

DOCKETED	
Docket Number:	22-IEPR-05
Project Title:	Emerging Topics
TN #:	247280
Document Title:	Notice of Commissioner Hearing on CA Gasoline Price Spikes Refinery Operations and Transitioning to a Clean Transportation
Description:	<p>Notice of Commissioner Hearing on California Gasoline Price Spikes, Refinery Operations, and Transitioning to a Clean Transportation Fuels Future</p> <p>November 29, 2022 at 10:00 a.m. - 4:00 p.m.</p> <p>Physical Location: Warren-Alquist State Energy Building, Rosenfeld Hearing Room, First Floor, 1516 Ninth Street, Sacramento, California 95814 (Wheelchair Accessible)</p> <p>Remote Access via Zoom™: https://zoom.us/, Webinar ID: 996 9202 9987 and passcode: IEPR2022 - November 29, 2022; 10:00 a.m.</p>
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Organization:	California Energy Commission
Submitter Role:	Commission Staff
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CALIFORNIA ENERGY COMMISSION715 P Street
Sacramento, California 95814energy.ca.gov

CEC-70 (Revised 7/22)

**IN THE MATTER OF:***2022 Integrated Energy Policy Report
Update (2022 IEPR Update)*

DOCKET NO. 22-IEPR-05

NOTICE OF HEARING

RE: Hearing on California Gasoline Price
Spikes, Refinery Operations, and
Transitioning to a Clean Transportation Fuels
Future**Notice of Commissioner Hearing on California Gasoline Price
Spikes, Refinery Operations, and Transitioning to a Clean
Transportation Fuels Future****November 29, 2022**

10:00 a.m. – 4:00 p.m.

Physical Location:Warren-Alquist State Energy Building
Rosenfeld Hearing Room, First Floor
1516 Ninth Street, Sacramento, California 95814
(Wheelchair Accessible)**Remote Access via Zoom™**<https://zoom.us/>, Webinar ID: **996 9202 9987** and passcode: **IEPR2022**

The California Energy Commission (CEC) will host an informational hearing for commissioners to review and gather information regarding California's petroleum fuels market, including recent gasoline price spikes and refinery operations as the industry reported record profits. Commissioners will consider and discuss conditions impacting recent trends and mitigation strategies to insulate consumers from price shocks as the state transitions away from fossil fuels.

This hearing is part of the 2022 IEPR Update proceeding. Vice Chair Siva Gunda is the CEC's Lead Commissioner for the 2022 IEPR Update. A quorum of commissioners may participate, but no votes will be taken.

The public can participate in the hearing consistent with the attendance instructions below. The CEC aims to begin promptly at the start time posted and the end time is an estimate based on the proposed agenda. The hearing may end sooner or later than the posted end time.

Attendance Instructions

In-person participants may join at the Warren-Alquist State Energy Building located at 1516 Ninth Street, Sacramento, CA 95814, in the Rosenfeld Hearing Room. If participants bring a device to join the meeting via Zoom at the physical location, the system audio must be muted, or the audio should not be joined. This is to avoid disruptive feedback during the meeting. Audio will be provided through an onsite sound system.

Remote participants may join via Zoom by internet or by phone.

- **To use Zoom's online platform**, click on <https://energy.zoom.us/j/99692029987?pwd=SVISUWhWcXJWN1NGZzc0YkIma0pVUT09> or log in via Zoom™ at <https://zoom.us/>, enter the **Webinar ID:** 996 9202 9987 and **passcode:** IEPR2022, and follow all prompts.
- **To participate by telephone**, call toll-free at (888) 475-4499 or toll at (669) 219-2599. When prompted, enter the **Webinar ID:** 996 9202 9987 **and passcode:** IEPR2022.

If you experience difficulties joining, contact Zoom at (888) 799-9666 ext. 2, or the Public Advisor at publicadvisor@energy.ca.gov, or by phone at (916) 957-7910.

Participants using a computer can access **Zoom's closed captioning service** by clicking on the "live transcript" icon and then choosing either "show subtitle" or "view full transcript." The closed captioning service can be stopped by closing out of the "live transcript" or selecting the "hide subtitle" icon. If using a phone, closed captioning is automatic and cannot be turned off. While the closed captioning is available in real-time, it typically includes errors. A more accurate transcript of the hearing developed by a court reporter will be docketed and posted as soon as possible, after the meeting concludes.

