
23 given, I think, the chart that was really compelling, was  
24 the volatility. I mean, you can see it. There was one  
25 graph, and you can talk about, you know, a lot of different

1 things, but that graph now shows the volatility in the  
2 market. And if we're going to save the market, I think  
3 having that pause right now is really, really important.

4 Obviously, it's evident the jobs we have working  
5 in the refineries, but this impacts every one of our  
6 members. You know, our members, if you are in the building  
7 and construction trades, you don't have the luxury of  
8 telecommuting. You don't have the luxury of working from  
9 home, of taking transit, or taking the trail, all the  
10 different things. You know, our members have to get in  
11 their trucks and drive to work each and every day. They're  
12 called journeypersons because they have to journey to where  
13 the work is. That's where the phrase comes from. And so  
14 for the consumers, you know, our members that are consumers  
15 are members that are workers, you know, having a stable gas  
16 prices is important.

17 And it relates to the safety of our members, too,  
18 because the refineries reinvest in their operations, and  
19 that was another one of the bulletins, the bulletins in the  
20 staff report, for safer operations, for more energy  
21 efficient operations. So, you know, having a little bit of  
22 certainty in the market will allow them to make those  
23 investments in those facilities to make it a safer place  
24 for our workers.

25 So, again, we really thank you for bringing this

1 forward. And we thank the critical study.

2 And I just want to close with this, is we want to  
3 be a thought partner as you look at future things to help  
4 stabilize the industry. Those of us in the building trades  
5 really want to contribute to that conversation and make  
6 sure we do all we can for this critical need for our state.

7 Thank you so much.

8 MS. BADIE: Thank you.

9 Next, we're going to hear Chuck Leonard. After  
10 Chuck, we'll hear from James Holland.

11 James, it would help us if you take a seat near  
12 the front.

13 MR. LEONARD: Good afternoon. Chuck Leonard,  
14 C-H-U-C-K, Leonard, L-E-O-N-A-R-D. I am a 43-year member  
15 of Plumbers & Steamfitters Local 342.

16 For well over 30 years, I wore a hard hat and  
17 work boots in these oil refineries. And as a political  
18 rep, I'm here today to thank the leadership of Vice Chair  
19 Siva Gunda and the Commissioners at the CEC and the staff  
20 of the CEC. It takes great leadership. Thank you for your  
21 leadership, Vice Chair Siva Gunda. Thank you for the  
22 leadership of the CEC and of the staff recommendation. I  
23 have a business manager that's here today, along with over  
24 half of our business agents that are here just to say thank  
25 you.

1           My organization represents over half of the  
2 workers that work in these five -- in these four facilities  
3 in Contra Costa County. And we are the black and brown,  
4 the fenceline community, the workers that work in these  
5 facilities. So when you take the politics aside, these  
6 middle class jobs matter.

7           My son, my son-in-laws, my grandson, generations  
8 of workers work in these facilities. These jobs matter.  
9 You know, there's people out there today that are working  
10 and these jobs matter. So the decisions that you make,  
11 when you take all the politics out of the decisions that  
12 are being made, these are important. These decisions that  
13 you're making are extremely important.

14           So we're here today to say thank you. This is  
15 just a Band-Aid in a situation. We know the transition is  
16 going to happen and the workforce is here today, but today  
17 we're here to celebrate and to say thank you for the  
18 decisions that you're making.

19           And so for our members, out of Plumbers &  
20 Steamfitters Local 342, thank you for the decisions you're  
21 making today and we support it wholeheartedly.

22           Thank you.

23           MS. BADIE: Thank you for your comments.

24           Next, we're going to hear from James Holland.  
25 And then after James, the last in the room that we have

1 signed up is Timothy Jeffries.

2 Timothy, it does help us if you can you come take  
3 a seat near the podium.

4 MR. HOLLAND: Commissioners, Vice Chair, Chair,  
5 appreciate your time. I'm James Holland, J-A-M-E-S  
6 H-O-L-L-A-N-D. I'm a Business Agent for Local 92  
7 Boilermakers down south in Southern California. We're a  
8 small organization, but our bread and butter is the  
9 refineries. We average 1.2 million hours in the refineries  
10 every year.

11 And on behalf of the 750-plus members we have in  
12 the refineries doing maintenance as we speak, we fully  
13 support the recommendations of the CEC staff.

14 Thank you.

15 MS. BADIE: Thank you.

16 Next, we'll hear from Timothy Jeffries.

17 MR. JEFFRIES: Good morning, Timothy Jeffries,  
18 T-I-M-O-T-H-Y J-E-F-F-R-I-E-S. I'm the International Rep  
19 for the Boilermakers in the state of California,  
20 representing the Locals in Northern California and Southern  
21 California.

22 As previously stated, I'm aligning my comments  
23 with those in the State Building Trades and WSPA. It was  
24 stated that this is a good first step. I also would like  
25 to echo my thanks, as well, to the Vice Chair Gunda, as



1 well, too. This is a good step in the postponement of it.

2 But I have a question. Why not a full recall?

3 And then this can't be the, to emphasize, this  
4 can't be the only stabilizer we want to put into the  
5 market. There should be other stabilizers in the market to  
6 help stabilize the investments and the economy here in this  
7 industry, and for the building trades labor, we're here to  
8 help, too.

9 So thank you.

10 MS. BADIE: Thank you.

11 And if there's -- that was the last folks signed  
12 up in the QR code. If there's other people that want to  
13 comment in the room, if you could please visit the Public  
14 Advisor table in the back of the room? Dorothy Murimi is  
15 there to sign you up. And if you want to make a comment --  
16 yes?

17 UNIDENTIFIED MALE: She did sign up.

18 MS. BADIE: Oh, okay. Great. Thank you so much.

19 And then, oh, here we go. Anthony, this is --

20 MR. OCHOA: Aureliano Ochoa.

21 MS. BADIE: Oh, sorry, Aureliano Ochoa. Yes,  
22 thank you.

23 And then after Aureliano, we're going to hear  
24 from Anthony Viscuso, if you want to come take a seat up  
25 front? Thank you so much.

1           MR. OCHOA: Hey. Hello. My name is Aureliano  
2 Ochoa, A-U-R-E-L-I-A-N-O, last name O-C-H-O-A. It's a hard  
3 one, so -- and I'm here representing the Heat & Frost  
4 Insulators Local 16. We represent 48 counties in  
5 California.

6           On behalf of our membership, we want to tell you  
7 to support the resolution. The refiners represent 33  
8 percent of our work hours. If this resolution doesn't  
9 pass, Californians will lose thousands of jobs. Local  
10 businesses will be affected. Even schools. Because if we  
11 don't have jobs, we're going to move and we're going to try  
12 to relocate to another county, and maybe out of the state.

13           And as a personal level, I work almost 20 years  
14 in the refinery. I live in Solano County. And I'm an  
15 example of what the refineries representing the working  
16 class, because if we don't have that, I'm probably going  
17 to -- I would have moved out of the state already.  
18 Unemployment is probably, what, \$2,000 a month. And I  
19 won't be able to pay -- if I don't have a job, I won't be  
20 able to pay the \$2,600 payment on my house just like that.  
21 I'm not even talking about feeding my family.

22           So behalf of the insulators, and personally, I  
23 want to say thank you for taking a step forward.

24           And that's it. Thanks.

25           MS. BADIE: Thank you.

1           Next, we'll hear from Anthony Viscuso.

2           MR. VISCUSO: Okay. My name is Anthony Viscuso,  
3 A-N-T-H-O-N-Y V-I-S-C-U-S-O. And I also represent the Heat  
4 & Frost Insulators Local 16.

5           Again, we, just to echo what was already said, we  
6 do want to also thank -- thank the -- thank you guys, the  
7 Commissioners, for looking at this. This is really  
8 important to us.

9           You know, any -- you guys have been mandated to  
10 try and consent -- try and protect the consumer. And  
11 ultimately, you guys are doing that. I know that you've  
12 been looking at these price spikes and everything, that  
13 we're ultimately trying to protect the cost over the long  
14 run. This helps. This puts, as was said, this puts a  
15 Band-Aid on it. What will really kill us is if we lose  
16 another refinery. The graph you guys had up there that  
17 showed if, you know, when and if we lose the next two  
18 refineries, we're going to have to -- we're going to have  
19 to input more and more fuel, that cost is directly going to  
20 get passed down to the consumers.

21           When I was still on the tools, I was driving  
22 25,000 to 30,000 miles every year, and every single one of  
23 our members drives about the same. We are the people who  
24 are directly going to be impacted by that fuel cost.

25           So I thank you guys for this suggestion.

1 Anything you guys can do to help, to help maybe restore  
2 those other two refineries, I know you guys are limited  
3 with what you can do, but we're sure here to support.

4 Again, thank you. Appreciate it.

5 MS. BADIE: Thank you.

6 Next, we're going to hear from Thomas Kholenberg.  
7 And after Thomas we'll hear from Che Timmons.

8 Che, if you want to come take a seat up front,  
9 that would help.

10 MR. KOHLENBERG: Thomas Kholenbewrg, T-H-O-M-A-S,  
11 last name K-H-O-L-E-N-B-E-R-G. I'm a representative for  
12 the International Union of Operating Engineers Local 3.  
13 I'm a Refinery Rep. I've worked inside of the refineries  
14 for quite a few years of my being in the field. I'm here  
15 representing about 700 current members working inside of  
16 the refineries and we're in support of the staff's  
17 recommendations, and hopefully you will go forward.

