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California State Assembly

PETROLEUM AND GASOLINE SUPPLY



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Chief Consultant
Laura Shybut

Consultant
Kathleen Chen
Lina Malova

Committee Secretary
Vanessa Gonzales

State Capitol, P.O. Box
942849
(916) 319-2083
FAX: (916) 319-2183

AGENDA

Thursday, September 19, 2024
10:00 a.m. – 1021 O Street, Room 1100

INFORMATIONAL HEARING

A Seller's Market: Supply Constraints of Petroleum Fuels and Potential Solutions to Create Market Liquidity in California

Gasoline prices at the pump in California have been increasing over time and showing concerning volatility month-to-month, significantly impacting the budgets of Californians. In the last two years – 2022 and 2023 – California had two gasoline price spikes in September and October.¹ These prices were historic for California, topping near or above \$6 per gallon for regular grade retail gasoline. The price spikes were not seen in regions outside the West Coast.

The long-term rise in prices, extraordinary price volatility, and difference in gasoline prices compared to other states came to a head throughout 2022. From a weekly average of \$2.74 a gallon in May 2020, prices rose to a peak of \$6.29 a gallon in June 2022, followed by a brief decline leading into another peak of \$6.21 in October 2022.² The October 2022 spike led to prices over \$2.61 higher than the U.S. average.³

Higher prices of gasoline can have crippling effects for residents on fixed or limited incomes, especially those who rely on long commutes to get to work. Higher gasoline prices also take a toll on the overall economy, impacting goods that use gasoline fuels to get to market. While Californians pay among the highest retail prices for gasoline, California ranks twenty-first in the country for per capita spending on motor vehicle fuel, a result of California's low fuel consumption.⁴ This low average consumption means those populations especially dependent on driving as part of their job or by necessity will be especially vulnerable to price spikes.

¹ Figure 9, pg. 14, Bailey, Andrea, et al., *Quarterly Petroleum Supply and Pricing Report, October 2023 Through December 2023*. CEC, Pub # CEC-200-2024-002.

² Figure 6, pg. 19, CEC, *Transportation Fuels Assessment*, August 2024; CEC-200-2024-003-CMF.

³ Pg. 18, CEC, *Transportation Fuels Assessment*, August 2024; CEC-200-2024-003-CMF.

⁴ Despite the state's car-centric reputation. Pg. 1; Droboniku, Gentian, et al., 2024. *2024 Review of the Price of Gasoline in California and Related Impact on State Revenues*. CEC and CDTFA. Pub #: CEC-200-2024-007.

On the demand side, gasoline demand in California peaked in 2005, and is expected to decline markedly over the next two decades.⁵ The downward trend is driven by the state’s decarbonization strategies to increase zero-emission vehicles on the road, prohibit sales of internal combustion engines,⁶ and encourage more transit-oriented, dense development. Regardless, even under the most aggressive scenarios put forward by the California Energy Commission (CEC), millions of petroleum-fueled vehicles are anticipated to remain on California’s roads beyond 2035 and will need fuel to operate.⁷ Demand, while declining, is not going away. Moreover, many of the petroleum-fueled vehicles that remain will likely be owned by individuals and families unable to access newer or cleaner options. Ensuring gasoline is available, affordable, reliable, and equitable will be critical as the state makes its transition over the coming decades.

Responding to these changes in the supply and demand of gasoline in the state, and on the heels of the record-setting prices of 2022, Governor Newsom called for a Special Session of the Legislature in December 2022 to act upon legislation to more closely review, monitor, and regulate the petroleum industry. That Special Session resulted in the passage of SBX1-2 (Skinner, Chapter 1, Statutes of 2023), which incorporates several policies to address gasoline supply and pricing. The main elements of that law are the authority for the CEC to establish a maximum gross refining margin and penalty, the creation of a new Division of Petroleum Market Oversight (DPMO) and a new Independent Consumer Fuels Advisory Committee, expanded reporting requirements by industry participants, the ability for the CEC to impose refinery maintenance and turnaround requirements, annual reporting on gasoline prices, and the creation of a transportation fuels assessment and a transportation fuels transition plan.

