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**WSPA Comments on 9-24-2025 Petroleum Supply Stabilization OIIP
Workshop 10-8-2025 Docket 25-OIIP-02**

Additional submitted attachment is included below.



Jodie Muller
President & CEO

October 8, 2025

California Energy Commission
Docket Unit, MS-4
715 P Street
Sacramento, California 95814

Uploaded to **Docket 25-OIIP-02**

RE: WSPA Comments on Petroleum Supply Stabilization Workshop – Informational Proceeding

The Western States Petroleum Association (WSPA) appreciates the opportunity to comment on the California Energy Commission's (CEC) September 24, 2025, "Petroleum Supply Stabilization" informational proceeding workshop¹ to implement Assembly Bill (AB) X2-1 (2024) and Senate Bill (SB) X1-2 (2023). WSPA appreciates the CEC's ongoing dialogue with our member companies to better understand complex refining operations, but reiterates concerns we have raised to date with efforts to micromanage fuel inventories.^{2,3,4,5,6} Real-world market conditions show that California no longer has enough in-State refining assets left to meet its own demand – and announced refinery closures will only worsen this situation. We strongly discourage policies that would further burden operators, compromise competitiveness for in-State refiners, leads investors to lose confidence in California's market, and could compromise the ability to provide affordable and reliable fuels envisioned by these statutes.

Further measures are necessary to ensure continued investments in California's petroleum supply to meet current and projected consumer demand. To summarize the main points of this letter:

- **No economic consensus exists on the cost-benefit analysis of inventory mandates.** The workshop did not include operational, economic, or scientific analysis demonstrating that consumer benefits outweigh potential costs.⁷ WSPA notes that an academic consensus has not been established, indicating that further examination and modeling of the operational factors affecting production and costs related to inventory and resupply mandates is warranted.
- **State policy action is needed – more California mandates are not.** WSPA reminds the CEC and the Division of Petroleum Market Oversight (DPMO) that decades of compounding State policies created this situation. As the need to provide investor confidence is a critical component of achieving the goal of stabilizing supply as set forth by this workshop, we caution against adding layers of policy that lack a firm operational basis. WSPA supports policies that limits mandates, avoids unnecessary cost increases without clear consumer benefits, sets practical timelines, and aligns investment risks with what investors are willing to accept for energy infrastructure improvements.
- **Need for realistic planning timelines.** Staff should incorporate ongoing and realistic investment needs for consumers rather than planning only for scenarios that align with California's ambitious transportation technology-forcing mandates. A longer, more complex transition is expected.⁸

¹ See CEC Workshop on Informational Proceeding - Petroleum Supply Stabilization, September 24, 2025, at: <https://www.energy.ca.gov/event/workshop/2025-09/workshop-informational-proceeding-petroleum-supply-stabilization>.

² Western States Petroleum Association Comments - WSPA Comments on SB X1-2 Implementation Process; May 17, 2024.

³ Western States Petroleum Association Comments - WSPA Preliminary Comments on Gasoline Supply Reliability Workshop; Aug. 29, 2024.

⁴ Western States Petroleum Association Comments - WSPA Response to DPMO 9-13-2024 Letter; September 19, 2024.

⁵ Western States Petroleum Association Comments - WSPA Comments on AB X2-1 Resupply Framework Pre-Rulemaking Workshop; March 11, 2025.

⁶ WSPA Comments on Second AB X2-1 Refinery Resupply Pre-Rulemaking Workshop; March 17, 2025.

⁷ See The Brattle Group's analysis of minimum inventory requirements; August 2024 at pg. 10 Section "Summary" item 30.

⁸ The California Air Resource Board (CARB) recently sought to adopt an Emergency Vehicle Emissions Regulation, in response to Federal disapprovals of three preemption waivers previously granted by the United States Environmental Protection Agency to enforce its Advanced

We remain concerned that CEC and DPMO analysis of minimum inventories may be overestimating assumed consumer benefits while underestimating anticipated compliance costs. There is great potential here for unintended consequences that can hurt consumers across California, Arizona, and Nevada – directly contrary to statutory direction that the CEC *not* adopt regulations “unless it finds that the likely benefits to consumers from avoiding price volatility outweigh the potential costs to consumers”⁹ and Governor Newsom’s April 21st letter to Vice Chair Siva Gunda¹⁰ that the CEC “work closely with refiners...to help ensure that Californians continue to have access to a safe, affordable, and reliable supply of transportation fuels, and that refiners continue to see the value in serving the California market...”

