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**CALIFORNIA ENERGY COMMISSION**

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**INITIAL STATEMENT OF REASONS**

Certification of PIIRA Emergency Regulations

Title 20, California Code of Regulations

Amendments and Adoptions to Sections 1363.1, 1363.2, 1364, 1366, 1367, 1370, 1371, Appendix A, Appendix B, and Appendix D in Title 20, Division 2, Chapter 3, Article 3

Docket No. 23-OIR-03

Notice Published on July 11, 2025

**INTRODUCTION**

The California Energy Commission (CEC) proposes to certify emergency regulation changes to the Petroleum Industry Information Reporting Act in the California Code of Regulations (CCR), Title 20, Article 3, after considering all comments, objections, and recommendations regarding the proposed regulation.

The purpose of this proceeding is to certify emergency data collection regulations adopted in 2024 and 2025 so the CEC may comply with the California Legislature's directives. In response to a severe transportation fuel price spike in the fall of 2022, the Governor convened a special legislative session that led to the enactment of Senate Bill (SB) X1-2 (Stats. 2023, 1<sup>st</sup> Ex. Sess. 2023, ch. 1) in March 2023. Among other things, SB X1-2 amended Chapter 4.5 of Division 15 of the Public Resources Code (the Petroleum Industry Information Reporting Act of 1980 (PIIRA)) and created a new independent division in the CEC, the Division of Petroleum Market Oversight (DPMO). Under PIIRA, the CEC collects data about the petroleum market that is essential for the state to develop and administer energy policies in the best interests of the state and public welfare. SB X1-2 significantly expanded the information that refiners and other petroleum market participants are required to submit to the CEC under PIIRA.

In February 2024, May 2024, July 2024, and February 2025, the CEC adopted emergency regulations that require certain entities within the petroleum industry to submit the following reports:

- CEC-D354 Spot Transactions and Settlements
- CEC-M1322 Refining Margins
- CEC-EBR700 Import Reporting
- CEC-M08PH Positions Held at Terminals
- CEC-W08PH Positions Held at Terminals
- Quarterly Projections of Receipts
- Quarterly Projections of Distributions

The objective of this rulemaking is to certify these changes to maintain consistency in reporting as the data submitted through these reports now directly informs California transportation fuel policy.

## **PROBLEM STATEMENT**

Public Resources Code section 25301(a) requires the CEC to “conduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices.” The CEC uses these forecasts and assessments to develop an integrated energy policy report (IEPR) every two years. (Pub. Resources Code, § 25302.) As part of the IEPR process, the CEC adopts a detailed energy demand forecast that other energy agencies use to identify resource additions needed to ensure energy reliability, while still meeting California air pollution mitigation goals. (See Pub. Resources Code, § 25302, subd. (e)-(f).) In addition, the CEC relies on demand forecast “as the basis for analyzing the success of and developing policy recommendations for public interest energy strategies.” (Pub. Resources Code, § 25305.) As part of this comprehensive energy assessment, the CEC conducts an electricity demand forecast, a natural gas demand forecast, and a transportation energy demand forecast, and performs various energy market assessments and tracking assessments that evaluate energy supply constraints, system performance, and progress towards policy goals. (Pub. Resources Code, §§ 25301, subd. (a), 25303, subd. (a), 25304.) Additionally, under Public Resources Code section 25350, the “Legislature finds and declares that the petroleum industry is an essential element of the California economy and is therefore of vital importance to the health and welfare of all Californians,” making petroleum a prime focus of the CEC and necessitating in-depth data collection for policy goal purposes.

Transportation fuel, and gasoline in particular, is an essential commodity on which millions of Californians currently rely each day to get to work, access healthcare, conduct business, and navigate other essential aspects of daily life. Even as California increasingly transitions to zero-emission vehicles, a large portion of California residents at present rely on petroleum-based transportation fuels. As a result, transportation fuel price spikes have a direct negative impact on the peace, health, safety, and general welfare of California consumers. Rapid increases in fuel prices can force consumers to make difficult choices with little or no time to plan. These impacts disproportionately affect individuals living in disadvantaged communities, who tend to spend a larger share of their income on transportation fuels and are less likely to have access to zero-emission vehicles that could insulate them from these impacts.

The average price of gasoline spiked to record or near record levels of above \$6.00 per gallon on three occasions in the past several years. These spikes can occur at any time and often occur in the fall season due to a combination of factors including maintenance-related supply shortages, lack of imports, and possible market manipulation. Price spikes are expected to continue to increase in both frequency and intensity as the California petroleum market contracts in response to declining demand. In 2024, the Phillips 66 Rodeo refinery officially ceased crude oil processing and

gasoline production operations, moving instead to renewable diesel production. Phillips 66 is scheduled to cease refining operations at the end of 2025 and Valero Benicia has announced it will cease refining operations in 2026. This further constrains local production of gasoline which adds to the potential for price spikes in the immediate future. Transportation fuel price spikes can interrupt essential services, threaten the financial well-being of small businesses and residents, and force California residents to make sacrifices with serious consequences for their health, safety, and well-being.

In response to a severe gasoline price spike in the fall of 2022, the Governor convened a special legislative session that led to the enactment of Senate Bill (SB) X1-2 (Stats. 2023, 1st Ex. Sess. 2023, ch. 1) in March 2023. The legislative findings of SB X1-2, the entirety of which are incorporated into the rulemaking record, state that during a 90-day period in 2022 coinciding with a gasoline price spike, refiners earned a record \$63,000,000,000 in profits and that refiners set record annual profits for 2022. In response, the Legislature declared that fundamental change is necessary to prevent future extreme price spikes and price gouging by oil companies and tasked the CEC with gathering and analyzing the necessary data. These data, including the enhanced reporting requirements implemented through this rulemaking, will increase visibility into the pricing, contracting, and marketing practices of industry participants at all levels of the supply chain and enable greater oversight by regulators. Complete and accurate information, combined with the investigative tools needed to deter and detect anticompetitive conduct and other behavior that harms California consumers, is necessary to empower regulators to fulfill the various mandates in SB X1-2 and the broader PIIRA legislative scheme.

Among other things, SB X1-2 amended Chapter 4.5 of Division 15 of the Public Resources Code (the Petroleum Industry Information Reporting Act of 1980 (PIIRA)) and created a new independent division in the CEC, the Division of Petroleum Market Oversight (DPMO). Under PIIRA, the CEC collects data about the petroleum market that is essential for the state to develop and administer energy policies in the best interests of the state and public welfare. SB X1-2, which took effect in June 2023, significantly expanded the information that refiners and other petroleum market participants are required to submit to the CEC under PIIRA, including new information on petroleum fuel inventory held by position holders at merchant terminals. Finally, these regulations clarify and refine Public Resources Code 25354(k), which in turn enhances oversight and enables the CEC to fully utilize the quiver of policy interventions authorized by SB X1-2 to protect Californians from impending transportation fuel price spikes.

## **BENEFITS**

The proposed regulations will benefit CEC energy analysis, the health and welfare of California residents, worker safety, and the state's environment by improving the breadth of data the CEC can use to inform policy. Prior to SB X1-2, the CEC's PIIRA data collection did not track the underlying issues leading to gasoline price spikes in 2015 (three events), 2019 (two events), 2022 (two events), 2023 (one event), and 2024

(one event). New data collected by the CEC has assisted in capturing information on many of the underlining causes of these price spikes and allowed the CEC to respond to the legislature's demands for more information. Data sets now collected will better inform policy improving the health and welfare of California residents, worker safety, and the state's environment:

- Spot market reporting requirements gave the CEC and DPMO greater visibility in pricing, contracting, and marketing practices of participants at multiple levels of the petroleum supply chain. This provides greater transparency and enables more effective oversight of the petroleum industry.
- Margin reporting requirements gave the CEC and the state greater visibility into cost structures and incentives to produce gasoline in California. Enhanced reporting requirements regarding costs and sales channels enable the CEC to better analyze how industry achieves its net margin and how such decisions impact California consumers.
- Marine import reporting provided more detail on import markets that supply the marginal barrel of product to California. Enhanced reporting requirements regarding imports enable the CEC to better analyze supply flows into California.
- Reporting on the product holdings of individual companies that trade in California's petroleum spot markets provided the requisite granularity and precision to allow the CEC to diagnose whether the inventory holdings of a particular firm or a combination of position holders contributes to increases in gasoline prices and other transportation fuel prices.
- Projections of receipts and distributions of various transportation products allow the CEC to assess whether local Major Petroleum Products Marketers are adequately preparing and responding to changing market conditions in a competitive manner and if the State needs to take direct actions to prevent price elevations that damage California consumers.

## **STATEMENT OF SPECIFIC PURPOSE AND NECESSITY**

### **SECTION 1363.1. DEFINITIONS: SPECIFIC PETROLEUM AND NON-PETROLEUM PRODUCTS.**

#### **Section: 1363.1, subdivision (v)**

**Specific Purpose:** The specific purpose of this subdivision is to amend the definition of "unfinished oil" to clarify which products should be reported under this category of operational costs in the margin report.

**Necessity:** This change is necessary in order to distinguish unfinished oil products from intermediate products that require only mechanical blending, such as blendstocks. The change restricts reporting to the types of oils used specifically in refining processes that lead to fuel production.

## **SECTION 1363.2. DEFINITIONS: SPECIFIC DEFINITIONS FOR PURPOSES OF REPORTING REQUIREMENTS.**

### **Section: 1363.2. "1/1/1"**

**Specific Purpose:** The specific purpose of this addition is to define a type of pricing event used in floating price contracts, which are a type of spot market transaction required to be reported in the report specified in Appendix D of Title 20, Article 3 of the CCR ("Appendix D").

**Necessity:** The addition of this term is necessary for accurate and consistent reporting of data submitted pursuant to reporting requirements in Appendix D. This subdivision adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

### **Section: 1363.2. "3-Day Wrap"**

**Specific Purpose:** The specific purpose of this addition is to define a type of pricing event used in floating price contracts, which are a type of spot market transaction required to be reported in the report specified in Appendix D.

**Necessity:** The addition of this term is necessary for accurate and consistent reporting of data submitted pursuant to reporting requirement in Appendix D. This subdivision clarifies terms introduced by SB X1-2 by adding a term commonly used in industry that is pertinent to refinements made to the statutory reporting requirements. This improves reporting compliance and promotes understanding among the regulated public.

### **Section: 1363.2. "Additives"**

**Specific Purpose:** The specific purpose of this subdivision is to define a term used in the report specified in Appendix B, Section VII, of Title 20, Article 3 of the CCR ("Appendix B").

**Necessity:** The addition of this term is necessary to ensure accurate and consistent reporting on cost elements that influence gross and net margins. This data enables the CEC to account for discrepancies between reported profit information in Securities Exchange Commission filings and California specific market price and gain insight into how cost structures in California account for margin determinations. As additives could be a term applied to many chemicals within the fuel creation cycle, the CEC is specifically defining this term to the case of the detergent package added to finished gasoline that becomes ready for retail.

### **Section: 1363.2. "All other taxes and fees"**

**Specific Purpose:** The specific purpose of this subdivision is to define a term used in the report specified in Appendix B, Section VII.

**Necessity:** This addition of this term is necessary for accurate and consistent reporting on cost elements that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices by specifically accounting for costs added by mandatory taxes and fees, which exclude costs from the Low Carbon Fuel Standard and Cap-and-Trade program specifically as they require separate valuation per statutory requirements.

**Section: 1363.2. “Book Transfer”**

**Specific Purpose:** The specific purpose of this addition is to define a settlement type used in spot market transactions required to be reported in the report specified in Appendix D.

**Necessity:** This change is necessary for accurate and consistent reporting of data submitted pursuant to reporting requirement in Appendix D. This subdivision adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. “Branded Rack Sales”**

**Specific Purpose:** The specific purpose of this change is to define a term used in the report specified in Appendix B VII.

**Necessity:** This addition is necessary for accurate and consistent reporting on sales channels that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin determinations. Branded rack sales are a common industry term for this distribution arrangement which the CEC has adopted in its definition.

**Section: 1363.2. “Broker”**

**Specific Purpose:** The specific purpose of this addition is to define a type of entity subject to the reporting requirements specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting and is used in the report specified in Appendix D. This subdivision adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. “Bulk Sales”**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix B VII.

**Necessity:** This addition is necessary for accurate and consistent reporting on sales channels that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin determinations. Bulk sales are a common industry term for this distribution arrangement which the CEC has adopted in its definition.

**Section: 1363.2. “Catalyst”**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix B VII.

**Necessity:** This addition is necessary for accurate and consistent reporting on cost elements that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well

as provide more insight into how cost structures in California account for margin determinations. The CEC has adopted the commonly understood definition of this term by both industry and the public.

**Section: 1363.2. "CEC"**

**Specific Purpose:** The specific purpose of this amendment is to amend the definition of CEC to accurately match references to the commission within statutory law.

**Necessity:** This change is necessary to avoid confusion and provide clarity in assessing CEC statutory authority.

**Section: 1363.2. "Company-Owned, Company-Operated Sale"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix B VII.

**Necessity:** This addition is necessary for accurate and consistent reporting on sales channels that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin determinations. Company-owned, company-operated sales is a common industry term for this contractual distribution arrangement, which the CEC has adopted in its definition.

**Section: 1363.2. "Contract Identification Number"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting. It is necessary to restrict this term to no more than 25 alphanumeric characters to ensure compatibility with the CEC's database and analysis tools. This subdivision collects a unique identifier used by industry to mark contracts, allowing the CEC to reference a contract if further information is required.

**Section: 1363.2. "Contract Position Identification Number"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. "Costs of Labor"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix B VII.

**Necessity:** This addition is necessary for accurate and consistent reporting on cost elements that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin

determinations. The CEC has adopted a commonly understood definition for this term to allow for analysis of additional cost pressures to fuel from labor costs.

**Section: 1363.2. “Counterparty”**

**Specific Purpose:** The specific purpose of this addition is to define a term used in SB X1-2 and in the report specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting by requiring information on the secondary party in a transaction. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. “Crude Oil Acquisition Cost”**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix B VII.

**Necessity:** This addition is necessary for accurate and consistent reporting on cost elements that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin determinations. This definition was chosen to match reporting requirements seen at the federal level from the Energy Information Administration.

**Section: 1363.2. “Delivery Chain”**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix D to identify the multiple parties that may be involved in delivering a product.

**Necessity:** This addition is necessary for accurate and consistent reporting. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. “Detergent Additive”**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix B VII.

**Necessity:** This addition is necessary for accurate and consistent reporting on cost elements that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin determinations. As detergent additives could be a term applied to many chemicals within the fuel creation cycle, the CEC is specifically defining this term to the case of the detergent package added to finished gasoline that becomes ready for retail, that may include more than just the detergent as gasoline retailers market their product on the additive's overall benefits to engine cleaning.

**Section: 1363.2. “Exchange Futures for Physical (EFP)”**

**Specific Purpose:** The specific purpose of this addition is to define a type of spot market transaction required to be reported in the report specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. "Floating Price"**

**Specific Purpose:** The specific purpose of this addition is to define a type of pricing method used for spot market transactions required to be reported in the report specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. "Gasoline Blendstock"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix D II.

**Necessity:** This addition is necessary for accurate and consistent reporting on shipments of petroleum products, and to distinguish these motor gasoline components from oxygenates, butane, and pentanes plus, for reporting purposes. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. "Gasoline Treated As Blendstock"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix D II.

