

Budget slashing leaves air and land

Despite governor's cutting, money going to cleanup, farms and Sierra Nevada

By ERIC STERN - BEE CAPITOL BUREAU

Tuesday, Jan. 11, Modesto Bee

SACRAMENTO — Gov. Schwarzenegger said his budget proposal "doesn't have that much in it that I want." He took his knife Monday to schools, health care programs and road construction projects.

But Schwarzenegger also got started on a broader vision to shield farmland from urban growth, clean the San Joaquin Valley air and protect the Sierra Nevada.

Many of these initiatives won't hinder efforts to fill the state's \$8.1 billion budget hole. In some cases, Schwarzenegger is directing leftover funds, raised by voter-approved bond sales, for environmental projects, such as preserving the Sacramento-San Joaquin Delta and setting aside land in the Sierra.

Other plans steer small pockets of money to get big results. He's adding extra dollars to state firefighting efforts in the mountains, and he wants to increase funding for a subsidy program that helps farmers replace dirty diesel engines — a plan that earned praise from the Farm Bureau to the Sierra Club.

"He means business when it comes to cleaning California's air," said Bill Allayud, state director of the California Sierra Club. "He understands from being in the L.A. area how bad air can be and how much more we can do."

The Legislature placed a host of clean-air regulations on farmers last year that has stretched funds for the engine-replacement program.

"You've got to find incentives or ways to get that burden off the farmer," said Assembly Dave Cogdill, R-Modesto.

Another low-cost plan Schwarzenegger pushed Monday is to lessen the impact of sprawling growth on "valuable habitat and productive farmland," according to a summary report of the budget plan.

Schwarzenegger said during his State of the State address last week that Californians are spending too much time in cars commuting to jobs from faraway homes. He wants to squeeze more homes closer to urban areas by reducing regulations and changing planning laws.

'Housing where the jobs are'

Secretary of Business, Transportation and Housing Sunne Wright McPeak, who grew up on a Livingston farm, said a more detailed plan will be rolled out in coming weeks that addresses the state's housing crisis. She said communities need to "take care of their own" by planning for population growth and work force needs for 20 years.

"We need to have housing where the jobs are," she said.

Schwarzenegger also signaled his interest in building a proposed \$35 billion high-speed rail line from San Francisco to Los Angeles. He called for \$2.7 million to study the environmental consequences of running the tracks over Pacheco Pass versus the Altamont Pass.

Cutting for today

But while Schwarzenegger's budget also looks ahead, lawmakers are focused more on the immediacy of balancing the books to get through another year.

Sen. Jeff Denham, R-Merced, was frustrated that Schwarz-enegger proposed cutting \$500,000 grants to rural sheriffs departments, including Merced and Tuolumne counties. The grant is a small part of the budget — just \$18.5 million of the \$111.7 billion budget — but "huge in small counties," Denham said.

"There will be objections raised over virtually every line item in this plan and no one will be pleased with all of it, but dire circumstances compel tough choices," said Sen. Chuck Poochigian, R-Fresno, whose district stretches into Modesto. "Lawmakers ... should have the courage to challenge politics-as-usual for the greater good."

Shell says it has buyer for refinery

More fuel may flow from Bakersfield plant

By Craig D. Rose, STAFF WRITER

Tuesday, January 11, San Diego Union Tribune

Just one month after declaring that prospects for a sale of its Bakersfield refinery had dimmed, Shell Oil Co. said yesterday it has reached tentative agreement to sell the plant to a Utah company that is the nation's largest retailer of diesel fuel.

Shell's proposed sale of the refinery to a unit of Flying J Inc. could keep open the 73-year-old facility, which provides about 6 percent of the diesel and about 2 percent of the gasoline burned by the state's truckers and motorists.

Not only would the sale keep that supply flowing, but Flying J said it would double production of gasoline at the plant and more modestly increase its diesel output.

Based in Ogden, Utah, Flying J is a privately held company that reported sales of more than \$5.6 billion in 2003. The company operates 165 travel plazas - filling stations that include restaurants or mini-marts - in 41 states and three Canadian provinces.

Flying J, which has 12,500 employees, owns a refinery in Utah and is involved in oil exploration.

With California's refineries straining to keep up with growing demand, and with fuel prices hitting record levels last year, consumer groups and California Attorney General Bill Lockyer had made it a goal to keep the Bakersfield plant open.

Lockyer last year launched an antitrust investigation of Shell after the company said it would shutter the refinery rather than seek a buyer. It planned to close the plant by Oct. 1.

