STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 03/25)

Fiscal Year	Business Unit Number	Department
2026-27	3360	California Energy Commission (Division of Petroleum Market Oversight, an independent division of the CEC)

Hyperion Budget Request Name	Relevant Program or Subprogram
3360-012-BCP-2026-GB	2385028 – Demand Analysis

Budget Request Title
Division of Petroleum Market Oversight: Petroleum Market Transition

Budget Request Summary
The Division of Petroleum Market Oversight (DPMO), an independent organization within the California Energy Commission, requests $173,000 ongoing from the Energy Resources Program Account (ERPA) to convert 1.0 temporary position to a permanent, full-time position to support analysis of data sets utilized for the implementation of Chapter 1, Statutes of 2024 (AB X2-1).

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A	Click or tap here to enter text.

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No *If yes, departmental Chief Information Officer must sign.*	Department CIO	Date
	Click or tap here to enter text.	Click or tap to enter a date.

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. Click or tap here to enter text.
Approval Date: Click or tap to enter a date.
Project Approval Document: Click or tap here to enter text.
Total Project Cost: Click or tap here to enter text.

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Varsha Sarveshwar, DPMO Deputy Director	12/10/2025	Ryan McCauley, DPMO Division Chief	12/10/2025
Department Director	**Date**	**Agency Secretary**	**Date**
Tai Milder, DPMO	12/10/2025	Amanda Martin for Secretary Crowfoot	12/10/2025

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Erin Carson	1/9/2026

A. Problem Statement

Following the passage of AB X2-1, and the uncertainty in the market following the announcement of two refinery closures in California in 2025 and 2026, the DPMO's work in support of California's clean transportation transition has expanded materially.

To fulfill these responsibilities, the DPMO requests $173,000 ongoing to convert 1.0 temporary position to a permanent, full-time position to support analysis of data sets and complex factual circumstances that are utilized for the implementation.

This position is responsible for cleaning, tabulating, synthesizing, and analyzing large data sets, which are either submitted to the CEC under the Petroleum Industry Information Reporting Act (PIIRA) or to DPMO as part of its law enforcement and market oversight work.

DPMO was created by Chapter 1, Statutes of 2023 (SB X1-2) with the responsibility for providing independent market oversight, investigations, economic analysis, and policy recommendations in support of California's clean transportation transition.

SBX1-2 and ABX2-1 bring robust data transparency requiring significant analysis and compliance work) and authorizes the Commission to implement resupply and minimum inventory programs to ensure the resilience and reliability of the California petroleum markets – for consumers, communities, and workers. The complex and sometimes competing considerations at play in ABX2-1 require careful balancing.

Resource History
(Dollars in thousands)

Program Budget	**PY-4**	**PY-3**	**PY-2**	**PY-1**	**PY**
Authorized Expenditures	NA	NA	NA	23,272	19,775
Actual Expenditures	NA	NA	NA	16,673	16,291
Revenues	NA	NA	NA	N/A	N/A
Authorized Positions	NA	NA	NA	0.0	10.5
Filled Positions	NA	NA	NA	2.7	10.5
Vacancies	NA	NA	NA	0.0	0.0

**** Amounts are for 2385028 – Demand Analysis Program from budget galleys and FTE counts are for the division from Salaries and Wages Supplements.***

Workload History: DPMO's Early Work

Workload Measure	PY - 4	PY - 3	PY - 2	PY-1	PY	CY
Activity (Investigative Work, Economic Analysis and Legislative Work)	N/A	N/A	N/A	Ongoing confidential investigation into market manipulation; 2 public letters, with related research and analyses; 2 workshop presentations, with related economic research and analyses; 2 legislative hearing presentations with related analyses; ongoing analysis of 20+ data streams in support of SB X1-2.	Ongoing confidential investigations committing four PY legal counsel (attorney classifications); 2 public letters with related research and analyses; 3 workshop presentations with related economic and research analyses; 4 legislative hearing presentations with related analyses; 1 annual report (awaiting GO approval); ongoing analysis of 20+ data streams in support of SB X1-2 and AB X2-1.	Ongoing confidential investigations committing four PY legal counsel (attorney classifications); 1 annual report (subject to GO approval); ongoing analysis of 20+ data streams in support of SB X1-2 and AB X2-1; ongoing data infrastructure build process; upcoming public letters, workshops and legislative hearings, with related research and economic analysis.

B. Justification

Since the passage of SB X2-1 and AB X1-2, DPMO's data and analysis workstreams have grown materially. To advise the Governor and the CEC on the implementation of SB X1-2 and AB X2-1, and on the clean transportation transition more broadly, DPMO must process and analyze tens of thousands of forms submitted to the CEC by many industry participants. DPMO often writes complex automation scripts that clean, tabulate, and synthesize multiple data sources that are new, raw, and/or unprocessed. Additionally, as DPMO's enforcement and market oversight work develops, staff must increasingly analyze large data sets that are confidentially produced by specific market participants. To address these urgent needs, DPMO requires additional resources to work through new, unprocessed data sets that, while required by statute, have not been consistently reported in the past.

