

**DOCKETED**

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*Comment Received From: Community Energy reSource  
Submitted On: 3/11/2024  
Docket Number: 23-OIR-03*

**Comment of 22 groups on gas price storage cushion for safe refinery transitions**

*Additional submitted attachment is included below.*

**Community Energy reSource**  
**Stand.earth**  
**Natural Resources Defense Council**  
**The Climate Center**  
**Consumer Watchdog**  
**California Interfaith Power & Light**  
**SoCal 350 Climate Action**  
**Récolte Energy**  
**350 Bay Area**  
**Peninsula Interfaith Climate Action**  
**Healthy Martinez: Refinery Accountability Group**  
**Green Party Contra Costa County Council**  
**Interfaith Climate Action Network of Contra Costa County**  
**Fresh Air Vallejo**  
**Contra Costa MoveOn**  
**Biofuelwatch**  
**Santa Cruz Climate Action Network**  
**Good Neighbor Steering Committee of Benicia**  
**350 Contra Costa Action**  
**Rodeo Citizens Association**  
**Bay Area-System Change not Climate Change**  
**Sunflower Alliance**

BY ELECTRONIC MAIL

March 11 2024

Siva Gunda, Vice Chair  
California Energy Commission

Tai S. Milder, Director  
Division of Petroleum Market Oversight

Copy: Governor Newsom  
Interested organizations and individuals

**Support for Imposing Minimum Inventory and Resupply Requirements for Refiners;  
Comment Regarding Docket No. 23-OIR-03, Notice of Hybrid Workshop Re SB X1-2 and  
SB 1322 Pre-Rulemaking, and Docket No. 23-SB-02, SB X1-2 Implementation**

Dear Commissioner Gunda and Director Milder,

We write to express conditional support for the gasoline inventory standard proposed in Director Milder's 31 January 2024 letter (Docket # 23-SB-02, TN # 254283). We strongly support requiring refiners to store enough of the fuel they refine here so that they will not cause future gas price spikes during refinery outages, planned or otherwise. However, the inventory standard can and must be implemented without expanding oil infrastructure, as part of our transition away from oil for our climate, safety and health. These necessary conditions are feasible to achieve as outlined below.

## Vice Chair Gunda and Director Milder

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Oil companies have caused millions of Californians economic hardship by repeatedly spiking gasoline prices. As Director Milder and Commission staff have reported, low gasoline inventory (stock) levels were a causal factor in the autumn gas price spikes of 2022 and 2023.<sup>1</sup> The fuel stocks were abnormally low despite refinery overproduction that far exceeded California demand.

Gasoline production by refineries in California consistently exceeds in-state demand for gasoline by rolling twelve-month volumes in the hundreds of millions of gallons—and the refiners export that gasoline to other states and nations.<sup>2</sup> The fuel volume needed to keep existing gasoline and gasoline blend-stock storage capacities full, and thereby prevent unnecessary price spikes, is small compared with the volume of this ongoing overproduction and export. Better balancing fuel exports with imports could keep inventory full as well.

Refiners here have ample existing capacity to make and store gasoline to meet the California market without unexpected price fluctuations based on product availability. Instead, they are choosing to export our fuel inventory cushion and thereby contributing to unnecessary gas price spikes that take money away from our communities and give it to further entrenched fossil fuel interests. In addition to export choices, refineries choose when to shut down for maintenance—“turnaround.” With no minimum stockpile requirements, turnaround timing combined with product export can make the state highly vulnerable to external disruptions as well as unplanned outages at exactly the wrong times.

We are especially concerned about the resultant potential for health and safety impacts.

On both sides of the refinery fence lines, “unplanned outage” is a euphemism for toxic spills, explosions and fires. For example, an August 2012 fire at Chevron’s Richmond Refinery sent 15,000 people to hospital emergency rooms and shuttered the refinery’s crude distillation for eight months.<sup>3</sup> Chevron caused the incident in part by deferring needed refinery maintenance, an industry-wide problem exacerbated by perceived incentives to avoid downtime when gasoline inventory is deemed tight. Requirements to keep fuel inventory full could help to prevent serious process safety incidents and long outages by supporting more frequent refinery maintenance.

Similarly, “overproduction” translates to excess pollution that worsens disparately severe impacts in low-income communities of color and has enormous health costs. A co-benefits analysis of technology pathways to California’s climate goals found the pathway that minimizes fuel combustion could avoid 9,600–14,600 air pollution-related deaths, avoiding health costs estimated to range from 87 billion to 131 billion dollars.<sup>4</sup>

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<sup>1</sup> See also *Refiners exported inventory in run up to record gas price spike*; Community Energy reSource, available at <https://www.energy-re-source.com/latest>

<sup>2</sup> Refinery production, import-export, and fuel demand data discussed here are from the California Energy Commission (CEC) <https://www.energy.ca.gov/data-reports/reports/weekly-fuels-watch>; <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?doctnumber=23-OIR-03> (at TN#253287); and Dept. of Tax and Fee Admin., <https://www.cdtfa.ca.gov/taxes-and-fees/spftrpts.htm> (Motor Vehicle Fuel 10 Year Reports).

<sup>3</sup> Chevron Interim Investigation Report; US Chemical Safety Board; [www.csb.gov/chevron-richmond-refinery-fire/](http://www.csb.gov/chevron-richmond-refinery-fire/)

<sup>4</sup> Zhao et al., 2019. Air Quality and Health Cobenefits of Different Deep Decarbonization Pathways in California. *Environ. Sci. Technol.* 53(12): 7163–7171. <https://pubs.acs.org/doi/10.1021/acs.est.9b02385>

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But transportation fuel prices, too, argue for integrating the new fuel inventory standard into the larger transition plan. The proposed inventory and spot market measures will help but cannot solve the problem alone. Global crude oil prices and price volatility could impact California fuel prices until we burn much less oil. In the end, our transition away from oil is our most effective gas price containment measure. The inventory standard can and should aid the transition.

Respectfully submitted,

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Community Energy reSource

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California Interfaith Power & Light

Jack Eidt, Co-Founder  
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Healthy Martinez: Refinery Accountability Group

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Kathy Kerridge, Board Member  
Good Neighbor Steering Committee of Benicia

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Janet Callaghan, President  
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