

Addenda #69 – January 2026 Update

Ref: Addenda #69 – November 2024 & June 2025 Update

*SDG 13 – Take urgent action to combat climate change and its impacts*

In Addenda #69, I explained California Assembly Bill ABX2-1: *Energy: transportation fuels, inventory, turnaround and maintenance*. The bill was applauded by the left-of-center group *Consumer Watchdog*, who called it “a critical consumer victory...”

California Attorney General Rob Bonta (Dem) said, “Californians have been paying too much for gas... Today, we protect hard working Californians.”

California Governor Gavin Newsom (Dem) said, “Price spikes have cost Californians billions of dollars over the years... we’re taking action to prevent these price spikes and save consumers money at the pump.”

Two days after Governor Newsom signed ABX2-1 into law on October 14, 2024, Phillips 66 announced its intent to cease refining operations and close its Los Angeles refinery, taking 139,000 barrels per day, 8.6% of the states refining capacity permanently offline. The company began laying off 900 employees and contractors in December 2025 and permanently ceased operations at the end of the month. Then, on April 16, 2025, Valero Energy announced that it would take a \$1.1 billion write-down to cease operations at its Benicia refinery, taking another 145,000 barrels per day, 9% of the states refining capacity permanently offline by the end of April 2026. This closure would result in layoffs of more than 400 employees, and a loss of more than \$4 million in tax revenues to the city. Progressive Democrat policies succeeded in taking 284,000 barrels of refined fuel per day, 17.6% of the states total product, permanently offline. Gasoline for the states 31.2 million light-duty vehicles, diesel fuel for more than one million trucks and busses, and aviation fuel for dozens of airports and military installations gone, within 18 months of the bills signing. University of California, Davis economists projected an immediate 40-cent-per-gallon price hike after Phillips 66 closure, with an additional 81 cent hike after Valero closes in April. The additional \$1.21 per gallon changes a typical \$70 fill-up to \$95, the exact price spike Governor Newsom claimed ABX2-1 *would prevent!*

The governor’s office put out a press release in January, claiming credit for getting Valero Energy to continue importing gasoline into northern California after it closes Benicia in April. “*While others point fingers to spread fear and divide us, California is doing the actual work-collaborating with industry, using data and transparency to protect consumers, and building the all-of-the-above energy future America needs.*” This announcement was supposed to ease the fears of Californians, but it was nothing but lies and misinformation.

The effects of employment, tax revenue and higher gasoline prices was not limited to California. Refineries in California supply roughly 33% of all fuel consumed in Arizona and 88% of all fuel consumed in Nevada, which includes 100% of all fuel consumed in Reno. In September 2024, Arizona Gov. Katie Hobbs (Dem) and Nevada Gov. Joe Lombardo (Rep), sent a joint letter to Governor Newsom not to rush to impose the new storage requirements

on California oil refiners. The two governors voiced their concerns over fuel supply shortages and increased prices on their constituents. When asked about the effects his bill would have on neighboring states, Governor Newsom declared, “Well, I guess so we should just roll over and allow oil companies to take advantage of taxpayers.” Newsom claimed the letter from Hobbs and Lombardo just repeated “the oil industry’s talking points rather than the facts.” The reality is that it was Newsom and Progressive Democrats that caused the problem by passing ABX2-1, and Newsom doesn’t care about the effects it will have on the citizens of Arizona and Nevada any more than it will on citizens of California. The fact is the looming crisis would soon become much worse.

Crimson Midstream LLC, a provider of crude oil transportation and storage services in California, operates the 373 mile San Pablo Bay Pipeline, which brings oil from the Kern River oil field in Bakersfield California to refineries in Northern California. In September 2025, Robert Waldron, CEO of Crimsons parent company CorEnergy Infrastructure Trust, wrote a letter to Governor Newsom about the “severe financial distress” Crimson was under as a result of California’s energy and environmental policies. Waldron advised Newsom that Crimson was losing \$2 million per month and without “near-term relief,” Crimson would likely be forced to shut down the SBP pipeline. This was not a case of “corporate greed” or blackmail. This was the economics of supply and demand at work. For four decades, California has implemented policies to shut down the fossil fuel industry through tougher anti-oil regulations by legislation, the reduction of oil drilling permits and electric vehicle mandates. In-state crude oil production has fallen by more than 70% since 1985 so the SBP pipeline carries less and less oil each year, leading to the decline in revenue.

