

DOCKETED

| | |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Docket Number: | 23-OIR-03 |
| Project Title: | General Rulemaking Proceeding for Developing Regulations, Guidelines, and Policies for Implementing SB X1-2 and SB 1322 |
| TN #: | 260480 |
| Document Title: | Arizona Petroleum Marketers Association Comments - APMA Opposition to Marketer Projection Requirements |
| Description: | N/A |
| Filer: | System |
| Organization: | Arizona Petroleum Marketers Association |
| Submitter Role: | Public |
| Submission Date: | 12/5/2024 8:09:15 AM |
| Docketed Date: | 12/5/2024 |

*Comment Received From: Arizona Petroleum Marketers Association
Submitted On: 12/5/2024
Docket Number: 23-OIR-03*

APMA Opposition to Marketer Projection Requirements

Additional submitted attachment is included below.



December 5, 2024

Comment Title: SBX1-2 Implementation: Marketer Projections Data Collection
Docket Number 23-OIR-03

California Energy Commission
715 P Street
Sacramento, CA 95814

Dear Members of the Commission,

I am writing on behalf of the Arizona Petroleum Marketers Association (APMA) to express significant concerns regarding the marketer reporting 3-month projection requirements discussed at the pre-rulemaking workshop on November 12, 2024.

Burdensome Regulations Increase Prices

A member of the CEC staff commented during the workshop that the agency's staff have spent an estimated 15,000 hours on data collection and analysis since this program began last year. There is a corresponding burden on the regulated community to provide all of this data and the workload associated with generating and verifying these reports has a cost that ultimately raises prices on end users.

Furthermore, the 3-month projections contemplated in this new form are even more time-consuming to forecast. Ultimately, if the projections are in error (because many parameters change in fuel markets over the course of a quarter of a year), marketers have concerns about being required to guess on detailed information that may not prove accurate. It is very unrealistic to predict the mode of transportation for a fuel load 12 weeks in the future. The value of such guesswork seems minimal relative to the burden on the regulated entities.

Fuel Cost Impacts in Arizona

Additionally, the imposition of other SBX1-2 regulations on refiners including reporting requirements, minimum reserve mandates, maximum gross margin, and turnaround planning requirements and associated penalties will result in increased operational costs for refiners, which would inevitably be passed down the supply chain. This means that Arizona consumers are going face higher fuel prices as a direct consequence of California's laws.

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 – over 100,000 barrels per day according to the CEC Transportation Fuels Assessment released this year.

Arizona's Governor Katie Hobbs implored Governor Newsom to rethink the refinery minimum supply requirements when SB950 (the predecessor to the ultimately passed ABX2-1) was brought forward. It makes no sense to stack regulatory burden atop more regulatory burden when SBX1-2 has not even been fully implemented.

Arizona and California are integral parts of a closely interconnected fuel supply network. Policies that restrict fuel availability or impose regulatory burdens in one state have effects across the region. While we understand that the purported intent behind the law is to enhance fuel security for California, we believe it poses significant burdens on both refiners and marketers, impacting neighboring states like Arizona.

For these reasons, APMA respectfully urges the California Energy Commission to reconsider the reporting requirements and to view implementation of SBX1-2 with consideration for the impacts to other states. While we support efforts to ensure fuel availability, we believe that this approach could have unintended and harmful impacts on the broader regional fuel market, particularly for states like Arizona that depend on fuel supplies from California.

APMA dates back to 1967; it was founded to serve the common regulatory, legislative and educational needs of businesses engaged in the distribution of wholesale fuel, retail fuel and lube oils. APMA represents over 125 member companies, including suppliers, owners and operators of over 1,000 fueling facilities in Arizona.

Thank you for considering our concerns.

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