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**Environmental Justice Coalition Comments on Draft SB 237
Assessment and Draft Transportation Fuels Transition Plan**

Additional submitted attachment is included below.



July 6, 2026

California Energy Commission

Docket Unit, MS-4

Docket No. 25-SB-02

715 P Street Sacramento, California 95814

Submitted at <https://efiling.energy.ca.gov/EComment/EComment.aspx?docketnumber=23-SB-02>

RE: Docket 23-SB-02 (Draft TFTP; Draft SB 237 Assessment)

Commissioners and Staff:

The undersigned environmental justice organizations work across California communities, including three refinery fenceline communities, Richmond, Wilmington and Carson, to advance our members' vision for environmental justice where they live, learn, work, pray and play. We appreciate the opportunity to comment on the SB 237 Assessment ("SB237A" or "Assessment") and the Transportation Fuels Transition Plan ("TFTP" or "Plan"), and the extensive work on both reports by the California Energy Commission ("CEC" or "Commission"), and the expertise of the California Air Resources Board ("CARB") in the TFTP. There are many promising concepts in both documents that will help the State further its climate goals while protecting workers, communities and consumers. We offer our analysis on how the strategies included in the Assessment and Plan may better achieve the twin goals of furthering the ongoing energy transition and ensuring this transition is a just one.

Throughout the reports and our comments, the most important strategies for those goals are: funding for communities and workers to smooth the impacts of the ongoing transition; site remediation transparency and planning; and accelerating zero-emission vehicle adoption.

SB237A #	TFTP #	Agency Recommendation ¹	Our Position
1		Consistent transition planning toward decarbonization and clean energy, with benefits of being proactive, imperative, more affordable, more equitable, and less disruptive	✓
2		Prioritize Buckets 2 & 3 to prevent Bucket 1 emergencies	✓
3		Build agency coordination instead of removing local authority	✓
4	1, 2, 4, 5	Transition funding for workers and communities	✓ Priority
5	3	Remediation transparency	✓ Priority
6		Advance and resource transition planning (e.g., Transportation Fuels Assessment & Scoping Plan)	✓
7	13	Monitor SB 237 outcomes	✓
8	10	Analyze regulatory tools and their interactions (SBX1-2 & ABX2-1)	✓
9		Continue fuel supply management strategies	✓
10	15	Study additional state interventions	✓/ X
	6	Zero-emission vehicle growth (with rural, low-income and tribal community equity emphasis)	✓ Priority
	7	Alternative jet fuel (sustainable aviation fuel and e-fuel)	X
	8	Jet fuel demand reduction	✓
	9	Study impacts of E15	✓
	11	Study western states fuel specification harmonization	✓
	12	Study non-CARBOB fee or variance option	✓
	14	Marine terminal capacity	✓/ X

¹ In our summary table, we reference the SB237A numbered recommendations in column 1. Although the TFTP did not formally include recommendations, it listed potential strategies, which we numbered in column 2.

We further recommend, in order to better achieve the goals of the Plan and Assessment, that the State take the following actions:

- **Model a partial refinery shutdown**, as CBE proposed during the 2024 Transportation Fuels Assessment comment period.
- **Strengthen process safety management regulations** to protect workers and fenceline communities and better secure the State’s fuel system’s reliability.
- **Develop aviation emissions and efficiency standards** to engage federal lawmakers in the future.

I. Transition Management

- SB237A Recommendations # 1, 2, 6, and 9 (transition management and planning)

Throughout the reports, it is clear that the Commission understands that the energy transition is not far-off, but rather ongoing. The reports name both benefits to embrace and impacts to navigate thoughtfully, and recognizes that the move away from fossil fuels is to be supported and accelerated. We agree. CEC and the State at-large are right to continue the consistent messaging of the last decades to decarbonize California’s economy. As SB237A Recommendation 1 explains, this steady source of market signals affords all parties – fenceline residents, fenceline municipalities, industry workers, and industry itself – the ability to prepare for and adapt to the transition.² Legislative and regulatory targets for the transition communicate where California is going and allow everyone to adjust accordingly. While policy implementation dates may be set in the medium- and long-term, we need to move as quickly as possible. Our lives depend on it.

The bucket framework in SB237A Recommendation 2 is a helpful categorization of the policy options available:

Bucket 1: Reactive stabilization to address immediate disruptions: Targeted actions to mitigate impacts on fuel supply and prices in response to specific events.

Bucket 2: Sustaining systemwide reliability: Supporting operations as to to maintain safety and reliability through governmental coordination and transparency.

Bucket 3: Proactive transition governance: Advancing the state’s climate goals while managing structural changes and impacts, including workforce transitions, community impacts, safety and reliability, the phase out of infrastructure, and future uses of impacted land.³

We agree the State should not rely on Bucket 1 responses to the ongoing energy transition. CEC should distinguish, however, between closures and crises. Crisis is a function of lead time.

² SB237A, at 57.

³ SB237A, at 1-2.

Eventually, all refineries will close, and this fact need not, in and of itself, represent a crisis. We understand the work of the reports is to plot a path that minimizes the impacts of closures and thereby lower the stakes of each. Under current conditions, it is a fair question whether the one-year timeline under SBX1-2 may or may not be enough notice to achieve that mitigation; at present, one-year notice may mean we are in a “crisis” posture. While we understand that CEC’s wariness of an “asset-by-asset”⁴ or “one at a time”⁵ approach is reflective of opposition to reactive policy, the drumbeat of refinery closure will, in all likelihood, be one at a time. The more we implement Bucket 2 and 3 strategies, the less of a crisis each will be.

To that point, Bucket 2 offers helpful strategies to mitigate those disruptions, especially targeted at the most volatile stakeholder in the system, industry itself. Our comments on each of those strategies follow in the subsequent sections of this letter, but it bears emphasis that “stabilization should not be confused with preservation”⁶ and that “[t]his assessment finds no evidence that slowing the transition would improve reliability or affordability outcomes.”⁷ Bucket 2’s strength is in its data collection goals that both demystify and communicate what may come next in the State’s fuel market, allowing the Commission to prepare for industry decisions that impact the State and express investment confidence for what will replace the fossil fuel system. In addition, Bucket 2 supports important coordination between agencies.

Bucket 3 answers the critical questions of how we navigate and accelerate the ongoing transition. As with Bucket 2, our detailed comments on the various component strategies follow, some in support and some in respectful disagreement. More than anything else, the best way to reduce the impacts of market volatility and industry whim is to reduce reliance on fossil fuels and system bottlenecks. Bucket 3 outlines many promising policies to that end. But, as CEC outlines in the remaining Bucket 3 proposals, there are impacts on communities, workers and consumers. As such, and, in addition to reducing reliance, the State should make it a critical and strategic priority to support these stakeholders through the transition.

We support SB237A Recommendations 6 and 9 to support and fund the “evolving analytical framework” in the triennial Transportation Fuels Assessment and the every-five-year Scoping Plan. Each update offers the State an opportunity to assess market conditions from the preceding years, impacts of and improvements on recent policies, and engage the public on next steps.⁸ Throughout, CEC and CARB’s expertise is crucial for the State’s successful management of the energy transition.

⁴ SB237A, at 57.

⁵ SB237A, at 8.

