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Filer:	Isabella Bianchi
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2027 Transportation Fuels Assessment



Alex Haworth - Data Analysis Supervisor

June 8, 2026 Workshop



2027 TFA Bottom Line

California's energy future is changing - Reliability and affordability can't



Key takeaways from the 2024 TFA

CONTEXT

Mandate

Identify methods for reliable, affordable, safe fuels addressing price spikes and the ZEV transition.

Structural Challenges

California's market is functionally isolated.

Concentrated Refining

Nine CARBOB producing refineries as of March 2024.

WHERE WE LEFT OFF

Demand Outlook

Three demand scenarios — rapid / fast / slow ZEV adoption.

Three Supply Levers

Production, storage, and marine imports.

Policy Menu

Four policy families — demand, supply, highly complex, and emergency.



2027 TFA Purpose and Principles

Identify methods to ensure reliable, affordable, and safe transportation fuels through the transition

PURPOSE

Authority

PRC § 25371, enacted by SBX 1-2

Second Edition

This report updates and extends the 2024 TFA with more analytical responsibility

Cadence

Submitted to the Legislature every three years

GUIDING PRINCIPLES

Reliability

Continuous, adequate supply through refinery closures, outages, and the demand transition.

Affordability

Stable retail prices; mitigate price spikes; manage the long-term cost trajectory.

Health and Safety

Air-quality protection and worker and refinery-adjacent community health and safety.



What's Changed

The Market Has Shifted Significantly Since 2024

NEW LEGISLATION / AUTHORITIES

AB X2-1 *Jan 2025*

Authority for CEC to require minimum gasoline inventory levels and resupply requirements.

AB 30 *Oct 2025*

Provisional authorization of E15 sales.

SB 237 *Jan 2026*

New mandates to evaluate alternative gasoline and Westwide gasoline specifications.

MATERIAL MARKET SHIFTS

Refinery status

In-state production contracting.

Imports

Import dependency has increased.

Incidents

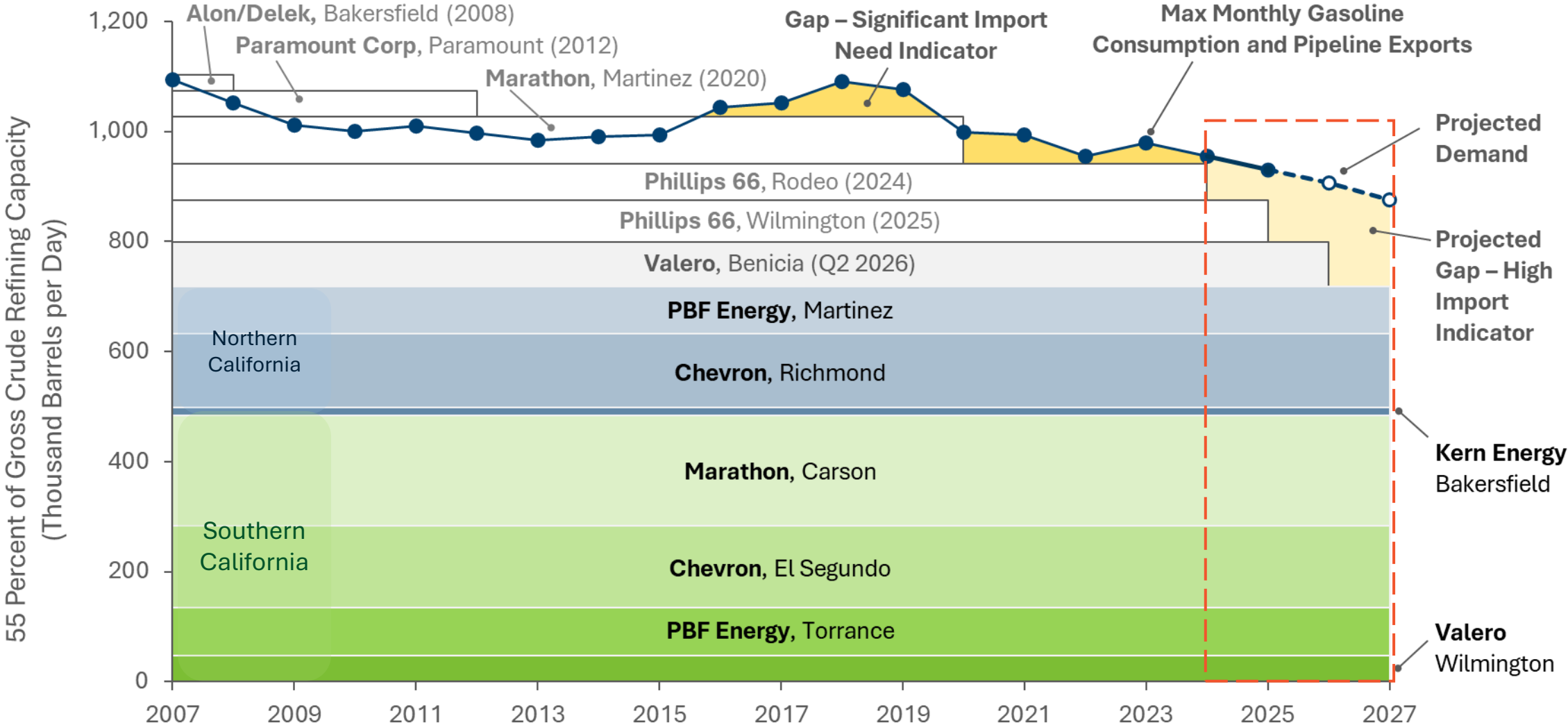
Ongoing geopolitical events (Iran conflict).

