

Introduced by Senator Costa

February 25, 2000

An act to amend Sections 25000.5, 25350, 25354, and 25356 of, and to add Section 25141 to, the Public Resources Code, relating to petroleum fuel.

LEGISLATIVE COUNSEL'S DIGEST

SB 1962, as introduced, Costa. Petroleum products: reports.

Existing law requires each refiner of petroleum products to submit monthly information to the State Energy Resources Conservation and Development Commission, including information on feedstock inputs, origin of petroleum receipts, refinery outputs, refinery stocks, and finished product supply and distribution, and each major marketer of petroleum products to report on petroleum and petroleum product receipts, inventories, and distributions.

This bill would require refiners to additionally report on imports and exports of petroleum products, including the sale of gasoline sold "unbranded" by the refiner, blender or importer. The bill would also require marketers to report on receipts of finished petroleum products and blendstocks through branded and unbranded distribution networks, and exports of unfinished petroleum products and blendstocks. The bill would define "unbranded" for these purposes.

Existing law requires the commission to gather, analyze, and interpret the information submitted to it pursuant to the foregoing provisions concerning, among other things, motor fuel prices, and any significant changes in prices charged by

the petroleum industry for petroleum or petroleum products sold in California and the reasons for those changes.

This bill would additionally require the commission to gather, analyze, and interpret information submitted to it concerning sales of fuel to unbranded retail markets.

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

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

1 SECTION 1. Section 25000.5 of the Public Resources
2 Code is amended to read:

3 25000.5. (a) The Legislature finds and declares that
4 overdependence on the production, marketing, and
5 consumption of petroleum based fuels as an energy
6 resource in the transportation sector is a threat to the
7 energy security of the state due to continuing market and
8 supply uncertainties. In addition, petroleum use as an
9 energy resource contributes substantially to the following
10 public health and environmental problems: air pollution,
11 acid rain, global warming, and the degradation of
12 California's marine environment and fisheries.

13 (b) Therefore, it is the policy of this state to fully
14 evaluate the economic and environmental costs of
15 petroleum use, and the economic and environmental
16 costs of other transportation fuels, including the costs and
17 values of environmental ~~externalities~~ *impacts*, and to
18 establish a state transportation energy policy that results
19 in the least environmental and economic cost to the state.
20 In pursuing the "least environmental and economic cost"
21 strategy, it is the policy of the state to exploit all
22 practicable and cost-effective conservation and
23 improvements in the efficiency of energy use and
24 distribution, and to achieve energy security, diversity of
25 supply sources, and competitiveness of transportation
26 energy markets based on the least environmental and
27 economic cost. *It is also the policy of the state to ensure*
28 *that emergency service agencies, state and local*
29 *government agencies, agricultural consumers, and*



1 *business consumers of petroleum products have adequate*
2 *and economic supplies of fuel.*

3 (c) For the purposes of this section, “petroleum based
4 fuels” means fuels derived from liquid unrefined crude
5 oil, including natural gas liquids, ~~liquified~~ *liquefied*
6 petroleum gas, or the energy fraction of
7 methyltertiarybutylether (MTBE) or other ethers that is
8 not attributed to natural gas.

9 SEC. 2. Section 25141 is added to the Public Resources
10 Code, to read:

11 25141. “Unbranded,” as applied to fuel, means
12 gasoline and diesel fuel sold for wholesale or retail
13 distribution to consumers without proprietary additives
14 or marketing under a brand name or trademark owned
15 or controlled by an independent refiner or an integrated
16 refining and marketing company.

17 SEC. 3. Section 25350 of the Public Resources Code is
18 amended to read:

19 25350. (a) The Legislature finds and declares that
20 the petroleum industry is an essential element of the
21 California economy and is therefore of vital importance
22 to the health and welfare of all Californians.

23 (b) The Legislature further finds and declares that a
24 complete and thorough understanding of the operations
25 of the petroleum industry is required by state
26 government at all times to enable it to respond to possible
27 shortages, oversupplies, or other disruptions.

