

Assembly Bill 1610 (Nuñez and Eng)
California Petroleum Refinery Facilities Standards Board

Summary: This bill would create the California Petroleum Refinery Facilities Standards Board (Board), and would require an owner or operator of a petroleum refinery facility in the state to submit information to the Board relating to the capacity and operational status of the facility. The board would be authorized to direct local air pollution control districts and air quality management districts to inspect petroleum refinery facilities in the state. The bill would further require the Board to produce supply and demand forecasts for petroleum. The bill would authorize the California Energy Commission (Commission) to request a petroleum refinery facility in the state to voluntarily adjust or delay a scheduled major maintenance.

Background: Existing law requires major oil producers, refiners, major marketers, major oil transporters, and major oil storers to supply to the Commission weekly, monthly, and annually certain designated information regarding petroleum supplies. This bill would establish the Board and require refinery owner or operators to report to the Board on a monthly basis, whether and to what extent, during the preceding month, a facility was down or operating at reduced capacity and the reasons therefore. The report shall reflect the actual downtime at each facility and shall include all of the following: (1) Reasons for each unscheduled downtime at each refinery; (2) Amounts of product lost due to downtime; (3) Actions taken by the refinery and its parent company to minimize disruption to the market or price swings due to downtime; (4) Reasons for scheduled maintenance that took longer than scheduled; (5) Information on the type of each scheduled project at each refinery. On a daily basis, refinery owner or operators would be required to report the operational status of the facility; and, and on March 1, of each year, information regarding the scheduled major maintenance for the next 12 months and projections for the next three years.

With a limited number of oil refineries in California, the refineries hold position of market power and may possess the ability to affect the prices of gasoline by intentionally limiting supply. If the oil companies choose to intentionally shut down a refinery, they could create a supply shortage in California and artificially drive up gasoline prices. While several federal state and federal investigations have turned up no evidence that the oil companies are in fact using market power to artificially affect gasoline prices, this bill is intended to require some level of oversight to ensure that refineries are not scheduling shutdowns only to effect market prices.

Whereas air pollution control districts and air quality management districts are vested with the ability to investigate any petroleum facility in the state without notice, the Board would rely on local air agencies to inspect records, data, accounts, books or documents of a petroleum refinery facility. This would create additional responsibilities upon local air pollution agencies. The bill does not explicitly identify financial compensation to air quality agencies for these services.

Status: 06/06/07 Assembly Third Reading

Recommended Position: Watch and work with author

To resolve the unfunded mandate issue with this bill as it relates to air quality agencies

Justification:

This bill would require local air agencies additional responsibilities without specifically addressing the financial burden upon their operations.

Support:

Opposition: