

**DOCKETED**

<b>Docket Number:</b>	23-SB-02
<b>Project Title:</b>	SB X1-2 Implementation
<b>TN #:</b>	251689
<b>Document Title:</b>	Presentation - SB X1-2 Context for the Transportation Fuels Assessment
<b>Description:</b>	Staff Presentation
<b>Filer:</b>	Andrea Baley
<b>Organization:</b>	California Energy Commission
<b>Submitter Role:</b>	Commission Staff
<b>Submission Date:</b>	8/18/2023 2:38:39 PM
<b>Docketed Date:</b>	8/18/2023



# Comments

**Comments can also be submitted to  
the Docket: 23-SB-02**



# California Energy Commission

SB X1-2: Context for the Transportation Fuels Assessment

Quentin Gee, PhD, Supervisor of Transportation Energy Demand Forecasting

Thursday, August 17, 2023



# SB X1-2 Implementation Activities



Data Collection & Monitoring (started on June 26)

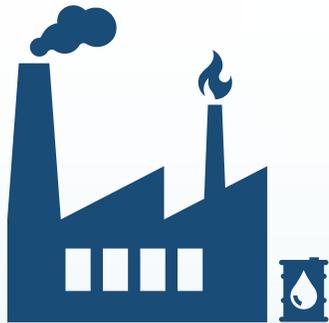


Market Manipulation Analysis (to be developed under new division)



**Transportation Fuels Assessment**

**Today's Topic**



Refinery Maintenance Monitoring (started on June 26)



Refining Margin Establishment and Penalty Determination (in progress)

