

**CONSENT**

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Bill No: SB 1245  
Author: Stern (D)  
Amended: 3/25/26  
Vote: 21

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SENATE ENERGY, U. & C. COMMITTEE: 17-0, 4/13/26

AYES: Allen, Ochoa Bogh, Archuleta, Arreguín, Becker, Caballero, Dahle, Gonzalez, Grove, Hurtado, McNerney, Reyes, Richardson, Rubio, Stern, Strickland, Wahab

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

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**SUBJECT:** Petroleum: report

**SOURCE:** Author

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**DIGEST:** This bill makes an annual report due on or before July 1 each year.

**ANALYSIS:**

Existing law:

- 1) Establishes the State Energy Resources Conservation and Development Commission, also known as the California Energy Commission (CEC), consisting of five members appointed by the Governor, and specifies the duties of the CEC. Requires the CEC to assess trends in energy consumption and analyze the social, economic, and environmental consequences of these trends. (Public Resources Code §25200 *et seq.*)
- 2) Establishes the Petroleum Industry Information Reporting Act of 1980 (PIIRA). (Public Resources Code §25350 *et seq.*)

- 3) Establishes the Division of Petroleum Market Oversight (DPMO) within the CEC to provide independent oversight and analysis of the transportation fuels market for the protection of consumers by identifying market design flaws, market power abuses, and any other manner by which market participants act to harm competition or act contrary to the best interests of the consumers in the state. (Public Resources Code §25372 *et seq.*)
- 4) Requires DPMO to report its findings and recommendations to improve market performance, at least annually, to the Legislature, the Governor, the CEC, the Attorney General, and the California Department of Tax and Fee Administration. (Public Resources Code §25372.2)
- 5) Requires the director of DPMO, when requested, to appear before the appropriate policy committees of the Legislature to provide an update on the DPMO's performance as compared to its objectives, the status of competition in the transportation fuels markets, and other information the committees' request. (Public Resources Code §25372.3)

This bill makes the annual report of the DPMO to the Legislature due on or before July 1 of each year.

## **Background**

*Petroleum fuels market.* The state's petroleum fuels market is experiencing incredible market and policy shifts. California's policies to support clean air and tackle climate change are accelerating the adoption of fuel-efficient conventional vehicles and zero-emission vehicles which is leading to a decline in demand for petroleum-based fuels. Global market conditions, including the recent war in Iran, affect the availability and price for petroleum-based fuels. Many refineries across the globe, including in California, have shuttered operations. For the state, the recent closures of a declining number of refineries from several dozen 40 years ago, to less than 10 today, has raised concerns about the continued availability of refined fuels, including gasoline. These unexpected disruptions come on the heels of two years (2023 and 2024) with Governor Newsom calling for two separate Special Sessions to address petroleum fuel prices and supply of California's isolated fuels market due to a specially formulated gasoline blend needed to serve the light-duty vehicle market to meet the state's air quality standards.

*Extraordinary session and passage of legislation.* In late 2022, in response to price spikes in the retail price of gasoline, Governor Newsom called the Legislature into an extraordinary session to consider ways to address gasoline price spikes. The

Legislature, in turn, approved SBX1-2 (Skinner), which among its many provisions, included authorizing a maximum gross gasoline refining margin cap and penalty, and also required petroleum refiners to notify the CEC of any planned, unplanned or turnaround scheduled maintenance. SBX1-2 also directed the CEC, in consultation with the Labor and Workforce Development Agency and labor and industry stakeholders, to consider ways to manage necessary refinery turnarounds and maintenance that would protect the health and safety of employees and the public and authorized the CEC to regulate the timing of turnaround and maintenance. The bill also established the DPMO.

### **Comments**

*DPMO.* The DPMO, housed within the CEC, is an independent watchdog agency overseeing the oil and gasoline industry – touted as the nation’s first. As an independent division of the CEC, DPMO is responsible for oversight, investigations, economic analysis, and policy recommendations regarding the transportation fuels market. DPMO also provides input into the CEC’s required every three years Fuels Assessment and the long-awaited CEC and California Air Resources Board authored Fuels Transition Plan required by December 31, 2024 in the special session statutes. DPMO is also required to provide annual findings and recommendations to improve market performance. DPMO issued its first annual report in October 2025 for the year 2024 and has also provided letters and advisory bulletins beginning in 2023 and as recently as earlier this year in response to price increases due to the war in Iran. This bill would require the DPMO to submit the annual report to the Legislature by July 1 of each year as the current statute does not specify a date by when to submit the report.

### **Related/Prior Legislation**

SB 1259 (Blakespear) of 2026, includes provisions concerning required reporting of decommissioning and site mitigation for refineries. The bill is pending in the Senate Appropriations Committee.

SB 1337 (Richardson) of 2026, establishes an interagency working group to advise on transportation fuels transition strategy. The bill is pending in the Senate Appropriations Committee.

SB 237 (Grayson, Chapter 118, Statutes of 2025), among its provisions, required the CEC to submit an assessment to the Legislature and the Governor that

evaluates the recommendations and strategies put forward by CEC Commissioner Gunda in the letter dated June 27, 2025.

ABX2-1 (Hart, Chapter 1, Statutes of 2023-2024 Second Extraordinary Session) made changes to, and expanded on, SBX1-2 related to transportation fuels, including changes to the Independent Consumer Fuels Advisory Committee.

SBX1-2 (Skinner, Chapter 1, Statutes of the 2023-2024 First Extraordinary Session) proposed several policies to address gasoline supply and pricing, including authorizing the CEC to establish a maximum gross gasoline refining margin and penalty on gasoline sold by refiners in the state. The bill also established a new independent division at the CEC, the DPMO, to provide independent oversight and analysis of the transportation fuels markets.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

**SUPPORT:** (Verified 4/27/26)

None received

**OPPOSITION:** (Verified 4/27/26)

None received

**ARGUMENTS IN SUPPORT:** According to the author:

The Division of Petroleum Market Oversight provides independent analysis of the fuels market and identifies potential market manipulation, supply constraints, and structural issues within the gasoline and petroleum markets. Their independent reporting provides the Legislature and other agencies within the state with key insights into how to best support consumers, especially important during times of supply vulnerabilities caused by federal actions or transitions occurring due to global market forces. This bill will ensure that the Division submit their annual report to the Legislature by July 1 of each year, providing the Legislature with an opportunity to integrate recommendations into policymaking.

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4/28/26 16:33:38

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