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# **CBE & APEN Comment Trans, Fuels Assessment**

Additional submitted attachment is included below.





BY ELECTRONIC MAIL

May 17, 2024

California Energy Commission (CEC) Docket Unit Docket No. 23-SB-02 715 P Street, MS-4 Sacramento, CA 95814 docket@energy.ca.gov

**Re:** Environmental Justice Comments on Draft Transportation Fuels Assessment

#### Honorable Commissioners and CEC Staff:

Thank you for your extensive work on the Draft Transportation Fuels Assessment. As representatives of environmental justice communities, we agree California has a responsibility to provide safe, affordable, reliable, and equitable transportation fuels while stewarding the necessary gradual phaseout of fossil fuels. Corporate megapolluters should not be permitted to exploit the economic vulnerability of low-income communities to rake in record profits and continue flouting federal smog standards. We can and should help protect our communities from paying with their health *and* at the pump for Big Oil's greed.

The Fuels Assessment is an important foundational policy document that can help make this energy transition more just for all Californians. The Assessment publishes new foundational analysis of the refining industry and begins to identify key policy strategies to ensure that the transition away from fossil fuels continues without allowing price gouging. Beyond affirming support for demand-side strategies, we applaud the Commission for taking steps towards methodically regulating gasoline and diesel supply, pricing, and monopolistic oil industry market power.

**However, a significant factor required under SBX1-2 is missing throughout the Assessment:** *safety*. SBX1-2 instructs the CEC to "identif[y] methods to ensure a reliable supply of affordable and *safe* transportation fuels in California," a directive that makes safety an equally important consideration as affordability. **We encourage the CEC to update the** 

<sup>&</sup>lt;sup>1</sup> Emphasis added. SBX1-2 Section 25371(a)(1)(A).

Assessment to make safety a more central focus. A robust assessment of safety should not only consider process safety measures at refineries; more fundamentally, it should address the inherent dangers of refineries and combustion fuel use. Refinery communities experience these significant safety impacts—climate, air quality, and physical impacts—and they should be present throughout the Assessment as a lens of analysis and as the primary focus for a policy option.

Additionally, we have several recommendations for critical additions and considerations to be included in the final Assessment, listed below:

- First, and foremost, we recommend adding a policy option to require mandates for total refinery emission reductions, tied to reductions in refinery fuel production while meeting declining in-state demand. This policy option is necessary to secure a safer transportation fuel system that also meets regional smog standards and our statewide climate goals.
- 2. We recommend adding a policy option to identify **partial shutdown pathway** regulations for more gradual phaseout in lieu of sudden, disruptive whole refinery closures.
- 3. We recommend adding a policy option for **direct payments to low-income consumers** to increase and protect the consumers' ability to pay for critical goods like fuel.
- 4. We recommend adding data analysis of foreign exports and separately, out-of-state exports, to evaluate whether a portion of gasoline, diesel, and jet fuel exported could have been stored and readily made to meet California standards, which would smooth out supply and avoid price spikes.
- 5. We **support requiring sufficient gasoline storage** to ensure minimum reserves ahead of scheduled shutdowns, to avoid sudden scarcity that can be manipulated by corporate management through untimely and frequently deferred maintenance planning. New evidence shows sufficient slack refinery capacity to accomplish this goal.
- 6. We support further consideration of the Cost-of-Service model, Gas Price Stabilization Fund, an expansion of Retail Margin Management policy options, and other regulatory frameworks to rein in monopolistic refiner market power while regulating gradual reductions in the supply of fossil transportation fuels in line with California demand.

We have greatly appreciated the Commission's transparent and inclusive rulemaking process and the sheer volume of transparent data analysis made available by the Commission staff. The initial policy recommendations of the Commission and the newly formed DPMO give us hope that leadership and staff are truly committed to consumer protection as this vital energy transition accelerates.

