Coalition For A Safe Environment

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Reference: **Causes of Petroleum Development Constraints**
Docket # 04-SIT-1

Subject: **Petroleum Industry & Government Agency Causes of Development Constraints-Public Comment**

The Coalition For A Safe Environment has found that the # 1 constraint (bottleneck) to the expansion or building of new oil refineries and storage tank facilities is the fact that every community where one is located does not want them and will not support the expansion or building of a new facility in their community. Every oil refinery and storage tank facility is a major source of air, land and water pollution. Every community where one is located is plagued with numerous respiratory and health problems.

The petroleum industry is heavily lobbying CEC and other state and federal agencies to take over what is currently a local city and air district permit approval process to by-pass local community rejection. No local community will approve a petroleum industry expansion or new construction project under any conditions.

1. **Oil Refineries are Environmental Disasters**

Oil refineries are one of the largest categories of air pollution in California, throughout the US and world. Oil refineries have failed to incorporate the best available technologies (BAT) to prevent and control air, land and water pollution. Governmental agencies have allowed oil refineries to use what they consider to be the BAT. Governmental agencies approve permits that allow oil refineries to pollute at unacceptable public health hazard levels and without advising the public of the total negative environmental and public health impacts.

Environmental organizations have researched this issue and have discovered that technology exists to prevent over 90% of all current air, land and water pollution from refineries. The reason oil refineries have not incorporated these technologies is because it impacts their profit and government agencies have not mandated that they do so. Based on 2003 profits alone every oil company in California and the United States made billions in profit and could have paid for modernization of every facility.

Every community that has an oil refinery wants to get rid of it. Every city that has an oil refinery in it has the worst air, land and water pollution. The public has no confidence in allowing any oil refinery to continue doing business when it has to endure all of the negative environmental,

economic and public health impacts. Impacted communities home to oil refineries no longer will support any refinery expansion under any conditions. New construction and increased permanent job growth is no longer a motivation factor or incentive. The current generation of the public is smarter than the past which was manipulated and lied too.

2. **Oil Refineries are a major cause of public respiratory, heart and cancer problems**

Oil refineries are one of the largest categories of public respiratory, heart and cancer health problems in California, the US and world. The petroleum industry and governmental agencies have intentionally withheld for decades information on the public health dangers of oil refineries business operations and their products. Governmental agencies have failed to conduct local community public health research to validate public health problem accusations and the current public health crisis epidemic.

Governmental agencies have failed to acknowledge that the petroleum industry is a major cause of significant public health problems, have failed to provide financial assistance and have failed to make the petroleum industry pay their fair share of public health care. The petroleum industry and governmental agencies have failed to validate the safety and long term impacts of all petroleum industry fuels, chemicals, additives, products and bi-products.

Costs for public health care has been dumped onto the public and government agencies. The Los Angeles County hospital health care system is currently in a financial crisis, every LA County hospital has layed off hundreds of medical doctors and hospital staff. Every medical health and prescription insurance plan provider costs are skyrocketing because the guilty causes of many of our health problems have been permitted to get away with it.

The Union of Concerned Scientists estimates that the hidden public health care costs due to air pollution from petroleum fuel production and products could be as high as $ 182 billion annually. A 1997 Congressional Research Service Report estimated that the unaccountable and unfactored health care, morbidity and premature mortality cost passed onto the public is a minimum of 65 cents per gallon of refined petrodiesel fuel.

3. **Petroleum industry has failed to invest in the construction of new refineries to meet future demand**

The petroleum industry has no incentive to build new refineries. Governmental agencies have been afraid to challenge or demand new facilities be constructed that meet higher environmental standards.
Governmental agencies have failed to incorporate in land leases and oil drilling permits terms and conditions that oil companies meet any governmental or public petroleum fuel needs.

Oil refineries make higher profits using old polluting technologies vs new. Oil refineries can make higher profits shifting oil refining to environmentally uncontrolled third world countries.

