

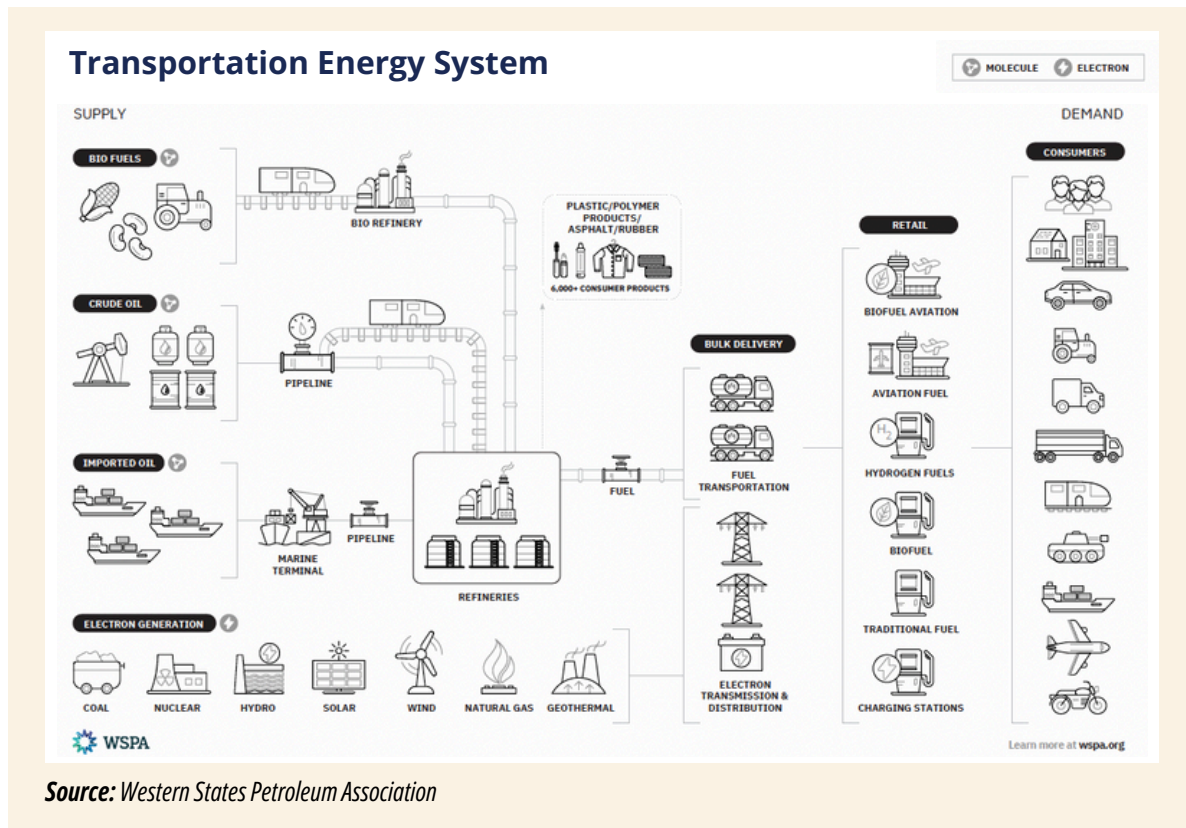


California State  
Association of Counties

# California's Transportation Fuel Supply

A variety of factors are converging to disrupt California's transportation energy supply market. Since 2000 the in-state refinery production of gasoline, diesel and aviation fuel (refined products), has declined by 22%. The state has also seen the closure of 11 refineries in that time. By the summer of 2026 the state will likely see the closure of two more refineries, bringing the total remaining operating refineries down to 11. The primary drivers of the reduction in crude oil based fuels consumption in the state are:

- Improved vehicle fuel economy
- Growth in ownership of zero-emission vehicles
- Macroeconomic factors and aging refinery facilities that require significant rehabilitation or closure



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Refinery closures and fuel supply issues are just one consequence of the state's effort to reduce the amount of greenhouse gas emissions produced by the transportation sector. The state's continued effort to meet its climate goals and commitments must be managed to address the following risks that further refinery closures could create:



**Fuel Supply Risk:** Due to regulatory requirements and lack of pipeline connectivity with U.S. Gulf coast refineries, California is essentially a fuel island. Additional refinery closures will create additional fuel supply volatility and increase state reliance on importing refined products.



**Fuel Price Risk:** Shrinking fuel supply combined with seasonal demand could lead to another series of fuel price escalations in the future.



**Local Economic Impact:** Refinery closures will lead to job losses and tax revenue declines that will require long-term workforce planning and funding support to effectively manage.

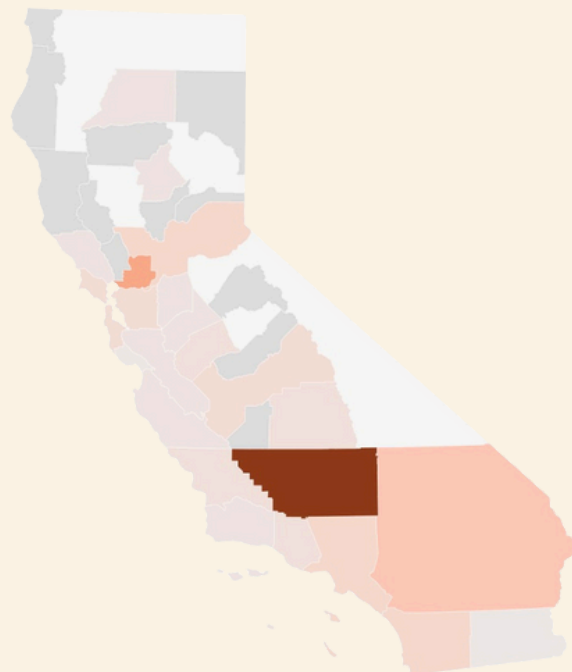
The above risks are impacting counties across the state. For example, in Solano County the announced closure of the Valero Benicia refinery is projected to lead to a \$10.7 million reduction in annual revenue for the City of Benicia as well as the loss of 400 refinery jobs. Additionally, the Valero Benicia Refinery is the state's largest supplier of asphalt binder, or bitumen. A risk assessment prepared by academic institutions indicates the closure may impact local government road projects due to the reduction in the supply of asphalt binder as well as poorer average performance of materials produced by other refineries. The reduction in supply caused by the closure of the Valero Benicia Refinery could increase the cost of asphalt binder and in turn the cost of most road work. It may be necessary to import asphalt binder from out of state at increased cost.

### Fossil fuels employment by metropolitan area

% of total employment

All energy Fossil fuels

0.02 195



*Source: Public Policy Institute of California*