During an oversight hearing of the Assembly Committee on Utilities and Energy in May 2024, the CEC presented findings from their work authorized under SBX1-2. Included in that presentation were data comparing impacts on spot market prices against days of supply for 2022 and 2023. The CEC’s chart showed (in both years) that when inventories dipped below “15 days of supply,” gasoline prices began to increase. The recommendation at the time to address this observed behavior was to collaborate with industry on solutions to encourage them to “voluntarily” increase supplies and supplement stocks.⁸

On August 28, 2024, the administration-sponsored SB 950 (Skinner, Hart) was introduced. The bill had a number of provisions to address potential supply constraints of California’s refined fuels, including authorizing the CEC to take action to set minimum inventory requirements for refiners, requiring refiners to have resupply plans and arrangements that are adequate to address a loss in production from refinery maintenance, and establishing a civil penalty for noncompliance, among other changes. The bill failed to be taken up for a vote in the final days of session. On August 31st, 2024, the final day of session, Governor Newsom called a second Special Session to consider and act upon legislation that would have the same

⁵ Pg. 1, *Transportation Fuels Assessment, Ibid.*

⁶ Governor Gavin Newsom, EO N-79-20; <https://www.gov.ca.gov/wp-content/uploads/2020/09/9.23.20-EO-N-79-20-Climate.pdf>

⁷ Pg. 1, *Transportation Fuels Assessment, Ibid.*

⁸ Slide 22, “Joint Agencies” presentation, *California’s Petroleum Market & SBX1-2 Implementation Update*, May 15, 2024. <https://autl.assembly.ca.gov/media/1189>

intent and design as SB 950. The Assembly gavelled into Special Session on August 31st, 2024, and on September 3, 2024, SB 950 was reintroduced as ABX2-1 (Hart, Aguiar-Curry).

Today's oversight hearing will provide an opportunity for this committee to examine more fully the administration's proposal on minimum inventory and resupply planning. The discussion will first evaluate what currently impacts transportation fuel supply, and what is anticipated to impact it in the future. It will then evaluate strategies to manage the market to withstand these impacts, including requirements on refiners to maintain minimum inventories as well as additional proposals that may increase fuel supply in the state.

A History of Stops and Starts. California has a 40+ year history of attempting to address gasoline prices. Most notably, following the 1979 energy crisis, when the nation (and much of the Western world) faced petroleum shortages and high prices, California established the Petroleum Industry Information Reporting Act of 1980 (PIIRA).⁹ The statute tasks the CEC to collect specified data reported by petroleum industry companies and analyze the data to understand the operations of the petroleum industry in California. PIIRA was intended to provide regulators with sufficient oil pricing information to identify price and supply volatility more quickly and respond accordingly. The CEC incorporates these data into public reports on the petroleum industry.¹⁰ Under PIIRA's provisions, much of the data collected by the CEC must remain confidential to specific entities in the market. Subsequent efforts in 2022¹¹ and in 2023¹² required further reporting and disclosures.

In 2000, after continued periods of gasoline price volatility, the Legislature passed AB 2076 (Shelley, Chapter 936, Statutes of 2000). The bill was in response to an Attorney General (AG) task force report that recommended the state investigate the possibility of a "strategic fuel reserve," consisting of gasoline kept in public storage tanks that would be available to private suppliers through a daily auction.¹³ AB 2076 directed the CEC to assess the feasibility of such a strategic reserve, in an effort to insulate consumers from price spikes. The assessment, published in July 2003, recommended "the Governor and Legislature should not [emphasis theirs] proceed with the strategic fuel reserve."¹⁴ The authors determined that investment in private storage capacity was increasing in the state, and the CEC should "undertake a comprehensive evaluation of California's future petroleum product import needs" before any subsequent action to establish a reserve could be recommended. The report specifically identified constraints to marine infrastructure and port facilities as worthy of further study. To this committee's knowledge, no further study has been conducted by the state in the two decades since this report was published.

The Petroleum Market Advisory Committee (PMAC) was another effort to investigate the oil and gas industry, spurred by stubbornly high gasoline prices in 2012 following an outage at the Chevron Richmond Refinery. The PMAC was established by the CEC in 2014 in

⁹ SB 1444, Holmdahl, Chapter 1055, Statutes of 1980

¹⁰ CEC; "Petroleum Industry Information Reporting Act Reporting Requirements - PIIRA"; <https://www.energy.ca.gov/rules-and-regulations/energy-suppliers-reporting/petroleum-industry-information-reporting-act-piira>

¹¹ SB 1322, Allen, Chapter 374, Statutes of 2022

¹² SBX1-2, Skinner, Chapter 1, Statutes of 2023

¹³ AG Report on Gasoline Pricing in California, May 2000.

