

Officials hope 'winter-blend' gas will drop prices

Lodi News Sentinel and other papers, Tuesday, Oct. 9, 2012

SAN FRANCISCO (AP) — State leaders — and drivers — hope to see gasoline prices drop soon, now that California officials have approved the release of "winter-blend" fuel that is expected to help bolster the state's supplies.

State air pollution regulators say California's air quality isn't expected to get worse after the governor ordered the release of a dirtier blend of gasoline to help slash record-high pump prices.

The California Air Resources Board issued a regulatory advisory a day earlier after Gov. Jerry Brown ordered it to allow so-called "winter-blend" gasoline to be sold in California earlier than usual to increase supply.

AAA said the average price for a gallon of regular gasoline in California hit \$4.671 Tuesday — the highest price in the nation and an all-time high for the Golden State. Analysts said the spike has been driven by refinery disruptions and corrosion issues in an important pipeline.

"This action is necessary to address the extreme and unusual fuel supply circumstance," said the board's advisory allowing the use of the more polluting fuel. "(It) is necessary for the immediate preservation of the public peace, health and safety or general welfare."

California usually converts to the gas on Oct. 31. The fuel evaporates in heat more quickly than summer-blends, so sends more pollutants into the environment, especially in warm weather.

Gil Duran, a spokesman for Brown, said the governor looked at all the options available, particularly scientists' prediction that such a change would not have a significant effect on the environment, and "when he learned this could increase the supply by 8 to 10 percent, it just made sense."

Sunday's action was the first time since 2005 — when gas supplies were affected by refinery disruptions in the wake of Hurricane Katrina — that the air board has approved early conversion to winter-gas blends.

Officials said it could take days before prices fall, depending on how quickly refineries can get the winter-blend fuel to market.

"The gasoline market moves on news, and this is clearly good news in terms of supply, because it should be able to increase supply immediately," said Alison apRoberts, a spokeswoman with the California Energy Commission.

The third day of record-setting prices at the pump has also prompted calls for a federal investigation.

Sen. Barbara Boxer, D-Calif., on Monday asked the Department of Justice's oil and gas price fraud working group to look into whether maintenance issues at refineries were being used as an excuse to drive up energy prices.

Boxer's request came a day after Sen. Dianne Feinstein, D-Calif., called on the Federal Trade Commission to investigate, saying residents need to be protected from "malicious trading schemes."

Winter-blend gas typically isn't sold until November, when cooler temperatures allow for its use while maintaining federal and state air quality standards. Few refineries outside the state are currently making summer-blend gas, putting the pressure on already-taxed California manufacturers.

Still, the air board said it believed that changing over a few weeks earlier than normal would not push California's air pollution beyond normal levels for this time of year.