The company said the supply of locally produced crude oil was declining and the plant could not be kept in operation economically.

Lockyer hired a consultant, who concluded the plant could be operated profitably. Shell later agreed to delay the shutdown and pursue a sale.

In December, prospects for a sale dimmed when Shell said negotiations with its leading bidder had broken down.

Yesterday, the attorney general cautioned that hurdles remain for keeping the refinery open.

"Our goal is to keep products flowing from the plant and have a new participant in the market to help make California more competitive," Lockyer said. "What we've heard about the sale is positive, but we need to learn more about the details."

Terms of the sale were not announced by either company. *Platt's Oilgram News* reported that the sale price would be about \$130 million. Flying J has agreed to abide by a collective bargaining agreement with unionized workers at the plant, which has about 210 employees and 150 contractors.

A significant hurdle to completing the sale could be whether Flying J can obtain a waiver from new state air pollution requirements at the facility.

The more stringent pollution requirement go into effect June 1. Flying J did not respond to a question regarding the length of the waiver it was seeking. The San Joaquin Valley Air Pollution Control District's variance board has the authority to issue a waiver.

Shell had estimated the cost of meeting new pollution regulations would be \$30 million to \$50 million, spokesman Stan Mays said.

The Foundation for Taxpayer and Consumer Rights in Santa Monica last year made public what it said were internal Shell documents indicating that the refinery was profitable. The consumer group, which said the documents came from whistle-blowers within Shell, alleged that the oil company planned to close the refinery to further tighten gasoline supplies in the state and drive up prices, which hit record levels last year and were among the highest in the nation.

"This is a national model for how whistle-blowers, consumer groups and elected leaders can work together to protect motorists from market manipulation," said Jamie Court, president of the foundation.

"It's also testament to the anti-competitive nature of the domestic refining industry that Shell had to be forced to collect a \$130 million check for this sale instead of detonate a perfectly viable refinery."

William Keese, chairman of California Energy Commission, said the state was in a gasoline bind because demand is growing at 2 percent annually but refinery capacity is growing at 0.6 percent. Not all refineries outside the state can produce the fuel blends required by California pollution regulations.

With more refineries unlikely to be built, the state's primary hope for boosting production is expansion of existing plants. Some operators have ruled that out because of difficulties in acquiring permits, Keese said.

But he added that a proposed pipeline from Texas to Arizona could satisfy some of that market's demand for fuel and eliminate the need for supplies from California, increasing the amount of locally produced fuel available for consumption in the state.

Refinery finds buyer in Flying J

Shell accepts reported offer of \$130 million to avert plant's closure

By ERIN WALDNER, Californian staff writer

Bakersfield Californian, Tuesday, Jan. 11, 2005

Flying J Inc. has big plans for the Shell Bakersfield Refinery.

The Ogden, Utah-based company has signed an agreement with Shell Oil to purchase the refinery, reportedly for \$130 million.

Flying J plans to "modernize" the circa-1932 plant so it can produce twice as much gasoline and slightly more diesel fuel, according to Flying J spokeswoman Virginia Parker.

The refinery, on both sides of Rosedale Highway, makes 2 percent of the state's gasoline supply and 6 percent of the diesel. Oil experts have warned that shuttering the refinery would lead to even higher fuel prices.

William Keese, chairman of the California Energy Commission, said Monday that any additional fuel supply is a good thing, particularly for the valley.

"Clearly, when you have a shortage of supply, prices go up," Keese said.

Any upgrades will need regulatory approval and, according to Jeff Utley, senior vice president of refinery operations at Flying J, will take two years to complete. In the meantime, he said, refinery operations should continue as normal.

Just two months shy of the deadline Shell gave for closing the refinery, Shell announced Monday it had signed an agreement with Big West Oil LLC, a subsidiary of Flying J, to sell the Bakersfield refinery. Neither company would disclose terms of the deal, but according to Jamie Court, president of the Foundation for Taxpayer and Consumer Rights, which has criticized Shell's handling of the refinery, Flying J is paying \$130 million.

Shell expects to close the deal by the end of the quarter. The sale requires the approval of the U.S. Environmental Protection Agency and Justice Department, both of which are expected to sign off on the deal.

Aamir Farid, general manager of the Shell Bakersfield Refinery, said Shell could exit day-to-day operations at the plant by the end of March.

He said Shell will continue to supply gasoline and diesel to its branded customers in the area. He said the fuel will come from the Bakersfield refinery, as well as other sources.

This will be Flying J's first foray into the California oil refining business. The company is best known here for its diesel fuel stations, which it calls travel plazas.

