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Filer:	Andrea Bailey
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DRAFT Proposed SB X1-2 and SB 1322 Regulation Changes:

The draft language below proposes changes to the CEC's Petroleum Information Reports regulations, which are contained in California Code of Regulations, Title 20, Chapter 3, Article 3. Proposed new language appears as underline (example) and proposed deletions appear as ~~example~~. Existing language appears as plain text. Three dots or "... " represents the substance of the regulations that exists between the proposed language and current language.

§ 1363.2. Definitions: Specific Definitions for Purposes of Reporting Requirements.

"Additives" means compounds formulated to reduce the formation of engine deposits when combined with gasoline intended to be sold at retail or other end-user customers. Additives can include registered generic or proprietary formulations.

"All other taxes and fees" means the volume-weighted average price of all other taxes & fees included in a wholesale sale (such as branded rack, unbranded rack, bulk, spot pipeline, dealer tank wagon, company owned and operated, or sales to other end-users) that are directly line item billed to the customer and are not underground storage tank fees nor Low Carbon Fuel Standard or Cap-and-Trade Program related.

"Branded Rack Sales" means wholesale sales, not exceeding the size of a truckload, of petroleum products where title transfers at a distribution terminal. Branded gasoline refers to fuel that is sold under a brand name. Branded gasoline typically includes proprietary fuel additives.

"Bulk Sales" means wholesale sales of petroleum products in individual transactions that exceed the size of a truckload. Examples include marine vessel (product tanker or barge) and rail tank car.

"Catalyst" means a substance used to accelerate or retard a chemical reaction in refinery process units (such as catalytic cracking, hydrocracking, hydrotreating, and reforming) without itself undergoing significant chemical change or change in volume during the process.

"Company-Owned & Operated Sales" means any company-owned outlet (e.g., service station) selling gasoline, on-highway diesel fuel, or propane for on-highway vehicle use which is under the direct control of the refining company by virtue of the ability to set the

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retail product price and directly collect all or part of the retail margin. This category includes retail outlets: (1) being operated by salaried employees of the company or its subsidiaries and affiliates, or (2) involving personnel services contracted by the firm.

“Crude Oil Acquisition Cost” means the cost of crude oil, including transportation and other fees paid by the refiner. The refiner acquisition cost does not include the cost of crude oil purchased for the Strategic Petroleum Reserve. Include only costs for physical crude oil transactions; exclude profits and losses from any crude oil futures or options trading activity when reporting your crude oil acquisition cost.

“Costs of Labor” means the sum of employee wages, employee benefits costs, and payroll taxes paid by an employer.

“Detergent Additive” means any chemical compound or combination of chemical compounds that are added to gasoline to control deposit formation. A detergent additive package may contain non-detergent-active components such as corrosion inhibitors, antioxidants, metal deactivators, and handling solvents.

“Finished California Reformulated Gasoline” means gasoline intended for end-use consumption that meets all applicable California Air Resources Board standards and contains ethanol at a concentration of up to 10 percent by volume. Finished California Reformulated Gasoline containing ethanol up to a concentration of 15 percent by volume is referred to as E15 and would also need to be included in the monthly reports.

“Gasoline Blendstock” means any motor gasoline component intended for blending with oxygenates to produce finished conventional motor gasoline. It includes reformulated gasoline blendstock for oxygenate blending (RBOB) but excludes oxygenates (alcohols, ethers), butane, and pentanes plus.

“Gasoline Treated As Blendstock” means non-certified Foreign Refinery gasoline classified by an importer as blendstock to be either blended or reclassified with respect to reformulated or conventional gasoline.

“Intermediate Oil Product” means a general classification of refined petroleum product that is used in refinery processes to create a finished transportation fuel.

“Landed Cost” means the sum of all expenses associated with importing the product. This includes, but is not limited to price of goods, shipment cost, insurance fees, customs duties.

“Notice of Readiness (NOR)” means a communication provided by the marine vessel owner or agent that the vessel has arrived and is ready for loading or discharge at a designated berth within a designated period of time.

“Renewable Identification Numbers (RINs)” means serial numbers assigned to a batch of biofuel for the purpose of tracking its production, use, and trading as required by the US EPA’s renewable fuels standard (RFS). Companies that refine, import or blend fossil fuels are obligated to meet certain individual RFS quotas based on the volume of fuel they introduce into the market. To ensure compliance, obligated parties are periodically required to demonstrate they have met their RFS quota by submitting a certain amount of RINs to the US EPA.

