California greenlights ‘Orwellian’ solar-powered fracking scheme

By: Steve Horn | August 6, 2020

California-based multinational oil company Chevron landed two rounds of drilling permits from Gov. Gavin Newsom this summer—evidence, climate advocates say, that Newsom is not committed to tackling the climate crisis.

The permits bolster Chevron’s position in the Lost Hills Oil Field, the sixth most prolific field in industry-heavy Kern County, and will shift drilling in the field largely towards using power from solar panels. One critic called the way the permits use climate crisis rhetoric “Orwellian,” incorporating solar power into drilling operations to expand the use of fracking and oil production. The variety of oil extracted in California is among the most greenhouse gas intensive in the world.

The town of Lost Hills has a population of 2,500. The community is 97% Latino, and over 27% of people living there have incomes below the poverty threshold. Environmental justice advocates say the new permits, awarded during a pandemic disproportionately impacting the state’s Latino community in a predominantly farmworker town, further call into question Newsom’s commitment to environmental justice.

A representative from Greenpeace USA did not mince words, calling the new fracking permits an example of “environmental racism.”

“These new permits, like the others, will further exacerbate air pollution and poison Black and Brown communities, worsening the dual public health crises they face,” said Greenpeace spokesperson Katie Nelson in a press release. “It’s long past time to end the practice of treating California’s Black, Brown, and Indigenous communities as ‘sacrifice zones.’”

According to a 2015 report by the groups Earthworks and the Clear Water Fund, the town of Lost Hills has high levels of airborne toxic chemicals, including methane, acetone, dichlorodifluoromethane and acetaldehydes. Those chemicals come from drilling and other oil industry infrastructure like that in the nearby oil field. Recent studies by both Harvard University and Stanford University have found higher COVID-19 case numbers in communities situated near areas with high industrial pollution levels.

One of the drilling permits, given to Chevron from the California Geologic Energy Management Division (CalGEM) to frack 12 wells, was granted just before the Fourth of July weekend. The other permit, given by the California Air Resources Board (ARB) on June 5, will enable a solar energy production partnership between Chevron and Wall Street titan Goldman Sachs to power drilling in the same oil field under the Low Carbon Fuel Standard program.

Newsom implemented a statewide moratorium on new fracking permits as COVID-19 spread across the state in early April. Since lifting it, he has also already given 36 new fracking permits in Lost Hills to Aera Energy, a joint venture owned by ExxonMobil and Shell Oil. Aera is a company to which Newsom has personal connections via its lobbyists, one of them a longtime political advisor of his who headed up his gubernatorial transition team, and the other his former top policy aide when he was lieutenant governor.

Juan Flores of the Center on Race, Poverty & the Environment told The Real News that these fracking licenses make him question the sincerity of Newsom’s campaign promises in 2018: “[Newsom] kept talking about how we needed to stay away from corporations and him not wanting to receive money for his campaign from big corporations like Chevron, Aera and Shell. He said ‘I don’t want to serve my term as Governor paying back those favors.’ And now he’s completely acting the opposite."

In response to criticism, Teresa Schilling, assistant director for Public Affairs and Communications for the California Department of Conservation—CalGEM's parent agency—pointed to the agency's public hearings process where it considered distancing setbacks of oil wells from schools and homes as exemplifying the Newsom administration's commitment to public health and environmental justice.

"The Administration has been clear about the need to strengthen oversight of oil and gas extraction in California," she told The Real News via email. "CalGEM is actively working to update its regulations to protect public health and safety for communities near oil and gas operations. CalGEM has a robust public input process and is engaging with environmental justice advocates and community representatives."

But the public hearings Schilling mentioned—which examined the public health basis for a 2500-foot setback distance between new oil wells and places such as schools, playgrounds and homes—began as a direct result of the same order calling for a fracking moratorium signed by the Newsom administration in November. That order also came just several months after the watering down of AB 345 in the California Assembly, a bill which would have mandated a 2500-foot setback, and its transformation into a two-year bill by Assembly Appropriations Chairwoman Lorena Gonzalez (D-San Diego).

The amended 2020 iteration of AB 345 got voted down in an Aug. 5 Senate hearing, even though it had been amended to only call for CalGEM to "consider" the 2500-foot setback by 2022. All of those who voted against it received tens of thousands of dollars from companies or labor unions who had opposed the bill.

