

AMENDED IN SENATE MAY 2, 2000

SENATE BILL

No. 1962

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 amended, 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, *by type*, through branded and unbranded distribution networks, and exports of unfinished petroleum products and blendstocks, *by type*. 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 impacts, and to establish a state
18 transportation energy policy that results in the least
19 environmental and economic cost to the state. In
20 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~~

~~government agencies, agricultural consumers, and business consumers of petroleum products have adequate and economic supplies of fuel. economic cost.~~

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

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

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

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

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

(b) The Legislature further finds and declares that a complete and thorough understanding of the operations of the petroleum industry is required by state government at all times to enable it to respond to possible shortages, oversupplies, or other disruptions *and to ensure that all consumers, including emergency service agencies, state and local government agencies, and agricultural and business consumers of petroleum products have adequate and economic supplies of fuel.*

(c) The Legislature further finds and declares that information and data concerning all aspects of the petroleum industry, including, but not limited to, crude oil production, production and supplies of finished branded and unbranded gasoline, supplies of diesel fuel and other distillates, supplies of blendstocks used to make gasoline and other refined products, refining, product output, exports of finished gasoline, diesel fuel, and

1 blendstocks, prices, distribution, demand, and
2 investment choices and decisions are essential for the
3 state to develop and administer energy policies that are
4 in the interest of the state's economy and the public's
5 well-being.

6 SEC. 4. Section 25354 of the Public Resources Code is
7 amended to read:

8 25354. (a) Each refiner and major marketer shall
9 submit information each month to the commission in
10 such form and extent as the commission prescribes
11 pursuant to this section. The information shall be
12 submitted within 30 days after the end of each monthly
13 reporting period and shall include the following:

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

23 (2) Major marketers shall report on petroleum
24 product receipts and the sources of these receipts,
25 inventories of finished petroleum products and
26 blendstocks, *by type*, distributions through branded and
27 unbranded distribution networks, and exports of finished
28 petroleum products and blendstocks, *by type*, from the
29 state.

30 (b) Each major oil producer, refiner, marketer, oil
31 transporter, and oil storer shall annually submit
32 information to the commission in such form and extent as
33 the commission prescribes pursuant to this section. The
34 information shall be submitted within 30 days after the
35 end of each reporting period, and shall include the
36 following:

37 (1) Major oil transporters shall report on petroleum by
38 reporting the capacities of each major transportation
39 system, the amount transported by each system, and
40 inventories thereof. The commission may prescribe rules

1 and regulations that exclude pipeline and transportation
2 modes operated entirely on property owned by major oil
3 transporters from the reporting requirements of this
4 section if the data or information is not needed to fulfill
5 the purposes of this chapter. The provision of the
6 information shall not be construed to increase or decrease
7 any authority the Public Utilities Commission may
8 otherwise have.

9 (2) Major oil storers shall report on storage capacity,
10 inventories, receipts and distributions, and methods of
11 transportation of receipts and distributions.

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

16 (4) Refiners shall report on facility capacity, and
17 utilization and method of transportation of refinery
18 receipts and distributions.

19 (5) Major oil marketers shall report on facility capacity
20 and methods of transportation of receipts and
21 distributions.

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

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

1 (e) The commission may by order or regulation
2 modify the reporting period as to any individual item of
3 information setting forth in the order or regulation its
4 reason for so doing.

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

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

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

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

16 (h) Each refiner shall submit to the commission,
17 within 30 days after the end of each monthly reporting
18 period, all of the following information in such form and
19 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 SEC. 5. Section 25356 of the Public Resources Code is
37 amended to read:

38 25356. (a) The commission , utilizing its own staff and
39 other support staff having expertise and experience in, or
40 with, the petroleum industry, shall gather, analyze, and

1 interpret the information submitted to it pursuant to
2 Section 25354 and other information relating to the
3 supply and price of petroleum products, with particular
4 emphasis on motor vehicle fuels, including, but not
5 limited to, all of the following:

6 (1) The nature, cause, and extent of any petroleum or
7 petroleum products shortage or condition affecting
8 supply.

9 (2) The economic and environmental impacts of any
10 petroleum and petroleum product shortage or condition
11 affecting supply.

12 (3) Petroleum or petroleum product demand and
13 supply forecasting methodologies utilized by the
14 petroleum industry in California.

15 (4) The prices, with particular emphasis on retail
16 motor fuel prices, including sales to unbranded retail
17 markets, and any significant changes in prices charged by
18 the petroleum industry for petroleum or petroleum
19 products sold in California and the reasons for those
20 changes.

21 (5) The profits, both before and after taxes, of the
22 industry as a whole and of major firms within it, including
23 a comparison with other major industry groups and major
24 firms within them as to profits, return on equity and
25 capital, and price-earnings ratio.

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

28 (7) The nature and extent of efforts of the petroleum
29 industry to expand refinery capacity and to make
30 acquisitions of additional supplies of petroleum and
31 petroleum products, including activities relative to the
32 exploration, development, and extraction of resources
33 within the state.

34 (8) The development of a petroleum and petroleum
35 products information system in a manner that will enable
36 the state to take action to meet and mitigate any
37 petroleum or petroleum products shortage or condition
38 affecting supply.

1 (b) The commission shall analyze the impacts of state
2 and federal policies and regulations upon the supply and
3 pricing of petroleum products.

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