“Sales to Other End-Users” means all direct sales to end-users that were not made through company operated retail outlets. Sales made to retail outlets other than those operated directly by the reported company, or its affiliates or subsidiaries should be included in the wholesale sales categories: DTW, Branded Rack, Unbranded Rack or Bulk. The term also includes sales to other non-retail station bulk consumers such as : agriculture, industry, and utilities, as well as residential and commercial consumers.

“Spot Pipeline Sale” means a sales transaction that physically changes hands at a refinery gate or other major pricing hub for delivery on a pipeline in either the LA or SF spot pipeline markets. Deals are usually done in bulk, typically between 5,000 to 50,000 barrels. This term also includes pump-over and in-tank transfer delivery methods.

“Turnaround” has the same meaning as in Section 7872 of the Labor Code.

“Unbranded Rack Sales” means wholesale truckload sales or smaller of petroleum products where title transfers at a distribution terminal. Unbranded gasoline is not associated with a specific brand name and is typically sold by single-station retail outlets, relatively small chain retailers that specialize in gasoline sales, or large supermarket chain stores.

“Unfinished Oils” means all oils requiring further processing at a refinery, except those requiring only mechanical blending. Unfinished oils are produced by partial refining of crude oil and include naphthas and lighter oils, kerosene and light gas oils, heavy gas oils, and residuum.

§ 1366. Requirement to File.

...[skipping subsections (a) through (k)]

(k) Each refiner and major petroleum products marketer as defined in Section 1363.2, shall file monthly reports containing all of the information specified in Appendix B, Section VI.(l) ~~Each major petroleum products marketer, as defined in Section 1363.2,~~

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~~required to file Form EIA782B published by the United States Department of Energy shall file monthly reports containing all of the information specified in Appendix B, Section VI.~~

(~~m~~) Each refiner, as defined in Section 1363.2, shall file annual reports containing all of the information specified in Appendix C, Section I.

(~~mm~~) Each refiner, terminal operator and major petroleum products storer, as defined in Section 1363.2, shall file annual reports containing all of the information specified in Appendix C, Section II.

(~~en~~) Each major crude oil transporter, as defined in Section 1363.2, shall file annual reports containing all of the information specified in Appendix C, Section III, for each crude oil pipeline system.

(~~po~~) Each major petroleum products transporter, as defined in Section 1363.2, shall file annual reports containing all of the information specified in Appendix C, Section IV, for each petroleum product pipeline system.

(~~qr~~) Each major crude oil producer, as defined in Section 1363.2, shall file annual reports containing all of the information specified in Appendix C, Section V.

(~~rs~~) Each refiner, major petroleum products marketer and independent retail fuel outlet operator, as defined in Section 1363.2, shall file annual reports containing all of the information specified in Appendix C, Section VI.

(~~st~~) Each refiner, as defined in Section 1363.2, shall file annual reports containing all of the information specified in Appendix C, Section VII.

(~~tu~~) Each refiner, terminal operator, major petroleum products storer and marine facility operator, as defined in Section 1363.2, shall file annual reports containing all of the information specified in Appendix C, Section VIII.

(v) Each refiner, as defined in Section 1363.2, shall file, for each refinery that it operates, monthly reports containing all of the information specified in Appendix B, Section VII.

(w) Each importer, as defined in Section 1363.2, shall file, within 24 hours of a reportable cargo, as specified in Appendix D, Section II, subsection B, being designated for delivery to California, reports containing all of the information specified in Appendix D, Section II. Each US Importer of Record shall file this report for all reportable cargoes presold or resold prior to initial arrival within 24 hours of such presale or resale. The owner of a reportable cargo is required to file this report within 24 hours of initial arrival if the cargo is not sold at time of initial arrival at either CA anchorage or CA marine

berth. Except as provided in Appendix D, Section II, subsection A, this report shall be filed at least 96-hours before the arrival of a marine vessel delivery to California.

(~~ux~~) Unless otherwise indicated, if a company, by its various activities, satisfies two or more of the definitions in Section 1363.2, it shall file a separate report for each such activity.

