

AMENDED IN SENATE APRIL 1, 2013

**SENATE BILL**

**No. 448**

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**Introduced by Senator Leno**

February 21, 2013

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An act to ~~amend Section 25357 of~~ *add Section 25367 to* the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 448, as amended, Leno. Energy: petroleum supply and pricing.

Existing law establishes the State Energy Resources Conservation and Development Commission (~~commission~~) in the *Natural Resources Agency*, and specifies the powers and duties of the commission with respect to energy resources in the state. Under existing law, various provisions regulate petroleum supply and pricing. Existing law ~~further~~ requires the commission to obtain and analyze monthly production reports prepared by the State Oil and Gas Supervisor under a specific provision. *Existing law authorizes the State Lands Commission to enter into oil and gas leases for the extraction and removal of oil and gas deposits on state lands. Existing law requires the leases to include a royalty provision.*

~~This bill would make a technical, nonsubstantive change to this latter provision.~~

*This bill would, upon appropriation by the Legislature from moneys generated by the collection of royalty payments from the oil and gas leases, establish the Office of Price Investigation and Manipulation Prevention in the State Energy Resources Conservation and Development Commission and would require the office to identify fuel price manipulation, establish a methodology to determine whether fuel price manipulation is occurring, and analyze data and investigate for*

*suspected fuel price manipulation. The bill would require the office, in consultation with the State Air Resources Board and other relevant state agencies, to prepare and submit to the Legislature a report on further legislative recommendations to limit the amount of price volatility and comparative price increase in the California transportation fuel market.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 25367 is added to the Public Resources  
2     Code, to read:  
3     25367. (a) The Office of Price Investigation and Manipulation  
4     Prevention is hereby established in the commission.  
5     (b) The office shall do all of the following:  
6     (1) Establish a definition for transportation fuel market  
7     manipulation.  
8     (2) Identify data necessary to determine whether fuel pricing  
9     manipulation is occurring that includes all of the following:  
10    (A) Individual fuel producer data, including all of the following:  
11    (i) Production or throughput data.  
12    (ii) Emission data or operational data.  
13    (iii) Sales volumes.  
14    (iv) Price.  
15    (B) Marketwide pricing data.  
16    (3) Establish an analytical methodology necessary to evaluate  
17    whether fuel price manipulation is occurring that includes both  
18    of the following:  
19    (A) Producer level analysis.  
20    (B) Marketwide analysis, comparing real time prices to expected  
21    prices based on modeling output.  
22    (4) Analyze the data and investigate for suspected fuel price  
23    manipulation using both of the following:  
24    (A) Producer level analysis.  
25    (B) Marketwide analysis.  
26    (c) The office, in consultation with the State Air Resources Board  
27    and other relevant state agencies, shall prepare and submit to the  
28    Legislature, pursuant to Section 9795 of the Government Code, a  
29    report on further legislative recommendations to limit the amount

1 of price volatility and comparative price increase in the California  
2 transportation fuel market. The report shall include an evaluation  
3 of strategies doing all of the following:

- 4 (1) Increasing fuel diversification.
- 5 (2) Reducing overall demand of gasoline and diesel.
- 6 (3) Increasing fuel storage.
- 7 (4) Leveraging the state's purchasing power related to the  
8 state's fleet.
- 9 (5) Increasing timely imports of fuels during price swings.

10 (d) Upon appropriation by the Legislature from moneys  
11 generated by the collection of royalty payments from oil and gas  
12 leases entered into pursuant to Article 2 (commencing with Section  
13 6826) of Chapter 3 of Part 2 of Division 6, the commission shall  
14 implement this section.

15 ~~SECTION 1. Section 25357 of the Public Resources Code is~~  
16 ~~amended to read:~~

17 ~~25357. The commission shall obtain and analyze monthly~~  
18 ~~production reports prepared by the State Oil and Gas Supervisor~~  
19 ~~under Section 3227.~~