**Necessity:** This addition is necessary for accurate and consistent reporting on shipments of petroleum products, and to distinguish these motor gasoline components from oxygenates, butane, and pentanes plus, for reporting purposes. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. "In-tank Transfer"**

**Specific Purpose:** The specific purpose of this addition is to define a type of delivery method used for spot market transactions required to be reported in the report specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. "Intermediate Oil Product"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix B VII.

**Necessity:** This addition is necessary for accurate and consistent reporting on cost elements that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin

determinations. The CEC has chosen a commonly understood definition of this term that accounts for all possible refined chemicals used in refinery processes, which excludes the primary input to the refining process (crude oil) to account for costs from these chemicals to be accounted for in the cost of production of the final product.

**Section: 1363.2. "Inter-tank Transfer"**

**Specific Purpose:** The specific purpose of this addition is to define a type of delivery method used for spot market transactions required to be reported in the report specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. "Landed Cost"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix D II.

**Necessity:** This addition is necessary for accurate and consistent reporting on shipment prices by requiring the price at point of delivery with all costs imbedded within it as the one to be reported. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. "Leased Capacity"**

**Specific Purpose:** The specific purpose of this addition is to clarify the status of the storage arrangement that is to be reported under this regulation.

**Necessity:** This addition is necessary to distinguish the holding arrangement of position holder inventories that need to be reported. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. "Major Petroleum Products Marketer"**

**Specific Purpose:** The specific purpose of this amendment is to more precisely define terms used in the reports specified in subdivision (x) of section 1366 and Appendix B. This amended definition ensures these terms align to stakeholders identified through the existing use of "Major marketer" found in Public Resources Code section 25354, subdivision (a).

**Necessity:** This amendment is necessary to change the exclusion for service stations and truck stops from plural to singular, which widens the potential sphere of entities subject to reporting specified in section 1366, subsection (x). Increasing the volume threshold for sales activity from 20,000 barrels to 50,000 barrels narrows the sphere of reporting entities classified as major marketers. This is necessary to distinguish major marketers from minor entities with smaller market influence, by including entities that are networks of service stations and truck stops and that consistently sell more than 50,000 barrels of product per month. Other minor entities that sell less lack sufficient information on regional distribution and receipts. Defining these terms and threshold is necessary to exclude from this reporting requirement both low-volume marketers and singular retail fuel sale locations that have high volume sales with limited geographical influence. This allows the CEC to identify the types of transportation fuel product

receipts and distributions relevant to this definition for reporting purposes, and to thereby ensure accurate and consistent reporting.

**Section:** 1363.2. "Merchant Terminal Operator"

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in subdivisions (f) and (m) of section 1366 and in Appendices A and B.

**Necessity:** This addition is necessary to identify a particular class of firms subject to this reporting requirement and the types of transportation fuel product inventory relevant to this definition for reporting purposes, thereby ensuring accurate and consistent reporting. The purpose of specifying a 50,000 barrel threshold is to define the potential sphere of entities subject to the reports specified in section 1366, subdivisions (f) and (m), which is necessary to distinguish these entities from those with smaller capacity that lack meaningful position holder information, ensure the definition for this term is consistent with the existing definition of "Terminal Operator" found in this section, and align with the class of firms specified in Public Resources Code section 25354, subdivision (k). Defining this term to include only those entities that provide leased storage to another company is similarly necessary to distinguish these entities from storage companies that lack meaningful position holder information and to align with the class of firms specified in Public Resources Code section 25354, subdivision (k).

**Section:** 1363.2. "Net-Out"

**Specific Purpose:** The specific purpose of this addition is to define a settlement type used for spot market transactions required to be reported pursuant to Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section:** 1363.2. "Notice of Readiness (NOR)"

**Specific Purpose:** The specific purpose of this addition is to define a type of pricing event used in floating price contracts.

**Necessity:** This addition is necessary for accurate and consistent reporting. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section:** 1363.2. "Pipeline Delivery Subcycle"

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix D and to clarify the meaning of the statutory term "contract subcycle."

**Necessity:** This addition is necessary for accurate and consistent reporting. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section:** 1363.2. "Position Holder"

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendices A and B.

**Necessity:** This addition is necessary to identify its meaning within the context of this particular report and thereby ensure accurate and consistent reporting on inventory levels contained within the bulk storage facility. The definition chosen closely matches the term used within the industry for clarity.

**Section:** 1363.2. “Position Sequence Number”

**Specific Purpose:** The specific purpose of this addition is to define a term used in SB X1-2.

**Necessity:** This addition is necessary for accurate and consistent reporting. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section:** 1363.2. “Price Basis”

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting and for accurate analysis of the associated pricing data. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section:** 1363.2. “Pricing Event”

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting and for accurate analysis of the associated pricing data. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section:** 1363.2. “Pump-over Transfer”

**Specific Purpose:** The specific purpose of this addition is to define a type of delivery method used for spot market transactions required to be reported in the report specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section:** 1363.2. “Refinery inputs”

**Specific Purpose:** The specific purpose of this addition is to assign specific meaning to a term used in the reports specified in subsection (x) of section 1366 and in Appendix B.

**Necessity:** This addition is necessary to ensure use of this term aligns with common commercial usage as well as the existing use of “feedstock inputs” found in Public Resources Code section 25354, subdivision (a). This allows the CEC to identify the types of “feedstock inputs” as “refinery inputs” relevant to this definition for reporting purposes, and to thereby ensure accurate and consistent reporting with existing data collection.

**Section: 1363.2. "Renewable Identification Number (RIN)"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix B VII.

**Necessity:** This addition is necessary for accurate and consistent reporting on cost elements that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin determinations.

**Section: 1363.2. "Sale to Other End-Users"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix B VII.

**Necessity:** This addition is necessary for accurate and consistent reporting on sales channels that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin determinations.

**Section: 1363.2. "Settlement"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix D to denote the final phase in a transaction.

**Necessity:** This addition is necessary for accurate and consistent reporting and for accurate analysis of the associated pricing data. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. "Shipment Issued Entity"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. "Spot Market Transaction"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in SB X1-2 and in the report specified in Appendix D.

**Necessity:** This addition is necessary for accurate and consistent reporting and to specify which types of transactions are subject to the spot market reporting requirements. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section: 1363.2. "Spot Pipeline Sale"**

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix B, Section VII.

**Necessity:** This addition is necessary for accurate and consistent reporting on sales channels that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin determinations.

**Section:** 1363.2. “Trader”

**Specific Purpose:** The specific purpose of this addition is to define a type of entity subject to the reporting requirements specified in Appendix D.

**Necessity:** This addition is necessary to clarify who is subject to the reporting requirements. This term adopts a commonly understood definition used by industry for contracted sales to avoid confusion.

**Section:** 1363.2. “Transportation Fuel Product”

**Specific Purpose:** The specific purpose of this subdivision is to define the types of fuel products subject to the reporting requirements specified in Appendix D.

**Necessity:** This subdivision is necessary to clarify the scope of spot market transactions subject to the reporting requirements. This term specifically clarifies that the reporting requirements apply not only to transactions for refined transportation fuel, but also to blending components.

**Section:** 1363.2. “Turnaround”

**Specific Purpose:** The specific purpose of this addition is to define a term used in maintenance reporting.

**Necessity:** This addition is necessary to have the same definition found in section 7872 of the Labor Code and to maintain consistent industry reporting with the Department of Industrial Relations.

**Section:** 1363.2. “Unbranded Rack Sales”

**Specific Purpose:** The specific purpose of this addition is to define a term used in the report specified in Appendix B VII.

**Necessity:** This addition is necessary for accurate and consistent reporting on sales channels that influence gross and net margins. Without the additional data, the CEC cannot properly account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin determinations. Unbranded rack sales is a common industry term for this distribution arrangement, which the CEC has adopted in its definition.

## **SECTION 1364. REPORTING PERIODS.**

**Section:** 1364(a)

**Specific Purpose:** The specific purpose of this subdivision is to set the daily reporting deadline at 9:00 a.m. on the day after the transaction in question to allow CEC staff to

analyze spot market activity soon after it occurs to meet reporting requirements of SB X1-2.

**Necessity:** This subdivision is necessary to clarify the reporting cadences and filing deadlines for the new reporting requirements to ensure industry compliance and that the CEC receives data in a timely manner for market oversight. Prior to SB X1-2, the CEC did not collect daily reports under PIIRA, so the proposed amendments to this section are necessary to add procedures for when daily reports are due. This subdivision sets forth a 9:00 a.m. reporting time to allow staff enough time to process the reported information and still generate a summary of the collected information within the day submitted.

**Section: 1364(b)-(d)**

**Specific Purpose:** The specific purpose of this change is to renumber this subsection for consistency.

**Necessity:** This amendment is necessary to due to the addition to subsection (a).

## **SECTION 1366. REQUIREMENT TO FILE.**

**Section: 1366(a)**

**Specific Purpose:** The specific purpose of this amendment is to add a requirement to file clause to this section requiring reports specified in Appendix D, which outlines the new spot market reporting requirements.

**Necessity:** This subdivision is necessary to specify the new reporting requirement alongside the other specified petroleum information reports, and to clarify which entities are subject to the new spot market transaction reporting requirements. This subdivision specifies that the spot market reports will be reported daily and contain all information in Appendix D I and II.

**Section: 1366(b)-(e)**

**Specific Purpose:** The specific purpose of these changes is to renumber this subsection for consistency.

**Necessity:** These amendments are necessary due to the addition of subdivision (a).

**Section: 1366(f)**

**Specific Purpose:** The specific purpose of this subdivision is to specify a particular class of entities required to file the California Merchant Terminal Position Holder Weekly Reports. The proposed amendments will add a requirement to file clause to this section requiring reports specified in Appendix A V, which outlines the reporting requirements.

**Necessity:** This subdivision is necessary to specify the new reporting requirements alongside the other specified petroleum information reports, and to clarify which entities are subject to the new merchant terminal operator reporting requirements. This subdivision specifies that the spot market reports will be reported weekly and contain all information in Appendix A V.

**Section: 1366(g)-(k)**

**Specific Purpose:** The specific purpose of these changes is to renumber these subsections for consistency.

**Necessity:** These amendments are necessary due to the addition of subdivisions (a) and (f).

**Section: 1366(l)**

**Specific Purpose:** The specific purpose of amending subsection (l) and deleting the former subsection (l) is to clarify which entities are required to submit the report in Appendix B VI.

**Necessity:** This subdivision is necessary because part of the reporting criteria in the current subdivision (l), the submission of Form EIA 782B to the United States Department of Energy, is defunct because that form was discontinued by the federal government. The amendment would remove the reference to the defunct EIA 782B form.

**Section: 1366(m)**

**Specific Purpose:** The specific purpose of this subdivision is to specify a particular class of entities required to file the California Merchant Terminal Position Holder Inventory Monthly Report. This will add a requirement to file clause to this section requiring reports specified in Appendix B VII.

**Necessity:** This subdivision is necessary to align information obtained in merchant terminal position holder reports with the existing reporting requirements in Chapter 3, Article 3 of these regulations, which include both weekly and monthly reporting. Conversion of weekly reports to monthly reports is infeasible due to the typical month in a year not being divisible by seven.

**Section: 1366(n)-(u)**

**Specific Purpose:** The specific purpose of these changes is to renumber these subsections for consistency.

**Necessity:** These amendments are necessary due to the additions of subdivisions (a), (f), and (m).

**Section: 1366(v)**

**Specific Purpose:** The specific purpose of this subdivision is to specify the new reporting requirement alongside the other specified petroleum information reports, and to clarify the entities subject to the new refining margin reporting requirement.

**Necessity:** This subdivision is necessary to add a requirement to file clause to this section requiring reports specified in Appendix B VII, which outlines the refining margin report requirements. This subdivision specifies that the refining margin reports will be reported monthly.

**Section: 1366(w)(1)**

**Specific Purpose:** The specific purpose of this subsection is to specify the new reporting requirement via Public Resources Code section 25354(j). This clause

specifies the entities subject to the new spot market transaction requirement and the frequency of when the information needs to be reported to the CEC.

**Necessity:** This subdivision is necessary to add a requirement to file clause to this section requiring reports specified in Appendix D II, which outlines the marine import report requirements. The time period of 24-hours was listed as the minimum reporting deadline to account for the minimal travel times a marine transport vessel could travel between ports that could transport fuel, providing clarity of reporting expectations for stakeholders who could move fuel in timing windows shorter than that accounted for in statute.

**Section: 1366(w)(2)**

**Specific Purpose:** The specific purpose of this subdivision is to specify the reporting requirement for owners of petroleum fuels that has contractual agreements for that fuel already in place, making specific the requirement stated in Public Resources Code section 25354(j)(5).

**Necessity:** This subdivision is necessary to clarify the Public Resources Code section 25354(j)(5) referral to the identity of the “buyer of presold product” and clarifying the timing by which that information will be given.

**Section: 1366(w)(3)**

**Specific Purpose:** The specific purpose of this subdivision is to specify the new reporting of non-contracted fuel deliveries and clarifying the timing by which that information will be given.

**Necessity:** This subdivision is necessary to clarify the reporting requirement for fuel deliveries to California that were redirected at sea to a California marine discharging location that were initially slated to go to a non-California location.

**Section: 1366(w)(4)**

**Specific Purpose:** The specific purpose is to clarify the 96-hour reporting requirement for all cargos that have a sea voyage time greater than 96-hours as specified in Public Resources Code section 25354(j).

**Necessity:** This subdivision is necessary to clarify the reporting requirement for cargos that require more than 96-hour requirement stated as within Public Resources Code section 25354(j). This is needed as sections 1366(w)(1)-(3) clarify the reporting requirements for cargo that would have had a voyage time less than the 96-hour requirement.

**Section: 1366(x)**

**Specific Purpose:** The specific purpose of subdivision (x) is to specify a particular class of entities required to file the monthly California Refiner's Projections Report and monthly Major Marketer Projections Report.

**Necessity:** This subdivision is necessary to ensure consistent reporting and to align the information with other monthly reports for efficient and effective analysis. The proposed amendments add a requirement to file clause to this section requiring reports specified in Appendix B IX and X, which outline the informational requirements of the refiner and

major marketer report, respectively. These amendments also establish the monthly reporting cadence and define the projection period to be three calendar months.

**Section: 1366(y)-(cc)**

**Specific Purpose:** The specific purpose of this change is to renumber this subsection for consistency.

**Necessity:** This amendment is necessary due to the addition of subdivision (x).

## **SECTION 1367. FORM AND FORMAT OF REPORTS.**

**Section: 1367**

**Specific Purpose:** The specific purpose of this section is to amend the minimum notice period for changes to forms, providing additional flexibility for the CEC to modify or update its forms and reduce the delay in implementing those changes. Under the current regulation, the CEC is required to provide thirty days' notice even to correct mere typos or update terminology.

**Necessity:** This amendment is necessary to allow the CEC to be nimble in its implementation of new and ongoing reporting requirements without being constrained by unnecessarily long notice periods for each change. This requirement is a minimum and would not prevent the CEC from providing more time on an update-by-update basis if it appeared that entities needed more time to adjust their reporting processes to comply. However, most, if not all, of the updates the CEC has made to the forms outside of an official rulemaking have been minor, or have removed specific reporting requirements, and have not required 30 days for regulated entities to adjust.

The 30-day notice requirement was based on the need to collect information through paper and fax submissions, with the 30 days providing the time to fully communicate form changes. Over the past 40 years, data transfer and processing techniques have significantly improved such that the current 30-day requirement unnecessarily increases the time the CEC must spend to change a paper form to a web-portal interface or change to a different file format. Often these changes would not only benefit the CEC but also ease the burden on stakeholders by allowing the CEC to provide data validation and information receipt confirmation. Reducing the time needed to implement time-saving informational gathering procedures is necessary.

