

Date of Hearing: June 19, 2024

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Cottie Petrie-Norris, Chair

SB 983 (Wahab) – As Amended March 21, 2024

**SENATE VOTE:** 32-0

**SUBJECT:** Energy: gasoline stations and alternative fuel infrastructure

**SUMMARY:** Requires the California Energy Commission (CEC) to convene an Alternative Fuels Infrastructure Taskforce, and it requires the task force to submit a report to the Legislature with recommendations for deploying alternative fuels infrastructure at existing gas stations.

Specifically, **this bill:**

- 1) Requires the CEC to form a 16-member Alternative Fuels Infrastructure Taskforce, upon appropriation by the Legislature. This bill specifies the types of members that must be appointed to each seat on the task force, and this bill allows the CEC to select members meeting those criteria.
- 2) Defines an “alternative fuel” as electricity, hydrogen, or other zero-emission alternative fuel, as determined appropriated by the Alternative Fuels Infrastructure Taskforce that is not a fossil fuel.
- 3) Requires the Taskforce on or before January 1, 2027 to conduct a study and submit to the Legislature a report on the study with recommendations on all of the following:
  - a) Policies to facilitate and accelerate the development and construction of alternative fuels infrastructure at retail gasoline fueling stations.
  - b) Barriers to the accelerated development and construction of alternative fuels infrastructure at retail gasoline fueling stations.
  - c) Best practices for compliance with the federal Americans with Disabilities Act of 1990 when developing and constructing alternative fuel infrastructure.
  - d) Other infrastructure challenges that may delay the development and construction of alternative fuels infrastructure at retail gasoline fueling stations.
- 4) Sunsets this bill on January 1, 2031.

**EXISTING LAW:**

- 1) Establishes the CEC as a five-member commission within the Natural Resources Agency and tasks the CEC with monitoring, analyzing, and making recommendations on statewide trends in the energy sector, including fuel supply and demand. (Public Resources Code § 25200 et. seq.)

- 2) Establishes the Petroleum Industry Information Reporting Act of 1980 (PIIRA), which establishes requirements for oil refiners and marketers to submit specified data to the CEC and requires the CEC to analyze this data to identify trends in demand and supply for petroleum, including factors influencing gasoline price changes. Existing law requires retail transportation fueling stations to report specified information about their sales of gasoline, diesel, and other fuels to the CEC. (Public Resources Code § 25350 et. seq.)
- 3) Requires the CEC to submit a report to the Legislature every three years assessing the reliability and pricing of transportation fuels, including transportation. Existing law requires this report to include an assessment of the availability of fuel retail outlets. (Public Resources Code § 25371)
- 4) Requires the CEC, working with the California Air Resources Board (CARB) and the California Public Utilities Commission (CPUC), to prepare a statewide assessment of the EV charging infrastructure needed to support the levels of EV adoption required for the state to meet its goals of putting at least five million zero-emission vehicles (ZEVs) on California roads by 2030, and of reducing emissions of greenhouse gases (GHG) to 40% below 1990 levels by 2030. (Public Resources Code § 25229)
- 5) Requires the CEC, in consultation with CARB, to assess whether charging station infrastructure is disproportionately deployed by population density, geographical area, or population income level. (Public Resources Code § 25231)

**FISCAL EFFECT:** According to the Senate Committee on Appropriations, this bill will result in one-time costs of approximately \$900,000 to the CEC.

#### **BACKGROUND:**

*The ZEV transition* – California’s transportation sector is currently the largest source of GHG emissions in the state and, in the interest of meeting the state’s emissions reduction targets, California has set a goal that 100% of new passenger vehicles sales will be ZEVs by 2035.<sup>1</sup> Meeting the state’s ZEV goals will require a significant increase in the number of light-, medium-, and heavy-duty ZEVs on the road and a drastic increase in the infrastructure to support these vehicles. Cumulative sales of ZEVs, which include EVs, in California reached 1.1 million in the first quarter of 2022, with ZEVs accounting for 16% of new car sales.

