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ADAMS BROADWELL JOSEPH & CARDOZO
A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

520 CAPITOL MALL, SUITE 350
SACRAMENTO, CA 95814-4721

TEL: (916) 444-6201
FAX: (916) 444-6209
tenslow@adamsbroadwell.com

KEVIN T. CARMICHAEL
CHRISTINA M. CARO
THOMAS A. ENSLOW
KELILAH D. FEDERMAN
RICHARD M. FRANCO
TANYA A. GULESSERIAN
RACHAEL E. KOSS
AIDAN P. MARSHALL
ALAURA R. McGUIRE

Of Counsel
DANIEL L. CARDOZO
MARC D. JOSEPH

SO. SAN FRANCISCO OFFICE

601 GATEWAY BLVD., SUITE 1000
SO. SAN FRANCISCO, CA 94080

TEL: (650) 589-1660
FAX: (650) 589-5062

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Submission Via Docket No. 23-SB-02

California Energy Commission
Docket No. 23-SB-02
Docket Unit
715 P Street
Sacramento, California 95814

Re: **Comments of the CA State Pipe Trades Council on the Draft Transportation Fuels Transition Plan**

Dear CEC Commissioners, CARB Board Members, and Staff:

On behalf of the California State Pipe Trades Council ("Council"), we respectfully submit these comments on the Draft Transportation Fuels Transition Plan (the "Draft Plan").

I. INTRODUCTION AND GENERAL COMMENTS

The Council represents more than 30,000 union plumbers, pipefitters and steamfitters throughout California. Its members perform the "skilled and trained" refinery construction, maintenance, and turnaround work described in Chapter 3[1] and thus have a direct stake in ensuring that this transition is managed carefully and that displaced workers are not left behind.

The Council appreciates the substantial work that the California Energy Commission ("CEC") and the California Air Resources Board ("CARB") have devoted to the Draft Plan, including the opportunity to participate in the four workgroup

[1] Draft Plan at 39, fn. 55.

meetings. The Council shares the Draft Plan's goal of ensuring that California's transportation fuel supply remains "affordable, reliable, equitable, and adequate to meet demand" throughout the transition away from fossil fuels.[2]

The Draft Plan, however, has several major gaps that were identified during the workgroup meetings but are not adequately addressed in the Draft Plan itself. For the reasons set forth below, the Council respectfully requests that CEC and CARB revise the Final Transportation Fuels Transition Plan to:

(1) Recommend immediate identification and implementation of supply stabilization strategies, with a stated priority on preserving in-state fuel production over reliance on imports;

(2) Revise Chapter 4's employment strategies to reflect the workgroup testimony documented in Appendix A and to identify concrete strategies — including support for in-state and SAF production, programmatic project labor agreements, and investment in underdeveloped industries matched to the existing skilled trades workforce — for ensuring that high-road replacement jobs are actually available; and

(3) Adopt Appendix A's recommendation to develop a comprehensive, statewide workforce transition plan as an immediate priority, rather than a mid-transition strategy.

II. SUPPLY STABILIZATION STRATEGIES SHOULD BE IDENTIFIED AND IMPLEMENTED NOW — NOT DEFERRED TO THE MID-TRANSITION PHASE — WITH A CLEAR PRIORITY ON PRESERVING IN-STATE PRODUCTION

The Draft Plan's own Executive Summary warns that "each conversion or closure of a refinery leads to a step-change of in-state supply" and that, absent proactive planning, this dynamic has "the potential to create short but concentrated periods of supply and demand imbalances that introduce volatility risks."[3] That warning has already come to pass. The Draft Plan itself reports that the Phillips 66

[2] Draft Plan, Executive Summary at v.
[3] Draft Plan, Executive Summary at ii.

refinery in Wilmington "ceased operations in late 2025," and that Valero's Benicia refinery "announced plans to close by mid-2026" — reducing in-state refineries' expected share of California's annual gasoline demand to approximately 70 percent, "significantly lower than during the pre-COVID period."[4] Chapter 2's own modeling explains why this matters: an abrupt refinery closure, as opposed to a gradual reduction in output, "would abruptly increase the need for imported gasoline" and reduce the supply of jet fuel and diesel, and abrupt loss of supply "may increase the risk of price spikes, particularly during unplanned outages or maintenance events."[5]

Despite recognizing this risk, the Draft Plan frames its supply stabilization strategies — resupply and minimum inventory tools, fuel specification harmonization, the non-CARBOB fee or variance option, crude oil production stabilization, and marine terminal throughput capacity — as part of a "longer-term view" oriented toward "strategies to consider during the mid-late-transition (e.g., 2030s and 2040s)."[6] Even the Draft Plan's discussion of crude oil production stabilization — one of the few strategies directly aimed at preserving in-state refining capacity — concludes only that "[t]he State will need to continue to assess the need for crude oil production and a phase out plan as the transition advances."[7] While the Draft Plan identifies its informational proceeding under AB X2-1 (25-OIIP-02) and the recent enactment of SB 237 as vehicles for taking more immediate action, the Draft Plan should include recommendations that will help shape those proceedings.