## **SECTION 1370. CONFIDENTIALITY INFORMATION.**

**Section: 1370(a)**

**Specific Purpose:** The specific purpose of this subdivision is to add the qualifier, "[e]xcept as otherwise provided by law," to ensure that the CEC's regulations are consistent with applicable law.

**Necessity:** This amendment is necessary because Public Resources Code section 25364, subdivision (c), allows unaggregated data to be disclosed under very limited circumstances, whereas the regulation requires the CEC to hold all unaggregated data confidential without exception. This presents a potential conflict. Adding the phrase,

“Except as otherwise provided by law,” harmonizes the regulatory scheme with statutory law.

## **SECTION 1371. FAILURE TO PROVIDE INFORMATION.**

### **Section: 1371**

**Specific Purpose:** The specific purpose of this section is to include new components of the PIIRA reporting scheme added by SB X1-2, including those implemented by these regulations and the California Refinery Maintenance Reporting Guidebook, in the scope of section 1371.

**Necessity:** This subdivision is necessary to specify the CEC’s authority to enforce these new requirements. This subdivision provides clarity on maintenance reporting requirements that the CEC enacted via an APA exempt process while still maintaining consistency with PIIRA regulations.

## **APPENDIX A. INFORMATION REQUIREMENTS FOR WEEKLY REPORTS.**

### **Section: Appendix A. V.**

**Specific Purpose:** The specific purpose of this section is to collect information to increase the CEC’s visibility into the individual holdings of petroleum marketers throughout California. The purpose of requiring this report is to include information on all transportation fuel products held at the merchant terminal and to specify the particular types of petroleum product inventory subject to this reporting requirement.

**Necessity:** This section will allow the CEC and the DPMO to monitor and determine whether a particular marketer is undersupplying, mismanaging, or restricting access to petroleum products and to analyze the impact of such activity on the behavior of California’s spot markets. This is necessary for the DPMO’s role as an oversight organization dedicated to monitoring California’s petroleum markets. Additionally, this section is necessary to assess the position of certain marketers in California that trade on California’s spot market to determine their relative influence on California transportation fuel prices. Transportation fuel markets are often linked to one another and can influence prices of other transportation products. Including all transportation fuels in this report allows the CEC to analyze those relationships in greater detail to ascertain whether price changes in transportation fuel markets are being influenced by factors beyond regular market fundamentals.

### **Section: Appendix A. V. A.**

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the amount of petroleum product received from outside sources and placed into inventory holdings, both in aggregate and for each specific position holder.

**Necessity:** This subsection is necessary to determine on a weekly basis the quantity of product available in each merchant terminal and to each position holder and to understand what activities are being undertaken to supply California on a weekly basis, including where such supplies are being sourced from.

**Section:** Appendix A. V. B.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the amount of petroleum product received from sources inside the merchant terminal and placed into inventory holdings, both in aggregate and for each specific position holder.

**Necessity:** This subsection is necessary to determine on a weekly basis the quantity of product available in each merchant terminal and to each position holder, what activities are being undertaken to supply California, and how product flows within merchant terminals. This subsection clarifies that the volume to be reported is product which is received from another position holder within the same terminal.

**Section:** Appendix A. V. C.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of petroleum product received during reporting period, both in aggregate for the merchant terminal and for each specific position holder.

**Necessity:** This subsection is necessary to determine on a weekly basis the quantity of product available in each merchant terminal and to each position holder, what activities are being undertaken to supply California, and the flow of product through merchant terminals.

**Section:** Appendix A. V. D.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of petroleum product created from blending or conversion of other petroleum products within the merchant terminal and for specific position holders.

**Necessity:** This subsection is necessary to determine how much product a position holder has available and what activities are being undertaken to supply California on a weekly basis. This field specifically captures the fuel created outside of refinery processing via mixing different compounds that are stored at the terminal and are mixed to create an end-use source of transportation fuel. This information is necessary for accurate analysis of California's transportation fuel supply.

**Section:** Appendix A. V. E.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of petroleum product sold over the rack to retailers for end-use distribution.

**Necessity:** This subsection is necessary to determine on a weekly basis the quantity of products available in each merchant terminal and to each position holder, what activities are being undertaken to supply California, and the flow of products from merchant terminals to retailers. Rack sales specifically are sales that directly supply California retailers which supply California end-users with transportation fuel.

**Section:** Appendix A. V. F.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of petroleum product transferred to a location outside of the terminal, not including the rack distributions captured in the subsection above.

**Necessity:** This subsection is necessary to determine on a weekly basis the quantity of products available in each merchant terminal and to each position holder, what activities are being undertaken to supply California, and the flow of product from merchant

terminals to external destinations. Transfers to be reported include movements of products to another terminal for storage, spot pipeline sales, or bulk sales.

**Section:** Appendix A. V. G.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of petroleum product transferred to other position holders within the terminal.

**Necessity:** This subsection is necessary to determine on a weekly basis the quantity of products available in each merchant terminal and to each position holder, what activities are being undertaken to supply California, and the flow of product within merchant terminals. Total transfers at the aggregate level would represent the total trading activity of this transfer type. Individual position holder numbers would represent transfers of product to other entities within the facility.

**Section:** Appendix A. V. H.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of petroleum product held within storage after correcting for temperature to standard storage conditions.

**Necessity:** This subsection is necessary to provide a weekly snapshot of transportation fuel inventory at merchant terminals and determine on a weekly basis the quantity of product available in each merchant terminal and to each position holder and what activities are being undertaken to supply California. This subsection further corrects for temperature to account for product size changes from temperature that would lead to incorrect accounting if not accounted for.

**Section:** Appendix A. V. I.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of storage capacity leased by each individual position holder.

**Necessity:** This subsection is necessary to determine on a weekly basis the quantity of product available in each merchant terminal and to each position holder, the ratio of available capacity represented by product held, and what activities are being undertaken to supply California.

**Section:** Appendix A. V. J. a.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of unleased storage capacity available for the terminal as a whole (i.e., aggregate terminal operations) for finished petroleum products.

**Necessity:** This subsection is necessary to analyze the general utilization of the terminal facility to gauge how well California petroleum marketers are utilizing California's petroleum infrastructure on a weekly basis.

**Section:** Appendix A. V. J. b.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of leased storage capacity available for the terminal as a whole (i.e., aggregate terminal operations) for crude oil, blending components, non-finished fuels, and other petroleum products.

**Necessity:** This subsection is necessary to analyze the general utilization of the terminal facility to gauge how well California petroleum marketers are utilizing California's petroleum infrastructure on a weekly basis.

## APPENDIX B. INFORMATION REQUIREMENTS FOR MONTHLY REPORTS.

**Section:** Appendix B. VII.

**Specific Purpose:** The specific purpose of this subsection is to collect the information to increase the CEC's visibility into refinery pricing and cost structures that were mandated via Public Resources Code section 25355 and keep them consistent with the standard set forth in Title 15, section 7213(a)(2)(A)(II)(bb) of the United States Code. The purpose of requiring this report is to clarify the requirements set forth by statutory law and to make specific any vague language.

**Necessity:** This subsection is necessary to meet the requirements of Public Resources Code 25355 with reporting standards that match federal norms (15 U.S.C. § 7213(a)(2)(A)(II)(bb)). This subsection keeps reported numbers in line with those reported on SEC filings and other financial statements.

**Section:** Appendix B. VII. A.

**Specific Purpose:** The specific purpose of this subsection is to require company identification and contact information.

**Necessity:** This subsection is necessary to differentiate reports submitted to the CEC for archiving purposes and to identify a submitter to contact if any questions or disputes about the information occur.

**Section:** Appendix B. VII. B.

**Specific Purpose:** The specific purpose of this subsection is to outline the statutory requirement found in Public Resources Code section 25355, subdivision (b)(1)(2), and interpret and make specific the requirement by defining the specific units to report this requirement in.

**Necessity:** This subsection is necessary to define the unit to standardize reporting across filers of this report and prevent interpretational confusion of the filed reports. This subsection uses standard conceptual interpretations of volume to directly report to the public on margin metrics.

**Section:** Appendix B. VII. C.

**Specific Purpose:** The specific purpose of this subsection is to outline the statutory requirement found in Public Resources Code section 25355, subdivision (b)(7), and interpret and make specific the requirement by detailing instructions on the formula to use in calculating the gross gasoline margin.

**Necessity:** This subsection is necessary to reduce interpretational confusion and ensure consistency by making specific the wholesale sales channel to use in the calculation. This subdivision uses standard conceptual interpretations of volume to directly report to the public on margin metrics.

**Section:** Appendix B. VII. C. 1.

**Specific Purpose:** The specific purpose of this subsection is to require reporters to provide specific information mandated under Public Resources Code section 25355, subdivision (b).

**Necessity:** This subsection is necessary to provide clarity on the specific calculations used to information mandated via statutory law and to further sub-categorize it into of the different wholesale groups. This subsection requires volume information to allow the CEC to judge the liquidity of the market in question to assess the legitimacy of the price reported in VI. C. 2.

**Section:** Appendix B. VII. C. 2.

**Specific Purpose:** The specific purpose of this subsection is to require reporters to provide specific information mandated under Public Resources Code section 25355.

**Necessity:** This subsection is necessary to provide clarity on the specific calculation used to provide information mandated via statutory law. This subsection specifically defines the calculation of total volume-weighted average gross gasoline margin.

**Section:** Appendix B. VII. D.

**Specific Purpose:** The specific purpose of this subsection is to outline the statutory requirement found in Public Resources Code section 25355, subdivision (b)(9), and interpret and make specific the requirement by detailing instructions on the formula to use in calculating the net gasoline margin.

**Necessity:** This subsection is necessary to reduce interpretational confusion and ensure consistency by specifically defining the elements of operation costs to use in the calculation.

**Section:** Appendix B. VII. D. 1.

**Specific Purpose:** The specific purpose of this subsection is to further clarify the composition of the net margin calculation.

**Necessity:** This subsection is necessary to clarify that the net margin should be derived from the gross margin also reported in the specified report.

**Section:** Appendix B. VII. D. 2.

**Specific Purpose:** The specific purpose of this subsection is to further clarify the composition of the net margin calculation.

**Necessity:** This subsection is necessary to clarify that the net margin should be derived from the operational cost also reported in the specified report.

**Section:** Appendix B. VII. E.

**Specific Purpose:** The specific purpose of this subsection is to outline the statutory requirement found Public Resources Code section 25355, subdivision (b)(6), and interpret and make specific the requirement to specify additional wholesale sales channels.

**Necessity:** This subsection is necessary to properly calculate the “volume-weighted average price of wholesale gasoline” as required by Public Resources Code section 25355, subdivisions (a) and (b)(7). This subsection further clarifies the statutory

requirement by reducing interpretational confusion of the term wholesale and improves the CEC's ability to account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin determinations.

**Section:** Appendix B. VII. E. 1.

**Specific Purpose:** The specific purpose of this subsection is to collect information on the total volume of gasoline sold in the standard unit of barrels.

**Necessity:** This subsection is necessary to calculate the specific amount of gasoline that was sold, which informs the calculation of the volume-weighted average price of wholesale gasoline.

**Section:** Appendix B. VII. E. 2.

**Specific Purpose:** The specific purpose of this subsection is to collect information on the volume-weighted price of the gasoline sold at wholesale including all taxes and fees in the unit of cents per gallon.

**Necessity:** This subsection is necessary to calculate the specific volume weight price used to inform the calculation of the volume-weighted average price of wholesale gasoline.

**Section:** Appendix B. VII. E. 3.

**Specific Purpose:** The specific purpose of this subsection is to collect information on the cost of the underground storage tank fee of the gasoline sold wholesale in per gallon units.

**Necessity:** This subsection is necessary to calculate the cost of underground storage tank fee used to inform the calculation of the volume-weighted average price of wholesale gasoline.

**Section:** Appendix B. VII. E. 4.

**Specific Purpose:** The specific purpose of this subsection is to collect information on the cost of "all other taxes and fees" on the gasoline sold wholesale in per gallon units, that are not included specifically on the report.

**Necessity:** This subsection is necessary to properly calculate the cost of "all other taxes and fees" used to inform the calculation of the volume-weighted average price of wholesale gasoline.

**Section:** Appendix B. VII. E. 5.

**Specific Purpose:** The specific purpose of this subsection is to collect information on the volume-weighted price of the gasoline sold at wholesale excluding all taxes and fees in the unit of cents per gallon.

**Necessity:** This subsection is necessary back calculate the specific volume weight price used to inform the calculation of the volume-weighted average price of wholesale gasoline.

**Section:** Appendix B. VII. E. 6.

**Specific Purpose:** The specific purpose of this subsection is to collect information on the cost of the low carbon fuel standard and its impact on the price of gasoline sold at wholesale.

**Necessity:** This subsection is necessary to understand the impact of the low carbon fuel standard and its impact on the price of gasoline. This subsection requires a point specific number due to the nature of the numerous methods by which a company can comply with the California Air Resources Board requirement, making it impossible to obtain an accurate number if a point specific number isn't given by the seller of the transportation fuel.

**Section:** Appendix B. VII. E. 7.

**Specific Purpose:** The specific purpose of this subsection is to collect information on the cost of the cap-and-trade program and its impact on the price of gasoline sold at wholesale.

**Necessity:** This subsection is necessary to understand the impact of the cap-and-trade program and its impact on the price of gasoline. This subsection requires a point specific number due to the nature of the numerous methods by which a company can comply with the California Air Resources Board requirement, making it impossible to obtain an accurate number if a point specific number isn't given by the seller of the transportation fuel.

**Section:** Appendix B. VII. E. 8.

**Specific Purpose:** The specific purpose of this subsection is to collect information on the volume-weighted price of the gasoline sold at wholesale including all taxes and fees in the unit of cents per gallon.

**Necessity:** This subsection is necessary to back calculate the specific volume weighted price used to inform the calculation of the volume-weighted average price of wholesale gasoline.

**Section:** Appendix B. VII. E. 9.

**Specific Purpose:** The specific purpose of this subsection is to collect information on the volume-weighted price of the gasoline sold at wholesale including all taxes and fees in the unit of dollars per barrel.

**Necessity:** This subsection is necessary to back calculate the specific volume weighted price used to inform the calculation of the volume-weighted average price of wholesale gasoline.

**Section:** Appendix B. VII. F.

**Specific Purpose:** The specific purpose of this subsection is to add total cost calculation fields to the reporting requirements not found in the statutory direction.

**Necessity:** This subsection is necessary for error checking submitted data and ensuring accounting principles are maintained throughout the form.

**Section:** Appendix B. VII. G.

**Specific Purpose:** The specific purpose of this subsection is to further clarify the operational cost reporting requirements found in Public Resources Code section 25355, subdivision (a)(3), and interpret and make specific the requirement to include additional cost items that are allowed through the “including, but not limited to” language of the statute.

**Necessity:** This subsection is necessary to expand the list of cost items and to make specific the types of costs to account for discrepancies seen between reported profit information in Securities Exchange Commission filings and California specific market prices, as well as provide more insight into how cost structures in California account for margin determinations. Expanding the list additionally provides the CEC clarity on different cost structures each refinery faces.

**Section:** Appendix B. VII. G. 1.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of refinery catalyst expenses.

**Necessity:** This subsection is necessary to identify the operational costs leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from catalysts.