28 (c) The Legislature further finds and declares that
29 information and data concerning all aspects of the
30 petroleum industry, including, but not limited to, crude
31 oil production, *production and supplies of finished*
32 *branded and unbranded gasoline, supplies of diesel fuel*
33 *and other distillates, supplies of blendstocks used to make*
34 *gasoline and other refined products,* refining, product
35 output, *exports of finished gasoline, diesel fuel, and*
36 *blendstocks,* prices, distribution, demand, and
37 investment choices and decisions are essential for the
38 state to develop and administer energy policies ~~which~~
39 *that* are in the interest of the state’s economy and the
40 public’s well-being.

1 SEC. 4. Section 25354 of the Public Resources Code is
2 amended to read:

3 ~~25354. (a) Beginning the first month after the~~
4 ~~effective date of this chapter and each month thereafter,~~
5 ~~each~~ Each refiner and major marketer shall submit
6 information *each month* to the commission in such form
7 and extent as the commission prescribes pursuant to this
8 section. The information shall be submitted within 30
9 days after the end of each monthly reporting period and
10 shall include the following:

11 (1) Refiners shall report, for each of their refineries,
12 feedstock inputs, origin of petroleum receipts, *imports of*
13 *finished petroleum products and blendstocks, including*
14 *the source of those imports, exports of finished petroleum*
15 *products and blendstocks, including the destination of*
16 *those exports, refinery outputs, refinery stocks, and*
17 *finished product supply and distribution, including all*
18 *gasoline sold unbranded by the refiner, blender, or*
19 *importer.*

20 (2) Major marketers shall report on ~~petroleum and~~
21 petroleum product receipts *and the sources of these*
22 *receipts, inventories, and of finished petroleum products*
23 *and blendstocks, distributions through branded and*
24 *unbranded distribution networks, and exports of finished*
25 *petroleum products and blendstocks from the state.*

26 (b) ~~Beginning the first month after the effective date~~
27 ~~of this chapter and annually thereafter, each~~ Each major
28 oil producer, refiner, marketer, oil transporter, and oil
29 storer shall *annually* submit information to the
30 commission in such form and extent as the commission
31 prescribes pursuant to this section. The information shall
32 be submitted within 30 days after the end of each
33 reporting period, and shall include the following:

34 (1) Major oil transporters shall report on petroleum by
35 reporting the capacities of each major transportation
36 system, the amount transported by each system, and
37 inventories thereof. The commission may prescribe rules
38 and regulations ~~which~~ *that* exclude pipeline and
39 transportation modes operated entirely on property
40 owned by major oil transporters from the reporting

1 requirements of this section ~~where~~ *if* the data or
2 information is not needed to fulfill the purposes of this
3 chapter. The provision of the information shall not be
4 construed to increase or decrease any authority the
5 Public Utilities Commission may otherwise have.

6 (2) Major oil storers shall report on storage capacity,
7 inventories, receipts and distributions, and methods of
8 transportation of receipts and distributions.

9 (3) Major oil producers shall, with respect to thermally
10 enhanced oil recovery operations, report annually by
11 designated oil field, the monthly use, as fuel, of crude oil
12 and natural gas.

13 (4) Refiners shall report on facility capacity, and
14 utilization and method of transportation of refinery
15 receipts and distributions.

16 (5) Major oil marketers shall report on facility capacity
17 and methods of transportation of receipts and
18 distributions.

19 (c) Each person required to report pursuant to
20 subdivision (a) shall submit a projection each month of
21 the information to be submitted pursuant to subdivision
22 (a) for the quarter following the month in which the
23 information is submitted to the commission.

24 (d) In addition to the data required under subdivision
25 (a), each integrated oil refiner (produces, refines,
26 transports, and markets in interstate commerce) who
27 supplies more than 500 branded retail outlets in
28 California shall submit to the commission an annual
29 industry forecast for Petroleum Administration for
30 Defense, District V (covering Arizona, Nevada,
31 Washington, Oregon, California, Alaska, and Hawaii).
32 The forecast shall include the information to be
33 submitted under subdivision (a), and shall be submitted
34 by March 15 of each year. The commission may require
35 California-specific forecasts. However, those forecasts
36 shall be required only if the commission finds them
37 necessary to carry out its responsibilities.