18 Thank you for your time.

19 MS. BADIE: Next, we'll hear from Che Timmons.

20 MR. TIMMONS: Good afternoon. Che Timmons,  
21 C-H-E, last name Timmons, T-I-M-M-O-N-S. I'm the Business  
22 Manager of Local 342 Plumbers & Steamfitters in Oakland,  
23 California. I represent thousands of members that work in  
24 the refineries in the Bay Area.

25 I just want to -- I want to commend the staff and

1 the Commission on doing such a thorough analysis on the  
2 effects that this would have, not only to my members but  
3 also to the citizens of this great state.

4 The postponement of the margin cap implementation  
5 for the next ten years, and then, once against, do another  
6 analysis I think is very prudent in how that's moving  
7 forward.

8 Once again, I support you guys and I thank you  
9 guys for supporting the recommendation today.

10 Thank you.

11 MS. BADIE: Thank you.

12 Next, we're going to hear from Randy Thomas.  
13 Randy, if you want to approach the podium? And then just a  
14 general reminder, we're asking for comments to be two  
15 minutes or less. There will be a timer on the screen.

16 MR. THOMAS: Hello. My name is Randy Thomas,  
17 R-A-N-D-Y T-H-O-M-A-S. I'm the Business Manager of  
18 Boilermakers Local 549. We have quite a few members that  
19 work at the refineries who travel long distances.

20 I think California has always been kind of a  
21 staple for making changes. We have Cal/OSHA. There's a  
22 lot of things that start with California. A lot of that  
23 was pushing a need for cleaner fuels in this area.

24 I definitely appreciate you getting a chance to  
25 be able to sit down with us and listen for our concerns

1 with what's happening too. There is going to be an energy  
2 transition. We're in the middle of it at this point in  
3 time but we don't have that replacement, so a lot of people  
4 are going to wind up doing without. And when it comes to  
5 the industries that we represent and the craftswomen and  
6 craftsmen that work in these refineries, they're also going  
7 to transition as industry transitions out of here; right?  
8 So without opportunity, California isn't the great state  
9 that we live in here today.

10 Thank you for making some changes now to where we  
11 can hopefully move in the right direction. But we are the  
12 ones that are going to make the decisions that is going to  
13 either be California's economic prosper or demise.

14 Thank you very much.

15 MS. BADIE: Thank you.

16 All right, we're going to transition to the  
17 Barstow location.

18 But if there's anyone in the Sacramento location  
19 in-person and you decide you want to comment, you can go to  
20 the Public Advisor's table. Dorothy Murimi is there assist  
21 you to sign you up, and we will come back to the room if  
22 you change your mind.

23 So right now, let's check in with the Barstow  
24 location.

25 Ryan, do we have any commenters in person at

1 Barstow?

2 MR. YOUNG: Thank you, Public Advisor. Seeing  
3 none in the room, back to you.

4 MS. BADIE: Thank you so much.

5 All right, we're going to transition over to  
6 Zoom. I'm going to call on Erica Valentine.

7 Erica, let me find you really quick. Thank you  
8 for your patience. I'm going to open your line. And just  
9 a reminder to please state and spell your name for our  
10 court reporter. And we're asking for comments to be two  
11 minutes or less. There will be a timer on the screen.

12 MS. VALENTINE: Hello. Thank you. My name is  
13 Erica Valentine, E-R-I-C-A, Valentine, V-A-L-E-N-T-I-N-E.  
14 I am the Political and Communications Director for UA Local  
15 393. We have 3,100 members throughout our state that work.  
16 And we also support the winery -- I mean, the refineries.

17 We stand with the California State Building  
18 Trades to say thank you for your leadership. We thank you  
19 for all the research you have done. We look forward to a  
20 collaboration and solution that reflects the leadership in  
21 our state with all parties at the table. My workers thank  
22 you because penalizing or shutting down refineries  
23 compromise jobs and safety of the state.

24 As the fourth largest economy, it is a shame that  
25 some groups are proposing to impose penalties that would

1 force thousands of people to choose between rent or gas,  
2 taking their kids to school or going to work, being able to  
3 feed their family or going to work, being able to have heat  
4 in their home or gas to go to work. By closing refineries,  
5 we'd put several families into homelessness that would be  
6 life-threatening and cause even a greater harm.

7 We thank you for your leadership and  
8 acknowledging the technology advancement that we have made,  
9 and acknowledging the safety that we have when we use  
10 skilled and trained workforce in these refineries as we  
11 have today. We ask you to consider all these things as you  
12 continue to move forward and you collaborate in a way that  
13 will continue to provide jobs, provide safety, keep  
14 construction working and workers employed. We thank you  
15 for your commitment, and all of our union members thank you  
16 as well.

17 Thank you.

18 MS. BADIE: Thank you.

19 Next, we'll hear from Mike Smith. Mike, I'm  
20 going to open your line. You'll unmute on your end and  
21 then we can begin.

22 MR. M. SMITH: Good morning -- or good afternoon.  
23 My name is Mike Smith, M-I-K-E S-M-I-T-H. I am the Chair  
24 of the National Oil Bargaining Program for the United  
25 Steelworkers. We represent about 30,000 oil workers



1 throughout the country, mostly proprietary inside the  
2 refineries, including over 4,000 in the state of  
3 California.

4 We support the recommendation of the staff and  
5 appreciate the work that was done and put into this. I  
6 think the understanding that we are in a transportation  
7 fuels crisis in the state, with the looming closures coming  
8 forward, it's necessary to look at all the tools to ensure  
9 that we stabilize the current market, as well as create  
10 investor confidence to ensure that the refineries get the  
11 funding to operate safely and responsibly into the future.

12 We've always supported the transparency and using  
13 the tools to require the transparency of the industry. And  
14 we think that the information is helpful as we continue to  
15 move forward. We just want to ensure that the communities  
16 that -- the communities and workers that I think the rules  
17 are trying to protect aren't disproportionately harming  
18 when companies make decisions to shut down refineries and  
19 leave a state, you know, in need of transportation fuels.

20 So that's about it, and thank you very much.

21 MS. BADIE: Thank you.

22 Next, we're going to hear from Jason Lindsey.  
23 Jason, I'm going to open your line. Just a reminder, we're  
24 asking for comments to be two minutes or less.

25 MR. LINDSEY: Well, good afternoon,

1 Commissioners. My name is Jason Lindsey, that's J-A-S-O-N  
2 L-I-N-D-S-E-Y. I'm President and Business Agent of  
3 Ironworkers Local 378.

4 So the way to clean the environment is to  
5 modernize and further innovate the refineries that are in  
6 operation as we work toward a more sustainable energy  
7 future. The maximum gross gasoline refinery margin and  
8 penalty threatens to prevent essential investments in  
9 refinery infrastructure, investments necessary to keep the  
10 facilities open and reliable and safe. Our members and our  
11 communities rely on these refineries staying open.

12 As a reminder, UC Berkeley did a study in Contra  
13 Costa County as concerns our four refineries, and 35  
14 percent of the county's funding comes from these  
15 facilities. So it's not just the jobs in the refinery that  
16 will be lost, it will be other ancillary jobs that are  
17 lost, good paying jobs.

18 So I stand with the State Building Trades.  
19 Thanks for this. This is a good first step, but let's go  
20 further.

21 Thank you.

22 MS. BADIE: Thank you.

23 Next, we're going to hear from Tracy Scott.

24 Tracy, I'm going to open your line. Just a reminder, we're  
25 asking for comments to be two minutes or less. Tracy, if

1 you could unmute on your end? Thank you.

2 MR. SCOTT: Yes. My name is Tracy Scott,  
3 T-R-A-C-Y S-C-O-T-T.

4 Good afternoon, Vice Chair Gunda, Commissioners.  
5 I'm a retired President and Staff Representative from  
6 United Steelworkers Local 5. I'm speaking in strong  
7 support of Item 4 to adopt staff's recommendation on the  
8 maximum gross gasoline refining margin and penalty  
9 implementation timeline.

10 California, as you know, is in a mid-transition  
11 phase. Demand for petroleum fuels is declining, but we  
12 still rely on in-state refining for reliability and price  
13 stability. Moving too quickly to impose a maximum refining  
14 margin could have unintended consequences, discouraging  
15 needed maintenance and investment, increasing outage risks,  
16 and even hastening refinery exits that would tighten supply  
17 and raise volatility for consumers. Staff's proposal  
18 recognizes these risks and proposes a prudent pause.

19 And I appreciate that Item 4 postpones the margin  
20 cap implementation for at least five years while the  
21 Commission prioritizes a sector-wide managed transition  
22 strategy, including tools like minimum inventory and  
23 resupply planning. That timeline spans at least one full  
24 turnaround cycle, which is essential for planning, worker  
25 safety, and regulatory compliance. It's a balanced path

1 that protects consumers and the workforce while the state  
2 continues building out clean alternatives.

3 As you move forward, I urge the Commission to  
4 formalize robust labor participation in any managed  
5 transition proceedings, two, maintain transparency on  
6 market data and reliability metrics, and three, set clear  
7 milestones for when and how the Commission will revisit the  
8 margin cap if consumer benefits ultimately outweigh costs  
9 under Public Relations [sic] Code 25355.5.

10 And for these reasons, I respectfully urge an aye  
11 vote on Item 4.

12 Thank you.

13 MS. BADIE: Thank you.

14 Next, we're going to hear from Albert Duarte.  
15 Albert, I'm going to open your line. You'll unmute on your  
16 end. And just a reminder, we're asking for comments to be  
17 two minutes or less.

18 MR. DUARTE: Good afternoon, Commissioners.  
19 Thank you for this time. My name is Albert Duarte and I'm  
20 the Business Manager for the Riverside & San Bernardino  
21 Building and Construction Trades. Albert, A-L-B-E-R-T,  
22 Duarte, D-U-A-R-T-E. And we strongly support the CEC staff  
23 recommendation to postpone implementation.