¹⁴ Pg. 2, Keese, William J., et al., *Feasibility of a Strategic Fuel Reserve in California*" CEC Report; P600-03-013CR.

response to then-Governor Jerry Brown’s directive that the CEC work with the AG to develop a plan for responding to petroleum price volatility. The PMAC was instructed to provide expertise on factors leading to price increases and strategies for addressing gasoline price spikes. In September 2017, the PMAC issued its final report noting “several gasoline market anomalies that appeared to be new trends in California,” including increasing retail margins and retail price differentials between California and the U.S. average, and increasing price differences among gasoline retail brands. The PMAC also evaluated policy options for addressing gasoline price volatility but did not reach a consensus on any other available approaches. Members of the PMAC cited a lack of sufficient staffing, support, access to data, and inability to compel participation by industry decision-makers as obstacles to the committee reaching more concrete findings and recommendations.

The establishment of the DPMO and the additional industry reporting under SBX1-2, mentioned above, marks the most formalized effort to date to make the activity of addressing gasoline prices into a permanent effort within the executive branch. While efforts of the CEC, DPMO, and California Department of Tax and Fee Administration (CDTFA) under SBX1-2 have looked at both the wholesale and retail sides of gasoline pricing, much of the public activity and warnings by these agencies has focused on price spikes arising from refinery maintenance operations.¹⁵

Thin Margins, Greater Impacts. California’s transportation fuels market is currently dominated by gasoline and diesel, both with challenges that affect the stability of their pricing. As noted on September 18, 2024, during Part 1 of this Committee’s informational hearing series, California is in a period of transition in its petroleum market. Supply is tightening, as demand is declining. These trends are unlikely to subside. Rather, more volatility – not less – is likely if the state does not strategize and appropriately plan for smoothing the transition. These challenges present in two ways: 1) at a macro level: as the difficulty of transitioning an economy from fossil-based to cleaner or alternative fuels, a challenge currently faced by many states and nations; and 2) at a micro level: as the difficulty of transitioning the transportation fuels sector in California specifically given the state’s historic market structure and infrastructure limitations.

See the background document and discussion prepared as Part 1 of this series on September 18, 2024, “California’s Petroleum Economy: The Current Market and the Future Fuels Transition Plan,” for more detail on this market structure and its limitations.

