

Date of Hearing: April 24, 2023

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 1614 (Gabriel) – As Amended February 17, 2023

SUBJECT: Gasoline fueling stations: phase out: study

SUMMARY: Requires the California Air Resources Board (CARB) to conduct a study on how to phase out the existence of gasoline fueling stations by a specified date and the potential incentives that may be required in order to transition those stations into electric vehicle (EV) charging stations.

EXISTING LAW:

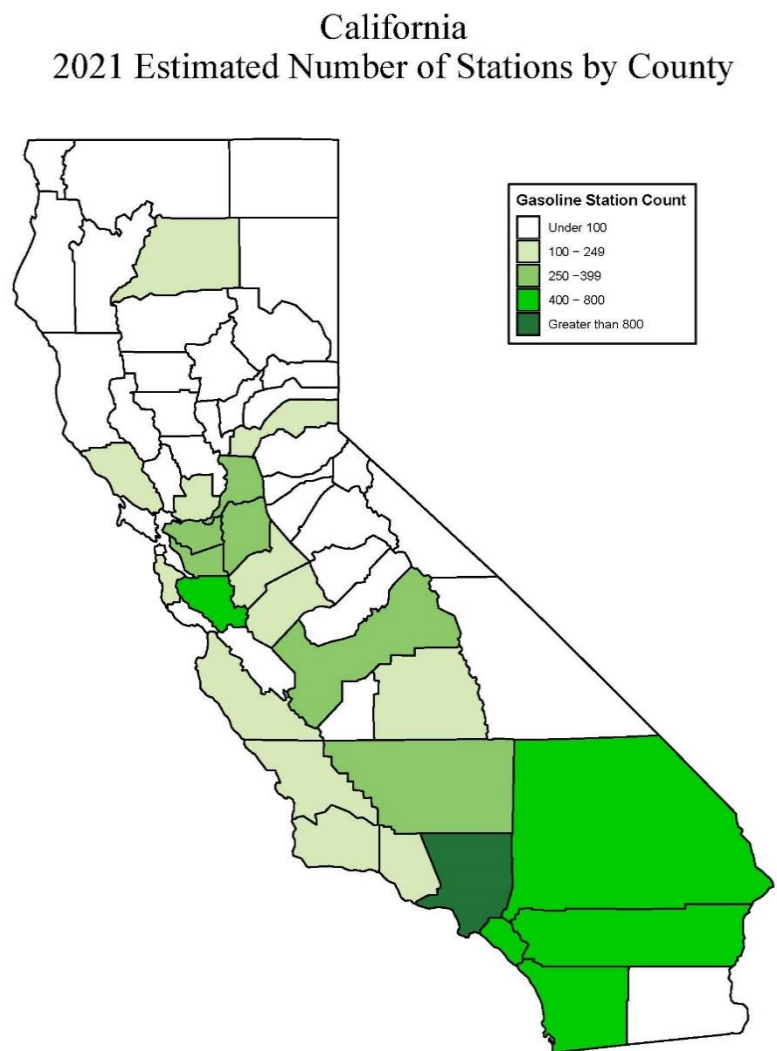
- 1) Creates the Clean Transportation Program (CTP), administered by the Energy Resources Conservation and Development Commission (also known as the California Energy Commission, CEC), to provide competitive grants, loans, or other funding to various entities to develop and deploy technologies that transform California's fuel and vehicle types to help attain the state's climate change policies. (Health and Safety Code (HSC) 44272)
- 2) Requires the CEC, working with CARB and the California Public Utilities Commission (CPUC), to prepare a statewide assessment of the EV charging infrastructure needed to support the levels of EV adoption required for the state to meet its goals of putting at least five million zero-emission vehicles (ZEVs) on California roads by 2030, and of reducing emissions of greenhouse gases (GHG) to 40% below 1990 levels by 2030. (Public Resources Code (PRC) 25229)
- 3) Requires the CEC, in consultation with CARB, to assess whether charging station infrastructure is disproportionately deployed by population density, geographical area, or population income level. (PRC 25231)
- 4) Creates the Alternative and Renewable Fuel and Vehicle Technology Fund to be administered by the CEC to implement the CTP. Requires the CEC to include in the biennial integrated energy policy report (IEPR) a list of projects funded, the expected benefits in terms of specified characteristics, the overall contribution of the funded projects toward specified goals, key obstacles and challenges to meeting the goals, and recommendations for future actions. (PRC 44273)
- 5) Requires CARB, pursuant to California Global Warming Solutions Act of 2006 (AB 32 (Núñez), Chapter 488, Statutes of 2006), to adopt a statewide GHG emissions limit equivalent to 1990 levels by 2020 and to develop a scoping plan for achieving the maximum technologically feasible and cost effective reductions in GHGs. (HSC 38500)
- 6) Requires, pursuant to SB 32 (Pavley), Chapter 249, Statutes of 2016, that CARB ensure that statewide GHG emissions are reduced to at least 40% below 1990 levels by 2030. (HSC 38566)
- 7) Provides, pursuant to the California Climate Crisis Act (AB 1279 (Muratsuchi), Chapter 337, Statutes of 2022), that it is the policy of the state to do both of the following:

- a) Achieve net zero GHG emissions as soon as possible but no later than 2045; and,
 - b) Ensure that by 2045, GHG emissions are reduced to at least 85% below 1990 levels.
- 8) Authorizes CARB to include the use of market-based compliance mechanisms to comply with the GHG emissions limits and emissions reduction measures adopted by regulation to achieve the maximum technologically feasible and cost-effective reductions in GHG emissions. (HSC 38562 & 38570)
- 9) Authorizes CARB to adopt a regulation that establishes a system of market-based declining annual aggregate emissions limits for sources or categories of sources that emit GHGs, applicable from January 1, 2012 to December 31, 2030. (HSC 38562)

FISCAL EFFECT: Unknown

COMMENTS: The Petroleum Industry Information Reporting Act (PIIRA) requires all retail transportation fueling stations in California to file a Retail Fuel Outlet Annual Report (CEC-A15) with the CEC. These stations report retail sales of gasoline, diesel, and other transportation fuels. In 2021, there were about 8,000 gasoline stations in California.

Reporting Year	Gasoline Stations
2010	7,707
2011	8,036
2012	7,748
2013	7,044
2014	6,369
2015	7,240
2016	8,456
2017	8,353
2018	8,256
2019	8,269
2020	8,492
2021	7,997



Phase-out of oil and gas extraction. To achieve California's air quality and climate goals, the state aims to end its dependence on petroleum. This will not happen overnight. On April 23, 2021, Governor Newsom directed CARB to evaluate the phase-out of oil and gas extraction no later than 2045 as part of CARB's Scoping Plan. There are about 28 million combustion engine heavy- and light-duty trucks and passenger vehicles in California, and these are almost always replaced at their end of life. The ZEV Executive Order (EO N-79-20) calls for 100% new car sales to be ZEV car sales beginning in 2035 and 100% medium- and heavy-duty fleet sales to be ZEV by 2045 where feasible. The result is an ongoing, albeit shrinking, pool of vehicles that will continue to require petroleum fuels.

CARB determined that to meet the remaining demand for petroleum fuel, a complete phase-out of oil and gas extraction and refining is not possible by 2045. The 2022 Scoping Plan still has some California demand for finished fossil fuels (gasoline, diesel, and jet fuel) in 2045 that makes it infeasible to phase-out oil and gas production fully by 2045. This demand is primarily for transportation, including for sectors that are directly regulated by the state and some that are subject to federal jurisdiction, such as interstate locomotives, marine, and aviation. Therefore, CARB's latest Scoping Plan assumes a phase-down in both oil and gas extraction as well as petroleum refining in line with the reduction in demand for in-state on-road petroleum fuel demand. Since the transportation sector is the largest source of GHG emissions and harmful local air pollution, the state must continue to research and invest in efforts to deploy zero emission technologies and clean fuels, and to reduce vehicle miles traveled.

As long as demand for transportation fuels continues, the need for gasoline stations will continue. However, new CARB ZEV regulations and increasingly efficient gas-powered hybrid vehicles decrease gasoline usage and raise the question of what is to be done with gasoline stations as the demand for them declines.

State needs more charging stations. To support the rapid deployment of ZEVs, in 2018, Governor Brown set a goal of having 250,000 chargers, including 10,000 direct current fast chargers (DCFC), operating in California by 2025. The CEC projects a need of over 700,000 public and shared private chargers to support charging 5 million ZEVs, and nearly 1.2 million chargers would be required to support 8 million ZEVs in 2030. An additional 157,000 chargers are needed to support 180,000 medium- and heavy-duty vehicles anticipated for 2030. As of January 2021, California has installed more than 70,000 public and shared chargers, including nearly 6,000 DCFC. The CEC's 2021 EV Charging Infrastructure Assessment found that an additional 123,000 are planned, approximately 3,600 of which are fast chargers, which leaves a gap of about 57,000 installations from the goal of 250,000 chargers.

Could gasoline stations transition to alternative fuels in the future? According to a recent L.A. Times article, some independent owners have tried to keep up with the changing times. One independent gas station owner said that he had considered adding EV chargers at his station, but that a quote for the work was not economical. Adding a high-powered DCFC can cost from \$70,000 to \$100,000 for the equipment, and an additional \$30,000 to \$100,000 for the construction, depending on existing infrastructure.

Because stations are typically in high-traffic areas, many are situated on parcels that would be coveted by real estate developers should owners decide to sell. Station owners see the development potential, but sometimes cannot move until their contract with gasoline distributors expires, or perhaps they only lease the property. Converting stations for alternative use also may

encounter environmental hurdles. Environmental contamination on gas station sites is not uncommon and there may be a need to go through a remediation process to clean up the site and make it habitable for future businesses.

According to the author, “The State of California is in the process of electrifying its transportation sector in order to meet our ambitious climate goals. The writing is on the walls that the need for gas stations will become obsolete. California needs to begin studying how we will transition these properties, complete necessary environmental remediation and enable them to become a symbol of the transition to a green energy future. California is nowhere close to having enough public EV chargers. Gas stations are located in prime locations for EV charging. The state should be actively looking at what we can do to incentivize gas stations to install EV charging and transition to EV charging stations in order to decrease range anxiety and enable individuals to charge their cars at convenient locations while on road trips or driving long distances when charging at home may not be an option.”

In support, The Climate Reality Project, Los Angeles and San Fernando Valley Chapters, writes, “By understanding potential financial and regulatory incentives, [this bill] could increase the EV charging infrastructure to help gasoline stations convert to EV charging stations and assist the station owners’ transition to a new business model. These conversions will continue to meet the expanding number of EVs on the road and also will benefit customers who are already familiar with these locations in their communities. The EV charging infrastructure must be ready for a rapid increase in EV sales. [This bill] will provide recommendations that would help grow the necessary infrastructure.”

In opposition unless amended, California Fuels and Convenience Alliance writes, “The bill should be amended to remove the focus on phasing out gas stations and instead consider a more holistic approach to fueling the California of tomorrow. Additionally, the bill should revise the scope of the study to also examine the barriers gas stations face in installing EV charging equipment.”

Committee comments: AB 1529 (Gabriel) of this Session requires CEC to submit to the Legislature, no later than July 1, 2025, a report assessing the suitability of gasoline stations for conversion into EV charging stations and identifying potential financial incentives and regulatory barriers for gasoline stations to convert to EV charging stations. The conversion to EV charging stations is just one possible use of gasoline stations in the future. Therefore conversion, and potential incentives and regulatory barriers to conversion, should be considered in the broader context of studying the feasibility of phasing out the existence of gasoline stations. Committee amendments detailed below address this issue.