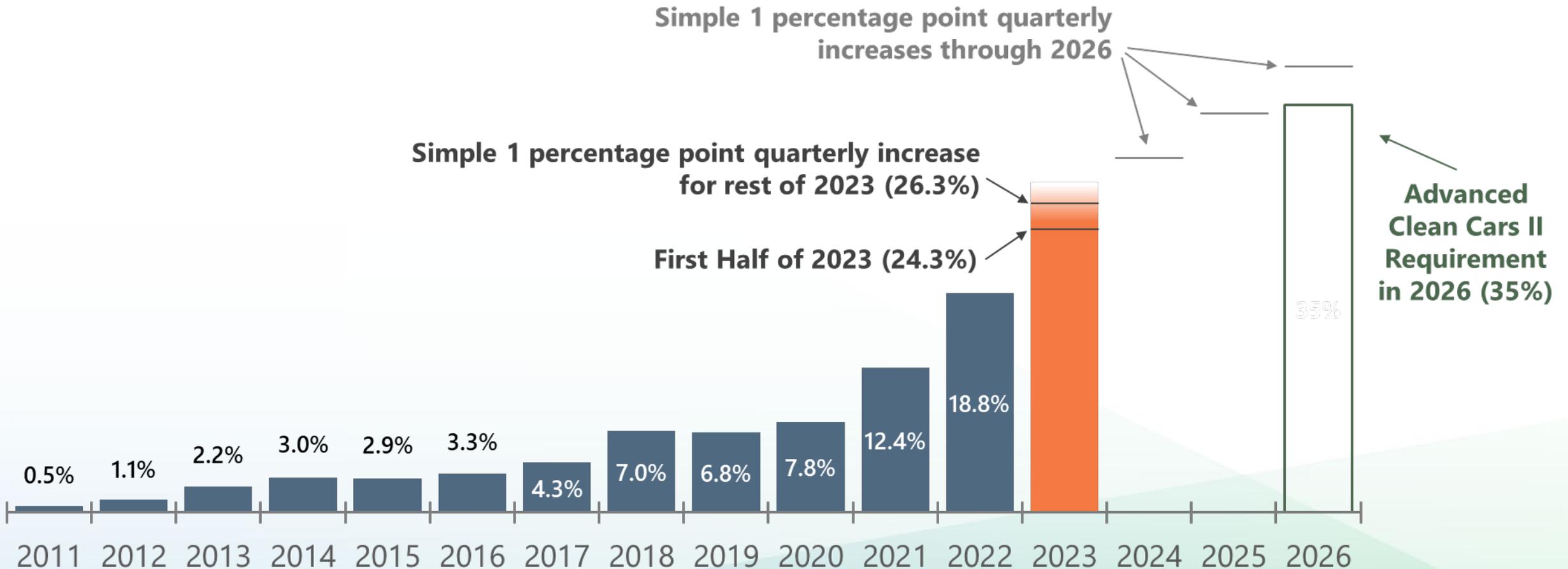


Fuels Transition Plan (in development with CARB)



