

AMENDED IN ASSEMBLY APRIL 13, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2076

**Introduced by Assembly Member Shelley
(Principal coauthor: Assembly Member Honda)**

February 22, 2000

An act to add Chapter 8.2 (commencing with Section 25720) to Division 15 of the Public Resources Code, relating to fuel resources: fuel supply.

LEGISLATIVE COUNSEL'S DIGEST

AB 2076, as amended, Shelley. State Energy Resources Conservation and Development Commission: fuel supply.

Existing law requires the State Energy Resources and Conservation and Development Commission to develop contingency plans to deal with possible shortages of electrical energy or fuel supplies to protect public health, safety, and welfare.

This bill would require the commission, after determining certain facts concerning an appropriate level of reserves, to establish and administer a strategic fuel reserve.

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

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

SECTION 1. Chapter 8.2 (commencing with Section 25720) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 8.2. STRATEGIC FUEL RESERVE

25720. In order to insulate California consumers and businesses from dramatic price increases arising from supply interruptions, it is the intent of the Legislature to establish a strategic fuel reserve to be administered by the commission.

25721. (a) *Not later than July 1, 2002, the commission shall establish the California Strategic Fuel Reserve.*

(b) The commission shall determine an appropriate level of reserves of ~~fuels or fuel components~~ gasoline to insulate California consumers and businesses from substantial, short-term price increases arising from refinery outages or other similar supply interruptions, *but in no event may the reserve be less than the amount of refined gasoline that the commission estimates could be produced by the largest California refiner over a two week period.* In making this determination, the commission shall take into account all of the following:

~~(a)~~

(1) Inventories of California-quality fuels or fuel components reasonably available to the California market.

~~(b)~~

(2) Current and historic levels of inventory of fuels.

~~(c)~~

(3) The availability and cost of storage of fuels.

~~(d)~~

(4) The potential for future supply interruptions, price spikes, and the costs thereof to California consumers and businesses.

~~25722. (a) Not later than July 1, 2002, the commission shall establish the California Strategic Fuel Reserve.~~

~~(b)~~

1 (c) The commission shall establish, by regulation, a
2 ~~triggering mechanism for the release, by order of the~~
3 ~~Governor, of fuel or fuel components from the strategic~~
4 ~~fuel reserve to the California market to reduce~~
5 ~~substantial, short-term price increases.~~

6 ~~(e) In releasing fuel or fuel components from the~~
7 ~~strategic fuel reserve, the commission may give~~
8 ~~preference to firms that will use those products to reduce~~
9 ~~prices to California consumers and businesses.~~
10 *mechanism allowing any customer to contract at any time*
11 *for the delivery of gasoline from the reserve in exchange*
12 *for an equal amount of gasoline that the customer delivers*
13 *back to the reserve that meets California specifications*
14 *from a refinery outside of California. The gasoline shall be*
15 *delivered back to the reserve within a time period to be*
16 *established by the commission, but not longer than six*
17 *weeks. Preference may be given to customers that will*
18 *use the gasoline to reduce prices to California consumers.*

19 (d) The commission shall develop reserve storage
20 space from existing facilities to the extent feasible.

21 (e) The commission may adopt additional regulations
22 necessary for the administration and implementation of
23 this article.

24 (f) The commission shall report to the Legislature on
25 the progress and proposed operation of the reserve no
26 later than July 1, 2001.