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## WSPA Comments on Transportation Fuels Reliability Workshop 23-SB-02

*Additional submitted attachment is included below.*

**Tanya DeRivi**
Senior Director, California Climate and Fuels

June 29, 2026

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

Uploaded to Dockets
23-SB-02 and 25-PIIRA-01

**RE: WSPA Comments on Transportation Fuels Reliability Workshop: Resupply Planning and Transportation Fuels Assessment [23-SB-02 and 25-PIIRA-01]**

The Western States Petroleum Association (WSPA) appreciates the opportunity to comment on the California Energy Commission's (CEC) June 8, 2026, Transportation Fuels Reliability Workshop, to implement Assembly Bill (AB) X2-1 (2024) and Senate Bill (SB) X1-2 (2023), regarding refinery resupply planning and the second triennial Transportation Fuels Assessment (TFA) update.[1] WSPA acknowledges that CEC has ongoing dialogue with individual WSPA member companies to better understand their particular refinery maintenance and associated resupply activities. This, however, does not negate WSPA's longstanding opposition to any attempt by the State to micromanage refinery maintenance planning and execution or fuel inventories. Imposing resupply obligations upon California refiners likely carries unintended consequences, and the creation of mandatory "stop gate" approvals present *significant* safety risks.

To summarize the key points of this letter:

- Regulatory mandates carry reliability, affordability, "leakage," and significant potential safety impacts – without creating any additional fuel supplies for California or our neighboring states.
- A prescriptive resupply obligation creates regulatory bottlenecks with unintended consequences, such as:
    - Marine import mandates create additional costs when triggered before the market is "short;"
    - Restricting or eliminating indispensable "spot market" transactions that force refiners to take on more costly imports and fails to understand how the transportation fuel market works; and
    - Further exacerbates competitive disadvantages of in-State refineries with additional regulatory costs and requirements that out-of-state refiners are not subject to.
- Need for a thorough cost-benefit analysis to accurately assess consumer impacts, which would require evaluating critical sensitivities driven by a multitude of local, state, and federal policies.
- The second triennial TFA should refocus on supply stabilization policies so California's industry can remain competitive and continue providing consumers with affordable and reliable fuel supplies.

**The industry's highest priority is safety for its workers, contractors, and local communities.** We reject outright any rulemaking intended to dictate refinery maintenance or turnaround activities, inspection schedules, or day-to-day refinery operations based on the State's misguided efforts to interfere with free market business decisions, rather than following long-standing State and Federal safety-based regulations. Maintenance or turnaround events often take years to plan, portions of which may not be subject to deferral under well-established regulations and industry standards. WSPA maintains that there is a real risk with a State-imposed resupply obligation making California's transportation fuel supply issues *even worse*, as dictating refinery maintenance schedules may lead to

[1] *See* CEC Transportation Fuels Reliability Workshop: Resupply Planning and Transportation Fuels Assessment Scope Overview; available at: https://www.energy.ca.gov/event/workshop/2026-06/transportation-fuels-reliability-workshop-resupply-planning-and.

an *increase* in unplanned maintenance events due to the CEC delaying necessary refinery maintenance beyond regulatorily-defined and/or manufacturer-recommended maintenance schedules. California policies have already led to elevated consumer prices; misguided resupply requirements would only further this trend.

**WSPA RESPONSE TO CEC / ICF / STILLWATER RESUPPLY PRESENTATIONS**

While WSPA is encouraged that ICF and the CEC have been working to model potential regulatory implications to California refiners, fuel suppliers, and for consumers, without robust industry involvement and review we remain concerned that neither the CEC – nor the Division of Petroleum Market Oversight (DPMO) – can legitimately support a seasonal *or annual* refinery resupply regulation. Indeed, the CEC staff acknowledged during the workshop that more robust data collection only began in August 2025. Last year we noted the impracticality and infeasibility of attempting to assess significant global market changes or resupply plans over an extended time horizon (i.e., 120 days). Refiners have since been reporting their resupply plans in compliance with the CEC's emergency rulemaking through the revised California Refinery Unplanned Maintenance and Turnaround Reports with resupply plans 30 days prior. While we appreciate that this, together with a more collaborative process, has improved the CEC's working knowledge of how California's refiners responsibly optimize resupply and inventory, we are concerned that now seeking to impose further mandates likely raises reliability, affordability, and "leakage"[2] risks for both the Petroleum Administration for Defense District (PADD)-5 and the broader nation.

