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Comments on June 6 Workshop Presentations

I disagree with the takeaway statement by Gigi Moreno (the economist) "Impacts of planned maintenance likely magnified with increased concentration" should be challenged. I would argue companies with multiple plants can better optimize their overall operation by taking what is excess at one plant and moving it to the other where it might be better needed. In fact companies use multi plant LPs to help with this. Under separate ownership each plant would just optimize their own operation, and any interplant movement would probably take place at a price resulting in profitability for both plants, or it would not happen.

The more concentration can certainly affect the spot market due to less liquidity and participants in Trading, but that is a different issue.

Also, the CEC must at least make some attempt to understand what the cost of offshore supply is in order to assess how "too high" the CA spot price (and thus retail price) goes. On the margin I think attracting alkylate to CA can be a costly endeavor.

Finally, and I have suggested this since 2016, if the CEC wants to understand why the CA gasoline price is what it is, they need to talk to individual companies. The "price" is not a singular price, it is the average of many prices, set by individual companies. In particular, one might ask why certain companies changed their pricing strategy during 2014-2016 and have maintained the change. The data clearly show the changes, and in the past I have suggested some possible rationale for the change.