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September 17, 2024

The Honorable Cottie Petrie-Norris
Chair, Assembly Standing Committee on Petroleum & Gasoline Supply
1020 N Street, Room 408A
Sacramento, CA 95814

RE: ABX2-1 (Hart et al.), Mandated fuel stockpiling - OPPOSE

Dear Assembly Member Petrie-Norris,

I am writing on behalf of the Kern County Board of Supervisors to express our serious concerns with ABX2-1 (Hart), which would require refiners and terminals to maintain contingency reserves of gasoline fuel.

Most of California's consumed gasoline is refined in state, with a limited portion of supply coming from out-of-state or overseas refineries. The only practical way to import finished fuel and blending components is by marine port. There are no pipelines for refined fuel coming into the state, only pipelines for export to Arizona and Nevada who each receive roughly 50% and 90% of their gasoline supply from California. The California Energy Commission issued a report in late August noting that this policy proposal could have significant impacts on downstream markets by creating artificial shortages. Increased regulatory burdens on refiners and forced supply shortages will result in higher costs for consumers in California, Nevada, and Arizona.

This legislation, taken up in the eleventh hour at the behest of the Newsom Administration, exemplifies California's preference for overregulation which has already artificially reduced the number of refineries in our state and effectively created an isolated market, exposing consumers to prices at the pump that are highly susceptible to broader market fluctuations and routinely higher than anywhere else in the nation. While the national average is expected to dip below \$3 per gallon this fall, Californians are currently paying an average of \$4.78 at the pump while the national average is \$3.20¹ per gallon.

This issue is particularly salient for Kern, the largest oil producing county in the state. Considering California is one of the largest oil producing states, our residents should enjoy the same low prices and economic benefits as other oil-rich regions. The state's approach to regulating the industry, however, has effectively nullified what would otherwise be a natural advantage in the market.

¹ AAA Gas Prices – September 17, 2024

Combined with some of the highest gas taxes in the country, heavy regulatory costs and seemingly unending interference by the State in local extraction, California is now in a position where the vast majority of our oil must be imported by marine port. We are now at a point where we use four times more oil than we produce in state and much like finished fuels, there are no pipelines to bring oil to California from any other part of the country.

Instead, California must rely on imported oil to make up the difference, with the vast majority of our oil coming from Iraq and Saudi Arabia. Those marine transports burn nearly four tons of fuel every day they are anchored and emit more than eleven tons of carbon dioxide per day. A single delivery beginning at the Al Başrah oil terminal in Iraq to the Port of Long Beach would travel approximately 14,700 nautical miles and spend roughly 61 days at sea. With the proposed stockpiling mandates outlined in ABX2-1, California will once again be forced to rely on imports, this time for finished fuels, to prevent the catastrophic economic impacts this policy shift will have on the market and ultimately on consumers' wallets. Simply put, a policy of this magnitude should not be considered in an abbreviated special legislative session; this approach is not responsible governance, and your constituents deserve better representation on an issue that will directly impact every facet of their cost of living.

For these reasons, the Kern County Board of Supervisors respectfully opposes this legislation and asks the members of this Committee to table the bill and take this issue up in the next legislative session where it can be properly vetted by the appropriate legislative committees, interested stakeholders, and the general public.

Sincerely,



David Couch, Chairman
Kern County Board of Supervisors

cc: Honorable Members, Assembly Standing Committee on Petroleum & Gasoline Supply
Honorable Members, Kern legislative delegation
Shaw Yoder Antwih Schmelzer & Lange