

CALIFORNIA ENERGY COMMISSION

1516 Ninth Street
Sacramento, California 95814

Main website: www.energy.ca.gov



In the matter of,

*2014 Integrated Energy Policy Report
Update (2014 IEPR Update)*

Docket No. 14-IEP-1F

WORKSHOP
RE: Crude Oil

California Energy Commission

DOCKETED

14-IEP-1F

TN 73020

MAY 15 2014

Notice of Lead Commissioner Workshop on Trends in Sources of Crude Oil

The California Energy Commission Lead Commissioner on the Integrated Energy Policy Report will conduct a workshop to highlight changing trends in California's sources of crude oil with emphasis on the potential growth of crude oil transport to California by rail, and the impacts of these trends on the transportation energy market and existing government policies. The discussions will focus on existing and possible new roles of federal, state, and local government to address market changes.

Commissioner Janea A. Scott, Chair Robert Weisenmiller, and Commissioner Karen Douglas will be in attendance. CPUC President Michael R. Peevey will also be in attendance. Commissioner Scott is the Lead Commissioner for the 2014 IEPR Update and the Lead Commissioner on Transportation. Other Commissioners of the California Energy Commission and the California Public Utilities Commission may attend and participate in the workshop. The workshop will be held:

June 25, 2014

9:00 AM

Berkeley City College
Auditorium

2050 Center Street
Berkeley, California 94704
(Wheelchair Accessible)

Remote Access Available by Computer or Phone via WebEx™
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Agenda

This workshop will address current and anticipated trends in petroleum, crude oil distribution logistics, safety requirements and oversight of crude oil by rail transport, and California policies and activities designed to diversify the mix of future transportation fuels. Staff will facilitate discussions on these topics from industry, government agency, and academic perspectives. Participants will be asked to present information and insights on crude oil trends, the need for changes in government oversight responsibilities and regulatory requirements, and the potential options to reduce the need for petroleum as a transportation fuel.

Background

California obtains crude oil from foreign imports, Alaska, and in-state production. Since 2003, crude oil production from Alaska and California has declined while foreign imports have increased to over 50 percent of the state's supply. Imports from Alaska and foreign sources are delivered to California by marine vessel. However, California's crude oil sources appear to be shifting to new supplies, spurred by hydraulic fracturing and other extraction technology advances in North Dakota and other states and development of Canadian oil sands. Shipments of these new resources by rail or by barge from the state of Washington are increasing and could represent over 25 percent of California's crude oil within a few years, depending on the economics of the extraction, transport, and development and approval of receiving/storage terminals in California. The development of the Monterey shale formation in California, while offering significant production potential, has not progressed primarily because the complex geology of the formation makes it expensive to develop.

California's gasoline demand is expected to decline from 14.6 billion gallons in 2013 to 12.7 billion gallons in 2020 as the result of improvements in corporate average fuel economy standards (CAFE), requiring automakers to achieve 35.5 miles per gallon in 2016 and 54.5 mpg by 2025. Diesel and jet fuel are expected to grow at a rate of 1 – 2 percent per year, spurred by increased freight movement and other factors. California's net crude oil demand to produce refined petroleum products is expected to decline in this period. California refineries also produce petroleum products for Arizona and Nevada and may be exporting the refined products to international markets.

Federal and California laws, regulations, and incentives designed to reduce greenhouse gas emissions, reduce transportation demand, and increase the development and use of alternative fuels as a petroleum displacement have begun to show modest changes in the transportation energy market and could be poised for significant growth and displacement of petroleum fuels. The federal government provides the primary oversight of rail safety with additional roles by state agencies. California local governments review the environmental impacts of modifications and new construction of crude oil storage and delivery terminals under the California Environmental Quality Act regulations.

Public Comment

Oral Comments. The IEPR Lead Commissioner will accept oral comments during the workshop. Comments may be limited to three minutes per speaker. Any comments will become part of the public record in this proceeding.

Written Comments. Written comments should be submitted to the Dockets Unit by **July 10, 2014**. Written comments will also be accepted at the workshop, however, the Energy Commission may not have time to review them before the conclusion of the workshop. All written comments will become part of the public record of this proceeding. Additionally, written comments may be posted to the Energy Commission's website for this proceeding.

The Energy Commission encourages comments by e-mail. Please include your name and any organization name. Comments should be in a downloadable, searchable format such as Microsoft® Word (.doc) or Adobe® Acrobat® (.pdf). Please include the docket number 14-IEP-1F and indicate Trends in Sources of Crude Oil in the subject line. Send comments to docket@energy.ca.gov and copy the technical lead staff at Gordon.Schremp@energy.ca.gov.

If you prefer, you may send a paper copy of your comments to:

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 14-IEP-1F
1516 Ninth Street
Sacramento, CA 95814-5512

Public Adviser and Other Commission Contacts

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If you have a disability and require assistance to participate, please contact Lou Quiroz at LQuiroz@energy.ca.gov or (916) 654-5146 at least five days in advance.

Media inquiries should be sent to the Media and Public Communications Office at (916) 654-4989, or by e-mail at mediaoffice@energy.ca.gov.

If you have questions on the technical subject matter of this meeting, please call Gordon Schremp, Senior Fuels Specialist, at (916) 654-4887 or e-mail at Gordon.Schremp@energy.ca.gov. For general questions regarding the IEPR

proceeding, please contact Lynette Green, IEPR project manager, at (916) 653-2728 or by e-mail at Lynette.Green@energy.ca.gov.

The service list for the *2014 IEPR Update* is handled electronically. Notices and documents for this proceeding are posted to the Energy Commission website at www.energy.ca.gov/2014_energy_policy/index.html. When new information is posted, an e-mail will be sent to those on the energy policy e-mail list server. We encourage those who are interested in receiving these notices to sign up for the list server through the website at www.energy.ca.gov/listservers/index.html.

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Availability of Documents

Documents, agenda and presentations for this meeting will be available online at www.energy.ca.gov/2014_energy_policy/documents/index.html by June 20.

Date: May 14, 2014



JANE A. SCOTT

Lead Commissioner

2014 Integrated Energy Policy Report Update

Mail Lists: energy policy, transportation, altfuels