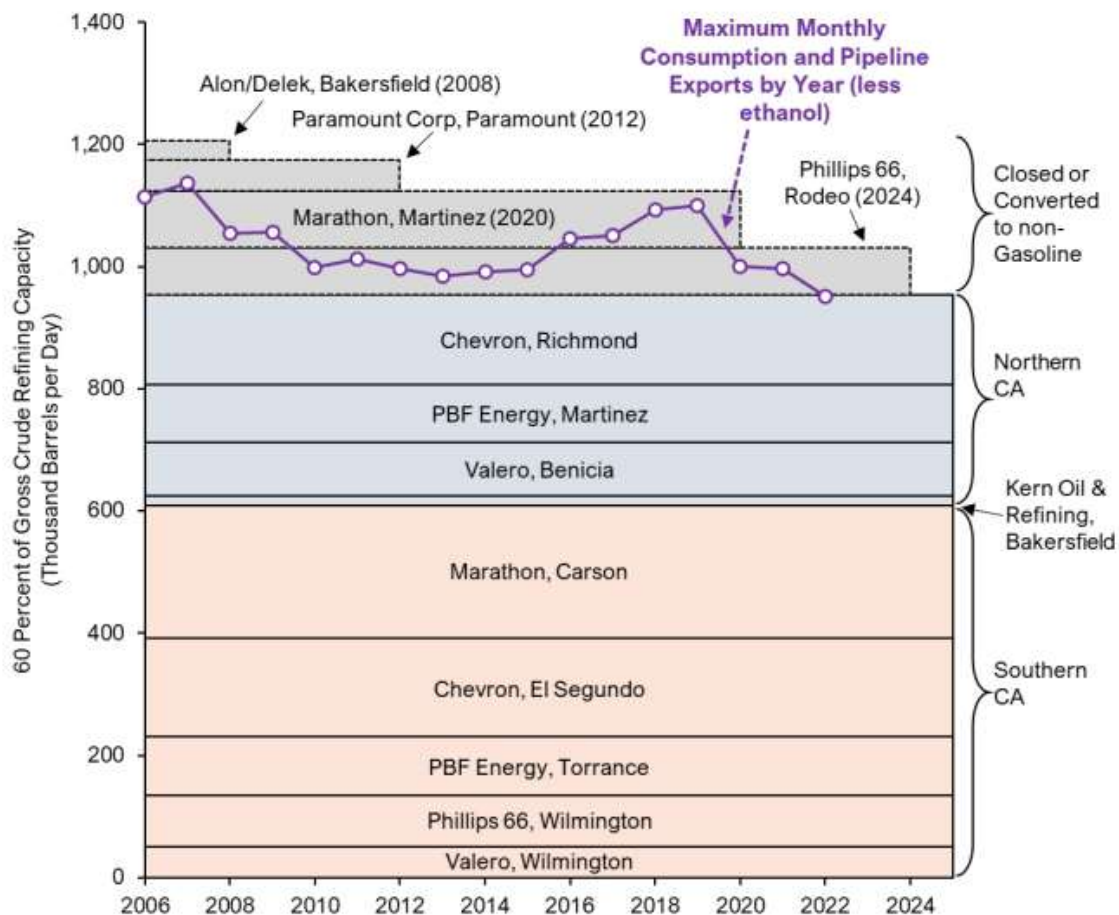
Broadly speaking, California’s petroleum production operates with little headroom: the state’s refining capacity is comparable with its demand. As shown in Figure 1, as of March 2024, nine California refineries produce the California-specific, California Reformulated Blendstocks for Oxygenate Blending (CARBOB), gasoline. The lack of headroom is shown in Figure 1, where the purple line denoting demand comes to rest in 2022 on the line of approximate peak supply.¹⁶ Even more constraining, the supply of gasoline in the state is highly regionalized. Except for one small refinery in central California (Kern Oil), nearly all

¹⁵ For instance, the recent Market Update by DPMO. DPMO, “California Gasoline Market Update and Consumer Advisory,” September 13, 2024. https://www.energy.ca.gov/sites/default/files/2024-09/DPMO_Market_Update_and_Consumer_Advisory_ada_09-13-24.pdf

¹⁶ However the demand data of this figure end in 2022, before the conversion of the Rodeo refinery in 2024; so there may still be slight headroom in the system if the demand line continues to trend downward.

instate supply in the near term will come from three refineries in northern California and five refineries in southern California. As a result, the temporary reduction of refining capacity at a single refinery in either the north or the south would represent a critical reduction for each respective region because of this narrow margin and because the regions are not connected via pipeline.¹⁷

Figure 1 – Peak CARBOB Gasoline Refinery Capacity (approximate) Overlaid with Maximum Monthly Consumption (purple line), with northern California (blue bars), southern California (salmon bars), and closed or converted (grey bars) refineries identified. *Note: this figure does not include refineries that only produce CARB specification diesel, such as the San Joaquin Refining Company’s Bakersfield refinery.*¹⁸



As also demonstrated in Figure 1, demand has been trending downward over the last two decades. As this occurs, supply has adjusted to match; a traditionally bumpy process (i.e. the smooth curve of the demand, offset by the sharp drops in supply when refineries close or convert). If demand continues to decline, the market is likely to further thin leading to less in-state capacity and more reliance on imports. If thinned, a market mismatch – as might occur with a system outage – would have greater consequences, such as enhanced price volatility.

Challenges for California’s Fuel Market. This trend of thinner margins between supply and demand may come to dominate the landscape of California petroleum operations in the

¹⁷ Though, the CEC notes, waterborne transportation is available; though presumably subject to Jones Act shipping limitations and not often utilized as a viable option.