24 Every meeting that I go to, I hear from my  
25 members the concern of these refineries being shut down,

1 and we're all concerned. We do support this program, but  
2 we are also concerned that we're putting limits on -- what  
3 I tell my -- our unions and our trades is that we have to  
4 be successful or the companies we work for have to be  
5 successful. So it's really concerning when we're putting a  
6 cap on somebody making a profit. This is a capitalist  
7 society. It's not a socialism.

8           So the only regulation I do ask is that we make  
9 sure that we invest in the workers on job sites, keeping  
10 them safe, and through that, through skilled and trained  
11 workers. There has to be a bar of the people working in  
12 these facilities. But I just ask you to continue to fight  
13 for us, to keep these refineries open; right? It's  
14 concerning that we're going to -- we're moving to one side  
15 or the other.

16           You know, the affordability of fully electric  
17 cars for a worker is too much, especially when we have a  
18 family of four and we have to pay for our kids'  
19 transportation to college and back, and to pay for their  
20 college. There's a lot. It's a trickle-down effect with  
21 the closures of these refineries.

22           So we thank you for your support. We ask for  
23 your continued support, and we strongly support the  
24 recommendations.

25           Thank you.

1 MS. BADIE: Thank you.

2 Next, we're going to hear from Stephen Rosenblum.  
3 Stephen, I'm going to open your line. Stephen, if you can  
4 unmute on your end, then you may begin.

5 MR. ROSENBLUM: All right. Hello? Can you hear  
6 me?

7 MS. BADIE: Yes.

8 MR. ROSENBLUM: Hello? Can you hear me? Yeah.

9 MS. BADIE: We can hear you. We can hear you.

10 MR. ROSENBLUM: Yeah, thank you. Hi. My name is  
11 Stephen Rosenblum, S-T-E-P-H-E-N, last name Rosenblum,  
12 R-O-S-E-N-B-L-U-M. Thank you for the opportunity to speak.

13 As Director Bohan pointed out, the gasoline need  
14 is declining every year since 2019 due to EV adoption,  
15 which is really necessary to protect our air and our  
16 climate. And that's really the goal.

17 It's disappointing to me that union leadership  
18 did not recognize that there will be many future jobs in  
19 clean energy. And just as a reminder, there are no jobs on  
20 a dead planet. We all see the effects of climate change  
21 now, wildfires, floods, extreme heat. It's already upon us  
22 and we need to do something. We cannot continue business  
23 as usual.

24 So I would like to request that the refineries  
25 participate in a just transition for their workers, that

1 they provide job training for new jobs in clean industries,  
2 and that they support the communities that they're  
3 presently in to replace the tax base that will be removed  
4 when they finally shut down.

5 In regard to some of the points that were made, I  
6 think I agree with Jamie Court that it's irresponsible to  
7 set a timeline to wait to make a decision on refinery  
8 margins. For one thing, something was neglected in the  
9 discussion, that we already export 12 percent of our  
10 gasoline to Arizona and Nevada. We can easily reclaim that  
11 percentage and use it for California needs.

12 The refineries that were closed were a business  
13 decision. They're the smallest and the oldest and the  
14 least profitable. So it's not as if that -- that it's a --  
15 that refineries are unprofitable, it's just that the  
16 business of certain refineries is unprofitable.

17 And then I think minimum storage should be  
18 required.

19 Thank you.

20 MS. BADIE: Thank you.

21 Next, we're going to hear from Julia May. Julia,  
22 I'm going to open your line. You'll unmute on your end and  
23 then you may begin.

24 MS. MAY: Hi. Julia May, J-U-L-I-A M-A-Y, Senior  
25 Scientist, Communities for a Better Environment, CBE.

1           We represent frontline communities of color  
2 suffering daily from refineries, oil extraction, and fossil  
3 transportation. And we've worked successfully for decades  
4 to reduce refinery pollution, but refineries are inherently  
5 grossly polluting, even with best available controls.

6           I blame the oil industry for twisting the news  
7 enough to fool people into thinking California regulations  
8 are causing refinery closures. They're closing because  
9 gasoline demand is lowering, not only in California, but  
10 Texas, the U.S. and abroad, due to more electric vehicles,  
11 efficiency, and competition, not due to regulation. Even  
12 so, California refineries still make more profit than in  
13 other states. It's counterproductive to gut regulations to  
14 provide sweetheart deals for big oil.

15           I congratulate big oil on their insane but  
16 effective holding of California hostage after 100 years of  
17 extracting high profits, heavily polluting the state, and  
18 causing catastrophic climate impacts. I keep thinking  
19 someone in the industry will realize they're shooting  
20 themselves in the foot by killing the earth underneath  
21 themselves.

22           Of course, the industry deserves heavy penalties  
23 for spikes in high gasoline prices that particularly harm  
24 low-income folks, and we don't support putting off the  
25 penalties.



1           We do support CEC's careful analysis for  
2 logistical solutions and greatly appreciate Vice Chair  
3 Gunda's efforts to include EJ, as well as the staff's deep  
4 work.

5           The dinosaur industry is starting to crumble by  
6 itself. The new problem for workers and gasoline cost is  
7 sudden whole closures, unplanned, unlike electricity. We  
8 need a smooth plan for smoothly lowering, take into account  
9 exports, deal with reserves, and resupply. Consider our  
10 partial refinery closure. The only way to solve smog and  
11 climate change is planning.

12           Thanks.

13           MS. BADIE: Thank you.

14           Next, we're going to hear from Woody Hastings.  
15 Woody, I'm going to open your line. Oh, sorry, Woody, we  
16 lost your raised hand. If you -- oh, okay. I found you  
17 again. We're going to open your line. You will unmute on  
18 your end. And we are asking for your comments to be two  
19 minutes or less. There will be a timer on the screen.

20           MR. HASTINGS: Okay, can you hear me?

21           MS. BADIE: Yes.

22           MR. HASTINGS: Okay. Good afternoon. My name is  
23 Woody Hastings, that's W-O-O-D-Y H-A-S-T-I-N-G-S, Woody  
24 Hastings with The Climate Center, a statewide climate and  
25 clean energy policy nonprofit founded in 2001. Thank you

1 for the opportunity to speak.

2 First, I'd like to align my comments with Julia  
3 May of CBE just now in solidarity with our fenceline  
4 community friends.

5 The price gouging penalty is not an arbitrary  
6 penalty with no basis. It is also not an attack in any way  
7 on the good workers at refineries, nor is it a disregard  
8 for the fully acknowledged need for stable and affordable  
9 fuel supplies. It is a penalty for improper industry price  
10 gouging that has been substantiated by DPMO analysis. It  
11 is a penalty imposed for a clear violation, just like a  
12 penalty imposed for any other clear violation of rules,  
13 regulations, or laws.

14 Therefore, with all due respect to staff, love  
15 what you guys do, TCC, The Climate Center, respectfully  
16 urges you to not put the development of the maximum gross  
17 gasoline margin, nor any penalties pursuant to it, on  
18 pause. Square one is that in order to be ready to respond  
19 quickly with any future action the underlying analysis for  
20 the rule must be completed as soon as possible. It would  
21 be helpful if the anticipated timeline for that could be  
22 shared today.

23 If you do pause, any pause should be for as short  
24 as possible, certainly less than five years. In fact,  
25 there really should be no arbitrary pause time at all. The

1 CEC must be ready to immediately expedite the rule if DPMO  
2 detects market manipulation or excessive profits.

3 Thank you.

4 MS. BADIE: Thank you for those comments.

5 Next, we'll hear from Julian Vinatieri. I'm  
6 going to open your line, Julian. You'll unmute on your  
7 end. We are asking for comments to be two minutes or less.  
8 There will be a timer on the screen.

9 MR. VINATIERI: Hello. Can you hear me?

10 MS. BADIE: Yes.

11 MR. VINATIERI: Hello. My name is Julian  
12 Vinatieri, that's J-U-L-I-A-N, Vinatieri,  
13 V-I-N-A-T-I-E-R-I. Once again, my name is Julian  
14 Vinatieri. I serve as the Business Manager for IBEW Local  
15 302, which represents over 1,250 electrical workers across  
16 Contra Costa County.

17 I'm here today on behalf of our members and  
18 skilled professionals who live and work in our community.  
19 Nearly half of our members support their families through  
20 the employment opportunities provided by these local  
21 refineries. These facilities are not only critical to our  
22 members, but to the broader economic stability of our  
23 county and state. There is so much at stake which could  
24 drive these refineries out of the area, which would have a  
25 devastating impact, not just on our members, but on

1 thousands of other workers and families throughout Contra  
2 Costa County and beyond.

3 With that said, we want to thank the staff for  
4 the recommendation. I feel that I've made it clear where  
5 IBEW 302 stands. We strongly support the California Energy  
6 Commission staff recommendation to postpone this  
7 implementation, and we want to thank you for your research  
8 on this matter.

9 Thank you.

10 MS. BADIE: Thank you.

11 Next, we're going to hear from Mitchell Bechtel.  
12 I'm going to open your line, Mitchell. And as a reminder,  
13 there will be a timer on the screen. We're asking for  
14 comments to be two minutes or less.

15 MR. BECHTEL: Aloha. Mitchell Bechtel on behalf  
16 of the District Council of Ironworkers.

17 We support the recommendation to delay  
18 implementation. This is a step in the right direction, but  
19 the question becomes, will this be enough to keep refiners  
20 in California?

21 As you're all aware, even one more refiner  
22 leaving the state could have catastrophic effects on fuel  
23 prices for consumers. We believe additional market  
24 stabilizers may be needed to keep costs down for working  
25 families in California.

