

DOCKETED

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California Energy Commission

SB X1-2 Implementation – Order Instituting a Rulemaking

November 3, 2023



Agenda

- Opening Remarks
- Regulatory Authority
- Review of SB X1-2 Implementation Activities
- Rulemaking Focus: Refinery Maintenance
- Rulemaking Focus: Data Standardization
- Rulemaking Process and Timeline
- Questions and Public Comment



Opening Remarks





SB X1-2 Implementation Activities and the Order Instituting a Rulemaking



Data Collection & Monitoring

Today's Topics



Refinery Maintenance Monitoring



Market Manipulation Analysis
(to be developed under new division)



Transportation Fuels Assessment



Refining Margin Establishment and Penalty Determination
(in progress)



Fuels Transition Plan
(in development with CARB)



Ensuring Robust Stakeholder Engagement

The Energy Commission is seeking input from:

- Industry
- Environmental Justice Organizations
- Labor
- Consumer Advocates
- Public



SB X1-2: Rulemaking Processes

Description	Rulemaking Process
<ul style="list-style-type: none">• PIIRA data collection• Analysis and Reporting Requirements• Confidentiality requirements• Enforcement authority	Emergency regulation
Timing of turnaround and maintenance rules	Emergency regulation
Refinery maintenance activity reporting	APA exempt. CEC may adopt guidelines.



Rulemaking Focus: Refinery Maintenance

Maintenance

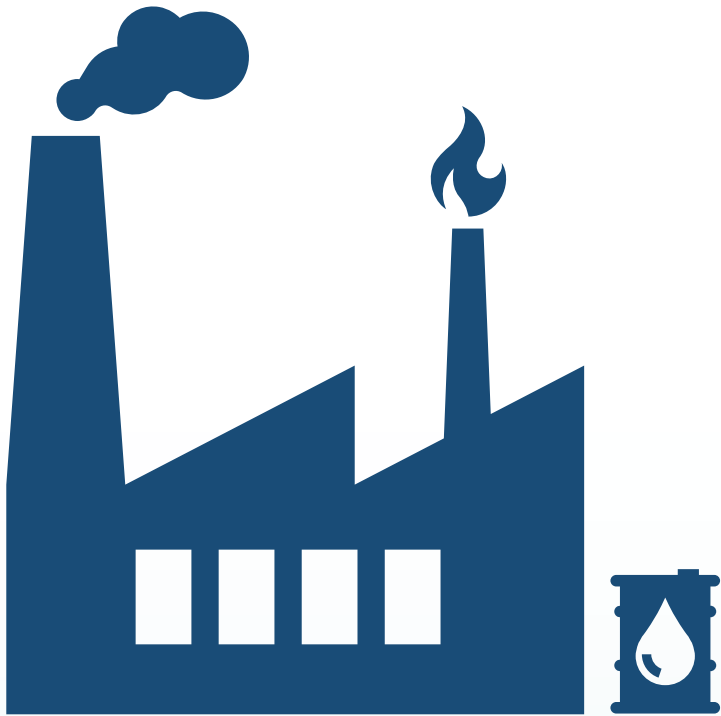
Provides insights on timing of planned and unplanned outages

Rules for adjusting schedules to avoid acute shortages





Refinery Maintenance



The CEC will consult with:

- Labor and Workforce Development Agency
- Department of Industrial Relations
- Local Air Quality Management Districts
- Labor

The CEC will consider maintenance timing rules that would:

- Protect employees and the public.
- Minimize impacts on price.
- Provide process to allow for industry input.