To make the Commission's expressed commitments to fenceline communities a reality, we urge the Commission to include primary policy recommendations of our communities to safeguard community safety as policies included in the Final Assessment. To our communities, safety from harm includes protection from both acute and chronic impacts, whether from an explosion, persistent pollution, or climate disasters. As corporate oil executives make business decisions for their bottom line in a changing terrain, we will need strong, forward-thinking regulatory leadership to adapt the rules of the road. We urge the state to take the opportunity to listen to the experience of refinery communities and honor the multiple costs they have borne and will continue to bear for all Californians in a fossil fuel-based economy.

Below, we provide a brief summary of our feedback on policy options identified in the draft Assessment. The remainder of this letter provides more detailed feedback on some of the policy options and describes other issues that we believe are missing in this draft Assessment.

# Summary of Comments on Fuels Assessment Policy Options and Additional EJ Policy Recommendations

		Reducing Gasoline Demand
<b>✓</b>	1. Enhanced ZEV Access	Transportation electrification is far cheaper in the long term but requires continued up-front investment and increases in targeted support for low-income Californians.
✓	2. VMT Reduction Strategies	Public transit and micro-mobility options are highly effective, yet significantly underfunded and disproportionately inaccessible to EJ communities.
✓	3. Implementation of Fuel Conservation Measures	Fuel conservation is an effective strategy that has already proven successful in reducing California demand. The CEC should also prioritize creating alternative transportation options for low income communities (e.g., free public transit), particularly during gas price spikes.
		Supporting Gasoline Supply
<b>✓</b>	4.A. Storage - Minimum Refinery Reserve	Refineries should prepare for both planned and unplanned shutdowns. Storing CARBOB while reducing exports can help prevent shortages and price spikes, prevent profit-based decision-making around deferred maintenance and avoid market manipulation. The CEC should consider whether reductions in exports can also enable greater storage levels.
<b>✓</b>	4.B. Storage - Lease existing closed storage for reserve.	Same as above.
?	4.C. Storage - State Owned Reserve	The primary fiscal responsibility for fossil fuel infrastructure should be the oil industry. It is also concerning for the state

		to take on pollution liabilities. However, this option might need further evaluation along with robust and enforceable financial assurances.
X	5. Production Enhancement Strategies	The enhancement of fossil fuel production is counter to global and state climate and environmental justice goals.
?	6. Align Gasoline Specifications for Western States	The multiple options in this policy pathway appear to have inconsistent public health impacts, as it may involve weakening California standards or expanding California standards to other states. More clarity is requested.
?	7. Import Strategies	California should not seek to replace existing refining capacity with imported products to meet in-state demand. Although limited imports ahead of planned shutdowns to support minimum refinery storage reserves may be useful, we are uncertain of the feasibility and tradeoffs. The CEC should consider concerns expressed by labor.
<b>✓</b>	MISSING: Methods to Adapt Exported Fuel Products for In-State Capacity and Use	Evidence indicates substantial foreign exports contributed to in-state price spikes. Other evidence on slack refinery capacity suggests refiners likely have flexibility to produce more CARBOB for in-state use ahead of shutdowns. Methods to meet California's (declining) needs and affordability should be evaluated and foremost.
	MISSING: Strategies to Safeguard Community Safety	
✓	MISSING: Requirements for total refinery emissions reductions tied to in- state demand	Mandates for total refinery emission reductions must be tied to reductions in refinery fuel production while meeting declining in-state demand.
	Highly Complex Strategies	
✓	MISSING: Partial Refinery Shutdown Pathway to avoid	We proposed specific pathways in an earlier written comment, for example, through shutdown of duplicate distillation and cracking in large refineries, and other methods to smooth out lowering supply over time.
<b>✓</b>	MISSING: Direct Payments or Cutting Costs for Consumers	Directly increasing the consumers' ability to pay for higher costs is another key and strongly preferred strategy to soften the blow of gas price spikes. Both to address the highest needs of low-income consumers and to diffuse the ability of the oil industry to game pricing, we recommend a need-based approach.

