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CALIFORNIA ENERGY COMMISSION

In the matter of:

General Rulemaking Proceeding)
 for Developing Regulations,) Docket No. 23-OIR-03
 Guidelines, and Policies for)
 Implementing SB X1-2 and SB 1322)
 _____)

SENATE BILL X1-2 AND SB 1322 PRE-RULEMAKING WORKSHOP

REMOTE VIA ZOOM

MONDAY, MARCH 18, 2024

9:00 A.M.

Reported by:

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Jamie Court, Consumer Watchdog

Marcus Gomez, California Clothing Recyclers

Tim Taylor, National Federation of Independent Business

Julia May, Communities for a Better Environment

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Chuck Leonard, Plumbers & Steamfitters Local Union 342

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P R O C E E D I N G S

9:03 a.m.

MONDAY, MARCH 18, 2024

MS. SMITH: Good morning, everyone, and thank you for joining this California Energy Commission webinar. My name is Jeremy Smith. I'm a Deputy Director in the Energy Assessments Division. In this workshop, I will present draft data regulations and reporting requirements currently in development under the SB X1-2 Emergency Rulemaking.

Before we get any further, I'll share some housekeeping items with everyone.

First and foremost, please be aware this meeting is being recorded.

Second, comments are welcome at specified times throughout and at the end of the presentation. At those times, if you do have a comment, please use the raise-hand feature in Zoom. Someone on our team will call on you, you'll unmute your microphone, and you can provide your comment. For phone participants, you can dial star 9 to raise your hand and star 6 to mute and unmute your line. We will present a slide with these instructions when it's time for public comment. When you do speak, please start by spelling your name and providing your affiliation before beginning your comment.

So this is the agenda for today's webinar. I'll

1 start by providing some background on and purpose of these
2 draft regulations, the rulemaking process, and the relevant
3 data collection topics we're covering today.

4 I will then go through each of the following
5 three topics, refining margins, refinery maintenance, and
6 marine imports. Each section will follow the same format.
7 I'll begin by discussing the draft regulations and
8 reporting requirements. Afterwards, I'll give a
9 demonstration of the proposed forms. We have draft
10 instructions for these forms as well, which I'll walk
11 through briefly.

12 And then we will allow public comments after each
13 of the three topic areas. Afterwards, I'll share the next
14 steps and we'll close the presentation with a final general
15 public comment period.

16 All right, in this webinar I will provide an
17 overview of draft language for emergency data regulations,
18 forms, and instructions to improve data collection efforts
19 on refining margins, refinery maintenance, and marine
20 imports.

21 The goal of these regulations is to improve
22 transparency of the refining industry and petroleum fuels
23 market, better analyze market behavior, and investigate
24 anomalies. Our job is to be objective, improve our
25 understanding of how the industry and market operates under

1 certain conditions, and follow the facts to protect
2 Californians from price spikes that might occur due to
3 supply shortages or market issues.

4 The other purpose of today's workshop is to
5 receive public input on these draft data regulations,
6 either through oral comments shared today or through
7 written comments submitted to Docket Number 23-OIR-03
8 before 5:00 p.m. on April 1st, 2024.

9 Allow me to set the stage for today's webinar
10 before we get into the rest of the presentation.

11 SB X1-2 was signed by Governor Gavin Newsom in
12 March of 2023 and went into effect in June. Since then,
13 the CEC has been collecting additional data to assess the
14 petroleum refineries and transportation fuels market to
15 protect Californians from price spikes.

16 The CEC has hosted numerous workshops on these
17 topics, including one in June of 2023 to present new data
18 collection forms on refiner costs and profits, market
19 analysis, and refiner maintenance. We also hosted a
20 workshop this past January on new spot market reporting
21 requirements. The workshop today builds upon those
22 efforts.

23 Improving the data collection under SB X1-2
24 provides several benefits to Californians. As I mentioned,
25 it improves transparency into the California petroleum

1 markets and refinery activity. It increases oversight of
2 refinery maintenance to ensure a stable supply of
3 transportation fuels is available. It provides better data
4 to analyze market behavior and investigate anomalies, and
5 provides facts upon which action can be taken to prevent
6 gasoline price spikes.

