



BACKGROUND

Why Sensible Reform is Needed

Why should California consumers care that in-state production of gasoline is not keeping pace with consumer demand in California?

Because it is one of the key reasons government and private experts cite as being responsible for gasoline prices in California trending higher than the national average. (Hint: California's high gasoline taxes and the cost of meeting clean fuel formulas are the other two key reasons.)

State government policies and regulations are primarily responsible for the shortfall according to state reports. A report by Attorney General Lockyer found that many smaller, independent refineries closed their doors because they could not afford to make the investments necessary to manufacture CARB gasoline. In addition, reports by the Energy Commission and the California Performance Review (CPR) Commission identified a number of regulatory barriers that arbitrarily limit expansion of petroleum infrastructure, including refining, storage

capacity, and import facilities.

Both the Energy Commission and the CPR recommend reforms that could remove these barriers without harming the environment. Specifically, the Performance Review report recommended reducing bottlenecks for new petroleum projects, and streamlining routine dredging permits.

Several areas need immediate attention, including unnecessary throughput limits on refinery equipment and ports, duplicative environmental compliance reviews, and permit delays.

WSPA also recommends a facilitator for energy infrastructure projects. This individual would collect best permitting practices from local governments and air quality districts and encourage or require agencies to adopt these practices. Project proponents could also request this individual's intervention when counterproductive regulatory requirements endanger a project.

Case Studies

Endless Appeals: A permit to build a new storage tank to allow the phase-out of MTBE was delayed 18 months by a local permit process that involved multiple appeals. Most cities complete such permits in weeks, not months.

Lack of Agency Expertise: A project to increase refinery throughput was postponed for more than a year and resulted in significant increased costs because of lack of expertise by agency reviewers, endless requests for information and a cumbersome permit database.

Duplicative Hearing Process: A project to make cleaner-burning gasoline without MTBE not only underwent a 12-month CEQA process (including public hearing), but was followed by air agency permitting that also had a public comment period. The duplicative public comment period (project description did not change) added significant time to the permitting schedule.

Dredging Delays: It has taken up to nine months working with the Bay Area Conservation and Development Commission staff to obtain routine dredging permits that should be completed in 30 days or less. Delays in issuing dredging permits can cause unnecessary delays for tankers carrying imports of crude oil and petroleum products, reducing the supply of petroleum fuels and adding costs. Implementing CPR recommendations that streamline the maintenance dredging permit review process will help expand California's energy supplies.