# ZEV Market Share is Outpacing Expectations

ZEV Market Share of New Passenger Vehicle Sales, 2011 to H1 2023

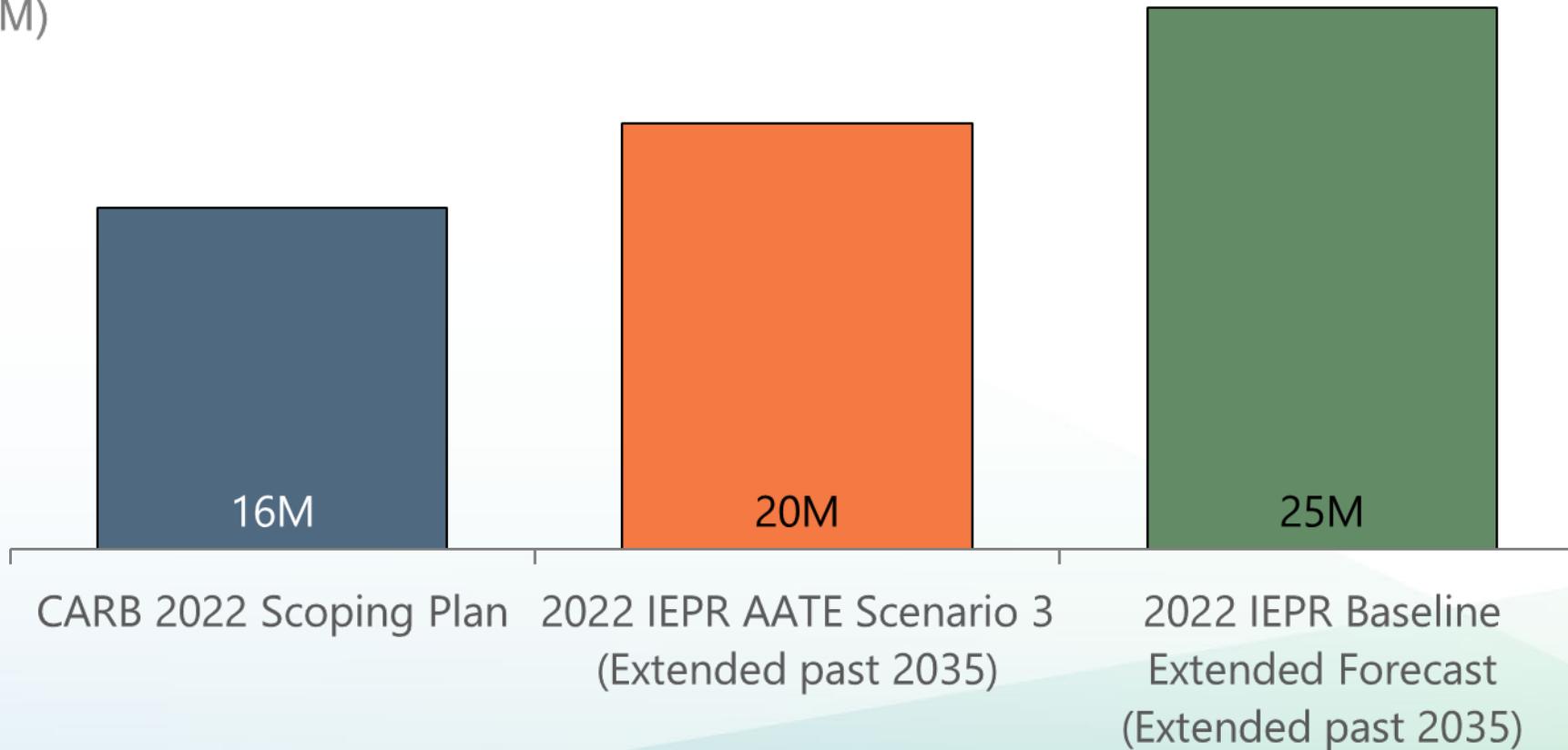




