



April 8, 2026

Re: Re-supply Rules, Minimum Inventory and Price Gouging Penalty Needed ASAP

Governor Newsom, State Legislators, and Members of the California Energy Commission, California oil refiners have been taking advantage of the current war to make record oil refining profits. The gross refining margin for March 20th is over \$1.50 per gallon, according to a [projection](#) from Consumer Watchdog based on the “crack spreads” reported by the Oil Price Information Service (OPIS).

Gross refining margins are the standard industry measure for profit: what refiners keep after taking out the cost of crude, environmental fees and taxes. They are approximated by the crack spread.

In January 2023, during the first special session to address the state's exorbitant gasoline prices, the gross refining margin was \$0.66. In January 2026, before the most recent run-up in prices, the gross refining margin was \$0.49, further underscoring the extreme profiteering of oil refiners currently.

This is exactly the type of profiteering that SBx1-2 and ABx2-1, the two special reforms that passed in 2023 and 2024, were supposed to rein in. Unfortunately, the California Energy Commission has not written regulations to address resupply arrangements, minimum inventories or a price gouging penalty.

These reforms were intended to curtail the price spikes Californians are now experiencing by requiring the refiners to have resupply plans for their refineries, by mandating minimum inventories to buffer times of limited supply, and by penalizing refiners for excessive profits.

We call on the California Energy Commission to write and implement emergency regulations in all three areas immediately. Californians deserve the protections they were promised.

Respectfully,

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