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Comments on Informational Proceeding on Petroleum Supply Stabilization

Additional submitted attachment is included below.

To: California Energy Commission
From: Jeremy Martin
Date: October 7th, 2025
Subject: Comments on Informational Proceeding on Petroleum Supply Stabilization
Docket Number 25-OIIP-02

Thank you for the opportunity to comment on the September 24th workshop on stabilizing California's petroleum supply. The presenters did a good job explaining the situation and made a strong case for California Energy Commission (CEC) to proceed with implementation of a minimum storage requirement.

As both Dr. Moreno from the CEC Division of Petroleum Market Oversight and Dr. Cummings from Stanford University explained, it is textbook economics that in a market as extremely concentrated as California's gasoline market, the interests of the refiners are misaligned with those of consumers. Specifically, the economically optimal level of storage for refiners is lower than for consumers because refiners profit from price spikes that harm consumers. This requires some thoughtful policy intervention to align incentives.

Jodie Muller from the Western States Petroleum Association argued that if such an intervention was poorly designed it could have unintended consequences. This is a fair point, but it speaks to the need to implement the storage requirements in consultation with industry and independent experts to avoid these bad outcomes. While there are risks from a poorly designed policy, there are even greater risks from failing to act to protect consumers when the misaligned interests are so clear.

I also appreciated the testimony of Julia May from Communities for a Better Environment and Norman Rogers from United Steelworkers Local 675, who highlighted the health and safety risks for communities and workers from the ongoing operations of oil refineries, especially if they are not operated safely, and the consequences when they close. While fuel availability and price stability are important foci of CEC's work, the health, safety and economic impacts on workers and communities are also important priorities. It's also important that short term policies to stabilize supply do not impede long term progress to phase out petroleum in the interest of public health and the environment.

Previous UCS work on [Lessons Learned from the Philadelphia Refinery Closure](#), highlights that when refinery owners are preparing to leave a market, they may fail to adequately investment in the safe operations of their facilities, putting workers and communities at risk. This is another critical misaligned interest between refinery operators and the people of California that requires policy intervention. The extent of this misalignment is likely to persist and increase over the course of the mid-transition.

I also support the point Dr. Cummings made about directly supporting workers and communities rather than bailing out refiners and hoping the benefits trickle down. We have a lot of experience, including from the previously mentioned UCS study on the closure of the Philadelphia Energy Solutions refinery, to know that subsidies refiners get in the waning days of their businesses will benefit their shareholders rather than workers or communities.

Even as I write this comment, there is news of yet another explosion at and fire at the Chevron refinery in El Segundo. This is yet another reminder that the state must exercise vigilant oversight to protect the health and safety of refinery workers and communities and it manages a careful and deliberate transition from dangerous and polluting fossil fuels to cleaner safer energy systems as part of a [Petroleum Phaseout Plan for California](#). We look forward to reviewing and providing feedback on the delayed Transportation Fuels Transition Plan, once a draft is released for review.