# Combustion Vehicles Will Phase Out but Need Fuel for Decades

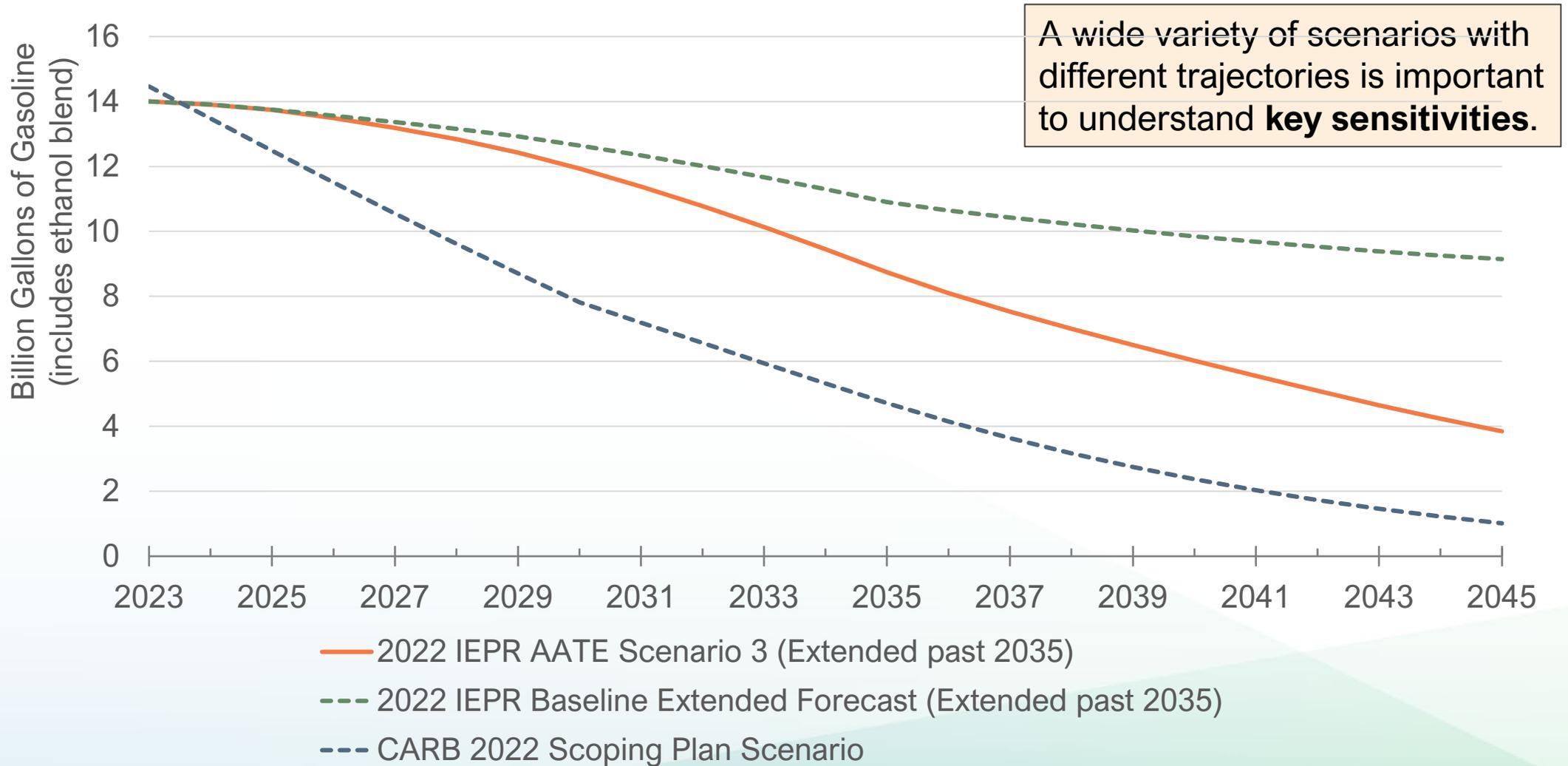
2035 Light-Duty Combustion Vehicles on the Road

