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 #:	261680
Document Title:	CFCA Comments - General Rulemaking Proceeding for Developing Regulations, Guidelines, and Policies for Implementing SB X1-2 a
Description:	N/A
Filer:	System
Organization:	California Fuels and Convenience Alliance (CFCA)
Submitter Role:	Public
Submission Date:	2/10/2025 4:22:02 PM
Docketed Date:	2/10/2025

Comment Received From: Gebriel
Submitted On: 2/10/2025
Docket Number: 23-OIR-03

General Rulemaking Proceeding for Developing Regulations, Guidelines, and Policies for Implementing SB X1-2 and SB 1322

Additional submitted attachment is included below.

California Fuels and Convenience Alliance

2520 Venture Oaks Way, Suite 100

Sacramento, CA 95833

916.646.5999

February 10, 2025

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

RE: [Docket No. 23-OIR-03] General Rulemaking Proceeding for Developing Regulations, Guidelines, and Policies for Implementing SB X1-2 and SB 1322

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 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.

CFCA appreciates the opportunity to provide feedback on the ongoing reporting requirements under Docket Number 23-OIR-03. Our members have raised significant concerns about the regulatory burdens associated with these requirements, particularly regarding the reporting threshold and the redundancy of reporting obligations.

INCREASE THE REPORTING THRESHOLD

While we appreciate the proposal to raise the reporting threshold from 20,000 barrels (840,000 gallons) per month to 50,000 barrels (2,100,000 gallons) per month, this level remains insufficient in addressing the undue regulatory burdens placed on mid-sized distributors.

The fuel distribution market in California is composed of a diverse range of businesses, from large multinational entities to small, family-owned operations. Many mid-sized distributors lack the resources and human capital that larger firms have to manage complex reporting requirements. This burden falls disproportionately on small and mid-sized marketers, who do not have the scale to influence California's fuel supply yet must still comply with the same stringent regulations. Thus, raising the threshold beyond 50,000 barrels per month would:

- Ensure meaningful market data is still captured by focusing on larger entities that significantly influence supply trends.
- Eliminate unnecessary compliance burdens for mid-sized businesses that do not impact market volatility but must still dedicate significant resources to regulatory filings.
- Encourage competition by preventing disproportionate regulatory costs from sidelining mid-sized distributors who already face economic pressures from major suppliers and refiners.
- Enhance operational efficiency for both regulated businesses and CEC by reducing the number of entities subject to reporting, thereby streamlining data collection and analysis.

A further increase in the reporting threshold would allow CEC to achieve its goal of gathering critical market insights without placing an excessive compliance burden on businesses that do not substantially impact fuel supply trends.

REDUCE REDUNDANT REPORTING

The current reporting structure leads to excessive duplication, forcing businesses to report the same transaction multiple times across different reports. This creates unnecessary administrative work without improving the quality of market data. The following examples highlight key areas of concern:

1. **Multiple Reports for a Single Transaction**
   - A fuel purchase made on spot on June 5 is reported in the daily report on June 6.
   - The same transaction is then re-reported in the monthly report at the end of June.
   - If the transaction involves a vessel delivery, it must also be included in the 96-hour report, weekly report, and forecast report—all before it is even finalized.
2. **Redundant Forecasting Requirements**
   - Businesses are required to submit fuel forecasts on a rolling three-month basis, often leading to inaccurate or outdated projections.
   - These forecasts must be updated with revised estimates and actualized numbers, meaning the same data is repeatedly adjusted and re-reported multiple times.
   - Since fuel purchases fluctuate based on market conditions, this requirement forces companies to submit unnecessary and often speculative reports that add no real value to market monitoring.
3. **Inconsistencies Between Reports**
   - Due to varying deadlines and data cutoffs across different reports, businesses often struggle to reconcile their data, leading to inconsistencies and increased regulatory risk.
   - The same transaction may be recorded differently in various reports due to timing differences, creating confusion for both regulators and businesses.

The cumulative effect of these redundant reporting requirements is an overwhelming administrative burden that diverts resources away from core business operations. These duplications do not enhance market transparency but rather introduce inefficiencies that increase compliance costs across the industry.

RECOMMENDATIONS

To create a more effective and balanced reporting framework, CFCA urges CEC to implement the following adjustments:

1. **Increase the Reporting Threshold**
   - Raise the threshold beyond 50,000 barrels (2,100,000 gallons) per month to ensure reporting requirements focus on the largest market players while relieving unnecessary burdens on mid-sized distributors.
2. **Streamline Reporting to Reduce Redundancy**
   - Consolidate data across daily, weekly, and monthly reports to eliminate repetitive filings.
   - Reduce the frequency of forecast reporting requirements and allow businesses to submit updated estimates only when material changes occur rather than on a rolling basis.
   - Align reporting deadlines and data cutoffs across different reports to ensure consistency and avoid unnecessary corrections.

CFCA appreciates the opportunity to provide this input and looks forward to working with CEC to refine the reporting process in a way that maintains transparency while ensuring that regulatory compliance does not impose disproportionate burdens on small and mid-sized fuel distributors.

If you have any questions, please contact Alessandra Magnasco at alessandra@cfca.energy.

Sincerely,

Alessandra Magnasco
Governmental Affairs & Regulatory Director