
SENATE COMMITTEE ON ENVIRONMENTAL QUALITY

Senator Allen, Chair

2021 - 2022 Regular

Bill No: SB 1319
Author: Grove
Version: 4/18/2022
Urgency: No
Consultant: Jacob O'Connor

Hearing Date: 4/27/2022
Fiscal: Yes

SUBJECT: Oil import restrictions: human rights and environmental standards: air pollution reports of tanker ship emissions

DIGEST: Declares it the intent of the Legislature that the State Energy Resources Conservation and Development Commission (CEC) monitor foreign countries that export oil and identify on its internet website the countries with demonstrated human rights abuses. Requires the Geologic Energy Management Division in the Department of Conservation (CalGEM) to provide a link on its website to air quality emissions data associated with the transportation of oil imported into the state.

ANALYSIS:

Existing law:

- 1) Establishes the State Energy Resources Conservation and Development Commission (CEC) as the state's primary energy policy and planning agency. (Public Resources Code (PRC) §25000 et seq.)
- 2) Establishes the Petroleum Industry Information Reporting Act of 1980 (PIIRA) which requires that certain qualifying petroleum industry companies submit data regularly to the CEC including the origin of petroleum receipts and the source of imports of finished petroleum products. (PRC §25350 et seq.)
- 3) Establishes the Geologic Energy Management Division in the Department of Conservation (CalGEM) as the state's oil and gas well regulator, under the leadership of the State Oil and Gas Supervisor. (PRC §3000 et seq.)
- 4) Establishes the Air Resources Board (ARB) as the air pollution control agency in California and requires ARB, among other things, to control emissions from a wide array of mobile sources and coordinate, encourage, and review the efforts of all levels of government as they affect air quality. (Health and Safety Code (HSC) §39500 et seq.)

This bill:

- 1) Declares it is the intent of the Legislature that the CEC monitor foreign countries that export oil and identify on its internet website the countries with demonstrated human rights abuses, as documented by the United States Department of State or by human rights organizations.
- 2) Requires CalGEM to provide a link on its internet website to air quality emissions data associated with the transportation of oil imported into the state.

Background

- 1) *California oil production.* California is a major oil and gas producing state. According to the US Energy Information Administration (EIA), the state ranked 7th for oil production in 2021, when production of oil was about 131 million barrels. According to data obtained from CalGEM's website, there are approximately 125,000 active and idle oil and gas wells in the state and related production facilities under its jurisdiction located in over 180 oil and gas fields. Of these wells, about 77,000 are active, and 48,000 are idle. Most of the state's oil production is facilitated by methods to enhance oil recovery and most active fields have been under production for multiple decades. The amount of oil produced in the state used in refineries has declined steadily for the last 30 years, from about 335 million barrels per year in 1991 to about 151 million barrels per year in 2021, as the state has instituted policies to discourage fossil fuel production and consumption.
- 2) *California oil consumption.* According to the CEC, approximately 525 million barrels of petroleum were consumed by California refineries in 2021, compared to the approximately 684 million barrels in 1991. There has always been a large gap between the amount of oil consumed and produced in the state, growing slightly from 331 million barrels in 1991 to 374 million barrels in 2021. In 1991 the majority of this disparity was addressed by importing oil from Alaska, but as Alaskan production has declined, much of the oil now comes from foreign sources. Major foreign sources of oil include Ecuador, Saudi Arabia, and Iraq, which provided over 65% of foreign supplies in 2020 according to the EIA. Imported oil is largely brought to the state by tankers and barges, though there is a small amount of foreign oil imported by rail.

By far the largest source of oil consumption in the state is transportation, which according to EIA, accounts for about 85% of the state's consumption. Policies supporting electric vehicles, mass transit, and other low or zero-emission transportation technologies will help reduce oil consumption in the future.

- 3) *Calculating transportation emissions.* In order to determine how much greenhouse gas (GHG) emissions are produced by the transport of petroleum a state agency would need access to information on the vessels and routes used to transport petroleum. ARB already estimates emissions from tankers using publicly available Automatic Information System (AIS) data. Using this data ARB can match vessels that come into the state with a database of vessel size, age, and characteristics. Together this information can be used to generate scientifically-based estimates of emissions data for that vessel.
- 4) *Human rights abuses in foreign countries.* Various sources report human rights abuses and environmental pollution associated with oil production in many of the countries that supply crude oil to California.

For example, oil and gas exploration and extraction require a change in land use and entail oil and gas companies acquiring land. Changes in access to farmland, pasture or forest resources and the displacement of families can lead to human rights violations. Rights abuse can occur when land acquisition is improperly negotiated, or compensation is inadequate. In some case, compensation is unable to mitigate the impact of development, for example, where rights to occupy and use land are traditional and where land is invested with cultural or spiritual value and its expropriation affects the right to a cultural life. A 2021 report from Ecuador's Alliance for Human Rights examines documents abuses against environmental rights defenders over the past 10 years, and finds 449 defenders subjected to intimidation, threats, harassment, persecution, and assassination. The report concludes that not only has the Ecuadoran state failed to protect rights defenders, but it has also been directly responsible for some of the abuses, like the concerning number of persecutions and prosecutions of rights defenders.