¹⁸ Figure 4, pg. 15 *Transportation Fuels Assessment, Ibid.*

decades to come. As a result, absent intervention, pricing volatility may be a likely consequence. Moments where a mismatch between supply and demand are likely to occur – either from force majeure or intentional behavior – should be closely evaluated in order to develop potential mitigation or buffering strategies. These common “pinch points” can roughly fit into three categories:

- 1) (Relatively) easily manageable and foreseeable – such as turnaround events at refineries that are planned years in advance.
- 2) Trickier (or more costly) to manage, but foreseeable events or policies – such as shipping constraints (like the federal Jones Act which places strict requirements on the vessels that may be used between US ports), or even state policies (such as permitting limitations for new port berths or tankage, or emission-reduction strategies like the California Air Resources Board’s (CARB) ocean-going vessels regulation).
- 3) Difficult to manage and to foresee – such as catastrophic events resulting in unplanned outages (such as the power loss at Benicia in 2017¹⁹) or geopolitical developments (such as the Russia-Ukraine war or the COVID pandemic).

Efforts by DPMO have drawn attention to the first category, such as their recent Market Update which observed: “California is once again seeing a significant spike in gasoline prices and a troubling lack of liquidity on the wholesale spot market **in response to refinery maintenance.**”²⁰ [emphasis ours] The Update goes on to note: “In late summer and early fall of 2023, refinery maintenance contributed to a significant price spike that cost Californians up to \$2.2 billion. There was also a major price spike in September and October of 2022, which occurred when planned maintenance at four refineries significantly reduced production.”

However, solutions to mitigate costs (i.e. the supply-demand mismatch) by better managing turnaround or planned maintenance events are not without their challenges and tradeoffs.²¹ Under SBX1-2, refineries are required to provide the CEC with their planned schedule for turnarounds and maintenance. The statute also authorizes the CEC – in consultation with the Labor and Workforce Development Agency, labor, and the industry – to issue a regulation governing the timing of the maintenance in a way that protects health and safety of workers and the public, while minimizing production losses. At the time of discussions around the bill, it was not clear whether the CEC had or would have much knowledge – beyond the supply of fuels – to inform such a regulation. Concern was raised by the refinery workforce that such a regulation was flipping the goal of turnaround scheduling from one of safety to one of price minimization or price stability. Both the refineries and their workforce have emphasized safety must be paramount, and distrust the ability of the CEC to appropriately balance ensuring safety if faced with a simultaneous price increase. Unfortunately, California has experienced explosions at refineries, including where workers have been harmed. As such, the need for safety – especially for workers and the local community – are imperative.

¹⁹ Ted Goldberg, “CPUC Probe Says PG&E Mistakes Led to Benicia Refinery Outage,” *KQED*, July 19, 2018. <https://www.kqed.org/news/11681218/cpuc-probe-says-pge-mistakes-led-to-benicia-refinery-outage>

²⁰ DPMO, “California Gasoline Market Update and Consumer Advisory,” September 13, 2024. [https://www.energy.ca.gov/sites/default/files/2024-](https://www.energy.ca.gov/sites/default/files/2024-09/DPMO_Market_Update_and_Consumer_Advisory_ada_09-13-24.pdf)

[09/DPMO_Market_Update_and_Consumer_Advisory_ada_09-13-24.pdf](https://www.energy.ca.gov/sites/default/files/2024-09/DPMO_Market_Update_and_Consumer_Advisory_ada_09-13-24.pdf)

²¹ Despite our labeling of “easily manageable and foreseeable” – everything is a matter of degree

Stabilizing California’s Fuel Market. These pinch points highlight the difficulty state agencies, local communities, the industry, and its workforce face in developing solutions that 1) help smooth the decarbonization transition; 2) protect consumers and keep costs low; 3) maintain the workforce; and 4) ensure the health and safety of both the workforce and the public. One of the requirements under SBX1-2 was a report – the Transportation Fuels Assessment – the CEC must submit every three years that identifies methods to ensure a reliable supply of affordable and safe transportation fuels in California. The Assessment shall evaluate the price of transportation fuels, and consider market demand at regular intervals, out to 20 years. It shall also include an analysis of refinery maintenance operations, and evaluate ways to manage necessary maintenance among the various facilities.²²

In August 2024, the CEC submitted their Fuels Assessment.²³ The final chapter of the Assessment lists “Policy Options to Mitigate Price Spikes,” which offered a workshopping of potential ideas – including both the pros and cons – to help stabilize, or mitigate impacts to, California’s fuel market. The ideas ranged from those targeting demand to those targeting supply to those with a high degree of difficulty, and included such ideas as media alerts of potential fuel shortages to move consumers to conserve; to the state leasing tankage at closed refineries, essentially setting up a strategic reserve; to state ownership of a Jones Act tanker²⁴ to provide “stand-by” support to move fuel between domestic ports. No idea was seemingly off the table. (See the tables on pgs. 57-76 of the Transportation Fuels Assessment for the exhaustive list of ideas.)

