

AMENDED IN ASSEMBLY AUGUST 21, 2006

AMENDED IN ASSEMBLY FEBRUARY 27, 2006

AMENDED IN SENATE MAY 27, 2005

AMENDED IN SENATE MAY 3, 2005

AMENDED IN SENATE APRIL 13, 2005

SENATE BILL

No. 757

Introduced by Senator Kehoe
(Coauthor: Assembly Member Pavley)

February 22, 2005

An act to add Chapter 4.7 (commencing with Section 25370) to Division 15 of the Public Resources Code, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 757, as amended, Kehoe. Oil Conservation, Efficiency, and Alternative Fuels Act.

Existing law requires the State Energy Resources Conservation and Development Commission to implement and administer various energy generation and conservation programs.

This bill would enact the Oil Conservation, Efficiency, and Alternative Fuels Act, which would declare that it is the policy of the state that state agencies shall take all cost effective and technologically feasible actions needed to reduce the growth of petroleum consumption, and increase transportation energy conservation, efficiency, and the use of alternative fuels. The act would require state agencies to take the state's transportation energy goals into account in adopting rules and regulations, including the

findings and recommendations of the commission in the Integrated Energy Policy Report.

The bill would require, no later than January 1, 2008, and every 3rd year thereafter, the California Environmental Protection Agency (Cal-EPA), with the assistance and consultation of the State Air Resources Board, the commission, *and* the South Coast Air Quality Management District, ~~and the Cal-EPA Environmental Justice Advisory Committee~~ to submit to the Legislature an assessment of the transportation energy conservation, efficiency, and any alternative fuel policies adopted pursuant to the aforementioned provisions.

The bill would require the State Air Resources Board, in adopting or amending rules and regulations to reduce air pollution and toxic air contaminants from motor vehicle fuels, consistent with the above-described policy declaration, to ~~consider~~ *develop* requirements, incentives, and partnerships for publicly administered fleets to purchase and install alternative fuel vehicles and advanced transportation technologies, taking into account life cycle operating costs, public health, and environmental and energy benefits.

~~The bill would require Cal-EPA, not later than January 1, 2008, and annually thereafter, in consultation with the Attorney General, the Cal-EPA Environmental Justice Advisory Committee, air pollution control districts and air quality management districts, and affected communities and industries to publish a report assessing specified violations of air pollution, water pollution, and hazardous waste regulations by each oil refinery in the state and the disposition of the violations, and containing specified information regarding the technological feasibility and community health benefits of modernizing the state's oil refineries, fuels storage, and fuel transport systems, as specified. The bill would require that the report be posted on an Internet Web site that is generally accessible to the public, and would require Cal-EPA to provide copies to local governments in the areas where the refineries are located and to community groups and organizations that have requested a copy of the report.~~

The bill would require the commission to expand the scope of its oil industry price and supply reporting, monitoring, and analysis to include trends in world oil demand growth, including known and proven oil reserves. The bill would require the commission to refer to the Attorney General ~~any cases in~~ *information* which the commission ~~determines that there may be~~ *believes may reflect* market abuse or unfair competition.

The bill would provide that nothing in the act authorizes the imposition of any tax or fee on consumers of petroleum ~~for onroad use, or on petroleum producers or on petroleum refiners or suppliers.~~ *The bill would provide that nothing in the act authorizes or diminishes any authority of the Air Resources Board, the State Energy Resources Conservation and Development Commission, or other regulatory agency to order a petroleum refiner, supplier, marketer, or retailer to produce, sell, or offer for sale a specific fuel.*

The bill would require the Secretary of the Business, Transportation and Housing Agency, not later than March 31, 2008, in consultation with the Department of Finance, the Secretary for Environmental Protection, and the commission, to submit recommendations to the Governor and the Legislature regarding alternative revenue sources to supplement or replace lost tax revenue from gasoline and diesel fuel, which may be used to fund state investment in the state's transportation infrastructure, as provided.

The bill would require the secretary to take action intended to influence the United States Congress and Department of Transportation to double the combined fuel economy of cars and light trucks by 2020, including performing analyses and participating in forums that the secretary deems useful. The bill would require all state agencies to cooperate with the secretary concerning this action.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Chapter 4.7 (commencing with Section 25370)
- 2 is added to Division 15 of the Public Resources Code, to read:
- 3
- 4 CHAPTER 4.7. OIL CONSERVATION, EFFICIENCY, AND
- 5 ALTERNATIVE FUELS ACT
- 6
- 7 25370. This section shall be known, and may be cited, as the
- 8 Oil Conservation, Efficiency, and Alternative Fuels Act.
- 9 25371. The Legislature finds and declares all of the
- 10 following:
- 11 (a) California's increasing demand for petroleum and rapidly
- 12 growing consumption of gasoline and diesel fuel pose substantial
- 13 risks to the state's economy and environment.