WSPA agrees with concerns the CEC raised in its 2024 Transportation Fuels Assessment,¹¹ including how a minimum inventory requirement could create artificial shortages, increase prices for refiners, and that the State itself could be criticized for requiring refiners to withhold fuel supplies from the market. We wholeheartedly agree that it would also be beneficial for stakeholder participants to operate from a common understanding of basic industry facts going forward. Commentary that misunderstands contractual fuel import and export obligations, operational and regulatory constraints related to fuel specifications, or that presupposes that industry would compromise worker safety are not helpful to reaching policies that serves our collective interests. We look forward to working with the CEC to ensure that stakeholder participants have a better understanding of these important issues, including that which is explained below.

WSPA RESPONSE TO CEC STAFF PRESENTATION

To summarize the main points of this section:

- The State must realistically plan for a range of transportation demand scenarios while ensuring fuel supplies remain reliable and affordable for all consumers over coming decades.
- The CEC must work with industry to support the fuels market, rather than raise additional barriers.
- A robust information-gathering process is required as AB X2-1 forbids the CEC from adopting a resupply or minimum inventory regulation *unless* specified conditions are met.

While WSPA appreciates staff’s desire to balance fuel supply with meeting California’s ambitious climate policies over the next five years, we believe the State must also plan for a lengthier transition. This is especially important now given the numerous uncertainties associated with attempting to transition California’s entire transportation system to Zero-Emission Vehicles (e.g., infrastructure and permitting delays, elimination of Federal tax incentives for consumers, ongoing challenges to California’s vehicle standards, etc.). WSPA recognizes the challenges California faces in meeting its emissions reduction goals and believes that the transportation sector is integral in any solution. However, we have expressed concern that California’s transportation and energy policies are attempting to reduce affordable and reliable fuel supplies faster than consumers can afford. Ignoring affordability and reliability leads to volatile markets and higher prices, especially for economically disadvantaged individuals, which would only serve to compromise this “managed transition.”

We agree that the State Legislature has directed the CEC to proceed carefully and deliberately. Indeed, AB X2-1 expressly forbids the CEC from adopting any such regulation “unless it finds that the likely benefits to consumers from avoiding price volatility outweigh the potential costs to consumers.” WSPA reiterates here the importance of gathering a robust set of facts to legitimately support any such finding with respect to imposing a refinery resupply obligation and/or a minimum inventory requirement.

Clean Cars II and Advanced Clean Trucks, amongst other regulations. CARB argued that these waiver disapproval resolutions “introduced an unprecedented degree of uncertainty into the California market for new motor vehicles.” The CEC should be adjusting timelines accordingly given ongoing, and likely lengthy, legal challenges regarding these regulations. See CARB 5-Day Public Notice and Comment Period, Emergency Amendment and Adoption of Vehicle Emissions Regulations, at 2. Available at: <https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2025/emergencyvehemissions/notice.pdf>.

⁹ See AB X2-1 at: https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=202320242AB1.

¹⁰ See April 21, 2025, Governor Gavin Newsom letter to CEC Vice Chair Siva Gunda at: <https://www.gov.ca.gov/wp-content/uploads/2025/05/Newsom-Gupta-Letter-4.21.pdf>.

¹¹ See “Transportation Fuels Assessment: Policy Options for a Reliable Supply of Affordable and Safe Transportation Fuels in California” at: <https://www.energy.ca.gov/publications/2024/transportation-fuels-assessment-policy-options-reliable-supply-affordable-and>.

