

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

4/23/2025

2. Department

California Energy Commission

3. Organizational Placement (Division/Branch/Office Name)

Energy Assessments Division

4. CEA Position Title

Deputy Director of Fuel Supply Analysis

5. Summary of proposed position description and how it relates to the program's mission or purpose.
(2-3 sentences)

This CEA position will provide strategic, technical and policy direction to staff responsible for implementing the new requirements of SB X1-2 and AB X2-1, which gave the CEC new authority to regulate petroleum refiners to avoid gasoline price spikes. New requirements include development of a state transportation fuel transition plan, regular reporting of petroleum market data, triennial fuels assessments, establishment of regulations for minimum inventory requirements and recommendations on a minimum refining margin and penalties for exceeding the margin.

6. Reports to: (Class Title/Level)

Director of Energy Assessments Division

7. Relationship with Department Director (*Select one*)

- ☒ Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- ☐ Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(*Explain*):

8. Organizational Level (*Select one*)

- ☐ 1st ☐ 2nd ☒ 3rd ☐ 4th ☐ 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Under the direction of the Director of Energy Assessments Division, the Deputy Director of Fuel Supply Analysis will be responsible for overseeing and providing strategic, technical, and policy direction over fuel supply analysis, reporting, regulations development, and long-term planning.

The Deputy Director will facilitate effective communication to support both short and long-term supply modeling for the various fuel products, including gas, petroleum, and other transportation fuels. They will also ensure the timely reporting and dashboard updates on gas, petroleum, and other transportation fuel market trends, including wholesale and retail prices, imports/exports, facility infrastructure maintenance impacts on supply and prices, etc.

The Deputy Director will be responsible for ensuring the establishment of Minimum Inventory, Maximum Refining Margin, and Penalty framework. They will oversee the staff responsible for developing a framework and supporting analysis for the minimum inventory, maximum refining margin and penalties, conducting background research, developing a regulatory package, engaging with industry and holding public workshops, and adoption at a CEC business meeting.

The Deputy Director will implement a resupply requirement for refineries, which will reduce or eliminate the supply impact of planned maintenance (which can lead to high-priced spot market trades to cover contractual obligations).

They will also Implement a minimum inventory requirement for refineries, which will reduce or eliminate the supply impact of unplanned maintenance or other supply disruptions (which can lead to high-priced spot market trades to cover contractual obligations). Minimum inventory requirements are highly complex, and a voluntary framework will precede adoption of mandatory requirements. Significant time and resources will be required to thoroughly assess the spectrum of options available for minimum inventory voluntary rules and regulations, including developing preliminary ranges of inventory volumes and refiner reporting requirements, as well as establishing exemption criteria and supply or price conditions upon which the fuel can be released to the market. The CEA will oversee engagement with the Independent Consumer Fuels Advisory Committee (ICFAC) for input on analytical results and policy recommendations.

The Deputy Director will ensure to implement a maximum gross gasoline refining margin and penalty framework for refineries, which will reduce or eliminate refinery sales practices that can lead to inflated wholesale prices across all sales channels (which is passed onto consumers through retail price increases).

The Deputy Director will work in coordination with their staff, CARB staff, and the Deputy Director over demand forecasting and scenario development to develop the triennial Transportation Fuels Assessment and Transportation Fuels Transition Plan, and with the CPUC to support the Long-Term Gas Decarbonization proceeding.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- ☒ Program is directly related to department's primary mission and is critical to achieving the department's goals.
- ☐ Program is indirectly related to department's primary mission.
- ☐ Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The Energy Assessment Division (EAD) performs modeling activities to support state energy planning proceedings and policy development. The scope of the modeling activities has expanded in scope and importance, and currently includes:

Electricity system models to assess types of electricity generation resources that need to be built to meet state clean-energy goals, ensure proper system operations, and assess electric system reliability.

Natural gas models to project gas prices for consumers, understand system dynamics (e.g., how much storage of natural gas is needed), and natural gas reliability as well as the reliability of the electric system resulting from the use of natural gas fired power plants.

Transportation fuel models to project wholesale and retail prices under a variety of supply and market conditions.

Demand models to help project what electricity and natural gas will be needed to meet customer demand.

The EAD's key products include the California Demand Forecast, long-term demand scenarios, the SB 100 Joint Agency Report - which explores scenarios that will help California achieve 100 percent zero carbon - reliability analyses, including Summer Stack Analysis, California Energy Resources and Reliability Outlook, and Winter Reliability assessment. These products are essential in the integrated statewide energy planning that is being called for in State law and essential to maintain adequate energy resources and system reliability.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

The primary focus of the proposed CEA will be the petroleum market policy area. This is a top priority for Governor Gavin Newsom as evidenced by the two special sessions (description to follow) and a letter to Vice Chair Siva Gunda on April 21, 2025 which directs the CEC to recommend by July 1 changes to the State's approach to ensure an adequate supply of petroleum through the transportation fuel transition.