**Section:** Appendix B. VII. G. 2.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of refinery chemical expenses.

**Necessity:** This subsection is necessary to identify the operational costs leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from non-catalyst chemicals.

**Section:** Appendix B. VII. G. 3.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of refinery catalyst and chemical expenses.

**Necessity:** This subsection is necessary to identify the operational costs leading to changes in gasoline prices within California. This subsection specifically collects the combined costs of catalyst and chemical costs to ensure accounting understanding.

**Section:** Appendix B. VII. G. 4.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of refinery purchased water expenses.

**Necessity:** This subsection is necessary to identify the operational costs leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from purchased water expenses.

**Section:** Appendix B. VII. G. 5.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of refinery total variable costs.

**Necessity:** This subsection is necessary to identify the operational costs leading to changes in gasoline prices within California. This subsection specifically collects the

combined costs of catalyst, chemical, and purchased water costs to ensure accounting understanding.

**Section:** Appendix B. VII. G. 6.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of refinery labor expenses and subcontractor costs.

**Necessity:** This subsection is necessary to identify the operational costs leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from refinery labor expenses and subcontractor costs.

**Section:** Appendix B. VII. G. 7.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of amortized maintenance expenses.

**Necessity:** This subsection is necessary to identify the amortized maintenance expenses leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from amortized maintenance expenses.

**Section:** Appendix B. VII. G. 8.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of refinery rent, supplies, and miscellaneous expenses.

**Necessity:** This subsection is necessary to identify the refinery rent, supplies, and miscellaneous expenses leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from refinery rent, supplies, and miscellaneous expenses.

**Section:** Appendix B. VII. G. 9.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of insurance expenses.

**Necessity:** This subsection is necessary to identify the insurance expenses leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from insurance expenses.

**Section:** Appendix B. VII. G. 10.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of amortized capital-related expenses.

**Necessity:** This subsection is necessary to identify the amortized capital-related expenses leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from amortized capital-related expenses.

**Section:** Appendix B. VII. G. 11.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of taxes other than income tax.

**Necessity:** This subsection is necessary to identify the taxes other than income tax leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from taxes other than income tax.

**Section:** Appendix B. VII. G. 12.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of depreciation expenses.

**Necessity:** This subsection is necessary to identify the depreciation expenses leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from depreciation expenses, excluding amortized capital-related expenses.

**Section:** Appendix B. VII. G. 13.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from RINs purchases.

**Necessity:** This subsection is necessary to identify the RINs purchases leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from RINs purchases.

**Section:** Appendix B. VII. G. 14.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from California Static Carbon Emissions Compliance.

**Necessity:** This subsection is necessary to identify the California Static Carbon Emissions Compliance leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from California Static Carbon Emissions Compliance.

**Section:** Appendix B. VII. G. 15.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from Local Air Quality Management District permits and fees.

**Necessity:** This subsection is necessary to identify the Local Air Quality Management District permits and fees leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from Local Air Quality Management District permits and fees.

**Section:** Appendix B. VII. G. 16.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from effluent discharge compliance projects, permits and fees.

**Necessity:** This subsection is necessary to identify the effluent discharge compliance projects, permits and fees leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from effluent discharge compliance projects, permits and fees.

**Section:** Appendix B. VII. G. 17.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from other regulatory compliance costs.

**Necessity:** This subsection is necessary to identify the other regulatory compliance costs leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from other regulatory compliance costs.

**Section:** Appendix B. VII. G. 18.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from additives purchases.

**Necessity:** This subsection is necessary to identify the additives purchases leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from additives purchases.

**Section:** Appendix B. VII. G. 19.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from fuel ethanol purchases.

**Necessity:** This subsection is necessary to identify the fuel ethanol purchases leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from fuel ethanol purchases.

**Section:** Appendix B. VII. G. 20.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from pipeline deliveries to terminals.

**Necessity:** This subsection is necessary to identify the pipeline deliveries to terminals leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from pipeline deliveries to terminals.

**Section:** Appendix B. VII. G. 21.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from terminaling and other truck rack expenses.

**Necessity:** This subsection is necessary to identify the terminaling and other truck rack expenses leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from terminaling and other truck rack expenses.

**Section:** Appendix B. VII. G. 22.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from truck delivery through dealer tank wagon and company-owned, company-operated sales.

**Necessity:** This subsection is necessary to identify the truck delivery through dealer tank wagon and company-owned, company-operated sales leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from truck delivery through dealer tank wagon and company-owned, company-operated sales.

**Section:** Appendix B. VII. G. 23.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from bulk sales distribution expenses.

**Necessity:** This subsection is necessary to identify the bulk sales distribution expenses leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from bulk sales distribution expenses.

**Section:** Appendix B. VII. G. 24.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from other distribution costs.

**Necessity:** This subsection is necessary to identify other distribution costs leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from other distribution costs.

**Section:** Appendix B. VII. G. 25.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from hydrogen purchases from third party sources that occur outside the refinery.

**Necessity:** This subsection is necessary to identify the hydrogen purchases from third party sources that occur outside the refinery leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from hydrogen purchases from third party sources that occur outside the refinery. It is necessary to differentiate purchases of hydrogen from outside and inside refinery gates as some refiners have third party producers of hydrogen within the refinery premise and separating this differentiation provides clarity to how to report this request.

**Section:** Appendix B. VII. G. 26.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from hydrogen purchases from third party sources that occur inside the refinery.

**Necessity:** This subsection is necessary to identify the hydrogen purchases from third party sources that occur inside the refinery leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from hydrogen purchases from third party sources that occur inside the refinery. It is necessary to differentiate purchases of hydrogen from outside and inside refinery gates as some refiners have third party producers of hydrogen within the refinery premise and this differentiation provides clarity to how to report this request.

**Section:** Appendix B. VII. G. 27.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from purchased electricity from outside the refinery.

**Necessity:** This subsection is necessary to identify the purchased electricity from outside the refinery leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from purchased electricity from outside the refinery. It is necessary to differentiate purchased electricity from both inside and outside the refinery as some refiners have can produce electricity within the refinery premise and this differentiation provides clarity on how to treat electricity costs for this data request.

**Section:** Appendix B. VII. G. 28.

**Specific Purpose:** The specific purpose of this subsection is to require the reporting of costs from purchased electricity from inside the refinery.

**Necessity:** This subsection is necessary to identify the purchased electricity from inside the refinery leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs from purchased electricity from inside the refinery.

It is necessary to differentiate purchased electricity from both inside and outside the refinery as some refiners have can produce electricity within the refinery premise and this differentiation provides clarity on how to treat electricity costs for this data request.

**Section:** Appendix B. VII. G. 29.

**Specific Purpose:** The specific purpose of this subsection is to gather costs for all types of natural gas and associated gas usages.

**Necessity:** This subsection is necessary to identify the costs for natural gas usage in refining. Subsequent subsections clarify the usages further.

**Section:** Appendix B. VII. G. 29. i.

**Specific Purpose:** The specific purpose of this subsection is to gather costs for normal butane purchases.

**Necessity:** This subsection is necessary to identify the costs for normal butane purchases leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs for normal butane purchases.

**Section:** Appendix B. VII. G. 29. ii.

**Specific Purpose:** The specific purpose of this subsection is to gather costs for isobutane purchases.

**Necessity:** This subsection is necessary to identify the costs for isobutane purchases leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs for isobutane purchases.

**Section:** Appendix B. VII. G. 29. iii.

**Specific Purpose:** The specific purpose of this subsection is to gather costs for other liquid petroleum gas purchases.

**Necessity:** This subsection is necessary to identify the costs for other liquid petroleum gas purchases leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs for other liquid petroleum gas purchases.

**Section:** Appendix B. VII. G. 29. iv.

**Specific Purpose:** The specific purpose of this subsection is to gather costs for gasoline blending components purchases.

**Necessity:** This subsection is necessary to identify the costs for gasoline blending components purchases leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs for gasoline blending components purchases.

**Section:** Appendix B. VII. G. 29. v.

**Specific Purpose:** The specific purpose of this subsection is to gather costs for gasoline treated as blendstock.

**Necessity:** This subsection is necessary to identify the costs for gasoline treated as blendstock leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs for gasoline treated as blendstock.

**Section:** Appendix B. VII. G. 29. vi.

**Specific Purpose:** The specific purpose of this subsection is to gather costs for unfinished oils purchases.

**Necessity:** This subsection is necessary to identify the costs for unfinished oils purchases leading to changes in gasoline prices within California. This subsection specifically isolates changes in costs for unfinished oils purchases.

**Section:** Appendix B. VII. G. 29. vii.

**Specific Purpose:** The specific purpose of this subsection is to gather costs for all other purchased components.

**Necessity:** This subsection is necessary to identify the costs for all other purchased components leading to changes in gasoline prices within California. This subdivision specifically isolates changes in costs for all other purchased components.

**Section:** Appendix B. VIII.

**Specific Purpose:** The specific purpose of this subsection is to increase the CEC's visibility into the individual holdings of petroleum marketers throughout California on a monthly basis. This will allow the CEC and the DMPO to monitor and determine whether a particular marketer is undersupplying, mismanaging, or restricting access to petroleum products and to analyze the impact of such activity on the behavior of California's spot markets.

**Necessity:** This subsection is necessary for the DMPO's role as an oversight organization dedicated to monitoring California's petroleum markets. The information required is the same as is contained in Appendix A, except that these will be monthly numbers as opposed to weekly.

**Section:** Appendix B. VIII. A.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the amount of petroleum product received from outside sources and placed into inventory holdings, both in aggregate and for each specific position holder.

**Necessity:** This subsection is necessary to determine, on a monthly basis, the quantity of product available in each merchant terminal and to each position holder and to understand what activities are being undertaken to supply California on a monthly basis, including where such supplies are being sourced from.

**Section:** Appendix B. VIII. B.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the amount of petroleum product received from sources inside the merchant terminal and placed into inventory holdings, both in aggregate and for each specific position holder.

**Necessity:** This subsection is necessary to determine on a monthly basis the quantity of product available in each merchant terminal and to each position holder, what activities are being undertaken to supply California, and how product flows within merchant terminals.

**Section:** Appendix B. VIII. C.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of petroleum product received during reporting periods, both in aggregate for the merchant terminal and for each specific position holder.

**Necessity:** This subsection is necessary to determine on a monthly basis the quantity of product available in each merchant terminal and to each position holder, what activities are being undertaken to supply California, and the flow of product through merchant terminals.

**Section:** Appendix B. VIII. D.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of petroleum product created from blending or conversion of other petroleum products within the merchant terminal and for specific position holders.

**Necessity:** This subsection is necessary to determine how much product each position holder has available and what activities are being undertaken to supply California on a monthly basis. This field specifically captures the fuel created outside of refinery processing via mixing different compounds that are stored at the terminal and are mixed to create an end-use source of transportation fuel. This information is necessary for accurate analysis of California's transportation fuel supply.

**Section:** Appendix B. VIII. E.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of petroleum product sold over the rack to retailers for end-use distribution.

**Necessity:** This subsection is necessary to determine on a monthly basis the quantity of product available in each merchant terminal and to each position holder, what activities are being undertaken to supply California, and the flow of products from merchant terminals to retailers. Rack sales are sales that directly supply California retailers, which supply California end-users with transportation fuel.

**Section:** Appendix B. VIII. F.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of petroleum product transferred to a location outside of the terminal, not including the rack distributions captured in subsection VIII. E.

**Necessity:** This subsection is necessary to determine on a monthly basis the quantity of products available in each merchant terminal and to each position holder, what activities are being undertaken to supply California, and the flow of product from merchant terminals to external destinations. Transfers to be reported include movements of products to another terminal for storage, spot pipeline sales, or bulk sales.

**Section:** Appendix B. VIII. G.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of petroleum product transferred to other position holders within the terminal.

**Necessity:** This subsection is necessary to determine on a monthly basis the quantity of product available in each merchant terminal and to each position holder, what

activities are being undertaken to supply California, and the flow of product within merchant terminals. Total transfers at the aggregate level would represent the total trading activity of this transfer type. Individual position holder numbers would represent transfers of product to other entities within the facility.

**Section:** Appendix B. VIII. H.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of petroleum product held within storage after correcting for temperature to standard storage conditions.

**Necessity:** This subsection is necessary to provide a monthly snapshot of transportation fuel inventory at merchant terminals to determine monthly the quantity of products available in each merchant terminal and to each position holder and what activities are being undertaken to supply California.

**Section:** Appendix B. VIII. I.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of storage capacity leased by each individual position holder.

**Necessity:** This subsection is necessary to determine on a monthly basis the quantity of product available in each merchant terminal and to each position holder, the ratio of available capacity represented by product held, and what activities are being undertaken to supply California.

**Section:** Appendix B. VIII. J. a.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of unleased storage capacity available for the terminal as a whole for finished petroleum products.

**Necessity:** This subsection is necessary to analyze the general utilization of the terminal facility to gauge how well California petroleum marketers are utilizing California's petroleum infrastructure on a monthly basis.

**Section:** Appendix B. VIII. J. b.

**Specific Purpose:** The specific purpose of this subsection is to require reporting on the total amount of leased storage capacity available for the terminal as a whole for crude oil, blending components, non-finished fuels, and other petroleum products.

**Necessity:** This subsection is necessary to analyze the general utilization of the terminal facility to gauge how well California petroleum marketers are utilizing California's petroleum infrastructure on a monthly basis.

**Section:** Appendix B. IX.

**Specific Purpose:** The specific purpose of adding this section is to specify the informational requirements for the refiners' projections report, including information on all transportation fuel products produced and held at refineries subject to this reporting requirement. This report will standardize the informational requirements in Public Resources Code section 25354, subdivision (c), for refineries operating within California.

**Necessity:** This section is necessary to enable CEC to perform its statutory obligations, including to assess the nature, cause, and extent of any petroleum or petroleum products shortage or condition affecting supply. As supply outages for planned refinery maintenance grow in influence, the information provided in these projections will allow the CEC to analyze supply operations and planning at refineries in the months leading to a maintenance event, during an event, and after an event.

**Section:** Appendix B. IX. A.

**Specific Purpose:** The specific purpose is to require reporting on the volume of crude oil and petroleum products received from outside sources for each refinery.

**Necessity:** This subsection is necessary to determine, monthly, the quantity of crude and product available in each refinery and assess any conditions affecting supply of crude oil and petroleum products.

**Section:** Appendix B. IX. B.

**Specific Purpose:** The specific purpose is to require reporting on the volume of refinery inputs for each refinery.

**Necessity:** This subsection is necessary to determine, monthly, the quantity of crude and other products available and compare utilized production capacity for each refinery, allowing the CEC to assess any conditions affecting supply of crude oil and petroleum products.

**Section:** Appendix B. IX. C.

**Specific Purpose:** The specific purpose is to require reporting on the volume of production during each month of the projection period for each refinery.

**Necessity:** This subsection is necessary to determine, monthly, the quantity of product produced in each refinery, allowing the CEC to assess any conditions affecting supply of petroleum products.

**Section:** Appendix B. IX. D.

**Specific Purpose:** The specific purpose is to require reporting on the volume of shipments during each month of the projection period input for each refinery.

**Necessity:** This subsection is necessary to determine on a monthly basis the total quantity of product distributed from each refinery and to assess any conditions affecting supply of petroleum products.

**Section:** Appendix B. IX. E.

**Specific Purpose:** The specific purpose is to require reporting on the volume of stocks held at the end of each month of the projection period for each refinery.

**Necessity:** This subsection is necessary to determine, monthly, the quantity of product available and compare utilization of storage for each refinery and assess any conditions affecting supply of petroleum products.

