

# Permit Streamlining for Petroleum Product Storage & Reducing California's Petroleum Dependence

## Senator Tom Torlakson Hearing on Gasoline Prices & Production

*Hercules, California  
December 8, 2003*

*Pat Perez, Manager  
Transportation Fuels Office  
California Energy  
Commission*

[www.energy.ca.gov](http://www.energy.ca.gov)



# Overview – Permit Streamlining for Petroleum Product Storage

- Introduction
- Study Methodology
- Typical Permitting Process
- Interview Responses
- Recommendations

# Introduction

- *Claims have been made that the permitting process for petroleum product storage facilities is contributing to a shortage of storage capacity*
- Study objectives:
  - Identify bottlenecks and redundancies in regulatory processes
  - Develop recommendations to reduce the bottlenecks and redundancies

# Three Classes of Permits

- Land Use
- Building
- Environmental



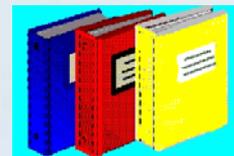
# Two Important Acts

## The California Environmental Quality Act (CEQA) of 1970

- CEQA ensures that state and local agencies consider environmental impacts prior to approving a proposed public or private project
- Conditional use permits and Authority to Construct air quality permits are actions subject to CEQA

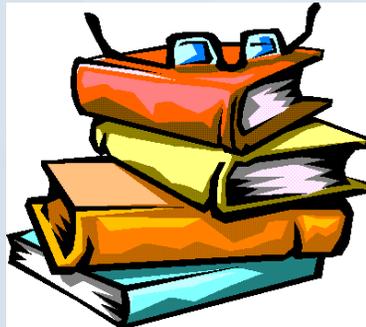
## California Permit Streamlining Act (PSA) of 1977

- The PSA sets time limits for issuance of permits and approvals by public agencies
- The PSA sets strict timelines for CEQA lead agencies to issue all necessary permits



# Study Methodology

- The analysis was conducted in three phases
  - Phase I: Interviews with permit applicants and representatives of permitting agencies
  - Phase II: Regulatory research and analysis
  - Phase III: Final report, conclusions and recommendations



