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Project Title:	Order Instituting Informational Proceeding on Maximum Gross Gasoline Refining Margin and Penalty
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*Comment Received From: Arizona Petroleum Marketers Association
Submitted On: 5/3/2024
Docket Number: 23-OIIP-01*

SB X1-2 Implementation

Additional submitted attachment is included below.



May 3, 2024

Comment Title: SB X1-2 Implementation
Subject: - Docket Number 23-SB-02

California Energy Commission
715 P Street
Sacramento, CA 95814

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Members of the California Energy Commission,

I am writing to you with urgency on behalf of the Arizona Petroleum Marketers Association (APMA). We are an Arizona trade association representing petroleum marketers, convenience stores, and related industries. Since 1967, our organization has served the regulatory, legislative, and educational needs of businesses that distribute wholesale and retail fuels.

I am sharing our strong concerns and opposition regarding the California Energy Commission's (CEC) proposed framework for setting a maximum gross gasoline refining margin and associated penalties through Senate Bill X1-2 (SB X1-2). Simply put, the implementation of this bill is poised to hurt Arizona families and small businesses who can least afford it.

Arizonans face the harsh reality of rising energy costs, and gasoline prices at times exceed the national average. Acknowledging and prioritizing their concerns with a firm commitment to finding effective solutions is crucial. While SB X1-2 purports to address increased costs for California consumers, it fails to consider the potential financial strain that could be imposed on neighboring states.

Arizona has no in-state refineries and the bulk of transportation fuels come into the state via pipelines from the east (Texas and New Mexico) and west (California). California's refinery operations export critical supplies of diesel fuel, gasoline, and jet fuel to Arizona – tens of thousands of barrels per day.

California's current policies impede exploration, refining, and new investments in the oil and gas sector, which has already contributed to higher prices. This has also put immense pressure on Arizona's fuel supply, and any additional restrictions, like SB X1-2, would cause further damage to our ability to provide essential transportation fuels to our residents. Adding further pressure on Arizonans due to bad California policy is unacceptable, and we urge you to recognize the interconnectedness of our state's fuel supply chain with California's fuel refiners.

It is unlikely that the California Legislature intended for SB X1-2 to shift its markets' unpredictability onto neighboring states. However, Californians and Arizonans will pay a heavy cost if more reporting requirements, penalties and limits are imposed on the industry. These policies are costly and unhelpful, and consumers across the Southwest deserve safe and reliable energy for years to come without needing to pay a higher price for ineffective regulations.

May 3, 2024

While we understand there are complexities to energy regulation, the CEC's actions must consider the needs of all who rely on California as an energy source to thrive. We look forward to a productive discussion and seek solutions that consider the interests of all consumers across the Southwest.

We appreciate your consideration of our input and perspectives. If you have any questions or concerns, please do not hesitate to contact me at 602-330-6762.

Best Regards,

A handwritten signature in blue ink that reads "Amanda Gray". The signature is written in a cursive, flowing style.

Amanda Gray
APMA Executive Director