1 (b) Growing instability in global oil supplies and rapidly
2 increasing demand in China, India, and throughout the world are
3 likely to increase California's vulnerability to oil supply
4 disruptions and sudden price increases.

5 (c) Aggressive pursuit of energy efficiency and conservation
6 measures and expanded use of renewable energy sources have
7 been shown to help stabilize energy supplies and lower costs to
8 consumers during California's electricity crisis.

9 (d) California's current and future levels of oil demand and
10 rapidly growing consumption of gasoline and diesel fuel far
11 exceeds California's refinery capacity, which results in limited
12 ~~competition and abuses of market power by oil suppliers and~~
13 ~~refiners.~~

14 (e) Unless the state's rapid rate of growth in oil consumption
15 and rising levels of consumption of imported oil and petroleum
16 products are stabilized and gradually reduced, California is likely
17 to continue to experience price spikes and supply disruptions,
18 which will harm the state's economy and business climate.

19 (f) Cost-effective options exist today, including alternative
20 fuels and advanced technologies, such as hybrid electric vehicles,
21 which can lessen economic instability caused by high fuel prices
22 and price spikes, while reducing risks to public health and
23 environmental degradation caused by increased consumption of
24 petroleum fuel.

25 (g) The commission and the State Air Resources Board have
26 determined that improving the fuel efficiency of new vehicles
27 would dramatically reduce petroleum demand and that the
28 efficiency of new cars and light trucks can be improved
29 significantly with existing and emerging automotive
30 technologies.

31 (h) Reducing the rate of growth in onroad petroleum
32 consumption and increasing transportation energy conservation
33 and efficiency, and the use of alternative fuels are
34 technologically feasible and cost effective public policy
35 objectives, which will create new jobs, economic development,
36 and investment opportunities in alternative fuels and advanced
37 transportation technologies.

38 ~~(i) Petroleum refineries are known sources of hazardous waste~~
39 ~~and toxic air pollutants, as well as groundwater and soil~~
40 ~~contamination, all of which are known to cause cancer,~~

1 ~~developmental and reproductive problems, and respiratory~~
2 ~~illness.~~

3 ~~(j) Petroleum refinery workers and communities located in~~
4 ~~close proximity to a petroleum refinery are particularly~~
5 ~~vulnerable to the public health impacts associated with petroleum~~
6 ~~refining, and the petroleum refining industry should take every~~
7 ~~feasible measure to protect these exposed populations.~~

8 ~~(k)~~

9 (i) The Governor, the Legislature, and state and local agencies
10 should make every effort to reduce the growth in oil demand and
11 increase transportation energy conservation and efficiency, and
12 the use of alternative fuels in California through aggressive
13 public education regarding the environmental and economic risks
14 caused by current and projected petroleum consumption, through
15 sustained commitment and public agency procurement of energy
16 efficiency and alternative transportation fuels, and by promoting
17 the modernization and installation of best available technologies
18 on California's oil refineries.

19 25372. (a) It is the policy of the State of California that state
20 agencies shall take every cost effective and technologically
21 feasible action needed to reduce the growth of petroleum
22 consumption and to increase transportation energy conservation
23 and efficiency, and the use of alternative fuels in California. State
24 agencies shall take the state's transportation energy goals into
25 account in adopting rules and regulations, including the findings
26 and recommendations of the commission in the most recently
27 adopted Integrated Energy Policy Report.

28 (b) For purposes of this section, "technologically feasible"
29 means capable of being successfully accomplished taking into
30 account environmental, economic, social, and technological
31 factors.

32 (c) (1) No later than January 1, 2008, and every third year
33 thereafter, the California Environmental Protection Agency
34 (Cal-EPA), with the assistance and consultation of the State Air
35 Resources Board, the State Energy Resources Conservation and
36 Development Commission, *and* the South Coast Air Quality
37 Management District, ~~and the Cal-EPA Environmental Justice~~
38 ~~Advisory Committee~~ shall submit to the Legislature an
39 assessment of the transportation energy conservation, efficiency,

1 and any alternative fuel policies adopted pursuant to subdivision
2 (a).

3 (2) The assessment required pursuant to paragraph (1) shall
4 include information on the status of adopted policies, the
5 Integrated Energy Policy Report implementation, and alternative
6 fuel fleet procurement and infrastructure funding needs.

