



Western States Petroleum Association
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Catherine H. Reheis-Boyd
President

January 24, 2013

California Energy Commission
Dockets Office, MS-4
Re. Docket No. 13-IEP-1A
1516 Ninth St
Sacramento, CA 95814-5512
Via electronic mail to docket@energy.ca.gov

California Energy Commission

DOCKETED

13-IEP-1A

TN # 69268

JAN 24 2013

Re: **WSPA Comments on Docket Number 13-IEP-1A, Draft 2013 IEPR Scoping Order**

The Western States Petroleum Association (WSPA) appreciates the opportunity to provide comments on the above-referenced CEC workshop dealing with the draft Scoping Order for the 2013 Integrated Energy Policy Report (IEPR). WSPA has provided comments at many of the workshops and for many of the draft documents relating to previous year's IEPRs, and hopes our comments and questions for this year's report will be considered and incorporated.

WSPA is a non-profit trade association representing twenty-seven companies that explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in California and five other western states.

We have identified five issues with the Scoping Order as follows:

- 1) Nowhere in the Scoping Order is there reference to subsidiary documents that will be developed within each of the identified topics. The Order merely states the IEPR itself will contain information on each of the subject areas. For example, in the Transportation section it does not refer to a separate Transportation Report which normally is produced by the CEC staff working through the transportation sector updates and issues (with the exception of the 2011 Transportation Report that was never finalized to our knowledge). We are unsure if this is an omission due to the brevity of the Scoping Order which was more detailed in prior years, or if the Commission has decided to not produce such documents for this IEPR – which we believe would be a significant mistake.

WSPA requests the Commission provide feedback on whether IEPR subject sectors will be producing their own reports, and if not, the reasons for this.

- 2) The 2011 IEPR Scoping Order included mention of issues staff was tasked with studying which we believe to be important, but which were not mentioned in this year's Order. This

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year's Order strictly discusses only two items: fuel demand, and an evaluation of the AB118 program regarding alternative fuels.

The 2011 Order stated in the "Transportation Fuel Supply, Demand, and Infrastructure" section that the following issues would be addressed:

- Effects of economic growth trends on transportation fuel demand and supply.
- Analysis of petroleum, alternative, and crude oil demand and supply trends.
- Barriers to and progress toward meeting California's transportation energy goals, including the Low Carbon Fuel Standard, achieving 26 percent alternative fuel use by 2022, and producing a minimum of 40 percent of the state's biofuels within California by 2020.

In particular, the last issue WSPA believes is important to update and requests that this be specifically stated in the Order.

- 3) Typically each IEPR that deals with the transportation sector has a section dealing with the adequacy and challenges inherent with the state's marine infrastructure as it relates to energy. WSPA has always been supportive of CEC's efforts to investigate this very important part of the state's infrastructure, and would encourage increased emphasis on this area this year.

Past reports have recognized the threats to California's marine petroleum infrastructure including:

- Port congestion and safe passage,
- Competition for terminal and storage capacity with container vessels, and
- Timely and reliable dredging of ship channels.

These issues continue today while the need to improve California's marine infrastructure grows ever greater.

WSPA requests the CEC determine whether infrastructure which supports marine operations in California is adequate to allow the marine industry, serving the state, to meet the demands of the evolving regulatory and globally focused commercial climate.

- 4) The Climate Change section states there will be "consideration of the potential vulnerability of California's energy supply and demand infrastructure to the effects of climate change." Unfortunately this narrow scope does not seem to satisfy the Commission's charge which is "to prepare a biennial integrated energy policy report that contains an assessment of major energy trends and issues facing the state's electricity, natural gas, and transportation fuel sectors and provides policy recommendations to conserve resources; protect the environment; ensure reliable, secure, and diverse energy supplies; **enhance the state's economy**; and protect public health and safety."

WSPA contends the vulnerability of the state's energy resources comes not only from climate change, but from the policies already implemented by the state to attempt to address climate change. We believe the regulations by the California Air Resources Board, for example, for the cap and trade regulations, fuels under the cap, plus the Low Carbon Fuel Standard have, and will continue, to place the state's energy system at risk and will lead to detrimental unintended economic impacts, including the potential for market disruptions. Alternate forms of transportation fuels – such as electricity – are also subject to California Air Board

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regulations, including but not limited to the Renewable Portfolio Standard that also has the potential for adverse economic impacts. We have attached a report by the Boston Consulting Group that investigates some possible consequences from the sum total of the AB32 regulations on the petroleum industry.

WSPA requests that the Commission include in the 2013 IEPR effort an equal level of study of the impacts of current climate change regulations on the state's energy sector and possible negative consequences of those regulations on the state's ability to ensure a reliable, secure and affordable energy sector in the future.

- 5) On page 3 of the Notice of Request for Public Comments, under the IEPR schedule section, it states the Commission will post notices and supporting material on its website at least 10 days in advance of each workshop or hearing date. In past IEPR years there has been a chronic disregard for the promised minimum 10 days advance distribution of materials for workshops due to the slippage of the schedule. This has led to ineffectual workshops since stakeholders have had inadequate time to review the materials and ensure worthwhile workshop participation and progress on issues.

WSPA requests that CEC staff abide by the minimum 10 days distribution of the notices and materials prior to workshops and hearings.

We are happy to clarify our positions and requests if needed. Please contact me at 916-498-7752 or my staff, Gina Grey, at 480-595-7121 for any further communications.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cathie H. Boyd". The signature is fluid and cursive, with the first name "Cathie" and last name "Boyd" being the most legible parts.

cc: Suzanne Korosec - CEC