

VIA ELECTRONIC MAIL

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Dear Director Gordon and Secretaries Crowfoot, Su, and Blumenfeld:

We are a group of community, business, parent, faith-based, and environmental advocates, together with the City of Richmond, focused on issues surrounding oil refineries, writing to you concerning your mandate in the Governor's September 23 Executive Order to develop plans for California's ongoing transition away from fossil fuels. Specifically, we are focused on the mandate to the Office of Planning and Research and the Labor and Workforce Development Agency in paragraph 7 of the Order to develop a Just Transition Roadmap (Roadmap), and the mandate to the Environmental Protection Agency and the Natural Resources Agency in paragraph 8 of the Order to provide an action plan to "repurpose and transition upstream and downstream oil production facilities, while supporting community participation, labor standards, and protection of public health, safety and the environment" (Action Plan).

We very much support the Governor's efforts to plan for a just transition, and are looking forward to the completion of the required reports in July 2021 as a crucial step toward moving away from a fossil fuel-based economy in California. We are reaching out because we are specifically interested in the manner in which crude oil refineries will be addressed in the planning process. Our groups include representatives of refinery communities as well as

representatives of business organizations whose members' livelihoods may be affected by any workforce reduction at the refineries. The spate of recent announcements of plans to transition refineries from crude processing to biofuel manufacture, together with the declining profit margins of oil refineries that have been exacerbated by COVID-related demand reductions, underscore the particular urgency of attention to the refinery sector. While many of our groups are additionally concerned with just transition in other industries the Roadmap will address, such as agriculture, we believe refineries, which currently employ roughly 11,000 workers in California, present a unique set of issues in just transition planning, which will require special focus by your agencies.

First, refineries are generally located in urban communities, which have become heavily economically dependent on their operation for both contributions to their tax base and direct and indirect employment generation. Residents of refinery communities tend to be predominantly people of color, who have long been disproportionately burdened by refinery pollution, and now face the specter of economic dislocation associated with refinery downsizing and decommissioning. Second, since decisions to downsize or decommission refineries are not regulated in the manner that electric utility decommissioning is regulated, downsizing and closures can occur abruptly, with little leverage or funding available to labor and the community to ensure economic support in the transition (as was done successfully, for instance, with the closure of the Diablo Canyon nuclear reactor). And third, decommissioning of refineries will leave behind sites that will require significant cleanup before they can be repurposed by communities for other uses, without the benefit of pre-existing closure and decommissioning requirements and bonding of the sort applicable to oil production wells.

In this letter, we lay out both our suggestions for an inclusive public process to support development of the Roadmap and Action Plan. In addition, we suggest five key recommendations regarding the substance of the reports as they pertain to refineries, concerning (1) the need for direct wage and benefit supports; (2) the central role of local communities in just transition; (3) ways to address the need for site cleanup; (4) the need to closely scrutinize biofuel conversion projects; and (5) the need to secure financial support for a just transition from industry.

Procedural Recommendations

The broad array of community and labor stakeholders potentially affected by a phase-out of oil refining makes it crucial that such stakeholders be brought into the planning process from the very beginning, and that the process remain transparent throughout so as to ensure that just transition planning genuinely reflects the needs of the community. The vulnerability of refinery community populations, including the presence of significant racial, linguistic, and economic barriers to full participation in a stakeholder process, make it particularly important that your agencies proactively identify and implement means to overcome those barriers. Additionally, given the wide array of potential labor interests affected by refinery downsizing or closure – including both directly and indirectly affected livelihoods – it is important that a fully representative range of labor interests be invited to the table.

Accordingly, we are requesting that your respective reports be developed in a manner that allows for robust public input prior to the release of the final documents this summer. Specifically, we ask that you disclose who will be assisting with the preparation of these reports, including any consultants; hold listening sessions to gather public input; and issue the reports in draft so as to allow for a public comment period. The helpful public participation processes that have thus far accompanied the development of CalEPA's carbon neutrality studies, and CalGEM's forthcoming public health rulemaking, may provide good examples of public participation strategies to implement here.

In terms of timing, we note that while the Governor's Order requires that the documents be developed by July 15, 2021, nothing in the Order suggests that the documents need to be final by that date, and cannot be subsequently revised to incorporate public input. It is our understanding that the Roadmap will be more in the nature of a scoping document than a final report, which we believe is appropriate.

Substantive Recommendations

With respect to the substance of the reports, we have several recommendations – applicable to one or both reports - regarding the scope of the analysis as it pertains to the refinery sector, as follows:

- ***Focus on wage supports in addition to job retraining (Roadmap)***. Both refinery decommissioning and the scaled-back operations associated with biofuel conversions risk abrupt and significant loss of well-paying jobs in the refinery sector, as well as indirectly affected community businesses. We believe it is critical that a Just Transition Roadmap address the needs of displaced refinery workers not only through job retraining and re-employment, but also through wage and health insurance supports. While helping workers directly or indirectly affected by refinery downsizing and decommissioning to find new employment in the green economy or elsewhere is obviously essential, it is important also to ensure that during the transition period, the workers are supported financially. Chapter 4 of *Putting California on the High Road: A Jobs and Climate Action Plan for 2030* (“*High Road*”) – referenced in the Governor's Order – points out, “Short-term strategies, such as wage replacement and healthcare coverage, help workers in the immediate aftermath of displacement. Long-term strategies, such as infrastructure investments and skill retraining, help a region and workforce transition into a more diversified low-carbon economy.” Chapter 4 also favorably references the Obama administration's POWER Initiative, a just transition effort directed at the coal industry, which “includes successful elements from other transition programs, among them the diversification of local economies and provision of income support, as well as health and retirement security.” We note as well that Colorado's recent coal industry just transition legislation, HB 19-1314, requires its just transition advisory committee to consider, in developing its just transition plan, benefits “similar in type, amount, and duration” to the federal benefits available pursuant to the Trade Act of 1974, as well as wage differential benefits.

- ***Focus on community needs (Roadmap)***. Communities that are home to refineries – Richmond, Rodeo, Benicia, and Contra Costa County in the Bay Area, as well as many others in Southern California – are often heavily dependent on the refineries as a source of tax revenue and indirect employment. It is therefore important that the Roadmap address the significant economic shock to these communities that would be caused by an abrupt closure, in addition to addressing the needs of the directly affected workers. Again, *High Road* Chapter 4 favorably cites aspects of the POWER Initiative that focused on diversifying local economies, including providing direct grants to impacted communities. We also encourage you to ensure that efforts directed at transforming former refinery communities be led by those communities; and that state efforts support rather than undercut or preempt any local efforts. An effective long-term just transition policy will ultimately require not just immediate wage and retraining assistance, but an overarching economic policy that fosters development of new types of business opportunities, allowing former refinery communities to establish a diverse and non-dependent economy. While this transformation needs to be conceived and executed at the community level, support from the state could be crucial. In particular, we encourage you to include in the Roadmap a means of helping local community economic development entities to identify and attract alternative industries.
- ***Focus on site cleanup needs (Roadmap and Action Plan)***. Most California refineries have been operating for many decades, and some (Chevron Richmond and Chevron El Segundo) for more than 100 years. It is likely that these sites – both the portions specifically covered by hazardous waste regulation and other portions – will require significant remediation prior to being repurposed. The extractive sector of the fossil fuel industry is subject to specific closure and decommissioning requirements as well as bonding requirements to set aside funds for remediation; and the electric generating sector has the capability of raising funds to support decommissioning through consumer rates. But there are no comparable overarching requirements in the refining sector, which presents the risk that refinery communities could be left abruptly holding the bag with a contaminated site that no other industry wants to take on to remediate and redevelop. In order to help refinery communities to diversify and redevelop in the wake of a closure, the Roadmap and Action Plan should address means to ensure that refinery sites are remediated to a level that would support the types of industries that former refinery communities would want to attract. We note, in this regard, that refinery biofuels transitions involve closing down and decommissioning large parts of the former crude oil refining infrastructure. The refinery owners should be required to plan now the ultimate closure and remediation of those portions of the site.
- ***Close scrutiny of biofuels transition plans (Action Plan)***. The plans by the Marathon Martinez, Phillips 66 Rodeo, and other refineries in the state to convert from crude oil production to biofuel production have received a measure of positive attention as a possible means to ensure continuity of employment at these facilities while transitioning away from a fossil fuel-based economy. In addressing these conversions in either the just transition or infrastructure repurposing context, we encourage you to

vigorously evaluate the full impact of these transitions on communities, workers, and the environment. The evaluation of these conversions should include a close look at their employment consequences, their direct environmental impact (including independent evaluation of claims of reduced production and combustion emissions), their indirect environmental impact, including land use changes that may result from use of food-grade feedstocks, any worker safety implications of the transitions, and means by which the biofuel project developers could further mitigate impacts, for example through use of renewable electrolysis rather than fossil fuel steam reforming to produce hydrogen. We note the possibility that CEQA review of the Bay Area biofuels conversions might be ongoing at the time the two reports are being drafted, and in such case it would be helpful for you to track that process and review any comments submitted in it.

- ***Ensuring financial support from industry (Roadmap and Action Plan).*** We recognize that the ideas set forth above are costly, and would require that the state and communities raise significant funds. However, it is important to recognize that oil refineries have benefited for a long time from their presence within communities, and in many cases have burdened those vulnerable communities with a heavy pollutant load. Additionally, biofuels conversions are made economically possible by public money, in the form of federal and state subsidies. We therefore believe it is only fair to require that these owners pay to mitigate the impact of these facilities' downsizing or closure. We therefore recommend that the Roadmap and Action Plan evaluate possible funding mechanisms that could be established legislatively, including by way of example a requirement that refinery owners set aside a designated fund to be used to cover displaced worker financial support, community grants, and site cleanup costs.

Thank you for your work on the reports, and for your consideration of our ideas. We would be happy to set up a time for representatives to meet with you to discuss these concepts further.

Very truly yours,

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The City of Richmond, California
by unanimous vote of
the Richmond City Council
See [Resolution](#) No.12-21,
www.tinyurl.com/43kdxouh

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