SB X1-2 Data Categories

Costs vs. Profits

Informs whether a refiner margin should be set

CEC Form:

- **M1322 Monthly Refining Margin Report**

Market Analysis

Informs whether there is market manipulation or market failures

CEC Forms:

- **D354_I Daily Spot Contract Report**
- **M700_California Imports, Exports, and Intrastate Movements Monthly Report**

Maintenance

Provides insights on timing of planned and unplanned outages

CEC Forms:

- **EDR_m1 California Refinery Planned Refinery Maintenance and Turnaround Report**
- **EDR_m4A California Refinery Unplanned Refinery Maintenance and Turnaround Initial Report**
- **EDR_m4B California Refinery Unplanned Refinery Maintenance and Turnaround Final Report**

Other Data

Provides additional insight

CEC Forms:

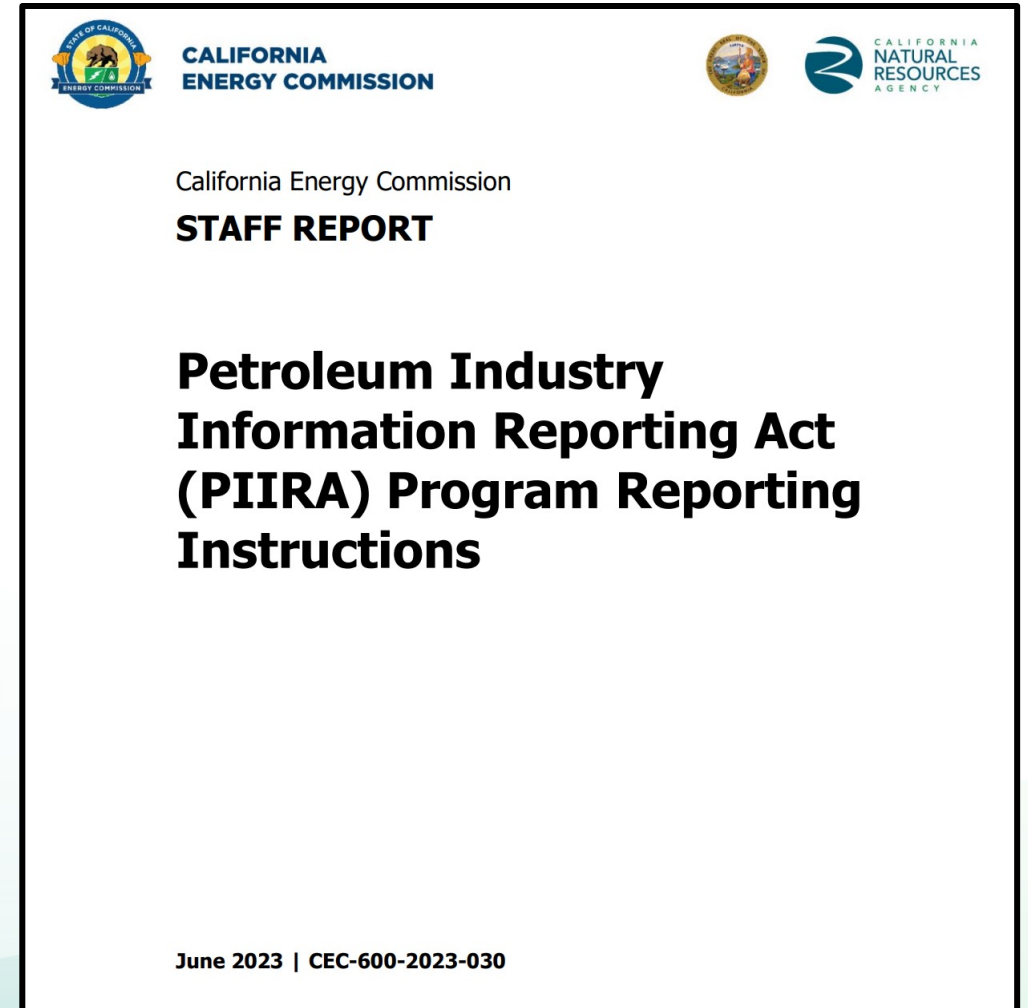
- **W700_96j - 96 Hour Planned Import Report**
- **Company Information Tab**



Rulemaking Focus: Data Standardization

- Focus on standardizing data fields listed in the instructions (e.g. volumes)
- Redesign of forms to .CSV structures

Forms and instructions are available on the SB X1-2 docket at
<https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-SB-02>





Standardization: Monthly Refining Margin Report

Standardization improves validation of information.

