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The Honorable Gavin Newsom
Governor of California
1021 O Street, Suite 9000
Sacramento, CA 95814

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

Vice Chair Siva Gunda
California Energy Commission
715 P Street
Sacramento, CA 95814

The Honorable Monique Limón
Pro Tem, California State Senate
1021 O Street, Suite 8510
Sacramento, CA 95814

The Honorable Robert Rivas
Speaker, California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

CARB's Proposed Cap-and-Invest Amendments Will Substantially Increase Refining Costs, Threaten Fuel Reliability, and Jeopardize Jobs and State Revenues

Marathon Petroleum Corporation (Marathon, MPC)[1] is deeply concerned with the California Air Resources Board's (CARB) proposed amendments to the Cap-and-Invest program. California refineries are already among the most expensive refineries to operate in the world. As written, CARB's proposal would further widen the cost disparity, forcing refineries to reconsider whether operations in California remain viable. This action will undermine the security of California's fuel supply, directly affect consumers, and create significant economic, workforce, and national-security consequences.

Proposal will Negatively Impact Jobs, Tax Revenues, and the California Economy

Petroleum refineries are vital to California's economy supporting high-quality union and non-union jobs. Marathon alone employs over 2,000 workers in California and contracted

[1] Marathon is the largest refiner in the United States and operates the largest refinery in California, our 365,000-barrel-per-day Los Angeles refinery. In addition, we operate Martinez Renewables, one of the largest renewable diesel production sites globally. These facilities play critical roles in supplying California and the broader West Coast with essential transportation fuels.

approximately 5,300 full-time-equivalent contractors across 2024 and 2025. Numerous in-state industries supply specialized goods and services necessary to operate refineries. Our employees contribute directly to their communities through extensive volunteerism, philanthropic support, and participation in community programs.

Refineries pay state and local taxes that fund essential public services and ensure a reliable supply of transportation fuel to California consumers and businesses. This fuel keeps goods moving through complex supply chains across agriculture, manufacturing, logistics, and consumer markets. California refineries also fulfill the majority of the state's jet fuel demand, supporting California's travel and tourism.

If refineries are driven out of the state, these jobs, tax revenues and economic benefits will be lost and cannot be easily replaced.

Instability in Fuel Supply Threatens National Security[2]

Of national importance, California refineries supply significant volumes of fuel to the U.S. military[3], supporting operations along the West Coast and at major defense installations. Demand for fuel is already outpacing in-state production leading to a more volatile fuel supply system as it relies on imports that are slow to respond to fuel demand changes. If additional in-state fuel production is displaced or curtailed, the military will be forced to rely on more imported jet and diesel fuel creating unpredictable supply conditions during emergencies or heightened geopolitical risk. Maintaining reliable California production of military-grade fuel is essential to national defense readiness.

Shifting to Fuel Imports Will Increase Global Greenhouse Gas Emissions

California refineries are subject to stringent environmental regulations and are among the lowest emitting refineries. Because decarbonization tools, such as carbon capture, utilization, and sequestration (CCUS) are not viable options in the near or medium term for complex operations like refineries, the only practical option to materially reduce GHG emissions is to curtail operations. This will simply lead to imported fuel produced by refineries in other states and countries with less stringent regulations and lower regulatory costs The net effect will be an increase in global greenhouse gas emissions. Such an outcome would undermine California's environmental objectives while increasing costs and supply risks for consumers.

[2] CALIFORNIA ENERGY & FUEL POLICIES: A CLEAR AND PRESENT THREAT TO NATIONAL SECURITY AND FORCE READINESS?
[3] Department of Defense. Defense Logistics Agency. Jet Fuel and Naval Distillate

Conclusion

If CARB finalizes these proposed amendments as written, they will impose costs on in-state refineries so significant they risk:

- Higher transportation fuel prices for California residents
- Loss of high-quality jobs
- Declines in state and local tax revenues
- Increased dependence on imports, reducing security of gasoline, diesel, and jet fuel supply
- Compromised military fuel availability and national security

Marathon urges CARB and state leadership to revise the proposed amendments, as detailed in Marathon's comment letter to CARB. Marathon stands ready to collaborate constructively to help California avoid harmful consequences for the state's workforce, economy, environmental goals, and energy security.

Sincerely,

Michael Henschen
Executive Vice President, MPC Refining