
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Steven Bradford, Chair
2023 - 2024 Regular**

Bill No:	SB 1087	Hearing Date:	4/22/2024
Author:	Grove		
Version:	2/12/2024	Introduced	
Urgency:	No	Fiscal:	Yes
Consultant:	Sarah Smith		

SUBJECT: Oil imports: air quality emissions data

DIGEST: This bill requires the California Air Resources Board (CARB) to conduct specified annual assessments about the greenhouse gas (GHG) emissions associated with the transportation of oil in California.

ANALYSIS:

Existing law:

- 1) Establishes the California Energy Commission (CEC) as a five-member commission within the Natural Resources Agency and tasks the CEC with monitoring, analyzing, and making recommendations on statewide trends in the energy sector, including fuel supply and demand. (Public Resources Code §25200 et. seq.)
- 2) Establishes the Petroleum Industry Information Reporting Act of 1980 (PIIRA), which establishes requirements for oil refiners and marketers to submit specified data to the CEC and requires the CEC to analyze this data to identify trends in demand and supply for petroleum, including factors influencing gasoline price changes. Existing law requires retail transportation fueling stations to report specified information about their sales of gasoline, diesel, and other fuels to the CEC. (Public Resources Code §25350 et. seq.)
- 3) Establishes various confidentiality protections within PIIRA, including specifying that the CEC may disclose certain confidential information received under PIIRA to CARB or the Attorney General if CARB or the Attorney General agree to keep the information confidential. (Public Resources Code §25350 et. seq.)
- 4) Establishes the Geologic Energy Management Division in the Department of Conservation (CalGEM) for the purposes of overseeing the drilling, operation, maintenance, and removal of oil and gas wells. Existing law specifies the duties of

CalGEM regarding authorization of oil and gas exploration within California.
(Public Resources Code §3000 et. seq.)

This bill:

- 1) Requires CARB to annually assess the GHG emissions associated with oil transportation in California.
- 2) Requires CARB to post this assessment on its website, and specifies that this assessment must include the following:
 - a) An estimate of GHG emissions from transporting oil imported into the state during the prior year, broken down by country of origin.
 - b) An estimate of GHG emissions from transporting oil produced in-state during the prior year.
 - c) A description of the methodology used for GHG assessments conducted pursuant to this bill.
 - d) A link to data used for the assessment.
- 3) Requires the CEC to annually provide data collected pursuant to PIIRA to CARB to facilitate the assessment required by this bill.
- 4) Requires CalGEM to post a link on its website to air quality data related to the transportation of oil in the state.
- 5) States legislative intent that the CEC monitor foreign countries that export oil to California and identify on its website those countries that have demonstrated human rights abuses, as documented by the United States Department of State, and which of those countries have lower environmental standards for oil production than the United States.

Background

California is increasingly reliant on international sources of crude oil. While Texas and a number of other states are well-known for their oil and gas reserves, California has historically had substantial proven oil resources. In terms of cumulative oil production, California is the site of several of the most productive oil fields in the United States. Los Angeles and Kern Counties remain the site of substantial oil operations in the state. Despite this history, California primarily sources its oil from

overseas. California crude comprised 23.4 percent of the total number of barrels received by in-state refineries in 2023 while over 60 percent of oil supplied to California's refineries come from international sources. CEC data regarding the international sources of crude oil imported into California in 2023 show that Iraq is the largest source of crude oil imports to California, followed by Saudi Arabia, Brazil, Ecuador, and Guyana. Collectively, these countries supply over 75 percent of California's imported crude oil. California's reliance on imported oil is shaped by a number of factors, including the lack of domestic oil pipelines from other states, the costs associated with procuring oil by rail or truck, global commodity prices for crude oil, and limited in-state oil and gas extraction.

While in-state oil extraction has declined over several decades, agencies have recently adopted policies to accelerate the phase out of both petroleum use in the transportation sector and oil extraction in California. Executive Order N-79-20 established a goal that 100 percent of in-state sales of new passenger cars and trucks will be zero-emission by 2035. This executive order also established a goal that 100 percent of medium- and heavy-duty vehicles in the state will be zero-emission by 2045. In response to this Executive Order, CARB has adopted regulations aimed at phasing out the sale of petroleum-fueled vehicles. In 2021, Governor Newsom followed this Executive Order by directing CalGEM to cease issuing permits for fracking in 2024 and ordering CARB to explore pathways to end in-state oil extraction by 2045. An end to in-state oil extraction without a cessation of oil use would likely result in California sourcing all its oil from imports.