Converting the temporary position (Research Data Specialist II or "RDS II") to a permanent position will allow DPMO to maintain in-house expertise, in lieu of utilizing a more costly option or utilizing external consultants while continuing to support the plethora of data analysis projects that stem from ABX2-1 and the related, high-priority petroleum energy transition. The RDS II will continue to effectively analyze key data sets which are either entirely new or unprocessed (i.e., raw data submissions) and investigate data sets for economic and law enforcement work.

C. Departmentwide and Statewide Considerations

- SB X1-2 and AB X2-1 support the state's transition away from petroleum-based fuels while protecting California consumers. The laws mandate significant and new data reporting streams and authorize the CEC to undertake rulemaking for the petroleum industry (including resupply and minimum inventory requirements). These regulations present complex and competing considerations, requiring careful balancing to meet

the state's economic, labor, consumer, and environmental goals. DPMO provides critical input here.

- SB X1-2 and AB X2-1 also bring robust data transparency. This transparency, which requires significant analysis and compliance work, allows the Administration to plan the transition away from petroleum-based fuels while ensuring the resilience and reliability of the California petroleum market. This includes significant analytical efforts to solve the "Mystery Gas Surcharge," which has evaded economic experts for the past decade due to incomplete or unavailable data, which are now available for DPMO's analysis—subject to the data being cleaned, prepared and tabulated—as a result of the data transparency provisions in SB X1-2 and AB X2-1.
- Finally, SB X1-2 created DPMO to, in part, deter and detect market manipulation. This proactive market oversight and law enforcement work plays a critical role for the state as the transition continues to unfold.

D. Outcomes and Accountability

RDS II: Finish building data infrastructure (including clear and easy access to frequently used data, cleaned key databases at the ready, updating protocols for key databases, and improved internal transparency, including better coordination with the CEC's Energy Assessments Division) in support of economics and policy workstreams under SB X1-2 and AB X2-1. Clean and analyze data in support of market oversight and law enforcement investigations.

Projected DPMO Outcomes: Ongoing RDS II Workload Supported by BCP

Workload Measure	CY	BY	BY+1 and after
Core Activities	1 annual report; ongoing analysis of 20+ data streams in support of SB X1-2 and AB X2-1; ongoing confidential investigations; ongoing data infrastructure build; upcoming public letters and legislative hearings.	1 annual report; analysis of 30+ data streams in support of SB X1-2 and AB X1-2; complete data infrastructure build; public letters and legislative hearings; ongoing confidential investigations.	1 annual report; analysis of 30+ data streams in support of SB X1-2 and AB X1-2; public letters and legislative hearings; ongoing confidential investigations.

E. Implementation Plan

- By December 2026, DPMO intends to complete its internal data processing improvements (completed by the RDS II, provided that the role is continued) and submit its 2nd annual report to the Legislature (with analysis supported by the RDS II).
- Additional analytical priorities are fast-moving and determined on an ongoing basis in collaboration with the CEC and Governor's Office, but they will likely include public letters (including market updates and consumer advisories), public presentations, and deliberative process input to the CEC and Governor's Office on petroleum market issues. The RDS II's data science work will underpin these efforts.
- DPMO maintains confidential internal timelines for its market oversight and law enforcement work.

F. Supplemental Information (If Applicable)

Current and proposed organization charts are available upon request.

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Division of Petroleum Market Oversight: Petroleum Market Transition

BR Name: 3360-012-BCP-2026-GB

Budget Request Summary

Personal Services

Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Positions - Permanent	0.0	1.0	1.0	1.0	1.0	1.0
Total Positions	**0.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Salaries and Wages Earnings - Permanent	0	100	100	100	100	100
Total Salaries and Wages	**$0**	**$100**	**$100**	**$100**	**$100**	**$100**
Total Staff Benefits	0	50	50	50	50	50
Total Personal Services	**$0**	**$150**	**$150**	**$150**	**$150**	**$150**

Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5301 - General Expense	0	23	23	23	23	23
Total Operating Expenses and Equipment	**$0**	**$23**	**$23**	**$23**	**$23**	**$23**

Total Budget Request

Total Budget Request	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Budget Request	**$0**	**$173**	**$173**	**$173**	**$173**	**$173**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
State Operations - 0465 - Energy Resources Programs Account	0	173	173	173	173	173
Total State Operations Expenditures	**$0**	**$173**	**$173**	**$173**	**$173**	**$173**
Total All Funds	**$0**	**$173**	**$173**	**$173**	**$173**	**$173**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
2385028 - Demand Analysis	0	173	173	173	173	173
Total All Programs	**$0**	**$173**	**$173**	**$173**	**$173**	**$173**

Personal Services Details

Positions

Positions	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5758 - Research Data Spec II	0.0	1.0	1.0	1.0	1.0	1.0
Total Positions	**0.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**

Salaries and Wages

Salaries and Wages	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5758 - Research Data Spec II	0	100	100	100	100	100
Total Salaries and Wages	**$0**	**$100**	**$100**	**$100**	**$100**	**$100**

Staff Benefits

Staff Benefits	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5150350 - Health Insurance	0	16	16	16	16	16
5150500 - OASDI	0	8	8	8	8	8
5150600 - Retirement - General	0	26	26	26	26	26
Total Staff Benefits	**$0**	**$50**	**$50**	**$50**	**$50**	**$50**

Total Personal Services

Total Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Personal Services	**$0**	**$150**	**$150**	**$150**	**$150**	**$150**