*First*, proposals that increase production costs and/or impose resupply (or minimum inventory) mandates warrant further analysis, including "stress test" modeling to avoid unintended consequences upon the few remaining California refineries – especially if such consequences result in reducing energy production investments, which can be difficult to reverse. These unintended consequences can include, but are not limited to:

1) Triggering additional cost impacts by forcing more expensive marine imports into a market that may not be or is not yet considered "short" – this concern also applies to any potential future pipeline imports, which also carry tariff costs and are subject to extended shipping time;
2) Gasoline supply mandates that result in creating negative supply impacts for other fuels – including jet fuel and diesel – and products;
3) Fuel reliability, affordability, and emissions leakage impacts into PADD5, or Arizona or Nevada, or other areas across the nation;
4) Creating burdensome regulatory approval bottlenecks that increase safety risks – without creating any additional fuel supplies – that can compromise maintenance, safety, or could ultimately disrupt, halt, or delay the provision of fuels to consumers; and
5) Imposing restrictions on, or removing spot market transactions entirely, as a viable resupply option, forcing California refiners to take on more costly imports, reducing in-State refinery sales opportunities and resulting production, and adding further complexity to turnaround supply planning.

We believe that a more thorough analysis of the above considerations will determine that forcing a resupply obligation on California refiners is not only unnecessary but would likely be counterproductive towards meeting statutory directives, including helping consumers. WSPA had previously raised concerns that missing any critical sensitivities (i.e., interaction with California Air Resource Board (CARB) At-Berth, Cap-and-Invest, fuel specification regulations, etc.) may underestimate costs and overestimate benefits for proposed resupply plans. A thorough cost-benefit analysis would be required, per AB X2-1, to decide whether regulations would impose more harm than benefits for consumers.

*Second*, standardizing California refinery fuel inventories has the potential to harm California consumers more than help them. WSPA had raised significant operational- and safety-related concerns with requiring on-site refinery experts to seek approvals from Sacramento-based policy offices before proceeding with maintenance or turnaround activities. WSPA's concerns include, but are not limited to:

[2] Per AB 32 (2006), California is required to minimize emissions and economic leakage risks.