7 With the passage of SB X1-2, the legislature
8 provided the CEC with emergency rulemaking authority to
9 support the many implementation activities the law calls
10 for. This includes the majority of data collected under
11 the Petroleum Industry Information Reporting Act, or PIIRA
12 for short, analysis and reporting requirements,
13 confidentiality requirements, enforcement authority, and
14 the timing of turnaround and maintenance rules. The draft
15 regulations discussed today are all contained in California
16 Code of Regulations Title 20, Chapter 3, Article 3.

17 The one exception to this is that the refinery
18 maintenance activity reporting is exempt from the
19 Administrative Procedure Act, so the CEC may institute new
20 rules through a guidebook. This draft guidebook we put
21 together is part of the scope of today's workshop.

22 The CEC has numerous forms to collect data from
23 the petroleum industry. These generally fall into the
24 following four categories: refinery costs and profits,
25 which informs the California Oil Refinery Cost Disclosure

1 Act monthly report and whether a maximum refiner margin
2 should be set; market analysis, which informs whether there
3 is market manipulation or market failures; refinery
4 maintenance, which provides insights into the timing and
5 impact of planned and unplanned outages; and finally, other
6 miscellaneous data.

7 There are four forms we're discussing today. The
8 first, under refinery costs and profits, is the monthly
9 refining margin report. We're also discussing two refinery
10 maintenance forms, that's the planned and unplanned
11 maintenance and turnaround reports, and we will also
12 discuss the planned marine imports report.

13 Please note that all relevant files discussed
14 today were posted to the docket last Tuesday. All of the
15 regulations presented during this workshop are drafts. So
16 even if I say things like new or updated, please note none
17 of these changes have been adopted nor are final.

18 So we'll begin by discussing the refining margins
19 draft regulations.

20 Under Section 1363.2, this is the specific
21 definitions for purposes of reporting requirements, we have
22 proposed adding and updating definitions to improve
23 clarity. To date, we have observed inconsistencies in
24 reporting of these metrics, so our objective is to
25 standardize with improved definitions. These definitions

1 include, but are not limited to, all other taxes and fees,
2 which helps clarify which costs to include when reporting
3 gasoline sales. We've added and updated definitions of the
4 various wholesale gasoline sales channels to clarify what
5 is to be reported. These include branded rack sales,
6 unbranded rack sales, bulk sales, company owned and
7 operated sales, and sales to other end users. We've added
8 a definition for crude oil acquisition cost, which is
9 referred to in the form.

10 Also, in the draft form, we are considering
11 expanding the reporting of various operational costs, so
12 we've provided definitions for the terms that show up
13 there, included in the reporting requirements. We've also
14 drafted additional definitions for various petroleum
15 products included in the proposed monthly costs and profits
16 data collection form.

17 All right, next, for the refining margins, under
18 Section 1366, which is the requirement to file, we've added
19 the reporting requirement to align with the statute and
20 reference to the new proposed Appendix D, Section 7 for the
21 Monthly Refining Margin Report.

22 And finally, for the proposed refining margin
23 regulations, we have the new Draft Appendix B, Section 7,
24 that I just mentioned, the Monthly Refining Margin Report.
25 This section outlines the information required to submit in

1 the monthly report, which I will demonstrate shortly. In
2 this section, we've provided details on the reporting
3 requirements for clarification to improve consistency in
4 reporting some of the metrics that are included in that
5 report. These include volume-weighted average gross and
6 net gasoline margins, volume, price, and fee information
7 for the various wholesale gasoline sales channels, and
8 finally, refining and distribution operational cost
9 categories.

10 This was one area in particular where the
11 existing form and instructions were resulting in a lot of
12 inconsistencies in what was reported. While the proposed
13 operational cost categories and details have expanded in
14 the draft forms, we believe this will lead to improved
15 clarity in what we're asking for, as well as consistency
16 across the reporting entities.