✓	8. Gas Price Stabilization Fund	This option appears to provide partial relief from major gasoline price spikes by smoothing prices through varying taxes. However, it does not address the underlying reasons for price spikes, nor the Mystery Surcharge.
?	9. Cost of Service Model	Additional information about how this model could be used to affect pricing and supply would assist further evaluation of this model. Serious state intervention and strong regulatory frameworks will be necessary to address refinery market power, emissions, and supply; there may be other such models that should be identified.
<b>✓</b>	11. Retail Margin Management	Based on the CDTFA presentation at the state oversight hearings, we strongly recommend pursuing further analysis and presentation of policy options for regulating the retail side, especially in relation to consolidated refiner market power, vertical integration, and shared infrastructure that facilitates anti-competitive behavior. Of the options presented, options for averaging state taxes may be promising, but we request additional information. Beyond the options presented, the state should consider divorcement policies that exist in other states.
	Extreme Emergency Strategies	
X	12. Railcar Replenishment for earthquakes, port damage, multiple refinery and power outage.	We strongly oppose. This suggestion introduces extreme new dangers of explosion, fire, and waterway contamination. Further, SBX1-2 proceedings are not for earthquake or extreme infrastructure damage emergency planning.

# I. Detailed Comments on Some of the Policy Options Included in the Draft Assessment

# A. Policy Options Targeting the Demand of Gasoline

- 1. Enhanced ZEV Access
- 2. VMT Reduction Strategies
- 3. Implementation of Fuel Conservation Measures

We support these demand-reduction approaches as essential measures for transitioning away from California's dangerous relationship with fossil fuels. All of these approaches have already

been proven to be effective and will ultimately save Californians from oil industry price gouging, gasoline price spikes, and the severe health and safety impacts of fossil transportation fuels.

We urge the CEC to prioritize demand-reduction approaches that benefit low-income and environmental justice communities who generally face low access to electric vehicles and public transit and have less ability to change fuel use in response to price increases.

Additionally, recent cuts to climate programs due to the state budget deficit demonstrate the importance of considering how these demand-reduction measures are funded. Approaches that make polluters pay for demand reduction programs are not only fair, but may be an important strategy to ensure revenue for these programs continues year-to-year.

### **B.** Policy Options Targeting the Supply of Gasoline

#### 4. Storage Strategies

We support additional storage options, which could help satisfy demand during periods when some refineries are shut down and California supply is constricted. Storage requirements can smooth out refinery supply and limit opportunities for market manipulation that lead to price spikes. Additionally, requiring refineries to hold minimum reserves of CARBOB (California Reformulated Blendstock for Oxygenate Blending) can ensure that California refining is prioritized for California use.

Specifically, we support option 4.A (new requirements for Oil Refineries and Terminals to increase minimum reserves). We also support 4.B (utilizing existing storage that is not currently utilized), and this could be applied to 4.A and 4.C as well.

We do not support building new storage. We believe that an assessment of storage currently used for export, plus storage currently not utilized (for instance, storage that may have become available after refinery biofuel conversions that lowered production levels), and storage that will become free in the future as California gasoline demand lowers, is likely to show that existing storage is available.

We are interested in further evaluation of option 4.C (State Owned Storage), although we are concerned and skeptical about potential downsides from the state having to take over these operations and being left holding ownership of polluting resources.

For all options, we urge the Commission to require refineries to account for <u>exports</u> of gasoline, diesel, and jet fuel out of the country. The CEC should investigate whether foreign exports exacerbate unnecessary scarcity and price spikes in California. This investigation should include an accounting of storage tanks used to support export activities. It will be impossible to understand California's supply without a full understanding of both imports and exports.

Although we encourage the CEC to explore options to address exports, some consideration should be made for exports to nearby states that have no oil refineries (Arizona and Nevada). California has traditionally provided them fuels. These states use a small fraction of overall

California refined products, and we do not suggest disruptive or sudden changes in exports to these states. However, we do suggest that the Commission should encourage those states to consider that over the long term, California supplies will no longer be available, and cleaner zero emission alternatives for the future should be evaluated by them as well. In addition, it is important for the Commission to assess whether exports to these states are adding to price spikes in California, which may be part of the problem.