Big West Oil operates a small refinery in North Salt Lake, Utah.

"This increases our refining capacity," Utley said.

The Bakersfield refinery can currently produce up to 70,000 barrels of oil per day. Under the terms of the sale agreement, Shell will lease to Flying J an adjacent terminal that is a pickup point for tanker trucks. Shell has been criticized for excluding the terminal from the sales process.

Shell said it will continue to own and operate pipelines that feed the refinery.

Utley said the oil the refinery will process will come from the local Kern River field, as well as Midway-Sunset and Elk Hills near Taft.

When Shell announced in November 2003 that it was shuttering the refinery in 11 months, the company cited dwindling supplies of San Joaquin Valley heavy crude oil, which the refinery processes.

Utley said Flying J believes there is enough oil in the area to keep the refinery running for the long term.

He said the company intends to keep the gasoline and diesel the refinery produces in the local market.

Court said the announcement the refinery will likely stay open is "very good news" for consumers, but the sales process should not have taken this long. "This should really force every other oil company in the nation to think twice before closing their refineries in this market," Court said.

In the past few months, Shell has said it was working with a short list of companies interested in buying the refinery. The most recent name that surfaced was a private investment firm in New York. After Shell's announcement that it planned to close the refinery, California Attorney General Bill Lockyer and the Federal Trade Commission launched investigations into the company's plans for possible antitrust implications.

"While we have to study the details of the sale, the continued operation of Shell's Bakersfield refinery would be a victory for California drivers," Lockyer said in a statement. "California drivers cannot afford the loss of this facility."

Sen. Ron Wyden, D-Oregon, and Sen. Barbara Boxer, D-California, both of whom have raised concerns about the refinery's planned closure, expressed cautious optimism that the sale announcement means the plant will remain open.

The refinery employs about 200 people and uses an additional 150 contractors. Utley said Flying J intends to offer jobs to all employees who wish to stay at the refinery. Ed Huhn, secretary-treasurer of the union that represents hourly employees at the refinery, said news that Shell had signed an agreement to sell the refinery "made my whole day."

Shell to maintain pollution cleanup

Liability won't go along with transfer of refinery to buyer, official says

By SARAH RUBY, Californian staff writer

Bakersfield Californian, Tuesday, Jan. 11, 2005

Shell Oil Co. is selling its Bakersfield oil refinery, but it is keeping the pollution beneath it.

State law says the refinery's new owner will share liability for MTBE and other groundwater pollutants at the Rosedale Highway site, but Shell representatives say the company made a deal with buyer Flying J, Inc. to continue the cleanup currently under way.

"There wouldn't be a shift in liability," Stan Mays, a Shell spokesman in Houston, said Monday. "Good progress has been made (and) those actions will continue under Shell's stewardship."

Several leaks and spills at the refinery in the 1990s -- including an underground leak of premium gasoline and a 2,300-gallon spill of pure MTBE from a tanker truck -- are still being treated.

Shell has since drilled dozens of wells and treated millions of gallons of groundwater polluted with MTBE. State water officials say the gasoline additive, which was once found at levels thousands of times higher than state health standards, is now under control.

"The plume has dramatically decreased in size and concentration," said Anthony Medrano, staff engineer at the Central Valley Regional Water Quality Control Board. "They've had great success."

Shell officials said they expect to finish all groundwater cleanup by 2020.

Flying J officials said they hope to increase output at the 70-year-old refinery and will seek more time to comply with air quality regulations that go into effect this spring. The refinery is one of Bakersfield's largest air polluters, according to San Joaquin Valley Air Pollution Control District spokeswoman Brenda Turner.

Until recently, Shell planned to close the refinery, and Mays said the company counted the resulting drop in air pollution as part of reductions promised to the U.S. Environmental Protection Agency under the Clean Air Act.

Shell and Flying J are negotiating with the EPA about which air pollution reductions, if any, must be implemented by the new owner.

Shell sells Bakersfield refinery

THE ASSOCIATED PRESS

Tuesday, Jan. 11, in the Modesto Bee

LOS ANGELES — Shell Oil Corp. will sell its Bakersfield refinery to a subsidiary of Flying J Inc., a privately held oil company based in Ogden, Utah, both companies said Monday.

Terms of the sale to Big West Oil were not disclosed, though sources familiar with the deal said Shell would receive \$130 million.

Flying J operates more than 165 truck stops in Canada and 41 states — including the Flying J Travel Plaza in Ripon — with diesel sales of more than \$7 billion.