4. **Petroleum industry is allowed to shut down production facilities without any governmental recourse**

Governmental agencies have failed to incorporate in land leases and oil drilling permits terms and conditions that oil companies notify a governmental agency for approval of a facility shut down. Leases and permits can include terms and conditions that if an oil company chooses to shut down a facility knowing that it will cause an significant negative fuel impact on the state, that they forfeit any oil leases or drilling permits. Terms and conditions can include that the state can takeover the

facility or award the facility to another oil company. It must be remembered that oil is a state natural resource.

5. **Petroleum industry/brokers have failed to invest in the construction of new safe storage facilities.**

The petroleum industry/Brokers have no incentive to build environmentally safe storage tank facilities when they can build storage tanks using old technologies. All refined fuel storage tanks in California, in the US and world are allowed to release hundreds of tons of air pollutants annually.

Los Angeles County communities (Carson & San Pedro) that have storage tank facilities which have refined petroleum fuel products such as gas, diesel fuel and jet fuel stored in tanks have recently learned that the storage tanks are not designed to not pollute. That is why for decades they have suffered health problems breathing polluted air. Fuel storage tanks are intentionally built to out vent excessive vapors (VOC's).

Environmental organizations have researched this issue and have discovered that technology exists to prevent over 95% of all current air, land and water pollution from storage tank facilities. The reason storage facility owners have not incorporated these technologies is because it impacts their profit and government agencies have not mandated that they do so.

As an example, Kinder Morgan wants to build 19 new storage tanks in the City of Carson in the Los Angeles Harbor area. The Environmental Impact Report (EIR) came to the conclusion that there would be no environmental impact in any category, however, when we reviewed the air quality section of the EIR, its states that there would be a net increase of 243,000 lbs (120 tons) of VOC's each year after construction. The company and our local South Coast Air Quality Management District currently allows this facility to pollute 171 tons of VOC's right now every year. The public has never been informed of this information. After research of the new tank design we discovered that the tanks are not designed to have a vapor recovery system. The Carson community supported by all of its impacted bordering neighboring city communities (Wilmington/Los Angeles & Long Beach) are united in a current fight to stop this project and to go to court if necessary.

6. **Petroleum Industry can import oil and refined products made cheaply in foreign countries**

The petroleum industry can make higher profits importing foreign oil and refined fuel products made in foreign third world countries where labor is exploited cheaply and controlled by corrupt governments. There is no reason for them to expand in California or the US.

The petroleum industry is owned primarily by international conglomerates who do not care about California when the rest of the world market is a growing and when emerging third world countries are more lucrative markets that can easily be controlled, manipulated and environmental safe guards by-passed.

7. **Californians pay a higher fuel costs due to petroleum industry manipulation and governmental agency failure to regulate fuel prices in the public's best interest and sanction the industry**

Californians lead the nation in protecting the environment and public health. The petroleum industry is in essence paying-back Californians for their out-spoken public advocacy and stringent environmental laws by raising fuel prices at every exploitable opportunity. Oil and fuel Brokers should also be placed under governmental price regulation. Every proposed price increase must have prior governmental agency approval and investigation. Governmental agencies have never

sanctioned the petroleum industry for their blatant raping of the public and even the government.

Governmental agencies out of political fear have failed to establish industry fuel price regulations and standards which would protect the public's best interests. We recommend that the government with public participation establish reasonable fuel prices and product profit margins. It must also not be compared to other world wide country prices because the petroleum industry has an even stronger political control in other countries which are being raped with even higher prices. Environmental and public health advocates in many of those countries often disappear and are murdered. We must remember that oil is a public owned natural resource.

8. **The Petroleum Industry does not deserve any special concessions or further investments**

The petroleum industries past historical and current record reveals their true colors. The petroleum industry has spent decades and a fortune manipulating and controlling all petroleum fuel sources in the US and world. They have also spent an equal amount of time and financial resources eliminating any and all new alternative fuels and sources competition. They have no loyalty to this state or country. It is not in their best profit interests to improve their facilities operations.