Minimum Inventory Requirements. However, also in August as noted above, the administration moved forward with a policy to add a storage strategy as a new regulatory tool for the CEC to exercise that “will help maintain an adequate buffer supply that, upon its release, can allow for a short-term boost to overall supply and mitigate supply [and as a consequence, cost] shocks.”²⁵ Introduced as SB 950 (Skinner, Hart), the bill is now ABX2-1 (Hart, Aguiar-Curry). ABX2-1 has a number of provisions to address potential supply constraints of California’s refined fuels, including authorizing the CEC to take action to set minimum inventory requirements for refiners, requiring refiners to have resupply plans and arrangements that are adequate to address a loss in production from refinery maintenance, and establishing a civil penalty for noncompliance, among other changes. This idea was broadly discussed in the Fuels Assessment as “Storage Strategy: Stock Minimums for Refiners and Terminals.” The analysis from the Fuels Assessment is included in Table 1 below.

Table 1. Storage Strategy: Stock Minimums for Refiners and Terminals.²⁶ Reprinted from Table 5, pg. 60 in the 2024 Transportation Fuels Assessment

Topic	Description
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²² Public Resources Code §§ 25371-25371.1

²³ CEC, *Transportation Fuels Assessment*, August 2024; CEC-200-2024-003-CMF.

²⁴ The Jones Act requires that any cargo traveling by sea between two U.S. ports must be built in the U.S. and be crewed by mostly U.S. citizens.

²⁵ Pg. 60, *Transportation Fuels Assessment*, *Ibid.*

²⁶ Table 5Pg. 60, *Transportation Fuels Assessment*, *Ibid.*

Statement of Initiative	Require refiners and terminals to maintain contingency reserves of gasoline fuel in refineries and terminals. During supply shocks, temporary release of minimum requirements to supply the market.
Scope	Variable scope of impact but could create an effective reserve of several hundred thousand barrels.
Pros	<ul style="list-style-type: none"> ▪ The requirement could mitigate short-term price spikes. ▪ Maintaining minimum stocks will provide a quickly available reserve. ▪ Additional stored gasoline would be distributed in Northern and Southern California at key locations, like refineries.
Cons	<ul style="list-style-type: none"> ▪ If the refiners withhold stocks to maintain the minimum, it may artificially create shortages in downstream markets (refiners may need to hold back a shipment to sustain the legal minimum stocks, which could cause a terminal to run lower than expected). ▪ Could increase average prices for refiners to maintain additional storage. ▪ The pipeline cycle process requires terminals to always be low on stocks before a batch is delivered, so this may be best applied at refineries and/or pipeline storage. ▪ A process or program will need to be developed to orchestrate the use of the volumes held in reserve.
Issues to Resolve	<ul style="list-style-type: none"> ▪ What volume should be held in reserve and what would be the basis? ▪ Can it be held as finished CARBOB or as blendstocks? ▪ Downstream impacts could impact spot market prices in uncertain ways, although a market equilibrium may likely emerge at a higher price level. ▪ What is the cost to the refiner, and will this be passed to consumers?

Other	Potential exists for the state to be criticized for requiring refiners to withhold fuel from the market.
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Presciently, every item in Table 1 has become a discussion point for ABX2-1. Proponents have pointed out the benefits this minimum inventory requirement could provide in the form of additional supply and the potential to minimize price spikes. Opponents have raised the potential for runaway costs with the proposal – from costs to build new storage tanks throughout the state, to costs to consumers if this policy leads to stockpiling of supply. The “issues to resolve” remain, with the legislation allowing for an open-ended regulatory process at the CEC to address – either explicitly or implicitly (or not at all) – these concerns.

