



Andy Walz

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Chair Lauren Sanchez
California Air Resources Board
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Vice Chair Siva Gunda
California Energy Commission
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The Honorable Monique Limón
Pro Tem, California State Senate
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The Honorable Robert Rivas
Speaker, California State Assembly
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CARB’s Proposed Cap-and-Invest Regulation will raise the price of gasoline, threaten the reliability of California’s fuel supply, impact California jobs, and threaten energy security for America

Chevron is deeply concerned and strongly opposes the California Air Resources Board’s (CARB) proposed amendments to the Cap-and-Invest (C&I) regulation. The proposed regulation will cripple the survivability of the state’s remaining refineries, which will result in California losing the entire industry to this misguided program. This regulation will increase transportation and aviation fuel prices for consumers. It will risk significant job losses, including many high-paying union jobs, while reducing funding for essential public services. It will upend California’s fuels market and threaten critical energy and national security assets.

Higher Fuel Prices for Consumers

The price of gasoline will increase by more than a dollar a gallon by 2030 as a result of this regulatory change. According to the California Energy Commission, Cap-and-Invest currently contributes \$0.24 to the cost of a gallon of gasoline¹. In the 2018 Cap-and-Trade Updated Standardized Regulatory Impact Assessment (SRIA), CARB estimated that for every \$10.00 of allowance price, the price of gasoline could increase by about \$0.09 per gallon². If allowance prices hit the price ceiling of approximately \$135 in 2030 as predicted by UC Davis³, C&I would contribute \$1.21 per gallon to California gasoline prices.

Chevron has operated in California for more than 140 years, supporting critical supply chains, providing thousands of jobs, and delivering substantial state and local tax revenues. An increasingly adversarial policy environment has already contributed to recent refinery closures and the loss of nearly 18 percent

¹California Energy Commission - [Estimated Gasoline Price Breakdown and Margins](#) – Accessed February 26, 2026

²STAFF REPORT: INITIAL STATEMENT OF REASONS Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation - Release Date: September 4, 2018 - <https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2018/capandtrade18/ct18sria.pdf> - pg 55 - Accessed on February 23, 2026.

³Joint California-Québec Workshop: Potential Amendments to the Cap-and-Trade Regulation - November 16, 2023 - https://ww2.arb.ca.gov/sites/default/files/2023-11/nc-combinedSlides_Nov162023.pdf - Accessed February 25, 2026



of the state's refining capacity. The CEC stated in its 2024 Transportation Fuels Assessment that *"Price spike risk is especially concerning, as demand reduction is expected to be on a relatively smooth trajectory, while supply declines from refinery closures or conversions will result in steep, sudden declines in gasoline production capacity."*⁴ The consequences of this proposal to consumers are closely tied to its impact on refinery operations. For consumers, weakened refinery operations translate into tighter fuel supply, greater price volatility, and higher gasoline prices, particularly during periods of peak demand or unplanned outages. Reduced in-state production increases reliance on costly and slow-to-arrive foreign imports that are ill-suited to respond to supply shocks and carry higher lifecycle emissions. These impacts will fall most heavily on lower-income households that spend a disproportionate share of income on transportation fuels, increasing costs without addressing the underlying drivers of California's gasoline prices. Affordability is a top concern for California residents and Chevron, and these proposed amendments would only exacerbate the high cost of living in the state.

Impact on Jobs & Essential Services

The estimated 536,770 jobs supported statewide by the petroleum industry will be put at risk if this proposal is finalized in its current form⁵. California's oil and gas industry remains a critical contributor to the state's economy, supporting an estimated 536,770 jobs statewide through direct operations and extensive supply chain activity, and generating over \$53 billion in annual labor income. The industry plays a significant role in funding essential public services, contributing approximately \$64 billion each year in state, local, and federal tax revenues that support education, infrastructure, and healthcare across California. In addition to its employment and fiscal contributions, the industry generates more than \$166 billion in value-added economic activity, underscoring its importance to California's economic resilience and energy security, even as the state pursues its long-term climate and environmental goals.

Risks to Military Readiness, National Security and Fuel Supplies

California's in-state refining system plays an important role in supporting U.S. energy security, national defense, including more than 30 military defense installations in the state that could be compromised if this policy is finalized. California refineries supply a broad range of transportation fuels, including aviation fuels that are critical to commercial and military operations, and they operate near major ports, military installations, and strategic hubs serving the Pacific region. Continued erosion of California's refining capacity risks increased reliance on imported fuels that are slower to arrive, more exposed to global supply disruptions, and less reliable during emergencies or periods of heightened geopolitical risk. Refinery closures in California reduce fuel supply resilience on the West Coast, increasing risks to military readiness and national security. Maintaining a stable policy framework that supports continued operation of California refineries is therefore not only an economic and consumer affordability issue, but also a matter of broader energy security and national defense.⁶

Conclusion

The California energy industry's economic, industrial, environmental, and national security benefits have been the foundation of a healthy, prosperous state and nation. Adversarial policies at local, regional and state levels have eroded that foundation. These proposed regulatory changes threaten to destroy it. Chevron urges policymakers and regulators to reconsider and revise the proposed regulation before it

⁴ California Energy Commission [Transportation - Fuels Assessment: Policy Options for a Reliable Supply of Affordable and Safe Transportation Fuels in California](#) | California Energy Commission - August 15, 2024 – Accessed February 28, 2026.

⁵ LAEDC Institute for Applied Economics (2025) - <https://laedc.org/download/oil-gas-in-california/#26> – Accessed February 26, 2026

⁶ CALIFORNIA ENERGY & FUEL POLICIES: A CLEAR AND PRESENT THREAT TO NATIONAL SECURITY AND FORCE READINESS? - [CA-Impact-on-Force-Readiness.pdf](#) – Accessed on February 22, 2026.



causes lasting and irreversible harm to California's economy and energy security and broader vital American interests.

If you have any questions regarding our comments, please contact Andy Walz at andywalz@chevron.com or Henry Perea at Henry.Perea@Chevron.com.

Sincerely,

A handwritten signature in black ink, appearing to read "A. B. Walz" with a stylized flourish at the end.

Andy Walz
President, Downstream, Midstream and Chemicals
Chevron

CC: California State Senate
California State Assembly
California Air Resources Board
California Energy Commission