

Risk in Crying Foul Over Exhaust Rules

Automakers are likely to face bad PR if they sue to stop a proposal to cut greenhouse gas emissions in California.

By John O'Dell, Times Staff Writer
Los Angeles Times, June 21, 2004

The nation's auto industry could hit a public relations pothole if it presses ahead with its threat to sue California over a plan to slash emissions of greenhouse gases.

State regulators unveiled a proposal last week that would require cars and trucks to adhere to dramatically tighter standards for the discharge of carbon dioxide and other gases that have been linked to global warming.

The rules would go into effect by the end of 2014 for all passenger vehicles sold in California, with the aim of reducing the emissions by almost 30%.

Most major automakers are campaigning against the proposal through their Washington-based lobby, the Alliance of Automobile Manufacturers, which has said it may challenge the plan in court when final regulations are drafted this fall.

Automakers already have a reputation for dragging their feet on government mandates for emissions and safety improvements, and the industry "will definitely be hurt in public perception" if it sues, said Anthony Pratt, an analyst with auto industry marketing consulting firm J.D. Power & Associates.

"People will be saying, 'There they go again,' if they fight the greenhouse gas plan."

Major environmental groups have pledged to battle automakers in the media as well as in the courtroom if the lawsuit is filed.

"The whole nation is watching what happens in California this time," said Jason Mark, director of the Union of Concerned Scientists' Berkeley-based Clean Vehicles Program.

The principal way to reduce greenhouse gas emissions from cars and trucks is to improve fuel efficiency. That's because carbon dioxide, the principal offender, can't be eliminated with filters or catalysts.

The auto industry sees California's plan as a thinly disguised, and illegal, effort to reduce the size and number of fuel-guzzling pickups and sport utility vehicles on the roads by forcing a big improvement in the fuel economy of vehicles sold in California.

The state has the power to write its own air quality rules, but only the federal government can set fuel economy standards.

Fuel-thirsty pickups and SUVs, which make up more than half the passenger vehicle market, are among the most profitable the industry makes. With some help from dealer incentives, they continue to sell well nationally despite the generally rising cost of gasoline.

"We build what people want," said Bob Purcell, executive director of powertrain development at General Motors Corp.

Jim Hossack, a vice president and analyst with automotive market research firm AutoPacific Inc. in Tustin, said research showed that gasoline prices would have to hit and stick at the \$3-a-gallon level to cause a significant change in motorists' car-buying habits.

Eron Shosteck, a spokesman for the automakers alliance, said a suit was "just one of the options"

being considered in response to the California greenhouse plan. He declined to discuss the others. Automakers insist that the industry is environmentally aware and is working to lower harmful emissions.

In fact, the industry is in a tough position, Hossack said, considering that it is trying to build an environmentally aware image for itself but has been unable to make bestsellers out of the most fuel-efficient vehicles, which discharge the least carbon dioxide.

"They can either shoot themselves in the foot" by opposing greenhouse rules, he said, "or shoot themselves in the head by going along."

Shell to Cut Summer Output at Bakersfield Refinery, Papers Say

By Elizabeth Douglass, Times Staff Writer
Los Angeles Times, June 21, 2004

Shell Oil Co. plans to put the brakes on production at its Bakersfield refinery in July and August, potentially shorting California's fuel supplies during the summertime driving season, according to internal Shell documents.

The planned cutback is the latest development in the controversy over the refinery, which can process up to 70,000 barrels a day of crude oil and makes about 2% of California's gasoline supply and 6% of its diesel. Shell has said it will close the facility Oct. 1 in a move that experts predict will boost pump prices by worsening the chronic imbalance between supply and demand in the state.

The internal documents obtained by The Times, including a refinery output forecast, indicate that Bakersfield will soon be producing far less than its capacity. After relatively high output rates in May and early June, Shell plans to cut crude oil processing about 6% in July and another 6% in August, according to the forecast.

Those two months are when California's fuel demand reaches annual peak levels.

Aamir Farid, general manager of Shell's refineries in Bakersfield and Martinez, said he couldn't confirm that there was a production slowdown in the works.

"If that's the case, there is a good reason for it," he said.

There could be maintenance planned or projections for a shortfall of crude, he added, but "off the top of my head, I don't know what that good reason is.

"We're not playing any games. We're not shutting down early," Farid continued. "We're going to run as we normally run everything. We're not doing anything different through Labor Day, for sure, because we don't want to impact anything during driving season."

Refining industry experts said production at a facility slated for a shutdown wouldn't need to be curtailed until shortly before the closing date, when the owner would begin emptying and cleaning the equipment.

The Shell forecast says the Martinez refinery, in the Bay Area, will also cut crude processing in July, by nearly 10%, a reduction attributed to planned heavy maintenance called "turnarounds" as well as other work.

Farid said it wasn't unusual for maintenance work to occur during the peak driving season instead of the traditional spring maintenance season. Rob Schlichting, a spokesman for the California Energy Commission, agreed with that assessment.