Also see our related comments below on Exports and CARBOB (since it has been suggested that exported fuels may not help to support California during shortages because they do not meet California standards). We believe this is not the right conclusion and discuss it further below.

### 6. Alignment of Gasoline Specifications for Western States

Aligning western states with California environmental requirements has complexities but is appealing if it means substantially broadening health benefits over a wider region. Unfortunately, it appears the CEC is also considering *weakening* California's requirements, in order to facilitate gasoline export and import flexibility, which we do not support. Furthermore, if California is to reach its own long-term environmental and health goals, it must gradually phase out oil refineries and will eventually need to stop fueling other states.

The alignment concept could be expanded to include adoption of Advanced Clean Cars regulations in other states to reduce gasoline dependence over a wider range of the western states. Seventeen other states have adopted Zero Emission Vehicle standards similar to California's Advanced Clean Cars - this includes Nevada, but not Arizona.<sup>2</sup> If other states are to depend on California refineries for their fuels (which pollute California communities), it seems only fair to ensure they also work toward zero emission transportation.

### C. Highly Complex Implementation Policies

### 9. Cost of Service Model

This policy option resembles a public utility model similar to the framework used for electricity. Because we have reached a point where intervention is needed to ensure that Californians are able to afford the transportation fuels they need, because California refineries have increasingly concentrated market power, and because it is necessary to phase out fossil fuels to meet Clean Air Act standards and to stop contributing to climate disasters, extending a Cost-of-Service model to oil refining should be considered. However, the CEC should evaluate weaknesses in current electricity regulation and potential drawbacks in applying this model to oil refining, and it should consider other regulatory options that can effectively rein in refinery market power, price gouging, and emissions.

<sup>&</sup>lt;sup>2</sup> US Dept. of Energy, Alternative Fuels Data Center, <a href="https://afdc.energy.gov/laws/california-standards">https://afdc.energy.gov/laws/california-standards</a>.

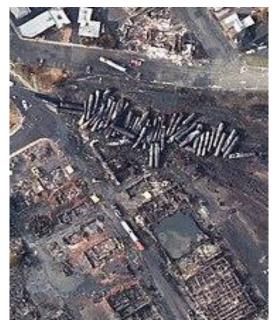
# **D.** Emergency Implementation Policies

#### 12. Railcar Replenishment

We oppose Gasoline-by-Rail, which would be even more dangerous than crude-by-rail, due to the highly flammable nature and explosive air mixture that can occur, and which would follow rail routes through dense urban areas. This is a frightening proposition and is not the subject of this proceeding: SBX1-2 is not for the purpose of planning for severe earthquake and infrastructure damage (such as extreme port, multiple refinery, and power outages), but is for the purpose of addressing price gouging and fuel supply while meeting state climate goals.

In the past, many crude-by-rail permits were proposed to bring "extreme" and cheap crude oils currently geographically isolated from California (Canadian Tar Sands and North Dakota Bakken). After numerous and deadly accidents, multiple California rail projects were soundly rejected by regulators as far too dangerous, after detailed analysis. We suspect that the oil industry, soundly defeated from bringing extreme crude oil by rail into California, would welcome the new foothold that this rail option represents. This is despite continuing annual rail disasters and evaluations by regulators in California, Oregon, Washington, and elsewhere, denying permitting of such projects.

The Lac Megantic runaway train disaster (first photo, *Wikipedia Creative Commons*) killed 47 people after the runaway crude oil train derailed and set a large part of a town on fire. The 2016 crude-by-rail train derailment in Mosier Oregon (second photo, *Wikipedia*)





*Public Domain*) exploded only a short time after track inspections, and very near an elementary school, with 100 residents within a quarter mile, an acre of woodland burning, Columbia River contamination, and the Interstate closed for ten hours.<sup>5</sup> Additionally, many rail accidents involve extensive waterway contamination.