**Section:** Appendix B. X.

**Specific Purpose:** The specific purpose of adding this section is to specify the informational requirements for the major marketers' projections report. Information that

must be reported for receipts of foreign and domestic crude oil, motor gasoline, aviation fuels, distillate, renewable fuels, ethanol, residual fuel oil, and gasoline blending components at the end of each month of the projection period for each major marketer.

**Necessity:** This section is necessary to ensure complete and consistent reporting to inform CEC's analysis. Additionally, the information specified in this subsection is necessary for the CEC's planning and tracking, while maintaining alignment with existing CEC forms.

**Section:** Appendix B. X. A.

**Specific Purpose:** The specific purpose is to specify the information that must be reported for receipts of foreign and domestic crude oil, motor gasoline, aviation fuels, distillate, renewable fuels, ethanol, residual fuel oil, and gasoline blending components at the end of each month of the projection period for each major marketer. Subsequent subsections within this section define the sources of the projected receipts of product.

**Necessity:** This subsection is necessary to determine, monthly, the quantity of product available to each marketer and assess any conditions affecting supply of petroleum products. Projections of receipts allow the CEC to assess whether local Major Petroleum Products Marketers' are adequately preparing and responding to changing market conditions in a competitive manner and if the State needs to take direct actions to prevent price elevations that damage California consumers. By allowing certain information to be reported on an as-known basis, this subsection recognizes the information gaps that may (or may not) exist in a three-month projection horizon while ensuring the CEC obtains reports with the maximum feasible level of detail as early as possible in the three-month projection horizon, thereby enabling the CEC to perform an effective and timely analysis.

**Section:** Appendix B. X. B.

**Specific Purpose:** The specific purpose is to specify the information that must be distributions for receipts of foreign and domestic crude oil, motor gasoline, aviation fuels, distillate, renewable fuels, ethanol, residual fuel oil, and gasoline blending components at the end of each month of the projection period for each major marketer. Subsequent subdivisions within this section define the sources of the projected distributions of product.

**Necessity:** This subsection is necessary to determine, monthly, the quantity of petroleum product distributed to different sources and assess any conditions affecting supply. Projections of distributions allow the CEC to assess whether local Major Petroleum Products Marketers' are adequately preparing and responding to changing market conditions in a competitive manner and if the State needs to take direct actions to prevent price elevations that damage California consumers. By allowing certain information to be reported on an as-known basis, this subsection recognizes the information gaps that may (or may not) exist in a three-month projection horizon while ensuring the CEC obtains reports with the maximum feasible level of detail as early as possible in the three-month projection horizon, thereby enabling the CEC to perform an effective and timely analysis.

## APPENDIX D. DAILY AND EVENT-BASED REPORTING REQUIREMENTS.

### **Section:** Appendix D. I.

**Specific Purpose:** The specific purpose of this section is to bifurcate the spot market reporting into two reports based on industry feedback and how spot market transactions are conducted. The purpose of Section I is to capture reporting at the initial point of agreement, without requiring information that cannot be given till a later date. This will give the CEC insight into the early stages of transactions and give more specific information on how trades impact final prices. The purpose of Section II is to gather final reconciled information on transactions, which is often not available until later and is necessary to understand the final price, transport method, distributions and other details resulting from an initial agreement.

**Necessity:** This section is necessary to outline, clarify, and streamline the specific informational requirements of the petroleum spot market reports. Public Resources Code section 25354, subdivision (l) specifically directs “[r]efiners and nonrefiners” to report spot market transactions to the CEC and lists minimum informational requirements. CEC staff, through internal analyses and engagement with the industry, have since discovered methods to improve and streamline the informational requirements. Therefore, this section is necessary to identify the information that must be included in the report to save both industry and the CEC time and effort in analyzing and reporting. To leverage the CEC’s existing data collection regulation’s structure, Appendix D provides for Daily and Event Based Reporting (previous reporting time included Annual, Monthly, and Weekly).

### **Section:** Appendix D. I. A.

**Specific Purpose:** The specific purpose of this subsection is to identify the date and time that the spot market trade occurred.

**Necessity:** This subsection is necessary to track price fluctuations and trade patterns. This clarity is needed as it is challenging to track these changes without precise timestamps, leading to ambiguity. With a clear transaction timeline, the CEC can analyze market behavior and detect irregularities.

### **Section:** Appendix D. I. B.

**Specific Purpose:** The specific purpose of this subsection is to assign a unique identifier, contract identification number, to each transaction for reference and traceability.

**Necessity:** This subsection is necessary to prevent duplication, support auditing, and provide clarity when reconciling trading records. This subsection requires a contract identification number to ensure proper tracking and auditing of each transaction. Without this information, each transaction would not be identifiable with only date, location, price and volume.

### **Section:** Appendix D. I. C.

**Specific Purpose:** The specific purpose of this subsection is to indicate the sequence in which a trader or entity assumed positions within the contract.

**Necessity:** This subsection is necessary to help track position movements, improve visibility for the timeline of transactions, and analyze trading behavior. This subsection helps in understanding the order of position establishment and clarifies how positions evolve, enhancing market visibility and trading evaluation.

**Section:** Appendix D. I. D.

**Specific Purpose:** The specific purpose of this subsection is to collect contract position identification number for each transaction.

**Necessity:** This subsection is necessary to assist in compliance verification and internal analysis by clearly distinguishing contracts positions. Without distinct identifiers, verifying the status of contract positions becomes unclear. This subsection prevents reporting inconsistencies by allowing the CEC to track contract details and distinguish a contract position, especially in regard to multiple trades.

**Section:** Appendix D. I. E.

**Specific Purpose:** The specific purpose of this subsection is to identify the involved counterparty in each transaction.

**Necessity:** This subsection is necessary to support regulatory oversight, enabling the CEC to monitor market participants and identify potential price manipulations. A lack of transparency in identifying trading entities increases the risk of market manipulation. This subsection helps to ensure that counterparty names are recorded for oversight and accountability in trading activities.

**Section:** Appendix D. I. F.

**Specific Purpose:** The specific purpose of this subsection is to have of point of contact information for counterparties for each transaction.

**Necessity:** This subsection is necessary to ensure direct accountability. Resolving disputes or verifying compliance becomes challenging without a responsible contact listed. This subsection provides a designated individual for inquiries, ensuring swift resolution of any compliance or transaction-related issues.

**Section:** Appendix D. I. G.

**Specific Purpose:** The specific purpose of this subsection is to determine whether the transaction is associated with the San Francisco or Los Angeles Spot Market Trading Location.

**Necessity:** This subsection is necessary to ensure regional price differentiation, enabling market analysis to evaluate trends in specific geographic areas in Northern and Southern California. Unclear trading locations hinder regional market analysis, impacting pricing strategies. By segmenting transactions by region (San Francisco or Los Angeles), this subsection enhances geographical pricing assessments and regulatory monitoring.

**Section:** Appendix D. I. H.

**Specific Purpose:** The specific purpose of this subsection is to indicate whether the reporting party was the buyer or seller in the transaction.

**Necessity:** This subsection is necessary to facilitate liquidity analysis and helps with market tracking. Without clear buyer/seller differentiation, analyzing supply and demand trends is inaccurate. This subsection helps CEC understand market liquidity, industry trading participants, demand shifts, and trading behavior of transacting entities.

**Section:** Appendix D. I. I.

**Specific Purpose:** The specific purpose of this subsection is to categorize each product as gasoline, diesel, aviation fuel, renewable fuels, etc., for each transaction.

**Necessity:** This subsection is necessary to help ensure proper regulatory classification and industry reporting as misclassification of fuel types can lead to incorrect reporting, affecting compliance monitoring and analysis. This subsection collects product information through standardized fuel categorization to ensure the CEC is using accurate price benchmarks and proper regulatory enforcement.

**Section:** Appendix D. I. J.

**Specific Purpose:** The specific purpose of this subsection is to identify the specific product type and specifications, such as octane rating, for each transaction to analyze volumes in each product segment.

**Necessity:** This subsection is necessary and critical for tracking product standards, pricing benchmarks, and regulatory reporting. Lack of product specificity can result in pricing distortions and improper market analysis. By defining product names, this subsection improves reporting accuracy and price benchmarking.

**Section:** Appendix D. I. K.

**Specific Purpose:** The specific purpose of this subsection is to identify the amount of fuel traded in thousands of barrels.

**Necessity:** This subsection is necessary to identify how much volume is being traded or moved between two transacting parties. This is necessary for the CEC to carry out supply-demand analysis, inventory tracking, and logistical visibility. Without recorded transaction volume, tracking supply-demand metrics pertaining to trading becomes unreliable. This subsection enables the CEC to learn about participating trader behavior, which is required in order to assess fuel consumption trends and provide inputs for demand forecasting and market analysis.

**Section:** Appendix D. I. L.

**Specific Purpose:** The specific purpose of this subsection is to establish the time period when the fuel will be delivered per contract terms.

**Necessity:** This subsection is necessary to have clear information in delivery scheduling and contract execution. This subsection enables the CEC to understand current and future trades delivery timing, which is necessary in order to properly analyze price movement for current and physical forwards through reported trade execution.

**Section:** Appendix D. I. M.

**Specific Purpose:** The specific purpose of this subsection is to collect the contracted method of delivery by mode of transportation.

**Necessity:** This subsection is necessary to ensure logistical oversight and compliance with infrastructure usage regulations. Ambiguity in delivery methods complicates understanding fuel logistics used for the delivery of executed trades. This subsection allows for a clear definition of transport mechanisms such as pipelines, barges, or marine vessels, their segregation, and clarifies the ratio of volumes across various transportation modes.

**Section:** Appendix D. I. N.

**Specific Purpose:** The specific purpose of this subsection is to identify the vessel transporting the fuel, in case mode of delivery of through sea route.

**Necessity:** This subsection is necessary to ensure reporting entities provide information about the specific marine vessel used to transport a product, which is necessary for the CEC to analyze transportation practices in the petroleum spot market. This subdivision enables identification of vessels, which ensures proper reporting and oversight.

**Section:** Appendix D. I. O.

**Specific Purpose:** The specific purpose of this subsection is to collect International Maritime Organization numbers for each vessel, if applicable, in each transaction.

**Necessity:** This subsection is necessary to ensure reporting entities provide information about the specific marine vessel used to transport a product and that the vessel can be identified using tracking applications, which is necessary for the CEC to analyze transportation practices in the petroleum spot market. Without vessel identification, tracking international shipments is unreliable. Collecting International Maritime Organization numbers allows the CEC to track origin location, destination location, and transacting parties.

**Section:** Appendix D. I. P.

**Specific Purpose:** The specific purpose of this subsection is to record the site where fuel ownership changes hands.

**Necessity:** This subsection is necessary to clarify the final destination of product movement and its impact on fuel volume available in that geographical location to assess demand and supply, legal responsibility, and tax obligations thereof. This subsection enables the CEC to understand each fuel type volume movement and inventory in each terminal hub of California.

**Section:** Appendix D. I. Q.

**Specific Purpose:** The specific purpose of this subsection is to collect the pipeline delivery sub-cycle.

**Necessity:** This subsection is necessary to understand and match trade volume batch movement in the pipeline reported by trading company and its counterparty and to enable the CEC to gain insight into product movement within a given delivery month. This subsection will enable the CEC to collect details of specific phases and timing in pipeline delivery operations especially when there are multiple delivery volumes of different trading companies queued up in the pipeline, which will help differentiate between prompt and other trades for the same month delivery.

**Section:** Appendix D. I. R.

**Specific Purpose:** The specific purpose of this subsection is to collect the start date of the transaction delivery.

**Necessity:** This subsection is necessary to identify the beginning of the agreed fuel delivery window and ensure reporting entities provide information on the start date of when product can first start delivery, which is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection establishes expected delivery timelines to have better visibility of the product's likely availability and establishes a timeline pattern between the actual contract date and the delivery start date in various trade types.

**Section:** Appendix D. I. S.

**Specific Purpose:** The specific purpose of this subsection is to collect the end date of the transaction delivery.

**Necessity:** This subsection is necessary to ensure reporting entities provide the date on which product delivery ceases; this information is necessary so that the CEC can monitor the overall delivery period. This subdivision helps CEC to know the final date of the delivery period and to know the range of dates for large volume or multiple delivery trades with deliveries in batches important to analysis of pricing and delivery correlation in the petroleum spot market.

**Section:** Appendix D. I. T.

**Specific Purpose:** The specific purpose of this subsection is to clarify the basis of the price mechanism and calculation for the transaction by a trading entity on a trade executed based on fixed, floating, or EFP-based, or regional trading markets (OPIS) published prices for prevailing or futures.

**Necessity:** This subsection is necessary to provide information in pricing mechanisms and helps understand market-determined pricing modalities. This subsection enables the CEC to analyze if there are any unclear pricing mechanisms or unfair trading practices.

**Section:** Appendix D. I. U.

**Specific Purpose:** The specific purpose of this subsection is to establish the reference or benchmark market product used for price comparison.

**Necessity:** This subsection is necessary to ensure reporting entities provide information about the specific reference product that is being used to price a transaction, which is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection helps in tracking the pairing of traded and reference products, which are used to calculate the price difference between traded price and reference product price.

**Section:** Appendix D. I. V.

**Specific Purpose:** The specific purpose of this subsection is to specify the timeframe against which the price is compared between traded product and reference product.

**Necessity:** This subsection is necessary to ensure reporting entities provide information about the specific reference month they are using to price a transaction, which is necessary for the CEC to analyze pricing practices in the petroleum spot market.

Undefined reference periods create inconsistencies in contract comparisons, leading to incorrect and unrelated price comparisons of traded and reference products. This subsection establishes clear timeframes to avoid confusion regarding pricing basis and timeframes.

**Section:** Appendix D. I. W.

**Specific Purpose:** The specific purpose of this subsection is to collect the price differential between the contracted price and the paired or benchmarked product reference price.

**Necessity:** This subsection is necessary to understand premium or discount at which products are being traded in California spot market compared to benchmark of reference products and to provide insight on inventory volume affecting the prices. This subsection helps in understanding the relationship between key variables that trigger price spikes affecting overall retail prices.

**Section:** Appendix D. I. X.

**Specific Purpose:** The specific purpose of this subsection is to collect floating price contract trigger type or price date for each floating price transaction.

**Necessity:** This subsection is necessary to ensure reporting entities provide information on the future pricing-related event or date agreed to at the time of a floating price contract, such as title transfer or settlement conditions, which is necessary for the CEC to analyze pricing practices in the petroleum spot market. Uncertainty in pricing triggers contract misalignment. This subsection helps to ensure predictability in price determinations and clarifies agreed-upon price mechanisms and event-based triggers with examples of event triggers and duration for floating prices.

**Section:** Appendix D. I. Y.

**Specific Purpose:** The specific purpose of this subdivision is to indicate the date on which a floating price contract is based.

**Necessity:** This subsection is necessary to prevent discrepancies in floating price contracts as missing pricing event dates lead to uncertainty in contract execution. This subsection helps in obtaining information on floating-price contracts and monitors that the dates follow the agreed-upon schedules.

**Section:** Appendix D. I. Z.

**Specific Purpose:** The specific purpose of this subsection is to establish the date on which floating pricing begins for a floating price transaction.

**Necessity:** This subsection is necessary to understand pricing calculations as physical price at the time of floating price trade execution can be completely unknown and is revealed only at the time of settlement. This subsection helps the CEC understand pricing strategies used by traders in an uncertain pricing market.

