

DOCKETED	
Docket Number:	23-OIIP-01
Project Title:	Order Instituting Informational Proceeding on Maximum Gross Gasoline Refining Margin and Penalty
TN #:	255375
Document Title:	Notice of SB X1-2 Maximum Gross Gasoline Refining Margin and Penalty Structure Workshop
Description:	Notice of Workshop on SB X1-2 Maximum Gross Gasoline Refining Margin and Penalty Structure April 11, 2024 9:00 a.m. – 12:00 p.m.
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Organization:	California Energy Commission
Submitter Role:	Commission Staff
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CALIFORNIA ENERGY COMMISSION715 P Street
Sacramento, California 95814energy.ca.gov

CEC-70 (Revised 7/22)

*IN THE MATTER OF:**Maximum Gross Gasoline Refining
Margin and Penalty*

DOCKET NO. 23-OIIP-01

NOTICE OF HYBRID WORKSHOP

RE: Maximum Gross Gasoline Refining
Margin and Penalty Structure**Notice of Workshop on
SB X1-2 Maximum Gross Gasoline Refining
Margin and Penalty Structure****April 11, 2024****9:00 a.m. – 12:00 p.m.
(Hybrid)****In-person at:**Rosenfeld Hearing Room
1516 9th Street
Sacramento, CA 95814**Online and by Phone via Zoom:**

See Attendance Instructions.

The California Energy Commission (CEC) will host a workshop to explore structures for determining a maximum gross gasoline refining margin (max margin) and penalty pursuant to Public Resources Code section 25355.5. In March 2023, Governor Gavin Newsom signed Senate Bill (SB) X1-2 (Stats. 2023, 1st Ex. Sess. 2023, ch. 1), the California Gas Price Gouging and Transparency Law. This bill, along with SB 1322 (Stats. 2022, ch. 374), added to the CEC's oversight of the petroleum industry established by the Petroleum Industry Information Reporting Act (PIIRA) of 1980 (Public Resources Code, §25350 et seq.). Among other things, SB X1-2 increases transparency through new data collection and reporting, creates an independent division to monitor petroleum markets and flag potential market manipulation, and requires the CEC to assess the transportation fuels market and identify methods to ensure an adequate, affordable, and reliable fuel supply as the

state transitions away from petroleum fuels. SB X1-2 authorizes the CEC to set a max margin and a penalty for refiners that exceed it.

On October 18, 2023, the CEC adopted an Order Instituting Informational Proceeding (OIIP) to collect information and perspectives on establishing a max margin, and if a max margin is warranted, determine the level it should be set at and the associated penalty to be imposed on refiners that exceed the max margin. Prior to setting a max margin and penalty, the CEC must find: "...that the likely benefits to consumers outweigh the potential costs to consumers." The CEC has discretion to consider all relevant factors in making this determination, including:

1. Whether a max margin and penalty are likely to cause greater imbalance between supply and demand in the California transportation fuels market.
2. Whether a max margin and penalty are likely to cause higher average prices at the pump on an annual basis.
3. Whether case-by-case exemptions from the max margin will give refiners to sufficient opportunity to demonstrate the need for a greater margin before making production decisions.

The CEC seeks public input from multiple perspectives, including those of consumer advocates, environmental justice and environmental groups, labor, industry, academia, and the public. CEC staff will use the input received through the OIIP to develop recommendations for the max margin and penalty, and to consider the effect of exemptions from the max margin, if applicable.

The public can participate in the workshop consistent with the attendance instructions below. The CEC aims to begin promptly at the start time posted and the end time is an estimate based on the proposed agenda. The workshop may end sooner or later than the posted end time.

Agenda

This workshop will present several proposed approaches to the max margin analysis and will discuss the Request for Information – Maximum Gross Refining Margin and Penalty, docketed on March 27, 2024, TN 255308. The staff presentation will be followed by a panel of experts to provide perspectives on analytical approaches for the max margin and discuss whether a max margin and penalty should be established to help inform the CEC's ultimate determination on the matter.

There will be several opportunities to provide public comment orally at the workshop and written comments will be accepted for the period identified below following the workshop.

A more detailed schedule will be posted prior to the workshop on the Order Instituting Informational Proceeding on Maximum Gross Gasoline Refining Margin and Penalty available on Docket [23-OIIP-01](https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-OIIP-01) at <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-OIIP-01>.

