October 29, 2013

Miles Heller
Director, CA Fuels and Regulatory Affairs
2350 East 223rd St.
Carson, CA 90810

California Energy Commission
Electronic Submittal
Dockets Office, MS-4
Re: Docket No. 13-IEP-1A
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Comments on CEC Integrated Energy Policy Report (IEPR) Workshop on Inputs and Methods for Transportation Energy Demand Forecasts: Docket No. 13-IEP-1A

Dear Docket:

Tesoro Corporation, a Fortune 100 company, is an independent refiner and marketer of petroleum products. Tesoro, through its subsidiaries, operates six refineries in the western United States with a combined capacity of over 845,000 barrels per day. Tesoro's retail-marketing system includes more than 2,200 retail stations, under the Tesoro®, Shell® ARCO® and USA Gasoline™ brands, of which more than 570 are company operated. Tesoro closed on the purchase of BP's southern California business in June 2013; and we now supply approximately 25% of the state's transportation needs through our Martinez refinery in the Bay Area and our Los Angeles refinery in southern California. We employ 3900 Californians through our refineries, logistics assets and retail network.

Tesoro is also a member of the Western States Petroleum Association (WSPA) and has participated in the development of comments submitted to CEC regarding the 2013 IEPR. Tesoro concurs with and hereby incorporates by reference comments submitted by WSPA.

In addition to the comments provided by WSPA, Tesoro would like to specifically address the discussion of the Wilmington Calciner found on page 171 of the draft IEPR, and correct related misstatements included in that discussion.

The Wilmington Calciner upgrades approximately 350,000 metric tons a year of petroleum coke from the nearby Los Angeles Refinery to produce anode coke for the global aluminum industry. The green coke (petroleum coke from a refinery's coke unit) is calcined by running it through a large rotary kiln to remove water and other impurities to produce calcined coke. The process heat input required to upgrade the coke is provided by the coke itself.

Bottoming-cycle combined heat and power (CHP) generation (waste heat recovery) were installed as energy efficiency measures long before AB 32 was enacted. No supplemental fuel is introduced to the Calciner's bottoming cycle generation; all Calciner operations GHG emissions are thus attributed to the calcined coke production, not electricity (CPUC decision 09-06-051).

Unfortunately, the Draft IEPR does not differentiate unfired bottoming cycle CHP from fired topping cycle CHP. On page 171 of the draft IEPR (3rd paragraph), the CEC describes the Wilmington Calciner as a fired facility that relies on petroleum coke for the CHP. This is

incorrect as stated above. Moreover, the paragraph states that "It is unknown if these two facilities will convert to an alternate source of fuel or cease operation". One of the two facilities referenced is the Tesoro Calciner. However, it is the faulty assumption that the Calciner is fired on petroleum coke which leads to this conclusion that its fuel source must be changed or that the facility be shut down.

Tesoro recommends that the CEC provide a distinct paragraph regarding the Calciner describing the unique bottoming-cycle CHP configuration and eliminate any speculative statements about future operating scenarios.

Tesoro appreciates the opportunity to submit comments on the draft IEPR. Please contact me at (310) 847-5234 if you have any questions.

Sincerely,

Miles Heller
Director, CA Fuels and Regulatory Affairs

Cc:

Stephanie Bailey - CEC
Bryan Neff - CEC