

NEWS

All Sections

Home > Featured Articles > **Bp Plc**

California lawmakers weigh moves to ensure gasoline supply

November 15, 2012 | Reuters

Recommend

0

Tweet

0

0

(Reuters) - California lawmakers on Thursday proposed more oil refinery oversight and the creation of a state fuel reserve as possible measures to prevent future [gasoline](#) price spikes like those that hit motorists in May and October.

A state Senate hearing on Thursday was held to consider the threats to supply in a state where, due to strict air pollution standards and higher [taxes](#), drivers already pay far more than the national average for gasoline.

Ads By Google

Spark Energy - Low Prices

Protect Yourself From High Electric Bills. Lock in a Low Price

SparkEnergy.com/Spark.Energy

This situation was then exacerbated in early October when the unplanned shutdown of a key Exxon Mobil Corp refinery sent prices close to \$5 a gallon, the California Energy [Commission](#) said.

While a refining [industry](#) representative at the hearing said the price swells were a natural market reaction to a dearth of supply, Robert McCullough, an independent energy consultant, suspects the picture is not quite so simple.

He released a report on Thursday that said two West Coast refineries may have produced oil

throughout May despite reports they were shut for maintenance. The report also found West Coast oil inventories were at historically high levels in October - and rising in May - which should have kept prices from spiking.

McCullough said there was no way to know for sure whether the gasoline market was being manipulated or not because of a fundamental lack of information on the sector.

"This is a black hole in our energy picture," he said at a hearing of the state Senate Select Committee on Bay Area Transportation. "We know very little about what is happening in those markets."

For example, refineries have no obligation to alert the state in advance when they plan to shut down for maintenance, making it difficult for the California Energy Commission (CEC), which oversees the market, to know the full supply picture.

And while inventories are reported to the CEC, the industry does not have to say who owns what portion of those reserves, McCullough said.

Tupper Hull, spokesman for the Western States Petroleum Association, which represents 12 of the state's 14 refineries, dismissed McCullough's claims, saying the industry is already highly regulated.

"The fact that Mr. McCullough hasn't been able to find market manipulation or something illegal doesn't suggest that he needs more information," Hull said. "Perhaps he should reach the conclusion that there is no market manipulation."

Senator Mark Leno, chair of the committee that held the hearing, said the market should be more transparent, and that without legislative action, it would only be a matter of time before [gas prices](#)  spike again, especially since ownership of refineries is growing more concentrated.

Ads By Google

Nexus 7 from Google

Thin, light, and more portable with mobile data. Shop now from \$199.

play.google.com

"We don't know enough to be able to make any determination as to what actually has occurred," Leno said. "We will continue to see what we can do legislatively to correct what I think is a market that's gone askew."

The supply squeeze in October led to a renewed call by a consumer advocate for the state to block a proposed acquisition of BP Plc's southern California refinery by Tesoro Corp, unveiled in August.

Supply in the state has been particularly squeezed ever since a major fire at the Chevron Corp refinery in Richmond, California, which has put the key crude unit out of action until early next year.

(Reporting by Rory Carroll in San Francisco, with additional reporting by Braden Reddall; Editing by Bob Burgdorfer)

Ads By Google

AARP® Medicare Supplement

Ins Plans by UnitedHealthcare Ins Co. Request a Free Guide. Go Long.
www.GoLong.com/AARP-Medicare

Medicare Part B Plans

Low Cost Medicare Health Plans. Search All Plans & Prices Online.
www.MedicareSolutions.com

Featured Articles



Walmart Black Friday 2012 coming even earlier



Decoding the diabetic diet



For heart health, fish oil pills not the answer: study

MORE:

- Steps can be taken to relieve or prevent night leg cramps
- Jeff Gordon-Clint Bowyer feud escalates into full-fledged garage brawl
- Northeast cleans up from Superstorm Sandy, death toll rises
- California teen steps into rattlesnake nest, survives
- Website gives Illinois customers power to compare electricity rates
- Judge in court to face charges hours after re-election

Ads By Google

US Gas Pipeline Map

Map has more than 1,700 Interstate, Intrastate and Proposed Pipelines.
store.HartEnergy.com

Related Articles

Bp Plc Agreement With Justice Dept Will Include

November 14, 2012

ADVISORY-Please ignore alert on Exxon

October 29, 2012

UPDATE 3-California gasoline prices ebb at last after...

October 10, 2012

California gasoline prices ebb at last after record run

October 10, 2012

Tesoro to combine California refineries after Carson deal

August 13, 2012

Find More Stories About

Bp Plc Market Manipulation

Terms of Service

Privacy Policy

Index by Date

Index by Keyword

www.chicagotribune.com

Connect

Like us on Facebook

Follow us on Twitter

Chicago Tribune