(~~vy~~) Any company required by this article to submit Petroleum Information Reports, which company contains divisions, departments, or subsidiary companies, shall report on behalf of all such divisions, departments, or subsidiaries, provided that such divisions, departments, or subsidiaries would otherwise be required to report pursuant to the provisions of this article.

(~~wz~~) All reports required by this section shall be on such form and in such format as the Executive Director may require, except as provided below.

(~~xaa~~) Any person required by this article to submit Petroleum Information Reports may in lieu thereof, submit a report made to any other government agency, provided that the requirements of Public Resources Code Section 25354(g) are satisfied, provided that the Executive Director of the CEC approves in writing to the applicant that the alternative submittal of substitute report information is acceptable and provided that such substitute report is expressed in identical units to those required by this article.

(~~ybb~~) Any person or company required by this article to submit Petroleum Information Reports in a specific form designated by the CEC may in lieu thereof, electronically submit the required information in a different format, provided that the Executive Director of the CEC approves in writing to the applicant that the alternative format of submittal is acceptable.

§1367. Form and Format of Reports.

The Executive Director of the CEC may specify the format for the various reports required by this article. The Executive Director of the CEC may additionally provide forms or other instructions to facilitate the filing or analysis of the information required by this article. The Executive Director of the CEC shall provide notice at least seventy~~thirty~~ days prior to specifying or modifying any form or format.

NOTE: Authority cited: Sections 25213 and 25218(e), Public Resources Code.
Reference: Section 25354, Public Resources Code.

...[skipping sections 1368.1 through 1369]

§1370. Confidentiality Information.

(a) Except as otherwise provided by law, CEC staff and support staff assigned to collect or analyze data submitted in confidence, pursuant to this article, will hold unaggregated PIIRA data confidential.

§1371. Failure to Provide Information.

The CEC may, after notifying any person of the failure to provide information pursuant to Sections 1361-1369 of this Article, Chapter 4.5 of Division 15 of the Public Resources Code, or the California Maintenance Reporting Guidebook, take such action to secure the information as is authorized by any provision of law, including, but not limited to, Public Resources Code Section 25362.

Appendix B: Monthly Reporting

VII. The Monthly Refining Margin Report shall contain all of the information detailed below in subsections A through G.

A. Company Information for the reporting entity including the company name, CEC-assigned company ID number (if applicable), refinery name, refinery address; name, phone number, and email of a company contact.

B. Volume (in barrels) and volume-weighted average price (in dollars per barrel) of domestic and imported crude oil acquired by the refinery within the month.

C. Volume-weighted average gross gasoline refining margin (in dollars per barrel). The volume-weighted average gross gasoline refining margin must be calculated as the difference of:

- 1) The sum of each sales volume reported under subsection A multiplied by the corresponding volume-weighted average price reported under subsection A, less taxes and fees, for branded rack, unbranded rack, dealer tank wagon sales, sales to other end-users, and company owned and operated sales, divided by total sales of branded rack, unbranded rack, dealer tank wagon sales, sales to other end-users, and company owned and operated sales; and
- 2) The sum of the volume of acquired by the refiner domestic crude oil and foreign crude oil multiplied by its associated volume-weighted average price, divided by the total volume of all acquired by the refiner domestic crude oil and foreign crude oil.

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D. Volume-weighted average net gasoline refining margin (in dollars per barrel). The volume weighted average gross gasoline refining margin will be calculated as the difference of:

- 1) The volume-weighted average gross gasoline refining margin reported under subsection C; and
- 2) The total operational cost per barrel of gasoline sold (in dollars per barrel) reported under subsection F.

E. For wholesale gasoline sales, the following information for each of the following sales channels: branded rack sales, unbranded rack sales, bulk sales, spot pipeline sales (for physical transactions completed during the reporting period), dealer tank wagon sales, company owned and operated sales, and sales to other end-users:

- 1) Volume of gasoline sold (in barrels)
- 2) Volume-weighted average price including all taxes & fees (in cents per gallon).
- 3) The underground storage tank fee (in cents per gallon).
- 4) All other taxes and fees, as defined in section 1363.2. (in cents per gallon).
- 5) Volume-weighted average price less all applicable local, state & federal taxes (in cents per gallon)
- 6) The low carbon fuel standard charge (in cents per gallon).
- 7) The cap-at-the-rack charge (in cents per gallon).
- 8) Volume-Weighted Average Price, less all taxes and fees (in cents per gallon).
- 9) Volume-Weighted Average Price, less all taxes and fees (in dollars per barrel).