Senate Bill X1-2, also known as the California Gas Price Gouging and Transparency Law, protects Californians from experiencing price gouging at the pump by oil companies. The law was signed by Governor Gavin Newsom in March 2023 and took effect in June 2023. SB X1-2 implements new and revised petroleum industry reporting requirements.

With the passage of Assembly Bill (AB) X2-1 in 2024, the CEC was given additional authority to collect data and develop new tools to protect consumers from price spikes. The statute includes:

The authority to require refineries resupply for lost production during planned maintenance events.

The authority to establish a minimum inventory of gasoline and blending components.

Both new tools support CEC's role as the State's strategic energy planning agency to ensure greater liquidity in the California transportation fuels market during summer months when demand is highest and the risk of unplanned maintenance events is greatest. Additionally, declining in-state refining capacity has increased our reliance on foreign marine imports that take weeks to arrive and thus cannot protect the market from sudden supply shocks from unplanned maintenance.

The primary objective of AB X2-1 is to reduce or eliminate the risk of gasoline price spikes without impacting the safety and well-being of refinery workers and the public, increasing annual average fuel prices, or disrupting the supply/demand balance (e.g., accelerating refinery closures).

Implementing these new price spike mitigation tools will require thorough and careful consideration, as was promised in testimony provided by CEC during the Special Session. This planning will include additional data gathering and analysis, as well as private meetings and public workshops to engage with industry, stakeholder groups, and the public. CEC will also engage with the Division of Petroleum Market Oversight (DPMO) and Independent Consumer Fuels Advisory Committee (ICFAC) for input on analytical results and policy recommendations. Further, this plan must consider any interactive effects of implementing these policies with other responsibilities under SB X1-2, namely the consideration of adopting a maximum margin and penalty framework.

The Energy Assessments Division has been managing several major policy areas with two deputy director positions established and filled in 2023, but this is no longer sustainable. Two of the CEC's three major policy priority areas include reliability and petroleum. These policy areas are led out of Energy Assessments Division and require significant coordination internally and with sister agencies and public engagement.

For these reasons, the CEC requests approval for a third deputy director to provide strategic, technical and policy direction over gas, petroleum and other transportation fuel analysis. The complexity, timing and potentially high economic stakes of the petroleum market domain requires CEA-level technical and policy experience and leadership. If, in the future, a third deputy director is no longer necessary, the CEC would submit revised documents to reclassify the position.

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The following are specific examples of policy areas for which the CEA will have direct policy oversight:

1. Establishing resupply requirements to make up for lost production during planned maintenance events.
2. Establishing a minimum inventory of gasoline and blending components.
3. Submitting a recommendation and supporting analysis for CEC consideration at a business meeting on the gross gasoline refining margin and penalty.

These new tools support CEC's role as the State's strategic energy planning agency to ensure greater liquidity in the California transportation fuels market during summer months when demand is highest and the risk of unplanned maintenance events is greatest. Additionally, declining in-state refining capacity has increased our reliance on foreign marine imports that take weeks to arrive and thus cannot protect the market from sudden supply shocks from unplanned maintenance.

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C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The CEC provides policy leadership and management direction in statewide energy assessments, data visualizations, emergency planning and response; advises leadership on research direction, investment strategy, and complex energy sector technology and policy matters; manages Division programs and projects; leads the development and implementation of Division policies and administrative activities, including managing the Division budget, work plans, and processes; assessing and supporting staff activities and performance; and oversees the Division's activities related to technology transfer and quantification and communication of program benefits; performs the functions of the Director in the Director's absence.

The CEA will have decision-making authority over the technical direction of assignments in their portfolio. The CEA will oversee the finalization of products and policy recommendations for review and approval by the Director, Executive Director, CEC commissioners and/or California Energy Commission, depending on the level of review commensurate to the decision at hand.

On April 21, 2025, Governor Newsom sent a letter to the CEC's Vice Chair Siva Gunda directing an action plan to be submitted by July 1, 2025 to ensure adequate supplies of petroleum through the transportation fuel transition. This letter demonstrates the level of engagement on this domain. Legislators are also tracking the implementation of this legislation closely and have requested updates through meetings and legislative hearings.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

The position will be developing new policies while also ensuring existing policies are being adhered to. They will also be required to develop new programs based on regulations and policies as it relates to establishing resupply requirements to make up for lost production during planned maintenance events, establishing a minimum inventory of gasoline and blending components, and submitting a recommendation and supporting analysis for CEC consideration at a business meeting on the gross gasoline refining margin and penalty.