# Permit Applicants and Permitting Agencies Contacted

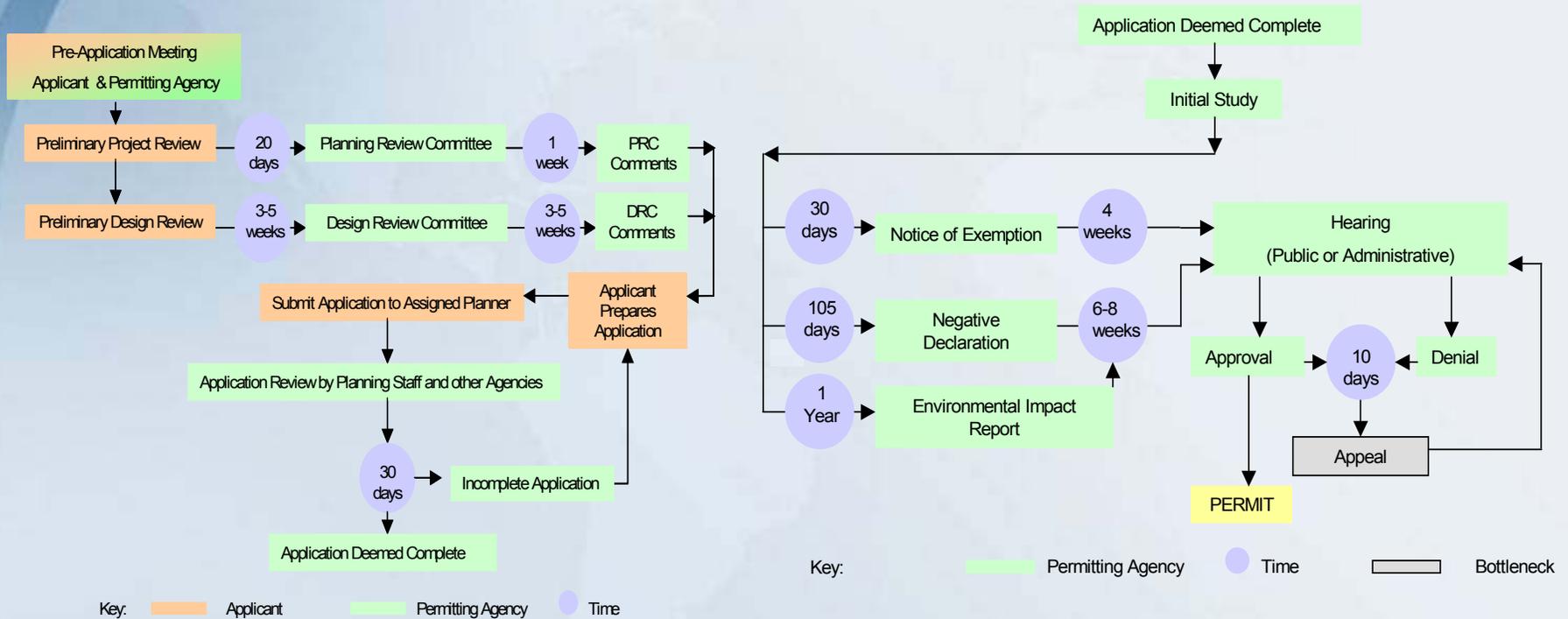
- **Permit Applicants**

- British Petroleum (BP)
- Cenco Refining Company
- Chevron
- Coast Energy Group
- Equilon/Shell
- ExxonMobil
- Getty Terminals Corporation
- IMTT
- Kinder Morgan
- Kern Oil & Refining Company
- Oiltanking Houston Terminal
- ST Services/Shore Terminals LLC
- Valero (Ultramar)
- Tesoro Refining & Marketing Company
- Vopak

- **Permitting Agencies**

- Bay Area Air Quality Management District
- California Air Resources Board
- California Department of Fish & Game
- California Office of Permit Assistance
- City of Martinez
- City of Richmond
- Port of Long Beach
- Port of Los Angeles
- San Diego Air Pollution Control District
- South Coast Air Quality Management District (SCAQMD)
- Texas Commission on Environmental Quality

# Typical Permitting Process



# Critical Path Permits

- Permits identified by applicants to be the principal causes of permit delays:
  - Conditional use permits, primarily in the Bay Area
  - Building permits, also primarily in the Bay Area
  - Air Permit or Authority to Construct from the regional air district mostly in the Los Angeles Area (SCAQMD)



# Applicant Responses

- Lack of understanding and agreement on applicability: CEQA, and building and municipal codes
- Agency staff inexperienced on petroleum issues
- Duplication of environmental studies
- Multiple appeals by stakeholders
- Redundancy among local agency departments in building permit application review process
- Building permits often involve complex negotiations
- Best Available Control Technology (BACT) is a “moving target”

# Agency Responses

- Applicants have a lack of understanding of CEQA applicability
- Applicants do not submit complete applications
- Lack of agreement on applicability and interpretation of building and municipal codes
- Applicants should contact local agency prior to start of permitting process to avoid surprises along the way
- Agency staffing and training
  - **No funding to increase staff**
  - **Trained and experienced staff leaves for better jobs**
- Some reforms have improved the air permitting process timeline for SCAQMD.

# Consultant Recommendations

- Provide training and technical assistance to local agency staff to facilitate permit reviews and field inspections
- Reduce discretionary decisions by individual permit writers, especially at local level, to establish consistency in permitting process
- Eliminate practice of applicant and agency preparing duplicate environmental studies
- Modify appeals process to address issue of multiple appeals of agency decisions

# Consultant Recommendations

- Involve stakeholders early in permitting process
- Applicant and agencies should hold pre-application conferences or “scoping” meetings to discuss how agencies’ specific rules will apply to their proposed projects
- Establish clear criteria for determining the “completeness” of permit applications
- Establish timelines and milestones for each permitting project
- Provide statewide authority for implementing and enforcing the timelines

# Next Steps

The California Energy Commission's Integrated Energy Policy Report recommends implementing streamlined permitting process for petroleum infrastructure.

- Establish a one-stop licensing process for petroleum infrastructure
- Include refineries, import and storage facilities, and pipelines
- Expedite permits to increase supplies of transportation energy products
- Maintain environmental quality

# Overview – Reducing California's Petroleum Dependence

- AB 2076 Legislative Direction to CEC and CARB
- Recommendations
- Extensive Public Process
- Development of Goals

# AB 2076 Legislative Direction

- Forecast gasoline, diesel, and petroleum consumption in 2010, 2020, and at least to 2030
- Submit a joint CEC/CARB Report to the Governor and Legislature
  - A recommended strategy for reducing petroleum dependence
  - Statewide goals for reducing rate of growth in demand
- Examine feasibility of operating a Strategic Fuel Reserve (separate proceeding conducted by the CEC)

# Recommendations

- 1) Adopt a statewide goal of reducing demand for on-road gasoline and diesel of 15 percent below the 2003 level by 2020 and maintain that level for the foreseeable future.
- 2) Work with the California delegation and other states to establish national fuel economy standards that double the fuel efficiency of new cars, light trucks and SUVs.
- 3) Establish a goal to increase the use of non-petroleum fuels to 20 percent by 2020 and 30 percent by 2030.