1           We thank you for your work and appreciate what  
2   you guys are trying to do and just hope that we can keep  
3   refiners in state so that fuel prices stay low for working  
4   families.

5           Thank you.

6           MS. BADIE: Thank you.

7           Next, we're going to hear from Pete Wohlgezogen.  
8   I hope I pronounced that correctly. I'm going to open your  
9   line, Pete. Just a reminder, we're asking for comments to  
10  be two minutes or less. There will be a timer on the  
11  screen.

12           MR. WOHLGEZOGEN: Good afternoon. My name is  
13  Pete Wolgezogan, that's P-E-T-E, Wohlgezogen,  
14  W-O-H-L-G-E-Z-O-G-E-N. I am a Representative for UA Local  
15  250 Steamfitters & Refrigeration in Los Angeles. We have  
16  6,800 members that work in industries like refineries. I'm  
17  speaking in strong support of the CEC's recommendation to  
18  propose an implementation.

19           I have been a member of UA Local 250 for 25  
20  years, and I've spent 21 years working in various  
21  refineries in the Los Angeles area. These refineries not  
22  only care about the safety of the employees that work in  
23  the facilities, but they care about the surrounding  
24  communities too. They give back in many ways that benefit  
25  the communities.

1           Our members work many hours in these facilities.  
2   Our members are consisted of men, women, veterans, and  
3   people granted a second chance. These jobs help our  
4   members earn a livable wage in California. Our members'  
5   jobs depend on California refineries staying open, and  
6   their safety depends on proper maintenance of these  
7   facilities.

8           If these refineries continue to shutter, we will  
9   be forced to pay more for imported oil and gas from states  
10   that don't refine to the highly regulated quality that our  
11   local refineries produce. This isn't moving forward. It's  
12   moving backwards at a higher cost.

13           I want to thank the CEC for their consideration  
14   on this matter.

15           Thank you.

16           MS. BADIE: Thank you.

17           Next, we're going to hear from Martin Rodriguez.  
18   I'm going to open your line, Martin. You'll unmute on your  
19   end, and then you may begin.

20           MR. RODRIGUEZ: Good afternoon. This is Martin  
21   Rodriguez, M-A-R-T-I-N R-O-D-R-I-G-U-E-Z. I'm a Business  
22   Agent for the Ironworkers Local 433, and President of Tri  
23   County Building & Construction Trades.

24           My thoughts and comments align with the State  
25   Building and Construction Trades. There again, this is a

1 move in the right direction. But I feel the frustration of  
2 the gentleman from earlier from the Bricklayers. And  
3 punitive legislation, a lot of it in the last five years,  
4 has got us to this position.

5 I hope moving forward, there will be other good  
6 legislation that will follow up with this stopgap measure  
7 that I'm thankful for nevertheless.

8 Thank you.

9 MS. BADIE: Thank you.

10 Next, we're going to hear from Brandon Dennison-  
11 Borja. You're going to open your line. You'll unmute on  
12 your end, and then you can begin, Brandon.

13 MR. DENNISON-BORJA: Good morning. Can you hear  
14 me?

15 MS. BADIE: Yes.

16 MR. DENNISON-BORJA: All right. Good morning.  
17 My name is Brandon Dennison-Borja, that's B-R-A-N-D-O-N,  
18 Dennison-Borja, D-E-N-N-I-S-O-N dash B-O-R-J-A, and I'm a  
19 proud journeyman of IBEW 302 in Contra Costa County.

20 I've been an electrician in this industry for  
21 just six years, but during that time, I've spent the last  
22 three years working in our county's four oil refineries.  
23 I've worked in the field, performing maintenance, capital  
24 projects, turnarounds, you name it.

25 I'm currently working at Marathon's Renewable

1 Plant in Martinez. But I can say that all of our  
2 refineries provide the local workforce, my brothers and  
3 sisters, the opportunities to safe, reliable, and  
4 dependable jobs. This enables us to support our families,  
5 to contribute back to our local communities, but it's  
6 essential to keeping our county as a place for financial  
7 prosperity for the working class of California. These  
8 facilities have been essential for me, my wife, and many  
9 other Californians on being able to afford living in our  
10 great state so that we can support our families and further  
11 develop our roots in the cities we love and serve.

12 In addition to the aforementioned potential state  
13 and consumer disruptions from Executive Director Drew  
14 Bohan, to move forward with this penalty right now as it  
15 stands would put thousands of hardworking Californian's  
16 livelihoods at stake, reducing lower and middle class  
17 upward mobility, especially in these already trying times  
18 for our blue-collar members and other union brothers and  
19 sisters.

20 So in solidarity with the State Building Trades,  
21 I stand with the Energy Commission's recommendation to  
22 postpone this implementation. And I'd like to thank you  
23 all for your time and your continued support.

24 MS. BADIE: Thank you.

25 Next, we're going to hear from Alfonso Ruiz.



1 Alfonso, I'm going to open your line. You'll unmute on  
2 your end and then you can begin.

3 MR. RUIZ: Yeah, good morning, Commissioners. My  
4 name is Alfonso Ruiz and I represent the Heat & Frost  
5 Insulators Local 5.

6 And look, no one likes paying too much at the  
7 pump. Consumer protection is important, of course it is,  
8 but we can't lose sight of the bigger picture. Without  
9 reliable refineries, there won't be any gasoline to protect  
10 consumers from in the first place.

11 And here's the absurdity, this penalty doesn't  
12 fix the problem, it makes it worse. The very investments  
13 required to keep California's refineries safe, reliable,  
14 and modern are the ones this policy would choke off. It's  
15 a bit like seeing your car running low on gas and deciding  
16 that the best solution is to remove the fuel tank  
17 altogether. Yes, you'll never worry about buying gas  
18 again, but you've also guaranteed the car will never move.  
19 That's what this proposal does. It solves a problem in  
20 theory by destroying the system -- but destroying the  
21 system in practice.

22 Gasoline isn't a luxury, it's the fuel that keeps  
23 the whole economy moving, workers getting to jobs, goods  
24 reaching markets, families getting to schools.  
25 Undercutting our refineries doesn't make gasoline cheaper

1 in the long run, it risks unreliability, unsafe facilities,  
2 and thousands of lost jobs.

3 So, yes, let's protect consumers, but let's do it  
4 in a way that actually works. Approving this postponement  
5 is a pragmatic choice. It safeguards jobs, maintains  
6 safety, and ensures Californians have the reliable fuel  
7 supply that we all depend on.

8 Thank you.

9 MS. BADIE: Thank you.

10 Next, we're going to hear from Woody Little. I'm  
11 going to open your line. You'll unmute on your end and  
12 then you may begin.

13 MR. LITTLE: Thank you and good afternoon  
14 everyone. Woody Little with the Last Chance Alliance,  
15 W-O-O-D-Y L-I-T-T-L-E.

16 I'm here to speak in disappointment and  
17 opposition to the pause on the penalty and gross margin as  
18 recommended by staff and urge you to move forward with all  
19 possible speed, not only on development of the policy, but  
20 crucially, in the near term, on the analysis. With full  
21 respect and appreciation for the staff report, which I have  
22 reviewed, that is not the full analysis underlying the  
23 rule. That analysis has not yet been done and there's no  
24 reason it can't proceed, again, with all haste, in parallel  
25 to the crucial logistical solutions around minimum

1 inventory and resupply that the Commission is also working  
2 on.

3 Volatility in the market is exactly why we should  
4 have this policy in place in the first place, not an  
5 argument against it. With a well-designed policy, by  
6 definition, only those refiners who are doing extremely  
7 well, only in the times where they're doing extremely well,  
8 would be impacted. Divergence and profitability between  
9 some of the larger brands and some of the smaller budget  
10 brands is exactly why we need a policy like this as one of  
11 a suite of solutions to help us manage the mid-transition,  
12 because some folks are going to be doing extremely well and  
13 making an extreme amount of money off of the rest of us  
14 from a constrained, tight market, even as others may  
15 struggle because of their logistics or other issues.

16 I would urge you to remember that your response  
17 right now will really set the tone, not just for the  
18 transition of this sector, but of other sectors of the  
19 fossil fuel economy. And any giveaways that this  
20 Commission or other parts of state government give now will  
21 only put the state in a worse position in the future. What  
22 will the refiners or other actors come for next?

23 So I urge you to move forward as quickly as  
24 possible, including on the analysis, and I would love to  
25 hear a timeline for that underlying analysis to be

1 complete.

2 Thank you so much.

3 MS. BADIE: Thank you.

4 Next, we're going to hear from Gracyna Mohabir.  
5 I apologize if I mispronounced your name. I'm going to  
6 open your line. You can unmute on your end and then you  
7 can begin.

8 MS. MOHABIR: Hi. Good afternoon, Gracyna  
9 Mohabir, and that's G-R-A-C-Y-N-A, last name M-O-H-A-B-I-R,  
10 with California Environmental Voters. Thank you for the  
11 opportunity to comment today on the proposed  
12 recommendation. And thank you to staff for their  
13 insightful presentation.

14 We understand that the Commission is tasked with  
15 considering what is necessary for the state as we're  
16 entering this mid-transition phase. However, we strongly  
17 caution against pausing the development of the maximum  
18 gross gasoline margin, and if the Commission moves forward  
19 with this pause, to ensure that it's as short as possible.  
20 We remain concerned that taking this tool off the table  
21 could prevent Californians from reaping the real benefits  
22 of protections against price gouging, and it lets industry  
23 off the hook.