<sup>&</sup>lt;sup>3</sup> Canadian tar sands crude oil (bitumen) is very high sulfur and very heavy; North Dakota Bakken crude oil at the other extreme is highly volatile, and can have high hydrogen sulfide gas, both require additional refining, and involve extreme extraction and transport hazards.

<sup>&</sup>lt;sup>4</sup> Creative Commons (2013), <a href="https://en.wikipedia.org/wiki/Lac-m%C3%A9gantic\_rail\_disaster#/media/File:Lac-M%C3%A9gantic\_accident\_aerial\_photography.jpg">https://en.wikipedia.org/wiki/Lac-m%C3%A9gantic\_accident\_aerial\_photography.jpg</a>.

<sup>5</sup> US EPA Region 10, Mosier Oil Train Derailment (of June 3, 2016), slides available at: <a href="https://www.nrt.org/sites/58/files/Mosier%20Oil%20Train%20Derailment%20-%20R.%20Franklin.pdf">https://www.nrt.org/sites/58/files/Mosier%20Oil%20Train%20Derailment%20-%20R.%20Franklin.pdf</a>.

## II. Other Measures, Evaluation, and Framing that should be added

### A. Safety

The Commission can take advantage of existing assessments to fulfill the required framework to provide safe fuels. Below, we provide a few factors and resources that should be included. California gasoline prices do not exist in a vacuum – the backdrop are the harms and lack of safety represented by fossil fuels. Policy measures going forward to the Transportation Fuels Transition Plan should provide the safest options. There are already voluminous pre-existing evaluations and evidence on the need for a phaseout of fossil fuels and hydrocarbon combustion to meet health standards, but only small mentions of such can be found in the Fuels Assessment. Safety is a fundamental context for decision-making on appropriate policies.

# Examples of factors associated with transportation fuel safety, or lack thereof:

Air Quality Improvements		
PM2.5 - Avoided deaths and health impacts - through eliminating PM2.5 Fossil Fuel Road Emissions by electrifying transportation.	Human health benefits of electrifying transportation in California (avoided hospitalizations, school loss days, asthma impacts) were estimated at ~\$20 billion per year and <b>2,265 avoided premature deaths per year,</b> equivalent to ~\$1.50 for every average gallon of fossil fuel.  **Quantifying the Air Quality Impacts of Decarbonization and Distributed Energy Programs in California, pp. 6-7, 2021, E3 report to CEC, https://www.ethree.com/wp-content/uploads/2022/01/CPUC-Air-Quality-Report-FINAL.pdf	
Ground-level Ozone and other criteria pollutants (smog): We cannot meet Clean Air Act health standards (clean, safe air) without transition to zero emission energy for both transportation and stationary sources.	<ul> <li>S. Coast AQMD's recent clean air plan provides the most detail on the necessity of zero emission energy to meet health standards: "17 million residents in Southern California are impacted by the worst air quality in the nation." And "42% of residents in the South Coast Air Basin and 11% of residents in Coachella Valley live in disadvantaged communities impacted by air pollution." "To meet the ozone standard, NOx emissions must be reduced by about 67% more than existing rules." 2022 AQMP Infographic. "The only way to achieve the required NOx reductions is through extensive use of zero emission technologies across all stationary and mobile sources." Exec. Summary, 2022 AQMP.</li> <li>Central Valley residents (e.g., in Fresno) face similarly high ground-level ozone and particulate matter levels, given a Grade F by the American Lung Association analysis.</li> <li>Bay Area residents face severe particulate matter pollution - in the top ten worst among hundreds of metropolitan areas in the country, according the Lung Association. (San Jose - San Francisco - Oakland)</li> </ul>	