# Goal Flexibility

- Should the federal government fail to implement a fuel economy standard that doubles on-road efficiency of new cars, the goal in statewide Recommendation #1 would need to be reassessed.
- A mix of non-petroleum fuels can be used to displace a fraction of future petroleum fuel demand in 2020 and 2030.

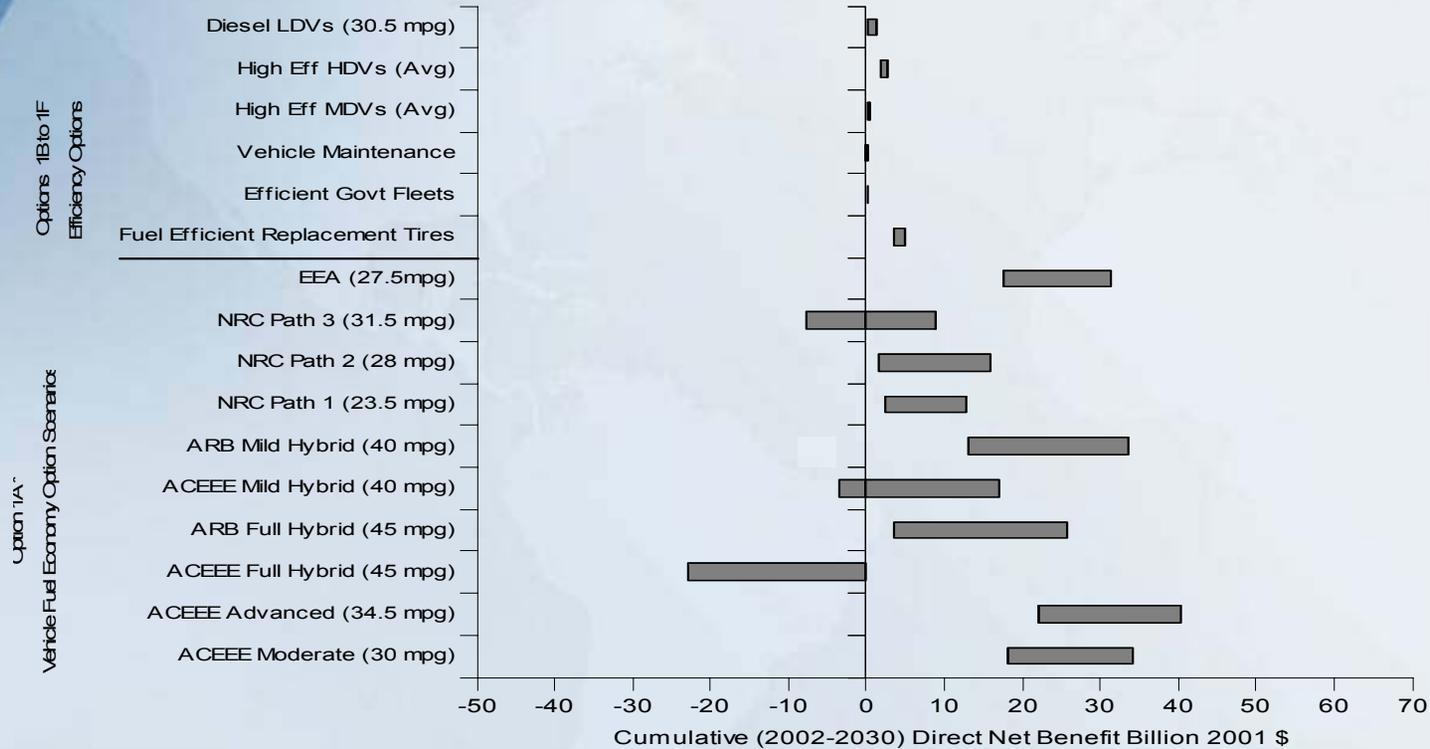
# Extensive Public Process

<b>Timeframe</b>	<b>Public Event</b>
September 2001	<ul style="list-style-type: none"><li>• Workshop: Petroleum Reduction Options</li></ul>
January 2002	<ul style="list-style-type: none"><li>• Workshop: Program Overview, Demand Forecast, Reduction Options, Methodologies</li></ul>
February 2002	<ul style="list-style-type: none"><li>• Workshop: Methodologies, Preliminary Results</li></ul>
March 2002	<ul style="list-style-type: none"><li>• Workshop: Results for Reduction Options and Environmental Benefits</li></ul>
April 2002	<ul style="list-style-type: none"><li>• Workshop: Draft Report, Benefits of Reducing Demand for Gasoline/Diesel (Task 1)</li></ul>
May 15, 2003	<ul style="list-style-type: none"><li>• Workshop: Staff Draft Report, Reducing California's Petroleum Dependence</li></ul>
June 6, 2003	<ul style="list-style-type: none"><li>• Joint Agency Hearing</li></ul>