To support the rapid deployment of ZEVs, in 2018, the governor set a goal of having 250,000 chargers, including 10,000 direct current fast chargers, operating in California by 2025.<sup>2</sup> The CEC projects over 700,000 public and shared private chargers will be needed to support the charging needs of 5 million ZEVs, and nearly 1.2 million chargers would be required to support 8 million ZEVs, in 2030. An additional 157,000 chargers are needed to support 180,000 medium- and heavy-duty vehicles anticipated for 2030. At present, California has approximately 105,000 public and shared private chargers, including more than 11,000 direct current fast chargers (DCFCs).<sup>3</sup> With the recent approval of a \$1.9 billion investment plan from the CEC’s

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<sup>1</sup> Executive Order N-79-20

<sup>2</sup> Executive Order B-48-18

<sup>3</sup> CEC; “Electric Vehicle Chargers in California”; <https://www.energy.ca.gov/data-reports/energy-almanac/zero-emission-vehicle-and-infrastructure-statistics/electric-vehicle>.

Clean Transportation Program, the CEC expects the state to reach 250,000 chargers in the next few years as a result of new and previous investment plans, and funding from the federal government, utilities, and other programs.<sup>4</sup>

*Chicken or the Egg* – EV infrastructure deployment incentives are generally aligned to EV ownership. However, the lack of EV infrastructure in communities can influence those communities’ decisions to buy and use EVs. While lower rates of EV adoption can discourage companies from deploying charging infrastructure, the lack of charging infrastructure contributes to “range anxiety,” which leads drivers to avoid using and buying EVs due to a fear of not having a reliable charging location. Range anxiety is particularly concerning for drivers who regularly drive longer-than-average distances, including those with long commutes, rideshare drivers, and Californians living in rural areas. These drivers’ lack of reliable EV infrastructure can limit EV adoption, which subsequently disincentivizes further EV infrastructure deployment and limits potential emissions reduction benefits from transitioning drivers with higher vehicle miles from petroleum to electric-fueled cars.

#### COMMENTS:

- 1) *Author’s Statement.* According to the author, “To meet Governor Newsom’s 2035 net-zero emissions goal and ensure that California promotes the use of alternative fuels, developing our alternative fueling infrastructure is essential. While we pursue these goals, it is essential to keep retail gas station owners – many of whom are first generation immigrants and small business owners – included in the conversation. SB 983 will ensure that we are finding the most cost-effective solution to reach our net-zero emissions goals by bringing experts and business owners together to add to our fuel infrastructure.”
- 2) *Acute Issues Facing Stations.* In 2022, CARB adopted its Advanced Clean Cars II rule, which will require all new cars and light-duty trucks sold in California to be zero-emission by 2035. Gas station owners and operators are likely to face significant disruption as this transition occurs. A 2021 report from McKinsey predicts that without a shift in the business model, the retail fuel industry will shrink in value across mature markets from \$87 billion in 2019 to \$79 billion in 2030. This problem is particularly acute for independent gas station owners who do not have the benefit of a large corporation behind them to help with the transition, as is the case for branded independent or franchisee station owners and operators.

Already several cities have adopted restrictions on permitting new gas stations within their jurisdictions despite the reality that gas will still be a needed energy source in the state well into the future. Additionally, gas station owners and operators face substantial barriers to expanding EV charging at their facilities, including costs for re-designing stations, siting new infrastructure, workforce training, and modifying business plans to account for the different costs and demands associated with zero-emission fuel sales. Without more coordinated plans to transition to ZEV fueling options, gas stations may face difficulty adopting new business models and local governments may lose opportunities to address equity issues associated with the ZEV transition. This bill could provide data and recommendations on how to initiate this type of coordinated plan.

