



Western States Petroleum Association
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Catherine H. Reheis-Boyd
Chief Operating Officer and Chief of Staff

December 2, 2005

Ms. Sunne Wright McPeak
Secretary, Business Transportation,
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Dr. Alan Lloyd
Secretary, CalEPA
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Re: Comments on the Goods Movement Action Plan (GMAP) Principles and Integrating Working Group Meeting – November 28-29, 2005

Dear Secretary McPeak and Secretary Lloyd:

On behalf of the Western States Petroleum Association, I wish to submit these comments covering the activities and issues discussed at the Integrating Working Group at our recent meeting in Los Angeles on November 28 and 29. As a new member of the Working Group, I was impressed with the dedication that you and your staff have shown in soliciting comments from individuals with sometimes wildly divergent viewpoints. As we see it, the task before you, as lead agencies, and the members of the Integrating Working group is to distill the many views we have heard into a document that describes the action that is needed to improve the efficiency of goods movement within the State and the reasoning for that action.

We agree with you that this Plan will include many of the other elements discussed over the past two days including metrics for evaluation of projects and alternatives, and criteria for identifying appropriate metrics for use in the Plan. As you said and then reiterated at times during our 2-day event, "The need for action is clear." We agree with you and the Administration that development of a comprehensive plan is a necessity and that alternatives, to do nothing or to be captured in an endless parade of project by project approvals, is not an option. We especially support the concept "serving both environmental and goods movement" because the term expresses more clearly the goal of the Administration.

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WSPA is encouraged by the commitment to optimize current resources while concurrently planning for new infrastructure. The opposing view, expressed by some, that the State should somehow wait for a crisis when capacity has been maximized before exploring new options is an approach that will result in a near-term crisis and long term disaster. We agree that the State should “optimize all efficiencies” while at the same time exploring new opportunities for improving the environment and enhancing goods movement. We agree that actions should be taken in concert (i.e., one action perhaps facilitating another) rather than sequentially because of the obvious synergies that are created.

Principles

WSPA agrees with the Principles outlined by BT&H and CARB as noted in Draft 4 released on November 28. We are especially pleased that the Principles highlight the need for a systematic approach and plan for goods movement and includes “infrastructure at the ports capable of receiving, storing, and distributing energy fuels.” We see the document as a well defined, and well thought-out description of the principles needed to guide the development of a Master Plan for the State that can address the environmental and economic needs of the State now and in the future. We explicitly endorse the view of goods movement as a series of integrated system. We hope that any additional editing of the Principles is limited to improving clarity or adding additional detail because major changes may affect the tenuous consensus that appears to be growing around the stated principles.

WSPA joins others in offering their support to proposals that would offer an integrated market based approach to emissions reduction and goods movement. As was stated at the meetings, such an approach that internally linked (cost-effective emission reductions, flexibility, mitigation fees, and environmental costs [both opportunity costs and emission control costs]) would render much of the concerns expressed by numerous speakers moot. It would do so by showing how the market integrates environmental, operations, and economic decisions. For example, a market based approach for emissions reductions and goods movement could allow electrification of berths, or changes in port operations, or other possible changes, to be a choice among operators (placing the economic burden or incentive rightfully where the choice is best exercised) and in manner that clearly links at the most obvious level the environmental and economic choices that need to be made.

Infrastructure

WSPA appreciates the many issues that the Goods Movement Action Plan must address. As WSPA has indicated in our previous comments and in our oral discussions, the GMAP must include provisions for maintaining a sound and robust fuels infrastructure that will be capable of powering the goods movement economy. Hence, consistent with our recommendations to the Infrastructure Working Group, WSPA recommends the following 3 paragraphs be included in the Goods Movement Action Plan:

“ It seems abundantly clear that it is in the State’s best interest to maintain a reliable energy supply for its people and economy. In that regard, it is critically important that petroleum infrastructure facilities associated with the loading, unloading, transport and storage of crude oil and refined products, such as gasoline and gasoline blending components, because of their unique operating requirements, be included within the planning process when land use and leasing decisions for petroleum facilities are considered at the State's ports. This is so because, unlike other goods movement facilities and infrastructure, petroleum infrastructure facilities and operations are linked to water access, often along with associated processing and handling facilities such as refineries, pipelines, product storage and other facilities.

Therefore, any consideration or efforts to relocate or minimize petroleum infrastructure facilities operations, must take into account not only the location and operational factors, but also how such changes will impact the current and future energy supplies necessary for the benefit and welfare for the State of California.

Finally, as noted in the CEC’s 2005 IEPR, entitled, “*An Assessment of California’s Petroleum Infrastructure Needs 2005*”, the report clearly documented California’s increasing energy demands and needs over the next 20 to 30 years. In fact, the CEC report noted that in the next 20 years, California’s infrastructure will require expansion in petroleum marine terminal capacity, marine storage, and the gathering pipelines that connect marine facilities and refineries to the main product pipelines in order to meet the States energy demand. It should also be noted, that most of the expansion in marine terminal and marine storage capacity will be required in the LA Basin.”

We feel that inclusion of the language above is entirely consistent with the Governor’s interests in improving the efficiency of goods movement now and in the future and that highlighting the infrastructure requirements of the fuels industry will serve as a cornerstone of the GMAP.

GMAP Process

We support your continuing efforts to solicit the widest range of viewpoints on the topic of Goods Movement. We are especially heartened by the understanding that consensus on all issues may not be possible, and that the State will not and cannot be held hostage until the last element of consensus is reached. We agree that careful planning and outreach is essential – with the expectation that those discussions, outreach, and planning efforts will eventually lead to an equally carefully developed Action Plan for the future. We agree that development of needed details, even if only to develop a general structure to the GMAP, will take more time than originally anticipated. The newly revised mid-2006 timeframe still seems optimistic but that deadline certainly allows for more input and more information that we all agree is needed to develop a comprehensive GMAP.

Trust, Reason, and a Reality Check

Needless to say, the issues of metrics and criteria (for action, for identification of plan elements, for identification of key deliverables) were deferred because virtually all the participants agreed that trust has been a missing element in many environmental dialogues. In view of the protracted discussion surrounding the lack of trust that has characterized environmental issues over the past 2-3 decades, it seemed appropriate for the Integrating team to review our collective history and identify areas where trust could be restored.

Many participants, suggested that a ‘reality check’ be introduced that would serve to bound (i.e., limit) the debate to the problems at hand. WSPA agrees that mitigation for impacts be linked directly to real project impacts. Such a direct linkage (i.e., reality check) would, for example, facilitate the prioritized ranking of desired environmental mitigation from affected communities while at the same time encouraging business interests to recognize the legitimate prioritized needs of the community. By bounding mitigation to impacts, affected communities would be better able to come to terms with the truism that there are limits to mitigation measures; thereby easing business’ fears that “no mitigation is ever sufficient – everyone always wants more”. Many participants in the discussions today cited the need for mutual respect and genuine listening – we agree with that approach. We note as a final comment on this topic that market-based approaches that link emissions reductions, project related impacts, environmental mitigation, and market conditions can positively impact exactly those areas of the political debate that conventional command and control systems find themselves wanting.

Once again, we appreciate the opportunity to participate on the Integrating Workgroup and we look forward to a continuing dialogue.

Sincerely,

A handwritten signature in black ink, appearing to read "Catherine Witherspoon". The signature is fluid and cursive, with the first name being the most prominent.

cc: Cindy Tuck, CalEPA (ctuck@calepa.ca.gov)
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