

ASSEMBLY BILL

No. 406

Introduced by Assembly Member Bennett

February 4, 2025

An act to amend Section 25371 of the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 406, as introduced, Bennett. Energy: transportation fuels assessment.

Existing law requires the State Energy Resources Conservation and Development Commission, on or before January 1, 2024, and every 3 years thereafter, to submit an assessment related to transportation fuels to the Legislature, as specified.

This bill would authorize the commission to request information from the State Air Resources Board, the Geologic Energy Management Division, and other relevant state agencies in preparing the assessment. The bill would require those entities to collaborate with the commission and to provide information deemed necessary by the commission to complete the assessment.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 25371 of the Public Resources Code, as
- 2 amended by Section 7 of Chapter 1 of the 2023-24 Second
- 3 Extraordinary Session, is amended to read:

1 25371. (a) (1) Notwithstanding Section 10231.5 of the
2 Government Code, on or before January 1, 2024, and every three
3 years thereafter, the commission shall submit an assessment to the
4 Legislature, in accordance with Section 9795 of the Government
5 Code, and to the Governor that does all of the following:

6 (A) Identifies methods to ensure a reliable supply of affordable
7 and safe transportation fuels in California. The assessment shall
8 include estimates for the level of transportation fuels at the state
9 level, and, to the extent feasible, at regional and local levels, and
10 individual refineries if relevant, that should be held in reserve by
11 refiners to prevent gasoline price spikes. The assessment shall
12 consider all factors causing price fluctuations in retail gasoline
13 prices when recommending adequate reserve levels. The
14 commission shall consider all relevant evidence from any
15 reasonably available source, including, but not limited to,
16 information about imports, by amount, source, if known, and data
17 received by the commission pursuant to existing laws, economic
18 and business experts, and information from any local, state, and
19 federal agencies. The commission shall transmit to the Legislature,
20 in accordance with Section 9795 of the Government Code, any
21 proposals it deems appropriate for mandatory reserve levels and
22 the terms of a program to implement reserve levels.

23 (B) Evaluates the price of transportation fuels, including branded
24 and unbranded retail prices, alternate formulations of gasoline with
25 lower carbon impact, and other products suitable for production
26 from refineries in California. This evaluation shall consider the
27 market demand for these products at 3-, 7-, 10-, and 20-year
28 intervals from the date of the assessment and shall rely on the most
29 recent transportation forecasting and assessment activities
30 conducted pursuant to Section 25304. This evaluation shall include
31 both of the following:

32 (i) An examination of whether branded fuel additives have any
33 impact, and, if so, how much, on fuel efficiency and vehicle
34 emissions.

35 (ii) An assessment of the presence and availability of retail
36 outlets, including monitoring changes in availability of retail outlets
37 that contribute to increasing retail prices in local and regional areas.

38 (C) Considers different levels of supply conditions and assesses
39 the impact of potential refinery closures in California.

1 (D) Includes an analysis of the impacts on production of refinery
2 planned maintenance, unplanned maintenance, and turnaround.
3 The assessment shall evaluate ways to manage necessary
4 maintenance among the various facilities that would protect the
5 health and safety of employees and the public, and minimize the
6 impact of maintenance-related production losses. Notwithstanding
7 any other law, the Department of Industrial Relations and Division
8 of Occupational Safety and Health shall disclose to the commission,
9 upon request, any information the department and division have
10 received under Section 7872 of the Labor Code to ensure all aspects
11 of refinery safety are incorporated into the assessment. All
12 information designated confidential shall be treated as confidential
13 by the commission.

14 (E) Evaluates the utility and feasibility of alternative methods
15 to maintain adequate supplies of transportation fuels, including
16 delivery alternatives for fuel and components of refined fuel, such
17 as delivery by rail, a publicly maintained strategic fuel reserve,
18 and other solutions beyond the activities of refineries and petroleum
19 market participants.

20 (F) Proposes solutions to mitigate any impacts described in the
21 assessment. The solutions shall include an assessment of the
22 employment impacts and the cost and cost-effectiveness of any
23 proposal, including cost impacts to all impacted sectors, both public
24 and private. The assessment shall include recommendations and
25 alternatives.

26 (G) Beginning with the first assessment submitted after ~~the~~
27 ~~effective date of this subparagraph,~~ *January 13, 2025*, evaluates
28 California's future petroleum product and crude oil import needs
29 and identifies steps that can be taken to ensure that marine
30 infrastructure and port facilities will be adequate to accommodate
31 the efficient movement of petroleum products to meet those needs.
32 In preparing the evaluation pursuant to this subparagraph, the
33 commission shall consult with the ports in California at which
34 petroleum and refined transportation fuels are imported, tanker
35 terminal operators at California ports, the State Lands Commission,
36 the California Coastal Commission, and the San Francisco Bay
37 Conservation and Development Commission and evaluate ways
38 to maximize the use of existing infrastructure and minimize
39 cumulative pollution burdens.

1 (H) Beginning with the first assessment submitted after the
2 effective date of this subparagraph, January 13, 2025, evaluates
3 the effects of state regulations on supplies of transportation fuels
4 that the commission identifies may be causing supply constraints,
5 or for which the commission believes alternative compliance
6 pathways should be considered by state agencies to mitigate
7 potential impacts on supply.

8 (2) The first assessment shall include the evaluation of oil and
9 gas extraction and refining that the State Air Resources Board
10 outlined in the most recent update to the scoping plan prepared
11 pursuant to Section 38561 of the Health and Safety Code.

12 *(b) In preparing the assessment required by subdivision (a), the*
13 *commission may request information from the State Air Resources*
14 *Board, the Geologic Energy Management Division, or other*
15 *relevant state agencies and those entities shall collaborate with*
16 *the commission and provide any information the commission deems*
17 *necessary to complete the assessment.*

18 ~~(b)~~

19 (c) The assessment shall be separate from the report submitted
20 pursuant to Section 25302 and shall be developed in a public
21 process. The assessment shall be available to the public within the
22 proceeding docket and shall be approved by a vote of the
23 commission at its business meeting.

24 ~~(e)~~

25 (d) The commission may enter into contracts to perform the
26 assessment required by subdivision (a) and the contracts shall not
27 require the review, consent, or approval of the Department of
28 General Services or any other state department or agency and do
29 not need to comply with requirements under the State Contracting
30 Manual or the Public Contract Code.

31 ~~(d)~~

32 (e) The Division of Petroleum Market Oversight shall provide
33 input to and otherwise support other divisions of the commission
34 in preparation of the assessment required by subdivision (a).

35 ~~(e)~~

36 (f) The Independent Consumer Fuels Advisory Committee
37 established pursuant to Section 25373 shall provide input to the

1 commission in preparation of the assessment required by
2 subdivision (a).

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