The deal is contingent on both companies agreeing with federal authorities, including the Environmental Protection Agency, about transferring obligations under a consent decree governing the refinery's operation.

The refinery employs about 210 full-time workers and 150 contractors.

Last month, Shell said it would operate the refinery another three months after the federal government agreed to let it exceed pollution standards.

Shell had planned to close the refinery this fall on grounds that it was old and inefficient, and that crude oil from the Kern County fields was drying up. In July, Shell spokesman Stan Mays said the refinery lost \$50 million over the last three years.

However, the oil company delayed closure under pressure from state lawmakers. Those lawmakers praised Monday's announcement.

"... The continued operation of Shell's Bakersfield refinery would be a victory for California drivers," state Attorney General Bill Lockyer said.

Sen. Diane Feinstein, D-Calif., said the deal was important because the refinery produces at least 2 percent of California's gasoline and diesel fuel.

An added bonus for consumers is that Big West would expand the refinery to boost its gasoline output, according to Fred Greener, executive vice president of the Flying J subsidiary.

Air officials: Cleanup plan not easy

Meeting attendees warned it will take 2 year to formulate

By MARK GROSSI - THE FRESNO BEE

Tuesday, Jan. 11, in the Modesto Bee

FRESNO - San Joaquin Valley air quality officials have started on a two-year journey to come up with a plan for cleaning up summertime smog.

That is considered a fast track.

Planning and cleaning up to comply with a new federal smog or ozone standard will not be simple, valley and state officials said Jan. 4 at a community meeting here.

Authorities will be forced to control pollution from cars and factories, as well as new subdivisions, on a grand scale - anticipating atmospheric changes for a 25,000-square-mile bowl with 3.5 million people.

They also must work with surrounding air districts, because valley officials say the Bay Area and Sacramento sometimes contribute to valley air problems.

Don Hunsaker, plan development supervisor for the San Joaquin Valley Air Pollution Control District, said the valley's growth rate - one of the fastest in the state - must be taken into consideration.

"Population growth will have an effect on the air in spite of the controls," he said.

About 50 people, including industry representatives, government officials and environmentalists, heard the presentation.

Compliance by 2013 deadline in doubt

Many privately believe the 2013 deadline for achieving the standard will prove too difficult, but officials said they will not know until they make a cleanup plan.

The new standard is based on an average of smog readings during eight-hour periods. This daylong standard is considered more protective than the one-hour level, which reveals short, intense spikes during the day.

The valley has violated the daylong standard more than any place in the country.

Officials say the eight-county valley - from San Joaquin in the north to Kern in the south - is making progress on the one-hour standard, which must be attained by 2010. But eight-hour standard violations have continued at more than 100 each summer.

Ozone is a corrosive gas that forms in warm weather, combining emissions from cars, power plants and other sources.

Tighter fuel and engine standards for cars and diesel-powered vehicles are expected to greatly help over the next five years. Other industries, such as agriculture, will experience more regulation, too.

But what about the smog-forming gases coming from the Bay Area? Estimates show that more than 10 percent of the valley's smog problem comes from the north on the worst summer days.

"Could we make the Bay Area pass more controls on refineries?" Sierra Club member Kevin Hall asked.

That's not the intention of regional planning, said Kurt Karperos of the state Air Resources Board. The state wants to fit cleanup plans from all areas together for clean air throughout California.

Said Karperos: "We're all in this soup together."

Factories told to cut emissions in 7 years

SMOG: Regulators expect a drop in nitrogen oxides. The air district includes some Inland areas.

By DAVID DANELSKI

Monday, Jan. 10, Riverside Press-Enterprise

Southern California's factories must cut emissions of a smog-forming pollutant by 20 percent in the next seven years, air-quality regulators decided Friday.

"The majority of the pollution comes from vehicles, but we are still going to press our industries and businesses to do everything they can to do their fair share," said Sam Atwood, a spokesman for the South Coast Air Quality Management District.

The regulations are expected to decrease emissions of nitrogen oxides by 7.7 tons a day by 2011, Atwood said. The nitrogen oxides cook in the summer heat to form ozone, a lung-irritating chemical that causes headaches and nausea and triggers asthma attacks.

Nitrogen oxides also react with ammonia from dairy waste to form fine particles, a kind of pollution linked to reduced lung function, heart attack and premature deaths.

Southern California's air basin fails to meet federal and state health standards for both ozone and particulate pollution.

The regulations will apply to pollution produced by about 330 industries, including power plants, oil refineries and manufacturing plants.