Climate Change - El	iminating California's contribution and adopting models that other states and	
nations frequently adopt, will multiply benefits.		
Overarching harms and catastrophic climate change - stop	"Climate change is widespread, rapid, and intensifying" IPCC '21 contains multiple indicators of dangers.	
contributing and set good models for widespread adoption.	"It's just guaranteed that it's going to get worseNowhere to run, nowhere to hide." Linda Mearns, U.S. National Center for Atmospheric Research scientist, CalMatters, 8/21	
	In California, the most common dangers include heat waves, increased smog formation, wildfires and wildfire smoke, droughts, floods, sea level rise, and other forms of extreme weather.	
Heat waves risk deaths and other harms.	A 2022 study found a quarter of the U.S. could be practically unlivable in 30 years (frequently reaching over 125°F). The middle of the continent has the highest risk of extremes, the West Coast is at risk of longest duration heat waves, and all areas of the country are at dangerous risk. (First Street Foundation, 8/15/22)	
Phasing out Inherently Hazardous Industrial Energy Sources		
Oil refinery explosions, fires, and spills risk worker lives and community health. Oil extraction accidents also occur. Despite efforts for increased safety, these are inherently hazardous.	Examples of the many major explosions, fires, and spills at California Oil Refineries demonstrate inherently unsafe energy: 2009: Tesoro LA coker explosion, 2012: Chevron Richmond Crude Unit explosion, 2012: Shell Martinez H2S release, 2014: Phillips 66 Wilmington crude oil pipeline rupture onto residential street, 2015: Torrance Refinery Cracking Unit explosion, 2015: Phillips 66 Rodeo fire, 2016: Torrance Refinery fire, 2017: Chevron Richmond large H2S Release, 2019: Phillips 66 Wilmington and Carson fires, 2019: Nustar petroleum tanks fire, 2020: Marathon LA explosion and fire, 2022: Chevron El Segundo fire, 2023: Two fires at Marathon Martinez, 2023: Valero Benicia Refinery fire, 2024: Warren Oil Drilling major Crude Pipeline eruption.	
Refineries that use Hydrogen Fluoride (HF or Modified HF) risk widespread death if released.	LA County Public Health supported a ban of deadly HF at the Valero Wilmington and PBF Torrance refineries, after finding it caused severe risks to over a million people if released. SCAQMD: LA County Health, 4/28/19. HF (MHF) continues to be used by these two oil refineries.	
Disproportionate Impacts		
Unfair burdens of air pollution make BIPOC and low-income communities unsafe	Generally, CARB found: "This accelerated shift away from petroleum will make California more energy secure, less impacted by volatile global oil price fluctuations, and will deliver significant health benefits to all Californians, especially those in low-income communities of color that are most impacted by air pollution from truck and car traffic and freight delivery."  CalEnviroScreen 4.0 2021: "People of color, especially Latino and Black	

people, disproportionately reside in highly impacted communities in California. The results using the CalEnviroScreen 4.0 scores are consistent with earlier versions of the tool, and reflect racial disparities, with the highest percentages of people of color living in the most highly impacted communities."

CalEnviroScreen mapping also shows communities near oil refineries in the top percentiles of toxic releases and many other disproportionate and cumulative impacts of fossil fuel use. These are disproportionately communities of color.

## B. Exports

We and others have urged the Commission to do additional investigation of the impact of exports of finished fuels (including gasoline, diesel, and jet fuel) in restricting California supplies.

More recently, the STAND.earth letter, submitted on May 14,<sup>6</sup> showed that periods where gasoline inventories dipped below historical levels coincided with periods of price spikes. It also found that if only 3 percent of annual exports had instead been reserved in storage and released, supply would have increased back up to historical levels.

In other words, a small switch from exporting fuels to providing them in-state for in-state use by storing them until needed may have completely prevented harmful price spikes. This directly speaks to the feasibility of setting requirements for sufficient storage.

Regarding questions about whether these exports meet California standards, it also appears that California oil refineries could produce more CARBOB for California needs ahead of turnarounds, instead of exporting. We again urge the CEC to take a closer look at exports, and to investigate whether they are increasing scarcity and leading to price spikes.