Resupply obligations that prevent or inhibit the free transaction of fuel on the open market will distort the market, further restrict available supply, and hurting consumers. Minimum inventory requirements may also have major drawbacks. The CEC previously identified,¹² that limiting the draw-down level for current in-service storage tanks will decrease working storage capacity, impeding the operational capability of refiners and marketers. It may also reduce strategic inventories by traders and non-refiners – a consequence of which should be evaluated by the CEC. Neither of these approaches are likely to prevent market volatility either. Please refer to The Brattle Group’s analysis outline of what would be needed to assess costs and benefits in quantitative terms.¹³

We urge the CEC to continue working with WSPA and our member companies to reach a mutually beneficial framework that supports supplying fuel to the market, does not raise additional barriers for in-State refineries, and does not compromise safety while seeking to mitigate potential consumer impacts. This includes working with refiners to prevent near-term refinery closures, incentivize infrastructure improvements to allow for additional imported fuels required to balance California’s gasoline market demands; and encourage in-State crude production to help lower crude oil and transportation costs.

WSPA RESPONSE TO DPMO STAFF PRESENTATION

To summarize the main points of this section:

- Market concentration will only intensify as more unique and costly California policies are introduced.
- California should now be actively working to help retain the few remaining in-State refiners.
- There is already a substantial amount of gasoline inventory, and DPMO has yet to demonstrate how maintaining even higher inventories would *not* undermine operational flexibility nor risk slowing production. Ignoring these factors may lead to more volatile and higher prices.
- A sophisticated market self-corrects for imbalances without the need for regulatory intervention.

DPMO Chief Economist Dr. Gigi Moreno continues to contend that California’s highly concentrated industry, which she says presents barriers to entry and misaligns incentives towards profit maximization rather than “secondary” concerns of supply and price reliability for consumers. This is a false narrative. Market concentration in California is directly attributable to numerous State policies, approved over decades, *actively seeking to shut down the petroleum industry* and force consumers to stop using gasoline and other petroleum products. As more unique and costly California policies are introduced (e.g., minimum inventory mandates, resupply obligations), this market concentration will likely only intensify, not recede. Additionally, there is no similar precedent – domestically or internationally – demonstrating the successful management of transitioning an entire economy from a free-market transportation fuel paradigm to one driven by select policies aimed at eliminating fuel demand by consumers in a free market. Given compounding implementation barriers that negatively affect California’s baseline planning scenarios to transition the entire transportation sector towards Zero-Tailpipe Emission Vehicles, and the very few refiners left in California to meet robust demand for decades to come, the State should be actively working in the best interests of all Californians to help retain those that are left – and that are operating under strict regulatory policies.

It is also a fact that California has refining capacity constraints – which have become more pronounced in recent years – to safely and reliably produce additional fuel supplies, and a finite amount of on-site tankage to store supplies at refineries needed in the gasoline production process. These gasoline tanks are used in the gasoline blending process; if one or more tanks are required for storage, the tankage available to blend gasoline will decrease, which would reduce the amount of gasoline sent to the market and likely create artificial fuel shortages. Even with recently enacted legislation,¹⁴ it is extremely difficult to build new tanks given the myriad of environmental, permitting, and potential legal challenges unique to California. California’s fuel supply chain already maintains substantial amounts of gasoline inventory; the DPMO has yet to demonstrate how maintaining higher inventories would not undermine operational flexibility and increase the risk of slowing production if the infrastructure cannot identify

¹² “Market-based Policy Concepts Overview & Issues” staff presentation to Petroleum Market Advisory Committee, August 16, 2016.

¹³ See The Brattle Group’s analysis of minimum inventory requirements; August 2024, at pg. 6, Cost-Benefit Analysis.

¹⁴ See SB 237 (2025). Available at: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260SB237.

viable outlets. Nor has it demonstrated how mandating additional inventory stockpiles *only at California refineries* would not come with significant additional costs for refiners, and potentially elevated prices, for consumers. Ignoring these factors may lead to more volatile and higher prices, further exacerbating California's already pronounced affordability and reliability challenges, especially for economically disadvantaged individuals who can least afford it.

California's fuel market participants actively work to address this market volatility if and when it arises. This is demonstrated in Dr. Gigi Moreno's presentation, where unplanned refinery incident reduces in-State supply and leads to an increase in the market differential spot price – in order to attract additional fuel supplies to California's market. Following the arrival of economically driven imports, prices stopped their upward trajectory and decreased in the market. A sophisticated market can self-correct for supply and demand imbalances; a higher price attracts additional product to the market, stabilizing and reducing prices for consumers. This occurs without regulatory intervention.