The “near-term relief” Waldron referenced, was a request to the Public Utilities Commission for a 59% rate increase on the lower volume of oil being transported through the pipeline. On January 2, 2026, the rate increase was approved in order to keep the pipeline in operation and prevent an immediate fuel shortage crisis. This is just the first of several increases that could cause gasoline to reach as high as \$8.43 per gallon according to a recent analysis by USC Professor Michael Mische. Mische called the gasoline deficit “potentially devastating to California’s economic growth” and stated, “Despite political claims of price manipulation by refiners, there is simply no direct economic evidence of widespread price gouging or price or supply manipulation by California refiners...”

Another factor that will ensure higher prices, is the state requirement to use “cleaner burning fuel,” known as CARBOB. No other refineries in the country manufactures this special blend of fuel, but CARBOB *is* manufactured in South Korea, Singapore, Japan and India. California already imports 8% of its fuel supply from overseas by tanker ships. With the two refinery closures, it will have to now import more than 20% of all fuel consumed in the state. Seagoing tanker voyages take a month or more to reach California, adding to the cost of gasoline and putting even more greenhouse gases into the atmosphere. California Democrats brag about how they’re cutting in-state emissions, while the fuels they import from overseas contribute to growing global greenhouse gas emissions. Protecting consumers with their transparency...

The final factor that ensures higher fuel prices in California, is the result of a bill passed by Democrats in 2014. Senate Bill SB 445 required all ‘single wall’ underground fuel storage tanks to be replaced by ‘double wall’ tanks no later than December 31 2025, or face fines of up to \$5,000 per day. The typical gas station has three 10,000–30,000 gallon underground tanks for unleaded, premium and diesel fuel storage. Replacing three tanks at a gas station could cost the owner as much as \$1 million, including upgrading the electrical system to meet current state and national codes. A bipartisan bill to extend the deadline in May 2025 never made it to the floor for a vote.

The state made “RUST Loans” available to station owners to help remove and replace the tanks, but the program was underfunded and the application process so backlogged, that 473 gas stations had to close on January 1<sup>st</sup> because they couldn’t get the help they needed to replace their tanks. In addition to these closures, Shell Oil announced plans to shut down more than 1,000 gas stations across the state by the end of 2025, and open EV charging sites in their place. Between closures due to the tank replacement bill and Shell Oil’s charging plan, almost 14% of Californias gas stations could close this year, creating a significant supply problem for the state’s 32 million gas and diesel powered vehicle owners and a major financial burden on the lives of small business owners and operators of the gas stations.

California’s political, environmental and energy policies have created an anti-business environment in the state, especially in the oil and gas industry. The 2025 *Chief Executive Best & Worst States for Business* survey has ranked California dead last for the last fourteen years. Annual data published by U-Haul shows that California ranked dead last for the last six years on the moving companies “migration trends list.” Meaning the state saw the greatest net loss of one-way out-of-state U-Haul trucks. More people left the state between 2023 and 2025 than any other state in the country, according to Census Bureau data. The looming energy crisis caused by refinery, pipeline and gas station closures is self-inflicted. Governor Newsom continues to promote his leadership in combatting climate change, including the unrealistic goal of banning the sale of new gasoline powered vehicles by 2035 and achieving net-zero emissions by 2045. Democrats continue to hold a supermajority in the state Assembly and Senate, controlling both houses since 1997. Democrat governors have run the state since 1999, including Arnold Schwarzenegger, a Republican in name only who was a big promoter of renewable energy and worked to pass the *Global Warming Solutions Act* while in office.

California progressives pass climate policies resulting in crisis situations, higher costs for consumers and out migration of affluent taxpayers. Then they deflect blame and relax regulations or spend millions in taxpayer dollars to mitigate the problems that they caused. A suspicious person might think that this is all intentional...

*“No matter if the science of global warming is all phony... climate change provides the greatest opportunity to bring about justice and equality in the world.”*

Christine Stewart, Liberal Party Canadian Minister of the Environment