C. Producing more CARBOB for reserves ahead of shutdowns

There are overlapping questions on CARBOB, exports, storage, and other issues, which need evaluation by the Commission:

- 1. Do exports of gasoline really contribute to price spikes by increasing scarcity, if only non-CARBOB gasoline is being exported?
- 2. Do California refineries have the capacity to store extra CARBOB ahead of shutdowns?<sup>7</sup>

We think the answer to 1) is Yes - Exports can still contribute to price spikes, and to 2) Yes - California refineries do have spare capacity to make gasoline for storage. Both of these should be viewed as means to build minimal reserves for periods of scarcity.

<sup>6</sup> Community Energy reSource and Stand.earth Comments - No Regrets Fuel Storage Option in Transportation Fuels Assessment, at 2, <a href="https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-SB-02">https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-SB-02</a>.

<sup>&</sup>lt;sup>7</sup> CDTFA/CEC Joint Report 2024 Review of the Gasoline in California and Related Impact on State Revenues, at 7, https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-SB-02.

At times, a general argument has been made that California refineries are running flat-out at the top of their capacity, pretty continually (except for shutdown / maintenance periods), and have no spare capacity.

This appears to no longer be true. A recent CEC evaluation showed that California refinery utilization rate actually shows considerable slack. The joint May 3, 2024, report of the Commission with the California Department of Tax and Fee Administration (CDTFA) found that the average refinery utilization rate is only 83 percent. This leaves considerable slack for filling minimal reserves in storage.

This overall spare capacity is a strong indicator that refineries could produce more CARBOB to fill minimum reserves ahead of shutdowns. It also indicates that refineries may be holding back from sufficient production for the purpose of market manipulation, which must be addressed through penalties. A more detailed evaluation of capacity within the units involved in finishing and blending to meet California standards would also be helpful.

D. Partial Refinery Shutdown Pathway, to smooth out lowering gasoline production

Please see our previously submitted comment titled, A 'Partial Refinery Shutdown Pathway'.<sup>8</sup> It explored an alternative pathway to address problems identified in the draft Assessment where whole refineries close in the future, suddenly subtracting large amounts of gasoline and other fuels from the market. Our comment describes alternative pathways involving partial shutdown of refineries. For example, one potential pathway involves closing duplicate units in large refineries rather than prematurely shutting whole refineries.

#### E. Worker protections during closures

We support evaluations to identify models and new measures for protection of workers during the transition away from fossil fuels. As one example, an analysis funded by the Steelworkers (who operate oil refineries) identified strategies to support workers and communities transitioning out of oil industry work, using a fraction of GDP.

#### **Conclusion**

The energy transition underway is a massive opportunity for Californians, especially disproportionately pollution-burdened low-income communities of color, to breathe cleaner air and usher in a new era of climate resilience. But the business rationale of the dying, but still monopolistic oil industry is to extract every last bit of profit that it can from everyday

<sup>&</sup>lt;sup>8</sup> CBE/Julia May Comments - Attachment to APEN & CBE Comments re SBX1-2 Max Margin and Penalty April Workshop, Docket # 23-OIIP-01 (Apr. 25, 2024), https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-oiip-01.

<sup>&</sup>lt;sup>9</sup> A Program for Economic Recovery and Clean Energy Transition in California, University of Massachusetts Amherst Political Economy Research Institute (2021), <a href="https://peri.umass.edu/images/CA-CleanEnergy-6-8-21.pdf">https://peri.umass.edu/images/CA-CleanEnergy-6-8-21.pdf</a>.

Californians. It is time for the state to take on responsibility for carefully managing our much-
needed transition away from fossil fuels to ensure that we are moving towards a truly safe and
affordable transportation system for all Californians.

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Thank you for your consideration.

Sincerely,

Julia May, Senior Scientist Communities for a Better Environment

Connie Cho, Just Transition Policy Strategist Asian Pacific Environmental Network

Amelia Keyes, Attorney & Legal Fellow Communities for a Better Environment