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# California State Senate

SENATOR  
**MELISSA HURTADO**  
SIXTEENTH SENATE DISTRICT



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NATURAL RESOURCES & WATER

October 29, 2024

Mr. Gabriel Petek  
Legislative Analyst's Office  
925 L Street Suite 1000  
Sacramento, CA 95814

Re: Request for Assessment on Impacts of ARB's Updates Low Carbon Fuel Standard (LCFS) Regulations Scheduled for Post-Election Vote

Dear Mr. Petek:

I respectfully request that the Legislative Analyst's Office (LAO) produce a report on the economic impacts of the Low Carbon Fuel Standard (LCFS) on retail gasoline prices in California. Recent developments and estimates have raised significant concerns about the broader implications of these policies, warranting a thorough, independent review to ensure transparency and accountability in the regulatory process.

As outlined in the California Air Resources Board's (ARB) September 2023 Standardized Regulatory Impact Analysis (SRIA), stricter carbon intensity benchmarks are projected to result in an additional cost of approximately 47 cents per gallon by 2025. Moreover, the Independent Emissions Market Advisory Committee has projected that, under the current policy trajectory, fuel costs could increase by as much as 85 cents per gallon by 2030. Despite these substantial estimates, the ARB has yet to present a clear regulatory impact analysis before advancing further LCFS amendments, which raises questions about the comprehensiveness of the assessment provided to policymakers and the public.

Additionally, recent legislation signed by the Governor authorizes the state to require oil refiners to maintain minimum fuel inventories and plan for resupply

during maintenance outages. While these measures aim to prevent supply disruptions and price volatility, their interplay with the stricter carbon intensity standards must be closely examined to fully understand the cumulative impact on consumers and the broader economy.

In light of these concerns, I am requesting the LAO's analysis to focus on the following key issues:

1. **Projected Consumer Costs:** What are the anticipated impacts of the projected 47-cent per gallon increase on household fuel expenses across income levels? Additionally, what would the economic impact be if prices were to increase further to the projected 85-cent per gallon by 2030?
2. **Economic Disparities and Regional Effects:** How would these cost increases affect low- and middle-income households, particularly in regions with limited access to alternative transportation options or with a higher dependency on private vehicles?
3. **Impact on Small Businesses and Supply Chains:** What are the projected economic effects on sectors that are highly reliant on transportation, such as logistics and agriculture? How might these increased costs affect employment and overall competitiveness within these industries?
4. **Regulatory Interaction and Market Stability:** What are the anticipated economic implications of requiring refiners to maintain minimum fuel inventories and to plan for resupply during maintenance? Could these measures effectively stabilize retail prices, or are there potential risks of increased costs being shifted to consumers through higher operational expenses?

Given the complexity of these issues and their potential consequences for California's economy, it is imperative that we have a clear, nonpartisan analysis to guide future regulatory decisions. Your office's findings will play a critical role in ensuring that policymakers have the necessary information to make informed decisions that balance environmental goals with economic sustainability. I would encourage the Legislative Analyst's Office to seek data from any sources it is authorized to access to fulfill the request, as needed and appropriate.

I respectfully request that this report be returned to my office no later than November 8, 2024. If you have any questions, please contact my Legislative Director in my Capitol Office at (916) 651-4016, or by email at [Marsiol.Ibarra@sen.ca.gov](mailto:Marsiol.Ibarra@sen.ca.gov). Please do not hesitate to reach out with any questions. I look forward to continuing to work with you on this important issue in my district and across the state.

Sincerely,

*Melissa Hurtado*

MELISSA HURTADO

Senator, 16th District