Price behavior

California crude pricing becoming more exposed to world events.



Current of In-State Refining



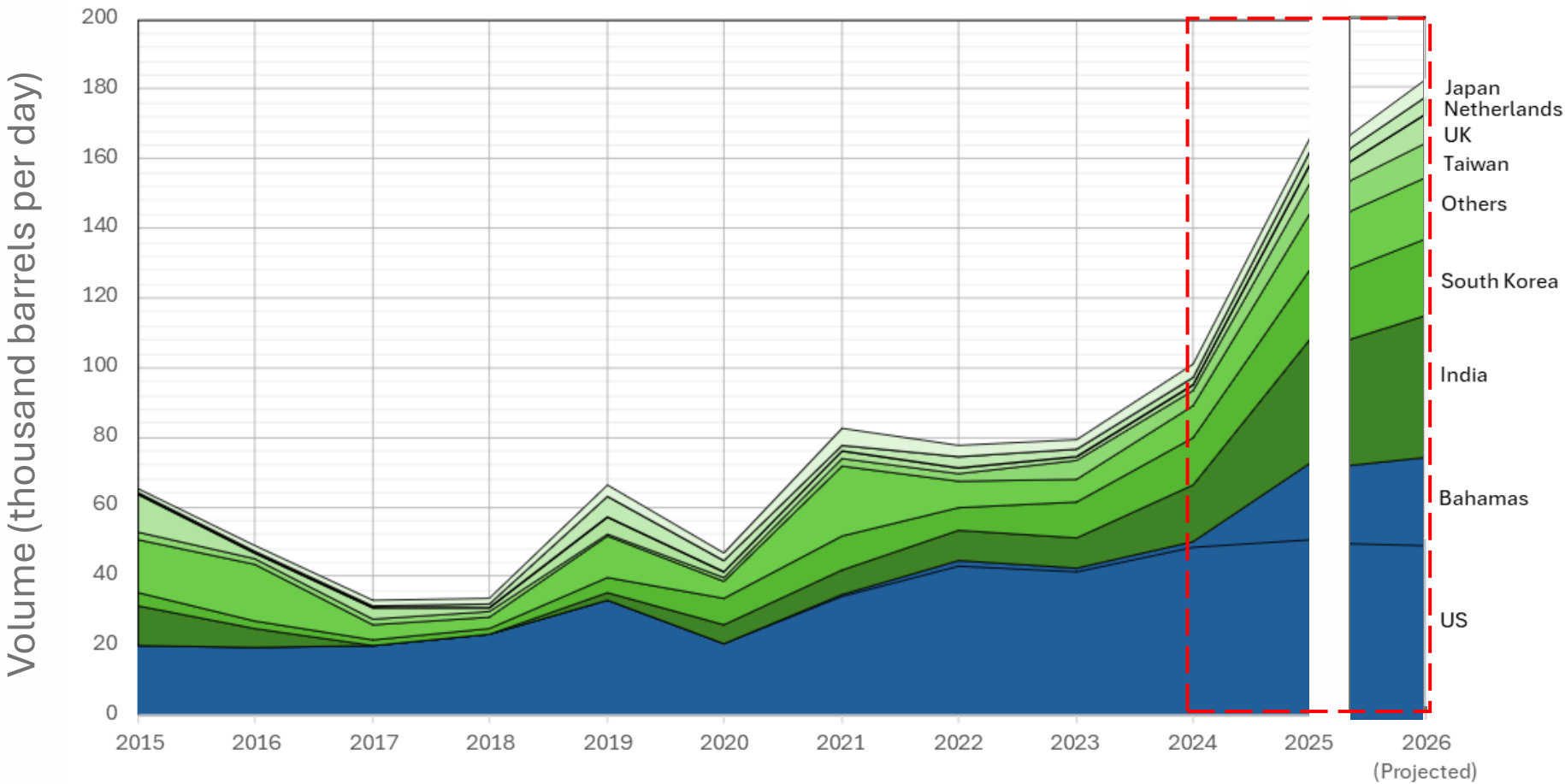
Source: CEC Staff



