

DOCKETED	
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Draft SB 237 Assessment Workshop

Monday, May 18, 2026



Housekeeping

Workshop is being conducted remotely via Zoom

- Workshop is being recorded 

Attendee participation options

- Questions can be entered in the Q&A box of the Zoom application
- Comments can be made during the public comment period (3 minutes, one speaker per affiliation)
- Written comments can be submitted by June 15, 2026



Meeting Schedule

- Opening Remarks from the Dais
- Overview of SB 237 Assessment
- Government Agency Comments
- Questions from the Dais
- Audience Questions
- Public Comments
- Closing Remarks and Adjourn



Opening Remarks from the Dais



Overview of the Draft SB 237 Assessment

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Abbreviations

AB X2-1 – Assembly Bill X2-1 (Hart, Chapter 1, Statutes of 2023-24 Second Extraordinary Session)

AATE – Additional Achievable Transportation Electrification

CalGEM – California Geologic Energy Management Division

CARB – California Air Resources Board

CARBOB – California Reformulated Blendstock for Oxygenate Blending

CEC – California Energy Commission

CEQA – California Environmental Quality Act

GGRM – Gross Gasoline Refining Margin

IEPR – Integrated Energy Policy Report

OIIP – Order Instituting an Informational Proceeding

P66 – Phillips 66

PIIRA – The Petroleum Industry Information Reporting Act

PRC – Public Resources Code

SB 237 – Senate Bill 237 (Grayson, Chapter 118, Statutes of 2025)

SB 1322 – Senate Bill 1322 (Allen, Chapter 374, Statutes of 2022)

SB X1-2 – Senate Bill X1-2 (Skinner, Chapter 1, Statutes of 2023-24 First Extraordinary Session)

ZEV – Zero-Emission Vehicle



Context for the Petroleum Fuels Transition

- California began implementing rigorous air quality standards starting in the 1960s
- The state has set legal greenhouse gas emissions reduction targets through 2045
- The fuels market is evolving internationally
- Petroleum fuel demand is falling

- Relevant state planning documents include:
 - CARB Scoping Plan
 - CEC Transportation Fuels Assessment
 - CARB and CEC Transportation Fuels Transition Plan
 - SB 237 Assessment

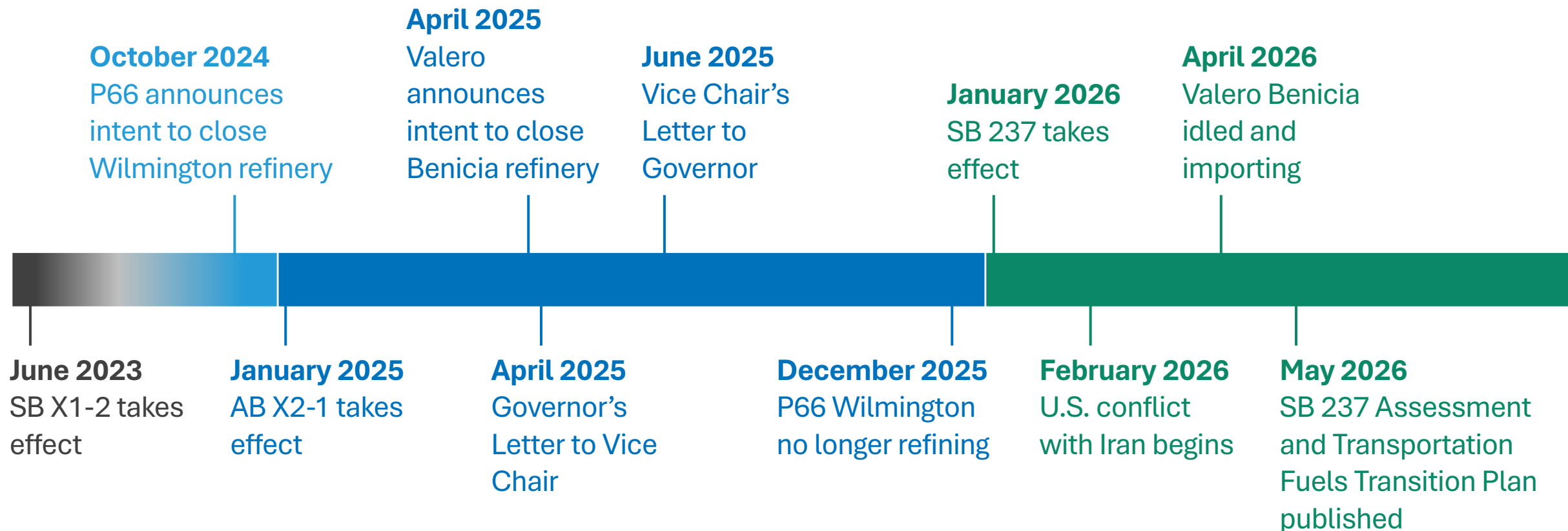


SB 237: Statutory Language

PRC 25371.4. *The commission shall, on or before March 31, 2026, submit an assessment to the Legislature, in accordance with Section 9795 of the Government Code, and to the Governor that **evaluates the recommendations and strategies put forward by the vice chair of the commission in the June 27, 2025, letter to Governor Newsom** in order to, as described in that letter, “ensure that Californians have access to safe, affordable, and reliable transportation fuels and that petroleum refiners continue to see value in serving the California market...” The assessment shall also **offer recommendations to the Legislature and the Governor on potential changes to working group authorities or structures, including on permitting changes and reforms, which may include one-stop-shop permitting,** to support the state’s reliable, equitable, safe, and affordable transition away from petroleum fuels.*