2022 DMV  
Population  
(27M)



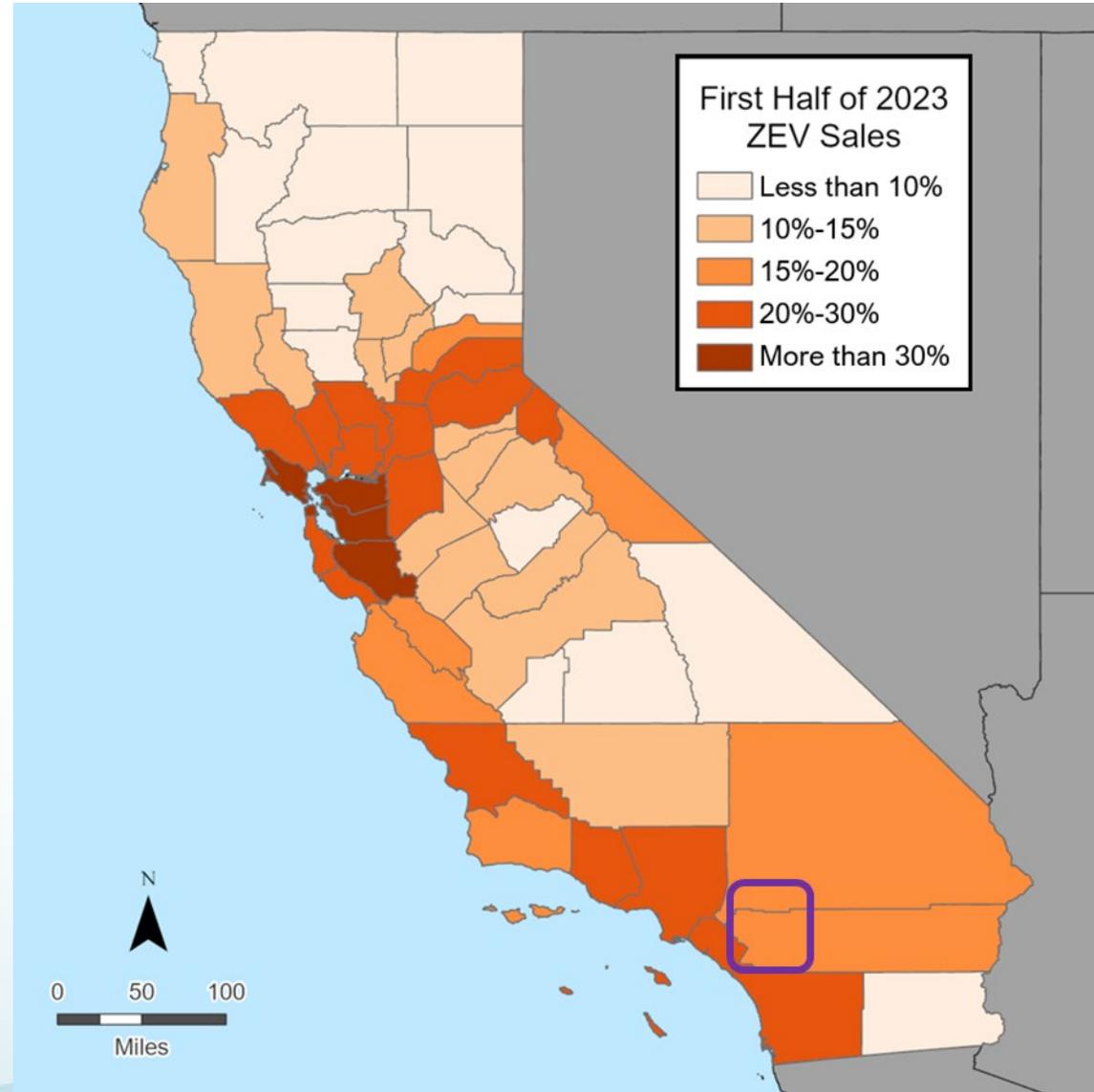


# Gasoline Demand Scenarios to be Used in the Assessment





# ZEV New Sales Share by County



Statewide Average  
ZEV Share of New  
Sales for the  
First Half of 2023  
**24.3%**



# Transportation Fuels Assessment

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- Critical component of SB X1-2
