

**CALIFORNIA ENERGY COMMISSION**

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Dr. Ralph Appy  
Environmental Management Division  
Port of Los Angeles  
425 South Palos Verdes Street  
San Pedro, California 90731

Dr. Spencer D. MacNeil  
U.S. Army Corps of Engineers  
Los Angeles District  
P.O. Box 532711  
Los Angeles, California 90053

**RE: Pacific L.A. Marine Terminal LLC Pier 400, Berth 408 Project SEIS/SEIR**

Dear Dr. Appy and Dr. Spencer:

The California Energy Commission provides the following comments to the Port of Los Angeles (POLA) and U.S. Army Corps of Engineers (ACOE) on the Draft Supplemental Environmental Impact Statement/Subsequent Environmental Impact Report (SEIS/SEIR) for the Pacific L.A. Marine Terminal LLC Project on Pier 400 in the POLA. The proposed project includes a new crude oil marine terminal, storage tanks and onshore pipelines to connect the terminal and storage facilities to local refineries.

The Energy Commission is responsible for proposing policies to ensure affordable, reliable, and environmentally sound supplies of petroleum, alternative fuels, and electricity for meeting California's growing energy needs. In its Integrated Energy Policy Reports (IEPRs) from 2003 onward, the Energy Commission has pointed out that decreasing California's reliance on petroleum fuels is critical and that over the next several decades we must pursue strategies to increase fuel efficiency, expand use of non-traditional fuels and reduce demand for all transportation fuels. These strategies are increasingly important to the state's commitment to meet AB 32 requirements to reduce greenhouse gas emissions. However, the Energy Commission recognizes that, in the near term, California must expand its marine facility capacity and pipelines to adequately serve the state's refineries and meet the continuing demand for transportation fuels. A crude oil import facility with the throughput and storage capacities of the proposed project is a critical element of maintaining the adequacy of crude oil supplies to the Los Angeles Basin through 2015.

Energy Commission staff completed earlier this year the *2008 Best Permitting Practices Guidelines for Liquid Transportation Fuels Infrastructure* (CEC-700-2008-002SF). The guidelines were based, in part, on advice and information from the POLA and over 300 other local, state, and federal agency staff and stakeholders. The guidelines recommend to agencies and project proponents a variety of measures to make the environmental review

and project permitting more efficient while ensuring that environmental issues are appropriately addressed. One of those measures calls for continuing and expanding the Energy Commission's participation in project regulatory review processes. The purpose of our involvement is to inform regulatory agencies of transportation fuel demand, supply and infrastructure forecasts, and related statewide energy policies including sound environmental and security measures that meet regulatory agency mandates.

Our specific comments on the SEIS/SEIR are enclosed. Generally, these comments focus on the document's assessment of crude oil supply and demand, related forecasts, the outlook for crude oil imports, and the viability of using current "spare" crude oil import capacity at existing marine oil terminals for handling the forecasted incremental imports and as an alternative to the project. We also reviewed sections of the environmental impact analysis. We believe the proposed Pacific Marine Terminal Project would address one of the most pressing and immediate transportation energy infrastructure needs identified in the IEPRs. It would provide necessary new facilities to improve and expand the marine crude oil infrastructure to help ensure reliability of needed crude oil imports. Completion of the EIS/EIR and permitting process for this proposed project will determine the appropriate measures and design features to ensure it complies with applicable environmental regulations.

For any questions please contact Eugenia Laychak, Energy Facilities and Siting Division, at (916) 654-4543.

Sincerely,



MELISSA JONES  
Executive Director

MJ/jcm

Enclosure

cc: Jackalyne Pfannenstiel, Chairman  
James D. Boyd, Vice Chair  
Arthur H. Rosenfeld, Commissioner  
Jeffrey Byron, Commissioner  
Karen Douglas, J.D., Commissioner

California Energy Commission Comments  
To Port of Los Angeles and U.S. Army Corps of Engineers on  
Pacific L.A. Marine Terminal LLC Pier 400, Berth 408 Project SEIS/SEIR

The following comments are organized according to the sections of the SEIS/SEIR.

1 Introduction

In many locations of this and subsequent chapters, the SEIS/SEIR attributes references to or quotes the 2007 IEPR, but cites the Committee Final report, rather than the Energy Commission Final report. The Energy Commission Final report represents statewide energy policy adopted by the full Energy Commission. The Committee report was forwarded to the full Energy Commission for adoption in November 2007. The Commission adopted the 2007 IEPR on December 5, 2007, after making revisions to the Committee Final Report.

1.1.3

Page 1-7, lines 8, 35, and 39, change (CEC 2007b) to (CEC 2007a).

1.1.3.1

Page 1-14, lines 3, 14, change (CEC 2007b) to (CEC 2007a).

Page 1-15

Lines 1-3, replace text with the following: "The California Department of Finance predicts that California's population and real per capita income will grow by a little over 1 percent per year. More than 37 million people live in California, the population is expected to grow to more than 44 million by 2020 and the population may increase to about 60 million residents by 2050 (CEC 2007a...."

Line 22, change (CEC 2007b) to (CEC 2007a).

1.1.3.3

Page 1-18, lines 11 and 41, change (CEC 2007b) to (CEC 2007a).

1.1.3.4

Page 1-19, lines 12 and 17, change (CEC 2007b) to (CEC 2007a).

Page 1-20, line 2, change (CEC 2007b) to (CEC 2007a).