Timeline of Key Events





June 27, 2025 Letter from Vice Chair Gunda to Governor Newsom

1

Maintain Capacity to Stabilize Fuel Supply

- Support import of refined products
- Explore strategies to retain operations at existing refineries

2

Investment Confidence for Safe and Reliable Operations

- Stabilize in-state crude oil production and delivery
- Align state regulations with policy goals
- Strengthen coordination across local, regional, and state authorities

3

Holistic Transition Strategy

- Transition Support: funding for climate, health, communities, and worker priorities
- Environmental: air quality standards and climate goals
- Health and Safety: Protect workers and communities



SB 237 Assessment Layout

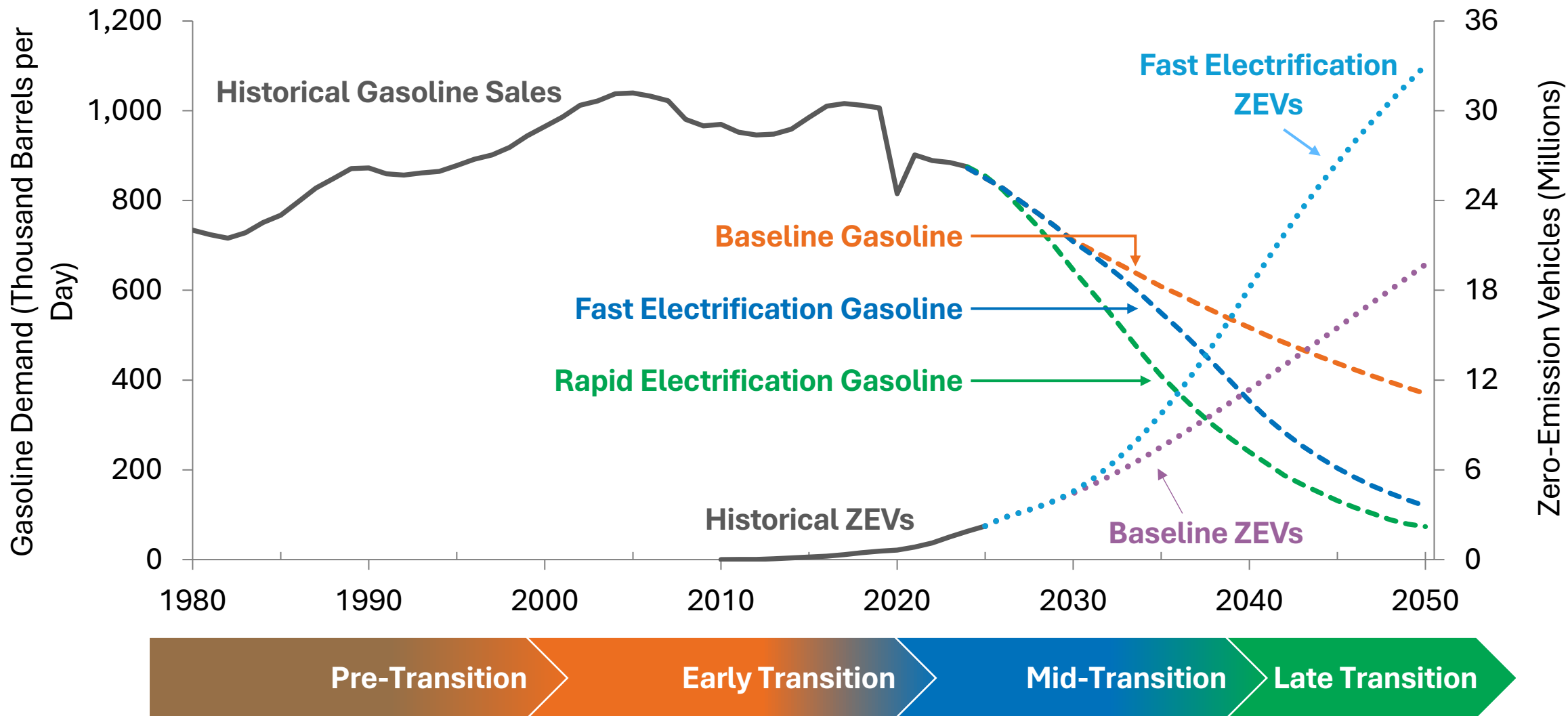
- Background
 - The Case for Managed Transition
 - Governing the Mid-Transition
 - The Context of California's Petroleum System
- “Three Buckets”
 1. Mitigating Immediate Disruptions
 2. Supporting System-Wide Reliability
 3. Proactive Transition Governance
- Findings and Recommendations



Governing the Transition



The Transportation Fuels System in Transition





Policy Priorities for the Transition

Managing this transition is an opportunity to demonstrate how the climate crisis can be addressed with benefits to reliability, affordability, public health, and continued economic growth.

