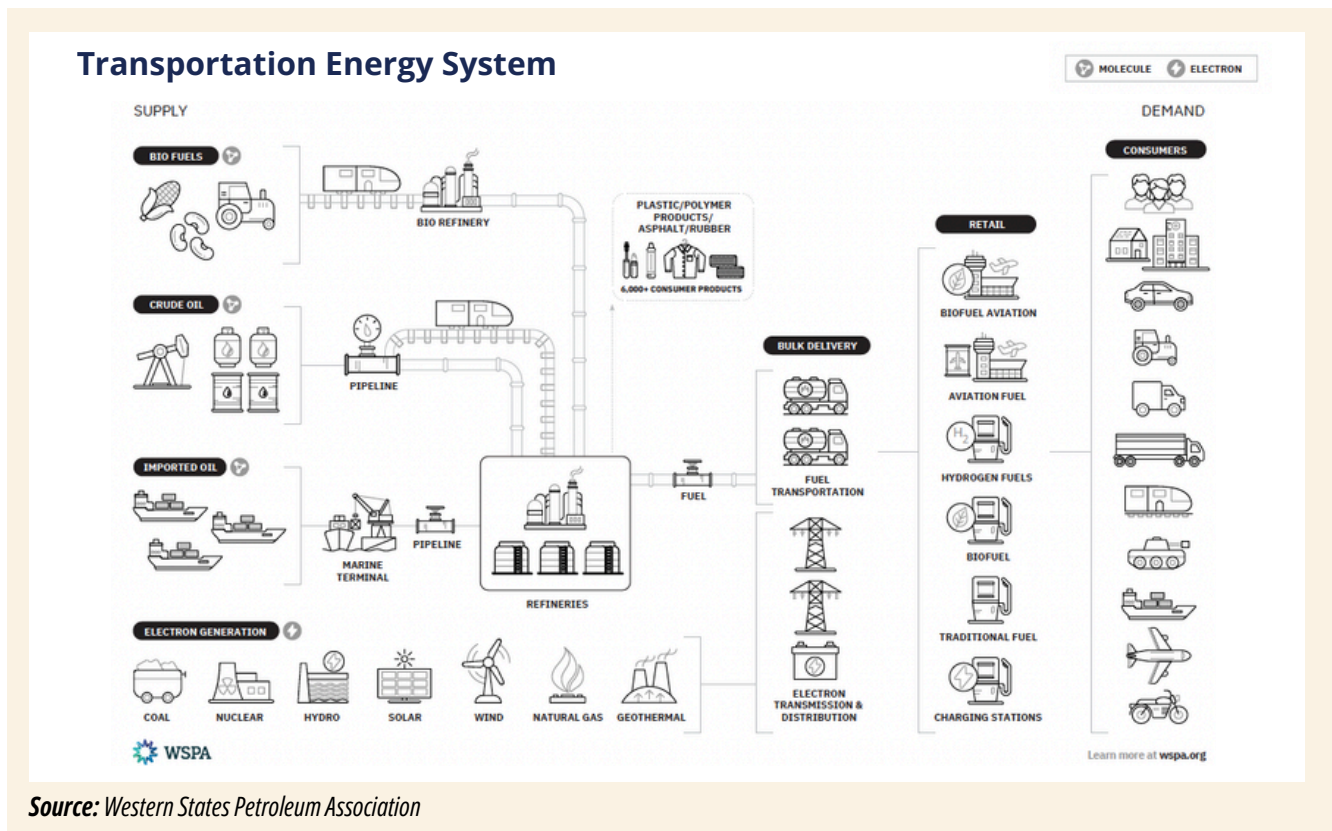




# California's Transportation Fuel Supply

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 petroleum refineries in that time. By the April 2026 the state has seen the closure of two more petroleum refineries, bringing the total remaining operating refineries down to 6 that produce transportation fuels for California, Arizona and Nevada. The primary drivers of the reduction in transportation fuels refined in the state are:

- Improved vehicle fuel economy
- Growth in ownership of zero-emission vehicles
- The state's challenging statutory and regulatory environment



Source: Western States Petroleum Association

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## Issue Brief: California's Transportation Fuel Supply

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. Currently California imports 30% of its transportation fuels by ship from India, Singapore and South Korea.



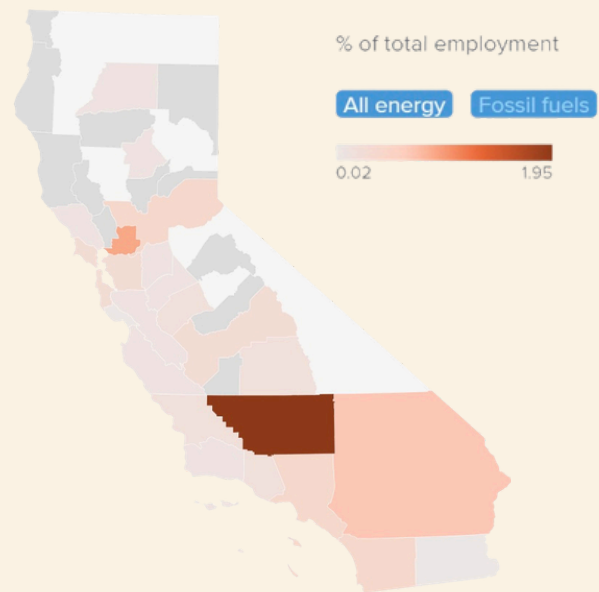
**Fuel Price Risk:** Shrinking fuel supply combined with seasonal demand could lead to another series of fuel price escalations in the future.



**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. For example, in Solano County the City of Benicia estimates that the closure of the refinery will result in the loss of 400 refinery jobs. A high percentage of these losses impact union labor.

The state's fuel island realities are relevant to the volatile situation in the Middle East that has led to petroleum supply disruptions associated with the Strait Hormuz. Despite state policies to drastically reduce petroleum based fuel consumption, data from the California Department of Tax and Fee Administration shows daily basis California still consumes an average of 35 million gallons of gasoline, 8-10 million gallons of diesel, and 1.2 million gallons of jet fuel.

### Fossil fuels employment by metropolitan area



*Source: Public Policy Institute of California*