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

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

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<b>Bill No:</b>	SB 15	<b>Hearing Date:</b>	4/24/2023
<b>Author:</b>	Grove		
<b>Version:</b>	12/5/2022	Introduced	
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Nidia Bautista		

**SUBJECT:** Oil imports: air quality emissions data

**DIGEST:** This bill would express the intent of the Legislature that the California Energy Commission (CEC) monitor countries that export oil to California and identify human rights abuses and lower environmental standards for oil production than California. This bill requires the California Air Resources Board (CARB) to report greenhouse gas (GHG) emissions data associated with oil transported in California and the Geologic Energy Management Division (CalGEM) to make available air quality emissions data associated with the transportation of imported oil.

**ANALYSIS:**

Existing law:

- 1) Requires refiners, under the Petroleum Industry Information Reporting Act (PIIRA) of 1980, to report monthly to the State Energy Resources Conservation and Development Commission (known as the California Energy Commission (CEC)), for each of their refineries, specified information, including the origin of petroleum receipts and the source of imports of finished petroleum products. (Public Resources Code §25352)
- 2) Imposes various limitations on the emissions of air contaminants for the control of air pollution from vehicular and non-vehicular sources. Requires the CARB to post on its internet website information on air quality conditions and trends statewide and to develop and conduct a program of monitoring airborne fine particles smaller than 2.5 microns in diameter (PM 2.5). (Health & Safety Code §39500 et seq.)
- 3) Establishes the CalGEM in the Department of Conservation regulates the drilling, operation, maintenance, and abandonment of oil and gas wells in the state. (Public Resources Code §3000 et seq. and Public Resources Code §690)

This bill:

- 1) Expresses the intent of the Legislature that the CEC monitor foreign countries that export oil to California and identify on its internet website which of those countries have demonstrated human rights abuses, as documented by the United States Department of State or by human rights organizations, and which of those countries have lower environmental standards for the production of oil than California.
- 2) Requires CARB to annually produce an assessment of the GHG emissions associated with the transportation of oil in California, and to include that assessment on CARB's internet website.
- 3) Requires the CEC to annually provide data collected, pursuant to PIIRA, to CARB for the purposes of the assessment.
- 4) Requires the CalGEM to provide a link on its internet website to air quality emissions data associated with the transportation of oil imported into the state.

## **Background**

*Per the Senate Committee on Environmental Quality:*

*Climate change and fossil fuels.* The burning of fossil fuels is the main source of GHGs causing climate change. California's statutory emission reduction goals dictate that GHG emissions be reduced to 40 percent below the 1990 level by 2030 (updated to 48 percent in CARB's 2022 Scoping Plan) and reduced to at least 85 percent below 1990 levels by 2045. Net zero emissions (carbon neutrality) are to be achieved by 2045.

Due to initiatives to meet these goals such as the Advanced Clean Car Standards, Low Carbon Fuel Standard requirements, and improved land-use planning, California's demand for crude oil has declined. Oil demand is likely to continue to fall as a result of these and additional policies, such as the Governor's Executive Order N-79-20 which calls for the elimination of new internal combustion passenger vehicles by 2035. Not importing oil into California can cut emissions, but, ultimately, any credible plan to meet California's climate goals will lean heavily on phasing out oil production and consumption.

*Oil production poses environmental risk.* All oil production poses environmental risk no matter where it is produced. The largest portion of imported oil to California comes from Ecuador. Much of this oil is sourced from the Amazon rainforest, which is home to the highest biodiversity on the planet and functions

as a significant climate-stabilizing carbon sink. Oil extraction continues to encroach into the Amazon including in Ecuador's Yasuní National Park, a United Nations Educational, Scientific and Cultural Organization (UNESCO) recognized site home to several indigenous communities including two uncontacted tribes. The Ecuadoran Heavy Crude Oil Pipeline has ruptured twice in the last three years, causing extensive environmental damage. However, environmental damage related to oil extraction occurs in California as well, despite stringent environmental regulations. For example, an oil spill off the coast of Orange County in October 2021 leaked almost 25,000 gallons of oil and triggered the Governor to declare a state of emergency. Over 750 miles of shoreline underwent cleanup efforts. Sadly, this was a relatively small spill: in 2015, a pipeline ruptured in Santa Barbara and spilled 126,000 gallons of oil, much of which flowed to the ocean and caused extensive ecological damage. Spills of up to three million gallons checker California's oil history.

*Oil production in California.* California has about four percent of the nation's total crude oil reserves and produced almost 131 million barrels of crude oil in 2021. There are about 100,000 oil wells in California, mostly in Kern and Los Angeles counties. While California is a top-10 oil-producing state, production has been declining since the mid-1980s, with California having dropped from third to seventh among oil-producing states (as of 2021). The oil and gas sector is a major employer in some areas. According to the American Petroleum Institute, the oil and gas industry in California supported 1,059,000 total jobs (164,600 direct and 894,400 indirect), or 4.3 percent of California's total employment, and contributed \$199.3 billion to California's gross domestic product (\$85.3 billion direct and \$114 billion indirect), 6.4 percent of the state's total in 2019.