- **Strongly opposing any required pre-approvals by the CEC.** It remains deeply concerning should a regulation allow CEC's Executive Director the authority to grant or deny a Refinery Maintenance and Turnaround Supply Plan, in whole or in part, despite the demonstrated need for planned or unplanned refinery maintenance when legitimate operational, safety, and/or uncontrollable reasons exist. WSPA would strongly object to any such provision in a proposed regulation. Furthermore, "locking" resupply plans in or imposing bureaucratic "change order" processes would eliminate other opportunistic solutions that would likely benefit consumers after resupply plans are approved. Eliminating such flexibility is a critical concern for industry as in-State refiners must also stay economic and cost-competitive.
- **Strongly opposing the CEC's ability to assess any civil penalties.** WSPA has raised significant concerns with any proposed authority to then assess civil penalties for a denial of a resupply *plan* – which also raises serious due process concerns in the process. In addition, the process by which civil penalty levels would be determined would theoretically require an understanding of damage (i.e., causation, measurable damages, etc.), which would be highly subjective when determined either prior to or after an event given exogenous factors.
- **Concern regarding a one-size-fits-all "trigger" level.** Such a threshold would be highly inappropriate. The CEC had previously proposed setting a "trigger level" at "more than 450,000 barrels total" or 20,000 barrels per day for at least 21 days. WSPA had raised likely operational complexities should the CEC set a threshold that is either too low or too high, as either may not mitigate for price volatility; WSPA continues to caution the CEC that there appears to be no "perfect" threshold to both protect consumers and not place undue burden on the few remaining refiners.
- **Strongly opposing the restriction, or prohibition, to leverage the spot market.** WSPA remains perplexed by any presumption by the CEC or DPMO that in-State refiners can somehow predict how resupply sourcing plans would impact the California market *without* participating in it. Refiners cannot demonstrate, or even provide evidence of impacts, *prior to* their participation in the spot market. Otherwise, California's refiners would be forced to seek costly marine imports with significant timing risks; this approach would likely hurt California consumers, not help them.
  - We are concerned with recent descriptions casting in-State refiners' use of the local spot market in an unfavorable light (i.e., as "in-state cannibalization"). Such statements incorrectly assume that using the spot market does not produce additional barrels of gasoline and incorrectly assumes that supply will remain the same if the spot market is prohibited from being used. Forced reductions in spot market demand will disincentivize corresponding refinery production, reducing refinery economies of scale and further pressuring in-state refineries. Moreover, prohibition of utilizing spot market for a major source of demand will reduce liquidity in the spot market, likely leading to increased price volatility. Furthermore, the fuel spot market is not unsimilar to how the electricity market operates on a daily basis to maintain supply reliability.
  - The spot market is a critical mechanism for efficiently managing both unplanned and planned refinery maintenance events. If refiners were not allowed to use the spot market during these times of need, it would disincentivize longer-term production investments to supply that market.
  - The spot market also helps incentivize merchant in-State refiners to supply the local market, which in turn helps alleviate logistical challenges that frequently arise at wharves and docks as imports and exports seek a balance. Preserving access to the spot market is therefore vital for maintaining operational flexibility and supply reliability throughout the State.
- **Concerns regarding the proposed resupply amount.** Given the critical distinction between a resupply of contracted volumes versus spot volumes, WSPA believes it would be inappropriate to require refiners to resupply spot sale volumes at 85%. Spot sale resupply should only be required if market conditions demand it – and even then, the spot sale resupply requirement should be the minimum amount demanded by the market. Otherwise, the rule unnecessarily burdens California refiners with the business risk of bringing supplemental spot volumes into a market that does not need additional volume. Moreover, the focus solely on spot sale volumes presupposes that contracted demand is certain when in reality it is also subject to underlying demand changes.

- **Need for reporting flexibility.** As outlined above, while WSPA appreciates that the CEC previously reduced the time needed to outline resupply plans from 120 days to 60 days, we urge staff to remain mindful that refiners inherently anticipate that changes can, and will, occur. In 2025 we had advocated for 30 days, to provide a month-long outlook while indicating that changes will occur until approximately one to two weeks before a planned event. Given the probability of such changes, the CEC needs to remain flexible in both receiving resupply plans and avoiding the demand for changes that will create delays in resupply, turnarounds, or ultimately supplying fuel to consumers.
- **Need for a robust exemption pathway process.** The CEC must detail a well-defined and clearly understood exemption pathway process – including how it would be administered and governed in the event of any disagreement and the timing by which feedback would be provided. Otherwise, refiners are left with insufficient certainty for compliance purposes and no flexibility to address material factors – including those outside of industry's control.
- **Ensuring a role for planned exports.** Any proposed regulation must acknowledge the necessity of exports to both meet contractual obligations and for managing resupply.

If the CEC is going to insist on adopting a refinery resupply obligation, any such policy must provide maximum flexibility for refinery operators while minimizing any potential consumer impacts associated with compliance – including for consumers beyond California's border.

*Third*, any State-imposed resupply mandate may require refiners to withhold fuel from the market, potentially resulting in the very market distortions and price impacts that SB X1-2 and AB X2-1 were designed to prevent. These potential adverse impacts would very likely extend to neighboring states, making it harder for Arizona and Nevada to secure needed fuel supplies in the face of regulations expressly designed to favor California's access to fuel. WSPA previously noted that these types of interstate impacts, such as California-imposed regulations that may lead to the cancellation of exports to neighboring states of non-CARBOB fuel in order to meet resupply requirements, could ultimately lead to costly and time-consuming litigation for California's interference with interstate commerce.