Amended language from AB 345. Image courtesy of California Legislative Information

Gonzalez has received $33,700 in campaign contributions from Chevron throughout her state legislature career, according to campaign finance data reviewed by The Real News. That included a $4,700 contribution given by the company two days after she made AB 345 a two-year bill. A law firm maintaining Chevron as a client also proved instrumental in spearheading a lobbying coalition between the oil industry and labor unions calling itself the Common Ground Alliance to water down AB 345 during the 2019 legislative season.

Before the latest fracking permits came the solar-powered drilling permit. One advocate, on Twitter, wrote that this signifies that the "environmental movement needs a course correction."

Chevron and Goldman Sachs got the permit through the Innovative Crude Oil Applications program, a program within the Low Carbon Fuel Standard (LCFS), administered by the ARB. Nominally, LCFS exists to regulate and lower the carbon intensity of petroleum-based transportation fuels burned in California. In reality, LCFS has often created accounting tricks to expand oil production.

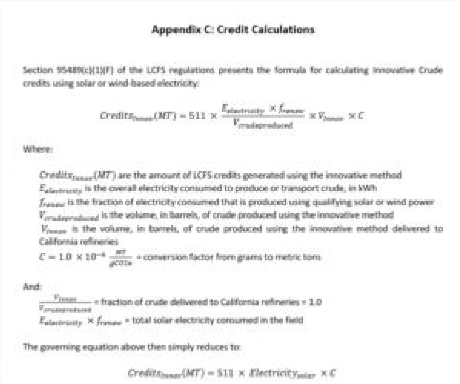
In the case of the Chevron and Goldman Sachs joint permit, project proponents say using solar power to drill at Lost Hills is better from a climate mitigation perspective than powering the drilling with fossil fuels. Critics in the climate justice space, though, see the permit as giving oil drilling in Lost Hills a false green image by only examining one aspect of the oil production and marketing lifecycle from a greenhouse gas emissions perspective. The whole picture, they say, is needed when examining the climate impacts of oil drilling.

"Over 90% of oil produced in California is now very low quality heavy crude according to the EIA," Kyle Ferrar, western program coordinator for the FracTracker Alliance, wrote via email. "Both extracting and refining the tar-like crude requires highly energy-intensive techniques, resulting in a carbon footprint higher than that of Canadian tar sands."

Ferrar pointed to a 2017 report by the Center for Biological Diversity, noting, "California oil is some of the dirtiest on the planet."

To tabulate the emissions reduction credits for solar-powered drilling, the Air Resources Board utilizes a complex accounting scheme that ultimately enables the continued expansion of oil drilling. Solar, the accounting scheme theorizes, will displace 80% of the fossil fuel-based energy currently powering the drilling for a 20-year period. And Chevron will then sell some of solar energy generated back to PG&E for use on the electricity grid. Further, according to the application, the partnership will in the future add a battery energy storage facility on site, which will add to the emissions reduction credits given to Chevron under the LCFS.

Gary Hughes, California policy monitor for the group Biofuelwatch, called this accounting system "super complicated, almost intentionally so."



Appendix C: Credit Calculations

Section 95489(c)(1)(F) of the LCFS regulations presents the formula for calculating Innovative Crude credits using solar or wind-based electricity:

$$Credits_{innov}(MT) = 511 \times \frac{E_{electricity} \times f_{renew}}{V_{crudeproduced}} \times V_{innov} \times C$$

Where:

$Credits_{innov}(MT)$ are the amount of LCFS credits generated using the innovative method
$E_{electricity}$ is the overall electricity consumed to produce or transport crude, in kWh
f_{renew} is the fraction of electricity consumed that is produced using qualifying solar or wind power
$V_{crudeproduced}$ is the volume, in barrels, of crude produced using the innovative method
V_{innov} is the volume, in barrels, of crude produced using the innovative method delivered to California refineries
$C = 1.0 \times 10^{-6} \frac{MT}{gCO2e}$ = conversion factor from grams to metric tons

And:

$\frac{V_{innov}}{V_{crudeproduced}}$ = fraction of crude delivered to California refineries = 1.0
$E_{electricity} \times f_{renew}$ = total solar electricity consumed in the field

The governing equation above then simply reduces to:

$$Credits_{innov}(MT) = 511 \times Electricity_{solar} \times C$$

Image Credit: California Air Resources Board

Hughes pointed to a 2016 European Union analysis critiquing the opaqueness of the state's cap-and-trade program as a comparison. Past guest for The Real News Patrick Bigger, who wrote the analysis, concluded that the program is "incredibly complicated and heavily dependent on the enrollment of specialists" and "forecloses participation for most people."