17 Next, I'd like to walk through the proposed form
18 and instructions for the M1322 Monthly Refining Margin
19 Report. I will start with a demonstration of the form
20 right here.

21 So we're looking at the Company Information tab.
22 No substantial changes here, just small cleanup for
23 clarity.

24 So I'll move on to the Crude Oil Received tab.
25 The first thing you'll notice is that this tab was actually

1 renamed from the form that we have now. The Product
2 Received changed to Crude Oil Received. This tab now only
3 requests the volume in barrels and volume-weighted
4 acquisition cost in dollars per barrel for domestic and
5 foreign crude oil, along with the total at the bottom.
6 Refined gasoline is no longer captured here on this tab as
7 it's been moved to another portion of the report.

8 Next, moving on to the Gasoline Sales tab. The
9 changes here are really for reporting consistency. We
10 believe, based on the data we've been collecting, that it
11 wasn't clear which taxes and fees to include when reporting
12 gasoline sales, so we've added additional columns to this
13 tab to make it clear exactly what we're looking for.

14 In the first column, you'll see we've added two
15 additional wholesale gasoline sales channels just to make
16 sure that we're capturing all refinery sales. And then
17 going across the headers, you'll see the volume-weighted
18 average price, including all taxes and fees, as I just
19 mentioned earlier. And then as you go left to right,
20 you'll provide various taxes and fees until you arrive at
21 the final volume-weighted average price without taxes and
22 fees, both cents per gallon and in dollars per barrel.

23 Next is the Operational Costs tab. This now
24 provides the specific categories for which operational
25 costs should be provided. They break down into two main

1 sections. First is the Refining Expenses, which are costs
2 associated with the production of gasoline, including
3 chemicals, variable costs, labor and maintenance and
4 compliance costs. And then scrolling down, we have
5 Distribution Expenses, which are costs associated with the
6 distribution of refinery products.

7 You'll notice there are three columns here to
8 capture these costs, starting with the total Refining and
9 Distribution Operating Costs. So this is the total monthly
10 cost in dollars that the refinery incurred that month, so
11 just the total in dollars.

12 Next is the Operational Costs Allocated to
13 Gasoline Sold. So now, specifically, what was the total
14 monthly cost in dollars that incurred specifically due to
15 the production and sale of gasoline. And then finally the
16 operational cost per barrel of gasoline sold, which is just
17 the previous column divided by the total gasoline sales
18 volume for that particular month. So now we're providing
19 operational cost dollars per barrel.

20 Next, we have Other Operational Costs. So this
21 tab provides two distinct categories for these other costs,
22 which include energy and fuel use, as well as purchased
23 components, gasoline, and feedstocks. For both sections,
24 we're asking for the quantity, total cost, total cost
25 allocated to gasoline sold, and finally, as before, the

1 cost per barrel allocated to gasoline sales.

2 Our last tab on this form is the Gross and Net
3 Refining Margin. This simply summarizes overall costs and
4 profits for the refinery in volume-weighted average price
5 per barrel of gasoline sold to arrive at gross and net
6 gasoline refining margins.

7 Okay, so that's the form.

8 I'll just briefly bring up, again posted to the
9 docket, we have the draft revised instructions. I really
10 walked through each of the tabs and kind of showed these so
11 I don't need to go through these too much in detail, but
12 the instructions are here along with relevant definitions
13 for this new proposed form. It shows the obligated
14 parties, the transportation fuels to include when you
15 submit this report, and then, like I said, the multiple
16 tabs in this form, the company information, the crude oil
17 received tab, gasoline sales and all the taxes and fees
18 included in that broken down.

19 We've got the Operational Costs tab. So these
20 are the headers there that show the different costs to
21 include, starting with the total refinery cost, then
22 allocated to gasoline, and then volume-weighted, and then
23 the categories in the operational costs, the refining
24 expenses, and definitions for all of these to include, as
25 well as the distribution expenses. The Other Operational

1 Costs tab, like I talked about with the energy and fuel
2 use, and the purchased components, gasoline and feedstocks.
3 And then finally, the gross and net refining margins tab
4 with calculations for gross and net refining margin.

