



CONSUMER PROTECTION | POLICY CENTER

at the

CENTERS FOR PUBLIC INTEREST LAW

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September 24, 2024

The Honorable Gavin Newsom
State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: SUPPORT for AB X2-1

Dear Governor Newsom:

The Consumer Protection Policy Center (CPPC) is a nonprofit, nonpartisan, academic center of research, teaching, learning and advocacy in regulatory and public interest law based at the University of San Diego School of Law. CPPC writes in support of AB X2-1. This bill will protect consumers from price gouging practices that have harmed the people of California in recent years.

The successful passage of last year's gas price gouging law helped provide increased oversight and transparency of California's gasoline market by establishing the Division of Petroleum Market Oversight. Expanding the purview of the California Energy Commission allowed them to uncover new information: when Big Oil lets supplies run low, they can charge higher prices and earn windfall profits, all while California consumers are left to face the brunt of price spikes at the pump.

When petroleum refineries go offline for maintenance but fail to maintain back-up supply, gasoline prices spike. Last year alone it cost Californians upwards of \$2 billion while petroleum refiner profits increased. The gas price gouging law helped to pinpoint how Big Oil is spiking their profits while spiking costs to the consumer – now we need to take steps to deter this type of behavior. We urge the Legislature to pass AB X2-1 authorizing the California Energy Commission to establish resupply

requirements and minimum inventories for petroleum refiners to promote gasoline price stability for consumers.

Authorizing the California Energy Commission to require petroleum refiners to maintain a minimum inventory of refined fuel will help avoid the supply shortages that result in higher prices at the pump for consumers. Furthermore, authorizing the California Energy Commission to require refiners to plan for resupply during scheduled refiner maintenance will minimize the likelihood of future unjustifiable price hikes.

Due to the significant and severe environmental and financial burdens that the oil and gas industry has imposed for decades, we thank you for taking steps to provide realistic solutions that will support communities, consumers, labor, and businesses through oversight and accountability.

Sincerely,

Marcus Friedman

Marcus Friedman
Administrative Director
Consumer Protection Policy Center
University of San Diego School of Law