Individual plants must either reduce their own emissions or purchase pollution credits. Companies that cut pollution beyond their allocated amounts earn credits that they can sell to other companies.

The emission cutbacks will start in 2007, when nitrogen-oxide pollution must be reduced by 4 tons a day within the air basin that extends from coastal Los Angeles to the San Bernardino National Forest.

Air district Executive Officer Barry Wallerstein said in a statement that affordable pollution-control technologies are available for the factories in the region to significantly cut pollution.

Robert Wyman Jr. of the Regulatory Flexibility Group, which represents industries in the South Coast air basin, said the organization supports the pollution reductions but wanted safeguards in the pollution-credit-trading system. The air-quality district board rejected those changes to the system Friday.

Wyman's group wanted a limit on pollution-credit prices. The group also wanted a trade-off that would allow factories to pollute more if they took other steps to reduce pollution, such as using cleaner vehicles.

Without the safeguards, the mandatory emission cuts could drive the price of pollution credits beyond the reach of some industries and jeopardize the trading system, Wyman said by phone.

"This is a huge step, and we are worried about it," he said. "The board adopted the (emissions) shave without the safeguards, and that's a shame."

Environmentalists, government spar over U.S. 95 widening

DAVID KRAVETS, AP Legal Affairs Writer

in the S.F. Chronicle, Tuesday, January 11, 2005

SAN FRANCISCO (AP) -- Environmentalists and highway officials squared off before a federal appeals court over the widening of U.S. 95 to Las Vegas, in a case with broad implications over how transportation projects are approved.

The Sierra Club maintains that environmental laws demand that the Federal Highway Administration study air pollution that would result from widening from six to 10 lanes a five-mile stretch between the Las Vegas Strip and well-to-do bedroom communities to the northwest.

Joanne Spalding, the Sierra Club's attorney, said Monday that pollution would increase dramatically around the widening project because of thousands more vehicles traversing the widened freeway, which is one of the top congestion-relieving projects in Nevada. But she said the highway administration has not adequately studied air pollution, and its effects on neighboring school children, pregnant mothers and the elderly.

"Hundreds of children in these schools will be at the highest risk zone," Spalding told a three-judge appeals court. A study will inform the public of the risks, she said, and would require the government to possibly move schools away from the freeway and take other measures to mitigate the pollution.

But Judge A. Wallace Tashima wasn't sure whether the law required the FHA to conduct the study.

"The first question is, does the statute require those factors to be considered?" Tashima asked.

The case has attracted the attention of the transportation departments in at least eight states, which argued that the Sierra Club's position, if upheld, threatens to thwart or delay pending highway projects.

The American Road and Transportation Builders Association agreed, and in briefs told the court that the Sierra Club's lawsuit could "set a dangerous legal precedent which could place multiple highway projects throughout the United States in jeopardy."

Highway Administration attorney Stephanie Tai said the government did explore carbon monoxide levels that the increased traffic would produce on the widened freeway, but said "data is not available" to undertake the more thorough studies demanded by the Sierra Club.

When approving the project, Tai said, "Highways reasonably considered adverse effects of pollution," but found the impacts were not enough to demand further studies or delaying the project.

The appeals court, based in San Francisco, granted the Sierra Club a temporary injunction last summer, preventing contractors from paving new lanes on the five-mile stretch. The court let drainage and sound wall work continue, pending the appellate court's decision.

The court did not indicate when it would rule.

Several hundred homes and businesses already have been demolished to make room for the widened freeway, the state's most congested, between the region's gambling hub and the sprawling bedroom communities of Summerlin and Centennial Hills.

The widening is a \$160 million piece of a \$450 million freeway upgrade that the Highway Administration said is intended to provide mobility and safety for 200,000 vehicles a day.

The stretch of highway was built in 1979 to handle up to 6,000 vehicles per hour. Authorities say 9,000 vehicles an hour are choking the freeway during morning and afternoon rushes, and the numbers are increasing.

When the highway was built, Clark County and Las Vegas had about 440,000 residents and the road ran to wide open desert. Today, southern Nevada has more than 1.6 million residents.

The project calls for adding two lanes in each direction, including the first dedicated car pool lanes in the state, to make room for 12,000 vehicles an hour by the end of 2006.

Spalding said the highway administration overlooked recent studies pointing to cancer risks for residents living near busy roads handling vehicles emitting diesel exhaust and carcinogens.

The lawsuit also claims highway planners didn't sufficiently consider alternatives to widening, such as a monorail or bus system. The administration said widening was the preferred alternative.