⁶ SB237A, at 9.

⁷ SB237A, at 57.

⁸ SB237A, at 58.

- SB237A Recommendation # 7, TFTP Recommendation # 13 (237 outcomes)

Consistent with our past letters and advocacy, we remain opposed to SB 237 (Grayson, 2025). SB 237 is not stabilization in the Bucket 2 sense, and it is more than just preservation; it is plainly an expansion “as new production increases.”⁹ The purported rationale goes that it is cheaper to chase declining wells in Kern County than import more crude; that industry talking point has been proven nowhere. The San Pablo Pipeline, through which maintaining flow was a rationale for the law, stopped transporting crude in December.¹⁰ There is no guarantee that its sole remaining customer will purchase crude through the pipeline, nor is there any guarantee that the extraction permitting regime will induce oil extraction to an extent that will meaningfully impact any downstream stakeholders, including refiners and consumers. Data indicates the contrary, as annual oil production has declined steadily since 1985, from 394 million barrels to 105 million barrels in 2025. This is because it is a result of geology: California’s oilfields are largely depleted and no amount of permitting will bring high production volumes back.¹¹ This host of faulty assumptions undergird SB 237.

At the same time, there are negative impacts we are sure of. The law props up a polluting industry; as CEC writes, “[p]hasing out oil and gas operations near communities can have significant health and safety benefits.”¹² While the supply dwindles (at a rate compatible with in-state demand decline), more energy and chemicals are needed to extract what crude is left, raising the carbon intensity and emissions associated with Kern drilling.¹³ SB 237 also ignores the cost of health impacts on rural low-income communities¹⁴ and on ecosystems in the San Joaquin Valley that oil companies treat as a vestige of the Wild West.¹⁵ For all these reasons, SB 237 is no Bucket 2 solution.

⁹ SB237A, at 30.

¹⁰ “Resolution O-0098. San Pablo Bay Pipeline Company, LLC and Crimson California Pipeline, L.P. (together the “Crimson Utilities” or “Crimson”) Request for Emergency Rate Relief” California Public Utilities Commission (Feb. 5, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M597/K673/597673435.PDF>; Risser, “Oil drillers resort to trucks as key California pipeline idled,” *SiliconValley.com* (Mar. 31, 2026), <https://www.siliconvalley.com/2026/03/13/oil-drillers-resort-to-trucks-as-key-california-pipeline-idled/>.

¹¹ “Petroleum & Other Liquids”, U.S. Energy Information Administration (Mar. 29, 2026), <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mcrfpca1&f=m>.

¹² SB237A, at 30.

¹³ Fleming, “Killer Crude: How California Produces Some of the Dirtiest, Most Dangerous Oil in the World,” Center for Biological Diversity (June 2021), https://www.biologicaldiversity.org/programs/climate_law_institute/pdfs/June-2021-Killer-Crude-Rpt.pdf.

¹⁴ Gonzalez *et al.*, “Oil and gas production and spontaneous preterm birth in the San Joaquin Valley, CA” *Environmental Epidemiology* 4(4) (June 5, 2020), <https://pmc.ncbi.nlm.nih.gov/articles/PMC7423522/>; Tran *et al.*, “Residential Proximity to Oil and Gas Development and Birth Outcomes in California: A Retrospective Cohort Study of 2006-2015 Births,” *Environmental Health Perspective* 128 (6) (June 3, 2020), <https://pmc.ncbi.nlm.nih.gov/articles/PMC7268907/>.

¹⁵ Goldberg, “Environmentalists Slam Chevron, State Regulators Over Kern County Oil Releases,” *KQED* (Aug. 28, 2019), <https://www.kqed.org/news/11770259/environmentalists-blast-chevron-state-regulators-over-kern-county-oil-releases>; Wilson, “Are California Oil Companies Complying With the Law? Even Regulators Often Don’t Know,” *ProPublica* (Mar. 22, 2021), <https://www.propublica.org/article/are-california-oil-companies-complying-with-the-law-even-regulators-often-dont-know>.

While we reject the many ill-founded premises for SB 237, it is crucial the State closely study SB 237 outcomes for all these same reasons. The listed metrics in the Assessment are all important. In addition, we urge the State to go further than monitoring compliance with health and environmental protections by also including close accounting of the public health and ecological costs. Compliance monitoring is not enough; the impacts of permitted and impermissible activities on communities and the environment must be part of this work.

Furthermore, there has been no evidence publicly presented that the Kern County crude pipelines are reaching their minimum viable capacity. Industry's estimate are no substitute for thorough and impartial engineering and economic analysis. If not already completed, CEC should obtain this information for each pipeline system, and, even if the agency does not share the full data with the public, publish a version with the data and analysis in an aggregate format. At this moment, there is inadequate transparency around SB 237 implementation.

II. Agency Coordination

- SB237A Recommendation # 3 (voluntary agency coordination)

CEC's thoughtful analysis of the one-stop-shop permitting model proposed by SB 237 correctly identifies the strengths of the existing approach and offers a creative improvement for the sake of efficiency. CEC is right in observing that "[a]ir districts hold deep institutional knowledge of regional air basins, specific facility operations, and local health conditions that cannot be quickly replicated at the state level" and that consolidating permitting authority at the state level would take substantial time and resources, causing delays rather than expediting processes.¹⁶

In our long experience working with air districts in Northern and Southern California, we have directly witnessed their expertise in refinery equipment, emissions controls, data, monitoring, compliance history, and regulatory history of each oil refinery. Attempting to supplant this extensive, already existent expertise by moving it to the state level would be a major step backward. Oil refineries are complex, and include hundreds of massive heaters and boilers, miles of pipelines within refineries, hundreds of thousands of valves, flanges, pump and compressor seals, extensive storage tank farms, and networks of industrial flares connected to many parts of the refinery. These are sited over hundreds to thousands of acres. Although refineries have many components in common, each is customized and requires specific regulator knowledge. Trying to suddenly replicate air district permitting at the state level would disastrously increase health and safety risks for Californians. Although we have had highly varied experience with the air districts' willingness to require refiners to do all that they should to minimize emissions using available cost-effective technologies, what we need is more extensive oversight of refineries by air districts, not less.

¹⁶ SB237A, at 41.

With respect to air pollution permitting, it is also true that “[c]ommunities and local governments have invested decades in building relationships with local regulators. That accountability structure has value that consolidation could inadvertently disrupt.”¹⁷ Project permitting at the local level also allows the community to have a voice in how facilities are built out in their backyards; an agency hearing in Sacramento could never replace the accessibility of a public hearing at a city hall. Communities should always have a say in their own futures’ creation. With that said, of course, community voices need to be further uplifted in all public engagement, and all jurisdictions have room for growth in how they do so.

Additional agencies should be in the mix, too. Health agencies, pipeline regulators, and representatives of tribal nations, both federally recognized and unrecognized, need to have a seat at the table.

Ultimately, we agree that “coordinated collaboration among existing agencies achieves faster and more durable outcomes than structural consolidation of authority” and that “[t]his approach would achieve those benefits without displacing the specialized expertise and community accountability structures that effective permitting depends on.”¹⁸

III. Local Impacts

As the State considers this category of strategies, it should also develop mechanisms that ensure the polluter pays for these initiatives as much as possible, rather than sticking taxpayers with the bill.