Agenda

CEC staff will present on recent trends in gasoline prices and data related to refinery operations obtained via the Petroleum Industry Information Reporting Act (California Public Resources Code Section 25350 et seq.). Economists, academics, and industry leaders will be requested to participate in panel discussions to share information and analysis related to gasoline prices, recent events, and industry actions to ensure adequate and economic petroleum supplies in California as demand changes in the state.

CEC staff will also present plans for the Fuels Transition Study, a study being developed to understand the impact of climate goals on the demand, reliability, safety, and affordability of petroleum fuels under a variety of scenarios.

There will be an opportunity for public comment at the end of the hearing.

Background

The CEC is directed by California Public Resources Code Section 25301 to regularly assess all aspects of energy demand and supply to develop and evaluate energy policies and programs that conserve resources, protect the environment, ensure energy reliability, enhance the state's economy, and protect public health and safety. These assessments are the foundation for analyses and policy recommendations to the Governor, Legislature, and other agencies. To carry out these assessments, "the [CEC] may require submission of demand forecasts, resource plans, market assessments, and related outlooks from electric, natural gas utilities, transportation fuel and technology suppliers, and other market participants" (California Public Resources Code Section 25301 subd.(a)(2)).

Specific to information gathering related to the petroleum industry, Public Resources Code, Chapter 4.5 of Division 15, establishes the Petroleum Industry Information Reporting Act (PIIRA), directing the CEC to gather and analyze data depicting comprehensive petroleum industry activity. Section 25356(a) directs the CEC to gather and analyze specified data, and other information, in order to maintain an accurate picture of the petroleum market so as to ensure adequate and economic supplies of fuel. (Pub. Resources Code sec. 25350(b).)

Moreover, as California's energy policy and planning agency, the CEC gathers data and provides analysis related to the transportation fuels market. Periodically, the CEC conducts in-depth examinations of significant gasoline price spikes including observations and recommendations such as the [Additional Analysis on Gasoline Prices in California](#) (available at https://www.energy.ca.gov/sites/default/files/2019-11/Gas_Price_Report.pdf) published in October 2019, or public meeting presentations, like the [Petroleum Market Advisory Committee proceedings](#) (available at <https://www.energy.ca.gov/data-reports/planning-and-forecasting/petroleum-market-advisory-committee>).

CEC analysis shows that California's historically high gasoline prices, and the longstanding price premium, is attributable to factors such as: cost of global crude oil, significant refinery outages, and higher refinery cost and profit margins, among others. In the 2019 report to the Governor, the CEC examined the causes of the differential between national and California gasoline prices. The CEC reported that while all California retailers have margins above the national average, higher-priced brands had increased those margins far beyond their off-brand competitors. In 2022, California experienced the highest gasoline prices on record in the state. The California Legislature conducted two special legislative committee sessions on gasoline supply and pricing. In the June 30 session, the CEC provided a response to the Assembly and testimony for the proceedings. Further, energy experts in petroleum provided information and perspective.

On September 30, 2022, CEC Chair David Hochschild sent a letter to oil industry executives seeing answers on the sudden, unprecedented spike in gas prices that was occurring as crude oil costs were decreasing. CEC staff analysis shows refinery costs and profits increased \$1.54 per gallon from August 29 to September 26.

In response, Governor Gavin Newsom directed the California Air Resources Board (CARB) to make an early transition to winter-blend gasoline to increase supply and called for a special session to address windfall profits in the oil industry.

During the CEC's October 12, 2022, business meeting, Chair Hochschild acknowledged oil industry response letters and directed staff to organize a workshop to have a public dialogue as a next step in better understanding the issues.

The CEC is requesting that industry representatives and experts provide answers regarding inventory management practices and other factors that are cited as the reasons for the recent spikes in gasoline pricing in California — the highest California has seen over the last 25 years.

Panelists will also be asked to propose and discuss long-term solutions on how California can successfully transition to a clean transportation fuels energy future. The CEC acknowledges participants may take the position that they have information-sharing constraints imposed by federal anti-trust laws. Participants may rely on their own discretion in determining what information they will provide in a public forum.