The case is *Sierra Club v. Federal Highway Administration*, 04-16155.

Pollution study to identify communities' cancer risks

By Denis Cuff

Monday, Jan. 10, CONTRA COSTA TIMES

Bay Area air regulators are embarking on a new program to identify the neighborhoods where people face the highest cancer risk from air pollution.

In a new type of environmental health check, the region's air pollution agency is conducting air testing and analysis to estimate cumulative cancer risks from all sources.

Cars and trucks, as well as industrial sources, will be examined.

Areas immediately adjacent to freeways are expected to have higher risks, say officials at the Bay Area Air Quality Management District.

"This is a new focus for us," said Eric Stephenson, the district's air monitoring manager. "In the past, we have focused on controls on sources that affect air quality in the region as a whole. Now we're looking more at individual neighborhoods or small areas."

Also new is the air district's air sampling to track diesel smoke, a known carcinogen that lodges deep in human lungs.

Officials said that combining new diesel soot information with older information on industrial pollution will give the district its most complete look at all cancer risks from pollution.

Once the study is done, the air district will consider whether the cancer health risks warrant new controls or other actions to curb pollution.

To get the program off the ground, the air district is spending \$1 million for air sampling and computer modeling.

Scientists will produce a grid that maps the Bay Area in 1.5-square-mile sections and estimate the full load of toxic air contaminants for each area.

One neighborhood with high pollution exposures will be singled out for a more detailed study.

Lessons from that exercise will then be applied to understand the cancer risk in other high-pollution areas as well.

Environmentalists have long complained that regulators focus on one pollution at a time, rather than cumulative health effects of many contaminants that may drift into low-income neighborhoods near oil refineries and freeways.

Still, one environmentalist remained cautious about the new program, saying it could become one more inconclusive study used as an excuse not to crack down on pollution.

"I'm waiting to see if this improves people's health," said David Schonbrunn, president of the Transportation Solutions Defense and Education Fund.

District officials say they are committed to producing a comprehensive look at health risks from air contaminants.

They include benzene from oil refineries, perchloroethylene from dry cleaners and many substances in diesel soot.

Bay Area officials expect the study to implicate motor vehicle exhaust as a major toxic source.

A 2003 study in the South Coast Air Quality Management District in Southern California found that people living next to busy freeways faced a greater cancer risk from breathing vehicle exhaust than residents of highly industrialized areas.

"We think the biggest problems are the mobile sources (motor vehicles)," said Scott Lutz, manager of the air district's toxic evaluation section. "The study will give us more detailed information than we've had before to look at this."

The air district is better known for its smog controls, but it has taken some steps to curb smaller, less visible cancer-causing substances since 1986.

District regulators require businesses to use the best available technology to limit releases of cancer-causing pollutants from industries.

But the air district has little or no control over cars and trucks, which the state regulates.

While it can't order truckers to install cleaner engines in old vehicles, the air district could offer them a carrot to switch, said Teresa Lee, a Bay Area air district spokeswoman.

For example, the district might offer engine-replacement subsidies or grants to truckers who regularly drive to and from ports or other businesses that are magnets for diesel trucks, she said.

One refinery industry representative advised the district in a recent public workshop not to rush results for the study.

"This is groundbreaking work. Let's take the time to get it right," said Dennis Bolt, a spokesman for the Western States Petroleum Association.

The air district plans to select a committee of scientists and community leaders to advise the district on carrying out the program.

Air Agency Alters Smog Regulations

By Miguel Bustillo

Monday, Jan. 10, Los Angeles Times

Southern California's regional air quality agency tightened regulations on smokestack industries Friday, changing the rules of a market-based program to reduce smog that critics say has not cut pollution fast enough.

The South Coast Air Quality Management District toughened the requirements of the Regional Clean Air Incentives Market, a program that sets a ceiling on the amount of two key air pollutants that 330 large businesses can emit.

Under the program, known as RECLAIM, businesses that reduce emissions of nitrogen and sulfur oxides below the legal limit receive "pollution credits." They can then sell those credits to businesses that exceed the cap, giving them a financial incentive to clean the air. Businesses that exceed their limits and do not purchase credits face fines.

Since it began a decade ago, the program has reduced the targeted emissions by 50%, according to air agency officials. But progress slowed in recent years after a glut of cheap pollution credits flooded the market — the result of many companies meeting or beating their pollution-reduction goals.

The changes approved Friday by the air agency's governing board raise the goalposts, requiring the businesses to reduce nitrogen oxide emissions an additional 7.7 tons per day by 2011.