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<sup>4</sup> CEC; “CEC Approves \$1.9 Billion Plan to Expand Zero-Emission Transportation Infrastructure”; February 2024; <https://www.energy.ca.gov/news/2024-02/cec-approves-19-billion-plan-expand-zero-emission-transportation-infrastructure>

- 3) *Predictable Pumping*. California drivers have become accustomed to a generally predictable and convenient experience purchasing transportation fuel at gasoline stations. The greater the disruption to this expected customer experience, the more lengthy, difficult, and costly the potential transition. Charging speed will be a critical factor for customer convenience during the transition to EV charging. The longer the charging speeds, the more unlike the current transportation fueling experience the customer may be accustomed to, leading to greater potential frustration. As a result, public charging that combines errands, such as charging located at grocery stores or movie theaters, or longer-term parking, such as charging at the workplace or home, has risen in popularity. The integration of EV chargers into the existing gasoline station infrastructure proves more challenging. Unless gas stations offer ultrafast charging technologies, customers may be required to spend an hour or more charging at the station. Charging duration may slow or limit the expansion of charging stations into the footprint of a business predicated on convenience. Installing ultrafast charging technology can be challenging, labor-intensive, and expensive, and existing infrastructure at most current gasoline station locations will require major electrical overhauls to support ultrahigh-speed EV charging.<sup>5</sup> Unless gas stations are along a major freeway corridor, they may have limited access to the high-powered electrical lines necessary to offer ultrafast charging and require extensive, costly infrastructure investments to connect. Companies are currently developing technologies that may smooth the conversion from gasoline stations to charging hubs, including battery-buffered charger technologies to facilitate ultrafast chargers, but viability of widespread implementation remains unclear.<sup>6</sup>

One of the greatest challenges for widespread gas station-to-EV charging station conversion is the existence of, and consumer preference for, alternative charging methods. Gas stations were the hubs for conventional transportation fuel retail, but EV drivers can charge their vehicles at work, at shopping malls, or in any parking lot with chargers installed, providing a range of alternative charging opportunities that has no comparison in the contemporary gasoline distribution system.<sup>7</sup>

Nevertheless, multiple surveys of EV drivers in the United States have indicated that these drivers want EV chargers to be located along major highways and at gas stations. Surveys also indicate that EV drivers in the United States want EV charging stations to have amenities that more closely resemble those of existing gas stations: well-lit, covered charger bays, with bathrooms, convenience stores, and easy-to-read signs about the chargers' speed and charging price. While charger stations with these features exist in California, they are not widespread and are largely sited only in regions with exceptionally high EV adoption. To the extent that this bill helps identify opportunities to better align EV charger deployment with driver preferences, this bill may support greater EV adoption and confidence in public charging.

This is in addition to the option of charging at home, which 92% of EV drivers prefer to other charging methods. EV drivers may be apprehensive about using public EV chargers,

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<sup>5</sup> Vox; "The death of the gas station"; April 2022; <https://www.vox.com/recode/23023671/ev-charging-network-gas-station-fast-charger>

<sup>6</sup> Electrek; "Here's how gas stations can be transformed into superfast EV charging stations"; August 2022; <https://electrek.co/2022/08/04/gas-stations-ev-charging/>

<sup>7</sup> McKinsey & Company; "Fuel retail in the age of new mobility"; April 2021; [mckinsey.com/industries/oil-and-gas/our-insights/fuel-retail-in-the-age-of-new-mobility](https://mckinsey.com/industries/oil-and-gas/our-insights/fuel-retail-in-the-age-of-new-mobility)

with 34% of drivers who used DC fast charging expressing concerns about charging locations being too far apart or that chargers were frequently broken or insufficiently maintained, highlighting distribution and reliability issues in the current EV charging infrastructure.<sup>8</sup> However, home charging is only convenient if the EVs stay in relative proximity to the home. The state should also be contemplating EV charging applications for transit corridors to accommodate freight and longer distance driving, such as road trips. In such instances, developing EV charging hubs at existing gas stations may be practical.

- 4) *Workforce Focus.* This bill would create a study with recommendations on retail gasoline fueling stations and alternative fuels infrastructure which could help gas station business owners and operators, consumers, and the state during the ZEV transition. The study would be led by a task force created by the CEC that includes relevant stakeholders.

While it is understood that the taskforce's focus is on infrastructure, and workforce development might be outside of its scope, new alternative fuel infrastructure will require competent operators. The transition to alternative fuels will likely require some amount of workforce retraining and educational outreach to station owners and operators. Workforce training and education recommendations could be incorporated into the study called for in this measure, or considered by the Legislature in a future bill.