California's carbon neutrality goals are expected to drive down the demand for petroleum fuels, while supply of fuels is becoming constrained due to California's unique blends, the isolated market, the impact of refinery outages, and retirements of existing refineries. The CEC is proposing a study to develop an understanding of the impact of climate goals on supply and demand for petroleum fuels, in-state production capacity, and the reliability and affordability of petroleum fuels.

Public Comment

Oral comments will be accepted at the end of the hearing. Comments may be limited to three minutes or less per speaker and one person per organization. Depending on the number of members of the public seeking to make a comment, the facilitator may adjust the total time allotted for public comment and the time allotted for each comment.

If participating via Zoom's online platform, use the "raise hand" feature to alert the administrator that you would like to make a comment after the lead commissioner opens the floor for public comment.

If participating by telephone, press *9 to "raise your hand" and *6 to mute/unmute. A hearing administrator will call on you by the last three digits of your phone number. Unmute your phone before introducing yourself and sharing your comment.

The Public Advisor may, upon the request of public participants who may be absent during the hearing when a matter of interest to them is being discussed, neutrally and publicly read those participant comments into the record during the public comment period. If you are interested in this service, please email concise comments, specifying your main points, before the start of the hearing to the Public Advisor at publicadvisor@energy.ca.gov. Comments submitted after the hearing starts or that cannot be read within a three-minute timeframe will be filed in the hearing docket.

Written comments must be submitted to the Docket Unit by 5:00 p.m. on December 20, 2022.

The CEC encourages use of its electronic commenting system. Visit the [e-commenting page](https://efiling.energy.ca.gov/EComment/EComment.aspx?docketnumber=22-IEPR-05) at <https://efiling.energy.ca.gov/EComment/EComment.aspx?docketnumber=22-IEPR-05>, which links to the comment page for this docket. Enter your contact information and a comment title describing the subject of your comment(s). Comments may be included in the "Comment Text"

box or attached as a downloadable, searchable document consistent with title 20 of the California Code of Regulations, section 1208.1. The maximum file size allowed is 10 MB.

Written comments may be submitted by email. Include docket number **22-IEPR-05** and "California Gasoline Prices and Refinery Operations" in the subject line and email to docket@energy.ca.gov.

If preferred, a paper copy may be sent to:

California Energy Commission
Docket Unit, MS-4
Docket No. 22-IEPR-05
715 P Street
Sacramento, California 95814-5512

Written and oral comments, attachments, and associated contact information (including address, phone number, and email address) will become part of the public record of this proceeding with access available via any internet search engine.

Contacts

The CEC's Public Advisor provides the public with assistance in participating in CEC proceedings. For information about how to participate in this hearing or to request interpreting services or other reasonable modification and accommodations, reach out by phone at (916) 957-7910 or via email at publicadvisor@energy.ca.gov. Requests for interpreting services, reasonable modifications and accommodations should be made as soon as possible but at least five days in advance of the hearing. The CEC will work diligently to meet all requests based on the availability of the service or resource requested.

Direct media inquiries to mediaoffice@energy.ca.gov or (916) 654-4989.

Direct technical subject inquiries to Amanda Bourdet at amanda.bourdet@energy.ca.gov or (916) 879-3290.

Direct general inquiries regarding the IEPR proceeding to Raquel Kravitz at raquel.kravitz@energy.ca.gov or (916) 907-4284.

Availability of Documents

Documents and presentations for this meeting will be available at [2022 Integrated Energy policy Report Update](https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report/2022-integrated-energy-policy-report-update), at <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report/2022-integrated-energy-policy-report-update>, or at [California Energy Commission: Docket Log](https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=22-IEPR-05), at <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=22-IEPR-05>.

When new information is posted, an email will be sent to the list subscriptions identified below. To receive these notices about the IEPR, subscribe at [Integrated Energy Policy Report - IEPR | California Energy Commission](https://energy.ca.gov/data-reports/integrated-energy-policy-report), at <https://energy.ca.gov/data-reports/integrated-energy-policy-report>. Sign up for others at [CEC Subscriptions](https://www.energy.ca.gov/subscriptions), at <https://www.energy.ca.gov/subscriptions>.

Dated: November 4, 2022, at Sacramento, California

Subscription Topics: Integrated Energy Policy Report; Energy Data