It's far from the first time Chevron has put its money behind complex carbon accounting schemes adopted by the state which allow for oil drilling to proceed apace. Recent examples include the company's support for the extension of the state's main climate policy—cap-and-trade—as well as on folding carbon capture and sequestration (CCS) into the LCFS and putting research money into direct air capture technology. The latter was also included as part of LCFS amendments enacted in January 2019.

Chevron External Affairs Advisor Veronica Flores-Paniagua told The Real News that solar-powered drilling will lower the "consumption of grid power and greenhouse gas emissions."

In its own literature, the company says the 240-acre solar farm will be the largest contributor to the state's net metering program, making consumption of solar energy more widespread. That program offers energy bill discounts for those who utilize solar energy and feeds excess unused energy generated back onto the electricity grid.

A representative from Goldman Sachs declined to comment for the story.

In emailed comments provided to The Real News, ARB Public Information Officer Dave Clegern wrote that because "there is still demand for traditional fuels such as gasoline and diesel…the LCFS provides a signal for those companies to reduce the carbon footprint of those fuels as they meet the ongoing demand."

But Hughes of Biofuelwatch calls the program both "Orwellian" and "not climate friendly."

"The use of solar power for oil drilling activities, whether it be for electricity to power the drilling itself or solar used to heat water for use in drilling, has on paper the ability to make the drilling seem more climate friendly by reducing the carbon intensity of fuels," Hughes wrote via email. "But, just as the cap-and-trade program does, it hides the real damage that is being done from fossil fuel use: fossil fuel emissions are a one way injection of greenhouse gases into the atmosphere."

The one-way injection of greenhouse gas emissions generated at the Lost Hills Oil Field is spelled out clearly in the solar-powered drilling application.

According to the appendix of the permit application, oil extracted at Lost Hills by Chevron is currently shipped via pipeline to the Kern Refinery in Bakersfield, the biggest city in Kern County, and southward to Los Angeles-area refineries. The two major Los Angeles-area refinery customers are PBF Energy and Chevron's El Segundo Refinery. Both Bakersfield and the Los Angeles-Long Beach area have some of the dirtiest air in the county, according to the American Lung Association, with Bakersfield ranking first for the highest level of particulate matter (PM2.5) in the air. The community living within a 3-mile radius of the Bakersfield refinery is 89% Latino and 93% people of color, according to U.S. Environmental Protection Agency data, with only 3% having a college education and over 29% living below or near the federal poverty line.

With that broader picture in mind, Flores said that for Chevron and Goldman Sachs, the solar-powered drilling scheme ultimately provides "an excuse to say we're going to keep polluting."

Vicki Waters, press secretary for Newsom, did not respond to repeated requests for comment for this story.

Though Democratic allies of Newsom in the California Legislature have stayed quiet as Newsom doled out the drilling permits, city-level elected officials throughout California have taken notice and called for action. On July 8, the group Elected Officials to Protect America—a group of state and local level office holders pushing for expedient climate action—called for Newsom to stop issuing oil drilling permits in the state.

"I know we are in an emergency and COVID-19 is his priority. However, climate change is an emergency too and anything that contributes to it should stop," Heidi Harmon, mayor of San Luis Obispo and a steering committee member of the sister organization Elected Officials to Protect California, said in a press release. "Now more than ever, we need to protect the health and safety of all our people."

Harmon pointed more broadly to what she thinks is a needed reimagining of economic interests altogether in California.

"It's time the state put our lives first, not the interests of the oil and gas industry," Harmon said.

Steve Horn

Steve Horn is a San Diego-based climate reporter and producer. He was also a reporter on a part-time basis for The Coast News—covering Escondido, San Marcos, and the San Diego North County region—from mid-2018 until early 2020. Also a freelance investigative reporter, his work has appeared in The Guardian, Al Jazeera America, The Intercept, Vice…

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