Background

SB X1-2, approved by the Governor on March 28, 2023, authorized the CEC to set a max margin and to impose an administrative civil penalty on a refiner for exceeding that margin. SB X1-2 also established the Division of Petroleum Market Oversight and the Independent Consumer Fuels Advisory Committee to provide guidance and recommendations to the Governor and the CEC on any issues related to transportation fuels pricing and transportation decarbonization in California.

SB X1-2 revised and introduced several new petroleum industry reporting requirements, with submittals beginning in July 2023. The new information includes spot market transactions, firm ownership, agreements and contracts, inventory holdings by type, refinery maintenance schedules, 96-hour notice of marine vessel imports, expanded refinery operator reporting, and new pipeline and port operator reporting.

Attendance Instructions

In-person participants may join the meeting at Rosenfeld Hearing Room, 1516 9th Street, Sacramento, CA 95814. Masks and social distancing are encouraged, but not required.

Remote participants may join via Zoom by internet or phone.

- **To join via Zoom.** Click on <https://energy.zoom.us/j/89636098601?pwd=SXdYVmVzeEZOTHk4N0xTT3JxT05PZz09> or login in at <https://zoom.us/> and enter the Webinar ID **896 3609 8601** and passcode **370747** and follow all prompts.
- **To join by telephone.** Call toll-free at (888) 475-4499 or toll at (669) 219-2599. When prompted, enter the Webinar ID **896 3609 8601** and passcode **370747**.

Zoom Closed Captioning Service. At the bottom of the screen, click the Live Transcript CC icon and choose "Show Subtitle" or "View Full Transcript" from the pop-up menu. To stop closed captioning, close the "Live Transcript" or select "Hide Subtitle" from the pop-up menu. If joining by phone, closed captioning is automatic and cannot be turned off. While closed captioning is available in real-time, it can include errors. A more accurate transcript of the workshop will be docketed and posted as soon as possible after the meeting concludes.

Zoom Difficulty. Contact Zoom at (888) 799-9666 ext. 2, or the CEC Public Advisor at publicadvisor@energy.ca.gov, or by phone at (916) 957-7910.

Public Comments

Electronic Commenting

The CEC encourages the use of its electronic commenting system. Visit the e-commenting page for this docket [23-OIIP-01](#) at

<https://efiling.energy.ca.gov/EComment/EComment.aspx?docketnumber=23-OIIP-01>. Enter your contact information and a subject title that describes your comment. Comments may be included in the "Comment Text" box or attached as a downloadable, searchable document in Microsoft® Word or Adobe® Acrobat®. The maximum file size allowed is 10 MB.

Oral comments will be accepted at the end of the workshop. Comments may be limited to three minutes or less per speaker and one person per organization. To comment via Zoom, use the “raise hand” feature so the administrator can announce your name and unmute you. To comment via telephone, press *9 to “raise your hand” and *6 to mute/unmute.

Written comments may be submitted to the Docket Unit by 5:00 p.m. on April 25, 2024. Written and oral comments, attachments, and associated contact information (including address, phone number, and email address) will become part of the public record of this proceeding with access available via any internet search engine. Written comments may also be submitted by email. Include docket number 23-OIIP-01 and Maximum Gross Gasoline Refining Margin and Penalty in the subject line and email to docket@energy.ca.gov.

A paper copy may be mailed to:
California Energy Commission
Docket Unit, MS-4
Docket No. 23-OIIP-01
715 P Street
Sacramento, California 95814

Public Advisor. The CEC’s Public Advisor assists the public with participation in CEC proceedings. To request assistance, interpreting services, or reasonable modifications and accommodations, call (916) 957-7910 or email publicadvisor@energy.ca.gov as soon as possible but at least five days in advance of the workshop. The CEC will work diligently to meet all requests based on availability.

Media Inquiries. Email mediaoffice@energy.ca.gov or call (916) 654-4989.

General and Technical Subject Inquiries: Email Jeremy Smith at Jeremy.Smith@energy.ca.gov or call (916) 654-4989.

Availability of Documents: Documents and presentations for this meeting will be available on Docket [23-OIIP-01](https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-OIIP-01) at <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-OIIP-01>.

When new information is posted, an email will be sent to those subscribed to the SB X1-2 Implementation and General Transportation and Petroleum Issues topics. To receive these notices or notices of other email subscription topics, visit [Subscriptions](https://www.energy.ca.gov/subscriptions), at <https://www.energy.ca.gov/subscriptions>.

Dated: March 29, 2024, at Sacramento, California.

Subscriptions:

General Transportation and Petroleum Issues; SB X1-2 Implementation