# Developing a Reduction Goal

- Best case scenario to achieve maximum and sustainable petroleum fuel reductions with net benefits
- Identify efficiency and non-petroleum fuel options with a positive net societal benefit
- Using options with positive merit, build a portfolio with the largest and sustainable reductions

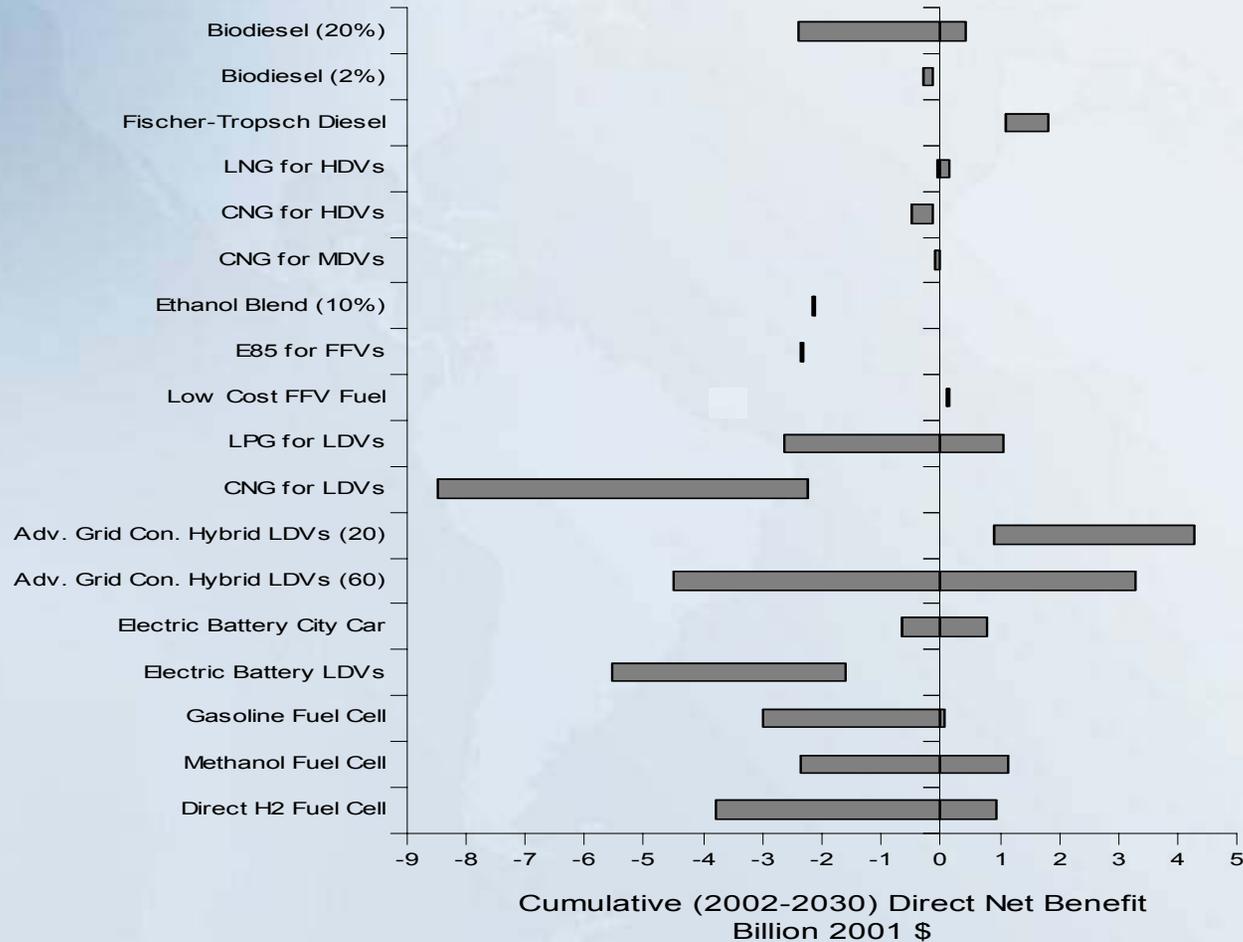
# Net Benefits of Fuel Efficiency Options and Scenarios



\* Fuel Economy Option Scenarios are based upon 100% market penetration by 2014; others vary.