**Section:** Appendix D. I. AA.

**Specific Purpose:** The specific purpose of this subsection is to mark the conclusion of floating price applicability.

**Necessity:** This subsection is necessary to get information on possible settlement dates of the trade and volume movement in trade affecting the market. This subsection enables the CEC to determine the actual volume movement through trades including unknown prices at the time of reporting.

**Section:** Appendix D. I. BB.

**Specific Purpose:** The specific purpose of this subsection is to get the corresponding official exchange price (NYMEX) as a benchmark and comparison point on the date of trade execution.

**Necessity:** This subsection is necessary to ensure reporting entities provide information on the NYMEX Futures index price reference for Exchange Futures for Physical (EFP) contracts, which is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection supports financial accuracy and fair pricing assessments. The lack of standardized pricing benchmarks disrupts all other trade data information, as NYMEX exchange rates serve as authoritative pricing references.

**Section:** Appendix D. I. CC.

**Specific Purpose:** The specific purpose of this subsection is to report the actual transaction price in cents per gallon.

**Necessity:** This subsection is necessary to establish the relationship between cash price in transaction settlements, market-determined prices, and volume liquidity, and to assist in analyzing market liquidity and price correlation. This subsection provides cash price disclosures for accurate valuation and input for price movements and forecasting.

**Section:** Appendix D. I. DD.

**Specific Purpose:** The specific purpose of this subsection is to identify intermediaries involved in trade execution.

**Necessity:** This subsection is necessary to help verify transaction integrity and adherence to regulatory compliance. Limited visibility into intermediaries results in accountability issues. This subsection helps verify transaction execution integrity.

**Section:** Appendix D. I. EE.

**Specific Purpose:** The specific purpose of this subsection is to provide a direct contact for questions related to transaction execution.

**Necessity:** This subsection is necessary to ensure accountability and facilitate market oversight. This subsection removes difficulty in obtaining transaction-related clarifications and identifies responsible individuals for regulatory inquiries.

**Section:** Appendix D. I. FF.

**Specific Purpose:** The specific purpose of this subsection is to confirm if the transaction was reported to the Oil Price Information Service (OPIS), a Dow Jones subsidiary platform with license from Chicago Mercantile Exchange to publish west coast petroleum market data.

**Necessity:** This subsection is necessary to gain information on industry price assessments matching with OPIS for better transparency. Lack of public price disclosure affects market fairness and also absence of parallel reporting platform

information reflects on the data sanctity. This subsection bridges gaps between price and trade information, if any, shared with the CEC and the market trading platform.

**Section:** Appendix D. II.

**Specific Purpose:** The specific purpose of this section is to bifurcate the spot market reporting into two reports based on industry feedback and the nature of how spot market transactions are conducted. Section II is created and is necessary to gather final reconciled information on transactions, which is often not available until later and is necessary to understand the final price, transport method, distributions and other details resulting from an initial agreement.

**Necessity:** This subdivision is necessary to outline, clarify, and streamline the specific informational requirements of the petroleum spot market reports. Public Resources Code section 25354, subdivision (l), specifically directs “[r]efiners and nonrefiners” to report spot market transactions to the CEC and lists the minimum informational requirements. CEC staff, through internal analyses and engagement with the industry, have since discovered methods to improve and streamline the informational requirements. Therefore, this section is necessary to identify the information that must be included in the report to save both industry and the CEC time and effort in analysis and reporting. To leverage the CEC’s existing data collection regulation’s structure, Appendix D provides for Daily and Event Based Reporting (previous reporting time included Annual, Monthly, and Weekly).

This section, with reporting through reconciled settlement reports, and with timely insights into different transaction stages, will ensure that incomplete or vague reporting is minimized, increasing data reliability. With structured reporting, CEC can better analyze how spot transactions impact pricing and distribution. This refined reporting process ensures a more efficient, transparent, and responsive petroleum market, benefiting the CEC, the industry, and consumers.

**Section:** Appendix D. II. A.

**Specific Purpose:** The specific purpose of this subsection is to identify the date and time that the spot market trade settlement occurred.

**Necessity:** This subsection is necessary to track price fluctuations and trade patterns. This clarity is needed as it is challenging to track these changes without precise timestamps, leading to ambiguity. With a clear transaction timeline, the CEC can analyze market behavior and detect irregularities verifying data reported in section I.

**Section:** Appendix D. II. B.

**Specific Purpose:** The specific purpose of this subsection is to assign a unique contract identification number to each transaction for reference and traceability.

**Necessity:** This subsection is necessary to prevent duplication, support auditing, and provide clarity when reconciling trading records. Without a contract identification number to ensure proper tracking and auditing of transactions, transactions would not be identifiable with only date, location, price and volume.

**Section:** Appendix D. II. C.

**Specific Purpose:** The specific purpose of this subsection is to collect contract position identification number for each settled transaction.

**Necessity:** This subsection is necessary to assist in compliance verification and internal analysis by clearly distinguishing contracts positions. Without distinct identifiers, verifying the status of contract positions becomes unclear. This subsection prevents reporting inconsistencies by allowing the CEC to track contract details and distinguish a contract position, especially with regards to multiple trades.

**Section:** Appendix D. II. D.

**Specific Purpose:** The specific purpose of this subsection is to identify the involved counterparty for each settlement.

**Necessity:** This subsection is necessary to support regulatory oversight, enabling the CEC to monitor of market participants and identify potential price manipulations. A lack of transparency in identifying trading entities increases the risk of market manipulation. This subsection helps to ensure that counterparty names are recorded for oversight and accountability in trading activities.

**Section:** Appendix D. II. E.

**Specific Purpose:** The specific purpose of this subsection is to collect point of contact information for counterparties for each settlement.

**Necessity:** This subsection is necessary to ensure direct accountability by helping to resolve data inconsistency and increase transparency. Resolving disputes or verifying compliance becomes challenging without a responsible contact listed. This subsection provides a designated individual for inquiries, ensuring swift resolution of any compliance or transaction-related issues.

**Section:** Appendix D. II. F.

**Specific Purpose:** The specific purpose of this subsection is to collect the date of each settlement.

**Necessity:** This subsection is necessary to track, reconcile, and report matching on trades and counterparties reporting. This subsection helps in understanding overall physical inventory movement and availability through spot trades.

**Section:** Appendix D. II. G.

**Specific Purpose:** The specific purpose of this subsection is to collect the type of each settlement.

**Necessity:** This subsection is necessary to distinguish between different categories of transactions for analysis. This subsection helps in segregating various transaction types in the form of physical delivery or financial adjustments (book delivery, etc.).

**Section:** Appendix D. II. H.

**Specific Purpose:** The specific purpose of this subsection is to categorize each product as gasoline, diesel, aviation fuel, renewable fuels, etc., for each settlement.

**Necessity:** This subsection is necessary to help ensure proper regulatory classification and industry reporting, as misclassification of fuel types can lead to incorrect reporting,

affecting compliance monitoring and analysis. This subsection collects data through standardized fuel categorization to ensure the CEC is using accurate price benchmarks and proper regulatory enforcement.

**Section:** Appendix D. II. I.

**Specific Purpose:** The specific purpose of this subsection is to identify the specific product type and specifications, such as octane rating, for each settlement to analyze volumes in each product segment.

**Necessity:** This subsection is necessary and critical for tracking product standards, pricing benchmarks, and regulatory reporting. Lack of product specificity can result in pricing distortions and improper market analysis. By defining product names, this subsection improves reporting accuracy and price benchmarking.

**Section:** Appendix D. II. J.

**Specific Purpose:** The specific purpose of this subsection is to identify the amount of fuel settled upon or delivered in thousands of barrels.

**Necessity:** This subsection is necessary to clarify how much volume is being traded or moved between two transacting parties. This is necessary for the CEC to carry out supply-demand analysis, inventory tracking, and logistical visibility. Without recorded transaction volume, tracking supply-demand metrics pertaining to trading becomes unreliable. This subsection helps the CEC to learn about participating trader behavior to assess fuel consumption trends and provide inputs for demand forecasting and market analysis.

**Section:** Appendix D. II. K.

**Specific Purpose:** The specific purpose of this subsection is to identify the method of delivery by mode of transportation.

**Necessity:** This subsection is necessary to enable the CEC to exercise logistical oversight and ensure compliance with infrastructure usage regulations. Ambiguity in delivery methods complicates understanding of fuel logistics used for the delivery of executed trades. This subsection allows for a clear definition of transport mechanisms such as pipelines, barges, or marine vessels, and their segregation, and clarifies the ratio of volumes across various transportation modes.

**Section:** Appendix D. II. L.

**Specific Purpose:** The specific purpose of this subsection is to identify the vessel transporting the fuel, in cases where mode of delivery is through sea route.

**Necessity:** This subsection is necessary to ensure reporting entities provide information about the specific marine vessel used to transport a product, which is necessary for the CEC to analyze transportation practices in the petroleum spot market. By properly identifying vessels, this subsection helps to ensure proper reporting and oversight.

**Section:** Appendix D. II. M.

**Specific Purpose:** The specific purpose of this subsection is to get a universal and globally recognized identifier of a transporting vessel for tracking product movement for applicable settlements.

**Necessity:** This subsection is necessary to ensure reporting entities provide information about the specific marine vessel used to transport a product and that the vessel can be identified using tracking applications, which is necessary for the CEC to analyze transportation practices in the petroleum spot market. Without vessel identification, tracking international shipments becomes unreliable. This subdivision implements the use of an International Maritime Organization number, a universal and globally recognized identifier of a transporting vessel for tracking product movement for applicable transactions, which provides a solution to this issue.

**Section:** Appendix D. II. N.

**Specific Purpose:** The specific purpose of this subsection is to record the site where fuel ownership changed hands.

**Necessity:** This subsection is necessary to get true-up final destination of product movement and its impact on fuel volume available in that geographical location to assess demand and supply, legal responsibility, and tax obligations thereof. This subsection allows the CEC to analyze volume movement and inventory by fuel type in each terminal hub of California.

**Section:** Appendix D. II. O.

**Specific Purpose:** The specific purpose of this subsection is to collect the pipeline batch designation.

**Necessity:** This subsection is necessary to identify the delivery batch in which the product to be traded was shipped on the Kinder Morgan pipeline, which is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection provides specific phase and timing in pipeline delivery operations especially when multiple delivery volumes of different trading companies are queued up in the pipeline.

**Section:** Appendix D. II. P.

**Specific Purpose:** The specific purpose of this subsection is to collect delivery chain sequence information of the settlement.

**Necessity:** This subsection is necessary to identify the parties involved in the reported trade and understand how the traded volumes were finally delivered, which enables the CEC to understand the flow of products and analyze pricing practices in the petroleum spot market. This subsection defines the delivery chain to follow the direction of product movement from right to left in order of the trading parties involved, with the first seller on the left to the buyer on the right. This maintains a clear record of flow of product between transacting entities.

**Section:** Appendix D. II. Q.

**Specific Purpose:** The specific purpose of this subsection is to collect floating price contract trigger type or price date for each floating price transaction.

**Necessity:** This subsection is necessary to ensure reporting entities provide information on the future pricing-related event or date agreed-upon at the time of a floating price contract, such as title transfer or settlement conditions, which is necessary for the CEC to analyze pricing practices in the petroleum spot market. Uncertainty in pricing triggers contract misalignment. This subsection helps to ensure predictability in price

determinations and clarifies agreed-upon price mechanisms and event-based triggers with examples of event triggers and duration for floating prices.

**Section:** Appendix D. II. R.

**Specific Purpose:** The specific purpose of this subsection is to indicate the date on which the floating price contract is based.

**Necessity:** This subsection is necessary to prevent discrepancies in floating price contracts as missing pricing event dates lead to uncertainty in contract execution. This subsection helps the CEC to obtain information on floating-price contracts and ensure that the dates follow the agreed-upon schedules.

**Section:** Appendix D. II. S.

**Specific Purpose:** The specific purpose of this subsection is to establish the date when floating pricing begins for a floating price transaction.

**Necessity:** This subsection is necessary to understand pricing calculations as physical price at the time of floating price trade execution can be completely unknown and may be revealed only at the time of settlement. This subsection helps the CEC understand pricing strategies used by traders in an uncertain pricing market.

**Section:** Appendix D. II. T.

**Specific Purpose:** The specific purpose of this subsection is to mark the conclusion of floating price applicability.

**Necessity:** This subsection is necessary to get information on possible settlement dates of the trade and volume movement in trade affecting the market.

This subsection is helpful to determine the actual volume movement through trades including unknown prices at the time of reporting.

**Section:** Appendix D. II. U.

**Specific Purpose:** The specific purpose of this subsection is to collect the invoiced (true-up) volume of refined petroleum product in barrels.

**Necessity:** This subsection is necessary to get the report on the finalized volume of petroleum products invoiced. This subsection provides visibility into the volumetric movement of refined petroleum products and is essential for trade volume reconciliation. This subsection is necessary for the CEC to assess market trends and demand fluctuations.

**Section:** Appendix D. II. V.

**Specific Purpose:** The specific purpose of this subsection is to collect the final invoiced price of refined petroleum product in cents per gallon.

**Necessity:** This subsection is necessary to establish relationship between cash price in transaction settlements, market-determined prices and volume liquidity.

This subsection provides cash price disclosures for accurate valuation and input for price movements and forecasting.

**Section:** Appendix D. II. W.

**Specific Purpose:** The specific purpose of this subsection is to collect date requests for shipments issued for pipeline tender by buyers or sellers.

**Necessity:** This subsection is necessary to ensure reporting entities provide information on when the product was directed to be shipped, which is necessary for the CEC to understand the flow of products and to analyze pricing practices in the petroleum spot market. This subsection is critical to understanding lead time and planning for product acquisition by buyers and anticipation of periods of actual product requirement.

**Section:** Appendix D. II. X.

**Specific Purpose:** The specific purpose of this subsection is to collect and define required shipment contact information.

**Necessity:** This subsection is necessary to ensure reporting entities provide information on the company and contact person that ordered products to be shipped, which is necessary for the CEC to analyze pricing practices in the petroleum spot market.

**Section:** Appendix D. III.

**Specific Purpose:** The specific purpose of this subsection is to define the informational requirements of the report outlined in Public Resources Code section 25354, subdivision (j).

**Necessity:** This subsection is necessary to provide reporting guidance for petroleum product shipments by specifically listing the products required to be filed and by providing specific data elements needed to satisfy reporting requirements.

**Section:** Appendix D. III. A.

**Specific Purpose:** The specific purpose of this subsection is to define the timing requirements of the report and interpret and make specific the current statutory requirement by providing guidance on importing of material where 96 hours' notice is not feasible.

**Necessity:** This subsection is necessary to ensure clear understanding of reporting timelines and to provide clear reporting guidance for shipments with travel time less than the 96 hours.

**Section:** Appendix D. III. B.

**Specific Purpose:** The specific purpose of this subsection is to define the product reporting requirements of the report and make specific the individual products reported under the statutory requirement. Items listed in the proposed regulatory requirements are products already defined in Section 1363.1 with this clause making the groupings of those products specific.

**Necessity:** This subsection is necessary to provide clear guidance on product reporting needs and to minimize overreporting of products. This subsection does this by listing the required known products that have direct influence on the price of transportation fuels.

**Section:** Appendix D. III. C. 1.

**Specific Purpose:** The specific purpose of this subsection is to require company identification and contact information.

**Necessity:** This subsection is necessary for the CEC to track reporting entities and compliance with reporting requirements. This subsection defines identifiable information that differentiates the ownership of reports from each reporting entity from each other.

**Section:** Appendix D. III. C. 2.

**Specific Purpose:** The specific purpose of this subsection is to identify the date on which the decision to first ship product to California was made.