*Finally*, the CEC itself identified several concerns associated with holding mandated inventory thresholds in its 2024 Transportation Fuels Assessment, including that: "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;" and that "potential exists for the state to be criticized for requiring refiners to withhold fuel from the market."[3] However, AB X2-1 also expressly forbids the CEC from adopting any such resupply regulation "unless it finds that the likely benefits to consumers from avoiding price volatility outweigh the potential costs to consumers."

## WSPA RESPONSE TO DPMO PRESENTATION

The DPMO continues to contend that a resupply regulation is necessary to ensure that refiners adopt resupply mechanisms in the expectation that having additional supply on hand will help lower prices. According to the DPMO, California's highly concentrated market lacks adequate incentives to address supply constraints associated with essential refinery maintenance, which can drive different types of market volatility. One type, DPMO contends, is tied to global market events that drive crude oil price increases, where there is "not much [California] can do from a policy-making standpoint that would counteract the increase of crude oil prices."[4] WSPA respectfully disagrees with this assertion. For reference, California had historically produced and refined a substantial portion of crude oil locally to meet consumer demand in California, Arizona, and Nevada. However, in-State crude oil production declined steadily since 2000, at an average annual rate of 3.4%, accelerating to nearly 14% by the end of 2023.[5] This decline, coupled with corresponding constraints placed upon critical in-state pipelines, was *substantially driven by State policies* making it difficult to obtain drilling permits – not due to a lack

[3] Transportation Fuels Assessment: Policy Options for a Reliable Supply of Affordable and Safe Transportation Fuels in California, August 15, 2024: https://www.energy.ca.gov/publications/2024/transportation-fuels-assessment-policy-options-reliable-supply-affordable-and.
[4] *See* event recording at 00:50:21.
[5] *See* https://www.statista.com/statistics/790790/us-oil-reserves-by-state/.

of oil reserves. Adoption of SB 237 (2025) sought to reverse this trend as State policy leaders recognized that relieving State-imposed production constraints could help address market volatility.

The DPMO also contends that the second driver of localized market volatility is because "all firms, including refiners and other suppliers in California, are profit-maximizing actors" where price and supply reliability for consumers are "secondary concerns."[6] WSPA notes that the few remaining in-State refiners already implement measures to mitigate for the impact of planned outages on gasoline supply. For example, refiners may increase production prior to an outage, import additional supplies, purchase from others, or utilize inventory reserves to maintain a stable supply during maintenance periods. Such proactive steps demonstrate that refiners are already motivated to ensure product availability to fulfill their contractual obligations or supply the market during any planned or unplanned events involving competitors' inability to meet California market needs. Maintaining supply reliability and meeting contractual obligations are not "secondary concerns." The imposition of new regulatory burdens DPMO seeks could not only increase costs to consumers without significantly enhancing supply reliability, but may exacerbate the highly concentrated market dynamics DPMO staff believes puts State consumers at risk for price volatility.

Aligned with statements from the CEC, WSPA believes refiners are already utilizing resupply plans during benchmark events, and that factors such as global crude oil prices and market dynamics have dominant roles to play in impacting prices. Implementing additional resupply obligations could necessitate uneconomic strategies by California's industry to secure non-spot market resupplies and additional capital to guarantee supplemental inventories that could potentially lead to higher fuel prices. Placing resupply source, quantity, and timing restrictions could result in compliance difficulties, higher costs, and unintended consequences such as causing refiners to withhold fuel from the market – to the detriment of consumers in California, Arizona, or Nevada – and in direct conflict with statutory requirements.