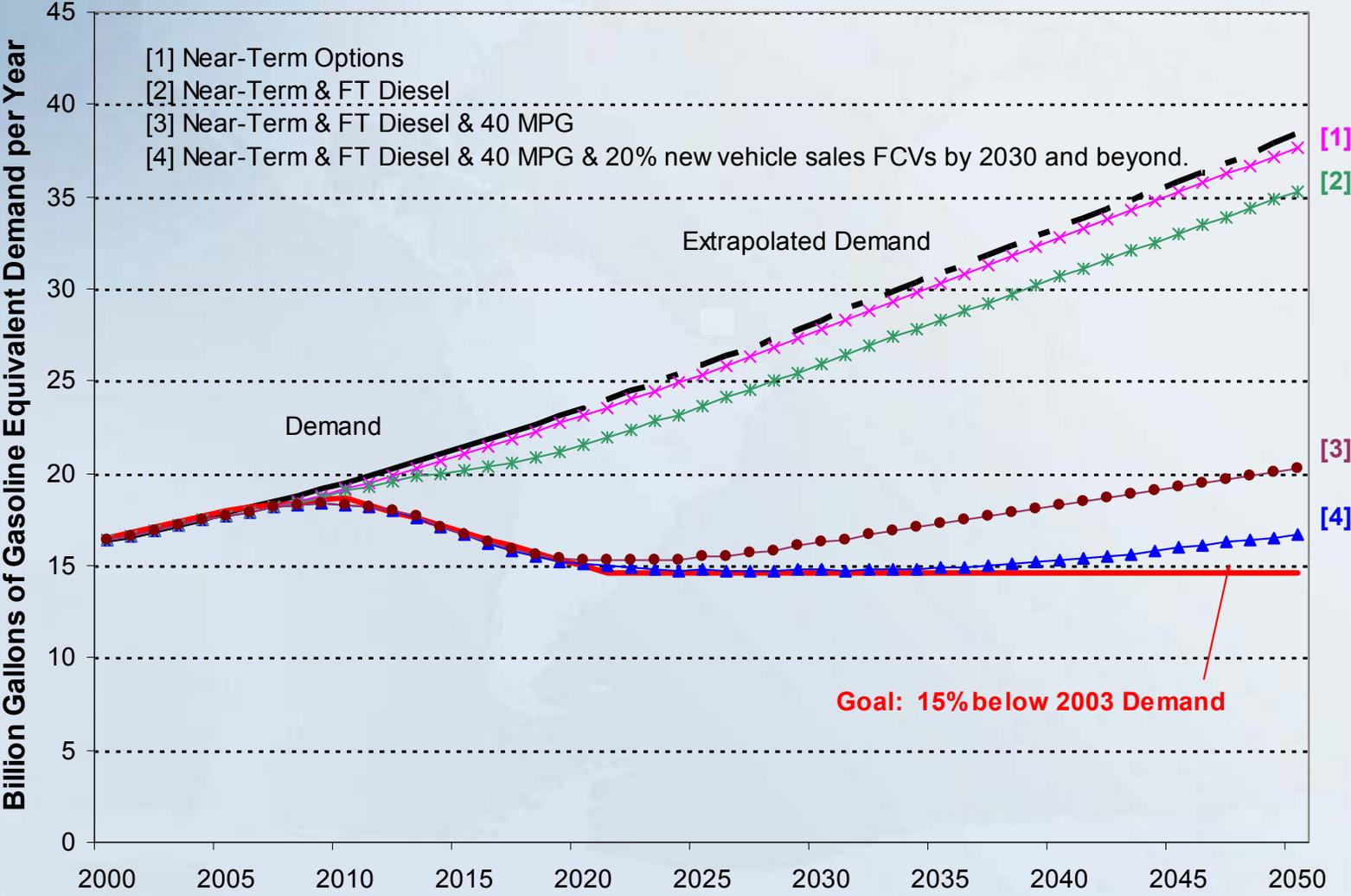
Note: These results are based on the best data available at the time of this analysis. Technologies are advancing quickly and future results may vary substantially.

# Net Benefits of Fuel Substitution Options



Note: These results are based on the best data available at the time of this analysis. Technologies are advancing quickly and future results may vary substantially.

# Example Petroleum Reduction Portfolio



# Recommended Goals and Impact on Fuel Use