But Jamie Court, president of the Foundation for Taxpayer and Consumer Rights in Santa Monica, said he believed Shell was up to no good.

"They are cutting back production coming into the busiest driving holiday of the year," Court said. "That's incontrovertible proof that Shell is artificially limiting supply in order to drive up prices."

Court contended that motive explained why Shell didn't search out potential buyers for the refinery once it decided to shutter it.

Interest in the refinery grew after Sen. Barbara Boxer (D-Calif.), state Atty. Gen. Bill Lockyer and others complained publicly that Shell wasn't actively putting it on the market. A Shell spokesman said the company had so far received 23 inquiries - up from 18 a month ago - and that five parties had signed confidentiality agreements to delve into the Bakersfield books.

They'll find that the refinery has recently been a moneymaker: The Shell documents show that Bakersfield's profit of \$11 million in May was 57 times what the company projected and more than double what it made in all of 2003.

Farid said that shouldn't be interpreted to suggest that Shell was wrong to plan to close the plant.

"You still have to assess whether you're going to generate a return on investment that you think is adequate," he said. Despite the big profit in May, "our view hasn't changed."

Last month, Lockyer's office hired an industry consultant to study the financial viability of the Bakersfield refinery and report back before the end of July.

Meanwhile, the Federal Trade Commission continues to investigate Shell's plan to close the refinery, which became a wholly owned Shell asset in 2001 as part of the commission's approval of the merger that created ChevronTexaco Corp.

"The FTC is digging into the details of this closure," said Boxer, who met recently with commission officials. But she added that the agency wouldn't complete its probe until after Labor Day.

"I'm not happy with that.. They need to move more quickly," she said, especially in light of Shell's move to taper off production. "The investigation's meaningless if everything is shut down, dismantled and all the rest."

The Bakersfield refinery is surrounded by prolific oil fields that produce San Joaquin Valley heavy crude. The company, a part owner of several of those fields, has said it wants to close the facility so it can divert more of the heavy crude to its refinery in Martinez, which Shell has said is more efficient than Bakersfield and is suffering from "underutilization" because of dwindling supplies of the San Joaquin crude it is set up to process.

The internal documents show that most of the Martinez refinery is set to run at or near maximum capacity and that it booked net profit of \$34 million in May, which is just shy of Shell's profit expectations at Martinez for all of 2004.

Supreme Court won't consider air pollution problems in California's Imperial Valley

S.F. Chronicle, Monday, June 21, 2004

The Supreme Court on Monday passed up a chance to consider whether a lower court was wrong to rule that Southeastern California's Imperial Valley has serious air pollution problems.

A federal appeals court had ordered the Environmental Protection Agency to add the area to a list of communities with some of the worst air quality in the United States, a designation that will require it to spend more money controlling pollution.

Justices declined, without comment, to review the decision by the 9th U.S. Circuit Court of Appeals.

The action was a victory for the Sierra Club, which had challenged the EPA's determination that the valley would have satisfied the Clean Air Act if not for pollution sweeping across the border from Mexico.

The environmental group argued that tests of air in Imperial Valley, an agricultural region with about 145,000 residents, revealed unhealthy microscopic particles of soot, soil, dust and smoke without links to nearby Mexico.

R. Raymond Rothman, the attorney for the Imperial County Air Pollution Control District, told justices in a filing that the problems came from across the border, including Mexicali, Mexico, an industrial city of nearly 1 million residents.

He said the court ruling should be overturned, to prevent judges from "sitting as a superagency" and second-guessing policy decisions of federal agencies.

The Bush administration argued that the decision was incorrect, but should not be disturbed.

The case is Imperial County Air Pollution Control District v. Sierra Club, 03-1334

Valley needs radical tactics

Analyst: Custom rules key to fighting dirty air because area faces many challenges

By Mark Grossi, The Fresno Bee

Also in the Modesto Bee, Saturday, June 19

The San Joaquin Valley, a vast agricultural landscape with some of the nation's dirtiest air, does not fit neatly into the big-city air cleanup approaches used in Los Angeles, Houston and Atlanta.

So says Adrian T. Moore, executive director of the Reason Public Policy Institute, a Libertarian think tank. He told San Joaquin Valley Air Pollution Control District board members Thursday that state and federal strategies assume bad air is a big-city problem.

But with millions of farmland acres and modest cities, the strategies just don't work. By at least one measure -- daylong smog violations -- this bucolic place has the worst air in the country.

"If we want to get clean air," he said, "we need something radical. We need to be an example for rural areas around the country."

He urged the board to lead a political charge to Sacramento and Washington, D.C., for a tailor-made solution.

The first target is traffic, which accounts for 60 percent of the area's pollution. Local officials have no direct control over pollution coming from cars, trucks and other vehicles. State and federal authorities set engine and fuel standards.

So, while the local district ratchets down emissions from businesses and industries, diesel engines and the highest-polluting cars continue as the biggest sources.