Priorities for assessing policy options:

1. Reliability and affordability of services
2. Safety and reliability of infrastructure
3. Employment security
4. Community impacts
5. Smooth transition for successful decarbonization



Governing the Transition

Concurrent “Three Buckets”

1. Reactive Stabilization

Mitigating immediate disruptions

- Respond to immediate disruptions to support supply and price stability

2. Sustaining System-Wide Reliability

Transparency, coordination, and investment confidence for safe and reliable operations to meet demand

- Crude oil production and distribution
- State regulatory tools
- State, regional, and local authority coordination

3. Proactive Transition Governance

Advancing a holistic transition plan

- Community and worker transition support
- Community and worker safety
- Advance clean transportation
- Supply stability during decline
- Managing infrastructure transition
- Future of impacted land

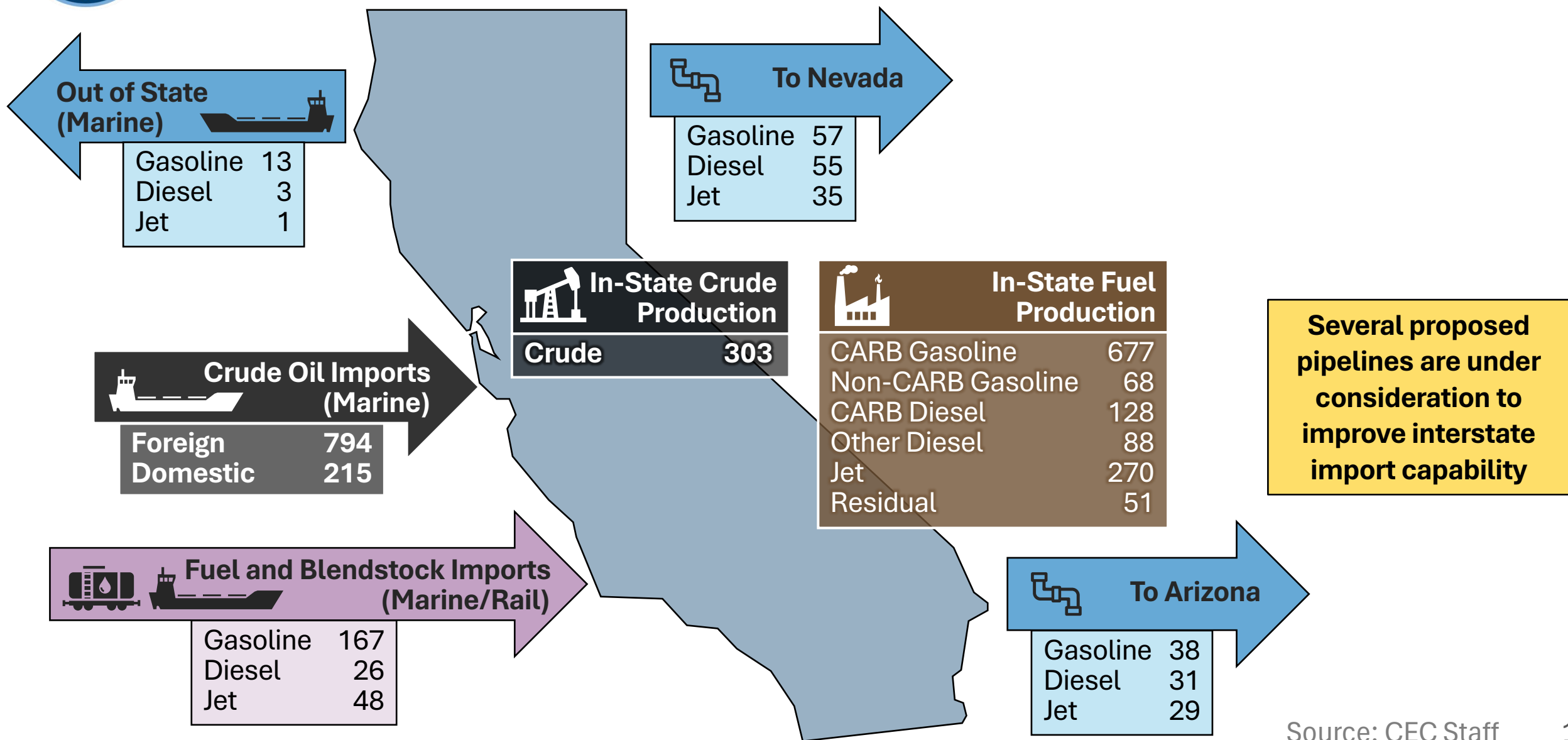


Context of California's System



2025 Petroleum & Product Flows

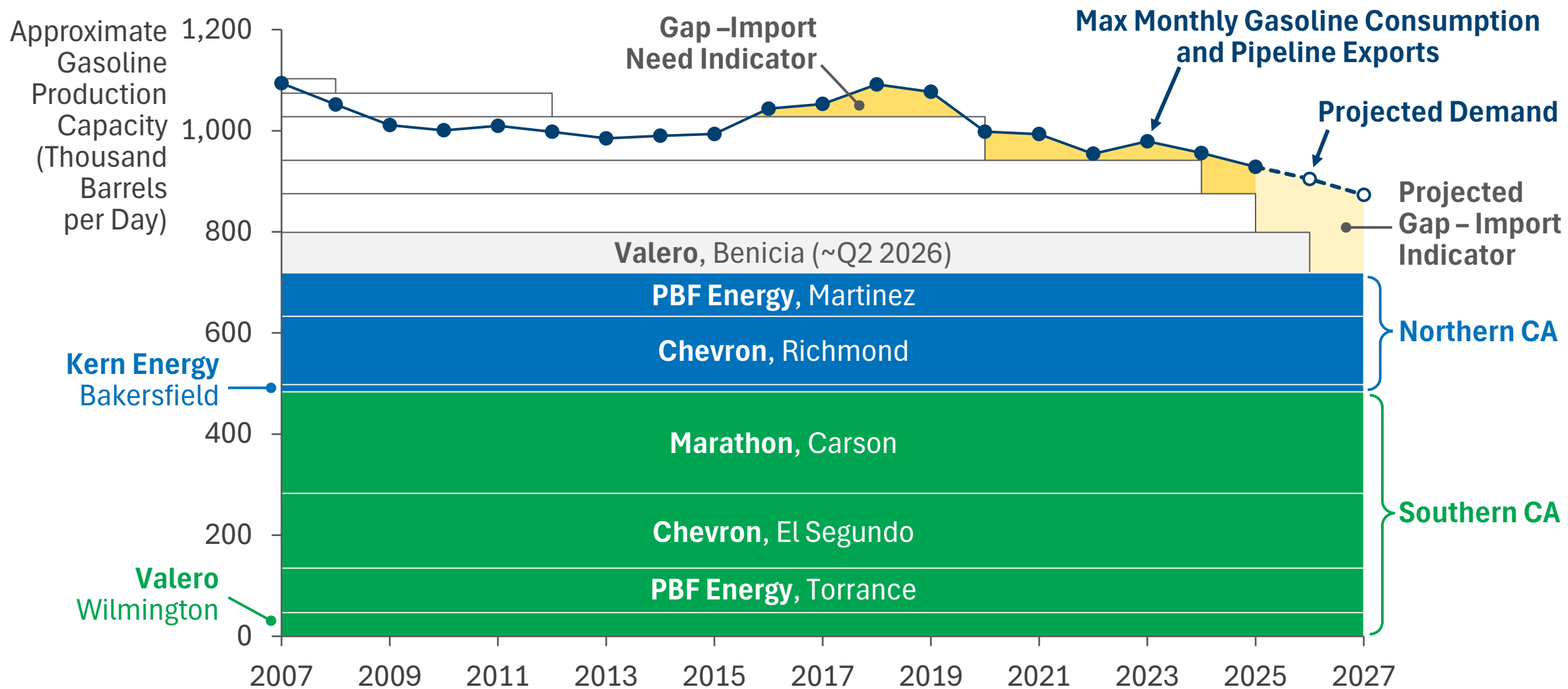
Thousand Barrels per Day Average





Imports are Increasing

