

## **Suggested WSPA Statement Regarding the Port Meeting**

WSPA, or the Western States Petroleum Association, represents the interests of the oil and gas industry in six western states.

No review of goods movement and the ports is complete without including port capacity for handling liquid petroleum shipments. Failure to provide that capacity will seriously affect the oil industry's ability to manufacture and import adequate quantities of cleaner burning transportation fuels needed to drive the state's economy over the next several years.

**Crude oil shipments must increase:** Most Southern California refineries depend on the LA and Long Beach ports for a significant portion of their crude oil and blend stocks. Declining California oil production and growing demand for cleaner burning transportation fuels means that these refineries will need to increase their imports of crude oil and blend stocks, just to keep pace with current production.

**Gasoline and diesel imports must increase:** Energy Commission data shows that transportation fuel demand will outstrip the ability of California refineries to produce it. For example, the gap between consumer demand for gasoline and diesel fuel and the ability of California refineries to supply those fuels is expected to grow five-fold, from about 1 billion gallons in 2003, to about 3 billion in 2010, and to 5 billion gallons in 2020.

Much of that gap will have to be filled by gasoline and diesel product imported through California's ports, especially the LA and Long Beach ports.

This problem is not limited to these ports. San Diego, for example, has barred the movement of liquid petroleum fuels through its port, complicating the industry's ability to supply that region, creating significant burden on its consumers.

The Energy Commission, Attorney General and others have confirmed that insufficient refinery capacity and petroleum infrastructure are in large part responsible for the price volatility of transportation fuels.

Policies and other initiatives to cap or reduce the ability of the ports to move crude oil or liquid petroleum products will significantly harm California's economy and consumers.

WSPA fully understands the air quality impacts of the growth of these ports. They are real and they need to be addressed.

For your information, the industry's shore-side facilities such as pipeline operations and storage tanks are currently controlled under the rigorous standards of the South Coast AQMD, as are our nearby refineries.

Meanwhile, what should be done?

1. So that the state's future petroleum needs are accurately reflected in your deliberations, you should convene a workgroup including your agencies and the Energy Commission to specifically evaluate future port needs regarding petroleum shipments, and be sure these are reflected in your recommendations.
2. There are some incentive-driven programs that could begin to deliver port emission reductions.
  - Many of the port emissions are very cost-effective. One could imagine a system in which heavily-controlled stationary sources be given flexibility to fund emission reducing projects at the ports to meet some growth needs or to defer or offset costly onsite reductions.
  - Since many of the port-related emissions qualify for Moyer funding, the Moyer program could be reconstructed to generate some revenue from port activities to fund port-related Moyer projects. WSPA has been central to the Moyer discussions in Sacramento, and we plan to continue in that effort.
3. Emission sources under the control of the USEPA and ARB need to be reviewed to assure that all cost-effective, feasible emission controls are in place.

We look forward to participating in this important dialogue over the next several months.