March 9, 2026

Honorable Lauren Sanchez
Chair, California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Additional Comments: Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market- Based Compliance Mechanisms Regulation

I am writing on behalf of PBF Energy Inc. (PBF) to provide additional comments on the California Air Resources Board's (CARB) Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation (Proposed Amendments).

PBF Energy disagrees with the position taken by the Western States Petroleum Association advocating for a flat 0.85 Cap Adjustment Factor for petroleum refineries. Rather, PBF Energy continues to urge CARB to revise the Proposed Amendments to put in-state refiners on equal regulatory footing with fuel importers as we wrote to you in our letter dated February 25, 2026 (attached).

The Proposed Amendments are untenable, and unless CARB puts in-state refineries on an equal footing with importers, we will be forced to address the viability of our in-state operations in the near-term.

Should you or CARB staff have any questions about our position, please contact me directly.

Respectfully,

Paul Davis, SVP Supply, Trading and Optimization • Refining Operations

cc: Honorable Gavin Newsom, Governor, State of California
Honorable Nathan Barnakin, Chief of Staff to Governor Newsom
Honorable Siva Gunda, Vice Chair, California Energy Commission
Honorable Monique Limon, Senate President Pro Tem, California State Senate
Honorable Robert Rivas, Speaker, California State Assembly
Honorable Board Members, California Air Resources Board

ATTACHMENT

PBF Letter Dated February 25, 2026

PBF Holding Company LLC
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February 25, 2026

Honorable Lauren Sanchez
Chair, California Air Resources Board
1001 'I' Street
Sacramento, CA 95814

Re: Comments: Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation

I am writing on behalf of PBF Energy Inc. (PBF) to provide comments on the California Air Resources Board's (CARB) Cap-and-Investment (C&I) program, including the "*Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation*" (Proposed Amendments).

The status quo of the C&I program will severely undermine the viability of in-state refining, with potentially devastating consequences for California's fuel supply, economy, and workers. The Proposed Amendments will make the situation exponentially worse by increasing in-state refiners' stationary payments. Before finalizing the proposed rule, we urge CARB to address the state's gasoline supply-demand imbalance by revising the current C&I payment schedule and Proposed Amendments to put in-state refiners on equal regulatory footing with fuel importers.

Who We Are

PBF's subsidiaries own and operate six domestic oil refineries, including two in California: Torrance and Martinez. Our refineries, together with our logistics assets, are critical to California's fuel supply chain and the broader California economy:

- **Gasoline:** We supply ~33% of California's in-state production and ~23% of total California demand, including ~30% of Bay Area and ~20% of Southern California demand
- **Jet fuel:** We supply ~50% of demand for Sacramento International and Oakland San Francisco Bay Airports, ~40% for San Francisco and San Jose International Airports, and ~30% for Los Angeles International Airport
- **Marine fuel:** We supply more than 50% of the ultra-low sulfur marine diesel to ships calling at the Ports of Los Angeles and Long Beach
- **Jobs and local economy:** We employ more than 1,000 Californians; the majority are union members. We also hire contractors who employ members of the California Building & Construction Trades
- **California crude oil:** We purchase and refine the highest percentage of California crude, supporting thousands of production jobs, especially in the Central Valley. We also own and operate one of two pipelines that transport crude oil from the Central Valley to Torrance.
- **Tax revenue:** We are among the largest taxpayers in Contra Costa and Los Angeles Counties, generating well over $1 billion in state tax revenues annually from the fuels and other products our subsidiaries manufacture!

California's Refining Sector Is Already Under Stress

Our Company acknowledges the Proposed Amendments are part of the state's efforts to reach its aspirational climate goals. Rather than dispute merits or timeliness, we offer the stark reality the impacts the current C&I program would have, as well as the Proposed Amendments as drafted, including the payment schedule benefiting importers at the cost of in-state refiners.

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The current C&I stationary source program is untenable and must be addressed to ensure survival of the state's remaining refineries. The Proposed Amendments will only worsen the current state of the program, making costs skyrocket further. If enacted as written, the Proposed Amendments will inevitably drive in-state refining capacity to zero.

Since 2020, when gasoline supply was relatively balanced, five in-state refineries either shut down permanently or completely curtailed gasoline production. As detailed in Table 1, below, the state imported an average of ~53,000 barrels per day (bpd) of gasoline from 2021-2023.

Due to the latest refinery shutdowns, gasoline imports are estimated to have grown to ~250,000 bpd, a ~500% increase, meaning ~30% of the gasoline supply that had been produced in the state is now imported, primarily from refineries in Asia. Consequently, California has become even more reliant on remaining in-state refineries to maintain the feasibility of its gasoline supply. If the state fails to address inequities between in-state refiners and importers, refinery closures will accelerate and the feasibility of the state's fuel supply will come into question.

Core Issue: An Uneven Playing Field

Table 1 lists our historical costs, when gasoline production was balanced and C&I costs were equitably borne by the marketplace. Table 1 also lists the Proposed Amendment's dollarized impact on PBF, showing our costs escalating from 2024 by 400% to $309,000,000 annually by 2035. However, competing importers are exempt from paying C&I fees, so they pay nothing.