- To be submitted Jan 1, 2024, and every three years thereafter



# “A reliable supply of affordable and safe transportation fuels in California”



Price Spike Risk Management



Refinery Dynamics



Branded and unbranded fuels



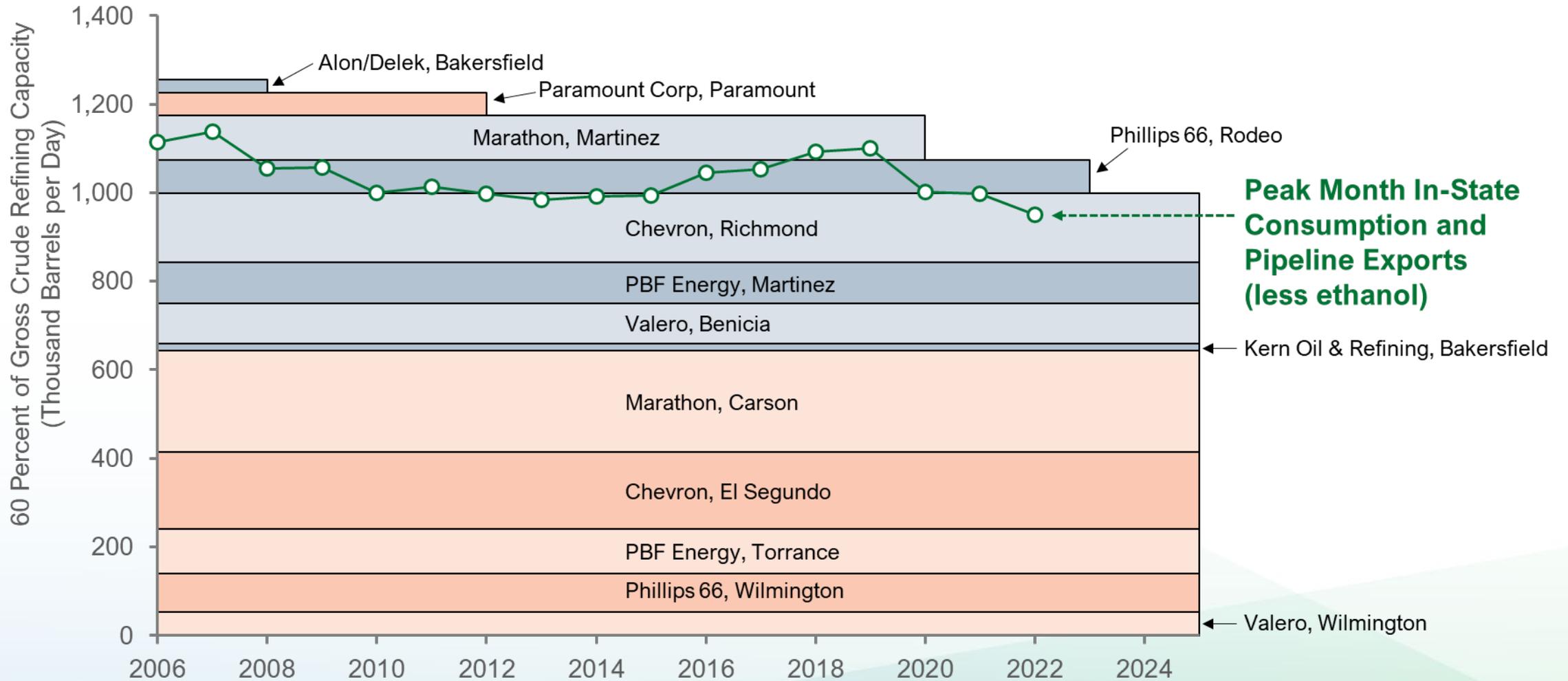
Multiple interval considerations for demand:  
3-year  
7-year  
10-year  
20-year