Gasoline and Blendstock Imports

Share of Asian and European Gasoline Imports are Increasing

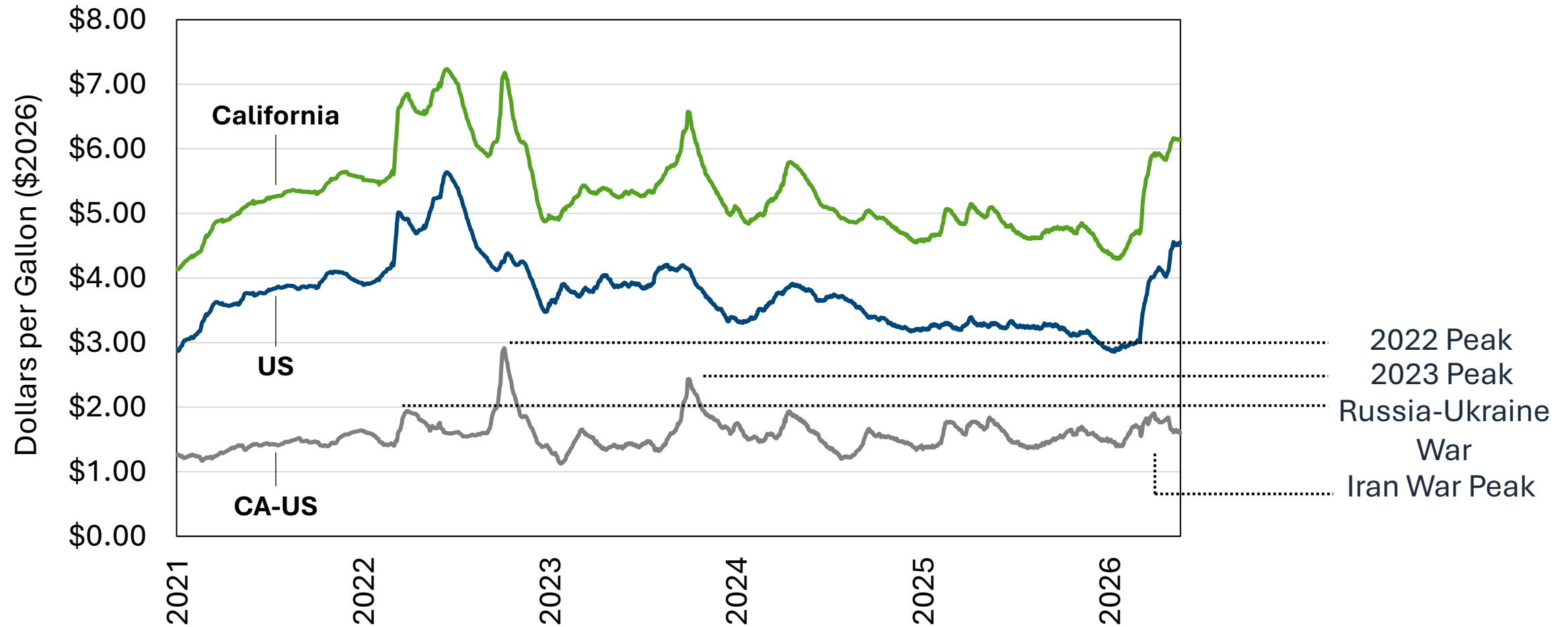
Volume and Sources of California Gasoline and Blendstock Imports