While DPMO supports the economic theory of how minimum inventories and/or resupply obligations could theoretically address price volatility in California, market dynamics and regulatory constraints also play critical roles in their real-world application. For example, supporting more marine imports to help reduce price volatility presumes the availability of port space, tankers, tankage, and pipeline capacity, and ignores regulatory constraints (e.g., California's unique Ocean-Going Vessels At-Berth Regulation) that can add to operational costs for these imported supplies. University of California Berkeley Professor Severin Borenstein also previously explained¹⁵ that, on a long-run trend basis, we are not seeing a widening gap of California's spot market relative to the rest of the country, so focusing on solutions like holding more inventory may mean we end up with solutions that do not address the problem – or make the problem worse by limiting supply to the market. Finally, DPMO has also yet to confirm with any certainty that mandatory inventory thresholds would prevent price volatility in California's market as was identified in the CEC's 2024 Transportation Fuels Assessment:

- “it may artificially create shortages in downstream markets”
- “[it] could increase average prices for refiners to maintain additional storage”
- “market equilibrium may likely emerge at a higher price level”
- “potential exists for the state to be criticized for requiring refiners to withhold fuel from the market”

WSPA RESPONSE TO ICF PRESENTATION

To summarize the main points of this section:

- Refiners are already utilizing resupply plans during planned events. Any resupply requirement could result in refiners withholding fuel from the market – which could have adverse regional impacts.
- Implementing resupply requirements could necessitate uneconomic strategies that could potentially lead to higher gasoline prices.
- California has significant economic, geographic, and market differences versus other countries.

WSPA appreciates comments made by Tom O'Connor, including how the slowing ZEVs transition correlates to a more challenging pathway to dramatically reduce gasoline demand; that more needs to be done to improve California production to keep pipelines operating for refineries; the need to enhance port capacity to accommodate large import volumes of both gasoline and blendstocks; and the challenges that imposing minimum inventory obligations only on in-State refiners can present. We agree that this raises equitability concerns, and reiterate our concerns with placing undue burdens on California's few remaining refineries that further risks their competitiveness.

WSPA has commented previously on a resupply requirement for refinery turnarounds, including at an 80% (or higher) level. We continue to believe it is wrong to assume that refiners are not already utilizing resupply plans during planned events. WSPA has raised concern that any resupply requirement, if not carefully crafted, could result in refiners withholding fuel from the market – which would not only adversely impact the California market, but would harm Arizona and Nevada consumers if refineries are

¹⁵ California State Assembly SB X1-2 implementation oversight hearing, May 15, 2024: <https://autl.assembly.ca.gov/hearings/2023-24-informationaloversight-hearings>.

required to withhold fuel supplies for the benefit of Californians. These types of impacts to states like Arizona and Nevada could ultimately lead to costly and time-consuming litigation. We therefore urge the CEC to further analyze whether refinery resupply requirements are indeed needed – and at what cost. Any requirement that keeps fuel from the market will require the market to increasingly resort to foreign sources.

Further, implementing resupply requirements could necessitate uneconomic strategies to secure non-spot market resupplies and additional capital to guarantee inventories that could potentially lead to higher gasoline prices. Not providing the necessary flexibility to take advantage of unique operational opportunities could result in compliance difficulties and potential conflicts with existing statutory requirements. Moreover, implementing import only-based resupply requirements would disincentivize in-State production, expose refiners to global market risks, and further strain import infrastructure. WSPA previously emphasized the need for flexibility in resupply source, quantity, and timing to minimize consumer costs and avoid unintended consequences.

We agree with ICF’s assessment that there is no comparable model for California. There are significant differences with Australia,¹⁶ which depends on imports for two-thirds of their total production demand. That nation also provided approximately \$1.8 billion in direct subsidies to keep their only two remaining refineries operational until 2027, provides funds for refinery upgrades, and makes certain production payments. They are also geographically located close to major Asian refining centers. California is not.

WSPA RESPONSE TO STANFORD INSTITUTE PRESENTATION

To summarize the main points of this section:

- Maintaining high inventory levels reduces available storage and may force refineries to reduce production, this may lead to *higher* average retail gasoline prices.
- Questions how a mandate results in negligible implementation costs and zero replacement costs.
- There are significant concerns with who, and how, releasing additional inventory would be decided.