Fuel additives



# Estimated Gasoline Refinery Capacity



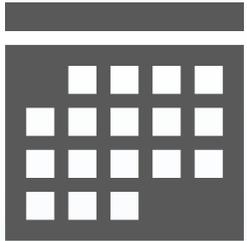


# Framework for a Reliable, Safe, Affordable Supply: Time

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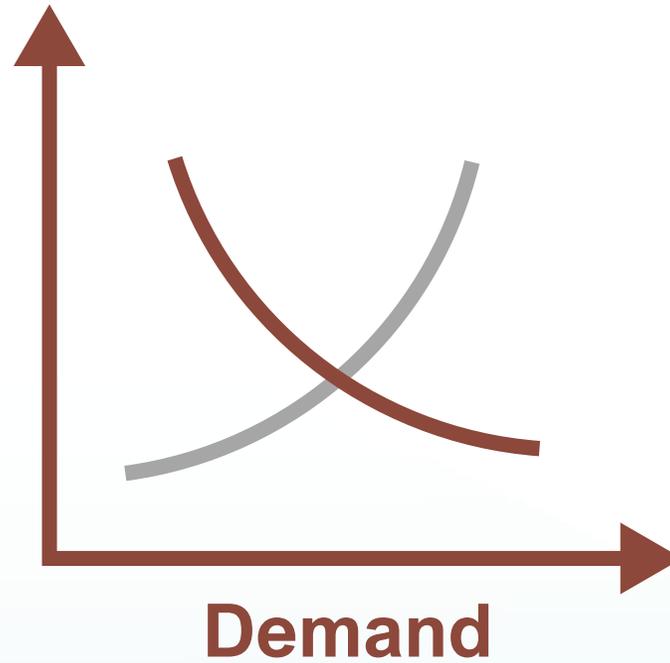
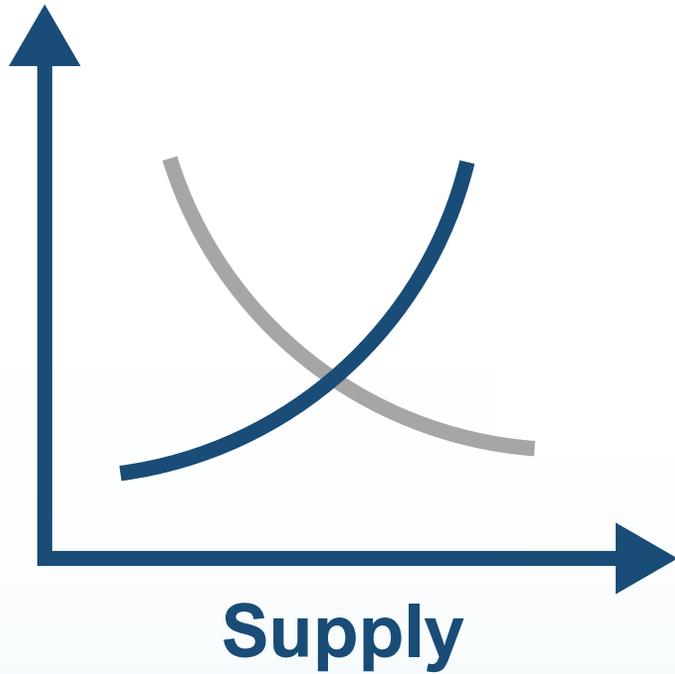
**Short-Term or Simple Methods**