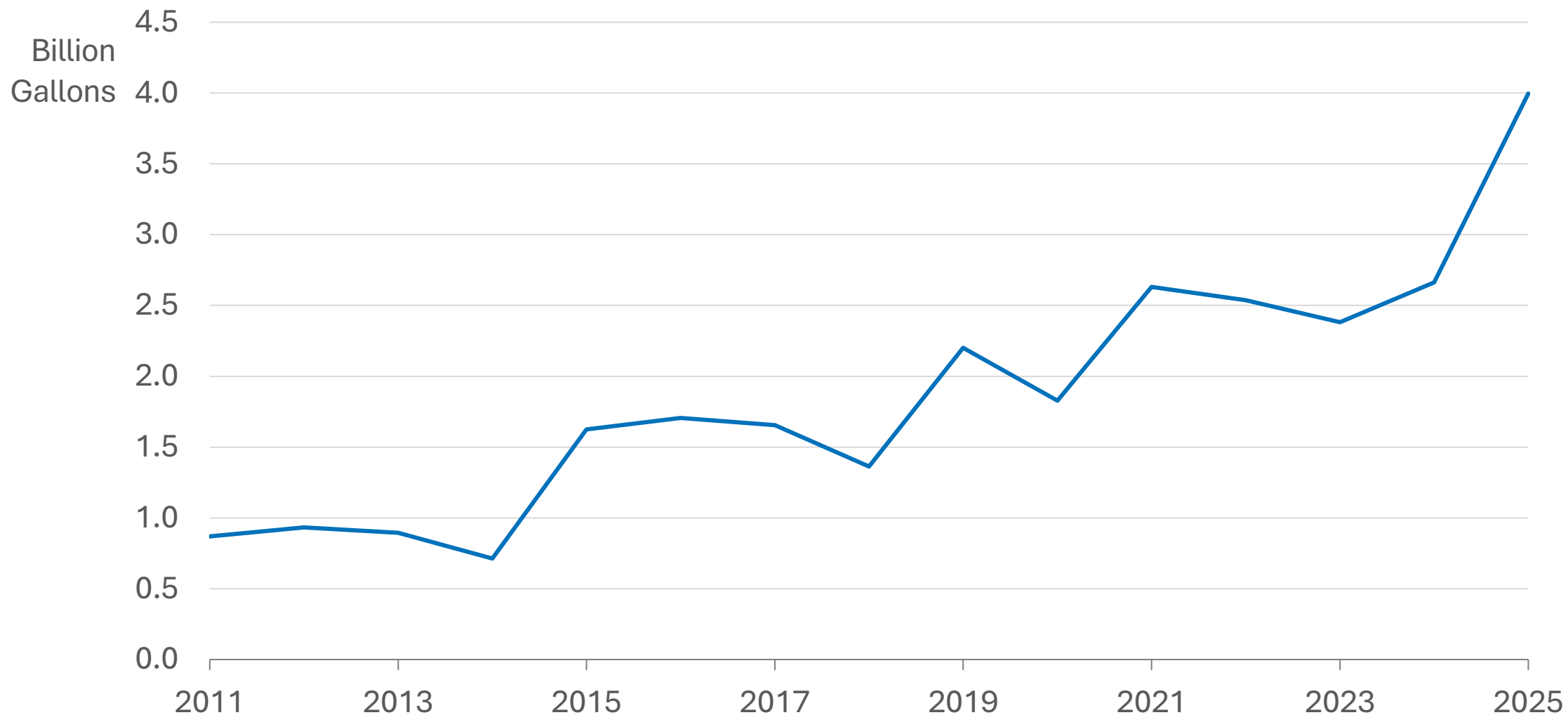
With Contraction of In-State Refining





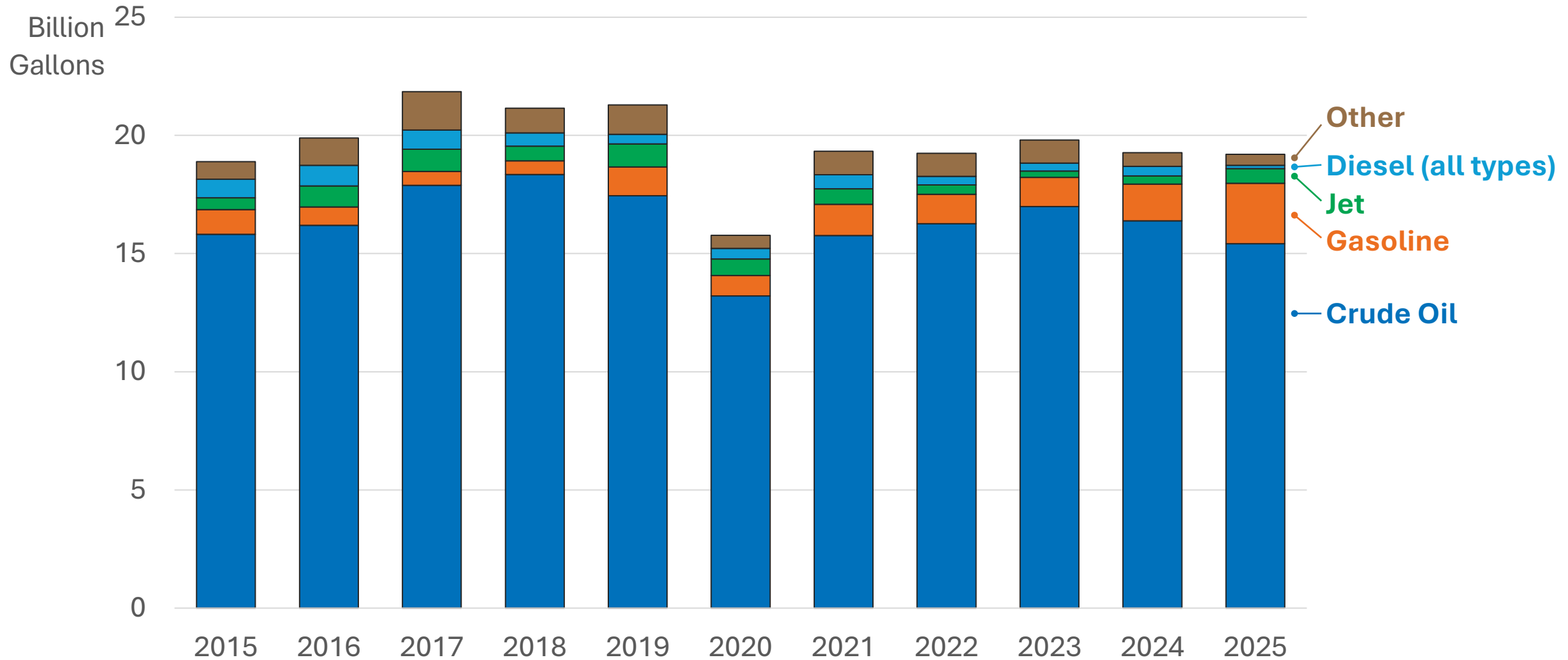
Refined Product Imports Through Time

Out-of-State Imports of Refined Transportation Fuels and Blendstocks



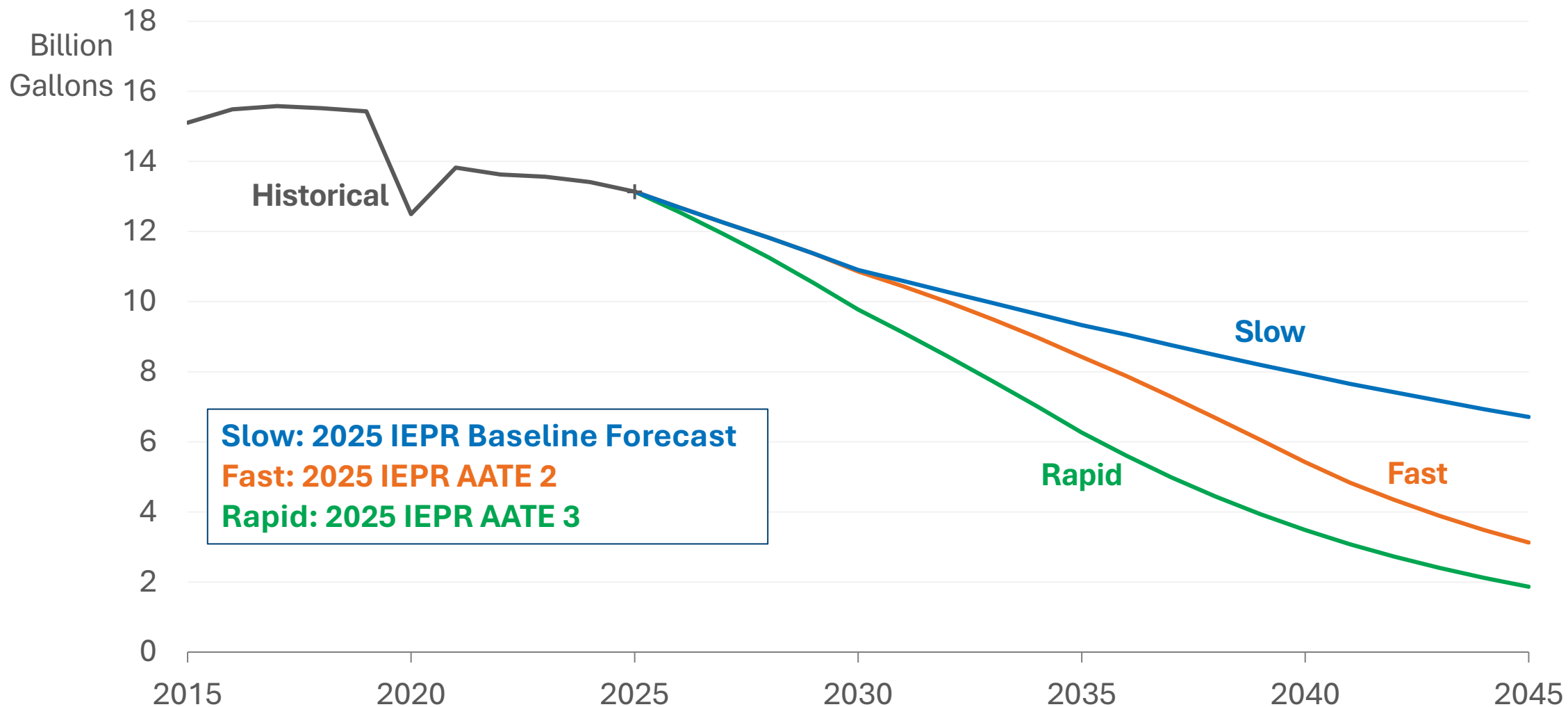


Total Crude and Petroleum Product Imports





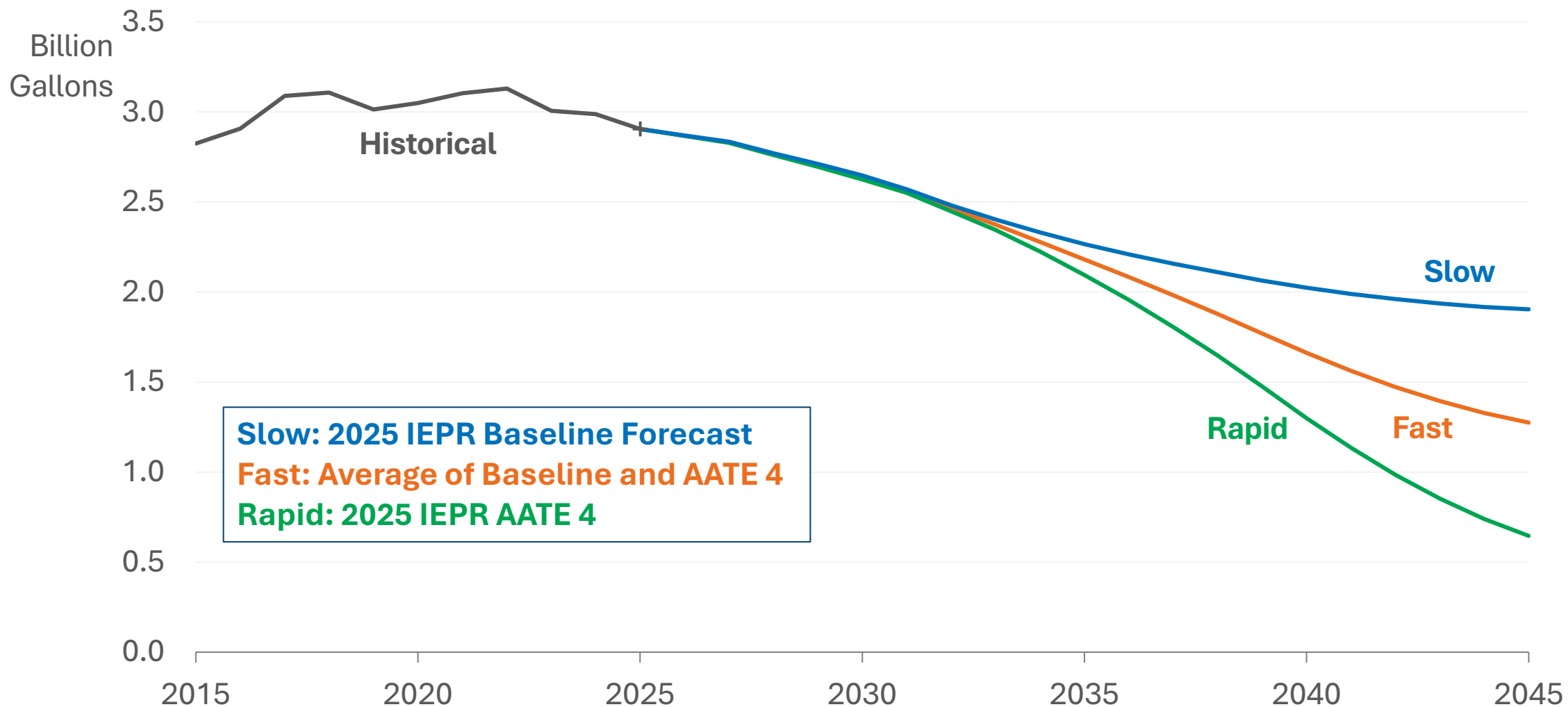
Gasoline Demand Trends and Projections



Slow: 2025 IEPR Baseline Forecast
Fast: 2025 IEPR AATE 2
Rapid: 2025 IEPR AATE 3



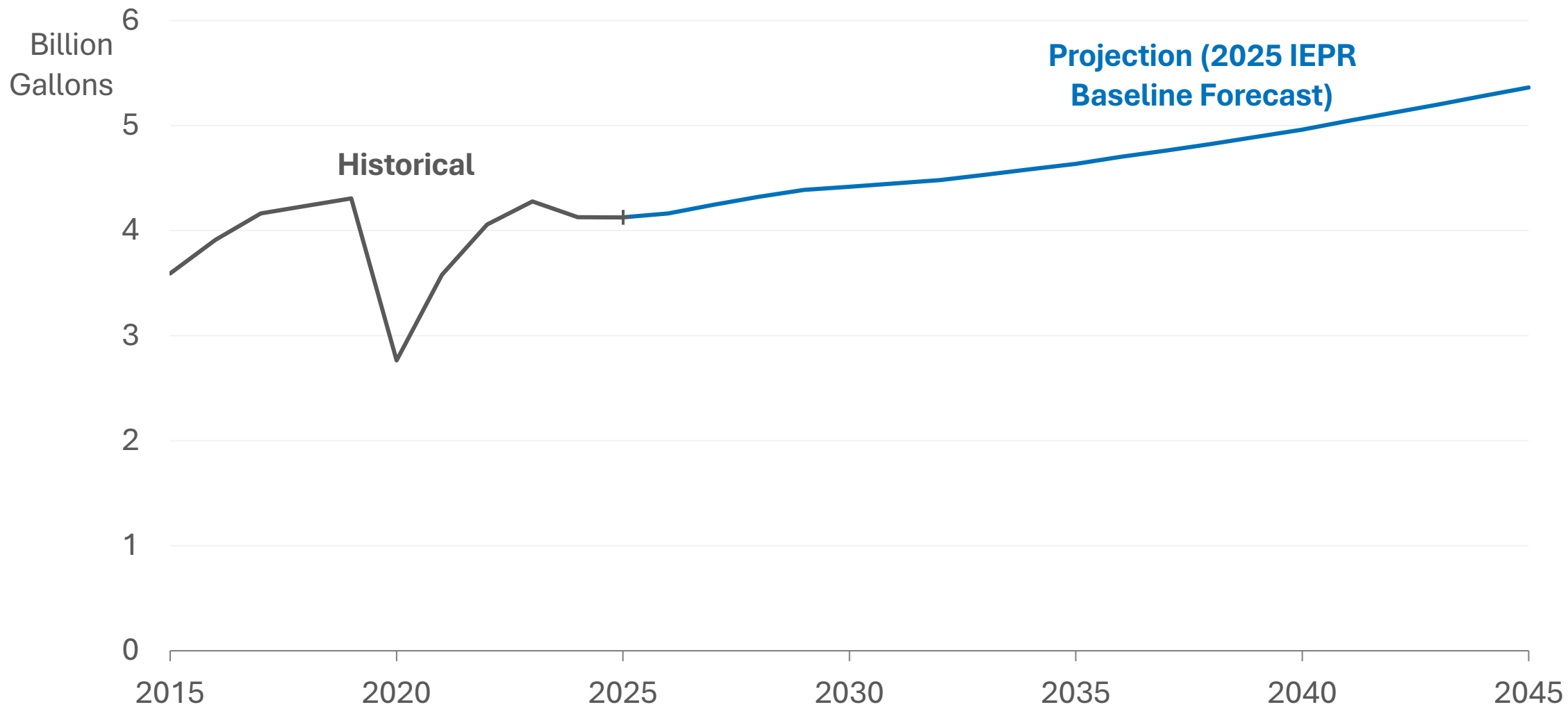
Diesel Demand Trends and Projections



Slow: 2025 IEPR Baseline Forecast
Fast: Average of Baseline and AATE 4
Rapid: 2025 IEPR AATE 4



Jet Fuel Demand Trends and Projection





The “Three Buckets” For Transition Governance



Bucket 1: Reactive Stabilization

Mitigating Immediate Disruptions

Responding to immediate disruptions to the fuel supply system to avoid supply impacts and price spikes

- Actions to mitigate impacts in response specific events such as refinery outages, supply interruptions, potential asset closures, or sudden price spikes
- Direct engagement with industry has had positive results
- To avoid high costs, unintended consequences, or precedents that are difficult to sustain, pathways developed before closure announcements and a system-wide strategy are needed to reduce the conditions under which reactive intervention is necessary



Bucket 2: Sustaining System-Wide Reliability

Transparency, Coordination, and Investment Confidence

Reliable and safe petroleum infrastructure is needed to maintain fuel supply to meet demand through the transition. System-wide approaches are needed, focusing on transparency, coordination, and supporting investment confidence.