The proposal – and this Special Session called to consider it – raises not only specific questions about requiring minimum inventories, but foundational questions within the broader context of the transportation fuels transition: *Is the risk in intervening in the petroleum market worth the reward, or are there too many unintended consequences? Can statutory drafting adequately protect against these unintended consequences? Is a supply-side intervention the best solution to address price spikes, or are other options better suited? Will this proposal lead to increased prices at the pump? Are increased prices likely for any intervention strategy? Is the cost of inaction greater? What are the equity concerns of this – or any possible – solution?* Fortunately, the establishment of strategic petroleum or refined fuel reserves or minimum inventories is not a new concept, and examples exist of this policy being implemented in both the U.S. and globally that may aide in addressing some of these foundational questions.

Comparisons at Home. In the U.S., the Strategic Petroleum Reserve (SPR) – which was created in 1975 in the wake of the 1973 oil embargo – is the most well-known of these inventories. The SPR is the largest publicly known emergency supply in the world, with over 700 million barrels of oil. However, it is primarily a crude oil reserve, not an inventory of refined products as is contemplated under ABX2-1. A closer analogy is the Northeast Gasoline Supply Reserve (NGSR), which was created in 2014 following the destruction caused by Superstorm Sandy.²⁷ The NGSR was the first federal, regional, refined petroleum product reserve for gasoline. However, at only one million barrels, it represented roughly a day’s supply, and was intended as a supplement – not a replacement – of supply so that companies might continue to be incentivized to maintain sufficient stock levels. The NGSR was sold off in May 2024, having never been utilized.²⁸

Comparisons Down Under. Several years ago, the Australian Parliament enacted the Fuel Security Act 2021 to improve confidence in fuel supplies in Australia, which depends on imported fuels. That Act provided that refineries based in Australia must have enough supply to meet a “minimum stockholding obligation.” That minimum obligation requires refineries to refine or import a specified amount of gasoline, diesel, and jet fuel. The specific volume of

²⁷ Department of Energy, Office of cybersecurity, Energy Security, and Emergency Response website, “About NGSR,” accessed September 10, 2024. <https://www.energy.gov/ceser/northeast-gasoline-supply-reserve>

²⁸ Department of Energy press release, “U.S. Department of Energy announces Sale of Northeast Gasoline Supply Reserve as Americans Hit the Road for Summer Driving Season,” May 21, 2024; <https://www.energy.gov/articles/us-department-energy-announces-sale-northeast-gasoline-supply-reserve-americans-hit-road>

fuels is set when the Act is invoked by the relevant Secretary of State (part of the Australian Government's administration), but is intended to preserve a certain number of days of fuel supply. In return, a refinery is eligible to receive a quarterly payment from the government. The amount of that payment is somewhat discretionary, but is capped at 1.8¢ per liter. As of July 1, 2024, Australian refiners must have 27 days of supply of gasoline and jet fuel, and 32 days of supply for diesel, on hand, as specified. The diesel supply requirement is greater due to the Government's stated concern that, in an emergency, that fuel is necessary for vital sectors, including transportation, various industries, and defense. Depending on the fuel, there are 6-10 entities now subject to these requirements. The Act is enforceable, including audit requirements on refiners and, for refiners that violate the Act, civil penalties and repayment requirements.

The Winds of Change. California is in a period of transition in its petroleum market. Demand is declining; supplies are tightening. The market itself resolves these demand and supply mismatches, but not always in the smoothest manner nor with consumer interest at the forefront. A consequence has been greater volatility in price. This volatility comes at a steep cost to consumers, who have seen wild fluctuations in gas prices over the past several years. This Special Session was proclaimed at the end of August 2024 to act upon legislation necessary to authorize the CEC to impose minimum inventory requirements on refiners, among other specified policy. As identified by the CEC's own report, such policy is not without its tradeoffs or uncertainties. However, such uncertainty and tradeoffs have seemingly kept the state on a 40+ year start-stop cycle, often with each iteration leaving more questions asked than answered.

Most systems lacking reserves subject themselves to being blown about by the lightest of breezes. There is not enough buffer to protect the most vulnerable, be it consumers or businesses. In order to ensure gasoline is affordable, reliable, and equitable, the state must be ready to withstand the winds of change the transition to decarbonize over the coming decades will bring. The proposals brought forward in this Special Session seek to do that. The CEC's Fuels Assessment provides a review of these myriad possible actions and tradeoffs. This committee, and this series of hearings, seeks to provide the venue for these strategies and their tradeoffs to be thoroughly considered.

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