9. **Recommend that California's remaining oil reserves and fuel production be taken over by the state**

It would be better to nationalize all of California's current remaining oil reserves and take over all future petroleum fuel product manufacturing. California in the long term has nothing to gain by supporting private petroleum industry ownership, expansion and production of our dwindling oil supplies. California and the US has a limited oil reserve supply. Experts claim that world oil reserves will only last approximately another 100 years based on current world usage. Oil refining is standard textbook information. Government owned and operated facilities is not a new concept if its in the states or countries best interests.

10. **Recommend that California allow non-profit organizations to build, operate and take-over oil refineries and storage tank facilities**

It is in California's best interests to not allow the private-multinational petroleum industry to monopolize and control all strategic economic and national security petroleum fuel products. As an example: California could release an RFP and award the Shell Bakersfield Oil Refinery and oil drilling rights to a non-profit organization representing the public's interest.

Communities in Third World Countries which have large land parcels with oil reserves could negotiate better financial and economic terms and conditions dealing with an honest and environmentally responsible US non-profit oil refinery company. US universities and US governmental research agencies could provide management, technical and engineering support. The petroleum industry already takes advantage of these free resources which they manipulate to their best advantage.

11. **CEC has failed to identify industries, policies and planning directions which contribute to California's current and future petroleum fuel shortage crisis**

A. **California Ports do not need to service the US Midwest**

California via the Port of Los Angeles and the Port of Long Beach has chosen primarily out of political motivation and international trade lobbying to become the leader in international trade in the US which has caused a disproportionate negative economic, environmental and

public health burden on California's public.

As an example, the Public Policy Institute of California in its California's Global Gateways: Trends & Issues report identifies that California serviced $ 297 billion in trade for other states in 2000. While this might win us the top international trade award it failed to identify that the method of transporting those goods to other states from California Ports were primarily diesel fuel trucks, diesel fuel locomotive trains and jet fuel airplanes.

California would use and need less diesel fuel if we were not servicing one-third of the country. The US Gulf region ports should be servicing the Midwest not California.

B. **The Los Angeles Alameda Transportation Corridor Project failed to use electric trains**

Los Angeles Harbor communities requested that the Alameda Transportation Corridor have electric trains to transport containers from the Port of Los Angeles to the East Los Angeles Rail Yard to eliminate air pollution and eliminate the use of diesel fuel, yet the transportation authority ignored the communities request, lied that they would use electric trains and then allowed diesel fuel trains to operate. Another example of government manipulation, industry lobbying and ignoring the public's best interest.

Today the billion dollar Alameda Corridor Project is a failure because it is only being used 30%-35% of its capacity, its use was not mandatory or made a contractual condition by the Port of Los Angeles (government public agency) with its marine terminal operators and today it is another new air pollution source in the local communities and diesel fuel is again being used when it could have been eliminated. Is there a solution today? Yes, replace the diesel trains with electric trains or alternative gas trains for the short distance run.

C. **The Alameda Transportation Corridor failed to include rapid transit diesel truck lanes**

Los Angeles area communities requested that the Alameda Transit Corridor include a minimum of four lanes for diesel trucks in order to supplement the movement of containers, yet the transportation authority chose not too. The Los Angeles area communities are now even more congested with diesel trucks on local highways and freeways than ever before. Traffic congestion leads to the burning of more gasolene and diesel fuel due to stop and go traffic and the traveling at less than maximum engine efficiency speeds. Diesel trucks are also involved in more than one-fourth of all freeway traffic accidents.

D. **California governmental agencies do not support the significant use of Biodiesel Fuel**

California governmental agencies have not significantly supported the use of alternative Biodiesel fuel. Most elected officials and the public are not even aware of the existence of Biodiesel fuel. Biodiesel fuel is already made in the United States and is currently being sold throughout California. Biodiesel fuel is a non-petroleum renewable, biodegradable energy source and is more than 90% environmentally and public health safe than any petrodiesel fuel yet our government agencies are still debating details over some minor NOX emissions and manufacturer guarantees. Significant government support of research and development of Biodiesel fuels like what has been done for the petroleum industry would have resolved any issues a long time ago.