24 As stated in the presentation, gasoline demand is  
25 declining as we make the necessary and critical transition

1 to zero-emission transportation. And with this decline,  
2 the market power of the remaining refineries within the  
3 state is bound to increase. As this is on the horizon, we  
4 must be adequately prepared to protect against price  
5 gouging. And furthermore, we can't set the precedent of  
6 providing giveaways to the oil industry.

7 Thank you.

8 MS. BADIE: Thank you.

9 Next, we're going to hear from Danny Bernardini.  
10 I'm going to open your line, Danny. You'll just unmute on  
11 your end. And just a general reminder, we're asking for  
12 comments to be two minutes or less. There will be a timer  
13 on the screen.

14 MR. BERNARDINI: Thank you. My name is Danny  
15 Bernardini, D-A-N-N-Y B-E-R-N-A-R-D-I-N-I. I'm the  
16 Business Manager for the Napa-Solano Building &  
17 Construction Trade Council, representing the working men  
18 and women of Napa and Solano County, where, you know, in my  
19 past 10 years of this job, usually show up to hearings like  
20 this with the warning that restrictions like this could  
21 close a refinery, and now we are dealing with that with  
22 Valero and Benicia. I think you've heard from the city  
23 manager and the mayor about the effects of that with the  
24 surrounding industrial area, the downtown, the city budget.  
25 And so it's not just the refinery, it's the entire town

1 that's going to suffer if Valero goes through what they say  
2 they are.

3 And so it's refreshing to have a hearing where  
4 we're supporting something like this. And thank you to the  
5 staff for recommending it, but it's kind of a bummer that  
6 it took refineries closing to do that.

7 So we appreciate the work you're doing to support  
8 the working men and women that are working in these  
9 refineries, and have yourselves a great Labor Day weekend,  
10 and thank you for your time.

11 MS. BADIE: Thank you.

12 Next, we're going to hear from O'Connor. I'm  
13 going to open your line. You unmute on your end, and then  
14 you can begin. All right, on Zoom, if you're identified as  
15 O'Connor, you'll have to unmute on your end to begin your  
16 comments. All right, we're not getting any audio from you.  
17 If you want to check your settings, I can come back to you  
18 later.

19 Next, we're going to hear from Michael H.  
20 Michael, I'm going to open your line. If you want to, you  
21 can share your name and spell your last name for our court  
22 reporter if you want to have that in the record. Your line  
23 is open. You'll just unmute on your end, Michael H. All  
24 right, Michael, we're not getting audio from you. I'll  
25 come back to you as well.

1           Jon Munoz, I'm going to open your line. You'll  
2 unmute on your end, and then you can begin.

3           MR. MUNOZ: Hello. Can you hear me?

4           MS. BADIE: Yes.

5           MR. MUNOZ: Hi. My name is Jon Munoz, J-O-N  
6 M-U-N-O-Z, and I am a Business Agent and Apprentice  
7 Coordinator, and I am here on behalf of our over 6,800  
8 members of UA Local 250, Los Angeles, California, United  
9 Association.

10           We are in support of the appointment of this  
11 maximum gross gasoline refinery margin and penalty  
12 implementation. Many of our brothers and sisters have  
13 commented on why that is, so I won't go back into the same  
14 thing, but our members and our apprentices, my apprentices,  
15 our apprentices, depend on this. We're on-the-job  
16 training.

17           And we all know that the infrastructure for  
18 electricity is not there. We're not there yet, you know?  
19 And I thank you guys all for seeing that and moving forward  
20 with this postponement. We are in support of it.

21           And I appreciate your time. Thank you very much.

22           MS. BADIE: Thank you.

23           Next, we're going to hear from Mitch Ponce. I'm  
24 going to open your line, Mitch. You'll unmute on your end,  
25 and then you can begin.

1 MR. PONCE: Yes. Hi. Good afternoon. This is  
2 Mitch Ponce, a Business Agent with the Iron Workers 433 in  
3 Los Angeles. I'm also the President of the L.A. and Orange  
4 County Building Trades Council.

5 The positive step in the -- is -- the positive is  
6 this is a step in the right direction, but it should be  
7 repealed and is -- it's not paired with other market  
8 stabilizers. We are still going to see -- to continue to  
9 see and lose refineries in the tens of thousands of union  
10 jobs in the area.

11 So that's all I have, and thank you very much.

12 MS. BADIE: Thank you.

13 Next, we'll hear from Alissa Reed. Alissa, I'm  
14 going to open your line. You'll just unmute on your end,  
15 and then you can begin.

16 MS. REED: Good morning. My name is Alissa Reed,  
17 A-L-I-S-S-A R-E-E-D. I'm the Business Manager for the  
18 Kern/Inyo/Mono Building & Construction Trades Council.

19 And I just would like to point out that we are  
20 thankful for Vice Chair Gunda and Director Bohan and the  
21 recommendation to postpone any action on this matter,  
22 because I think it's critical to point out that when you're  
23 looking at those margins, those are gross margins.

24 And so coming out of the refining industry, I  
25 have firsthand knowledge that in order to maintain safe



1 environments in those refineries, safe working environments  
2 for all of our members in those refineries, and to preserve  
3 the gas supply for our communities, those margins are  
4 sufficient and they're not excessive. So I think it's, you  
5 know, Director Bohan or Vice Chair Gunda who indicated  
6 That -- who pointed out that there's a lot of nuanced facts  
7 behind the scenes in that graph showing gross margin.

8 And so I appreciate and am thankful that you're  
9 taking the time to say, hey, there's further study  
10 necessary here to protect the workforce, to maintain safe  
11 supply, and that not doing that -- not taking action in an  
12 effort to falsely protect consumers. And so we stand with  
13 you and support of taking action, in concurrence with  
14 staff's recommendation at this time.

15 Thank you.

16 MS. BADIE: Thank you.

17 Okay, Tom O'Connor, we're going to try your line  
18 again. I'm going to unmute. Depending on your settings,  
19 there's a pop-up that will ask you to unmute on your end,  
20 and then you can begin.

21 MR. O'CONNOR: Okay, can you hear me?

22 MS. BADIE: Yes.

23 MR. O'CONNOR: That was a yes?

24 MS. BADIE: Yes.

25 MR. O'CONNOR: Okay. All right. Thank you. My

1 name is Tom O'Connor, T-O-M O apostrophe -C-O-N-N-O-R, and  
2 I'm with ICF Consulting. We've been supporting CEC on the  
3 transition work, and we presented at the April 11th, 2024  
4 workshop on gasoline margin management.

5 I worked in the refining and supply business with  
6 Mobil Oil until 2000, and subsequently have been with ICF,  
7 working on fuels management and infrastructure resilience  
8 for a number of states and the federal government.

9 My purpose in commenting is to support, based on  
10 my knowledge of both the market in California and the many  
11 stakeholders in California and in neighboring states, the  
12 difficult decision that the CEC has made today. The  
13 implementation of a margin management program would result  
14 in a number of unanticipated consequences, which could  
15 ultimately result in even more refineries closing before  
16 the growth in electric vehicles reduces gasoline demand.  
17 This would be leading to more and more imports of gasoline,  
18 as others have said. And also, the sources of additional  
19 gasoline would result in higher costs for consumers, many  
20 of whom may not be able to afford electric vehicles.

21 Moreover, consumers in Arizona and Nevada do not  
22 have much ability to receive more fuel from other markets,  
23 and they are also at risk with California refinery  
24 closures.

25 I think it's important to allow time for the

1 transition strategy to evolve and appreciate that the state  
2 and Commission are working hard to get California where you  
3 want to be with a minimum of price volatility and supply  
4 shortages.

5 The early commenter who -- the earlier commenter  
6 who suggested that the state wake up should appreciate that  
7 the state and Vice Chair are, in fact, recognizing his  
8 concerns. And they're also trying to recognize the  
9 concerns of citizens in fenceline communities. It's a  
10 delicate balancing act. The recommendation to push back  
11 the margin management regulation and to focus on a suite of  
12 other solutions can make a significant difference to  
13 consumers, as well as the industry, as California moves  
14 forward with the mid-transition to a cleaner environment.

15 Thank you for the time.

16 MS. BADIE: Thank you.

17 And Michael H., we're going to try to get your  
18 audio again. So open your line and then you should see,  
19 depending on your settings, you should see a pop-up that  
20 asks you to unmute. You'll need to unmute on your end to  
21 feed your audio into our Zoom.

22 MR. HERNANDEZ: Okay, hey, we got it this time.  
23 Can you hear me?

24 MS. BADIE: Yes.

25 MR. HERNANDEZ: Okay. Yeah, Michael Hernandez,

1 M-I-C-H-A-E-L H-E-R-N-A-N-D-E-Z. I'm a Local 302 Contra  
2 Costa County electrician, and I'm definitely supporting the  
3 pause.

4 And I want to say just real quickly, one of the  
5 big things, I've worked in refineries for over 25 years.  
6 I've worked on a lot of PHAs and consent decree projects,  
7 which are regulatory projects. And it is definitely, in my  
8 opinion, state regulations that have helped these  
9 refineries to move out of our state and not help them to  
10 stay here. That's just my opinion, but I've seen the hoops  
11 that refineries have to jump through.

12 I will also say, this EV mandate that we're going  
13 towards electric vehicles, at this point in time it's  
14 completely unsustainable. I mean, we had in Costa -- I  
15 live in Solano County, we've had four outages just this  
16 week from PG&E. It's not good. So we definitely need to  
17 look at a lot of things before we move forward with this.

18 But I do appreciate the pause that you guys are  
19 implicitly, and it is a good thing for us. Refineries are  
20 my whole career. I know tons of people in every different  
21 craft that work there that have their livelihood there,  
22 and, definitely, it would destroy California if we lose  
23 another refinery.