The changes also would allow utilities, which were exempted from the program during the state's energy crisis, to reenter the market in 2007. During the crisis, power plants were allowed to greatly exceed their pollution caps to meet power needs.

Air agency officials said Friday's changes should get the program back on track, as well as comply with state law requirements that polluting industries use the best available technology to reduce emissions.

"Cost-effective technologies are available now that can significantly reduce emissions from facilities in the program," said the air district's executive officer, Barry Wallerstein. "We believe the

changes meet state law requirements and maintain the integrity of the program, while continuing to move closer to the region's air quality goals."

Industry groups, which had been pushing for a looser cap, did not convince the air district's governing board, but did receive an extra year to make the reductions. Environmentalists said the changes, on the whole, were positive, and should help reduce pollution in Los Angeles, Orange, Riverside and San Bernardino counties.

"The reductions have been very slow in coming" in recent years, said Julie Masters, an attorney for the Natural Resources Defense Council, which led a coalition of environmental groups that pushed for a tighter cap on emissions. "All in all, we are pleased with the rule and are pleased that they did not give in to industry pressure," Masters added. "But the cap could have been stronger."

Begun in 1993, RECLAIM has been unpopular with environmentalists who argue that the goal of cleaning up the air regionwide won't be met as long as some companies are allowed to pollute — even if they must pay for the privilege. Environmentalists have also criticized the program as susceptible to mismanagement and fraud.

Last year, one of the architects of the pollution credit market, Anne Sholtz, was arrested by federal authorities, who allege that she defrauded companies of millions of dollars.

Sholtz, who had gone into business as a trader in the market after helping to set it up, was accused by federal prosecutors of running an "\$80-million Ponzi scheme" in which she sold the same pollution credits to several companies. The case is pending.

Feinstein to sponsor hybrid car bill

By Tony Bizjak

Monday, Jan. 10, Sacramento Bee

WASHINGTON - Sen. Dianne Feinstein announced this week she plans to introduce a bill that will allow California and other states to permit certain hybrid vehicles with a single occupant to use car pool lanes.

California legislators passed a law last year allowing hybrids that get at least 45 miles per gallon to use car pool lanes for the next three years.

Hybrids are vehicles that have two motors, one fueled by gas, the other a self-sustaining electric motor.

The California law cannot be implemented, however, until it gets a federal OK, which has been stalled.

Feinstein said she hopes her bill will speed the federal approval.

Monday, Jan. 10, San Francisco Chronicle, Commentary

Do SUVs Make You Stupid?

By Mark Morford, SF Gate Columnist

Maybe stupid is too strong a word.

Maybe it's more like willful ignorance. More like intentional blindness. More like a calm and conscious denial in the face of a staggering stack of overwhelming facts that if you looked at for even one minute would prove that land tanks are some of the most overrated and silly and harmful and utterly pointless vehicles on the planet.

OK, maybe stupid is the right word.

Because there really is no other explanation for the still-roaring success of the land tank. Still no other explanation for their bizarre popularity, for the fact that, according to the Census Bureau and despite California's legendary rep for organics and environmentalism and concerns of health and body and air, our fine and heavily Schwarzeneggered state leads the nation in new registrations for SUVs.

Sad but true. Registrations for the huge lumps of bulbous steel jumped 39 percent between 1997 and 2002, from 1.9 million to 2.75 million, and overall there's been a whopping 56 percent jump in sales of the beasts in a mere eight years across the country, totaling nearly 25 million of the ugly tanks now lumbering across the American landscape and hogging all the parking and burning up most of the oil and sneering in the face of air quality and all rational thought and flipping over and bursting into flame after hitting a pinecone at 80 mph.

You can see it in the eyes of most every new SUV buyer as they stare, wide eyed and overwhelmed, at the massive vehicles in the showroom: some sort of veil drops over their eyes, some sort of weird opiate pumps into their brains and they lose all sense of reason or common sense or environmental concern and their ego balloons and their testosterone kicks up three notches and they go into some sort of spasm of denial about how purchasing one of these things will, in fact, contribute quite heartily to the overall ill health of their own bodies and the planet as a whole, not to mention the very reason we are so desperately, violently at war.

And the salesman sees that look and just smiles and licks his chops and points out how this 4-ton hunk of environmental devastation can seat nine and tow a large tractor or maybe 15 head of cattle, plus it has 27 cup holders and three DVD players and a built-in sense of false superiority, and the vaguely depressed regularly emasculated suburban dad or the gum-snapping Marina girl with way too much of her parents' money and way too little self-defined taste takes one look and goes, ooh.