Biodiesel fuel B20 can be immediately used by every diesel engine type in existence and further production of B100 would greatly reduce its price to standard petrodiesel fuel. The current petroleum industry manipulated rise in petrodiesel fuels is closing the gap between

B100 and conventional diesel prices.

The United States National Renewable Energy Laboratories which studies emerging technologies and market potential of alternative fuels estimates that the total US market for Biodiesel Fuel using current technology and agricultural capacity to be 1.5 billion gallons. At this market level Biodiesel Fuel could replace 10% of the current US on-road diesel consumption. We ask why is California not in the forefront of support and development?

E. California government agencies have not endorsed California agricultural development of Biodiesel fuel crops

California and CEC have not endorsed via policy or recommendations that the California agricultural industry develop dedicated vegetable oil crops for Biodiesel fuel production. Biodiesel fuel can be made from a variety of renewable organic plant sources such as soy bean oil, canola oil, sunflower oil, cotton seed oil, rapeseed oil, peanut oil, corn oil, any vegetable oil, recycled cooking oil and animal fats. Iowa, North Dakota, Utah and other states have moved forward in positioning their agricultural industry via cooperatives to provide Biodiesel fuel production vegetable oil base stock. North Dakota uses about 165 million gallons of Biodiesel fuel per year, with about 85 million gallons being used on farms in crop production. In the country of France Biodiesel Fuel has already replaced 5% of Petrodiesel fuel consumption.

California's ideal multi-climate state could support the agricultural development of every currently known vegetable oil plant.

F. California government agencies have not endorsed the development of California based Biodiesel Fuel

California could become a US leader in the establishment of a Biodiesel Fuel Refineries. This would create an entirely new production industry, manufacturing equipment industry and job growth area. The National Diesel Board claims that Biodiesel fuel production facilities with a total capacity of 60 - 80 million gallons per year (3,414 to 5,219 barrels per day) have already been built. There is no Biodiesel Fuel shortage in California or in the entire United States. California has no Biodiesel Fuel facility and California is one of the largest markets in the United States and world.

G. California needs to reinstate its policy and financial support of the Biomass Energy Industry

In the 1980's California was the largest and most diverse Biomass Energy Industry in the world. At its peak in the early 1990's the California Biomass Industry was converting 10 million tons per year of biomass into 2% of the state's electricity supply. California needs to reinstate and financially support the rebirth of this near extinct alternative energy source. Although Biomass Energy Production is more expensive than energy generation using fossil fuels, it must be remembered that if the environmental and public health costs benefits are factored in and the costs of environmental damage and impacted public health added to petroleum based fuels they are economically compatible.

New Biomass technological advancements can produce fuel grade ethanol, syngas, alcohols, pharmaceuticals, solvents, paints, inks, adhesives, sealants, lubricants, surfactants, detergents, urethanes, lactic acid, water soluble polymers, plastics, phenolics for thermoset polymers,

fatty acids and esters. Biomass energy can be made from agricultural crop residue, forest waste, mill waste, construction wood waste, urban wood debris, sewage sludge and farm animal manure.

H. California should sponsor an annual Alternative Energy & Fuel Technology Conference

California should sponsor an annual Alternative Energy & Fuel Technology Conference to encourage research and development of these industries. The conference should be free to encourage public participation and so as to solicit the most creative ideas.

I. California should establish an annual $ 20 million Alternative Energy & Fuel Technology Grant Program

California should establish an annual $ 20 million Alternative Energy & Fuel Technology Grant Program. $ 5 million for a 1st Phase Concept Competition and $ 15 million for a 2nd Phase Prototype Development Competition. New business creation, equipment manufacturing, new job creation, agricultural expansion and the environmental and public health benefits gained from the adoption of these new technologies will more than offset our capital investment.

California has traditionally been the nations leader in developing new emerging technologies and now has the opportunity to be # 1 in a new category.

The Coalition For A Safe Environment is a non-profit community organization composed of residents, senior citizens, homeowners, students, non-profit organizations, community organizations, committees, business owners, harbor area employees and friends who are concerned with environmental, economic, health, safety and public welfare issues affecting our communities.

Respectfully Submitted In The Public Interest,

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