- 5) *Transportation Fuels Transition Plan.* As part of SBX-12 (Skinner, Chapter 1, Statutes of 2023), the CEC was tasked alongside CARB to prepare a report discussing how to ensure petroleum and alternative fuels are affordable, reliable, equitable, and adequate. The report is due on or before December 31, 2024, and is being prepared through a multistakeholder, multiagency workgroup.<sup>9</sup> While the statute does not explicitly call out workforce, ownership, or station infrastructure, these all seem to be topics well within the scope of the Transition Plan. Moreover, statute allows the CEC and CARB to “determine the contents of the report.”<sup>10</sup> As such, it might be prudent for the author to align the efforts in this bill, and the study called for by the Taskforce particularly, with the already-underway work at the CEC.
- 6) *Prior Legislation.*

AB 1529 (Gabriel, 2023) would have required the CEC to identify potential financial and regulatory incentives for gasoline stations to convert to EV charging stations. Status: Died – Assembly Committee on Transportation.

AB 1614 (Gabriel, 2023) would have required the CEC to, upon appropriations by the Legislature, consult with various stakeholders to conduct a study on the transitioning of retail gasoline fueling stations from providing gasoline to providing alternative fuels by January 1, 2027. Status: Vetoed.

SBX1-2 (Skinner) modified PIIRA to require refineries to submit specified data regarding their economic performance to the CEC. The bill also required the CEC to

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<sup>8</sup> Plug In America; “2022 survey report”; <https://pluginamerica.org/survey/>

<sup>9</sup> <https://www.energy.ca.gov/event/workshop/2024-05/transportation-fuels-assessment-and-transportation-fuels-transition-plan>

<sup>10</sup> PRC § 25371.3

assess the reliability of transportation fuels and retail outlets for those fuels. Status: Chapter 1, Statutes of 2023

SB 1322 (Allen) modified PIIRA to require refiners with multiple refineries operating in the state to submit certain data about their economic performance to the CEC. The bill also increased public access to data about refiners. Status: Chapter 374, Statutes of 2022.

AB 1074 (C. Garcia, 2015) would have required the CEC to develop a plan to deploy alternative fuel infrastructure to meet the state's climate, emissions, and economic goals. Status: Held in the Assembly Committee on Appropriations.

7) *Double referral.* This bill is double referred; upon passage in this Committee, this bill will be referred to the Assembly Committee on Transportation.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Afghan American Business Alliance  
African American Farmers of California  
Alliance for Automotive Innovation  
American Petroleum and Convenience Store Association  
Asian Business Association of Los Angeles  
Asians in Energy  
Bay Planning Coalition  
California Alliance of Small Business Assoc.  
California Chamber of Commerce  
California Fuels and Convenience Alliance  
California Hispanic Chamber of Commerce  
California Hydrogen Business Council  
California Hydrogen Coalition  
California League of Food Producers  
California Manufacturing Technology Association  
California State Association of Counties (CSAC)  
Carson Chamber of Commerce  
Central Valley Latino Mayors and Elected Officials Coalition  
Climate Reality Project - Silicon Valley Chapter  
Coalition of Filipino American Chambers of Commerce  
Coastal Energy Alliance  
East Bay Leadership Council  
Ford Motor Company  
Greater Coachella Valley Chamber of Commerce  
Greater Conejo Valley Chamber of Commerce  
Hayward; City of  
Industrial Association of Contra Costa County  
Inland Empire Economic Partnership  
Latin Business Association  
League of California Cities  
Long Beach Area Chamber of Commerce

Los Angeles County Business Federation  
Los Angeles Latino Chamber of Commerce (UNREG)  
Moorpark Chamber of Commerce  
Murrieta Wildomar Chamber of Commerce  
Nisei Farmers League  
Port Hueneme Chamber of Commerce  
San Gabriel Valley Economic Partnership  
Santa Paula Chamber of Commerce  
Southwest California Legislative Council  
State Building and Construction Trades Council  
Tri County Chamber Alliance  
Ventura Chamber of Commerce  
Ventura County Coalition of Labor, Agriculture and Business  
Vietnamese American Chamber of Commerce  
Western States Petroleum Association

**Opposition**

None on file.

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