**Long-Term or Challenging Methods**

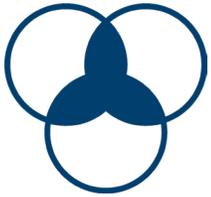


# Framework for a Reliable, Safe, Affordable Supply: Approach





# Short-Term or Simple Methods



## Fuel Blends

- Strategic Winter Blend Acceleration



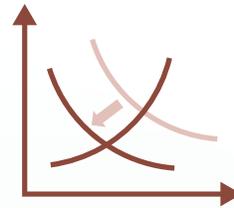
## Imports

- International
  - Insurance Policies



## Exports

- Export coordination

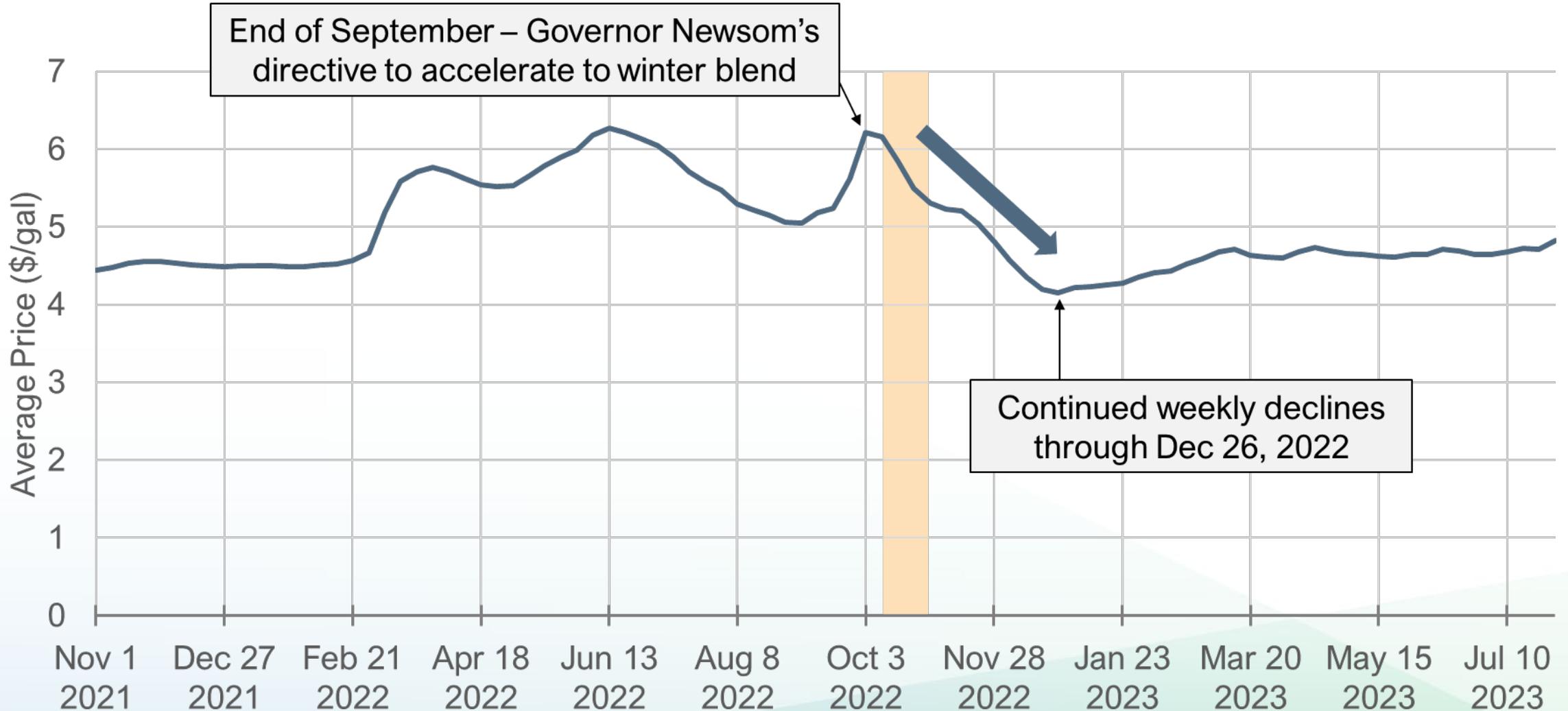


## Demand-Side Management

- Targeted Demand Programs
- Transit Support
- Other Demand Management

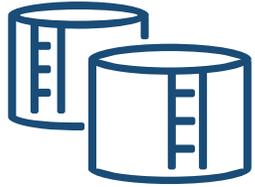


# CEC-Estimated Retail Gasoline Prices



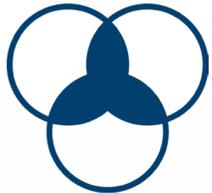


# Longer-Term or Challenging Methods



## Storage

- State-Supported Storage
- Storage Requirements



## Fuel Blends (long-term)

- Fuel Blends: 15% Ethanol
- Regional Blends
- Non-CARBOB Blends



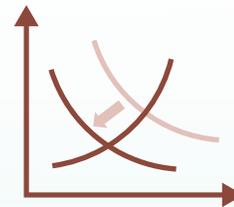
## Large-Scale Industry Shift

- Public Utility Model
- State Ownership



## Imports

- Interstate
  - Export Pipeline Modifications
  - Rail
  - Jones Act
  - Some state managed imports



## Demand-Side Management

- VMT Reduction
- ZEVs



# Other Support for Californians

## Oversight Activities

- Attorney General's Office Monitoring
- CEC Maximum Gross Margin determination
- Market manipulation analysis by the new Division of Petroleum Market Oversight





# Policy Evaluation – Matrix Approach with Examples

	Implementation Timeline	Efficacy	Environmental Impact	Cost
Winter Blend Acceleration	Shorter	Limited-High	Negative	None
Additional Storage	Longer	Medium	Low/None	Medium



# Transportation Fuels Transition Plan



To be submitted by December 31, 2024.

## Key Considerations of the **Transition Plan**

- Managed by the CEC and CARB.
- Incorporates findings of the assessment.
- Examines how to ensure an affordable, reliable, equitable and safe supply of transportation fuels.
- Requires consultation with fuel producers and a multi-stakeholder workgroup.
- Future joint workshop with CEC and CARB.



# Discussion

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We need your input.



**Thank You!**  
**Questions from the dais?**



# Panel Discussion: Industry and Economic Perspectives

- **Alessandra Magnasco:** Governmental Affairs and Regulatory Director, California Fuels & Convenience Alliance.
- **Cathy Reheis-Boyd:** President and CEO, Western States Petroleum Association.
- **David Hackett,** Chairman of the Board, Stillwater Associates.
- **Severin Borenstein (remote):** Professor, Haas School of Business, UC Berkeley.



# Panel Discussion: Evaluating Policies to Ensure Reliable, Affordable, and Safe Transportation Fuels

- **Faraz Rizvi (remote):** Asia Pacific Environmental Network.
- **Julia May (remote):** Communities for a Better Environment.
- **Mike Smith:** United Steel Workers.
- **Andres Ramirez (remote):** Mobility Justice.
- **Elena Krieger (remote):** Physicians, Scientists, and Engineers for Healthy Energy.



# Public Comment

## Zoom:

- Use the “raise hand” feature

## Telephone:

- Dial \*9 to raise your hand
- \*6 to mute/unmute your phone line.  
You may also use the mute feature on your phone.

## Zoom/phone participants, when called upon:

- Your microphone will be opened
- Unmute your line
- Spell your name for the record, begin [comments](#)

**Limited to 1 representative per organization.**

**3-Minute Timer**

