



July 14, 2025

Governor Gavin Newsom
1021 O Street, Suite 9000
Sacramento, CA 95814

Senate President pro Tempore
Mike McGuire
1021 O Street, Suite 8518
Sacramento, CA 95814

Assembly Speaker Robert Rivas
1021 O Street, Suite 8330
Sacramento, CA 95814

RE: Environmental and Environmental Justice Policy Priorities Regarding Transportation Fuel Transition

Dear Governor Newsom, President pro Tempore McGuire and Speaker Rivas,

California is transitioning away from fossil fuels in the transportation sector thanks to decades of stalwart environmental and public health leadership between multiple administrations and legislatures. Alongside significant economic and population growth, both statewide and per person gasoline consumption have [declined respectively by 15% and 22%](#) in the last two decades. This shift away from gasoline has [saved households money](#), the subsequent shift to EVs has reduced [\\$2.2 billion in electricity bill](#) costs, and [avoided serious public health costs from](#) emergency room visits, lost work days and respiratory illnesses.

Two California refiners have announced plans to close and restructure, impacting fuel supply and leaving consumers vulnerable to volatile gas pricing at the pump and consolidated market power of the remaining in-state refiners. This will particularly impact low-income Californians still in gas-powered vehicles who have also borne the brunt of fossil fuel pollution and climate change. California is now beginning to proactively plan for shifts in how refineries operate in response to falling gasoline demand with the Energy Commission Vice Chair Gunda's [June 27 letter \("June Letter"\)](#).

As the June Letter explains, the decline in demand for gasoline and diesel has not been met with state action to manage the transition in a proactive and comprehensive way. Our groups recognize the need for immediate action to balance supply and demand. These actions to stabilize near-term supply, however, must be accompanied by policies that allow the state to manage this transition in a way that prioritizes communities, the environment, workers and the climate. As the June Letter states, the state must "identify and pursue necessary transition funding to support climate, health, community, and worker priorities." This is the holistic challenge we must meet in today's "mid-transition" period.

The near-term recommendations in the June Letter still require continued stakeholder engagement to secure greater protections and financial and legislative commitments for a proactive managed transition.

Otherwise, the state risks net increases to cumulative pollution in environmental justice communities who are already paying too much with their health and medical bills in addition to their pocketbooks at the pump. This counterproductive risk is why the June Letter recommends “a suite of policies and programs to ensure environmental, public health, labor, economic, and consumer protections for a successfully managed transportation fuels transition.”

Prudent Near- and Medium-Term Gasoline Management

We welcome the invitation in the June Letter to continue engaging about how to do right by the Kern communities who have already been severely overburdened by the harms of oil and gas extraction and effectively manage the phaseout of oil extraction. California should not facilitate unrestrained oil and gas development through the legislative approval of a legally-insufficient environmental review of the Kern County Oil and Gas Ordinance. As the June Letter indicates, any approach must include strong guardrails to protect both communities and the climate. Rather than accelerating further harm, California must invest in a community- and worker-led transition away from fossil fuels.

The June Letter broadly acknowledges that additional nuanced action and further stakeholder engagement is needed even for its key near-term recommendations, especially around permitting, in order to address the complexity of the issues at hand, prevent unintended consequences, and ensure alignment with the state's long-term goals. We support the recommendations in the June Letter upholding Health Protective Zones that protect communities from impacts of oil drilling and preserve state, regional, and local authorities that protect communities from toxic air pollution.

We support a comprehensive strategy to manage fuel supply including the re-supply rule, minimum inventory storage strategies to mitigate gas price spikes, and thoughtful public rulemaking to “evaluat[e] new approaches to California’s fuel specifications [to] continue to protect public health and meet federally required air quality standards while making the State more resilient to disruptions during its fossil fuel transition.”

Tools for the Transition

Moving forward, the state must also protect Californians from potential abuses of notices of closure. In addition to proactively planning for closure, the state should ensure a notice of closure comes with real closure-related obligations.

Notably, the June Letter recommends “Identify[ing] challenges, opportunities, and strategies for the future of land affected by the transition (e.g. remediation, marketability, and value), such as Asset Retirement Obligations and standards for remediation and decommissioning plans.” Refineries must *fully* disclose their asset retirement obligations (ARO) to include its remediation obligations based on a remediation and decommissioning plan that meets meaningful standards—at the very least, at the notice of closure, restructuring, or otherwise cessation of refining.

There is currently no specific legal requirement for oil refineries to submit a remediation assessment and plan, or to disclose the estimated cost of remediation. In fact, refineries are unique among energy infrastructure facilities in this respect: oil wells, power plants, nuclear power plants, and coal mines all are

required to disclose and plan (and even set aside funds for) land and groundwater remediation liabilities prior to or at closure.

The creation of reporting requirements for AROs would allow the state to have a clearer understanding of the overall cost of cleanup liabilities, reuse and development that includes the full suite of toxic contamination on a given site. Without clear asset valuation requirements, the costly risk of hazardous and inadequate site cleanup may fall on the state's budget, and therefore California taxpayers.

Finally, the state must invest in support funds for communities and workers, as recommended in the June Letter, for an equitable transition while also removing a point of potential leverage for oil refineries to exact concessions from the state by threatening closure in the future.

3 Steps to Reaffirm Commitment to the Zero Emission Transportation Future

The undersigned organizations agree with the directive in the June Letter to “sustain decarbonization momentum,” given the impending air quality crisis precipitated by the Trump Administration's revocation of California's Clean Air Act Waivers. This air quality crisis could also mean the revocation of federal funding for highways.

To achieve this goal, the state should enact new policies that will advance zero emission vehicles (ZEVs) and transition polluting cars and trucks, including:

1. Continuously appropriate Greenhouse Gas Reduction Funds for ZEVs incentives and infrastructure, including specific support for heavy-duty transportation.
2. Enact legislation in response to impending recommendations from state agencies in response to Governor Newsom's Executive Order N-27-25 on the Clean Air Act, including:
 - Giving the state explicit authority to regulate indirect sources of pollution as proposed in AB 914 (Garcia).
 - Retire diesel trucks at the end of their legislatively defined “useful life” of 18 years or 800,000 miles. These are the most polluting trucks on the road.
 - Develop a mechanism to transition polluting diesel trucks to zero emission alternatives.
3. Reduce electricity costs and send a pro-electrification signal by applying the California Climate Credit volumetrically and redirecting the gas Climate Credit to reduce the cost of EV charging and advance equitable electrification.

Conclusion

We urge the administration and the legislature to manage this transition responsibly - this session and into the future. Short term supply fixes must be met with efforts to uplift those communities hit hardest by both the climate crisis and the ongoing affordability crisis. We look forward to continued collaboration around these issues and to continue California's forward progress to achieving our climate, environmental, and public health goals.

Sincerely,

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