F. Sums of each of the following categories for the reporting period: total refining and distribution operational costs (in dollars), operational costs allocated to gasoline sold (in dollars), and operational costs per barrel of gasoline sold (in dollars per barrel). The operational costs allocated to gasoline sold means the percentage of any particular refining or distribution operational cost that is attributable to gasoline production as determined by the refiner, multiplied by the value of that particular total refining or distribution operational cost.

G. A separate quantification of the total refining and distribution operational costs, operational costs allocated to gasoline sold, and operational cost per barrel of gasoline sold for each of the following categories:

- 1) Refinery catalyst expenses.
- 2) Refinery chemical expenses.
- 3) Combined catalyst and chemical expenses.
- 4) Refinery purchased water expenses.
- 5) Refinery total variable costs.
- 6) Labor expenses for refinery employees and subcontractors working at the refinery.
- 7) Planned maintenance contract expenses.
- 8) Planned maintenance materials expenses.
- 9) Unplanned maintenance contract expenses.

- 10) Unplanned maintenance materials expenses.
- 11) Refinery rent, supplies, and miscellaneous expenses.
- 12) Insurance expenses.
- 13) Capital-related expenses, and a description of each such expense.
- 14) Taxes other than income tax.
- 15) Depreciation.
- 16) RINs purchases.
- 17) California Static Carbon Emissions Compliance.
- 18) Local Air Quality Management District permits & fees.
- 19) Effluent discharge compliance projects, permits & fees.
- 20) Other regulatory compliance costs, and a description of each such cost.
- 21) Additives purchases.
- 22) Fuel ethanol purchases.
- 23) Pipeline deliveries to terminals, also known as tariff expenses.
- 24) Terminaling and other truck rack expenses.
- 25) Truck delivery expenses for dealer tank wagon and company owned and operated sales.
- 26) Bulk sales distribution expenses.
- 27) Hydrogen purchases from third party sources that occur outside the refinery
- 28) Hydrogen purchases from third party sources that occur inside the refinery.
- 29) Purchased electricity from outside the refinery.
- 30) Purchased electricity from inside the refinery.
- 31) Natural gas, separated by natural gas for fuel use, hydrogen plant feedstock, and cogeneration, in millions of cubic feet.
- 32) Purchased steam in millions of pounds.
- 33) Purchased components for refinery process, separated by:
 - i. Normal butane purchases.
 - ii. Isobutane purchases.
 - iii. Other liquid petroleum gas purchases.
 - iv. Gasoline blending components purchases.
 - v. Gasoline intended for blending purchases.
 - vi. Unfinished oils purchases.
 - vii. All other purchased components and a description of each such component.

Appendix D: Daily and Event-based Reporting Requirements

II. The California 96 Hour Planned Import Report shall contain all of the information specified below in subsection B. This report is required for any vessel originating from a non-California port and containing one or more of the gasoline products, blending components, diesel fuel products, aviation fuel products, or renewable fuel products specified in subsection B below .

- A. This report may be filed less than 96 hours prior to the arrival of a marine vessel delivery to California one or more of the following applies, in which case the report must be filed within 24 hours of the moment the cargo is designated for delivery to California:
1. The vessel's destination is not known until less than 96 hours prior to arrival.
 2. The vessel's destination changes to California less than 96 hours prior to arrival.
 3. The Importer of Record or Owner of Record for a California destined delivery changes less than 96 hours prior to arrival.
- B. The following transportation fuel products are reportable cargo subject to this report:
1. Finished Gasolines are: CARBOB, Arizona CBG AZBOB, Arizona CBOB, Nevada LVBOB, Nevada CBOB, and Other Conventional Gasoline.
 2. Gasoline Blending Components are: Alkylate, Iso-octane/Iso-octene, Isomerate, Hydrocrackate, Natural Gasoline, Reformate, Toluene, Renewable Naphtha, Fuel Ethanol, and other gasoline blending components.
 3. Diesel Fuels which are: CARB ULSD, EPA ULSD, and Renewable Diesel.
 4. Aviation Fuels are: commercial jet fuel, military jet fuels, and sustainable aviation fuel.
- C. This report shall contain all of the information specified below:
- 1) Company Information for the reporting entity including the company name, CEC-assigned company ID number (if applicable), company address, company email address, and company phone number; name, phone number, and email of a company contact. .
 - 2) Date when the vessel is designated for delivery to California.
 - 3) Date(s) when the loading of the vessel was completed at origin location.
 - 4) Estimated date of arrival to California. For cargoes not arriving directly at a marine berth, provide estimated arrival at anchorage. For imports of partial cargoes, provide estimated arrival date at secondary or tertiary marine terminal destination.