5 We've also got acronyms and abbreviations for
6 everything referenced in here, as well as selected
7 definitions, so those are all there.

8 Okay, great, so that concludes my presentation on
9 the refining margin draft regulation.

10 We'll now move on to our first public comment
11 period for the materials I just covered. Again, if you
12 have general comments, we will have a longer public comment
13 period at the end to capture those. These ones after each
14 of the three different topics will be two minutes, and then
15 the one at the end, our general public comment, we'll give
16 you three minutes for your comment. So for now, we'll just
17 focus on the refining margin materials.

18 MS. BERLINER: One person per organization may
19 comment and comments are limited to two minutes per
20 speaker. For the Zoom platform, use the raise-hand feature
21 to let us know you'd like to comment. We will call on you
22 and open your line to make comments. I'll wait.

23 Our first caller is Aaron Flyer.

24 Aaron, I have opened your line. You'll need to
25 unmute your mic on your end.

1 p1 Hey, good morning. Can you hear me?

2 MS. BERLINER: Yes, we can.

3 MR. FLYER: Great. Thank you. My name is Aaron
4 Flyer, A-A-R-O-N F-L-Y-E-R, on behalf of Sidley Austin and
5 our client, Idemitsu, which is a fuel reselling company
6 located in Sacramento.

7 And I'll just note that we generally support
8 CEC's efforts here to promote pricing transparency and
9 prevent market manipulation, but we do maintain that given
10 the complexity of all of these various facets of the
11 rulemaking to regulate, you know, the spot market and
12 refinery margins, et cetera, that an emergency rulemaking
13 here really is not appropriate and CEC should take the time
14 to fully engage with its stakeholders in the industry to
15 make sure we get this right. Because I think, as proposed,
16 many of these rules create some confusion and ultimately
17 could be counterproductive to the stated goals of the CEC.
18 And this could, in turn, you know, actually push players
19 out of the spot market and potentially limit supply within
20 the state. And that, in turn, is going to have some
21 detrimental environmental impacts on the state.

22 I think one thing that is particularly unclear
23 with both this rule and prior emergency rules in this space
24 is the nexus to California that's required. You know, for
25 example, there's a new definition added here for spot

1 pipeline sales, and it's unclear if that is simply
2 regulating everything that passes through the California
3 spot market regardless of the ultimate destination if the
4 destination is out of state or if it's limited to only
5 products ultimately sold in the state of California.

6 And I think as a separate but related question
7 that has to do with the CEQA analysis that the CEC has
8 performed, is CEC going to be doing an analysis of each of
9 these emergency rules or is the CEQA notice of exemption
10 that was filed, I believe, a month ago intended to cover
11 the entire scope of all the emergency rulemakings that may
12 be coming down related to SB X1-2?

13 So with that I think I'm about out of time. I
14 appreciate your consideration or comments. I look forward
15 to clearing the session.

16 Thank you.

17 MS. BERLINER: Thank you.

18 Next up, we have Sophie Ellinghouse.

19 Sophie, I have unmuted your mic.

20 MS. ELLINGHOUSE: Okay. Thank you. Can you hear
21 me?

22 MS. BERLINER: Yes. Yes, we can.

23 MS. ELLINGHOUSE: Perfect. My name is Sophie
24 Ellinghaus, S-O-P-H-I-E E-L-L-I-N-G-H-O-U-S-E. I'm General
25 Counsel for the Western States Petroleum Association.

1 To start this morning, I just think it's
2 important for us to remember that SB X1-2 authorized
3 consideration of a maximum refinery margin specifically out
4 of concern for price volatility in the spot gasoline
5 market. For decades, PIIRA has required a large volume of
6 detailed data to be reported to the CEC and the industry
7 has always provided that data as required. Now with the
8 demand for even more detail, we're now left to question why
9 and how all of this data is actually being used, if the CEC
10 has the staffing for that analysis and in what way the
11 extra detail contributes to the goal of enabling the CEC to
12 quote, respond to possible shortages, oversupply, or other
13 disruptions.

