

AMENDED IN ASSEMBLY MAY 18, 2000
AMENDED IN ASSEMBLY MAY 10, 2000
AMENDED IN ASSEMBLY MAY 8, 2000
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.

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 to examine the feasibility of operating a strategic gasoline reserve and to examine and recommend an appropriate level of reserves. Upon a finding by the commission that it would be feasible to operate such a reserve, the bill would ~~authorize~~ *require* the

commission to ~~establish a strategic fuel~~ report this finding to the Legislature and request specific statutory authority and funding for establishment of a 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. (a) By July 1, 2001, the commission shall examine the feasibility, including possible costs and benefits to consumers and impacts on gasoline prices for the general public, of operating a strategic gasoline reserve to insulate California consumers and businesses from substantial short-term price increases arising from refinery outages and other similar supply interruptions. In evaluating the potential operation of a strategic gasoline reserve, the commission shall consult with other state agencies, including, but not limited to, the State Air Resources Board.

(b) The commission shall examine and recommend an appropriate level of reserves of gasoline, 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 examination and recommendation, the commission shall take into account all of the following:

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

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

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

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

(c) The commission shall evaluate a mechanism to release gasoline from the reserve that permits any customer to contract at any time for the delivery of gasoline from the reserve in exchange for an equal amount of gasoline that meets California specifications and is produced from a source outside of California that the customer agrees to deliver back to the reserve within a time period to be established by the commission, but not longer than six weeks.

(d) The commission shall evaluate reserve storage space from existing facilities.

(e) The commission shall evaluate a reserve operated by an independent operator that specializes in purchasing and storing gasoline, and is selected through competitive bidding.

~~(f) Prior to establishing the California Strategic Fuel Reserve, the commission shall report to the Legislature and request an appropriation to provide funding for the creation of the reserve.~~

25721. Upon a finding by the commission that it would be feasible to operate a strategic gas reserve,~~the commission may establish a California Strategic Fuel Reserve~~ to insulate California consumers and businesses from substantial, short-term price increases arising from refinery outages or other similar supply interruptions, *the commission shall report this finding to the Legislature and request specific statutory authority and funding for establishment of a reserve.*