*Magnitude of foreign oil imports to California.* California produces only about two percent of its daily oil consumption; it produces about 391,000 barrels of oil per day and consumes 1.8 million barrels of oil per day. California's dependence on foreign oil has grown as Californian supply has dropped and Alaskan imports have fallen. According to the most recent data available from the CEC, in 2021, California's refineries used 28.9 percent Californian oil, 14.9 percent Alaskan oil, and 56.2 percent foreign oil. The top three sources of foreign oil were Ecuador, Saudi Arabia, and Iraq, each accounting for approximately 20 percent of oil imports.

*Human rights violations in countries providing oil to California.* The United States Department of State issues annual Country Reports on Human Rights Practices for countries receiving U.S. assistance and all United Nations member states. These reports cover internationally recognized individual, civil, political, and worker rights, as set forth in the Universal Declaration of Human Rights and other international agreements.

The most recent Department of State reports covering 2021 qualitatively document some human rights transgressions in Ecuador, Saudi Arabia, and Iraq, the top oil exporters to California. None of these abuses were specifically linked to the oil industry, though scattered examples linked to oil extraction exist from previous years.

### Comments

*No clear path forward to monitor environmental standards of oil production in foreign countries.* This bill specifies that the CEC should use the U.S. Department of State's human rights abuses reports or those of other human rights organizations to assess the countries from which California is sourcing its oil. However, this bill does not specify a data source to evaluate the environmental impacts of oil production in foreign countries. *The author and committee may wish to delete the reference to "or of other human rights organizations" so as to clarify the source of information on human rights abuses is the U.S. Department of State.*

*This looks familiar.* Last session, SB 1319 (Grove, 2022) which included the exact language of this bill received a vote of 35-0-5 on the Senate Floor. The bill was ultimately held in the Assembly Committee on Appropriations.

*Dual referral.* This bill passed out of the Senate Committee on Environmental Quality on March 29, 2023 with a vote of 7-0.

### Prior/Related Legislation

SB X1-2 (Skinner, Chapter 1, Statutes of 2023) proposed several policies to address gasoline supply and pricing, including authorizing the CEC to establish a maximum gross gasoline refining margin (maximum margin) and penalty on gasoline sold by refiners in the state.

SB 1319 (Grove, 2022) was the previous version of this bill. The bill died in the Assembly Appropriations Committee.

SR 98 (Wilk, 2022) would have resolved the environmental, human rights, and political disadvantages of importing oil from the Amazon region over using Californian oil. This resolution died in the Senate Rules Committee.

SB 1137 (Gonzalez, Chapter 365, Statutes of 2022) established a health protection zone of 3,200 feet of a sensitive receptor, which includes residences, healthcare facilities, and schools. The bill prohibits CalGEM from approving new oil or gas development within this health protection zone.

AB 1647 (Muratsuchi, Chapter 589, Statutes of 2017) required a refinery-related community air monitoring system, as defined, to be installed on or before January 1, 2020, as specified, and would require an air district to design, develop, install, operate, and maintain the refinery-related community air monitoring system or to contract with a third party to provide those services. The bill required an owner or operator of a petroleum refinery to develop, install, operate, and maintain a fence-line monitoring system, as defined, on or before January 1, 2020, as specified.

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

**SUPPORT:**

Bynum Inc.  
Supervisor Jeff Flores, Kern County-District 3  
Supervisor David Couch, Kern County-District 4  
California Independent Petroleum Association (CIPA)  
City of Taft  
County of Fresno  
Di Drill Survey Services  
General Production Service of CA  
GeoGuidance Drilling Services, Inc.  
Global Elastomeric Products, Inc.  
Greater Bakersfield Chamber of Commerce  
Hathaway LLC  
Horizon Well Logging, Inc.  
INNEX California Inc.  
Kern Citizens for Energy  
Kern County Board of Supervisors  
Kern County Hispanic Chamber of Commerce  
Kern County Taxpayers Association  
Mission Oil Company  
MMI Services, Inc.  
Nisei Farmers League  
Pensinger Trailer Rentals  
RC Petroleum Consulting  
RLW Enterprises  
San Joaquin Facilities Management, Inc.  
Strata Credit Union  
Trio Petroleum LLC  
Truitt Corporation

Tulare Chamber of Commerce  
Tulare County Economic Development Corporation  
Valley Perforating Company  
West Side Recreation & Park District  
Westside Waste Management Co., Inc.  
Weststar  
Several Individuals

**OPPOSITION:**

None received

**ARGUMENTS IN SUPPORT:** According to the author:

SB 15 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.

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