Source: EIA and CEC



Retail Price Trends

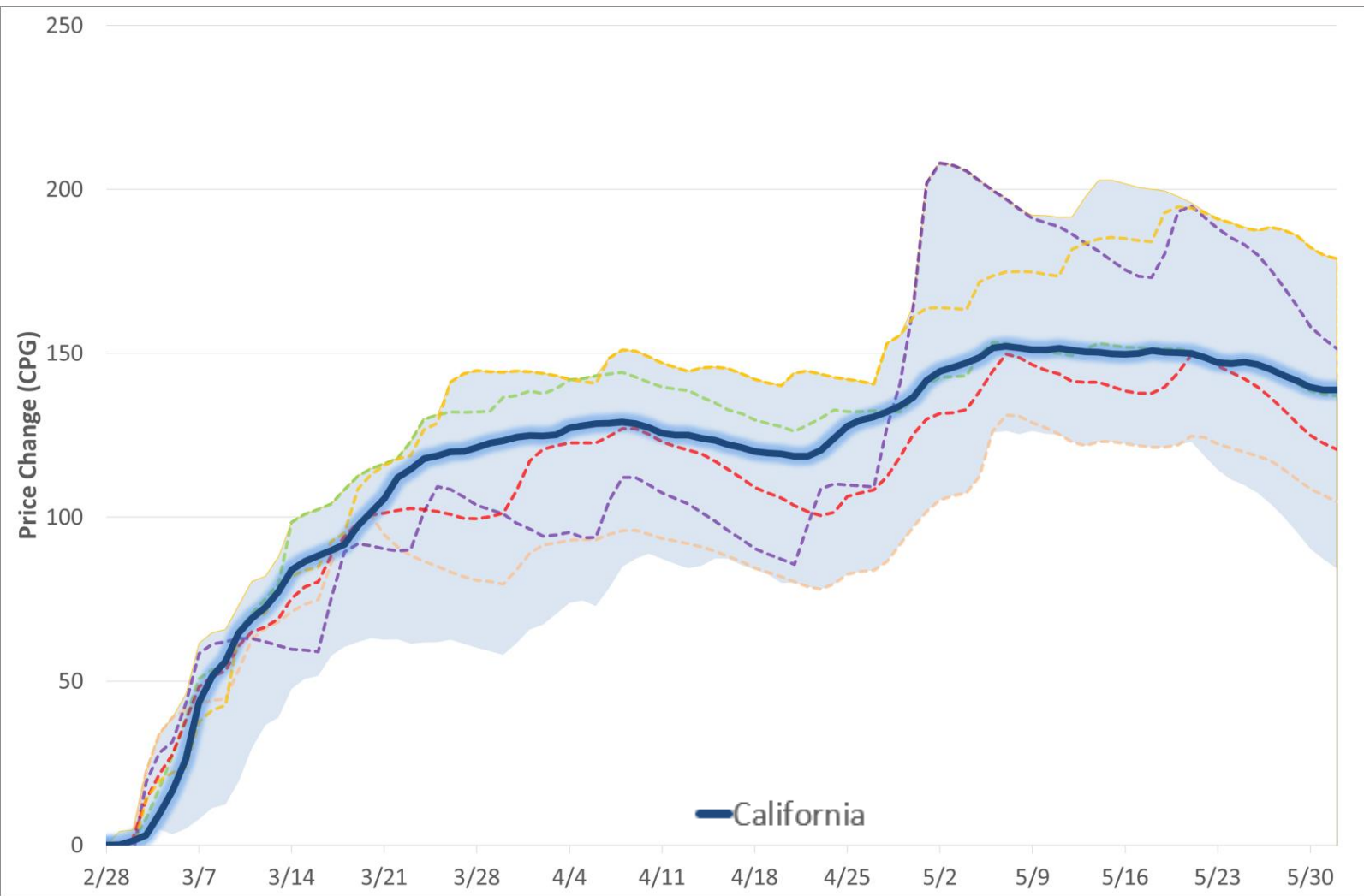


Source: CEC analysis of OPIS, AAA, and EIA data. AAA/OPIS and EIA use different gasoline price methodologies.