- SB237A Recommendation # 4, TFTP Recommendation # 1 (workforce safety and transition plans)

We support CEC and CARB’s framing of workforce safety and transition plans by refineries, and securing the funds to support those plans, as an essential part of the energy transition.¹⁹ Such a plan would get ahead of many of the problems that emerge in the run-up to closure. More will be said on refinery safety for workers in our additional recommendations below, both during and prior to closure.

Establishment of a worker safety and transition assistance program, funded by employers, would complement other sources of funding for the essential task of supporting workers through the transition. Such a program, in combination with other sources, may also help address some of the retention problems so pernicious as refineries approach closure. As employees learn the facility

¹⁷ SB237A, at 41.

¹⁸ SB237A, at 37-38.

¹⁹ SB237A, at 44; TFTP, at 60-61.

is slated to close, naturally and rightfully they start to look for new jobs. That can leave a refinery dangerously operating on a skeleton crew as closure gets closer. Small quarterly bonuses have been shown to be insufficient, but extended severance and job training and placement assistance may have more success.²⁰ Engagement of labor unions in designing these programs is essential to best understand what will be most effective in accomplishing the goals of these plans.

- SB237A Recommendation # 4, TFTP Recommendation # 5 (displaced oil and gas worker fund)

Parallel to the concept of a workforce safety and transition assistance program, the displaced oil and gas worker fund (“DOGWF”) is an important strategy put forth by both reports.²¹ AB 2157 (Connolly, 2026) aims to make the program permanent, now informed by a multi-year pilot project and study by UC Berkeley. We are in support of the measure, as described in the reports and in the bill. However, CEC needs to be proactive and prioritize coordination and identification of potential sources of revenue to create wide ranging programs that are needed to support this transition in the next twenty years, needs that have been identified by various scholars.²² We would support additional resources for CEC to prioritize coordination of this vital task, which is one of the key pieces of the puzzle to California’s equitable transition plan.

- SB237A Recommendation # 4, TFTP Recommendation # 2 (local tax base pilot fund)

The reports also correctly observe municipal revenue disruptions as a predictable and potentially devastating impact of the ongoing transition.²³ Developing a pilot fund for local tax base support, and trialing the concept in Benicia and Wilmington as they undergo their own local transitions in the wake of recent refinery closures, is a laudable idea that should be pursued. The impacts, of course, will vary across jurisdictions; a refinery closure in Los Angeles may have a much smaller impact relative to the closure in Benicia, for example, but the impacts are nevertheless significant and State mitigation and support is a critical lifeline.

²⁰ Alexander, “Before the Last Drop: Lessons from the Phillips 66 Los Angeles Closure,” Asian Pacific Environmental Network and Communities for a Better Environment (Dec. 2025), at 44-45, 80, 101, available at <https://apen4ej.org/p66/> [hereinafter “BTL D”].

²¹ SB237A, at 44; TFTP, at 63.

²² Pollin *et al.*, “A Program for Economic Recovery and Clean Energy Transition in California,” Political Economy Research Institute (June 2021), <https://peri.umass.edu/wp-content/uploads/joomla/images/CA-CleanEnergy-6-8-21.pdf>.

²³ SB237A, at 44-45; TFTP, at 61.

School districts, too, for their reliance on property tax revenues stand to be greatly impacted by industry transition. The agencies should consider how they may also be supported by such a fund.

- SB237A Recommendation # 4, TFTP Recommendation # 4 (economic development)

There is no need to wait for refinery closures to begin weaning local government revenue reliance off oil refineries. Committing early in earnest to economic development to replace the refining sector is a way to proactively smooth the transition rather than react after-the-fact with a direct tax base replacement fund from the State, or at least minimize the scale of a replacement fund. The industry-commissioned report cited in the Plan identifies that, for example, the City of Carson had 11.9% of its jobs and 37% of its general fund budget tied to the oil and gas industry before the Phillips 66 closure.²⁴ As cities shrink their proportional reliance on refining, closures become less like crises and more like natural industrial progressions.

As the State and municipalities approach this task, all must take care not to repeat the mistakes of the economic development past. Replacement industries must not edify or exacerbate existing pollution burdens (from operations or as an indirect source of transportation emissions) or public health risks (from fires or other accidental releases).

The agencies should also include Kern County in this effort, as well as in the tax base fund concept, where oil extraction plays a significant role in municipal revenue streams.²⁵

- SB237A Recommendation # 5, TFTP Recommendation #3 (remediation transparency)

A century of contamination at refinery sites poses grave questions that recent closures have brought to light.²⁶ Among all industries, refineries stand alone in how unmanaged their cleanups are.²⁷ As compared to the planning requirements and financial assurances imposed at the federal and state levels for nuclear and fossil power plants, hydroelectric, wind and solar facilities, and well drilling and coal mining, counterintuitively California's gargantuan refineries remain a black box. Water Board jurisdiction over waste management units and Department of Toxic Substances Control oversight of hazardous waste sites can be as small as a single-digit percentage slice of a refinery site. Compounding the problem, decades of early operations were even less regulated than today.

²⁴ TFTP, at 53.

²⁵ "In Decline: California's Oil and Gas Industry Decline, and its Implications for Employment, Property Taxes, and County Budgets," University of California Merced Community and Labor Center (forthcoming, 2026).

²⁶ TFTP, at 61-62.

²⁷ SB237A, at 54.

Despite limited information on soil and groundwater contamination, it is known there is a “lake of hydrocarbons” underneath the Phillips 66 Wilmington refinery including benzene and many other toxic chemicals.²⁸ The Los Angeles Regional Water Quality Control Board has assessed it will take years to understand the complete extent of the contamination and cleanup, much of which cannot be undertaken until after the refinery structures are decommissioned and removed.²⁹

We support the agencies’ call for site assessments to learn the extent of the contamination,³⁰ for cleanup costs and timeline estimates,³¹ and ultimately for financial commitments³² so that we can be sure the polluters pay for their decades of lasting community and environmental damages. SB 1259 (Blakespear, 2026) takes some of those first steps to gather information about the extent of contamination and cleanup needs.

In the absence of clear obligations placed on refineries, declarations of bankruptcy and “Keep Out” signs hung on fences could stick municipalities and the State to clean up refineries’ mess.

In addition to known groundwater and soil contamination, workers also deserve to know today how contaminated their workplaces are, especially as refinery workplace safety standards themselves are frequently woefully inadequate, regardless of the information gap. For the State not to act now and investigate site conditions would be to become willfully ignorant.

Developing cleanup plans ahead of time, with safety top of mind for the workers who will carry it out one day, also sets up new employment opportunities for blue-collar labor, created thoughtfully with their health and well-being as a centerpiece.

As with the prior strategies, we may not know precisely when the remaining refineries will close, but we do know that they will close. Moving away from a Bucket 1 reactive approach, panicked when we only learn the extent of contamination when it is immediately time to do the cleanup, the State has the ability to start taking steps now to plan ahead in the spirit of Bucket 3.

The same is true for all these strategies, from workforce transition support and municipal revenue bridges and planning to environmental cleanup: the second best time to start planning (the best having been before recent closures) is now.