- 5) The type of the vessel shipping the transportation fuel product, reported as either “product tanker” or “barge”.
- 6) Name of the vessel carrying the transportation fuel product. This name must match the name reported to the State Lands Commission port reporting.
- 7) Product name of the transportation fuel product to be discharged at the California marine terminal. This product should be reported under the defined EIA product code. If EIA product code cannot be used, the name and a brief description of the product should be included which includes information on its general use.
- 8) The volume in barrels of transportation fuel product to be discharged.
- 9) Whether the delivery of product will be a partial or full discharge. Report “partial” if obligated party is importing a portion of the entire cargo per type of product. Report “entire” if obligated party is importing the entire cargo by type of product. Report “unknown” if that information is not available to the obligated party at time of submitting this report.
- 10) Name of the entity that the cargo was purchased from prior to departure from port or ports of origin.
- 11) Name of the entity that the cargo was purchased from while in transit prior to arrival at initial CA anchorage site or CA marine terminal, if applicable.
- 12) Name of the entity that the cargo was purchased from post arrival at initial CA anchorage site or CA marine terminal, if applicable. Change of ownership can be either prior to discharge or transfer of product at marine berth.
- 13) Name of the country for all foreign-sourced cargoes or the name of the state for all domestic import cargoes.
- 14) The name of the port of origin from which the vessel departed or will depart.
- 15) Name and location of the loading terminal or berth that the vessel was loaded at with cargo.
- 16) Status of the Product at moment of filing the report, reflecting the intended use of the product. For reports on cargoes submitted by US Importer of Record prior to discharge, list as “purchased”. For reports on unsold cargoes submitted by owner of cargo at time of initial arrival, list as “unsold”. For reports on cargoes used to cover contractual obligations or use by the reporting entity, list as “Internal Use”.

- 17) Name(s) and location(s) of the loading terminal or berth at which the vessel will discharge the transportation fuel product.
- 18) The date on which the purchase contract was agreed to and formally executed, in date format (mm/dd/yyyy).
- 19) Identify the type of pricing basis method agreed upon: EFP (exchange of futures for physical), FP (fixed price), FDR (floating date range wherein pricing is to be dictated by dates governed by a future delivery even, or wherein pricing dates are agreed to at time of contract) pricing, or any other utilized method of pricing (specify).
- 20) Identify the reference product wherein pricing is to be based on (such as NYMEX RBOB for EFPs, OPIS LA CARBOB Regular for floating date range).
- 21) Identify the reference month for EFP trades that NYMEX Futures price is to be based on, in date format (mm/yyyy), if applicable.
- 22) The agreed upon price difference from the reference product in cents per gallon.
- 23) For floating price contracts, indicate the type of event, agreed to at the time of the contract, on which pricing is to be based. If applicable, include the event trigger and the duration of the pricing window.
- 24) The date of the event for which pricing was based, in date format (mm/dd/yyyy), for floating price contracts only.
- 25) The date agreed upon at time of contract when floating pricing is to start, in date format (mm/dd/yyyy), for trades with dates agreed to at time of contract only.
- 26) The date agreed upon at time of contract when floating pricing is to end, in date format (mm/dd/yyyy) for trades with dates agreed to at time of contract.
- 27) The NYMEX Futures price reference for the trade in cents per gallon, for EFPs only.
- 28) The cash price for EFP, fixed price or any other pricing method wherein cash price is known at time of contract, in cents per gallon.
- 29) The cargo total landed cost in US dollars of the product moved, including all costs and fees incurred in delivery.

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- 30) The seven-digit International Maritime Organization (IMO) ship identification number for the product tanker.
- 31) The name of the tug associated with each marine barge import, if applicable.
- 32) The seven-digit International Maritime Organization (IMO) ship identification number for each associated tug, if applicable.
- 33) The company name of the owner of the imported transportation fuel product cargo.
- 34) The company name of the entity providing transportation services. .