Bill emphasizes challenges to achieving global emissions reductions from certain strategies. While California may avoid some local emissions from ceasing fracking and oil extraction, the cessation of these practices within the state do not necessarily contribute to a reduction in total global emissions. As long as demand for petroleum remains consistent, oil will be procured from other mechanisms and locations that are associated with even higher emissions. In 2015, the California Natural Resources Agency commissioned an independent assessment of oil and gas extraction methods with the California Council on Science and Technology and researchers at the Lawrence Berkeley National Laboratory. The assessment identified a number of risks associated with fracking, including potential water contamination; however, the report also stated that fracking in California produced fewer overall emissions than sourcing oil from other methods. The report states: "Oil produced in California using hydraulic fracturing also emits less greenhouse gas per barrel than the average barrel imported to California." Emissions impacts may be only one part of the overall environmental and public health concerns associated with fracking, but the tendency to shift emissions without achieving meaningful reductions remains a challenge to slowing global warming. Even when California ceases domestic oil extraction, our demand for oil will contribute to extraction in other geographic areas. As a result, larger global emissions

reductions associated with oil and gas extraction may largely depend on efforts to reduce the overall use of these resources. To the extent that we continue to largely rely on imported oil, this bill may provide more detailed information about the overall emissions impacts associated with that continued reliance.

Need for amendments. As currently drafted, provisions of this bill may be interpreted to enable the disclosure of confidential data collected pursuant to PIIRA outside the disclosure provisions set forth in PIIRA. This does not appear to be the author's intent. Additionally, this bill would express legislative intent for the CEC to monitor human rights abuses in countries from which California sources its oil. The CEC may not be sufficiently resourced to monitor international human rights issues. *As a result, the author and committee may wish to amend this bill to clarify the following:*

- *That it is the Legislature's intent that the CEC should monitor human rights abuses in oil-producing countries to the extent feasible within existing resources.*
- *That sharing and use of PIIRA data pursuant to this bill shall be subject to existing PIIRA confidentiality provisions.*

Dual Referral. This bill passed out of the Senate Committee on Environmental Quality on March 20, 2024 with a vote of 6-0.

Prior/Related Legislation

SBX1 2 (Skinner, Chapter 1, Statutes of 2023) modified PIIRA to require refineries to submit specified data regarding their economic performance to the CEC. The bill also required the CEC to assess the reliability of transportation fuels and retail outlets for those fuels.

SB15 (Grove, 2023) contained provisions substantially similar to those in this bill. The bill was held in the Assembly Appropriations Committee.

SB 1319 (Grove, 2022) was substantially similar to this bill and required CARB to annually assess emissions associated with oil transportation in California. The bill was held in the Assembly Appropriations Committee.

SB 1322 (Allen, Chapter 374, Statutes of 2022) modified PIIRA to require refiners with multiple refineries operating in the state to submit certain data about their economic performance to the CEC. The bill also increased public access to data about refiners.

SB 406 (Stern, Chapter 727, Statutes of 2021) made various changes to CalGEM reporting and transparency requirements, including establishing requirements for posting information maintained by CalGEM on the CalGEM website.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT:

Associated Builders and Contractors of California
California Independent Petroleum Association
Californians for Energy and Science
Cat Canyon Resources
City of Taft
County of Fresno
EverData
Fresno Chamber of Commerce
General Production Service
Greater Bakersfield Chamber of Commerce
Hathaway
Independent Oil Producers Alliance
Kern Citizens for Energy
Kern County Hispanic Chamber of Commerce
Mission Oil
Ridgecrest Chamber of Commerce
San Joaquin Facilities Management
Taft College Foundation
13 Individuals

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

SB 1087 simply asks whether California should be importing its oil from countries that do not share our values on human rights and environmental standards. The bill expresses the intent of the Legislature that the California Energy Commission report on the human rights records and environmental standards of the countries that we buy oil from. The measure would also require the Air Resources Board to report on its website the amount of particulate matter released into the air from tanker ship emissions from oil imported into the state. The bill is a recognition that California should not be importing oil from countries that do not share our California values. We can produce the oil we use, and keep the jobs and revenues inside our Golden State while protecting our environment.

-- END --