²⁸ Cantu, “Who’s Going to Clean Up the ‘Lake’ of Oil Under L.A.’s Soon-to-Close Refinery?” *LA Progressive* (Aug. 21, 2025), <https://www.laprogressive.com/the-environment/lake-of-oil>.

²⁹ “Master Work Plan Update: Cleanup and Abatement Order No. 94-139 – Phillips 66 Los Angeles Refinery, Wilmington Plan” Trihydro Corporation (Sep. 30, 2025), https://documents.geotracker.waterboards.ca.gov/esi/uploads/geo_report/5898193240/SLT43132130.PDF.

³⁰ SB237A, at 54-55.

³¹ SB237A, at 55-56.

³² SB237A, at 56.

IV. State Fuel Market Policy Tools

- SB2327A Recommendation # 8, TFTP Recommendation #10 (SBX1-2 and ABX2-1 tools)

We understand implementation of the maximum minimum inventories and resupply requirements is still being worked through, and gross gasoline refining margin is on hold.³³ We maintain that each of those tools offers important consumer protections in how they address supply shocks and price spikes.

The oil industry, especially in light of recent foreign policy and the Iran War, are expected to reap record profits.³⁴ State data shows that refiners were already achieving double-digit percentage profit margins in recent years,³⁵ and margins have grown since the start of this year.³⁶ Implementation of the maximum gross gasoline refining margin is the most important tool for CEC to implement to protect consumers and curtail price gouging. Without it, industry will use gas prices in familiar ways: fill its coffers, stir political angst, and blame the State for it all. Price spikes will continue until industry says it is satisfied, and the State must take away its ability to gouge consumers and implement the maximum gross gasoline refining margin rule as soon as possible.

- SB237A Recommendation # 10, TFTP Recommendation # 15 (study other state interventions)

We understand that agencies' motivation in trying to identify certain policy tools is to deny oil corporations the ability to create instability in the supply chain and extort weakened health and safety regulations from the State.³⁷ In exploring these options, especially reliability-must-run ("RMR") or ownership models, we ask the agencies to carefully and comprehensively examine potential pitfalls, some of which we have begun to identify here.

Utility regulation is an interesting concept, and SB 1794 (Dunn, 2006) represents an early foray into such a scheme. The bill would have classified refineries as public utilities, though it never

³³ "Order No: 25-0813-08" California Energy Commission (Aug. 13, 2025), available at <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=25-oiip-02>; "Resolution No: 25-0829-03a" California Energy Commission (Aug. 29, 2025), available at <https://www.energy.ca.gov/filebrowser/download/7819?fid=7819> (NB: unsigned).

³⁴ Isidore, "ExxonMobil and Chevron earnings fall, but bigger profits are on their way because of soaring oil prices," CNN (May 1, 2026), <https://edition.cnn.com/2026/05/01/business/big-oil-earnings>.

³⁵ "2025 Review of the Price of Gasoline in California and Related Effect on State Revenues," California Energy Commission and California Department of Tax and Fee Administration (May 2026), at 25-27, available at <https://www.energy.ca.gov/publications/2026/joint-agency-report-2025-review-price-gasoline-california-and-related-effect>.

³⁶ "California Oil Refinery Cost Disclosure Act Monthly Report," California Energy Commission (June 15, 2026), <https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/california-oil-refinery-cost-disclosure>.

³⁷ SB237A, at 52-53; TFTP, at 73.

became law; ultimately, according to Committee analysis, the Public Utilities Commission (“CPUC”) came out against the bill and it died in the second chamber’s committee.³⁸ SB 1794 was largely motivated by stabilizing supply and prices, with a particular focus on competition and price spikes. Thanks to SBX1-2 and ABX2-1, CEC now has some of the tools contemplated in SB 1794, stopping far short of utility regulation. Utility regulation could, of course, mean much more, including stricter price controls. Lacking details now, we look forward to engaging on the specifics of any utility regulation proposal. But SB 1794 and the two special session bills show that utility regulation may not be necessary if the State has more circumscribed goals in mind.

The committee analysis for SB 1794 raises another idea: honing anti-trust laws to ensure greater competition among oil companies in a market the Division of Petroleum Market Oversight acknowledges “is best characterized as an oligopoly.”³⁹

Returning to the agencies’ recommendations, subsidies to support operations and legal obligations to run, together, sound like an RMR model. We are concerned how this concept might not carry over to refineries, which are significantly more complicated than the typical RMR target, gas-fired power plants.

There are significant safety and financial risks in a refinery RMR model. A company-planned refinery closure would likely include years of aligned maintenance and turnaround scheduling such that by the time the company intends to idle the plant, it would be due for costly repairs. The purpose of RMR would be to keep a refinery running, and the time that RMR would be triggered would, thus, likely coincide with a period where a turnaround is necessary, leaving two options: (1) run the refinery without completing a turnaround and risk worker injury, community safety, and market disruptions from a fire or explosion; or (2) perform a turnaround during the contractually-obligated operation period, yielding no supply during that time while incurring significant costs. Apart from those costs, financial subsidies to operate could be staggeringly expensive. The State should take seriously the liability issues attendant in RMR, too. Lastly, and critically, upon a refinery closure announcement, communities will be celebrating that they will soon have cleaner air that they have advocated for decades for, and RMR would delay that long overdue environmental justice.

Direct state management or ownership of assets may only compound the faults of the utility model. Lack of expertise, entrenching assets otherwise set to close (and possibly decrepit accordingly), a waste of funds otherwise better spent on any of the other strategies discussed

³⁸ “06/23/06- Assembly Committee,” California Legislative Information, available at https://leginfo.ca.gov/faces/billAnalysisClient.xhtml?bill_id=200520060SB1794. CPUC’s opposition was rooted in its lack of expertise to accomplish the task.

³⁹ Moreno *et al.*, “2024 Annual Report: Year in Review, Gasoline Market Conditions, and California Gasoline Price Analysis,” Division of Petroleum Market Oversight (Oct. 2025) at 17, <https://www.energy.ca.gov/sites/default/files/2025-10/CEC-900-2025-001.pdf>.

herein, and a legal quagmire of liabilities would each, never mind in combination, render this proposal impossible.

Finding a silver bullet to solve the many questions, or any one of the questions, of the ongoing energy transition is a tempting quest. The reality is that a set of questions this complex requires a complex set of solutions that no one big idea can replace. The great news is we have long known what needs to be done. We need to increase clean mobility options and transportation electrification to drive down our fuel demand. We need to plan ahead and act to manage the predictable environmental, public health, labor and municipal impacts inherent in refinery closures. Other strategies, like those in other sections of the reports, may also ease some of the transition by softening the margins of our supply system. Rather than quixotically pursuing a grand scheme, we ought to double down on what we know works and start implementing.

V. Zero-emission Vehicle Adoption

- TFTP Recommendation # 6 (ZEVs)

Advancing equity-based zero-emission vehicle (“ZEV”) adoption and charging infrastructure represents the most important set of strategies to reduce California demand for fossil fuels and our reliance on a volatile, polluting industry. We support CARB’s Drive Forward initiative for light- and heavy-duty⁴⁰ vehicles to set up new targets and regulations, and we look forward to engaging with these rulemaking processes. Throughout this category of work, it is critical that CEC and CARB maintain a focus on equity, with special attention to tribal, rural, and lower-income communities.