24 And that's really all I have to say, but thank  
25 you very much for the time.

1 MS. BADIE: Thank you.

2 All right, then this is the last call for public  
3 comment for this item. All right, I am not seeing any  
4 further raised hands.

5 Back to you, Vice Chair.

6 VICE CHAIR GUNDA: Thank you, Mona.

7 And thank you to everybody who commented. I just  
8 want to say thanks to, you know, the colleagues from  
9 consumer advocates, labor colleagues who are in the room,  
10 and those who are joining virtually, the environmental  
11 community, the private citizens in and around the  
12 communities, as well as the environmental justice. I think  
13 we've heard from a lot of, you know, stakeholders and the  
14 broad diverse perspectives, and that just points to the  
15 complexity of the mid transition and the importance of  
16 being deliberate and cautious and mindful as we move  
17 towards an adaptive management over the next 20 years of  
18 decarbonization in California.

19 I would invite the Commissioners to see if they  
20 have any questions, first, and comments. And I will close  
21 the call.

22 COMMISSIONER MCALLISTER: Great.

23 VICE CHAIR GUNDA: Commissioner McAllister?

24 COMMISSIONER MCALLISTER: Great. Thank you, Vice  
25 Chair Gunda. I'm really happy to hear all these comments.

1 I want to just thank everyone in the room and online for  
2 your attention to this. This is a very big deal; right?

3 And, you know, I want to first give kudos to Vice  
4 Chair Gunda for managing what's been a very, I think, long  
5 and complicated process with a lot of stakeholders. And I  
6 think all of you can imagine how many conversations, you  
7 know, he and his staff have had about this, both large and  
8 small, and just trying to connect lots of dots, first,  
9 identify those dots, connect them, and try to figure out  
10 how to navigate a path through this complicated landscape.

11 You know, I think the term managed transition  
12 really is appropriate here. It sounds like almost  
13 everybody agrees that that's what we need, regardless of  
14 kind of where they sit or stand in this conversation. And  
15 the CEC has been assigned a really difficult task. You  
16 know, it's tough homework to get done, and there's urgency.  
17 So I think really, again, I just want to appreciate  
18 everyone's engagement on this because it has been very  
19 active.

20 You know, markets, a couple of people said,  
21 markets like certainty. It's absolutely true. And so, you  
22 know, I think the goal here of both acknowledging the  
23 trends and the fact that, Drew, you laid out in the  
24 presentation, thanks for that, the fact that gasoline  
25 combustion vehicles, you know, gasoline consumption is

1 declining and will continue to decline, that's what the  
2 forecasting says, and there's some, you know, uncertainty  
3 bars around that, but that's pretty clear that that's going  
4 to happen. It will continue to happen.

5           And so how, the question, how do we maintain some  
6 level of predictability and stability in the marketplace,  
7 and what, you know, and engage in a planning process in a  
8 very intentional way that avoids these discontinuities that  
9 we're talking about, right, like the lumpiness of the  
10 refinery side doesn't match the relative smoothness of the  
11 demand side, and so that presents these discontinuities,  
12 and they're hard to navigate. So we have to figure out  
13 ways to do that, relying somewhat on imports but not as  
14 much as we might; right? So I really appreciate the  
15 complexity of this task.

16           Let's see, I think I also want to just  
17 acknowledge, you know, repeat the acknowledgments and  
18 reinforce those, you know, Vice Chair Gunda, the staff at  
19 the Energy Commission, Drew, you mentioned Jeremy Smith and  
20 Aleecia, but also -- and the advisors in Commissioner  
21 Gunda's Office as they've been working overtime on this, as  
22 well as the Chief Counsel's Office, a lot of legal content.

23           And I also want to acknowledge or point out that  
24 this, you know, I've been briefed periodically on progress  
25 and sort of the context here through its evolution. And I

1 want to highlight just that the data collection authority  
2 that, you know, was a previous sort of point of controversy  
3 and discussion in the evolution of our work here, the  
4 Commission's work, and the standing up of DPMO and, you  
5 know, all that water that's now kind of under the bridge,  
6 that data collection authority has been incredibly  
7 important to get where we are, to underpin the analysis, to  
8 give it the level of seriousness and rigor that it has  
9 needed and will need.

10           And so I think I want to also call out the  
11 Division and all the analysts that Jeremy leads on this.  
12 It's just been a huge amount of work. But I think that  
13 data, that informational infrastructure, that knowledge of  
14 the landscape, that detailed sort of insight that staff can  
15 now develop with Vice Chair Gunda's leadership, that is a  
16 huge resource for us to try to get to a point, to do the  
17 right thing at each moment and try to get to a point of  
18 consensus and sustainability, you know, relative consensus  
19 and stability in these markets.

20           And also to avoid, you know, to create  
21 transparency and accountability out there, avoid opening  
22 doors to gaming and other. You know, we are looking at  
23 market manipulation and trying to understand whether that's  
24 happening, and so that's really important. I think that  
25 sunshine is really important.



1           So, you know, we still, in my view, you know, we  
2 still need some credible threat of consequences over the  
3 longish term as we -- as sort of this unfolds ahead of us,  
4 but five years is a good kind of detente period, I think,  
5 or sort of horizon, and we will learn a lot. We're only a  
6 couple years into this, and I think we'll continue to learn  
7 and grow expertise and work with stakeholders and really  
8 understand better what the options are for charting a path  
9 forward.

10           So, you know, petroleum prices are volatile in  
11 the best of times, right, even when nothing particular is  
12 going on. And here, you know, in California, we're in a  
13 particularly active moment. So, you know, I think that  
14 time, buying a little bit of time here, having a little bit  
15 of time to collaborate and to keep the table set for a  
16 productive conversation is really important.

17           And along those lines, I do want -- I do have one  
18 question for -- it could be for Drew, or Jeremy, I see  
19 you're online as well. What sort of -- so this is we're  
20 sort of saying, look, we're not going to use this  
21 particular tool for five years if we approve this. Could  
22 you sort of describe what ongoing tools we have for doing  
23 what I kind of just described, keeping things transparent  
24 and accountable and sort of maintaining a conversation that  
25 enhances the rigor and the depth of our understanding here

1 so we can continue to -- so we can take advantage of this  
2 pause?

3 MS. BADIE: I think --

4 COMMISSIONER MCALLISTER: Where's Jeremy?

5 MS. BADIE: -- we're not hearing from Barstow.  
6 It might be the internet.

7 COMMISSIONER MCALLISTER: Yeah, we're not hearing  
8 you, Drew.

9 VICE CHAIR GUNDA: Jeremy is --

10 COMMISSIONER MCALLISTER: Jeremy is on, as well.

11 EXECUTIVE DIRECTOR BOHAN: Can you hear me now?

12 COMMISSIONER MCALLISTER: Yeah, we can hear you.

13 EXECUTIVE DIRECTOR BOHAN: Okay, so I'll posit  
14 that. Absolutely, we're continuing to move forward  
15 collecting data. We're analyzing the data that's required  
16 for us to evaluate when we're in an implementation-based  
17 senses something. So we're continuing to listen, to learn  
18 from others that are out there.

19 Our focus is consistently about involving  
20 consumers. As I mentioned earlier, all the tools in this  
21 legislation and its companion legislation for the X2-1 is  
22 designed to benefit of the consumer. Collecting data,  
23 analyzing and sharing reports to eliminate these issues  
24 with the public, these all benefit the consumer. We just  
25 haven't seen any evidence yet that imposing the max margin

1 benefit the consumer. Indeed, we've seen a lot of evidence  
2 that strongly suggests that doing so might hurt consumers,  
3 I think, if we have precipitously.

4 So we're keeping an open mind. We've approached  
5 this from day one with an open mind and in good faith. And  
6 we will look for that evidence. But we're careful about  
7 harming the very consumer we're trying to protect by either  
8 voting precipitously or not sending a signal to the  
9 industry that you should continue to invest and maintain  
10 safe facilities for your workers and the communities and  
11 for Californians.

12 COMMISSIONER MCALLISTER: Thanks.

13 Jeremy, did you want to add something, anything?

14 MR. J. SMITH: Yeah, I was just going to --

15 COMMISSIONER MCALLISTER: Drew, thank you.

16 MR. J. SMITH: Yeah, of course. Thank you. And  
17 I was just going to add that, you know, of course, as Drew  
18 mentioned, we'll continue to investigate this. And, you  
19 know, we also just opened an informational proceeding,  
20 recognizing that this is really complex and a lot more work  
21 needs to be done. And so we'll continue to investigate the  
22 other tools that we have, and they need to, you know, work  
23 in symphony to help solve this really complicated problem.  
24 And so a lot more work lies ahead.

25 We need the data to support all that as well and

1 look forward to a lot of engagement in helping us come to  
2 grounded data-driven decisions and policymaking in, you  
3 know, the months and years ahead, knowing that we're in  
4 this for the long haul; right? This is a really  
5 challenging mid-transition, and so we'll use all the tools  
6 that we've got in the future.

7 COMMISSIONER MCALLISTER: Thanks for that.

8 And finally, I'll just wrap up by saying, you  
9 know, really, again, thanks for all the comments from folks  
10 paying attention. The labor community, those workforce  
11 issues are super important. And the just transition  
12 points, you know, we're listening to you on that. And it's  
13 important to all of us, no doubt.

14 But also, the other stakeholders, you know,  
15 across really all parts of civil society and, you know,  
16 professional engagement, as well, just a lot of knowledge  
17 in the room. And we really appreciate you and want to make  
18 sure that you -- or want to just ask you to continue to be  
19 engaged and help inform this process going forward. That's  
20 what the process is for.

