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DOCKET
06-IEP-1B

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July 23, 2007

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 06-IEP-1B
1516 Ninth Street
Sacramento, CA 95814-5512

Arizona Department of Weights and Measures comment on IEPR D Transportation Energy Forecast Docket No. 06-IEP-1B

The Arizona Department of Weights and Measures, (Department), greatly appreciates this opportunity to offer comments on the *Transportation Energy Forecasts for the 2007 Integrated Energy Policy Report*, (Report). The Department recognizes that trying to forecast energy demand is a difficult task, especially given the national and international factors that affect energy supplies. For that reason we admire the quality of the report prepared by your staff, and respectfully offer the following refinements regarding demand in Arizona:

Arizona's demand will be affected by new legislation.

The authors of this report were not aware that the Arizona Legislature has taken steps to address Volatile Organic Compounds emissions in this state by establishing a new Cleaner Burning Fuel, (CBG), area. This new Area C consists of the western half of Pinal County in Arizona.

Pinal County is a rapidly growing area, one that includes a number of new bedroom communities for the Phoenix Metropolitan area. An analysis conducted by this Department is projecting a significant increase in gasoline demand, within Pinal County, especially regarding the use of CBG. In 2004 Pinal county consumed 2,100,000 bbl of fuel. By the end of 2006 this demand increased by 12.5% to 2,400,000 bbl. This high rate of consumption growth is expected to continue for the foreseeable future.

Residents of the newly created Area C will be required to use CBG during the summer months as part of a comprehensive plan to reduce VOC. The Department believes this change will boost CBG demand by approximately 7%, beginning in May, 2008. As you know the Current CBG-covered Area, also known in Arizona as Area A, receives a portion of its CBG from California refineries through the West pipeline operated by Kinder Morgan.

New EPA Standards for Ozone

The Environmental Protection Agency (EPA) was required to propose a new ozone Standard by June 20, 2007. They have come out with two options 0.070 and 0.075 ppm. This is expected to have a significant effect on Arizona. Currently Arizona is in non-attainment for Ozone within Area A (Maricopa County, portions of Yavapai, and a portion of Pinal counties). Depending on where the final standard is set, Arizona could have as many as eight of its 15 counties, or as few as five counties, that would be classified as being in non-attainment. While the number of affected counties may vary, it seems fairly certain that the state's major metropolitan areas

would be in non-attainment. EPA is required to issue the final standard by March 12, 2008. One control measure up for consideration would be a greater use of Summer CBG.

Currently the State does not have sufficient storage capacity to handle a larger reliance on CBG and to segregate conventional fuel. In addition, there is a chance that the petroleum industry might choose to sell only CBG in Arizona. This obviously would significantly increase CBG demand.

In 2006 Arizona's total fuel demand is about 65,000,000 bbl., with CBG representing about 43,000,000 bbl of that amount. That represents a 33% increase in CBG demand at current levels. Based upon current distribution and limitation projections, most of this increase - if not all of it - would have to come from the West pipeline.

We want to encourage keeping lines of communication open between our two States. This will be critical as Arizona and our western partner states and tribes move forward on climate change plan implementation. Green House Gas (GHG), reductions will have significant impacts on demand for petroleum-based transportation fuels, with potential reductions in per-mile consumption and conversion of the fleet to diesel and biofuels. We believe that it is necessary that states work collectively to develop a mutual understanding of how the changing transportation fuels market will affect infrastructure for supply and delivery of fuels.

We respectfully urge you to add these considerations to your analysis. Thank you again for the opportunity to comment on the report. Please feel free to contact f the Department if we can be of any assistance

Sincerely,



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Arizona Department of Weights and Measures

**Docket Optical System - Arizona Department of Weights and Measures comment on 2007 IEPR D
Transportation Energy Forecast Docket No. 06-IEP-1B**

From: "Duane Yantorno"
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Date: 7/23/2007 3:45 PM
Subject: Arizona Department of Weights and Measures comment on 2007 IEPR D
Transportation Energy Forecast Docket No. 06-IEP-1B
CC: "Dennis Ehrhart" , "Seth Mones" , ,
Attachments: "Dennis Ehrhart" , "Seth Mones" , ,

Please find enclosed the comment from the Arizona Department of Weights and Measures on the 2007 IEPR
Docket No. 06-IEP-1B

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