

Addenda #69 – November 2024, Update – June 2025

Re: Ch. 9, Progressive States Climate Policies

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

Governor Newsom signs legislation to prevent gas price spikes and save Californians Money.

New measure will help prevent price spikes that cost Californians upwards of \$2 billion last year, giving the state more tools to require that petroleum refiners backfill supplies and plan ahead for maintenance.

Office of Governor Gavin Newsom Press Release, October 14, 2024

In Addenda #69, I detailed California Assembly bill ABX2-1: *Energy: transportation fuels: inventories: 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...”

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...”

Californians pay the highest gasoline prices in the continental United States, and this is due to two simple facts. First, California has its own specific blend of fuel, to emit fewer greenhouse gases when it is burned. No other state in the country makes or uses this blend of gasoline, which adds \$0.10 to the cost of every gallon sold in the state. Second, California also imposes some of the highest taxes on gasoline in the country, with sales and excise taxes and fees adding \$1.19 to the cost of gasoline sold in the state. Attorney General Bonta and Governor Newsom have attempted to deflect blame for Democrat policies which have driven up the price of gasoline for their constituents, onto those greedy oil companies. The theme of “corporate greed” always plays well with liberals!

In October 2024, there were seven oil companies operating ten refineries in California that produced CARB approved gasoline and diesel fuel, with a combined refining capacity of 1,606,671 barrels per day. Two days after Governor Newsom signed ABX2-1 into law, Phillips 66 announced its intent to cease refining operations and close its Los Angeles refinery, which would take 139,000 barrels per day, or 8.6% of the state’s refining capacity permanently offline. The company recently announced that it would lay off most of the workers at the refinery in December, after winding down operations in October. The facility has about 600 employees and 300 contractors. Over half of the employees are high wage, hourly workers represented by the United Steelworkers Union.

On April 16, 2025, Valero Energy announced that it would cease operations at its Benicia refinery, which would take another 145,000 barrels per day, or 9% of the state’s refining capacity permanently offline by the end of April 2026. The statement also noted that it is

considering “strategic alternatives” for its Wilmington refinery, which has a capacity of 85,000 barrels per day, or 5.3% of the state’s refining capacity. The Benicia refinery employs over 400 workers and is supported by numerous contractors in its operations. Benicia has a population of 26,400 and relies heavily on the Valero refinery for employment and revenues. “It would be a major hit on the city”, stated mayor Mario Guiliani.

But it’s not just Benicia that will suffer. The closures of the Phillips 66 and Valero Energy refineries will permanently remove 284,000 barrels per day, almost 18% of the state’s refining capacity permanently offline by the end of the year, with no way to easily replace the specially blended fuels mandated by the California Air Resources Board (CARB).

The Benicia announcement brought a quick reaction from state officials. Governor Gavin Newsom urged regulators at the California Energy Commission (CEC) to “work closely with refiners” to make sure Californians have access to transport fuels. He has ordered them to recommend by July, any changes to California's approach that are needed to ensure adequate fuel supply during its energy transition. "I can assure you, beginning last night we had all hands and we're in the process of addressing any anxiety that may be created or any market disruption that may be created by that announcement," reassured Newsom. The anxiety was created by YOU Governor Newsom, when you signed that bill into law six months ago.

The obvious change would be to pass legislation to override the *Energy: transportation fuels: inventories: turnaround and maintenance* bill. Funny thing about free market capitalism... when consumers don’t like how a company does business, they can decide not to patronize that company. (Remember the Bud Lite “pro-trans influencer” campaign and Target “PRIDE” themed children’s clothing boycotts in 2023?) When a company doesn’t like how government is treating them, they can decide not to do business in that location! California has been working toward eliminating fossil fuels for two decades, through stricter environmental and regulatory policies, but apparently no one ever thought the oil companies would push back against their attempts to put them out of business.

House Rep. Vince Fong (Rep) was more direct in his criticism. "This is something that is not created by the market. This is something that is directly caused by Gavin Newsom's poor energy policies."

"Not only did I warn the governor, but the governor of Arizona and the governor of Nevada... they both warned the governor, bipartisan concern, that this was going to lead to shortages and this was going to cause refinery closures along with higher gasoline prices, job losses and not enough energy to power or attract new businesses to the state."

Fong went on to state, “We actually have to begin to reevaluate our entire energy policy of the state, remove the obstacles, remove the mandates, the restrictions and the barriers that are holding us back and provide the incentives and investments to not only build more energy infrastructure but to expand our energy production."

Two weeks before Valero announced the closure of its Benicia refinery, Chevron announced it would lay off 600 employees at its San Ramon corporate headquarters. The layoffs followed last year's announcement that the company would relocate its headquarters, which employs 2,000 workers, to Houston, Texas, over the next five years. Chevron also operates one refinery in San Francisco Bay, which has a capacity of 245,271 barrels per day, or 15.2% of the state's refining capacity, and the 240,000 barrel, 2,900 acre Richmond refinery employs more than 1,200 workers and numerous contractors that support its operations.

Cause and Effect... Progressive Democrat politicians have made California an unfriendly state to do business in, especially if you're in the oil business. At the same time, those same legislators have made California a "safe haven" for criminals, homeless people and illegal immigrants. The state faces a \$12 billion deficit in the 2026 fiscal year, due to state Democrats voting to allow more than 700,000 illegal immigrants to receive free health care in 2023. That plan, part of Democrats goal of eventually providing universal health care to *all* of its 39 million residents, blew up in the governors face costing \$2.7 billion more than anticipated (surprise!?) and resulting in a \$6.2 billion shortfall in the states Medicaid (Medi-Cal) insurance program.

More than 239,500 residents left the Golden State between 2023 and 2024, more than any other state across the country according to Census Bureau data. The states population dropped by more than 500,000 between April 2020 and July 2022 as well. Between the exodus of affluent residents and corporations, tax revenue plunged by hundreds of millions of dollars, and the state budget went from a record \$97.5 billion surplus to a \$56 billion deficit in just one year. At the same time, Gavin Newsom, who had been viewed as a potential 2026 presidential candidate, opened the floodgates for illegal immigration and signed legislation into law reducing penalties on criminals and making it almost impossible to remove the homeless from public streets.

This is Progressive Marxism at its finest. Anti-business and fossil fuel policies mixed in with pro-drug, criminal and illegal immigrant policies. The end result was predictable for anyone other than those in charge or the useful idiots that supported them. If the ultimate goal of Marxism is to destroy capitalism and fundamentally change the structure of society, California Democrats have been doing a damn fine job pushing that agenda forward. Marx and Engels would be very happy at what they have achieved over the past three decades.