The Wilmington closure demonstrates that CEC and CARB need to identify and begin implementing supply stabilization strategies immediately, rather than deferring them to the mid- or late-transition phases. The Draft Plan should be amended to recognize the urgency of addressing these issues now, rather than ten to twenty years from now.

The Final Plan should also state a clear priority for preserving in-state fuel production during the transition period, treating imports as a last resort rather than an interchangeable substitute. This priority reflects the consistent position of the workgroup participants who informed the Draft Plan. Workgroup Meeting I recommended that the State "[s]upport in-state fuel production to preserve jobs and uphold safety and environmental standards" and "[s]upport imports as a second source of refined fuel, not as a replacement for in-state production."[8] Workgroup

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[4] Draft Plan at 24.
[5] Draft Plan at 22–23.
[6] Draft Plan, Executive Summary at v.
[7] Draft Plan at 72.
[8] App. A at 6 [Recommendations 7–8].

Meeting II likewise recommended that the State "[a]void reliance on fossil fuel exports as a long-term strategy due to environmental offshoring risks and economic instability."[9] Chapter 4's supply stabilization strategies do not state this priority; the Marine Terminal Throughput Capacity discussion, for example, addresses expanding import capacity without stating that in-state production should come first.[10] The Final Plan should correct this omission.

III. THE FINAL PLAN'S WORKFORCE STRATEGIES MUST GO BEYOND SUPPORT SERVICES AND IDENTIFY STRATEGIES THAT ACTUALLY MAKE HIGH-ROAD REPLACEMENT JOBS AVAILABLE

The Council appreciates the Draft Plan's four-level framework of transition support for displaced workers, ranging from prior learning assessments and credit for prior learning (Level 1) through comprehensive wraparound services (Level 4).[11] But the Draft Plan's own cited research demonstrates that support services alone cannot solve the central problem. The UC Berkeley Labor Center's job-match analysis, on which the Draft Plan itself relies, concluded that occupations comparable to refinery jobs are not projected to grow quickly enough to absorb the workers displaced by refinery closures, and that those comparable occupations currently pay roughly half of refinery wages.[12] Helping a displaced worker find and train for a job is of limited value if that job does not exist in sufficient numbers, or pays half as much.

This is precisely the concern that Appendix A documents at length. Workgroup Meeting III participants reported that new green jobs "often lack union protections, benefits, or adequate safety standards"[13], and recommended that the State address this by "enforcing strong labor standards in clean energy sectors, including union representation, safety regulations, and benefits."[14] Chapter 4's discussion of employment strategies does not reflect this testimony. The Council requests that the Final Plan be revised to do so, and recommends the following.

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[9] App. A at 9 [Recommendation 8].
[10] Draft Plan at 72–73.
[11] Draft Plan at 54–55.
[12] Draft Plan at 50.
[13] App. A at 9.
[14] App. A at 11 [Recommendation 5].

A. Support In-State Fuel Production and Sustainable Aviation Fuel Production

The most direct way to preserve existing high-road jobs is to keep them in place. The Final Plan should identify support for in-state fuel production — and, in particular, the conversion of existing refinery capacity to sustainable aviation fuel ("SAF") production — as a workforce strategy, not only as a fuel-supply strategy. The Draft Plan already recognizes that in-state SAF production may create transferable job opportunities, including at existing refineries that convert to SAF production.[15] The Final Plan should build on this recognition by directing that state incentives for SAF conversion, including the tax credit proposed in the Governor's 2026–27 budget[16], be conditioned on the use of a skilled and trained workforce and paired with the labor standards discussed in Part III(B) below, and by treating continued in-state production generally as central to preserving the jobs, safety practices, and environmental standards described throughout Chapter 3.[17]

B. Identify Investments and Policies That Ensure the Availability of Translatable, Replacement High-Road Jobs

The Draft Report recognizes two key barriers to providing a just transition to workers impacts by the transition away from fossil fuels. First, replacement jobs need to be available and involve transferable skills.[18] Second, replacement jobs must be similarly high road jobs that provide similar pay and benefits.[19] The Draft Plan, however, fails to provide any plan for addressing these key barriers to a just transition.