**WSPA RESPONSE TO SECOND TRANSPORTATION FUELS ASSESSMENT SCOPING**

Further State action is needed to stabilize California's petroleum assets. The State plays a critical and outsized role in providing the holistic, long-term investment confidence necessary to ensure that refiners continue seeing the value in serving California's market and the broader Western region with an affordable and reliable supply of transportation fuels for decades to come. However, there are known, real-world constraints compromising the stability of the underlying transportation fuels infrastructure that Californians, and consumers in neighboring states, depend upon every single day. As the CEC seeks to "untangle" which factors are structural to California's supply system and which are susceptible to broader issues, we suggest the State focus attention on the following issues:

- **Imposing more mandates worsens California's investment viability.** WSPA has raised concerns that imposing additional mandates, including holding minimum inventories, could adversely impact California's market. It could also harm Arizona and Nevada consumers if refineries are required to withhold supply for only the perceived benefit of California's consumers. We strongly recommend that the CEC further analyze whether such requirements are needed – and at what cost, without compromising safety or supply reliability across the Western region.
  - WSPA is also concerned with any efforts to implement a regional or "Western States" fuel blend as doing so would be regulatorily complex, at both the states and Federal level, and would likely place refiners who have made multi-million dollar investments to produce California-grade fuels at a further competitive disadvantage.
- **Need to address escalating environmental compliance costs.** Additional long-term measures are needed to address policy uncertainties and better incentivize investments to help stabilize in-State operations while improving air quality in a manner that consumers can afford.
- **Need to address marine terminal capacity and regulatory compliance constraints.** WSPA has called for further analysis of statewide port capacity to determine whether enough space can be

[6] *See* event recording at 00:51:28.

made available. This includes assessing cost impacts associated with CARB emissions regulations, including the At-Berth Regulation. These are critical issues if the State's plan is to transition California's transportation fuel system to an import-first model to meet future demand. One cannot hope for sufficient port capacity and affordable real-world compliance options without addressing real world constraints that simultaneously prevent compliance pathways.

- **Accounting for uncertainties that affect planning scenarios.** These include the revocation of federal clean vehicle tax credits and key federal regulatory waivers, electric grid constraints, and rising consumers costs that insert further doubt into potential planning feasibility in the real world.
- **Robust statewide coordination is needed for California's refining sector to be competitive.** California needs a coherent intergovernmental strategy related to decisions made by the State, localities, and Air Districts which can substantially impact whether in-State refiners can be competitive and reliably supply affordable fuels for consumers.
- **Impacts to neighboring states must be considered.** WSPA remains concerned that any decisions California makes could easily put the entire fuel supply chain at risk – including for Nevada and Arizona.
- **Ongoing need to stabilize in-state crude oil production and transport.** Ongoing local production constraints have put substantial pressure on other parts of the petroleum system, including crude oil pipelines.

While WSPA appreciates the CEC's desire to maintain fuel supplies while meeting California's ambitious climate policies, we believe the State's petroleum sector – especially the remaining refiners – need strong signals to have the certainty necessary to continue investments. The entire industry has been asking for a more predictable regulatory environment, one that is critical for investment decisions to provide the transportation fuels that will remain in demand for decades to come.

We will continue urging the CEC to work with WSPA and our member companies in efforts that support supplying fuels 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 to prevent further refinery closures, incentivizing infrastructure improvements to minimize economic and emissions "leakage" and allow for additional imported fuels as needed to balance California's demand, and encourage in-State crude production to help lower crude oil and associated transportation costs.

**CONCLUSION**

Fortunately, AB X2-1 is clear that the CEC "shall not" adopt a resupply regulation "unless it finds that the likely benefits to consumers from avoiding price volatility outweigh the potential costs to consumers." Resupply requirements that prevent the free transaction of fuel on the open market when and where needed to satisfy demand will distort the market, further restrict available supply, and hurt consumers. 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 and does not compromise refinery safety while seeking to mitigate potential consumer impacts.

WSPA appreciates the opportunity to provide these comments on critical fuel supply issues of importance to all consumers dependent upon California's fuel supply infrastructure, who rely on affordable and reliable sources of transportation fuel every single day.