Additionally, the author may wish to incorporate additional details in the study, such as consideration of necessary environmental remediation. However, those details would be outside of the scope of this committee, so they should only be considered by the author in coordination with relevant policy committees, as the bill proceeds.

Amendments: The committee recommends this bill be amended to incorporate provisions from the author’s related bill AB 1529.

SECTION 1. Section 43872 is added to the Health and Safety Code, to read:

43872.

(a) The State Energy Resources Conservation and Development Commission, in coordination with the state board and the Governor's Office of Business and Economic Development, and in consultation with local air districts and local governments, shall conduct a study on the feasibility of phasing out the existence of gasoline fueling stations by a specified date.

(b) For purposes of this section, "gasoline fueling station" means an establishment which offers for sale or sells only gasoline or gasoline and diesel fuel to the public.

(c) Prior to initiating the study, the state board shall convene the state and participating local agencies identified in this section, and other relevant stakeholders, to determine the scope of the study. The scope of the study may be expanded to include consideration of items that are necessary to study the feasibility of phasing out gasoline fueling stations.

(d) The study shall include an assessment by the State Energy Resources Conservation and Development Commission on the suitability of gasoline fueling stations for conversion into electric vehicle charging stations and that identifies potential financial incentives and regulatory barriers for gasoline stations to convert to electric vehicle charging stations.

(e) The State Energy Resources Conservation and Development Commission shall deliver the study to the Legislature, in compliance with Section 9795 of the Government Code, no later than June 30, 2026.

(f) Pursuant to Section 10231.5 of the Government Code, this section is repealed on January 1, 2030.

Double referral: Provisions of this bill, as proposed to be amended, were heard by the Assembly Utilities and Energy Committee (in the form of AB 1529 (Gabriel)) as it relates to issues under its jurisdiction. AB 1529 passed out of that committee on April 12, 2023 on a 13-0 vote.

Related and previous legislation: SBX1-2 (Skinner) Chapter 1, Statutes of 2023 mandates that specified entities along California's oil and gasoline supply chain report extensive data to the CEC and authorizes the CEC to establish a maximum gross gasoline refining margin and penalty on gasoline sold by refiners in the state, pursuant to certain findings, and requires various reports and assessments by the CEC to be submitted to the Legislature regarding the current status and future managed decline of transportation fuels.

AB 1504 (McCarty) of this Session requires CEC, working with CARB and CPUC, to prepare the statewide assessment of the EV charging infrastructure needed to support the levels of light- and heavy-duty EV adoption required for the state to meet the goals of a specified executive order, a mobile source strategy, and achieving carbon neutrality as soon as possible and no later than 2045. Status: In Committee Process – Assembly Transportation Committee

AB 1529 (Gabriel) of this Session requires CEC to submit to the Legislature, no later than July 1, 2025, a report assessing the suitability of gasoline stations for conversion into EV charging stations and identifying potential financial incentives and regulatory barriers for gasoline stations to convert to EV charging stations. Status: In Committee Process – Assembly Transportation Committee

SB 507 (Gonzalez) of this Session expands the scope of information CEC must consider when assessing the state's need for EV charging infrastructure. Status: In Committee Process – Senate Transportation Committee

SB 493 (Min) of this Session requires CEC to assess the energy resources needed to meet state goals to transition medium- and heavy-duty vehicles to ZEVs, and it requires CARB to use the CEC's assessment to create a strategic plan to achieve this transition. Status: In Committee Process – Senate Appropriations Committee

AB 2127 (Ting), Chapter 365, Statutes of 2017 requires CEC to conduct a statewide assessment of the EV charging infrastructure needed to support the levels of EV adoption required for the state to meet its goals of putting at least five million ZEVs on California roads by 2030 and of reducing emissions of GHGs to 40% below 1990 levels by 2030.

REGISTERED SUPPORT / OPPOSITION:

Support

The Climate Reality Project, Los Angeles Chapter
The Climate Reality Project, San Fernando Valley, CA Chapter

Opposition

California Fuels and Convenience Alliance (unless amended)

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