7 ~~(d) The development and adoption of the recommendations,~~
8 ~~policies, and programs required~~

9 (d) *Actions taken* pursuant to subdivision (a) shall also
10 integrate existing air quality standards, including, but not limited
11 to, standards for particulates, criteria pollutants, toxic air
12 contaminants, and greenhouse gases, to ensure that transportation
13 energy conservation and efficiency strategies and alternative
14 fuels policies are consistent with the attainment and maintenance
15 of state and federal air quality standards.

16 25373. In adopting or amending rules and regulations to
17 reduce air pollution and toxic air contaminants from motor
18 vehicle fuels, the State Air Resources Board; shall, consistent
19 with the policy declaration in subdivision (a) of Section 25372,
20 ~~consider~~ *develop* requirements, incentives, and partnerships for
21 publicly administered fleets to purchase and install alternative
22 fuel vehicles and advanced transportation technologies, taking
23 into account life cycle operating costs, public health, and
24 environmental and energy benefits.

25 ~~25374. (a) Not later than January 1, 2008, and annually~~
26 ~~thereafter, the California Environmental Protection Agency~~
27 ~~(Cal-EPA), in consultation with the Attorney General, the~~
28 ~~Cal-EPA Environmental Justice Advisory Committee, air~~
29 ~~pollution control districts and air quality management districts,~~
30 ~~and affected communities and industries shall publish a report~~
31 ~~assessing the following:~~

32 ~~(1) Violations of air pollution, water pollution, and hazardous~~
33 ~~waste regulations by each oil refinery located in the state that~~
34 ~~have occurred on or after January 1, 2007.~~

35 ~~(2) Information regarding the disposition of the violations~~
36 ~~identified in paragraph (1).~~

37 ~~(3) The technological feasibility and community health~~
38 ~~benefits of modernizing the state's oil refineries, fuels storage,~~
39 ~~and fuel transport systems using best available control~~
40 ~~technology to reduce or prevent violations of air pollution, toxic~~

1 ~~air contaminants, hazardous waste generation and disposal, and~~
2 ~~fugitive emissions, thereby reducing or preventing accidental~~
3 ~~upsets, breakdowns, and worker injuries, and improving safety.~~

4 ~~(b) The report proposed pursuant to subdivision (a) shall be~~
5 ~~posted on an Internet Web site that is generally accessible to the~~
6 ~~public, and Cal-EPA shall provide copies of the report to local~~
7 ~~governments in the areas where the refineries are located, and to~~
8 ~~community groups and organizations that have requested a copy~~
9 ~~of the report.~~

10 ~~25375.~~

11 25374. The commission shall expand the scope of its oil
12 industry price and supply reporting, monitoring, and analysis to
13 include trends in world oil demand growth, including known and
14 proven oil reserves. The commission shall refer to the Attorney
15 General ~~any cases in which it determines that there may be~~
16 *General information which it believes may reflect market abuse*
17 *or unfair competition.*

18 ~~25376.~~

19 25375. Nothing in this chapter authorizes the imposition of
20 any tax or fee on consumers of petroleum ~~for onroad use, or on~~
21 ~~petroleum refining producers or on petroleum refiners or~~
22 ~~suppliers. Nothing in this chapter confers any new authority on,~~
23 ~~or diminishes any existing authority of, the Air Resources Board,~~
24 ~~the State Energy Resources Conservation and Development~~
25 ~~Commission, or other regulatory agency to order a petroleum~~
26 ~~refiner, supplier, marketer, or retailer to produce, sell, or offer~~
27 ~~for sale a specific fuel.~~

28 SEC. 2. Not later than March 31, 2008, the Secretary of the
29 Business, Transportation and Housing Agency, in consultation
30 with the Department of Finance, the Secretary of the California
31 Environmental Protection Agency, and the State Energy
32 Resources Conservation and Development Commission, shall
33 submit recommendations to the Governor and the Legislature
34 regarding alternative revenue sources to supplement or replace
35 lost tax revenue from gasoline and diesel fuel, which may be
36 used to fund state investment in the state's transportation
37 infrastructure. In developing the recommendations, the
38 secretaries shall evaluate the economic feasibility of alternative
39 financing measures, the potential to support needed levels of
40 investment in transportation infrastructure, and the impact on

1 social equity and mobility of low-income and disadvantaged
2 citizens. In addition, consideration of those recommendations
3 shall be given to determine the extent to which they are
4 compatible with existing state policies to reduce petroleum
5 consumption, accelerate the deployment of alternative fuels, and
6 achieve air quality standards and global warming targets.

7 SEC. 3. The Secretary for Environmental Protection shall
8 take action intended to influence the United States Congress and
9 the United States Department of Transportation to double the
10 combined fuel economy of cars and light trucks by 2020. That
11 action shall include, but not be limited to, performing analyses
12 and participating in forums that the secretary deems useful. All
13 state agencies shall cooperate with the secretary concerning this
14 action.