Example:
Should wholesale prices include LCFS and Cap-at-the-Rack?

CEC-M1322 Monthly Refining Margin Report

	A	B	C	D	E
	Wholesale Gasoline (California Specification)	Volume (Thousands Barrels)	Volume-Weighted Average Price (\$0.000/Barrel, less all taxes and fees)	LCFS Price (\$0.000/Barrel)	Cap-at-the Rack Price (\$0.000/Barrel)
1					
2	Unbranded Rack Sales				
3	Branded Rack Sales				
4	Bulk Sales				
5	Spot Pipeline Sales				
6	Dealer Tankwagon Sales				
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Remove LCFS and Cap-at-the-Rack costs or keep in the final price?

Clarification on where price is being recorded (at terminal or at refinery gate).



Standardization: Refiner Costs

CEC-M1322 Monthly Refining Margin Report

Operational Cost Description	Cost per Barrel of Gasoline Sold (\$0.000/Barrel)
Examples of operational costs as defined in Section 25355 (a) (3)	
Costs of Labor	
Electricity	
Natural Gas	
Chemicals	
Maintenance	
Hydrogen	
Intermediate Oil Products	
Federal Renewable Identification Numbers	
Obligation Costs	
Capital Investments	
Logistics Costs	
Additive Costs	
Other Costs (provide description)	

Define desired cost categories:

- Labor
- Energy
- Rent/land costs/Lease charges
- Maintenance
- Federal compliance costs/RIN
- Capital investment
- Transport and Logistics
- Blend-stock acquisition (part of gasoline acquisition?)



Standardization: Spot Market Transactions

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	T
Spot Market Transaction Location	Contract Identification Number	Reported to OPIS or another service (Y/N)	Date and Time of transaction	Sequence number	Position ID number	Trade Counter Party	Reporter a Seller or Buyer	Broker used	Product Type Traded	Product name	Volume traded (specify unit)	Invoiced volume (specify unit)	Delivery data and time	Delivery location	

- Formalize two-part submission requirement
- Standardize/limit reporting choices for:
 - Product Type
 - Yes/No fields
 - Seller/Buyer fields
 - Break up start/end dates
- Make the “Price value of contract” field more specific by creating new fields:
 - Difference to New York Harbor
 - Physical price per barrel



Standardization: Cargo Reporting

CEC Form W700_96j

Vessel Name	Product	Loading Location	Cargo Landed Cost	Status of Product	Name of Buyer	Sales Price	Discharge Location	Volume (Specify Unit)	Port of Origin	Port of Delivery

- Define "Landed Cost"
- Define and create codes for Status of Product:
 - Non-Internal Company Shipment
 - Non-Standard Internal Company Shipment
 - For Sale to Secondary Party
 - Regular Internal Company Movement
- Define "Sales Price"