14 Independent of the CEC, the DPMO has also issued
15 recent proposals, and there's been no transparency into
16 what data the DPMO analyzed in order to arrive at its
17 conclusions, or what additional information it needs to
18 assess or determine the structural barriers to supply and
19 the influence of price reporting. To us, that information
20 is most important to gather. However, not all of it comes
21 from industry, and some of that information already exists
22 in the marketplace. It's not clear what you all are doing
23 to seek out that information.

24 To date, the industry has already devoted sizable
25 resources to provide the detailed data requested by CEC, at

1 times under extremely short deadlines or with inadequate
2 guidance. As it is, we're concerned whether all the data
3 being requested is being adequately analyzed and,
4 therefore, whether it will do anything to help address
5 California's ongoing supply issues.

6 Respectfully, we believe that CEC should not be
7 requesting even more information just to be seen as doing
8 something. Instead, it should be analyzing the massive
9 amounts of data already being reported, prepare and produce
10 reports as contemplated, and make informed decisions from
11 there.

12 The industry stands ready to discuss information
13 targeted at the issues DPMO has already identified.
14 Unfortunately, much of what the CEC is proposing to collect
15 now is not relevant to those issues and won't do anything
16 to help Californians who simply want relief from price
17 volatility.

18 Thank you.

19 MS. BERLINER: Thank you.

20 Next up, we have Beth Booth.

21 Beth, I've unmuted your line. Beth, you'll need
22 to unmute on your end.

23 MS. BOOTH: I'm sorry, can you hear me now?

24 MS. BERLINER: Yes.

25 MS. BOOTH: Okay, here we go. Yeah, my name is

1 Beth Booth, it's B-O-O-T-H. I'm the owner of Spaces
2 Renewed, a family owned home remodeling business in San
3 Diego County. My husband and I work it together. We've
4 had it for over 15 years.

5 I'm asking the Energy Commissioners to please
6 reconsider the implementation of SB X1-2, which will do
7 more harm than good to already fragile and frustrated small
8 businesses.

9 We work closely with California's housing,
10 building and development community, and we know that we
11 still face a severe crisis here in ensuring affordable,
12 accessible housing for seniors, working families, veterans,
13 and all Californians. We need to make housing and living
14 in our state more cost effective, not more cost
15 prohibitive. But if this rule moves forward, that's
16 exactly what will happen. These rules will not do what is
17 intended.

18 And I understand your intent is to do good and
19 help the prices, but I just feel like we need to look past
20 intent and look past -- and look actually towards results.
21 Intent here isn't going to help us, it's what the result of
22 this policy will do, and it's raising fuel prices on our
23 most vulnerable and will result in higher prices of goods,
24 supplies and inventory, including the inventory of labor
25 and processes to help build our homes, schools and

1 hospitals.

2 We employ a lot of subcontractors, and building
3 and commuting is a big deal for them, and it's only going
4 to raise gas prices and that's our concern. We were only
5 given a couple days to weigh in on this, and so we just
6 feel like it's the responsible thing to please halt this
7 and wait until you have more information that is results-
8 driven and not intent-driven.

9 Thank you very much.

10 MS. BERLINER: Thank you.

11 For those of you joining by phone, please dial
12 star nine to raise your hand.

13 And while that's happening, CFCA Admin, I've
14 unmuted your mic.

15 MS. MAGNASCO: Thank you. Can you hear me okay?

16 MS. BERLINER: Yes.

17 MS. MAGNASCO: Thank you. Alessandra Magnasco,
18 A-L-E-S-S-A-N-D-R-A, Magnasco is M-A-G-N-A-S-C-O.

19 On behalf of the California Fields and
20 Convenience Alliance, we have significant concerns with the
21 pace that these rulemakings are being conducted. We also
22 have technical concerns with the data being requested,
23 which is further detailed in the letter we submitted. I'll
24 let you refer to that letter for greater detail.