WSPA agrees with Ryan Cummings that many challenging issues are being hastened by the closure of California’s few remaining refineries – including exposing Californians to price volatility. We disagree, however, that there would be minimal price impacts even if marine import capacity is expanded and in-State refining capacity decreases as part of a “managed transition.” While he presumes that there is a solid economic case academically for the implementation of new minimum inventory requirements, we raise significant real-world application and cost concerns for consumers. We also challenge the presumption that refiners do not have an incentive to keep adequate inventory on hand due to their exposure to incident-driven market volatility. Supply reliability is a cornerstone of the refining industry and expert refinery employees maintain appropriate inventories to ensure said reliability within operational and economic constraints. Intermediate and finished product tanks are part of a continuous production system whereby maintaining high inventory levels reduces available storage and may force refineries to reduce production. Moreover, holding excess inventory locks up capital and directly increases operating costs for refiners.¹⁷

WSPA requests additional data on how Mr. Cummings arrived at the conclusion that such a requirement would result in a small, one-time, negligible cost to implement the requirements and how the marginal cost to replace additional inventories once established would be zero. We would also request additional information on which policymakers Mr. Cummings envisions would make determinations on when to release inventories – and how any associated margins would be adjusted. We would have significant concerns should releasing additional inventory supplies be tied to events or indicators not directly tied to alleviating supply constraints in the market.

DETAILED WSPA RESPONSES TO GUIDING PANELIST WORKSHOP QUESTIONS

To summarize the main points of this section:

¹⁶ U.S. Energy Information Administration. “Australia Country Analysis.” International Energy Data and Analysis, EIA.gov.

¹⁷ See The Brattle Group’s analysis of minimum inventory requirements; August 2024, pg., Item 10.” Inventory holding costs.

- Any minimum inventory requirement would fundamentally conflict with operational flexibilities refiners need and would likely raise significant safety issues.
- Mandatory inventory thresholds remove supply from the market that refiners may otherwise sell.
- Any policy refinements must preserve operational integrity for refineries while avoiding any burdensome requirements.
- More must be done to “provide sufficient confidence to industry to invest in maintaining reliable and safe operations to meet continued demand” by addressing regulatory and administrative issues.

How do minimum inventory requirements align or conflict with existing refinery planning practices?

WSPA remains concerned that any “one size fits all” attempt by the CEC to micromanage in-State fuel inventories will not solve California’s structural fuel supply challenges.^{18,19,20,21,22,23,24,25} Especially if any minimum inventory requirement could unintentionally decrease supply and lead to *higher* average retail gasoline prices on an annualized basis for consumers. We have also raised significant questions regarding the availability of existing storage capacity at California’s refineries, and whether imposing such a requirement would even act to mitigate any short-term price volatility for consumers. It may, in fact, only exacerbate transportation fuel supply challenges across California, Arizona, and Nevada.

Any minimum inventory mandate would fundamentally conflict with operational flexibilities refiners need to produce fuels and would likely raise significant worker and public safety issues. For example, having to accommodate mandatory inventories requirements during planned maintenance periods undermines expert-led decision-making regarding turnaround timing, planning, and execution, thereby shifting control away from experienced refinery engineers and operators to State regulators with limited (if any) operational expertise or refining experience. This presents a significant safety concern.

Operating a refinery while efficiently managing inventory is an extremely complex process that requires real-time adjustments based on operational constraints and market demands. Refineries typically operate with dynamic inventory levels that balance throughput optimization, blending complexity, and supply reliability. This requires operators to adjust inventory levels based on operational constraints and market needs. As such, refiners generally set inventory targets at a reasonable level that provides operational flexibility for both the refining and downstream (or pipeline and terminals) assets, while still ensuring a reasonable level of supply to weather minor delays or unplanned disruptions. Whereas, setting minimum inventory levels could potentially push a refiner out of this range and into a mode of having to respond much more quickly and steeply should an operational issue arise.