21 So we want to really hear from everybody who has  
22 a stake in this. I mean, really, it's all Californians.  
23 But those of you who have been engaged, it's really  
24 critical to keep doing so. I know it's a lot of effort,  
25 but I really appreciate you for helping us get to answers

1 and actions that are meaningful.

2 So with that, pass it to you, back to you, Vice  
3 Chair.

4 VICE CHAIR GUNDA: Thank you, Commissioner  
5 McAllister.

6 Chair, do you have any comments or questions?

7 CHAIR HOCHSCHILD: Yeah, I just really wanted to  
8 extend my thanks to you, to Jeremy, to the whole team, to  
9 Drew, for all the work, and all the stakeholders for  
10 sharing views of what is a very complex and contested  
11 issue.

12 I just really want to say I am incredibly  
13 grateful to you, Vice Chair, for leading us and for  
14 exercising this very, very shrewd judgment on this complex  
15 issue and (indiscernible).

16 Thanks.

17 VICE CHAIR GUNDA: Thank you, Chair.

18 So I just want to provide my comments before we  
19 take the vote. And I just want to begin by saying thanks  
20 to the staff and --

21 COMMISSIONER MCALLISTER: I think  
22 (indiscernible)?

23 VICE CHAIR GUNDA: Commissioner Gallardo, I  
24 believe, has left.

25 COMMISSIONER MCALLISTER: Oh, okay.

1 VICE CHAIR GUNDA: She has another engagement.

2 CHAIR HOCHSCHILD: We're down -- I apologize for  
3 not being there in person. We're down in Barstow for a  
4 siting hearing for a new solar and storage project, so  
5 she's had to go begin that, I'll join her in a minute  
6 (indiscernible).

7 COMMISSIONER MCALLISTER: I did not catch that.

8 VICE CHAIR GUNDA: Thank you.

9 So, yes, I just wanted to begin by thanking the  
10 incredible work of my staff. Again, when we say staff,  
11 there are many divisions here. The Chief Counsel's Office  
12 on the legal side. We have the Executive Office, the  
13 Energy Assessments Division, and all the work that they  
14 have to do. The groups that are, you know, usually not  
15 right in the middle are the Comms, you know, Team, because  
16 they get a lot of media requests on trying to explain what  
17 we're trying to do, as well as the Legislative Affairs.  
18 Apart from that we have the DPMO, who is within the Energy  
19 Commission, it's an industry Division, but all the work  
20 that they do.

21 So I do want to call out a couple of staff. You  
22 know, particularly, let me just say Chad from the Legal,  
23 the amount of time that Chad has been putting into this.  
24 Jeremy, who you just heard from. Drew Bohan from the  
25 Executive Office. Just a big thanks to Courtney from the

1 Media Office, and Nikki and her team -- you know, sorry,  
2 from the Media Office and the Legislative Affairs.

3 I usually kind of forget, you know, to thank the  
4 people who are closest to me, who is my office. I tend to  
5 forget them in providing thanks. I just want to say thanks  
6 to Theresa and Jane and others who work on this. That's  
7 really, really important.

8 But I want to pause and say thanks, Aria. Thank  
9 you. It's been an incredible journey for her. She started  
10 on this project from day one, and I did not know what I  
11 would do without her. So for all the good work that you do  
12 and, you know, standing, you know, alongside on this  
13 journey, that's been not easy. So thank you for your work  
14 and public service, and the lot of money you make. It's  
15 important to me.

16 So with that, I just want to make sure I also  
17 kind of ensure that I thank the CEC consultants. We have  
18 ICF, who is a part of the team. Stillwater. We have right  
19 now professors from the University of Notre Dame,  
20 University of Davis, California. So we have a number of  
21 consultants who are working with us to help inform this  
22 complex issue, and as I mentioned prior, DPMO, who is set  
23 up to provide input to do the Commission's work.

24 Also, many, many stakeholders. As Commissioner  
25 McAllister mentioned, we had hundreds and hundreds of

1 conversations over the last couple of years, and the cross-  
2 agency Petroleum Strategy Task Force. All the input you  
3 provide, you know, wherever we are landing today, I just  
4 want to recognize your input and how it shapes the  
5 conversation we have. So I just want to give a big thanks  
6 to everybody.

7 I usually don't have this much comments written,  
8 so I'm going to go through these comments, because this is  
9 really important to state on the record.

10 So this is definitely not an easy feat on what  
11 we're trying to do. I know how much effort went into not  
12 only this resolution, but the staff report that supports  
13 the findings. Again, thanks to DPMO and their continued  
14 contributions into the work we do and all the nuances that  
15 go into the analysis and oftentimes really hard to explain  
16 in a short presentation.

17 So we look forward to thinking through how GGRM  
18 should be considered et al, and what does it mean for  
19 industry participants, and specifically the different  
20 business models. The statute asks us to provide one GGRM,  
21 so one particular gross margin penalty, for all the  
22 industry, and then asks us to work with the industry on the  
23 exemptions. So it's complicated enough to first develop,  
24 you know, the cost benefits of a margin, but then, you  
25 know, implementing that through refinery by refinery and



1 how best to suite that is not an easy effort. And I just  
2 want to put that on record that takes time and that's what  
3 we are continuing to do.

4 The postponement of this work on the margin cap  
5 and prioritizing the work at hand, the resupply and minimum  
6 inventory, does not mean postponement or pausing of the  
7 data collection and continuing analysis by staff and the  
8 stakeholders to ensure that we're protecting consumers in  
9 the end.

10 The tools that CEC has available are the result  
11 of extraordinary dedication from the governor and the  
12 legislature through two special sessions responding to  
13 risks to the consumers. We are grateful for their hard  
14 work and their attention to this issue. We are in a much  
15 better place as a result of their leadership, and we  
16 understand now, compared to two years ago, you know, what  
17 we did not know.

18 The recognition that this transition, this mid  
19 transition requires a lot of leadership, especially from  
20 the governor, the legislature, the powers there are in  
21 California, is extremely important to ensure that  
22 ultimately the goals of clean, reliable, affordable,  
23 equitable and safe energy continues to be available to all  
24 Californians. There is no simple answer here. And as we  
25 balance these different priorities, we have to understand

1 the pros and cons and move forward intentionally in the  
2 best way we can.

3 I want to thank, again, the governor and the  
4 legislature in trusting us with these tools and  
5 understanding the complexity of the issue of consumer  
6 protection at the pump and providing us with a toolbox and  
7 guardrails to find possible outcomes. Careful analysis are  
8 needed to use the tools appropriately, and we will continue  
9 that analysis.

10 I also want to note that the Commission has  
11 already done some work on the GGRM. The CEC hosted three  
12 workshops, in November 2023, April 2024, and September  
13 2024. A Request for Information was released on March  
14 27th, 2024, and closed on May 3rd, 2024. And this RFI, or  
15 a Request for Proposals -- or Information, was widely cast  
16 given the complexity of the situation to solicit input, not  
17 only from California but from experts all over the world.  
18 We only received four responses, and the responses did not  
19 help us to construct a solution.

20 At our workshops, we had three specific inputs  
21 and views that were provided. The DPMO assessed that if  
22 the cap and penalty are introduced, refiners will refiner  
23 more product reach the pre-penalty levels. There was an  
24 opportunity which we need to continue to investigate.

25 Stillwater Associates, who is a part of the

1 consulting team, remarked that if a cap and penalty is  
2 implemented, refiners will likely move their prices as  
3 close to maximum as possible, as evidenced in Hawaii. This  
4 was on the record.

5 And finally, as ICF has stated, that there can't  
6 be a one-size-fits-all solution for the cap and penalty  
7 since the various sales channels impact refinery margins,  
8 and that's an important thing to consider.

9 Following these findings and assessments of our  
10 current market need for a wholistic approach to the  
11 transition, staff are recommending a reprioritization of  
12 the GGRM and penalty and focus on the other tools at hand,  
13 which should really impact the increased supply in  
14 California, that is the resupply and minimum inventory.

15 Reprioritizing the implementation of the GGRM and  
16 penalty is not something I take lightly. I have been part  
17 of those two special sessions. And as our office currently  
18 counts, I think I've been -- I've testified over 10 times  
19 in front of the legislature on all sides of this issue.  
20 And I have been, today with the labor colleagues, you know,  
21 in the room, and you expressed, you know, concerns around  
22 the passage of these special sessions, I know where I sat.

23 So I recognize, you know, all of their input  
24 today and just want to note for the record that I do not  
25 take this lightly as we move forward. I believe that if

1 analyzed and studied, it could be a useful tool. And we  
2 need to continue to truly believe that California has to  
3 solve the supply problem to ensure that the consumers are  
4 ultimately protected. And as we collect the data, move  
5 through a public process, if we do find that GGRM is a  
6 valuable tool, we need to debate that in a public sphere to  
7 ensure the implementation.

8           This is not a relinquishment of regulatory  
9 authority. What the Commission is trying to do right now  
10 represents deliberate and measured action demonstrating  
11 regulatory and policy alignment with the needs of mid-  
12 transition while preserving the CEC's authority to revisit  
13 the proposal based on evolving market conditions and  
14 analytical findings. And that is within the resolution.  
15 The Commission continues to retain the authority to un-  
16 pause and move forward with margin if that is deemed to be  
17 a useful tool.

18           And I want to make sure, given the comments we've  
19 heard on this, I would ask the staff to come back in a year  
20 and a half with the analysis, wherever we are, put the time  
21 necessary for the analytical progress and come back to the  
22 Commission to continue to show the progress in the  
23 analysis.