25 But we would really like to request more time for

1 public input as this rulemaking will have substantial
2 impacts on California residents and businesses, especially
3 our small businesses in the state. And so we would really
4 like you all to give greater time for our businesses to
5 give further feedback on the rulemaking rather than merely
6 a week.

7 Thank you.

8 MS. BERLINER: Thank you.

9 I just want to make sure that those joining by
10 phone have an opportunity to comment. Once again, please
11 dial star nine to raise your hand.

12 Okay, we have a raised hand from a phone number
13 ending in 411. You'll have to press star six to unmute on
14 your end.

15 MR. RODRIGUEZ: Good morning, this is Martin
16 Rodriguez with Ironworkers Local 433.

17 And, you know, I feel like this is just more
18 regulation that's going to compound the problem we already
19 have, a well-meaning policy that is not going to do what
20 it's intended, and I think we really need to take a step
21 back on this.

22 Thank you.

23 MS. BERLINER: Thank you.

24 Sunder Romani, I have unmuted your mic -- or I've
25 unmuted your line. You'll need to unmute on your end.

1 Hello?

2 MR. RAMANI: I apologize. It took a little while
3 to unmute. My name is Sunder --

4 MS. BERLINER: No worries.

5 MR. RAMANI: Can you hear me?

6 MS. BERLINER: Yes, we can.

7 MR. RAMANI: My name is Sunder Ramani,
8 S-U-N-D-E-R, Ramani, R-A-M-A-N-I. I'm the owner of
9 Westwind Media and Properties. We're a post-production
10 company here in Burbank and dealing with television and
11 film and entertainment.

12 I'm here to ask you to please consider the
13 implementation of SB X1-2. I think it will place
14 unreasonable, unnecessary rules, more burdens on business
15 owners like myself.

16 One of our biggest challenges is fuel prices and
17 housing. Lack of housing nearby where people work,
18 workplace housing is exacerbated in California. And for
19 all my nearly 100 employees, nearly 98, 99 percent of them
20 cannot live near where they work.

21 Extended fuel prices as they've been going up,
22 which you're trying to address, will only be exacerbated
23 even more So, due to the fact that businesses have a choice
24 of being here or not, and the refineries, as large as they
25 are, we've dropped from, I think, somewhere near 40-plus

1 refineries down to about 11. More of these people leaving
2 will only cause the price to go up.

3 Gas prices, of course, and fuel prices are
4 subject to the entire global food market. You've got all
5 sorts of geopolitical issues going on all over the world.

6 And then, of course, California has all its
7 specific blends. You can't bring gas over from Arizona
8 when we run short. Then you add all the costs and taxes
9 that we've associated in California.

10 These regulations aren't going to do anything to
11 address those issues. And I think the CEC is focused on
12 something that wasn't on the list of the issues causing
13 high gas prices. We need to stop and consider why we're
14 rushing this through in such a short amount of time without
15 considering all these other elements. I think the public
16 should have a greater opportunity to weigh in.

17 For me, I haven't seen gas prices go down, but I
18 don't believe a lot of it is going to be fixed by what
19 you're proposing here with more regulations. I think we'll
20 get down to less than 11 operating refineries if we keep at
21 this pace and tax them to death and regulate them to death
22 because there's probably better places to fish in this
23 country than California if we keep legislation like SB X1-2
24 coming through.

25 So thank you for your time and I appreciate your

1 consideration.

2 MS. BERLINER: Thank you.

3 Next up, we have Jamie Court.

4 Jamie, I have unmuted your line.

5 MR. COURT: Yeah, I'm just chiming in because I'm
6 getting sick to my stomach listening to this parade of
7 people obviously produced by the Western States Petroleum
8 Association coming out against regulation.

9 The regulation is going too slow, not too fast.
10 We have 23 groups today riding the CEC, including the
11 Climate Center, EOPA, 23 environmental groups, Consumer
12 Watchdog, the group I run, Oil and Gas Action Network
13 saying we've got to go faster, not slower because gas price
14 bikes are coming.