(i) Investment in Underdeveloped Industries That Draw on the Existing Skilled Trades Workforce

The Council recommends that the Final Plan identify underdeveloped, industries and technologies that draw on these same skills and certifications that are held by skilled workers in the oil and gas industry — including geothermal power, thermal energy networks, dual plumbing of buildings to enable the use of recycled water, on-site treated potable water systems, hydrogen gas infrastructure, and pumped-storage hydropower.

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[15] Draft Plan at 66.
[16] Draft Plan at 65.
[17] See App. A at 6 [Recommendation 7].
[18] Draft Plan at pp. 50-52.
[19] Draft Plan at pp. 49-50.

The Final Plan should recommend adoption of state policies to encourage and prioritize development of these industries.

(ii) Support Expanded Use of Programmatic PLAs to Increase Demand for Apprentices and Ensure the Availability of Replacement High-Road Jobs

The Draft Plan highlights the difficulty of finding new equivalent work when policies to transition away from fossil fuels result in the loss of union jobs that provide high pay and comprehensive benefits. While Unions and their apprenticeship training centers can provide workers with new skills and certifications to work in other fields, this requires a demand for apprentices and apprenticeship graduates that cannot be assumed. Building trades unions can accept only as many new apprentices as they can responsibly forecast will be needed to sustain long-term employment; enrolling apprentices into a workforce with no guaranteed path to journey-level work serves no one.

The most effective way to give unions the forecasting certainty they need — and thereby to guarantee displaced workers an actual path into new high-road jobs — is for state agencies, and local agencies, cities, and counties, to enter into programmatic project labor agreements that guarantee that large public expenditures will help support the creation of high road jobs. Programmatic agreements of this kind allow an agency to commit, across a portfolio of projects, to the use of contractors that employ highly skilled union workers and participate in state-approved labor-management apprenticeship programs. Such commitment provides unions the certainty they need to forecast how many apprentices they can keep continuously employed.

The Final Plan should include a recommendation to expand the use of project labor agreements in order to help mitigate the loss of high road oil and gas jobs.

IV. THE FINAL PLAN SHOULD ADOPT THE APPENDIX A RECOMMENDATION TO DEVELOP A COMPREHENSIVE, STATEWIDE WORKFORCE TRANSITION PLAN AS AN IMMEDIATE PRIORITY

The Draft Plan does not adopt — or even acknowledge — the recommendation that emerged from CEC and CARB's own workgroup process to "[d]evelop a comprehensive, statewide workforce transition plan that includes job training, wage protection, pension security, and site remediation for affected workers and communities."[20] Workgroup Meeting III participants further recommended that the State "[e]xpand and stabilize the Displaced Oil and Gas Workers Fund, ensuring long-term support beyond pilot programs and addressing shortfalls in current funding."[21] The Council agrees with the workgroup participants that the Displaced Oil and Gas Workers Fund program's current scale is inadequate, and that a comprehensive statewide plan — not a single pilot fund — is needed.

Instead of a statewide plan, Chapter 4 directs individual refineries to develop facility-specific "Workforce Safety and Transition Plans" in collaboration with impacted labor organizations.[22] Facility-level plans are useful to ensure an adequate workforce remains in place to safely wind down operations, but are not a substitute for the statewide plan that the workgroup process recommended. A refinery-by-refinery approach cannot by itself guarantee wage protection, pension security, or coordinated statewide investment in replacement jobs across regions. The Council urges CEC and CARB to adopt this recommendation and to begin developing a comprehensive statewide workforce transition plan now, concurrently with — not after — the mid-transition strategies described in Chapter 4.

V. CONCLUSION

Appendix A notes that CEC and CARB "plan to convene a fifth workgroup meeting following the release of the draft [Plan] to discuss the draft plan and gather additional recommendations and feedback" from participants.[23] The Council intends to raise these additional recommendations at that meeting and respectfully requests that CEC and CARB treat these recommendations as a priority for the Final Plan, not as a matter for further deferral.

[20] App. A at 10 [Workgroup Meeting III, Recommendation 1].
[21] App. A at 11 [Recommendation 6].
[22] Draft Plan at 60–61.
[23] App. A at 14.

The Council appreciates the opportunity to comment and looks forward to continued engagement with CEC and CARB throughout this important transition.

Sincerely,

Thomas A. Enslow
Adams Broadwell Joseph & Cardozo
On behalf of the California State Pipe Trades Council

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