24           The petroleum supply stabilization  
25 (indiscernible) opened at the previous August business

1 meeting is our way to continue utilizing the tools  
2 wholistically given to us by the legislature under AB X2-1,  
3 harmonizing with the needs of the mid-transition and  
4 enabling the stable supply to support the stable prices at  
5 the pump. In the current market conditions, resupply and  
6 minimum inventories are assessed to be the strongest tools  
7 to have to protect consumers from price shocks and the  
8 associated price strikes.

9           The construct presented today by staff provides  
10 investor confidence for businesses necessary to continue  
11 investment in their refineries and thereby ensuring a  
12 reliable in-state refining capacity are more in line with  
13 the demand decline and protect the health and safety of the  
14 workers and communities. This is also not a recommendation  
15 to implement -- immediately implement a maximum margin and  
16 associated penalty in 2030 or in 2035, but to revisit the  
17 matter if the implementation is needed and, if warranted,  
18 perhaps suggest another similar reprioritization.

19           The CEC staff recommendation, the  
20 reprioritization of GGRM for five years while prioritizing  
21 the implementation of resupply and minimum inventory rules,  
22 and providing a pathway for the future exemption based on  
23 investments into the state, would provide the necessary  
24 industry and support a smooth transition in California.

25           We are now giving up permission to protect

1 California consumers. I personally truly believe that this  
2 pause would be beneficial to ensure that this mid-  
3 transition is smooth. And as the Commission continues to  
4 gather more information and continue analysis, if we  
5 establish that GGRM and penalty is best positioned,  
6 whenever we use it, it should best positioned to support  
7 consumer protection. And if it's so established, the  
8 Commission will act accordingly. But at the moment, it  
9 does not seem that way.

10           What we are considering today is one piece of  
11 navigating a pivotal challenge we are facing as a state,  
12 transitioning away from petroleum-based fuels to clean  
13 alternatives to meet the urgency of climate crisis, all  
14 while protecting consumers, workers, and communities. This  
15 is a hard job. This job is not easy. We need to make sure  
16 we are working together, in trust, wholistically and  
17 collaboratively.

18           While in the midst of this transition, we will  
19 continue to face many new challenges as we have both legacy  
20 petroleum system declining and a new clean system growing  
21 at the same time, a period that has been described in  
22 scholarly work by Doctors Emily Grubert and Sara Hastings-  
23 Simon is a mid-transition phase. During this mid-  
24 transition phase, we need careful wholistic planning and  
25 policy implementation. We also need investment in both the

1 legacy system, as well as the new clean system to smoothly  
2 and successfully transition.

3 This is an incredibly complex problem to  
4 navigate. No one else has done this in the entire world  
5 successfully, and it will require a sector-wide transition  
6 approach and adaptive management as we move through  
7 uncharted territory. The risks of an unmanaged decline of  
8 the legacy petroleum fuel system to consumers, to workers,  
9 to public health, and continued progress towards climate  
10 goals are substantial. And we need to ensure that the  
11 transition is well-managed.

12 We believe there is an urgent need to take steps  
13 now to stabilize the legacy industry for a manageable  
14 transition. We are focusing on ways to maximize market-  
15 driven solutions in this moment.

16 At the same time, we must double down. It's  
17 really important at the same time that we must double down  
18 on our investment in a clean energy future and commitment  
19 to protecting public health, consumers, workers, the  
20 environment, and chart a path towards a wholistic, managed  
21 transition.

22 In our office's response to the governor in June,  
23 we outlined different recommendations for the near to long  
24 term, including near-term stabilization and broad  
25 transition strategy. And I want to recognize that in the

1 recommendations we provided to the governor, those are not  
2 or, those are and. All of them have to be done. You have  
3 to double down on figuring out measures to address climate  
4 change while ensuring there is an industry-wide  
5 stabilization.

6           The action we are taking today in considering is  
7 one part of a wholistic picture. We heard from the  
8 industry over the last several years that the uncertainty  
9 of the level of a maximum margin or the timing of  
10 imposition, one, creates uncertainty in financial analysis.  
11 And that lack of quality discourages future investment.  
12 This risks the safe and reliable operations of  
13 infrastructure with the risk to workers and the public, and  
14 the rapid loss of refining capacity in the state much  
15 faster than the demand decline, with consequences of  
16 California consumers, workforce, and communities' struggle.

17           One of the core things I want to again reiterate  
18 as part of this wholistic transition is we need to ensure  
19 that there are protections for labor in the communities  
20 that work and live around these refineries. Some of the  
21 things we can do is to ensure funding for just transition  
22 for both communities and labor. We need to think about  
23 asset retirement plans. And we need to work on proper  
24 safety management regulations. All of them have to be  
25 consistently done along with the work that we're trying to



1 do today.

2           With this action today, industry understands that  
3 CEC is going to be transparent and intentional in  
4 developing any use of the maximum GGRM and penalty. Our  
5 action, which will support investor confidence to retain  
6 safe and reliable operations of refineries as long as we  
7 need them and consumers during the potentially period of  
8 transition, this is us not walking back. No tools are  
9 being given up. This is a careful consideration of  
10 implementation of the tools we have been given, including  
11 pre-planning, industry transparency, resupply, and minimum  
12 inventory, in order to support stable fuel supply devices  
13 and a smooth transition of the transportation sector.

14           We are in this position with tools available to  
15 us because of a strong leadership of the governor and the  
16 legislature. In the spirit of the responsibility the  
17 legislature entrusted us from two special sessions, giving  
18 us tools and guardrails, consumer protection is the primary  
19 mandate for the CEC. And this recommendation is taken with  
20 responsibility and that seriousness.

21           And I just want to close by saying this.  
22 You know, we've heard a few comments. And, again, I really  
23 appreciate the diversity of opinions, and it's -- I  
24 appreciate, wherever this Commission is sitting, the  
25 accountability we face from different stakeholders. If we

1 abdicate consumer protections by doing this, we will  
2 quickly un-pause this. That is not the current assessment.  
3 In the resolution we have today that shows, if the  
4 Commission's analysis, continued analysis, show that this  
5 is a valuable tool, we have the opportunity to un-pause  
6 this.

7           One of my colleagues commented that, you know, I  
8 will not be here, you know, I might not be here to continue  
9 this work. I just want to say, this is not about me. This  
10 is a whole Commission. This is a thousand staff that come  
11 in here, sweat and blood every day, to make sure that  
12 Californians are protected. Whether I'm here or not, there  
13 will be other Commissioners, other staff that will do what  
14 needs to be done to protect the consumers, no matter how  
15 hard it is. That is part of the job. And here we are  
16 together to make it happen.

17           And again, I want to make sure I reiterate my ask  
18 to the staff, given the input we had today, let's make sure  
19 we bring the analysis back, you know, make sure we show the  
20 progress, continued data and analysis over the next year  
21 and a half, and then have touchpoints, regular touchpoints  
22 to ensure that we have that.

23           In conclusion, just again recognizing the  
24 diversity of opinions, we can have very, very different  
25 ideas, and reasonable minds can diverge. And this is the

1 staff's recommendation and I fully endorse that this is the  
2 right step for the Commission with the knowledge we have  
3 today. And I just urge the support of the Commissioners.

4 With that let's progress to vote.

5 And before that, Commissioner McAllister, would  
6 you move the item?

7 COMMISSIONER MCALLISTER: Yes, move this item.

8 VICE CHAIR GUNDA: Chair, would you have a  
9 second?

10 CHAIR HOCHSCHILD: Seconded.

11 VICE CHAIR GUNDA: Okay. I will now move to the  
12 vote.

13 Commissioner McAllister?

14 COMMISSIONER MCALLISTER: Aye.

15 VICE CHAIR GUNDA: Chair?

16 CHAIR HOCHSCHILD: Aye.

17 VICE CHAIR GUNDA: I vote aye as well.

18 Commissioner Gallardo is not able to vote at the moment,  
19 and we don't have Commissioner Skinner to be present. So  
20 with that, the resolution is 3-0.

21 Thank you all.

22 CHAIR HOCHSCHILD: Thank you.

23 COMMISSIONER MCALLISTER: Thank you. Good job.

24 VICE CHAIR GUNDA: So with that, let's move to  
25 item -- so Item 5 is removed from the agenda, so we'll go

1 to Item 6, Lead Commissioner and Presiding Members'  
2 Reports. I know we just did a --

3 CHAIR HOCHSCHILD: Nothing from me here.

4 VICE CHAIR GUNDA: -- business meeting. I do not  
5 have any.

6 Commissioner? Chair?

7 CHAIR HOCHSCHILD: Well, might we --

8 VICE CHAIR GUNDA: Yeah?

9 CHAIR HOCHSCHILD: So I would request we postpone  
10 that until the next meeting. I'm really late for this --

11 COMMISSIONER MCALLISTER: Yeah.

12 CHAIR HOCHSCHILD: -- next hearing. If that's  
13 okay?

14 COMMISSIONER MCALLISTER: Yeah.

15 VICE CHAIR GUNDA: Oh, okay. Great.

16 CHAIR HOCHSCHILD: Thank you.

17 VICE CHAIR GUNDA: We need you to close. We have  
18 a quorum and close, so let's just wait, quickly.

19 Moving to Item number 7, Executive Director's  
20 Report?

21 EXECUTIVE DIRECTOR BOHAN: No report. Thank you.

22 VICE CHAIR GUNDA: Turning to Item number 8,  
23 Public Advisor' Report.

24 MS. BADIE: No report.

25 VICE CHAIR GUNDA: Moving to Item 9, Chief

1 Counsel's Report.

2 MR. RANCHOD: No report today. Thank you.

3 VICE CHAIR GUNDA: Thank you. With that, the  
4 meeting is adjourned. Thank you all for your  
5 participation.

6 COMMISSIONER MCALLISTER: Thank you.

7 (The business meeting adjourned at 1:42 p.m.)

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