

Date of Hearing: August 3, 2022

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

SB 1319 (Grove) – As Amended May 2, 2022

Policy Committee: Natural Resources

Vote: 10 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill requires the Air Resources Board (ARB) to produce an annual assessment of the greenhouse gas (GHG) emissions associated with the transportation of oil in California.

Specifically, this bill:

- 1) States the intent of the Legislature that the California Energy Commission (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 ARB to annually produce and post on its website an assessment of the GHGs associated with the transportation of oil in California. Requires the assessment to include:
 - a) An estimate of the GHGs associated with the transportation of oil in this state for oil imported into the state during the previous year broken down by the country of origin.
 - b) An estimate of the GHGs associated with the transportation of oil in this state for oil produced within the state during the previous year.
 - c) A description of the methodology and assumptions used to produce the assessment.
 - d) A citation or link to the data used to produce the assessment.
- 3) Requires the CEC to annually provide data collected pursuant to the Petroleum Industry Information Reporting Act of 1980 (PIIRA) to ARB for purposes of the assessment.
- 4) Requires the Geologic Energy Management Division (CalGEM) to provide a link on its website to air quality emissions data associated with the transportation of oil imported into the state.

FISCAL EFFECT:

- 1) ARB estimates costs of approximately \$431,000 in fiscal year (FY) 2023-24 and \$429,000 in FY 2024-24 and ongoing (Oil, Gas, and Geothermal Administrative Fund) to hire two new staff to fulfill the requirements of the bill. Tasks include developing a methodology to calculate GHG and criteria emissions factors associated with the import, production, and

export of oil in California, which involves developing and refining emission rates for oil transport, including via pipeline, shipping, and rail and truck shipments of fuel; working with the CEC on collecting volume of fuel imports and exports annually; determining, and continually improving, pathway differences and emission rates by country of origin for imports; determining a methodology to define volume movement of oil within the state (such as mileage, mode, and energy demands); ongoing collaboration with energy and transportation stakeholders on methodology and data, including annual public workshops, to maximize input and transparency; and annually developing and publishing the required report.

- 2) Minor and absorbable costs to CEC and CalGEM.

COMMENTS:

- 1) **Purpose.** According to the author:

SB 1319 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.

- 2) **Background.**

- a) **Oil Production, Transportation, and Use in California.** California is a major oil and gas producing state, currently ranked seventh in the nation. The state produced roughly 131 million barrels of crude oil in 2021. The state uses more crude oil than it produces and has about one-tenth of the nation's refining capacity. In the last several years, the amount of oil produced in California has continued to decline. In 2021, 29% of the oil supplied to California refineries came from in-state production, 15% came from Alaska, and 56% came from foreign sources. Imported oil is largely brought to the state by tankers and barges, though there is a small amount of foreign oil imported by rail. The transportation sector uses about 85% of the oil consumed in the state. An estimated 109 million metric tons of GHG emissions were driven by the transportation of global crude oil in 2018.

ARB does not currently track air quality emissions specifically for the transportation of oil from tankers to California. This bill, however, gives ARB access to PIIRA data from the CEC to get more granularity for tankers that import oil so that ARB can tease out with other data sources it can use for emission inventory development to calculate the emissions related to oil transportation.

- b) **PIIRA.** PIIRA requires certain qualifying petroleum industry companies to submit weekly, monthly, and annual data to the CEC. Businesses that ship, receive, store, process, and sell crude oil and petroleum products in the state file PIIRA reports. According to the CEC, “Analysis of data collected under PIIRA is an important part of the Energy Commission's responsibility to create a thorough understanding of the operations of the petroleum industry in California.”
- c) **Human Rights Abuses.** The California Independent Petroleum Association, writing in support of the bill, states:

Currently, the majority of California’s imports come directly from the Amazon Rainforest in Ecuador. California should not be complicit in the destruction of the Amazon Rainforest when all of that oil could come from inside California, produced by responsible, accountable, and highly regulated California oil companies...The second largest exporter of oil into California is Saudi Arabia, a country which shares almost none of California’s cultural values and has a track record of habitual and horrendous human rights abuses, particularly targeted at the LGBTQIA+ community.

- d) **Opposition.** Writing in opposition to the bill, the Center on Race, Poverty & the Environment states:

The bill’s unstated purpose is to increase oil production in California. Increased local production would keep California from reaching its climate action goals...People who live near oil and gas drilling sites are suffering from fossil fuel pollution-induced diseases...In California, low-income communities and communities of color are disproportionately affected by these dangerous, costly health impacts. Increasing production in California is not a solution to curbing human rights abuses or improving environmental standards. The solution is to move away from our fossil fuel dependency. Any new extraction would impact the state for decades, deepening our reliance on the same energy source that is already powering autocratic ambition, killing frontline communities and workers, and driving the existential threat of climate change. Instead, we must accelerate our investments in renewable energy infrastructure and batteries. Only by quickly transitioning away from oil and gas can we undermine authoritarian power, protect consumers and communities, and stave off the worst impacts from climate change.