38 (e) The commission may by order or regulation
39 modify the reporting period as to any individual item of

1 information setting forth in the order or regulation its
2 reason for so doing.

3 (f) The commission may request additional
4 information as necessary to perform its responsibilities
5 under this chapter.

6 (g) Any person required to submit information or data
7 under this chapter ~~may~~, in lieu thereof, *may* submit a
8 report made to any other governmental agency,
9 ~~provided, that if:~~

10 (1) The alternate report or reports contain all of the
11 information or data required by specific request under
12 this chapter.

13 (2) The person clearly identifies the specific request to
14 which the alternate report is responsive.

15 ~~(h) Beginning January 1, 1985, and each month~~
16 ~~thereafter, each~~ *Each* refiner shall submit to the
17 commission, within 30 days after the end of each monthly
18 reporting period, all of the following information in such
19 form and extent as the commission prescribes:

20 (1) Monthly California weighted average prices and
21 sales volumes of finished leaded regular, unleaded
22 regular, and premium motor gasoline sold through
23 company-operated retail outlets, to other end-users, and
24 to wholesale customers.

25 (2) Monthly California weighted average prices and
26 sales volumes for residential sales, commercial and
27 institutional sales, industrial sales, sales through
28 company-operated retail outlets, sales to other end-users,
29 and wholesale sales of No. 2 diesel fuel and No. 2 fuel oil.

30 (3) Monthly California weighted average prices and
31 sales volumes for retail sales and wholesale sales of No. 1
32 distillate, kerosene, finished aviation gasoline,
33 kerosene-type jet fuel, No. 4 fuel oil, residual fuel oil with
34 1 percent or less sulfur, residual fuel oil with greater than
35 1 percent sulfur and consumer grade propane.

36 ~~(i) Refiners that submit form EIA-800 reports to the~~
37 ~~United States Department of Energy shall provide to the~~
38 ~~commission copies of their weekly reports, or equivalent~~
39 ~~data, for the period from January 1, 1983, to January 1,~~
40 ~~1985, and thereafter provide to the commission copies of~~

1 ~~weekly EIA-800 reports, or equivalent data, once each~~
2 ~~month through December 31, 1985.~~

3 SEC. 5. Section 25356 of the Public Resources Code is
4 amended to read:

5 25356. (a) The commission ~~shall~~, utilizing its own
6 staff and other support staff having expertise and
7 experience in, or with, the petroleum industry, *shall*
8 gather, analyze, and interpret the information submitted
9 to it pursuant to Section 25354 and other information
10 relating to the supply and price of petroleum products,
11 with particular emphasis on motor vehicle fuels,
12 including, but not limited to, all of the following:

13 (1) The nature, cause, and extent of any petroleum or
14 petroleum products shortage or condition affecting
15 supply.

16 (2) The economic and environmental impacts of any
17 petroleum and petroleum product shortage or condition
18 affecting supply.

19 (3) Petroleum or petroleum product demand and
20 supply forecasting methodologies utilized by the
21 petroleum industry in California.

22 (4) The prices, with particular emphasis on retail
23 motor fuel prices, *including sales to unbranded retail*
24 *markets*, and any significant changes in prices charged by
25 the petroleum industry for petroleum or petroleum
26 products sold in California and the reasons for those
27 changes.

28 (5) The profits, both before and after taxes, of the
29 industry as a whole and of major firms within it, including
30 a comparison with other major industry groups and major
31 firms within them as to profits, return on equity and
32 capital, and price-earnings ratio.

33 (6) The emerging trends relating to supply, demand,
34 and conservation of petroleum and petroleum products.

35 (7) The nature and extent of efforts of the petroleum
36 industry to expand refinery capacity and to make
37 acquisitions of additional supplies of petroleum and
38 petroleum products, including activities relative to the
39 exploration, development, and extraction of resources
40 within the state.

1 (8) The development of a petroleum and petroleum
2 products information system in a manner ~~which~~ *that* will
3 enable the state to take action to meet and mitigate any
4 petroleum or petroleum products shortage or condition
5 affecting supply.

6 (b) The commission shall analyze the impacts of state
7 and federal policies and regulations upon the supply and
8 pricing of petroleum products.