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

Sincerely,

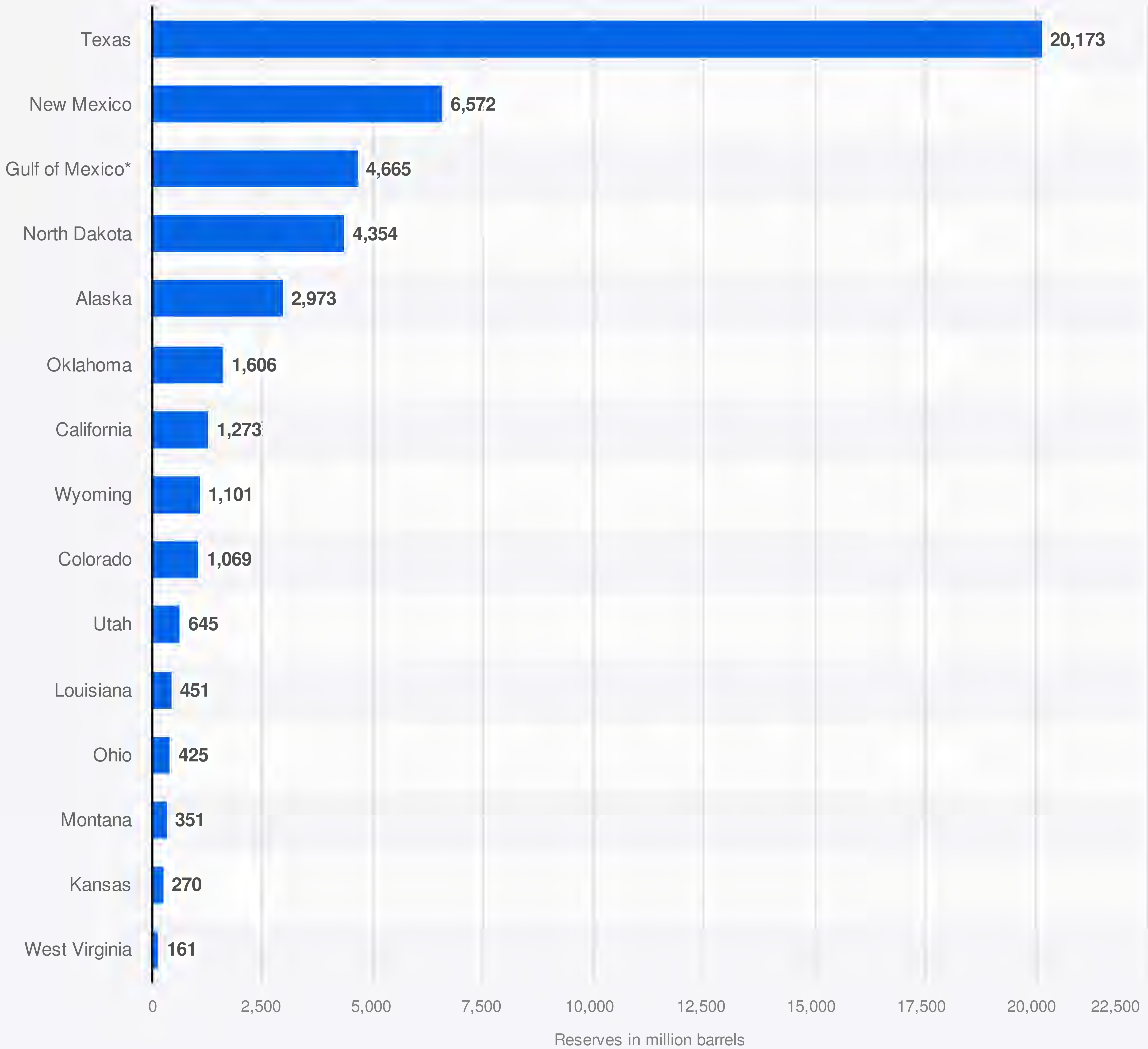
Tanya DeRivi

Tanya DeRivi
Senior Director, California Climate and Fuels

# Footnote 5

Statista; Proved reserves of crude oil in the United States as of 2023, by state (in million barrels)

# Proved reserves of crude oil in the United States as of 2023, by state (in million barrels)




Source
EIA


Additional Information:
United States; EIA; 2023; * Includes Louisiana, Mississippi, Alabama, and Florida.