Mandatory inventory thresholds also remove supply from the market that refiners may otherwise sell. It may require refiners to make purchases to maintain mandatory inventories while meeting contractual obligations, creating an economic dynamic of driving up wholesale prices. As component and finished product tanks are part of continuous production systems, requiring refiners to maintain high inventory levels can force refineries to turn down operations, thereby reducing in-State gasoline output. This is because imposing a holding requirement would effectively act to shrink this tank capacity just to make room for additional inventory. Since operators must utilize tanks within approved safety limits, refineries may be forced to slow production rates down to accommodate keeping this extra storage on hand rather than selling otherwise available supplies to the market.

Refinery operators that ship product on third party pipelines also have less insight and control over the outlying terminal inventories than with their own inventory in refinery tanks. Trying to maintain minimum inventories in a system that a refiner does not fully control would certainly present a challenge. A

¹⁸ Western States Petroleum Association Comments - on SB 2 Implementation; May 30, 2023.

¹⁹ Western States Petroleum Association Comments - on Transportation Fuels Assessment Report Workshop; September 11, 2023.

²⁰ Western States Petroleum Association Comments - Solomon Report California Refiners' Cost and Margin Analysis, 2000-2022; November 27, 2023.

²¹ Western States Petroleum Association Comments - on Nov 28 SB X1-2 Margin Cap and Penalty Workshop; December 12, 2023.

²² Western States Petroleum Association Comments - on April 11 SB X1-2 Margin Cap and Penalty Structure Workshop; April 25, 2024.

²³ Western States Petroleum Association comments - on Gasoline Summer Outlook Workshop; June 20, 2024.

²⁴ Western States Petroleum Association Comments - WSPA Comments on Gasoline Supply Reliability Workshop 9-10-2024; Sept. 10, 2024.

²⁵ See The Brattle Group’s analysis of minimum inventory requirements; August 2024, at pg. 9, “Potential Unintended Consequences.”

conflict could also occur during the winter to summer Reid Vapor Pressure transition when refiners naturally need to pull inventories to lower levels to efficiently facilitate the mandatory turnover. This would be extremely difficult if a high minimum inventory level must also be accommodated and maintained.

What is the most significant cost or operational challenges posed by new mandates?

The forced holding of additional inventory creates numerous challenges. This includes locking up capital and creating artificial supply chain inefficiencies that do not exist today. Setting minimum inventories has the potential to introduce instability into California's already challenged fuel supply system in the event an operations issue arises. For example, if a refinery must maintain a high inventory level and there is an issue with a downstream asset, such as a pipeline shutdown, there would be much less "buffer space" to maintain refinery operations at the desired levels. A refinery operator would potentially have to reduce process rates very quickly because of this. It would also be challenging to balance inventory space with pipeline batch shipments. Because transportation fuels are dispatched out of the refinery on pipelines in batches, the receiving tanks must have enough space to receive these batches without overfilling. If the available space is reduced, the batches have to become smaller, which introduces significant inefficiencies in blending, certification, pumping times, etc. and could present even more challenges to providing a steady supply of product to the market. Additional complications arise where refinery operators ship fuels on third party pipelines, such as Kinder Morgan, that they do not fully control. This presents refinery operators with less insight and control over the outlying terminal inventories than with their own inventory in refinery tankage.

Another conflict could arise during the seasonal fuel specification transition period. Because refineries undertake tank maintenance activities for the winter to summer Reid Vapor Pressure transition, operators will necessarily pull inventories to low levels to efficiently facilitate this required turnover. This would be extremely difficult to do if a high minimum inventory level also needs to be maintained.

WSPA would also be concerned with any result that stifles market participants from engaging with one another to provide supplemental supplies when any refinery operations issues arise. Refiners may be less able to sell barrels to others if they are forced to artificially maintain their own inventories at a high level. Refiners are not the only market participants supplying product to meet demand – importers, traders, and integrated retailers should be treated similar to refiners. Moreover, gasoline inventory health is influenced as much by absolute volume as it is by finished and component balance characteristics. Setting a minimum mandatory inventory bypasses the expert judgement of refinery employees trained to manage gasoline inventory and may negatively affect gasoline reliability by requiring refineries to prioritize volume over blend feasibility.