Net result: The existing C&I regulations and Proposed Amendments will effectively drive in-state refiners out of business while importers are completely shielded from these costs. This is the central flaw in the current stationary source program. The Proposed Amendments as written will only exacerbate the cost imbalance between California's refiners and importers.

If in-state refining becomes significantly impaired or infeasible, the catastrophe will go well beyond gasoline supply for consumers by also affecting military bases, jet fuel for California's airports, marine fuel for ports, plus crude oil production in the Central Valley, all of which would impact thousands of direct and indirect jobs throughout the state.

Despite claims the state is in mid-transition to EVs, more than 90% of registered vehicles, offroad construction and agricultural equipment, trains, boats, and planes, rely on liquid fuels. Given this continuing demand, curtailing in-state production will jeopardize fuel availability and affordability by driving up costs for every Californian motorist, business, and government entity.

Additional Regulatory Burdens

The C&I program is just one compliance burden. Myriad regulatory agencies impose significant costs on California refiners that competing importers never pay, separate from yet additive to current C&I payments the Proposed Amendments would further increase. For example, Valero noted it decided to shutter its Benicia refinery due in part to intense regulatory pressure, high compliance costs, and a record $82 million fine.

To comply with state and federal regulations and ensure safe, reliable, responsible operations, we invest significant capital in our two in-state refineries and logistics assets. Costs range from $100,000,000 to $300,000,000 each year, with most of the work done by California Building & Construction Trades crafts during turnarounds.

We make these and other investments expecting to generate suitable returns over an approximate five-year span. Layering the Proposed Amendments on top of current and future costs across the regulatory spectrum, including CARB, make this calculus unsustainable.

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Our Request

Given the recent loss of ~20% of California's refining capacity, resilient fuel demand, and the state's growing reliance on imported gasoline, California should be particularly motivated to ensure the survivability of the state's remaining refining capacity. Maintaining a marketplace with embedded competitive disadvantages, exacerbated by the Proposed Amendments, would make the current situation exponentially worse and will achieve the opposite effect. The program's current payment schedule must be amended to eliminate importers' competitive advantage.

Unless CARB puts in-state refineries on an equal footing with importers, which we think can be accomplished this year, we will be forced to address the viability of our in-state operations, along with every other refiner in the state. We urge you to engage directly with in-state refiners to develop workable amendments that advance California's climate goals while maintaining the in-state refining capacity on which the state relies even more heavily today.

PBF is willing to work with CARB to find a solution that will ensure the viability of in-state refineries so we can continue to help meet California's energy needs for many decades to come. We think our collaborative approach is in keeping with the spirit and intent of Gov. Newsom's directive to CEC Vice-Chair Siva Gunda on April 21, 2025, that in part acknowledges the need to "…*redouble the State's efforts*" to ensure refiners will be able to "…*profitably operate in California - a market where demand for gasoline will still exist for years to come*."

To ensure the state's remaining **"…***refiners continue to see the value in serving the California market,***"** per Gov. Newsom, our regulatory costs must be cut to put in-state refiners on a level playing field with importers who are exempt from paying these fees.

Thank you for providing the opportunity to comment on the Proposed Amendments. We want to help prevent devastating consequences for California's fuel supply, economy, and workers. We urge CARB to revise the current payment schedule and Proposed Amendments before finalizing this rule to place in-state refiners on equal regulatory footing with importers.

Should you or CARB staff have any questions about our position, please contact me directly.

Respectfully,

Paul Davis, SVP Supply, Trading and Optimization • Refining Operations

cc: Honorable Gavin Newsom, Governor, State of California
Honorable Nathan Barnakin, Chief of Staff to Gov. Newsom
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Table 1: PBF Estimated Costs from Proposed "Cap-and-Invest" Program Amendments *

Year		Assumed Credit Price in Dollars per Metric Ton	Annual Cost to PBF ($)	CA Gasoline Imports in Barrels per Day
Historical	2021	$23.00	$50,000,000	51,600
	2022	$29.00	$66,000,000	50,000
	2023	$33.00	$67,000,000	58,800
	2024	$37.00	$77,000,000	92,400
	2025	$29.00	$53,000,000	166,600
Current Program Forecast	2026	$31.18	$87,000,000	250,000 (est.)
	2027	$33.51	$101,000,000	
	2028	$36.03	$116,000,000	
	2029	$38.73	$133,000,000	
	2030	$41.63	$151,000,000	
Proposed Program Forecast	2031	$44.76	$176,000,000	
	2032	$48.11	$229,000,000	
	2033	$51.72	$253,000,000	
	2034	$55.60	$280,000,000	
	2035	$59.77	$308,000,000	

* This chart represents our best estimate based on the proposed regulation.

Estimated costs to PBF are based on the above assumed credit price ($/mt).

Credit price after 2026 is assumed to increase annually by the same rate the auction floor price would increase if the inflation rate were 2.5%. This auction floor price controls the minimum credit price, and the regulation specifies that the auction floor price will increase by 5%+inflation, resulting in an assumed credit price that is only 12% higher than the floor price.

The cost control mechanisms in the program to control the upper limit of prices are more than twice the floor price and so *credit prices have the potential to be significantly higher than assumed above*.