It should be noted that recent decisions by CARB have undermined vulnerable communities’ confidence in the agency. We believe CARB can and should do more to fulfill its commitments to environmental justice communities, who have subsidized polluting industries with their health. CARB has the legal and ethical responsibility to allocate public funds efficiently and prioritize the needs of low-income communities of color.

On the various strategies to continue growing adoption of ZEVs proposed by the agencies in the TFTP:⁴¹

The Low Carbon Fuel Standard (“LCFS”) is rife with perverse incentives for false solutions. While some funds have flowed to ZEVs, the lion’s share has gone to: crop-based biofuels with significant environmental impacts from harvest to refining to combustion, with no real carbon intensity benefits; to methane-produced hydrogen that undermines any benefits; fossil-fuel based blue and grey hydrogen; and to carbon capture. In particular, the duplicative incentives to crop-

⁴⁰ “Drive Forward Light-duty Vehicle Program,” California Air Resources Board, <https://ww2.arb.ca.gov/our-work/programs/drive-forward-light-duty-vehicle-program>; “Drive Forward Fleet,” California Air Resources Board, <https://ww2.arb.ca.gov/our-work/programs/drive-forward-fleet>.

⁴¹ TFTP, at 64-65.

based biofuels have weighed down the program and reduced incentives flowing towards electrification. If LCFS were to actually be used for ZEV deployment, this strategy would mean more.

CARB's recent changes to the Cap-and-Invest program also moves dollars away from transportation investments through cuts to the Greenhouse Gas Reduction Fund ("GGRF") and into infrastructure for false solutions through the Manufacturing Decarbonization Incentive ("MDI").⁴² Overly generous industrial allocations also direct the financial benefits of the Cap-and-Invest program towards refineries and oil and gas infrastructure in an attempt to preserve those facilities. This is misguided investment; as the reports report identifies, refineries are already closing and what is most essential is funding electrification to transition away from fossil fuels. As CARB continues to analyze the comparative benefits of MDI and GGRF investments in the coming year, we urge the agency to aim investments at decarbonization.

Wherever the funding may come from, increasing incentives and rebates for ZEV purchases by California consumers and companies are the most straightforward way to induce ZEV growth. Doing so with an emphasis on equity only strengthens the policy's efficacy in targeting lower-income households that might not otherwise be able to afford a ZEV.

Likewise, supporting proliferation of charging infrastructure is an essential part of decarbonizing transportation, and we are encouraged to see the recommendation includes a special focus on lower-income communities.

Promoting the clean energy economy through education pathways and job opportunities is also an important component of the broader strategy. We encourage the agencies to target opportunities for oil industry workers to support them through the transition. We also request public workshops with frontline refinery community members to support alternative economic development. Beyond those two starting points, addressing equity is critical, in targeting tribal communities and lower-income communities, and developing programs at community colleges and campuses in the California State University system.

We are concerned about the proposed Climate Credit⁴³ proceeding concept, as it is not a viable or secure investment strategy for promoting affordable EV charging. With that said, this strategy, as written, is difficult to assess for several reasons. First, it is unclear how the Climate Credit could actually support more affordable EV charging. The Climate Credit provides a direct-to-ratpayer credit that addresses energy affordability. The funding for this benefit comes from the

⁴² Gallagher, "While California swelters, its hallmark climate program falters," Communities for a Better Environment (Apr. 30, 2026), <https://www.cbecal.org/while-california-swelters-its-hallmark-climate-program-falters/>.

⁴³ TFTP, at 65 ("[e]xplore options to utilize the California Climate Credit to support more affordable EV charging. Incorporate this option into the California Public Utilities Commission (CPUC) rulemaking 25-07-013 to improve the distribution of the California Climate Credit."); *see also* California Public Utilities Commission Docket Card (R.25-07-013) (last visited May 27, 2026) https://apps.cpuc.ca.gov/apex/f?p=401:56:::RP,57,RIR:P5_PROCEEDING_SELECT:R2507013.

Cap-and-Invest program and is therefore likely to decline over time and vary according to auction revenue, as has been demonstrated in CARB's 2026 rulemaking process. While we support equitable EV charging policies, an additional carveout for EV charging from the Climate Credit would detract from an important energy affordability mechanism. More affordable energy prices are an essential part of a widespread accessible transition to electric vehicles and therefore the Credit already has a valuable role in the transition. In this vein, we would instead advocate for this report to support CARB direction to allocate more allowances to utilities in order to allow the PUC and utilities to distribute a larger credit, thereby increasing affordability benefits to ratepayers, reducing energy costs, and making EV charging more accessible. Second, this strategy, as written, may conflict with the statutory directive of the Public Utilities Code § 748.5(a)(3). It is not obvious how using the Credit specifically for more affordable EV charging will support the statute's directive to distribute the Credit in a way that maximizes affordability. Finally, it is unclear how this strategy will fit into the ongoing CPUC rulemaking, and when and where it may be introduced within the proceeding. We request that CARB and CEC provide further clarity on this strategy. Overall, given our concerns about drawing funds away from the Climate Credit's important and fairly unique lifeline for ratepayer affordability, we encourage CARB and CEC to pursue funding elsewhere.

In addition to regulatory programmatic investment in ZEV adoption, the Legislature holds substantial power to direct state dollars towards programs that support ZEV adoption and energy affordability. The Legislature's power to direct investment towards ZEVs is particularly pertinent in conversations regarding the redistribution of the GGRF and other budgetary discussions. The CEC should support legislative decision-making⁴⁴ that fully funds investment in equitable EV programs.

Local government fleet deployment via statewide cooperative purchasing strategies may help decarbonize those operations; we encourage this strategy to include special districts and be offered to tribal governments, too.

VI. Fuel Specifications

- TFTP Recommendations # 7, 8 (jet fuel)

We are concerned about the jet fuel proposals in the TFTP; this section of the Plan contains the most speculative approaches and promotes false solutions.

⁴⁴ "Charge Ahead Priorities for the 2026-2027 California State Budget" (2026), https://static1.squarespace.com/static/65e74871e688dd0dde87dba5/t/695ef57172ca252a83d509d9/1767830897040/Charge+Ahead+Budget+Letter+2026_27.pdf.

The concept of e-fuel⁴⁵ raises many issues to navigate, including the sourcing of the hydrogen, carbon, and energy needed for its production, all of which must not be derived from fossil fuels if it is to achieve the intended goal of reducing reliance on polluting energy sources.

Sustainable aviation fuel (“SAF”)⁴⁶ has proven to be anything but sustainable, and we maintain that SAF is a false solution.⁴⁷ The lifecycle carbon intensity of SAF can be equal to or more severe than that of fossil jet fuel.⁴⁸ The least carbon-intensive SAF feedstocks (waste and crop residue) do not exist in quantities anywhere near enough to meet SAF or jet fuel demand.⁴⁹ Instead, there has been a proliferation of crop feedstock SAF that induces indirect land use changes with severe consequences, including land clearing and deforestation, increased soil and water contamination, and exacerbated food insecurity and hunger due to crop displacement and inflation of crop prices.⁵⁰ From a market perspective, biorefineries are reliant on giveaways from the State to operate,⁵¹ and SAF globally accounts for a miniscule source of jet fuel.⁵²

Nor is SAF safe. In 2023, a fire erupted at the Marathon Martinez biorefinery that left a worker with severe burns all over his body; the U.S. Chemical Safety Board attributed the fire to many causes, including failures in corporate oversight.⁵³ Biorefineries are an environmental justice scourge not dissimilar from their petroleum counterparts, with emissions of carbon and criteria air pollutants that rival, and in some instances exceed, petroleum refineries, not to mention odor impacts.⁵⁴ As we have warned before, where these emissions may have finally ceased were a

⁴⁵ TFTP, at 66.