There will likely be direct carrying costs too. Refiners may need to increase fuel and component inventories in excess of historic levels, which increases working capital costs and further restricts operational flexibility. Even a 20-cent per gallon inventory carrying cost could lead to billions of dollars per year in extra expenses. The physical and operational burdens to sustain unnecessary inventory may also require additional storage – and building just one new storage tank can take a decade and cost \$35 million in California's challenging business environment. Forcibly increasing marine imports of gasoline above those driven by supply and demand fundamentals will further bottleneck import infrastructure and, per Vice Chair Siva Gunda's response to the governor in June,²⁶ "introduce new vulnerabilities by making the state more exposed to impacts of geopolitical events, external markets, and regulatory changes in other jurisdictions." These associated costs – including any price increases and resulting price volatility – would likely be passed on to consumers in California, Arizona, and Nevada.

Finally, WSPA notes, as was identified in the CEC's 2024 Transportation Fuels Assessment, that CARBOB refiners outside of California are limited. These in-State refiners also must follow California's strict labor, health, environmental, and safety laws.

²⁶ See CEC Vice Chair Siva Gunda's June 27, 2025, response letter to Governor Newsom at: https://www.energy.ca.gov/sites/default/files/2025-07/CEC%27s_Response_to_Governor_Newsom%27s_Letter_June-27-2025_ada.pdf.

Are there best practices already in place that California can build on?

Any CEC policy refinements must preserve operational integrity for refineries while avoiding any burdensome requirements. WSPA encourages the CEC to work with industry stakeholders to leverage the comprehensive suite of the CEC's existing resources. For example, the SB X1-2 Transportation Fuels Assessment could be expanded to include a much more robust and transparent economic analysis of potential inventory and import impacts. SB 1322 (2022) reporting mechanisms – while duplicative and overly burdensome to comply with – already provides detailed monthly data that could be leveraged for better, more targeted guidance documents, regulations, and engagement with industry stakeholders.

The SB X1-2 maintenance reports also provide the CEC with advanced notice of planned turnaround activity that could be leveraged for targeted refiner engagement to ensure robust resupply planning, including shifts in exports and inter-state balancing (e.g., allowing resupply balancing within California across the San Francisco Bay vs. Los Angeles Basin refining regions). Notably, DPMO's September 16, 2025, "California Gasoline Market Update and Consumer Advisory"²⁷ commented that, "West Coast gasoline and blending component inventories are also relatively healthy" based on the U.S. Energy Information Administration's West Coast (PADD 5) Stocks data.²⁸ WSPA believes this demonstrates that industry has postured itself well to manage planned events for consumers without government interference. WSPA cautions the CEC against creating regulatory bottlenecks that could complicate inventory storage.

Finally, per the Vice Chair's response to Governor Newsom in June, we would encourage regulators to "provide sufficient confidence to industry to invest in maintaining reliable and safe operations to meet continued demand" by addressing identified regulatory and administrative issues – such as common-sense application of CEC's regulatory tools and CARB's Ocean-Going Vessels At-Berth Regulation. California should address permitting issues and develop incentives for refiners to invest in gasoline supply production and storage assets to improve reliability and supply resiliency, including:

- avoiding mandates – such as minimum inventory, resupply requirements, or import thresholds;
- avoiding and removing rules that increase costs;
- avoiding emission limit timelines that are infeasible to comply with (i.e., Zero-Tailpipe Emission Vehicles-only policy mandates, CARB's At-Berth Regulation);
- avoiding and removing requirements that increase turnaround costs beyond what investors are willing to assume financial risks on; and
- assuming that these investor risks are mitigated, efforts to reduce permitting thresholds and timelines for infrastructure improvements.

CONCLUSION

WSPA appreciates the opportunity to provide these comments on fuel supply issues of critical importance to all California consumers – and consumers of other states dependent on California's fuel supply chain – who rely on affordable and reliable sources of transportation fuel every single day. These comments are based on WSPA's review of the materials and statements at this workshop, and we reserve the right to amend these comments or add to the docket as necessary to reflect additional materials or changes in the CEC's decisions.

Please do not hesitate to contact me with any additional questions.

Sincerely,



Jodie Muller
President & CEO

²⁷ See DPMO California Gasoline Market Update and Consumer Advisory: <https://content.govdelivery.com/accounts/CNRA/bulletins/3f2f8b5>.

²⁸ See EIA "West Coast (PADD 5) Stocks," at: https://www.eia.gov/dnav/pet/pet_stoc_wstk_dcu_r50_w.htm.