**Necessity:** This subsection is necessary to ensure reporting entities provide information in a timely manner so that the CEC to understand potential supply constraint issues. This subsection requires the date when a vessel is designated for delivery which is before the loading occurs. This date determines report timing requirements in subdivision III. A. and allows CEC analysis to establish a timeline of delivery events.

**Section:** Appendix D. III. C. 3.

**Specific Purpose:** The specific purpose of this subsection is to list the date on which loading of the vessel was completed.

**Necessity:** This subsection is necessary to ensure reporting entities provide information on the date when the product can first leave for shipment to California. This is necessary for the CEC to analyze delivery and pricing practices in the petroleum spot market. This subsection requires the date when a vessel is loaded for delivery which is before delivery occurs, this date allows CEC analysis to establish a timeline of delivery events.

**Section:** Appendix D. III. C. 4.

**Specific Purpose:** The specific purpose of this subsection is to list the date of estimated arrival.

**Necessity:** This subsection is necessary to ensure reporting entities provide information on the date the product is expected to be delivered to California, which is necessary for the CEC to analyze delivery and pricing practices in the petroleum spot market. This subsection requires the date when a vessel is estimated to arrive, which determines report timing requirements in subsection III. A. and allows CEC analysis to establish a timeline of delivery events.

**Section:** Appendix D. III. C. 5.

**Specific Purpose:** The specific purpose of this subsection is to list the type of marine vessel being used to transport the product to be delivered.

**Necessity:** This subsection is necessary to verify delivery of the product using State Lands Commission information. This subsection allows the CEC analysis to differentiate between deliveries from barges and tanker vessels. This is important as these vessels and their movements require different types of identifying information.

**Section:** Appendix D. III. C. 6.

**Specific Purpose:** The specific purpose of this subsection is to list the name of the marine vessel being used to transport the product to be delivered.

**Necessity:** This subsection is necessary to verify delivery of the product using State Lands Commission information. This subsection allows the CEC to verify and identify deliveries and their vessels without unnecessary duplication of creating identifying information specific to vessels and types.

**Section:** Appendix D. III. C. 7.

**Specific Purpose:** The specific purpose of this subsection is to list the product to be delivered to California.

**Necessity:** This subsection is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection requires reporting under existing EIA product codes and associated definitions and defines alternative information if those codes and definitions are deficient. This allows the CEC analysis to differentiate different product from each other without unnecessary duplication in creating new product codes and definitions.

**Section:** Appendix D. III. C. 8.

**Specific Purpose:** The specific purpose of this subsection is to list the amount of product to be delivered to California.

**Necessity:** This subsection is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection requires volumes of deliveries to be discharged; this information allows the CEC to focus on the size of delivery in relation to prices and price changes.

**Section:** Appendix D. III. C. 9.

**Specific Purpose:** The specific purpose of this subsection is to list whether the cargo is a full or partial discharge of product.

**Necessity:** This subsection is necessary to verify delivery of the product using State Lands Commission information and indicates whether the vessel could be later discharging more product in another California port. This subsection reduces double counting and other data irregularities for vessels performing multiple deliveries within California.

**Section:** Appendix D. III. C. 10.

**Specific Purpose:** The specific purpose of this subsection is to list the seller of petroleum product cargo prior to it traveling in a marine vessel.

**Necessity:** This subsection is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subdivision allows the CEC to differentiate between the owner of the cargo at delivery in California and the owner at the origin port or location if they are not the same.

**Section:** Appendix D. III. C. 11.

**Specific Purpose:** The specific purpose of this subsection is to identify the seller of petroleum product when the marine vessel is traveling to California if applicable.

**Necessity:** This subsection is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection allows the CEC to differentiate between the owner of the cargo at loading in California and the owner of the cargo during transportation if they are not the same and to determine report timing requirements in subdivision III. A. 3.

**Section:** Appendix D. III. C. 12.

**Specific Purpose:** The specific purpose of this subsection is to list the seller of petroleum product after the marine vessel has docked at a California port if applicable.

**Necessity:** This subsection is necessary for the CEC to analyze pricing practices in the petroleum spot market. This allows the CEC to differentiate between the owner of the cargo at delivery in California and the owner of the cargo sold in California if they are not the same.

**Section:** Appendix D. III. C. 13.

**Specific Purpose:** The specific purpose of this subsection is to list the country of origin of petroleum product.

**Necessity:** This subsection is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection allows the CEC to differentiate between sources of international cargoes into California and analyze transportation costs per source.

**Section:** Appendix D. III. C. 14.

**Specific Purpose:** The specific purpose of this subsection is to list the port of origin of petroleum product.

**Necessity:** This subsection is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection allows the CEC to differentiate between sources of various cargos and analyze transportation costs per source.

**Section:** Appendix D. III. C. 15.

**Specific Purpose:** The specific purpose of this subsection is to list the loading location of petroleum product purchased.

**Necessity:** This subsection is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection allows the CEC analysis to differentiate between sources of various cargos and analyze transportation costs per source.

**Section:** Appendix D. III. C. 16.

**Specific Purpose:** The specific purpose of this subsection is to list the status of the product at the time of filing the report. Since the report is filed before the final delivery of a product, that product could change destination and change purpose (or it could be canceled).

**Necessity:** This subsection is necessary for the CEC to analyze pricing practices in the petroleum spot market and to verify how often California product is repurposed, allowing a market liquidity analysis to be performed. This subsection allows the CEC to differentiate between delivery volumes that are purchased before cargo arrives in

California, volumes that arrive in California but are not yet sold, and volumes that are for internal or contracted use.

**Section:** Appendix D. III. C. 17.

**Specific Purpose:** The specific purpose of this subsection is to list the discharge location of petroleum product.

**Necessity:** This subsection is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection allows the CEC to focus on the particular timing and location of delivery events.

**Section:** Appendix D. III. C. 18.

**Specific Purpose:** The specific purpose of this subsection is to list the date of the contract that the petroleum product was purchased and executed.

**Necessity:** This subsection is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection allows the CEC to establish the timing of delivery events, which is critical for examining fluctuations in supply and inventory in detail.

**Section:** Appendix D. III. C. 19.

**Specific Purpose:** The specific purpose of this subsection is to list the total landed cost that the petroleum product was valued at upon delivery in California.

**Necessity:** This subsection is necessary for the CEC to analyze pricing practices in the petroleum spot market. This subsection allows the CEC to compare prices of imports to prices of product refined in California.

**Section:** Appendix D. III. C. 20.

**Specific Purpose:** The specific purpose of this subsection is to list the tracking number of the marine vessel delivering the petroleum product to California.

**Necessity:** This subsection is necessary to verify delivery of the product using State Lands Commission information. This subsection allows CEC analysis to correctly reference tanker deliveries, which differ from barge deliveries and maintain compliance with reporting requirements.

**Section:** Appendix D. III. C. 21.

**Specific Purpose:** The specific purpose of this subsection is to list the name of the tug associated with the barge delivering the petroleum product to California.

**Necessity:** This subsection is necessary to verify delivery of the product using State Lands Commission information. This subsection allows the CEC to correctly reference barge deliveries, which differ from tanker deliveries, and maintain compliance with reporting requirements.

**Section:** Appendix D. III. C. 22.

**Specific Purpose:** The specific purpose of this subsection is to list the tracking number of the associated tug delivering the petroleum product to California.

**Necessity:** This subsection is necessary to verify delivery of the product. This subsection allows CEC analysis to correctly reference barge deliveries, which differ from tanker deliveries, and maintain compliance with report requirements.

**Section:** Appendix D. III. C. 23.

**Specific Purpose:** The specific purpose of this subsection is to list the owner of the cargo being transported to California.

**Necessity:** This subsection is necessary to verify delivery of the product. This subsection allows the CEC to correctly identify the owner of the cargo, which may differ from the owner of the ship or vessel, and maintain compliance with report requirements.

**Section:** Appendix D. III. C. 24.

**Specific Purpose:** The specific purpose of this subsection is to list the entity responsible for transporting the delivery.

**Necessity:** This subsection is necessary to verify delivery of the product. This subsection allows the CEC to accurately identify the entity responsible for delivery, which may differ from the owner of the cargo, ship, or vessel, and maintain compliance with report requirements.

## TECHNICAL, THEORETICAL, OR EMPIRICAL STUDIES, REPORTS, OR SIMILAR DOCUMENTS

The CEC has relied upon the following technical, theoretical, or empirical studies, reports, or similar documents in drafting the proposed regulations:

1. [Draft Transportation Fuels Assessment](https://efiling.energy.ca.gov/GetDocument.aspx?tn=255663&DocumentContentId=91492), 202: available at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=255663&DocumentContentId=91492>.
2. [Transportation Fuel Supply Outlook](https://www.energy.ca.gov/publications/2017/transportation-fuel-supply-outlook-2017), 2017: available at <https://www.energy.ca.gov/publications/2017/transportation-fuel-supply-outlook-2017>.
3. [SB X1-2 \(Stats. 2023, 1st Ex. Sess. 2023, ch. 1, §1\)](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320241SB2): available at [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202320241SB2](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320241SB2).
4. [California State Lands Commission's Information for Vessels Arriving at California Ports](https://www.slc.ca.gov/marine-invasive-species-program/information-for-vessels-arriving-at-california-ports/): available at <https://www.slc.ca.gov/marine-invasive-species-program/information-for-vessels-arriving-at-california-ports/>.
5. [Oil Price Information Service Methodology Guidelines](https://www.opisnet.com/about/methodology/) publication: available at <https://www.opisnet.com/about/methodology/>.
6. [Oil Price Information Service West Coast Report](https://info.opisnet.com/west-coast-spot-report-2022): available at <https://info.opisnet.com/west-coast-spot-report-2022>.
7. Oil Price Information Service, Oil Price Information Service's Petroleum Terminal Encyclopedia. 28th ed. Rockville, MD: Oil Price Information Service, 2017.
8. [Transcript, 2016 INTEGRATED ENERGY POLICY REPORT \(IEPR\) WORKSHOP ON TRANSPORTATION FUEL SUPPLY RELIABILITY DUE TO](https://www.opisnet.com/2016-integrated-energy-policy-report-iepr-workshop-on-transportation-fuel-supply-reliability-due-to)

[REDUCED NATURAL GAS AVAILABILITY IN SUMMER 2016](https://efiling.energy.ca.gov/GetDocument.aspx?tn=212396&DocumentContentId=2448): available at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=212396&DocumentContentId=2448> 2.

9. [Additional Analysis on Gasoline Prices in California, 2019](https://www.energy.ca.gov/sites/default/files/2019-11/Gas_Price_Report.pdf): available at [https://www.energy.ca.gov/sites/default/files/2019-11/Gas\\_Price\\_Report.pdf](https://www.energy.ca.gov/sites/default/files/2019-11/Gas_Price_Report.pdf).
10. [Petroleum Watch, February 2022](https://www.energy.ca.gov/sites/default/files/2022-02/2022-02_Petroleum_Watch_ADA.pdf): available at [https://www.energy.ca.gov/sites/default/files/2022-02/2022-02\\_Petroleum\\_Watch\\_ADA.pdf](https://www.energy.ca.gov/sites/default/files/2022-02/2022-02_Petroleum_Watch_ADA.pdf).
11. [DPMO Interim Update on California's Gasoline Market September 2023](https://www.energy.ca.gov/media/8748): available at <https://www.energy.ca.gov/media/8748>.
12. [Petroleum Industry Information Reporting Act Form M700 data collection](https://www.energy.ca.gov/files/piira-forms-and-instructions): available at <https://www.energy.ca.gov/files/piira-forms-and-instructions>.
13. [Oceaneering's PortVision 360](https://www.oceaneering.com/asset-intelligence-and-management/portvision-360-vessel-tracking/): available at <https://www.oceaneering.com/asset-intelligence-and-management/portvision-360-vessel-tracking/>.
14. [EIA, Glossary](https://www.eia.gov/tools/glossary/), eia.gov, available at <https://www.eia.gov/tools/glossary/> (last visited Jan. 8, 2025).
15. [EIA, Petroleum & Other Liquids: Definitions, Sources and Explanatory Notes](https://www.eia.gov/dnav/pet/tbldefs/pet_pnp_unc_tbldef2.asp), eia.gov, available at [https://www.eia.gov/dnav/pet/tbldefs/pet\\_pnp\\_unc\\_tbldef2.asp](https://www.eia.gov/dnav/pet/tbldefs/pet_pnp_unc_tbldef2.asp) (last visited Jan. 8, 2025).
16. EIA, [EIA-810 Instructions](https://www.eia.gov/survey/form/eia_810/instructions.pdf), available at [https://www.eia.gov/survey/form/eia\\_810/instructions.pdf](https://www.eia.gov/survey/form/eia_810/instructions.pdf).

## **CONSIDERATION OF REASONABLE ALTERNATIVES, INCLUDING THOSE THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESS**

No reasonable alternatives to the proposed regulation have been proposed that would lessen any adverse impact on small business or that would be less burdensome and equally effective in achieving the purposes of the regulation in a manner that achieves the purposes of the statute being implemented.

The CEC is seeking to certify the regulations adopted under the emergency data collection authority to enable the CEC to meet its statutory and analytical responsibilities. These regulations directly support the CEC's analysis determining the reliable supply of transportation fuels within the state and developing recommendations for meeting state transportation energy goals per Public Resources Code Division 15, Chapter 4.5 and 4.6. Current data collection did not meet analytical requirements of SB X1-2 (2023) and AB X2-1 (2024).

The CEC considered two alternatives to the proposed regulations:

Under alternative one, the CEC considered not updating the data regulations. However, not updating the standards would preclude the CEC from fulfilling its various mandates, as set forth under SB X1-2 (2023) and AB X2-1 (2024), to obtain information necessary to complete and submit required energy assessments, make appropriate recommendations, post required information on its website, consider variables affecting the price of

transportation fuels, and evaluate California's petroleum import needs, among other things.

Under alternative two, the CEC considered estimating transportation energy supply information and creating simulated data to perform policy analysis. In many cases, this estimated and simulated data has been used in past reports and analysis to complete CEC tasks. However, over the years this type of information has been routinely criticized as inaccurate and misleading, calling into question policy recommendations by the CEC. While the CEC continues to improve its data analysis techniques, it has concluded that the best practice is to obtain point specific information wherever possible to achieve the highest level of data accuracy possible and ensure the public's faith in the CEC's methodologies.

## **SPECIFIC TECHNOLOGIES OR EQUIPMENT**

The proposed regulation does not mandate specific technology or equipment.

## **ECONOMIC IMPACT ASSESSMENT**

### The Creation or Elimination of Jobs Within the State of California

The CEC does not expect the proposed regulation will create or eliminate jobs within the State of California. Emergency regulations implemented by the CEC in 2024 and 2025 were data collection regulations only and strictly information-gathering in nature. The regulations required no operational changes to industry economic behavior; rather, they required only reporting on activity that would already be tracked through regular business accounting activity.

### The Creation of New Businesses or the Elimination of Existing Businesses Within the State of California

The CEC does not expect the proposed regulations to result in the creation of new businesses or elimination of existing businesses within the State of California. The CEC emergency regulations merely updated existing data collection regulations to enable the CEC to meet its statutory and analytical responsibilities to support the reliable operation of the state's transportation supply systems and assess progress in, and develop recommendations for, meeting state energy goals.