Despite the variety of organizations concerned about human rights abuses, crimes against humanity are not codified by international convention or at the federal level, though California does have a codified definition. Because of this, reporting on human rights violations are not centralized and are documented by many different organizations. The US State Department does publish annual reports on human rights practices on all countries receiving assistance and all United Nation member states.

Comments

- 1) *Purpose of Bill.* According to the author, “SB 1319 simply asks whether California should be importing its oil from countries that do not share our values on human rights and environmental standards. The bill expresses the intent of the legislature that the California Energy Commission monitor and report on the human rights records and environmental standards of the countries that we buy oil from. The measure would also require the Geologic Energy Management Division to report on its website the amount of particulate matter released into the air from tanker ship emissions from oil imported into the state. The bill is a recognition that California should not be importing oil from countries that do not share our California values. We can produce the oil we import, and keep the jobs and revenues inside our Golden State while protecting our environment.”
- 2) *Implementation will require ARB to process data.* Although AIS vessel tracking data is publicly available, it requires knowledge of the levels of emissions usually produced by such vessels in order to generate an estimation of the emissions caused by the transport of foreign oil. Additionally, estimation of emissions from the transport of domestic oil may require access to PIIRA data. Under PIIRA, petroleum producing companies must submit data regularly to the CEC including the origin of petroleum and how it is transported. While the CEC has access to this data it is not publicly available, as much of it covers valuable trade information. As ARB is the agency responsible for the control and monitoring of mobile sources of GHG and criteria pollutant emissions, they would be best positioned to process the data to produce such estimates. ***The committee may wish to amend the bill to require ARB to generate annual estimates of emissions involved with the transport of petroleum into the state.***
- 3) *Emissions data needs context to be useful.* Generally speaking, any kind of GHG or criteria pollution is undesirable. However, most industrial actions necessarily have some sort of emissions as a by-product. In order to fully understand the impact of those emissions it is important to also consider the emissions generated by the alternatives to such an action. For this bill, a key piece of context is how many emissions are associated with the transportation of petroleum within the state. Without that information, no valid comparison can be made to the emissions of importing oil. ***The committee may wish to amend the bill to require CalGEM to provide a link to air quality emission data associated with both the transportation of oil imported into the state and produced in the state.***
- 4) *The intent to monitor countries with any human rights violations is unworkably broad.* Unfortunately, even nations that are free democracies still engage in

human rights violations. For example, Canada has reports of discrimination and violence against ethnic minority groups and racial profiling by police, according to the US State Department's 2021 Country Reports on Human Rights Practices. The United States itself has several documented problems, for example according to Amnesty International in the US, "Indigenous women continued to experience disproportionately high levels of rape and sexual violence and lacked access to basic post-rape care." Without a clearer definition of which countries concern the Legislature, the resulting website would likely require monitoring of all countries that export oil. ***The committee may wish to amend the bill to focus intent language on countries that export oil to California and add language to also consider monitoring of countries with poorer environmental standards for the production of oil than California.***

- 5) ***Committee amendments. Staff recommends the committee adopt the bolded amendments contained in comments 2, 3, and 4 above.***

Related/Prior Legislation

SB 596 (Becker, Chapter 246, Statutes of 2021) required ARB to develop a strategy to achieve net-zero GHG emissions associated with cement. As part of this strategy is requires ARB to establish a baseline from which to measure reductions that includes emissions data for cement that was imported into the state.

DOUBLE REFERRAL:

This measure was heard in Senate Natural Resources and Water Committee on April 7, 2022, and passed out of committee with a vote of 9-0.

SOURCE: Author

SUPPORT:

American Association of Drilling Engineers - West Coast Chapter
 California Independent Petroleum Association (CIPA)
 City of Taft
 Kenai Drilling Limited
 Lederhos Engineering Consulting, INC
 Lederhos Farms, INC
 Macpherson Energy Corp/macpherson Oil Company LLC
 Mmi Services, INC
 Premier Resource Management, LLC

Pros Incorporated
Vaquero Energy
24 individuals

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the California Independent Petroleum Association, “California’s independent oil and natural gas producers are currently at a competitive disadvantage compared to imported crude oil. Foreign crude is exempt from California’s strictest-in-the-world climate mitigation regulations that are applied to oil and natural gas extraction in California. As the climate crisis is a global one, reducing in-state production in favor of foreign production which worsens the climate crisis makes no environmental sense. Your bill is an important step towards California prioritizing its best-in-the-world oil production. While California, which demands 1.8 million barrels of crude oil every day, will continue to need imported oil, it would be better for the environment and the California economy to increase in-state production and reduce imports accordingly.”

-- END --