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CFCA Comment Letter - Maximum Gross Gasoline Refining Margin

Additional submitted attachment is included below.

CALIFORNIA FUELS + CONVENIENCE ALLIANCE

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September 26, 2024

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

RE: [Docket #23-OIR-03] Comment Letter on Maximum Gross Gasoline Refining Margin Framework Workshop

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 would like to thank the California Energy Commission ("CEC") for the opportunity to comment on the Maximum Gross Gasoline Refining Margin Framework Workshop, held on September 12th, 2024.

CFCA appreciates the information CEC and its consultants presented related to its analysis on the need for, and potentials means of implementing, a maximum gross gasoline refining margin ("refining margin") and associated penalty regime. The presenters identified important questions that must be fully evaluated and answered before CEC implements any related regulations. As speaker Matthew Zaragoza-Watkins explained, several important topics require additional analysis before the merits of a refining margin and penalty can be fully understood. One critical question to whether a refining margin will improve the gasoline supply and demand balance is whether firms have any additional, profitable capacity to store, produce and import transportation fuels. If not, a refining margin would likely lead to higher gas prices and undermine the goal of SB X1-2. Another critical question is understanding how a refining margin would affect the production, storage, and marketing behavior of refiners and non-refiners, as well as the supply of non-gasoline refined products.

It is imperative that CEC investigate these questions and fully document its position that the gasoline price spikes attributed to high refining margins are the result of an inefficient market that would be fixed through imposing margin caps and penalties. Otherwise, CEC risks upsetting the transportation fuels market and irreparably harming California consumers.

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

Sincerely,

Alessandra Magnasco
Governmental Affairs & Regulatory Director