



California Independent Petroleum Association
1001 K Street, 6th Floor
Sacramento, CA 95814
Phone: (916) 447-1177
Fax: (916) 447-1144

**California Independent Petroleum Association Comments
on the September 30, 2021
2022 Scoping Plan Update – Scenario Concepts Technical Workshop**

Ms. Rajinder Sahota
California Air Resources Board
2022 Scoping Plan Update

October 22, 2021

Via electronic submittal to:

https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=sp22-inputs-ws&comm_period=1

Thank you for the opportunity to share comments on behalf of the members of the California Independent Petroleum Association (CIPA)¹. CIPA represents nearly 400 crude oil and natural gas producers, royalty owners, and service and supply companies who all operate in California under the toughest regulations on the planet. Our members are committed to innovation and investment to help the state reach its statutory emission reduction targets. CIPA’s member companies have the assets and knowledge to play a significant role in helping decarbonize California’s economy. ***CIPA strongly opposes any Carbon Neutrality policy framework in which in-state crude, which is produced under the strictest environmental standards in the world, is replaced with imported crude. A true and successful Carbon Neutrality policy does not shift emissions, tax-base and jobs to other jurisdictions.***

The September 30th workshop laid out four possible GHG modeling scenarios for inclusion in the Scoping Plan². Alternative scenario #1 acknowledges that in-state industries, including oil production, stone, clay, glass and cement processing, would need to be *shut down* to meet the 2035 carbon neutrality goals. CIPA believes that CARB any scenario where the State’s industrial base is shuttered and product demand is replaced by imports is unacceptable. To use a term from the Cap and Trade program, that is just ‘resource shuffling’ and outright leakage. The fundamentals of reducing GHG emissions under AB 32 is to avoid leakage, not accelerate it. CARB should be asking, “How can we meet our carbon targets in the least-cost manner, and in a way that disrupts the lives of Californians the least?”

CIPA recently submitted comments to the OPGEE model update under the Low Carbon Fuel Standard. Those comment go into great detail about the need to get the science right BEFORE policy decision are made, and describe a model in which the regulatory framework of California

¹ The mission of CIPA is to promote greater understanding and awareness of the unique nature of California’s oil and natural gas resources, and the independent producers who contribute actively to California’s economy, employment and environmental protection.

² https://ww2.arb.ca.gov/sites/default/files/2021-09/carb_presentation_sp_scenarioinputs_september2021.pdf

is ignored.³ We incorporate those comments by reference. California crude oil, is the only traditional fuel feedstock produced under California's Cap and Trade Program where the production emissions are already accounted for, and capped. Imported crude is neither subject to the State's methane rules, nor price on carbon. California's Carbon Neutral goals simple cannot declare victory by shifting the emissions math to other (higher-emitting) jurisdictions.

CIPA members are investing in large-scale carbon reduction projects, such as renewable thermal and electrical energy and/or carbon capture and storage. CIPA supports inclusion of these pathways in all the scenario models that are run. We believe there should also be a scenario that looks at the *global* impact of replacing California crude, with its methane monitoring rules, flaring rules, vapor recovery rules and short pipeline transport distances with the equivalent volume of less regulated, long-distance transported foreign crude. Such an analysis needs to consider all the emission reduction efforts highlighted in the recent CIPA OPGEE letter to CARB.

Even with the state's incredible vehicle efficiency rules, VMT reduction strategies, and vehicle technology requirements, California consumes among the most energy on the planet outpacing France, Germany and the United Kingdom⁴. Owing to the sheer size of its demand and California's continued reliance on energy imports, state policies (or changes to those policies) can have wide ranging impacts around the U.S. and the world as a whole. Unfortunately, other energy producing regions of the world do not share California's values for labor, health and safety or the environment. Exporting our energy needs, including the jobs and tax base they support, is a very real form of "leakage" which AB 32 sought to avoid. Rather than increasing our dependence on foreign imports, California should embrace an energy portfolio that prioritizes California produced energy, which benefits both state and local economies as well as the environment.

California will need petroleum and natural gas fuels for decades, a fact confirmed by the AB 74 report conclusions. During this time, we should prioritize in-state supply. It is foreign crude that should be targeted for primary reduction, and not in-state production. Instead of making the Saudi royal family richer, we should be focused on keeping more Californians working and using that money here to enrich our communities. **The last barrel of oil used in this state, should be produced in state with renewable electrical and thermal energy and utilizing carbon capture and sequestration.** Such an outcome is the only one consistent with a successful Carbon Neutrality policy.

Thank you for continuing the dialogue with us. We look forward to working with CARB on this important topic.

Sincerely,



Rock Zierman
Chief Executive Officer
California Independent Petroleum Association

³ <https://www.arb.ca.gov/lists/com-attach/4-opgee-general-ws-AGMBbgNyVmQAWVI9.pdf>

⁴ CA - 7.96 quadrillion BTUs <https://www.eia.gov/state/print.php?sid=CA>

Country ranking: <https://www.eia.gov/international/rankings/world?pa=12&u=0&f=A&v=none&y=01%2F01%2F2017>