### The Expansion of Businesses Currently Doing Business within the State of California

The CEC does not expect that the proposed regulations will result in the expansion of businesses currently doing business within the State of California. The CEC emergency regulations merely updated existing data collection regulations to enable the CEC to meet its statutory and analytical responsibilities support the reliable operation of the state's transportation supply systems and assess progress in, and develop recommendations for, meeting state energy goals.

Benefits of the Regulation to the Health and Welfare of California Residents, Worker Safety, and the State's Environment

The benefits of this proposed action are increased transparency and accuracy in CEC's analytical duties which will reduce time spent on creating estimates and simulation data of needed information.

**DETERMINATION THAT THE PROPOSED REGULATION WILL HAVE NO SIGNIFICANT ADVERSE ECONOMIC IMPACT AFFECTING BUSINESS**

The CEC has made an initial determination that the proposed regulation will not have a significant adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. Evidence supporting the CEC's initial determination that the proposed regulation will not have a significant adverse economic impact on businesses can be found attached to this Initial Statement of Reasons in *Attachment A: Economic and Fiscal Impact Modeling, Assumptions, and Calculations*.

The CEC notes that Industry has been complying with the existing emergency regulations that are to be certified without any discernable impact on gasoline prices. Reporting and collecting data required via the regulations, is part of normal business operations and is required for the businesses' own operations to comply with U.S. Securities and Exchange Commission business reporting requirements. Many of these companies have modernized reporting apparatuses that should easily absorb this work. Impact figures listed in *Attachment A: Economic and Fiscal Impact Modeling, Assumptions, and Calculations*, account for any additional burden created by these proposed regulations.

**DUPLICATION OR CONFLICTS WITH FEDERAL REGULATIONS**

The CEC has determined that there are no existing comparable federal regulations or statutes.

**FOR FURTHER INFORMATION**

Inquiries concerning all aspects of the rulemaking process, including the substance of the proposed regulations or any other information upon which the proposed regulations are based, should be directed to the contact persons listed in the Notice of Proposed Action for this rulemaking.

## **ATTACHMENT A: ECONOMIC AND FISCAL IMPACT MODELING, ASSUMPTIONS, AND CALCULATIONS**

### **ECONOMIC IMPACT STATEMENT**

#### **A. ESTIMATED PRIVATE SECTOR COST IMPACTS**

A.1. Staff estimates that the proposed regulation:

- Impacts business and/or employees by implementing data reporting requirements.
- Imposes reporting requirements implementing statutorily required data reporting related to the petroleum industry.

A.2. CEC staff estimates that the direct costs of the proposed regulation to regulated entities in the first year of the anticipated effect of the proposed regulation after full implementation will be approximately \$1,661,220. See B.1. for additional information regarding this calculation. CEC staff also estimates that there are no direct economic benefits of the proposed regulation to regulated entities or the public. See C.1. for additional information regarding the non-monetary benefits of the proposed regulation.

A.3. CEC staff estimates that the proposed regulation will impact approximately 50 businesses in California.

The proposed regulation will impact refineries and petroleum storage and shipping businesses.

CEC staff estimates that there are no impacted businesses that are small businesses. The CEC makes this assumption using the definition of small business contained in Government Code section 11346.3, subdivision (b)(4)(B), which defines a small business as one that is independently owned and operated, not dominant in its field of operation, and has fewer than 100 employees. None of the impacted businesses meet this definition. Rather, all impacted businesses are wholesale suppliers of petroleum projects that deal in 100 thousand barrels of product or more (4.2 million of gallons). Within this sector, the only business actors that could qualify for this small business classification would be retail fueling outlets, but they are not impacted by these regulations.

A.4. CEC staff has determined that the proposed regulation does not create businesses in California. The proposed regulation merely implements statutorily required data reporting requirements. These requirements only result in minor economic impacts that do not contribute to the creation of businesses in California.

CEC staff has determined that the proposed regulation does not eliminate businesses in California. The proposed regulation merely implements statutorily required data reporting requirements. These requirements only result in minor economic impacts that do not contribute to the elimination of businesses in California.

A.5. The proposed regulation has a statewide geographic impact.

A.6. CEC staff has determined that the proposed regulation does not create jobs in California. The proposed regulation merely implements statutorily required data reporting requirements. These requirements only result in minor economic impacts that do not contribute to the creation of jobs in California. Any additional labor required to comply with the requirements of the proposed regulations is assumed to be absorbable and billable to existing staff.

CEC staff has determined that the proposed regulation does not eliminate jobs in California. The proposed regulation merely implements statutorily required data reporting requirements. These requirements only result in minor economic impacts that do not contribute to the elimination of jobs in California. The proposed regulations do not mandate specific technologies that would result in the elimination of any positions through compliance with the implemented data reporting requirements.

A.7. CEC staff has determined that the proposed regulation will not affect the ability of California businesses to compete with other states because the proposed regulation does not make it more costly to produce goods or services here. The proposed regulation merely implements statutorily required data reporting requirements. These requirements only result in minor economic impacts that do not contribute to the competitiveness of businesses or cost of produced goods or rendered services in California.

## **B. ESTIMATED COSTS**

B.1. The CEC notes that Industry has been complying with the existing emergency regulations that are to be certified without any discernable impact on gasoline prices. Reporting and collecting data required via the regulations, is part of normal business operations and is required for the businesses' own operations to comply with U.S. Securities and Exchange Commission business reporting requirements. Many of these companies have modernized reporting apparatuses that can easily absorb this work.

As such, the CEC assumes that the proposed regulations will have minimal economic impact on reporting businesses. To account for any additional economic burden of the proposed regulation that is non-absorbable, the CEC proposes the following assumptions and calculations.

The CEC assumes that the preparation and submission of required data pursuant to the proposed regulation will be prepared by a staffer with the classification or pay of an accountant. Based on Occupational Employment and Wage Statistics from the Bureau of Labor Statistics for the California region during the period of May 2024, the annual mean wage of an accountant is \$104,710, or \$50.34 hourly<sup>1</sup>.

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<sup>1</sup> [California Occupational Employment and Wage Statistics, Bureau of Labor Statistics, May 2024](https://www.bls.gov/oes/2024/oes_2024_may/oes2024_may2024.pdf)

Based on reporting data collected by the CEC from the emergency rulemakings, the CEC receives approximately 11,000 reports annually which are comprised of daily, weekly, monthly, and event-based varieties. This results in roughly 220 reports per business per year. Accounting for different report types and their varied completion times, the CEC estimates that the average report completion time is approximately 3 hours. This average report completion time also considers the differences in automated technologies that different businesses may use to complete reports more quickly or that other businesses may not use if they are preparing the reports manually. Given this information, the CEC estimates that a typical business will require 660 working hours per year to comply with the implemented data reporting requirements. Given these figures, the per-business cost can simply be calculated as follows:

$$(660 * \$50.34) = \$33,225.$$

As such, the annual per-business economic impact of the proposed regulation is \$33,225, or a total economic impact to all affected businesses (50) of \$1,661,220.

As previously noted, the CEC highlights that the impacted industry has been complying with the existing emergency regulations without any discernable impact on gasoline prices. Furthermore, the above assumptions regarding the labor required to comply with the data reporting requirements of the proposed regulations is intentionally overestimated without consideration of numerous real-world factors that would otherwise diminish the real economic impact of the proposed regulations. For example, it is part of normal business operations to collect and report such information as it is required for the businesses' own operations to comply with U.S. Securities and Exchange Commission business reporting requirements. Furthermore, many of these companies have modernized reporting apparatuses that once configured could easily automate the preparation and submission of this information further reducing costs.

B.2. CEC staff has determined that the identified economic costs of the proposed regulation only impact refining and petroleum storage and shipping. Therefore, the identified economic impacts of the proposed regulation are attributable to only these businesses.

B.3. The proposed regulation implements statutorily required data reporting requirements on the petroleum industry. As such, all economic impacts of the proposed regulations are attributable to reporting requirements.

B.4. The proposed regulation is not expected to directly impact housing costs.

B.5. The proposed regulation amends the CEC's existing regulations for Petroleum Information Reports to implement statutorily mandated reporting requirements.

### C. ESTIMATED BENEFITS

C.1. The proposed regulations create non-monetary benefits to CEC energy analysis,

the health and welfare of California residents, worker safety, and the state's environment by improving the breadth of data the CEC can use to inform policy. Prior to SB X1-2, the CEC's PIIRA data collection did not track the underlying issues leading to gasoline price spikes in 2015 (three events), 2019 (two events), 2022 (two events), 2023 (one event), and 2024 (one event). New data collected by the CEC has assisted in capturing information on many of the underlining causes of these price spikes and allowed the CEC to respond to the legislature's demands for more information. Data sets now collected will better inform policy improving the health and welfare of California residents, worker safety, and the state's environment:

- Spot market reporting requirements gave the CEC and DPMO greater visibility in pricing, contracting, and marketing practices of participants at multiple levels of the petroleum supply chain. This provides greater transparency and enables more effective oversight of the petroleum industry.
- Margin reporting requirements gave the CEC and the state greater visibility into cost structures and incentives to produce gasoline in California. Enhanced reporting requirements regarding costs and sales channels enable the CEC to better analyze how industry achieves its net margin and how such decisions impact California consumers.
- Marine import reporting provided more detail on import markets that supply the marginal barrel of product to California. Enhanced reporting requirements regarding imports enable the CEC to better analyze supply flows into California.
- Reporting on the product holdings of individual companies that trade in California's petroleum spot markets provided the requisite granularity and precision to allow the CEC to diagnose whether the inventory holdings of a particular firm or a combination of position holders contributes to increases in gasoline prices and other transportation fuel prices.
- Projections of receipts and distributions of various transportation products allow the CEC to assess whether local Major Petroleum Products Marketers are adequately preparing and responding to changing market conditions in a competitive manner and if the State needs to take direct actions to prevent price elevations that damage California consumers.

C.2. The benefits of the proposed regulation are a result of the specific implemented statutory requirements included in Public Resources Code sections 25304 and 25350-25367.

C.3. The benefits of the proposed regulation are non-monetary and do not result in a calculable economic benefit. The proposed regulations are intended to inform future policy development and decision making that will result in the reduction of gasoline price spikes that directly affect consumers and industries in California.

C.4. The proposed regulation does not result in the expansion of businesses currently doing business within the State of California.

## D. ALTERNATIVES TO THE REGULATION

D.1. No reasonable alternatives to the proposed regulation have been proposed that would lessen any adverse impact on small business or that would be less burdensome and equally effective in achieving the purposes of the regulation in a manner that achieves the purposes of the statute being implemented.

The CEC considered two alternatives to the proposed regulations:

Under alternative one, the CEC considered not updating the data regulations. However, not updating the standards would preclude the CEC from fulfilling its various mandates, as set forth under SB X1-2 (2023) and AB X2-1 (2024), to obtain information necessary to complete and submit required energy assessments, make appropriate recommendations, post required information on its website, consider variables affecting the price of transportation fuels, and evaluate California's petroleum import needs, among other things.

Under alternative two, the CEC considered estimating transportation energy supply information and creating simulated data to perform policy analysis. In many cases, this estimated and simulated data has been used in past reports and analysis to complete CEC tasks. However, over the years this type of information has been routinely criticized as inaccurate and misleading, calling into question policy recommendations by the CEC. While the CEC continues to improve its data analysis techniques, it has concluded that the best practice is to obtain point specific information wherever possible to achieve the highest level of data accuracy possible and ensure the public's faith in the CEC's methodologies.

D.2. The proposed alternatives both result in zero economic impacts as they essentially result in not promulgating the proposed regulations. As such the economic impact of either considered alternative would be zero. However, as stated in D.1., such alternatives were not considered actionable nor acceptable by the legislature or consumers.

D.3. Quantifying the costs of the proposed regulations and considered alternatives was straightforward and did not result in any issues. Similarly, there were no issues with calculating the benefits of the considered alternatives (no benefit) as they resulted in not promulgating the proposed regulations.

As for calculating the benefits of the proposed regulation, there are many challenges in observing any direct or indirect economic impacts. This is because the proposed regulations are intended to inform future policy decisions and market oversight by the CEC. This may tangibly result in future policy decisions or developments which may directly or indirectly create economic impacts, but it is impossible to predict those impacts with the information presently available.

D.4. The proposed regulation implements prescriptive data reporting requirements that are statutorily mandated. As such, the CEC made every effort to consider performance standards where possible. The areas where specific requirements are prescribed are necessary to ensure consistency, comply with statutory requirements, and provide benefit to the health and welfare of California residents, worker safety, and the State's environment.

## E. MAJOR REGULATIONS

E.1. – E.3. These requirements are not applicable to the CEC as it is not a California Environmental Protection Agency board, office, or department.

E.4. CEC staff has determined that the proposed regulation is not a major regulation. The total economic impact of the regulation in any measured 12-month period between filing with the Secretary of State and 12 months after full implementation is \$[total annual benefit + total annual cost (use either ongoing or initial; whichever is higher), which does not exceed \$50 million.

E.5. The proposed regulations will not increase or decrease in investment in the State. Investment in California would remain the same as the reporting requirements only capture information that is being produced in the regular course of current business activities.

The proposed regulations are not expected to incentivize innovation in products, materials, or processes. As the proposed regulations are data reporting requirements focused on collection and dissemination of prescriptive information, there is little perceived ability for innovation. Businesses may innovate on their individual business practices in complying with the proposed reporting requirements which may result in reduction of the economic impact of the proposed regulation.

The proposed regulations create non-monetary benefits to CEC energy analysis, the health and welfare of California residents, worker safety, and the state's environment by improving the breadth of data the CEC can use to inform policy. Prior to SB X1-2, the CEC's PIIRA data collection did not track the underlying issues leading to gasoline price spikes in 2015 (three events), 2019 (two events), 2022 (two events), 2023 (one event), and 2024 (one event). New data collected by the CEC has assisted in capturing information on many of the underlining causes of these price spikes and allowed the CEC to respond to the legislature's demands for more information. Data sets now collected will better inform policy improving the health and welfare of California residents, worker safety, and the state's environment.

## **FISCAL IMPACT STATEMENT**

### A. FISCAL EFFECT ON LOCAL GOVERNMENT

A.5. The proposed regulation has no effect on any local entity or program. The proposed regulation merely implements data reporting requirements on businesses in the petroleum industry.

### B. FISCAL EFFECT ON STATE GOVERNMENT

B.4. The proposed regulations require the CEC to collect and process reports that are implemented as part of the data reporting requirements in the proposed regulations. As such, the CEC hired an additional Research Data Specialist III (RDS III) position, in part, to help with the collection and processing of such reports and redirected other staff, including an Electric Generation System Specialist I (EGSS I), and a student intern to assist.

Based on reporting data collected by the CEC from the emergency rulemakings, the CEC receives approximately 11,000 reports annually which are comprised of daily, weekly, monthly, and event-based varieties. Staff time spent collecting and processing these reports is estimated at 120 hours per year for the RDS III classification, 96 hours per year for the EGSS I classification, and an additional 600 hours of student time per year. The hourly wage of an RDS II is \$108.91, the hourly wage of an EGSS I is \$115.00, and the hourly wage of Student Interns is \$24.

Annual costs to the CEC pursuant to the proposed regulation are as follows:

1. RDS III:  $(120 * \$108.91) = \$13,069.39$
2. EGSS I:  $(96 * \$115.00) = \$11,039.95$
3. Student Intern:  $(600 * \$24.00) = \$14,400.00$

As such, the annual fiscal impact of the proposed regulation on the CEC is \$38,509.

### C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS

C.3. The proposed regulation has no effect on any State agency or program which receives federal funding. The proposed regulation merely implements data reporting requirements on businesses in the petroleum industry.