What, too harsh? Not really. Most people know these facts to be true, but buy the tanks anyway in a mad collusion of wishful thinking and raw denial and false advertising, absolutely convinced the beasts are somehow safer and sturdier (they're neither) and that they absolutely must have 37 cubic feet of cargo space to haul their grocery bags and 4-wheel-drive traction to get over those little concrete barriers in the mall parking lot and just ignore the fact that the thing rides like a brick and handles like a block of lead and is about as attractive and beautifully designed as a jar of rocks.

Irony? The SUV drips with it. Fact is, most Americans consider themselves environmentally conscious and claim to care deeply about protecting natural resources and don't really want war and suffering or the insane BushCo-brand oil dependence that causes both.

But the truth is, if Americans really cared about energy and pollution and reducing reliance on foreign oil and getting us out from under the massive hypocritical terrorist-supportin' Saudi thumb, they'd buy smaller or more efficient vehicles. Period. But they don't.

Waiting for that hybrid SUV to make it all better? Good for you. Step in the right direction, truly, though of course improved gas mileage and reduced emissions do nothing to allay the fact that SUVs still roll and still can't maneuver to avoid accidents and still hog parking and still assault the eye and tread as lightly on the planet as Arnold Schwarzenegger in ski boots. But hey. It's a start.

Another big fallacy? SUV roominess. Hell, ugly ol' minivans have far more storage and headroom, as do most sport wagons, PT Cruisers -- even large hatchbacks have more than enough overall storage (and often better headroom) for any but the largest of families and oh my God even this is a moot point because you well know that 97 percent of all SUVs on the road are single occupant and the only "cargo" is their purse or their gym bag, while the other 36 square feet is taken up by, well, ego and attitude and air.

Machismo? Well, yes. There's that. Big feeling of invincibility in an SUV, of a high and mighty driving position that gives you that commanding sensation, so strong and so powerful that you are willing to overlook that it's just an illusion, deceptive and harmful given how SUVs actually have more accidents, actually cause more accidents than passenger cars because they can't

maneuver in emergency situations and can't stop in rain or snow and tend to flip over easier than Paris Hilton after a dozen Bacardi shooters.

And then you hear that, according to the U.S. National Highway Traffic Safety Administration, minivans are 10 times safer than SUVs in a crash. Whoops.

Truth is, small, nimble passenger cars may not survive a head-on collision with a Freightliner quite as well as your bigass Navigator, dude, but they do a hell of a lot better avoiding it in the first place. Which is why rates of serious accidents and incidents of death are actually lower for smaller cars than almost any lurching monster truck on the road. Period.

And sure you can be cheered slightly at the news that SUV sales are slightly sluggish lately, down 2 percent, and that Hummer sales are way off and Prius sales are way up and there's still a three-month waiting list for Mini Coopers.

Until you realize that 2 percent ain't much of nuthin' and until you read how the U.S. consumes 20 million barrels of oil each day, with passenger vehicles burning up three quarters of the total -- and SUVs alone burn half the total for all passenger cars, far more than their fair share and more petroleum than our entire country produces in a year.

And then you learn how that little pip-squeak tyrant Saddam was sitting on 10 percent of the world's oil reserves and that he might have once thought about threatening the nearby 60 percent owned by our buddies the terrorist-lovin', women-slappin' Saudis, and you realize that anyone who thinks we're in Iraq for democracy or humanity's sake is absolutely full of Rumsfeld.

Look. I know many people who own SUVs. Good people. Lovely people. Friends. Family. I know their arguments for owning them. I know that they know, deep down, that most of those arguments hold little sway and most are rather hollow and the result of slick marketing and just a little bit of fear.

And I know there is no accounting for taste and that a big part of the sad American ideology is a willful separation of cause and effect, a general ignorance of how our choices affect the world, and that there are worse atrocities in the world than owning a shiny black knobby-tired 5-ton Ford Expedition that never sees anything more rugged than a pothole in the Krispy Kreme drive-thru.

But, really, we have to just admit it: the SUV is hypocrisy incarnate. It is the perfect emblem for the American view, for our position in the world: gluttonous, vain, dangerous to almost everyone else on the road, mostly useless (over 85 percent of SUVs never see a dirt road, much less need 4-wheel drive), ugly as hell and as graceful or practical as a school bus on an ice-skating rink.

Just admit it. Maybe it will help. Maybe a tiny confession of guilt will put us back on the right track. After all, admission of the problem is the first step toward recovery, right? That, and placing your order now for the badass new VW GTI.