⁴⁶ TFTP, 21, 39, 44, 72-73.

⁴⁷ “Pollution for Airline Profit,” Communities for a Better Environment, SEIU United Service Workers West (Sep. 2024), at 25, <https://www.cbecal.org/wp-content/uploads/2024/09/Pollution-for-Airline-Profit-Report.pdf>; CBE v. County of Contra Costa, Petition for Writ ¶¶ 45-48, Case No. N22-1091; Small, “RE: CARB First Public Workshop to Discuss Regulatory Concepts for Using Operational Practices to Reduce On-Ground and Near-Ground Emissions from Commercial Aircraft in California” (Feb. 2025) at 6-11, <https://ww2.arb.ca.gov/sites/default/files/2025-02/Comments%20on%201st%20Aircraft%20Workshop.pdf>.

⁴⁸ Fleming *et al.*, *The Biofuels Myth: Why ‘Sustainable Aviation Fuels’ Won’t Power Climate-Safe Air Travel*, Center for Biological Diversity (Aug. 2022) [https://biologicaldiversity.org/programs/climate_law_institute/pdfs/2022:Navarrete, “Understanding the GHG Emissions of Different SAF Pathways,” International Council on Clean Transportation \(Oct. 6, 2025\), <https://theicct.org/understanding-the-ghg-emissions-of-different-saf-pathways-sept25/>; Communities for a Better Environment v. County of Contra Costa, Petition for Writ ¶¶ 45-48, Case No. N22-1091 \(Contra Costa County Superior Court Jun. 8, 2022\) \[refining biofuels can be more carbon intensive than crude oil refining\].](https://biologicaldiversity.org/programs/climate_law_institute/pdfs/2022:Navarrete_“Understanding%20the%20GHG%20Emissions%20of%20Different%20SAF%20Pathways%20Sept%2025%20.pdf”)

⁴⁹ Fleming *et al.*, at 13-16.

⁵⁰ Michael Grunwald, “The ‘Green’ Aviation Fuel That Would Increase Carbon Emissions,” *Yale Environment* 360 (May 27, 2025), <https://e360.yale.edu/features/corn-soy-biofuel-aviation-congress>; CBE v. County of Contra Costa, Petition for Writ ¶¶ 45-48, Case No. N22-1091.

⁵¹ O’Malley *et al.*, “Comments on Low Carbon Fuel Standard Initial Statement of Reasoning,” International Council on Clean Transportation (Feb. 20, 2024).

⁵² “Fact Sheet – Sustainable Aviation Fuels (SAF),” International Air Transport Association, (June 2026), <https://www.iata.org/en/iata-repository/pressroom/fact-sheets/fact-sheet-sustainable-aviation-fuels>.

⁵³ https://www.csb.gov/assets/1/6/marathon_martinez_2025-03-12_forpublication.pdf

⁵⁴ Arter *et al.*, “Air quality and health-related impacts of traditional and alternate jet fuels from airport aircraft operations in the U.S.” *Environment International* (Jan. 2022), <https://www.sciencedirect.com/science/article/pii/S0160412021005833?via%3Dihub> ; CBE v. County of Contra Costa, Petition for Writ ¶¶ 45-48, Case No. N22-1091.

refinery to close, converting a plant from crude oil to biofuel processing prolongs the life of these dangerous facilities.⁵⁵ Biorefineries are still refineries, and pose immense threat to fenceline communities.

Even at the point of combustion, SAF does not represent not a meaningful improvement over fossil jet fuel. SAF combustion emissions of NO_x, carbon monoxide, and hydrocarbons are comparable to fossil jet fuel emissions.⁵⁶ The frequently touted (over)estimates of SAF carbon reduction assume unblended, 100% neat SAF, which is the reality nowhere.

Any one of these facts would constrain the purported benefits of SAF; combined, they are preclusive.

Indeed, there is plenty reason as to why aviation is among the hardest sectors of the economy to decarbonize, uniquely lacking ready-to-deploy strategies. The State should pursue strategies that reduce demand while meaningful alternatives emerge.

Lastly, continued growth of the aviation sector⁵⁷ is not a foregone conclusion and recent trends show that actual demand tends to be lower than industry and state estimates.⁵⁸ The agencies should also look at a constrained projection that includes demand-reduction strategies.

- TFTP Recommendations # 9, 11, 12 (gasoline)

The strategies offered to reduce pressure on California's gasoline supply are all worth exploring.

AB 30 (Alvarez, 2025) established E15 as part of the allowable fuel mix in California, reducing reliance on gasoline itself. Further agency study of the implementation barriers and tradeoffs is prudent.⁵⁹

We will closely monitor developments in the upcoming TFA regarding fuel specification harmonization with other states.⁶⁰ We are concerned that it may negatively impact air quality across California where many basins remain in extreme non-attainment for the relevant air

⁵⁵ Keyes, "CBE Comments on the 2024 Low Carbon Fuel Standard Regulation," Communities for a Better Environment (Feb. 2024), at 4, <https://perma.cc/9EBL-5NCB>.

⁵⁶ Song *et al.*, "Comparison of Emission Properties of Sustainable Aviation Fuels and Conventional Aviation Fuels: A Review, *Applied Sciences* 14(13) (2024), at 5484, <https://doi.org/10.3390/app14135484>; Harlass *et al.*, "Measurement report: In-flight and ground-based measurements of nitrogen oxide emissions from latest-generation jet engines and 100 % sustainable aviation fuel," *Atmos. Chem. Phys.* 24 (2024), at 11807–11822, <https://doi.org/10.5194/acp-24-11807-2024>.

⁵⁷ TFTP, 28-30, 33-34, 36-37, 39, 44-45, 73-74; TFTP Appendix B, 12-24, 44-46.

⁵⁸ Suh *et al.*, "Forecast to Grow: Aviation Demand Forecasting In An Era of Demand Uncertainty and Optimism Bias," *Transportation Research Part E* 128 (2019), 400-16, <https://www.sciencedirect.com/science/article/abs/pii/S1366554518314947>; Echeverria, "Bay Area airport traffic is down- except to this overseas destination," *San Francisco Chronicle* (Mar. 18, 2025), Bay Area travel out of airports has changed since the pandemic.

⁵⁹ TFTP, at 67-68.

⁶⁰ TFTP, at 69-70.

standards. It will be crucial to ensure no increase in air pollution due to changes in the separate pieces of the standards, such as RVP, sulfur content, or benzene limits. We support study of impacts around the effect of non-CARBOB variances and fees.⁶¹ Whether through a similar legislative initiative or as to be discussed in further study in the forthcoming TFA, it is crucial that any fees collected be used, as they would have been in AB 2672 (Hart, 2026), to support clean mobility options in lower-income communities.

