

EXECUTIVE DEPARTMENT  
STATE OF CALIFORNIA

A PROCLAMATION

BY THE GOVERNOR OF THE STATE OF CALIFORNIA

**WHEREAS** in September and October of 2022 and 2023, gasoline refiners and retailers in California drastically raised the prices that Californians pay at the pump, despite state taxes and fees remaining unchanged at the time, leading to record oil company profits; and

**WHEREAS** in response to the fall 2022 price spike, I convened an extraordinary session of the Legislature to target price gouging by oil companies; and

**WHEREAS** in March 2023, the Legislature passed and I signed into law Senate Bill 2 ("SBx1-2," Chapter 1, Statutes of 2023-2024 First Extraordinary Session), a first-in-the-nation law that authorized a maximum refining margin to keep fuel refiner profits in check, brought transparency to California's oil industry, and created the Division of Petroleum Market Oversight, an independent watchdog agency to oversee and investigate the industry; and

**WHEREAS** in September 2023, the Division of Petroleum Market Oversight reported an unusual transaction on the gasoline spot market and observed that refinery maintenance issues contributed to an increase in gas prices, noting that "refiners did not maintain adequate levels of inventory of refined gasoline and blendstocks or import additional supplies to sufficiently backfill production shortfalls or to protect against the impact of unplanned maintenance or potential spot market distortion"; and

**WHEREAS** in January 2024, the Division of Petroleum Market Oversight recommended that California impose minimum inventory and resupply requirements for refiners to prevent those types of supply disruptions, which produce price spikes for consumers and profit spikes for the industry; and

**WHEREAS** in August 2024, using data newly gathered under the transparency requirements of SBx1-2, the California Energy Commission and Division of Petroleum Market Oversight reported that the 2023 price spike resulting from refineries going offline for maintenance, without a plan for backfilling supply, cost Californians at least \$650 million and up to \$2 billion in elevated prices that lasted approximately three months; and

**WHEREAS** the California Energy Commission and Division of Petroleum Market Oversight also reported that a requirement for refiners to responsibly plan ahead for resupply before going offline for planned maintenance, and to keep minimum inventories to maintain supply during unplanned maintenance, could save Californians hundreds of millions of dollars in fuel costs by helping prevent price spikes in the future, leading to more stable, predictable, and affordable prices at the pump; and

**WHEREAS** the California Energy Commission and Division of Petroleum Market Oversight calculated that for 63 days in 2023, refiners allowed total statewide inventory (including both storage and product throughout the distribution chain) to drop under 15 days of gasoline supply—the level below which price spikes become increasingly likely—driving last year's price spike; and

**WHEREAS** the new oil and gas accountability tools provided by SBx1-2 have helped mitigate price spikes in 2024, with prices significantly lower than at this time in 2022 and 2023, and as a result, Californians have spent an estimated \$728 million less on gasoline this summer than at the same time last year; and

**WHEREAS** notwithstanding that improvement, California remains vulnerable to potential supply shocks and price spikes from even a single major refinery going offline for maintenance, and there is still significant risk that prices could spike in the coming months, especially if supplies are allowed to run low during refinery maintenance; and

**WHEREAS** in the 2023-2024 Legislative Session, the Legislature has introduced but not yet enacted Senate Bill 950, which would adopt the expert agencies' recommendations by authorizing the California Energy Commission to impose enforceable resupply and minimum inventory requirements on refiners; and

**WHEREAS** inaction would leave the State vulnerable for an additional year, even though the data the expert agencies uncovered and analyzed using SBx1-2 tools is clear, and the policy solutions to stop this annual cycle of price spikes are evident; and

**WHEREAS** these extraordinary circumstances require the Legislature of the State of California to be convened in a special session.

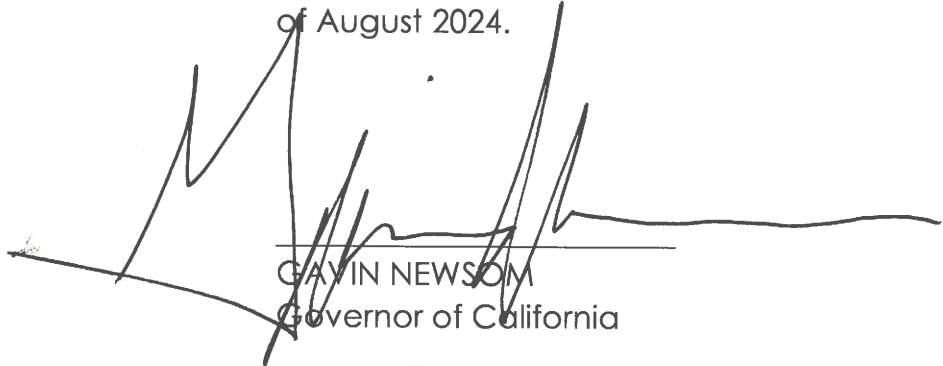
**NOW, THEREFORE, I, GAVIN NEWSOM,** Governor of the State of California, in accordance with Section 3(b) of Article IV of the California Constitution, hereby convene the Legislature of the State of California to assemble in extraordinary session in Sacramento, California, on the 31st day of August 2024, at a time to be determined, for the following purposes:

To consider and act upon legislation necessary to:

- a. Authorize the California Energy Commission to adopt regulations that would require California refiners of transportation fuels to demonstrate resupply plans and arrangements that are adequate to address losses in production from refinery maintenance before planned maintenance may be scheduled and permitted, while also accounting for protecting the health and safety of refinery employees and the public.
- b. Authorize the California Energy Commission to impose minimum inventory requirements on refiners to keep transportation fuel supply stable.
- c. Make other necessary changes to reaffirm and strengthen the authority of the California Energy Commission and the Division of Petroleum Market Oversight to implement the provisions of SBx1-2, including by modifying the advisory committee that informs those agencies' action.
- d. Make conforming changes to existing law consistent with paragraphs (a), (b), and (c).

**I FURTHER DIRECT** that as soon as hereafter possible, this Proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Proclamation.

**IN WITNESS WHEREOF** I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 31st day of August 2024.



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GAVIN NEWSOM  
Governor of California

**ATTEST:**

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SHIRLEY N. WEBER, PH. D  
Secretary of State