Core Categories:

- Crude Oil Production and Transportation
- State Regulatory Tools
- Permitting and Coordination Between Authorities



Crude Oil Production and Distribution

- Demand for crude oil in California has been declining
- Production declines in California have led to greater use of imported fuel
- Impacts to refineries and to pipelines
- To help retain fuel infrastructure, SB 237 aims to support targeted crude oil production stabilization:
 - Validates CEQA document for Kern County oil and gas permitting ordinance
 - Up to 2,000 new well permits per year through 2035 can be issued using this environmental impact report
 - Kern County is lead agency under CEQA; CalGEM is responsible agency

The state continues to monitor outcomes.

CalGEM maintains implementation information on a dedicated webpage:

<https://www.conservation.ca.gov/calgem/Pages/SB237.aspx>



CEC Refinery Regulatory Tools

- Petroleum Industry Information Reporting Act (PIIRA, 1980) and SB 1322 (2022) laid data foundations
- SB X1-2 (2023) and AB X2-1 (2024):
 - Expanded industry transparency and data collection authorities
 - Authority to implement:
 - GGRM and penalty
 - Refinery minimum inventory requirements
 - Resupply requirements for refinery maintenance
- In 2025:
 - Resupply plan reporting regulations adopted
 - Deprioritization of maximum GGRM & penalty
 - Opened Order Instituting an OIIP for continued holistic analysis of tools

CEC is undergoing holistic analysis of tools available, assessing market developments and adherence to statutory guardrails



Permitting and Coordination Between Authorities

- Petroleum infrastructure is regulated and permitted by numerous federal, state, regional, and local authorities with specialized expertise
- Regulations and permits are tools to meet state and federal mandates
- Goals: Regulatory certainty, predictable processes, and efficient timelines to help support the investment confidence in petroleum infrastructure while maintaining rigor and public accountability
- Existing workgroups:
 - Petroleum Strategy Task Force
 - Coordination between state and air districts
 - Engagement with local government

Continue to expand and formalize coordination protocols consistent with existing models



Bucket 3: Proactive Transition Governance

Advancing a Holistic Transition Strategy

Holistic and proactive transition planning by the state is essential for achieving a decarbonized transportation sector effectively and avoid disproportionately-borne impacts.

Core Categories:

- Communities and Workers
- Advancing Decarbonization
- Supply Reliability During Decline
- Managed Decline and Decommissioning



Communities and Workers

- **Transition Support**

- Workers:
 - Replacement jobs, training, direct worker support
- Communities and local governments:
 - Support for public services while revenues fall

Expanded support and identification of durable funding mechanisms needed

- **Worker and Community Safety**

- Safe operations are essential for protecting workers, communities, preventing environmental damage, supporting fuel supply and price stability
- Especially critical for aging infrastructure and to avoid safety risks in the lead-up to operations shutting down

Robust health and safety regulations, inspections, and enforcement throughout the petroleum fuels value chain will continue to be critical



Advance Decarbonization

- Petroleum fuels demand is falling, but continued efforts are needed
- Continued need for clean fuels, zero emissions vehicle adoption, and infrastructure such as electric vehicle charging
- Increasing housing density, transit and rail to reduce vehicle miles traveled

Continued support for policies and programs advancing the transition to clean transportation is critical



Supply Reliability During Decline

- **Fuel Specifications**

- Harmonizing blends regionally or nationally
- Non-CARBOB fee option or variance
- Ethanol content



SB 237 requires analysis in coordination with CARB as part of next Transportation Fuels Assessment

- **Supply and System Resilience**

- Storage, fuel reserves to provide buffer
- Capacity and flexibility (adapting, upgrading, or converting infrastructure, e.g. at marine oil terminals and crude and refined product transportation and storage infrastructure)
- Alternative sources (e.g. interstate refined fuel transportation)
- Ongoing state and regional-level planning, coordination, and emergency preparedness

CEC's triennial Transportation Fuels Assessment continues to assess near- and long-term supply strategies for fuel supply and price stability



Managed Decline and Decommissioning

- **State roles for managing infrastructure transition**

- Timing and order of asset retirements matter for supply, worker, community, and environmental impacts

Further proactive analysis needed of options for state to consider to support infrastructure operations and supply stability

- **Future of impacted land**

- New uses of land post-closure of a petroleum asset can provide community and economic opportunities
- Many sites have been in use for many decades and are likely to require significant remediation for new uses

Understanding existing regulatory authorities, site assessments, cleanup cost and duration estimates, and applicable financial commitments would help support processes to realize the opportunities for the future of land affected by the transition



Findings and Recommendations



Findings and Recommendations

1. **Continue to manage** the transition deliberately
2. **Prioritize buckets 2 and 3** to reduce the need for bucket 1
3. Build out layered **interagency coordination structure**, especially for permitting
4. Identify durable **transition funding** mechanisms
5. Require **transparency on remediation obligations**
6. Advance and resource the state's **transition planning documents**
7. Continue monitoring **SB 237 outcomes**
8. Continue analysis to implement CEC's special session **regulatory tools** holistically
9. Continue assessing **fuel supply management strategies**
10. Further assessment required on **state's toolbox to support** a smooth transition and reliability



Government Agency Comments



Questions from the Dais



Audience Questions



Public Comment Period



Written Comments

Please submit written comments to:

- Docket Number [23-SB-02](#)
- Due by 5:00 p.m. on June 15, 2026



Thank you!

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