As a further frustration, a U.S. Supreme Court ruling last week opened the border to Mexican-based trucks, which experts say produce twice the pollution of their U.S. counterparts.

Mexican trucks may add as many as 8 tons of pollution per day to the valley's air while local businesses face tighter restriction. That's not fair, board members said.

"Not everyone is doing their share," said board member Michael Nelson, a Merced County supervisor. "A performance-based system would work better."

Added board member Judy Case, a Fresno County supervisor: "Everybody needs to meet the same standard."

The valley also faces challenges that other air districts do not. At 25,000 square miles, the country's largest air basin often has little wind to move pollutants beyond surrounding mountains.

The bad air hangs here, pushing daylong smog violations beyond the South Coast air basin, where people produce twice the pollutants.

Besides Pacific Ocean breezes, South Coast has a financial advantage. The Southern California area has 15 million residents, a massive economic base to absorb higher business costs of clean-air measures, such as a rule to produce expensive automobile paint that emits lower amounts of polluting gases.

The valley has only 3.3 million residents and a fraction of the financial clout.

"We need to focus our resources to get the maximum air quality benefit," Moore said. "Under the current system, the air district winds up investing time and money in reductions that are on the margin."

Moore said he had no specific suggestions yet on how to change the approach. He said he has spoken with staff members of the governor's cabinet about general strategies: "I'm talking about the San Joaquin Valley as a pilot project to a new approach."

Pesticide pollution in valley sky high

The Associated Press, in the Modesto Bee, June 19, 2004

FRESNO -- Pesticide-based pollution went up in the San Joaquin Valley by 34 percent, according to recent data from the Department of Pesticide Regulation.

Seeing the increase in pesticide use -- and pesticide pollution -- between 2001 and 2002, environmental activists stepped up their requests for restrictions on the use of chemicals in agriculture.

But state officials said that wasn't in the plan. Instead, they said they might work with chemical manufacturers to reduce the polluting agents in the pesticides.

Agriculture in the valley is a \$14 billion industry, and farmers rely on pesticides to protect millions of acres of crops from pests.

But health advocates said that something has to change if the valley is going to clean up its act.

"They should have adopted regulations years ago," said Brent Newell of the Center on Race, Poverty and the Environment.

"There's no way this air basin is going to come close to meeting reduction goals."

The latest data available showed that pesticides made up more than 6 percent of the area's smog-making gases, emitting more than 23 tons of pollution daily during the 2002 smog season.

The valley has missed all pollution cleanup deadlines so far.

Over the last five years, it also violated the standard for daylong exposure to smog more often than any other region in the country.

Pesticide use had declined in the late 1990s, because farm costs were going up and farmers had to cut corners. But cheaper chemicals have now led to an increase in pesticide use.

Ozone forms when certain gases that come from pesticides, called volatile organic compounds, combine with the nitrogen oxides that come from cars and power plants. Ozone is the main ingredient in smog, and has been linked to lung disease and respiratory problems like asthma.

Unnecessary incentive

Allowing hybrids to clog the state's carpool lanes is a bad idea.

[Fresno Bee editorial, Saturday, June 19, 2004](#)

A bill that would allow energy-efficient hybrid cars onto carpool lanes is both unnecessary and unwise. It won't do much to reduce pollution or spur the sale of hybrid cars, as its proponents claim. Even more troubling, it has the potential to clog carpool lanes, which would make traffic congestion and air pollution even worse.

The bill, AB 2628 by Assemblywoman Fran Pavley, D-Agoura Hills, is one of those feel-good measures. Backed by both Gov. Arnold Schwarzenegger and Treasurer Phil Angelides, it would open up carpool lanes for solo drivers of fuel-efficient hybrids. With dual electric and gasoline engines, the cars can achieve 45 miles to a gallon of gasoline.

The bill is unfair because it permits only hybrids, not other kinds of fuel-efficient vehicles, to use carpool lanes.

It is also unnecessary. On its Web site, auto giant Toyota asks hybrid customers to be patient. "There is currently a long waiting list at many dealerships across the country. Toyota is making every effort to try to respond to the current high levels of demand."

Hybrids are selling well without any incentive. Some 40,000 hybrids were sold in 2003, when only three models were available. By 2005, the California Air Resources Board expects 17 different hybrid models to be on the market and sales of 177,000 vehicles. Already, demand is outstripping supply. The most troubling and harmful thing about the Pavley bill is that it would likely cause hybrids to clog carpool lanes, reducing their effectiveness. Carpool lanes work because they encourage carpooling. If two commuters share a ride to work, it means one fewer car on the road. If commuters take the bus, 50 cars are removed along with the emissions they produce.

In the Bay Area, where carpool lanes are heavily used now, adding hybrids could make the lanes less attractive because there would be more congestion and less incentive to car pool. Other solo drivers, seeing hybrids using carpool lanes, would assume they could use them, too. The lanes would be more difficult to police.

AB 2628 may be popular, but it's policy that's off track.