2 Project Description

2.1.3

Page 2-5, lines 2-3, replace Chapter 1 and (CEC 2007b) with Chapter 7 and (CEC 2007a).

Line 10, replace (CEC 2007b) with (CEC 2007a).

Page 2-6, line 2, replace (CEC 2007b) with (CEC 2007a).

3 Affected Environment and Environmental Analysis

Energy Commission staff found the environmental analyses to be comprehensive.

### 3.13 Utilities and Public Services

The Energy Commission applauds the project proponent's commitment to design and build the three buildings that are proposed as part of the marine terminal facility under the Leadership in Energy and Environmental Design (LEED) Green Building Rating System.

#### Appendix D - Throughput and Vessel Mix Methodology

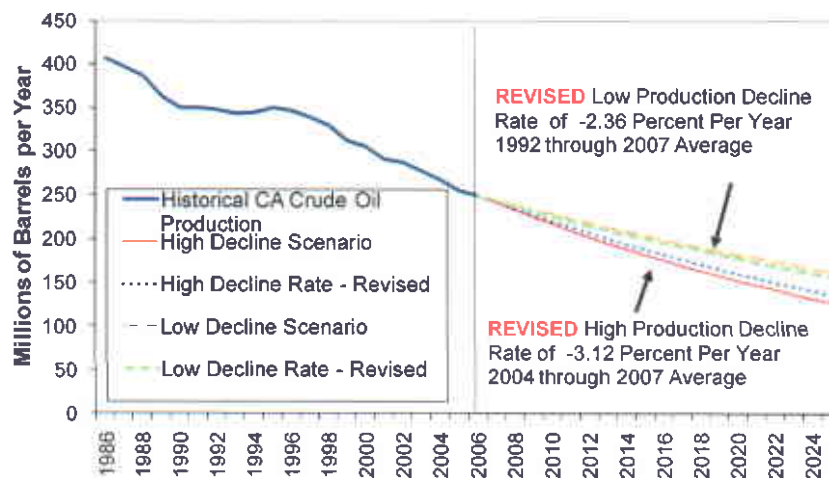
D.1.1.1 - How does the 50,000 barrel/day increase (line 39, p. D1-3) follow from the information in the remainder of that paragraph (i.e. plans for 21,000 b/d)? It is also not clear how this differs from capacity creep.

D.1.1.2 – While we recognize that the writers of the SEIR intended to make use of multiple demand cases in this section to emphasize potential uncertainty, only two transportation fuel demand forecasts were specifically adopted by the Energy Commission in the 2007 IEPR. These were the cases denoted in Figure 2 by the lines representing the highest and fourth highest demand growth projections and in Table 2 by the projections reported in the first and fifth case columns. Moreover, in the 2007 IEPR these projections were extended only to 2020.

(Lines 34-37, p. D1-5) The relevance of hybrid vehicle data to this discussion is unclear, but hybrid vehicles reached about 0.9 percent of on-road registered vehicles by 2007.

D.1.1.3 – Staff's expectations for projected crude oil imports has not appreciably changed from the 2007 IEPR, based on the most recent crude oil production data from the Division of Oil, Gas and Geothermal Resources (DOGGR). In particular, based on the revised DOGGR production data for 2006 and historical value for 2007, staff estimates that the Low Decline Rate would be revised to a figure of 2.36 percent per annum. This rate is slightly greater than the 2.21 percent rate of decline used in the final 2007 IEPR. Staff estimates a slightly lower value of 3.12 percent for the revised High Decline Rate, compared to the previously adopted figure of 3.44 percent. The chart provided below indicates the trends using this updated information.

**California Crude Oil Production  
Decline Forecast 2008-2025**



By 2015, these updated projections yield an estimated incremental crude oil import range of between 83 and 131 million barrels per year greater than 2005, compared to the 2007 IEPR incremental crude oil import forecast of between 80 and 138 million barrels. By 2025, the revised incremental crude oil imports are between 155 and 257 million barrels per year, a slightly tighter range than the 2007 IEPR estimate of 151 to 266 million barrels.

Translating the revised crude oil import forecast to number of new crude oil tanker visits means that the 2007 IEPR adopted estimate of between 167 and 291 additional import events by 2020 (compared to the base year of 2005) would be modified to between 172 and 279 incremental crude oil tanker visits by 2020 using the updated crude oil production figures from the California Division of Oil and Gas.<sup>1</sup> With regard to implications for Southern California, approximately 60 percent of these incremental crude oil vessel arrivals by 2020 will be in Southern California.

D.1.1.4 (lines 1-7, p. D1-14)– While staff agree that using calculations of average annual growth rates over three and five years of refinery capacity creep has its limits as a method, we don't find very convincing the dismissal of the approach based on the argument that "2001-2002", one year's change, "was not a good predictor of ...2003-2006".

D.1.3 - We agree that there is some spare incremental crude oil import capability for marine berths in San Pedro Harbor. However, it is unlikely that all of these facilities would ever operate at theoretically maximum throughput levels due to operational limitations resulting from inadequate shore-side storage tank capacities, lack of pipeline interconnections with multiple refineries, and lack of compliance with MOTEMS (Marine Oil Terminal Engineering and Maintenance Standards) for some crude oil import terminals. In addition, operation of private marine oil import terminals in a purely cooperative and coordinated manner is unlikely due to the competitive nature of the petroleum industry and potential anti-trust regulatory concerns.

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<sup>1</sup> Calculation of incremental crude oil vessel trips assumes an average capacity size of 700,000 barrels per ship.