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*Comment Received From: California Fuels & Convenience Alliance
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**CFCA Opposition - PHM08 California Merchant Terminal Position
Holder Monthly Report**

Additional submitted attachment is included below.



California Fuels and Convenience Alliance

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April 24, 2024

California Energy Commission
Docket Unit
Docket No. 23-OIR-03
715 P Street, MS-4
Sacramento, CA 95814

RE: [Docket #23-OIR-03] General Rulemaking Proceeding for Developing Regulations, Guidelines, and Policies for Implementing SB X1-2 and SB 1322: PHM08: California Merchant Terminal Position Holder Monthly Report

The California Fuels and Convenience Alliance (CFCA) represents about 300 members, including nearly 90% of all the independent petroleum marketers in the state and more than one half of the state's 12,000 convenience retailers. Our members are small, family- and minority-owned businesses that provide services to nearly every family in California. Additionally, CFCA members fuel local governments, law enforcement, city and county fire departments, ambulances/emergency vehicles, school district bus fleets, construction firms, marinas, public and private transit companies, hospital emergency generators, trucking fleets, independent fuel retailers (small chains and mom-and-pop gas stations) and California agriculture, among many others.

The CFCA has significant concerns with the proposed reporting requirements for merchant terminal position holders, as currently drafted. In particular, the newly created definition of "nonrefiner" is ambiguous and overbroad and will result in duplicative, redundant reporting and possibly conflicting data. As representatives of this vital sector, we are deeply concerned about the undue burdens and inefficiencies that these regulations would impose on market participants, without corresponding benefits.

First, the newly created definition of "nonrefiners" is ambiguous and overbroad. The CEC currently proposes that "each nonrefiner" that "commercially trade[] in transportation fuel products" file these new reports. But CEC does not define who would be a "nonrefiner" and, regardless, this broad language would result in multiple entities reporting duplicative information.

Second, the disparate definitions of "days" employed by different entities within the industry present a formidable challenge. For instance, Kinder Morgan initiates its operational day at 5 AM, while other terminals adhere to midnight or 3 AM as their standard. These divergent temporal frameworks are deeply ingrained within the infrastructural systems of pipelines and terminal operators, rendering a swift transition to a standardized time protocol unfeasible. Consequently, the ensuing inconsistencies in reporting timeframes jeopardize the integrity and reliability of the data provided, posing a significant concern for regulatory compliance and oversight.

Moreover, the proposed reporting requirements entail an undue burden on market participants without commensurate benefits. CEC should revise its proposal to collect this information in a more streamlined manner by designating terminal operators, as the system of record, to submit the requisite data. This

approach would not only obviate duplicative reporting efforts by terminal position holders but also ensure the submission of the most comprehensive and accurate information available.

Furthermore, requiring terminal position holders to duplicate the information already provided by terminal operators risks engendering disparities in reported data due to timing differences, disputes, or product regrades. These discrepancies, particularly in the context of weekly and monthly reporting cycles, could necessitate substantial resources from both the California Energy Commission and industry stakeholders to reconcile.

Additionally, the ambiguity surrounding the column labeled "Product Conversion Through Blending or Otherwise (Barrels)" exacerbates the challenges associated with compliance. Without clear guidelines or standards, market participants are left to navigate interpretive uncertainties, increasing the likelihood of reporting inaccuracies and inconsistencies.

Considering these concerns, we recommend a less burdensome approach whereby only terminal operators are tasked with submitting weekly reports. Given their role as custodians of the system of record, terminal operators possess the requisite expertise and resources to furnish accurate and comprehensive data, thereby alleviating the reporting obligations placed on position holders.

In conclusion, we respectfully urge the California Energy Commission to reconsider its proposed reporting requirements and engage in collaborative discussions with industry stakeholders to develop more pragmatic and equitable solutions. We remain committed to upholding the highest standards of regulatory compliance while ensuring the continued vitality and sustainability of the fuel and convenience industry.

Thank you for your attention to these critical matters. If you have any questions, please contact Alessandra Magnasco at alessandra@cfca.energy.

Sincerely,

A handwritten signature in black ink, appearing to read "Alessandra Magnasco". The signature is fluid and cursive, with the first name being more prominent.

Alessandra Magnasco
Governmental Affairs & Regulatory Director