VII. Marine Terminals

- TFTP Recommendation # 14 (marine terminal capacity planning)

We agree that studying marine terminal capacity is an important part of adapting to the ongoing energy transition, as it stands to reason fuel imports will play a significant role in the transition, as they do already.

With that said, equity must be a central component of this analysis, and even more determinative than economics as to where the State incentivizes import activity. It would be disastrous to saddle the burdens of being a fuel import terminal on refinery “[f]enceline communities that have borne disproportionate pollution burdens for generations.”⁶² “Communities near port and freight hubs already experience some of the worst air quality and are disproportionately impacted by air pollution from goods movement.”⁶³ At this nexus, many refinery communities are port communities.

Contemplated mitigation measures in the TFTP, such as port electrification, should not be overstated in their benefits, since, on the other hand, harbor craft and marine vessels represent a notoriously difficult market sector to decarbonize.

Under no circumstances should there be a buildout of additional storage capacity at ports in refinery communities. Fugitive storage tank emissions, catastrophic accident risk and economic reliance all stand to increase and make matters worse, were such a buildout to occur. Best available control technology, without any expansion of capacity, is necessary no matter where the imports and storage occurs. Any leases with these facilities must be rooted in reality (i.e., be for 10 years, not 40). Presumably, any buildout would be accomplished by incentive rather than mandate; existing refinery communities must be excluded from these programs.

Nor is it any solution to convert refinery storage tanks to be on-site import storage. Refinery communities deserve to see the bombs in their backyards defused, not reconfigured.

⁶¹ TFTP, at 70-71.

⁶² SB237A, at 24 (discussing questions of how costs and benefits of the transition are distributed, not with specific reference to marine terminals).

⁶³ TFTP, at 37.

Meanwhile, conversion work to existing pipelines may bring in more product from out-of-state without further burdening port communities or enticing new rounds of oil industry infrastructure investment. A proposal to build a new lateral from Salt Lake City to Reno may also ease pressures,⁶⁴ but as an environmental justice organization we cannot support the buildout of more fossil fuel infrastructure, particularly if it were to be opposed by communities across Nevada including tribal communities.

As part of the import analysis, CEC should also collect information on existing storage facilities further out in the distribution systems beyond ports. To the extent those facilities have reliable slack in their storage capacity usage, they might serve as decentralized nodes that decouple offloading impacts and storage impacts.

VIII. Our Additional Recommendations

- Model partial refinery shutdowns

The staircase chart that shows statewide refinery capacity (and peak annual demand), with the individual refineries' capacity stacked one atop another, usefully communicates regional distribution of in-state capacity and relative overall size of California's refineries.⁶⁵ While simplification is an inevitability in data visualization, it would be wrong to conclude from the chart that each refinery closure is an all-or-nothing event. Were that the case, the decline in production could only continue to be increasingly lumpy, as bigger and bigger refineries eventually idle. But that is not the only way forward.

CBE proposed during CEC's 2024 Fuel Assessment that the agency model partial refinery shutdowns as a way to smooth out the decline in production in smaller steps, meting out the reductions over time.⁶⁶ The first half of each stage in a partial shutdown chain would be ramping down production across refineries in either of the State's fuel regions to the minimum viable scale, or about 65%.⁶⁷ After that, duplicate units would be shut down, and the remaining online units would begin nearing their full output capacity again.

For example, the State's largest refinery by volume, Marathon Los Angeles, has four atmospheric crude units (three on its Carson site, and one on its Wilmington site) and three

⁶⁴ "HF Sinclair Evaluates Strategic Pipeline Expansion to Western Markets," HF Sinclair (Oct. 29, 2025), <https://investor.hfsinclair.com/investor-relations/press-releases/press-releases-details/2025/HF-Sinclair-Evaluates-Strategic-Pipeline-Expansion-to-Western-Markets/default.aspx>.

⁶⁵ SB237A, at 20; TFTP, at 25.

⁶⁶ May, "CBE Julia May Comments – Attachment to APEN & CBE Comments re SBX1-2 Max Margin and Penalty April Workshop Docket # 23-OIIP-01," Communities for a Better Environment (Apr. 25, 2024), available at <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-OIIP-01>. The statements from the rest of this recommendation, unless otherwise cited, are drawn from those 2024 comments.

⁶⁷ Grubert *et al.*, "Fossil energy minimum viable scale," *Science* (Jan. 29, 2026), available at <https://emilygrubert.org/wp-content/uploads/2026/02/science.aea0972.pdf>.

crackers (two in Carson, one in Wilmington), to focus on the heart of a refinery. By offlining a balanced capacity from its crude units and cracking units, the overall output of Marathon Los Angeles could be partially lowered rather than all-at-once. Chevron El Segundo has two of each, and Chevron Richmond has one crude unit and two cracking units. Refineries currently and historically have been run as regional plants across multiple sites (e.g., Marathon Los Angeles today, and Phillips 66's "San Francisco" Refinery located in Santa Maria and Rodeo historically), a model which offers more flexibility for smoothing out the supply curve if refineries were to become more interconnected.

Repeating the process of (1) reducing regional output to the minimum viable scale, then (2) offlining a combination of crude and cracking units and (3) ramping output back up towards the newly-reduced total capacity in light of those idlings, the reduction in state refining capacity need not drop off each of the currently-drawn stairs on the chart from the reports. A smoother process may exist, targeting the smaller "stairs" of each refinery unit, and CEC is best positioned to acquire and assess the data and evaluate partial shutdowns as a possible Bucket 2 and 3 strategy.

This is a simplified description of a partial refinery closure. The reality is that oil refineries have many other interconnected processing units beyond cracking and distillation (including reforming, alkylation, blending, coking, and more), requiring more detailed modeling to plan for a partial closure. However, the concept is essentially exactly the same, in reverse, of refinery expansions of the past. For example, when Marathon LA was two separate refineries (owned by Tesoro and BP), it was combined and expanded to work as one large refinery. The state can smooth out lowering supply by essentially partially "unbuilding" step-by-step. This would also allow a more gradual reduction in workforce.

- Strengthen process safety management regulations

Norman Rogers, 2nd Vice President of the United Steelworkers ("USW") Local 675, captured it simply and perfectly at the May 5, 2026 oversight hearing in the Assembly Utilities and Energy Committee in framing how refinery worker safety is inextricable with system reliability.⁶⁸ A refinery that runs safely is one that supplies the market reliably.

In 2017, California adopted the strongest refinery safety regulations in the country after five years of stakeholder engagement and deliberation, inspired by the 2012 Chevron Richmond Refinery fire that injured 19 workers and sent 15,000 residents to seek medical treatment.⁶⁹

⁶⁸ "Fueling Uncertainty: Assessing California's Petroleum Supply Resilience and Strategic Planning," California Assembly Utilities and Energy Committee (May 5, 2026) at 1:15, <https://www.assembly.ca.gov/media/assembly-utilities-and-energy-committee-20260505>.

⁶⁹ "After Five-Year Effort, California Adopts the Nation's Strongest Refinery Safety Regulations, BlueGreen Alliance (May 18, 2017), <https://www.bluegreenalliance.org/the-latest/after-five-year-effort-california-adopts-the-nations-strongest-refinery-safety-regulations/>.

