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Western States Petroleum Association

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Joe Sparano
President

May 8, 2006

California Energy Commission
Docket Office
Attn: Docket 06-IEP-1
1516 Ninth St., MS-4
Sacramento, CA 95814-5512

Re. **Comments on 2007 Integrated Energy Policy Report (IEPR) Scope – Docket No. 06-IEP-1**

The Western States Petroleum Association (WSPA) is submitting several general comments on the recently released Notice of Committee Hearing to address the scope of the 2007 IEPR.

WSPA's 26 member companies are engaged in the exploration for, production, refining, transportation and marketing of a variety of energy and transportation fuels products. Many aspects of the CEC's Integrated Energy Policy Report deal directly with our business interests and WSPA has provided extensive testimony and comments in past IEPR development proceedings. We hope that the 2007 IEPR schedule will permit a meaningful exchange of information and concepts in the coming months.

WSPA believes it will be important for the Commission to advance the Governor's goals, as expressed in his August 2005 letter to the legislature, to ensure adequate, reliable and affordable energy supplies while promoting renewable energy and advancing technology to improve California's economic and environmental conditions. Our industry agrees emphatically that it will be critical to the state's future for all Californians to have access to adequate, reliable and affordable energy supplies.

As we have noted on numerous occasions during previous IEPR discussions, WSPA is concerned with the methods that have been proposed to date to achieve those goals. Many of the new policies and specific measures may have cost implications and unintended consequences that need to be further investigated and disclosed. We believe many will have negative economic impacts on the state.

Attached is a letter WSPA sent to Chairman Desmond on April 26 outlining a series of current and proposed state policies that we are requesting be investigated. This may help with the IEPR discussions and begin to address factors that impact the adequacy, reliability and affordability of transportation fuels. WSPA believes determining the cumulative cost impacts of these state programs and policies, both existing and proposed, is essential to a full disclosure and understanding of why Californian's pay more at the pump for transportation fuels now and why they may continue to do so in the future.

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Historically, the IEPR has dealt adequately with the natural gas and electricity elements of energy policy and WSPA has been very supportive of those recommendations. However, we have observed an opposite approach when dealing with transportation fuels.

We look forward to discussing trends relating to supply, demand and conservation of petroleum and petroleum products. WSPA also wants to examine ways to expand refinery capacity and to bring additional supplies of petroleum and petroleum products to market.

WSPA hopes the 2007 IEPR provides a more reasoned debate relative to a collaborative development of balanced transportation fuels solutions. We look forward to addressing in more detail the scoping order when it is issued and to engaging with the CEC in the 2007 IEPR process.

If you have any questions, please contact me.

Sincerely,

Joe Sparano

Cc: Commissioner Joe Desmond
Commissioner Jackalyne Pfannenstiel
Commissioner John Geesman

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