

DOCKETED

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**CBE and APEN Comment Letter re SBX1-2 March 18 Workshop for
Emergency Rulemaking**

Additional submitted attachment is included below.



COMMUNITIES
FOR A BETTER
ENVIRONMENT
established 1978

BY ELECTRONIC MAIL

April 1, 2024

California Energy Commission
Docket Unit
Docket No. 23-OIR-03
715 P Street, MS-4
Sacramento, CA 95814
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Re: Environmental Justice Comments on Refining Costs, Margins, Maintenance, Imports, and Exports as they relate to Gasoline Price Gouging and Safety in California

Dear Commissioners and Commission Staff,

Thank you for your crucial efforts to protect Californians from oil industry price gouging, which we strongly support. We represent environmental justice organizations, Communities for a Better Environment and the Asian Pacific Environmental Network, whose members live at the fenceline of polluting industries like oil refineries. Our members are impacted not only by the health-harming pollution emitted by fossil fuel infrastructure, but also by the exploitative cost of oil industry price gouging and the dangerous consequences of underregulated oil refinery management-level decisions to delay maintenance.

We support the Emergency Regulatory Action for Revised SB X1-2 Spot Market Reporting Requirements. Additionally, we urge the CEC to collect detailed data related to the foreign export of finished fuels—whether CARBOB or not—as refineries are complex, interconnected systems. In addition to these reporting requirements, we support the proposal to establish a minimum inventory and resupply requirement for refiners.

History has shown that the oil industry cannot be left to its own devices.¹ Greater oversight, analysis, and controls are clearly needed to rein in the greedy and secretive industry practices of Big Oil in California.

¹ See Complaint for Abatement, Equitable Relief, Penalties, and Damages, *Bonta v. Exxon et al.*, San Francisco County Superior Court, available at <https://oag.ca.gov/system/files/attachments/press-docs/FINAL%209-15%20COMPLAINT.pdf>.

The timeline for this proceeding has not been too rushed. The Department of Petroleum Market Oversight (DPMO) published a letter on September 22, 2023 that identified the core “market flaws that make the California gasoline prices vulnerable to price spikes , including spot market volatility and its outsized impacts on prices, lack of spot market liquidity, inadequate inventories of gasoline and blend stocks, [and] refinery undersupply during maintenance.” The CEC proposal for Emergency Rulemaking is necessary to protect the public as soon as possible. The industry’s exploitation of consumers who remain in the clutches of its monopolistic control of transportation infrastructure severely stretches low-income residents, small businesses, and people from all walks of life in California.

We strongly urge the CEC to continue its proposed plans for data collection and analysis of refinery activities. As SBX1-2 authorizes, the CEC should continue its data collection and analysis of refinery costs, profits, maintenance shutdowns, sales, imports, *as well as exports of finished product*. During the March 18th workshop, Big Oil industry lobbyists shamefully argued they should not be required to provide the Commission with this data. We urge the CEC and the public not to succumb to the machinations of the Big Oil lobby as they disseminate disinformation and confusion about this proceeding and its pace. Even if inconvenient for the oil industry, this proceeding is urgently needed to provide protections for Californians.

The CEC should collect sufficient data on domestic and foreign exports of finished fuels, particularly gasoline and diesel, in addition to the proposed data collection for imports. Even as California demand for fossil fuel has fallen, California refineries still export a significant amount of finished fuel to countries like India, China, and Japan.² These increased foreign exports occur at the expense of our fenceline communities who are neighbors to refineries, bearing the direct health impacts of these excess refinery emissions. These refinery profits are also made at the expense of California drivers’ pocketbooks as the increasingly significant export levels increase the risk of insufficient storage availability ahead of turnarounds to prevent price spikes. Storage capacity should serve in-state consumers and in-state direct environmental benefits.

We agree the CEC can and should protect consumers from price spikes, which may require ensuring a strategic minimum reserve of gasoline supply, while avoiding overproduction. We support the proposal to require a sufficient inventory of gasoline stored ahead of shutdowns—with a few important caveats. First, a minimum reserve should not expand oil infrastructure as we must invest in a world beyond oil.³ Second, we agree with comments made that oil refinery workers must be empowered to engage in maintenance and emergency shutdowns for safety reasons. Evaluating information related to the timing of maintenance, however, does not impair safety. The CEC’s authority to improve transparency and adherence to planned maintenance schedules can help keep communities and workers

² CEC Docket No. 23-OIR-03 - Stand and CErS 211123 Attachment 1 Data Import Export data for California Gasoline_Diesel_Jet, submitted by Community Energy reSource and Stand.earth (Nov. 11, 2023), available at [https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-OIR-03 \(TN#253287\)](https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-OIR-03 (TN#253287)); Greg Karras, Decommissioning Oil Refineries 13 (2020), <https://www.cbecal.org/wp-content/uploads/2020/07/Decomm-CA-Refineries-July2020.pdf>.

³ We also support the letter submitted to this docket by Community Energy reSource, Stand.earth, NRDC, and other community and climate groups, which explains how a supply inventory standard should be implemented without expanding oil infrastructure, <https://efiling.energy.ca.gov/GetDocument.aspx?tn=254958&DocumentContentId=90643>.

safer as they hold the corporate management of oil refineries accountable to safety standards. In the past, corporate management-level decisions to delay maintenance or discourage emergency shutdowns have resulted in dangerous consequences for refinery workers and communities, according to the Chemical Safety Board and the State of California. We encourage the CEC and the public not to be fooled by the oil industry's attempt to obscure information and practices that may indicate market manipulation.

The CEC must also use this opportunity to begin addressing the overproduction of finished fossil fuels in California, which fuel the twin public health crises of smog and the climate catastrophe. As the state takes near term action, it must build oversight infrastructure and capacity to address the need to align in-state supply and declining demand for fossil fuels in California to meet pollution, smog, climate and environmental justice goals.

Respectfully submitted,

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