Beyond the health toll, the fire also had economic effects: it cost California consumers an estimated \$447 million in elevated gas prices, later outdone by the \$2.4 billion estimate from the 2015 ExxonMobil Torrance Refinery fire.⁷⁰ The broader macroeconomic impact estimates of those two incidents were \$1.72 billion and \$6.95 billion, respectively.⁷¹ Those 2017 process safety management (“PSM”) rules function as worker safety rules, with a twin set of environmental protection rules, but they also insulate the state’s fuel supply system from shocks and price spikes. The State’s consultant showed that any cost of compliance was dwarfed by these billions of dollars saved from preventing refinery fires and supply disruptions.

Our organizations, alongside USW, have opposed the recent and ongoing rollback of the 2017 PSM rules, instigated by a settlement agreement between the State and industry.⁷² Throughout, we have argued that when workers are kept safer, communities are kept safer. To respectfully build on Mr. Rogers’ statement, worker safety is community safety is system reliability. The undoing of the 2017 rules also jeopardizes all of these. Rather than taking marching orders from industry on how high to jump and how much regulation to roll back, the State should be strengthening the PSM rules. One such area ripe for such strengthening is “management of organizational change” (“MOOC”) requirements, where reductions of staffing level trigger process safety reviews; staffing reductions are expected in the leadup to closure given the retention issues discussed earlier.⁷³

Luckily, SB 966 (Gonzalez, 2026) aims to restore a number of the key provisions in the PSM rules, but more remains to be done to improve worker and community safety for the sake of reliability and consumers. We are encouraged that CEC understands that “[r]obust health and safety regulations throughout the petroleum fuels value chain” are critical to the transition.⁷⁴ CEC should engage other agencies on refinery safety measures as a Bucket 2 and 3 strategy.

- Prepare to engage federal regulators on aviation emissions controls

We urge the State to study and develop regulations that would address on-ground and in-flight aviation emissions. Though these standards may be preempted at the state level, were CEC and CARB to develop such standards to share with the federal lawmakers, it may assist in nationally mitigating some of the impacts of an economic sector otherwise difficult to decarbonize.

⁷⁰ Gonzales *et al.*, “Cost-Benefit Analysis of Proposed Oil and Gas Refinery Regulations, RAND (Mar. 16, 2016), at 53-56, available at https://www.rand.org/pubs/research_reports/RR1421.html .

⁷¹ *Id.*, at 60.

⁷² Guerin, “A Zombie Rulemaking Apocalypse,” Communities for a Better Environment (Nov. 12, 2025), <https://www.cbecal.org/a-zombie-rulemaking-apocalypse/>.

⁷³ BTLD, at 61-63, 82-84.

⁷⁴ SB237A, at 47; *see also* TFTP, at 60 (“Maintaining refinery safety standards is critical for the mid-transition phase.”)

IX. Additional Considerations

- Affordability

The State's and consumers' concern of gas prices is partially addressed via Bucket 3 policies, contrary to the myths of the price impacts of California's regulations. Bucket 3 is focused on reducing surprises and proactively planning ahead for sure-to-occur (and already occurring) changes in California's refining sector.

Other critical regulations have been shown to reduce costs. Process safety management regulations, as discussed above, promote stability market in the spirit of Bucket 2, prevent price spikes, and protect consumers (in addition to the obvious benefits of worker and community safety).

At any mention of affordability, the State does well to recall the "mystery gasoline surcharge" that observes the inexplicable delta of California fuel prices versus those in other markets, all things considered, including regulations.⁷⁵ Governor Newsom's recent statements⁷⁶ also underscore the impacts of vertical integration in the fuel market and the price difference in branded and unbranded gasoline.

- Industry myths around refinery closures

Industry argues that refineries are closing as a result of environmental and labor regulations in California. Global trends disprove this. Refineries are closing everywhere, including in Texas due to lowering demand, industrial consolidation, facility age, and other factors. California's refineries are closing because demand for gasoline and diesel is steadily lowering, thus increasing competition over a smaller piece of the pie in-state, while refining companies have begun calculating options to take advantage of other ways to make money. Real estate gold mines are available through site redevelopment, in lieu of investing in maintenance of a century-old refinery. There are many other very specific business reasons to close refineries given the expected future in lowering demand for refined products, acknowledged by the SB237A.

⁷⁵ Moreno *et al.*, "2024 Annual Report: Year in Review, Gasoline Market Conditions, and California Gasoline Price Analysis," Division of Petroleum Market Oversight (Oct. 2025) at 11-14, <https://www.energy.ca.gov/sites/default/files/2025-10/CEC-900-2025-001.pdf>.

⁷⁶ Choi "Newsom escalates feud with Chevron, urging boycott amid soaring California gas prices," CBS News (May 22, 2026), <https://www.cbsnews.com/sanfrancisco/news/gavin-newsom-chevron-boycott-california-gas-prices/>.

- Industry myths around imports and the global market

As CEC has noted, our fuel supply chain is already heavily dependent on imports; at present, we import a significant volume of crude to process in California refineries. The reports contemplate, as California's refineries continue to close, importing more finished fuels. Industry argues this puts California at risk. We strongly reject that framing.

Reliance is reliance. Our fuel market currently depends on imports of crude, which would decrease as refineries close and imports of refined fuels increase. The exposure to the global market exists no matter whether we import crude or refined fuels.

Importing finished fuels may even reduce exposure to global forces, as California refineries are tailored to heavier, more sour crude. Importing finished fuels obviates the limited properties of crude that California refineries can process, diversifying where California may source petroleum products from.

Industry cites geopolitical forces as a particular vulnerability. California's crude sources are arguably more geopolitically precarious than its finished fuel sources, especially in light of recent American foreign policy.

Industry argues the State's present ability to source the volume of finished fuel is reliant on slower economic growth in Asian economies, and that when those economies pick up steam again that California's finished fuel, imports will be more constrained. The same could be said of finished fuels produced in California's refineries that are part of the same global market; a significant shift in global economic patterns that could raise the value of finished fuels in any other country could shift the destination of in-state refined products from California to abroad. Instead, CEC's framing that consistent market signals are the best way to attract and retain steady supply is spot on.

Ultimately, the best (and only) way to address reliance, whether on crude or finished fuels, is to reduce in-state demand for finished fuels.

Conclusion

The Assessment and Plan offer useful strategies to continue the state's work in navigating and accelerating the ongoing energy transition away from fossil fuels and towards renewable resources, with an important emphasis on equity and considerations for impacted stakeholders including fenceline communities, workers and consumers. We believe with the changes and additional strategies here in our letter that these policies can even better effectuate these goals and enact a just transition. It is encouraging to see the Legislature is already considering a number of these policies in the reports and in our comments this year:

- Remediation transparency – SB 1259 (Blakespear)

- Oil and gas well bonding – AB 2641 (Hart)
- Displaced oil and gas worker fund – AB 2157 (Connolly)
- Process safety management regulations – SB 966 (Gonzalez)

We look forward to continuing to engage in this shared work. To discuss these comments further, we can be reached via Kerry Guerin at CBE at kerry@cbeocal.org. Thank you for your consideration.

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