Gasoline Prices are Elevated Across the U.S.

California has not been the state with the biggest price increase since the beginning of the conflict



Rank	State	Average Retail Price	Retail Price Increases
1	*	4.54	1.78
2	*	4.40	1.66
3	*	4.69	1.64
4	*	5.22	1.62
5	*	4.59	1.62
6	*	4.39	1.59
7	*	4.47	1.56
8	*	4.51	1.51
9	*	4.34	1.48
10	*	4.36	1.45
...	...	...	...
20	*	4.27	1.38
21	CA	5.99	1.35
22	*	3.97	1.34
23	*	4.44	1.34

Source: CEC analysis of AAA data as of 6/3



TFA Structure



Ch 1 **California's Fuels System in Transition**

California's Transportation Fuels Landscape · What's stayed the same, what's changed since the 2024 TFA



Ch 2 **Supply, Pricing, and Infrastructure**

Price projections (3/7/10/20-yr) · In-State Production · Import infrastructure



Ch 3 **Regulatory Barriers to Adequate Supply**

State regulations that constrain supply · West Wide spec · Alternative specs · trigger mechanisms



Ch 4 **Policy Options and Strategic Considerations**

Comparative matrix of policies with cost-benefit analysis



Chapter 1 - California's Fuels System in Transition

Establishes the assessment's scope and what has changed in California's fuels system since the 2024 TFA

WHAT THIS CHAPTER COVERS

- Purpose and scope of the assessment
- Overview of the fuels landscape
- What has stayed the same since 2024
- What has changed since 2024

KEY ANALYSES

- **Refinery closures and capacity loss**
- **ZEV adoption**
- **New legislation and rulemaking**
- **Institutional Developments**

Addresses: PRC 25371(a)(1)(A), (a)(2) — reliable-supply methods; consultation with the CARB Scoping Plan.



Chapter 2 - Fuel Supply, Pricing & Infrastructure

The analytical core — supply/demand balance, pricing, in-state production, the spot market, and imports

WHAT THIS CHAPTER COVERS

- Current and future state of fuel supply and pricing
- In-state production
- Spot market analysis
- Import dependence and marine & port infrastructure

KEY ANALYSES

- **3 / 7 / 10 / 20-year demand scenarios**
- **Price & retail price projections**
- **Maintenance and turnarounds**
- **Inventory and supply**
- **Closure modeling and transition risks**
- **Spot market dynamics and retail prices**
- **Imports forecast assessment**

Addresses: PRC 25371(a)(1)(A)(a–b), (B), (C), (D), (E), (G) — reserves, price projections, closures, maintenance impacts, alternative supply, import infrastructure.



Chapter 3 - Regulatory Barriers to Adequate Supply

Examines gasoline specifications and other state regulations that affect the supply of transportation fuels

WHAT THIS CHAPTER COVERS

- Current CARBOB specification
- Westwide and alternative gasoline specifications
- E15 implementation
- Regulatory drivers affecting supply
- Alternative compliance pathways
- RVP modification options

KEY ANALYSES

- **Gasoline Specification comparison**
- **Define market trigger points**
- **Evaluate cost and supply impacts**
- **Projected supply impact of E15**
- **Identification of Regulatory Drivers Affecting Supply**
- **Assess Compliance pathways to reduce supply barriers**
- **Quantify supply gains from RVP modification**

Addresses: PRC 25371(a)(1)(H), (I), (J) — state-regulation impacts on supply; alternative-spec cost/supply analysis; western gasoline spec evaluation.



Chapter 4 - Policy Options & Strategic Considerations

Presents and evaluates the policy options for maintaining a reliable, affordable, and safe fuel supply

WHAT THIS CHAPTER COVERS

- Policy Options to Mitigate Price Spikes and Supply

KEY ANALYSES

- Demand
- Supply
- Production
- Storage
- Emergency (18 months or less)
- Near Term (18 months to 3 years)
- Long Term (3 years out)
- Cost and employment impact analysis

Addresses: PRC 25371(a)(1)(A)(b), (E), (F) — proposals for maintaining reserves; alternative supply methods; cost-benefit analysis of all alternatives.



Path from today's briefing to final adoption

From today's workshop to final adoption