Standardization: Imports/Exports

CEC Form M700

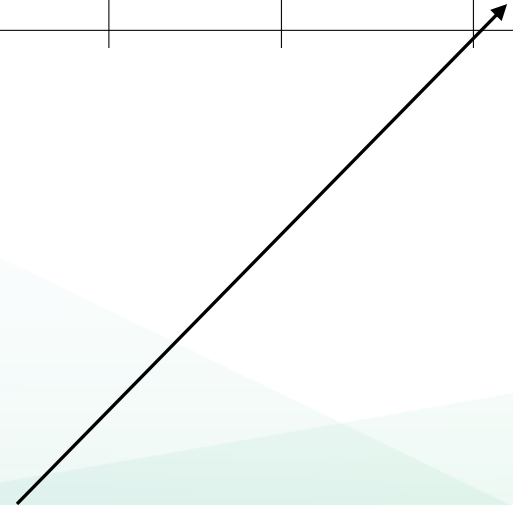
California Energy Commission 1516 9th Street, MS 20 Sacramento, CA 95814 Ph. 916-651-0466 Fax 916-654-4753 E-mail: piira@energy.ca.gov		California Imports, Exports, and Intrastate Movements Monthly Report CEC Form M700 (rev. 4/28/2023) pg 1 of 5							
Marine Imports From Foreign & Domestic Sources									
Product Description/Marketable Crude Oil Name	Product Code	Discharge Date	Vessel Name	Discharge Port	Country/State of Origin	Port(s) of Origin	Volume (000's of Barrels)	Is the Crude Oil Non-Floating	Price Per Barrel

Standardize:

- Volumes
- Date formats

Add:

- Difference to New York Harbor / traded price
- Landed Cost price per barrel





Standardization: Refinery Maintenance

CEC Form ERD_m4a Unplanned Refinery Maintenance and Turnaround Initial Report

Individual process units involved	Name of Unit	Operational Capacity	Estimated daily decrease of output - Gasoline	Estimated daily decrease of output - Diesel	Estimated daily decrease of output - Jet Fuel

Solidify requirement for amended reports.

Clarify/Standardize:

- Report period
- Date Filed

Add:

- "Aggregated Net Capacity Lost"

Total Operational Capacity of unit in barrels per day

Net Capacity lost from the unit in barrels per day, based on the disruption



Standardization: Refinery Maintenance

CEC Form ERD_m4b – Unplanned Refinery Maintenance and Turnaround Final Report

Individual process units involved	Name of Unit	Total decreased output - Gasoline	Total decreased output - Diesel	Total decreased output - Jet Fuel	Total increased output - Gasoline	Total increased output - Diesel	Total increased output - Jet Fuel	Total increased output - Other (specify)

To maintain consistency with the EDR_m4a, staff wants the average daily decrease of output.

Clarify/Standardize:

- Report period
- Date Filed
- Volumes



Standardization: Refinery Maintenance

CEC Form ERD_m1 – Planned Refinery Maintenance and Turnaround Report

Process Units	Name of Unit	Operational Capacity	Estimated daily decrease of output - Gasoline	Estimated daily decrease of output - Diesel	Estimated daily decrease of output - Jet Fuel	Estimated daily decrease of output - Other (specify)

Clearly indicate revised report.

Clarify/Standardize:

- Report period and the scheduled start date must match
- Date Filed
- Volume

Add supplemental capacity origins:

- Inventory build
- In-State purchase
- Out-of-State purchase

Work Description Tab

Brief description of planned work	Scheduled start date (Month/Day/Year)	Scheduled return to service date (Month/Day/Year)



Feedback Welcome



- Areas needing clarification
- Information on industry standards
- Suggestions for simplification



Emergency Rulemaking Timeline*

Pre-Rulemaking Workshop	November 3, 2023
Continued Stakeholder Outreach and Development of Language	December 2023 to April 2024
Proposed Language Publicly Posted	May 2024
Business Meeting Adoption	June 2024
Sent to OAL	June 2024
Package Approved by OAL	June or July 2024
Enacted Regulations	June or July 2024

* Preliminary and subject to change. Multiple phases may be required to reach desired implementation.



Questions?

Submit comments to Docket [23-OIR-03](#) by November 21, 2023, at 5 p.m.



Public Comments

Zoom:

- Use the “raise hand” feature.

Telephone:

- Dial *9 to raise your hand
- Dial *6 to mute/unmute your phone line. You may also use the mute feature on your phone.

Zoom/phone participants, when called upon:

- Your microphone will be opened.
- Unmute your line.
- State and spell your name for the record, and then begin speaking.

Limited to one representative per organization.

Three-Minute Timer