15 These regulations are simple, straightforward
16 ways to clarify the misinformation that the oil industry
17 has been putting out over the last many months. They've
18 manipulated the net margin reporting they've done for the
19 CEC. And the CEC is correctly trying to straighten it out
20 for them and say, here are the right categories by which
21 you're going to report operational costs so we can have a
22 real estimate of operational costs.

23 We know from the shareholder reports, operational
24 costs are between \$0.20 and \$0.30 per gallon. We know the
25 gross margins are \$1.01 one for the entire year last year.

1 So they're making \$0.70 to \$0.80 per gallon.

2 The *L.A. Times* today editorialized against this
3 disinformation, "What's Behind the High Gas Prices? Don't
4 Trust the Oil Industry." The oil industry is engaged in a
5 concerted multi-million dollar ad campaign to, quote,
6 "deflect attention from its greed and ship blame from the
7 nation's highest gas prices on to environmental policies."
8 That's a quote. And the answer is, don't believe them.

9 Keep going with these regulations because they're
10 straightforward. They do not require that much from the
11 oil industry and will help us get to the correct numbers so
12 that we all understand exactly how much the oil refiners
13 are making of every dollar at the pump.

14 Thank you.

15 MS. BERLINER: Thank you.

16 Next up, we have Marcus Gomez.

17 Marcus, I have opened your line.

18 MR. GOMEZ: Good morning. My name is Marcus
19 Gomez and I am the founder of California Clothing Recyclers
20 based here in Sacramento. Also, I'm Vice Chair of the
21 California Hispanic Chamber of Commerce.

22 Our small business is very special. Not only are
23 we focused on helping our community, we help disadvantaged
24 people and communities around the world by recycling
25 clothing, shoes, and supplies for those in need in more

1 troubled areas. These regulations will make our effort to
2 help provide others in need that much more difficult, if
3 not impossible.

4 We are relying on transportation of goods to
5 these neighborhoods and regions in the country. But with
6 higher fuel costs and less supply, we will be less able.
7 It will be harder for my company to compete. The market
8 for used clothing is nationwide and it's determined that
9 the price of used clothing is determined nationally. So
10 it's harder for me to compete with other states when their
11 gas prices are lower than ours here in California. So with
12 higher -- and prices continue to go up, it'll be harder for
13 us to keep people employed and provide for their families.

14 Used clothing here in California used to be done.
15 We used to sort and grade the clothing. We have 50 people
16 working for us. Now it's tougher here in California to
17 process clothing. It's cheaper for them in their countries
18 to process the clothing there. So it's just getting more
19 and more difficult.

20 I'm disturbed that the Energy Commission provides
21 no real time for me or any of the public to comment what
22 kind of regulations making it is that. Something as
23 critically important as fuel availability and cost ought to
24 be something that we, the people, have a chance to be heard
25 about. I don't want to be testifying at these meetings. I

1 would rather be at the table discussing these things when
2 they're being discussed.

3 Thank you.

4 MS. BERLINER: Thank you.

5 Next up, we have Tim Taylor.

6 Tim, I've opened your line. Oh, Tim, you'll need
7 to unmute on your end.

8 MR. TAYLOR: Good morning.

9 MS. BERLINER: Good morning.

10 MR. TAYLOR: Can you hear me now?

11 MS. BERLINER: Yes.

12 MR. TAYLOR: Thank you. I'm Tim Taylor,
13 California Legislative Director for the National Federation
14 of Independent Business.

15 We also kind of concur with the prior speakers in
16 general, apart from Jamie, that we don't believe this issue
17 that is as far reaching and serious as this should be
18 jammed through as an emergency rule. And we would ask that
19 the public have more time to weigh in on this measure.

20 I think with respect to small businesses and what
21 our small business owners typically want, at least within
22 the context of this discussion, is a hardy, resilient
23 supply chain, and for them, for their families and
24 employees who need to be able to drive to work and to pay
25 reasonable prices at the pump for their gasoline.

1 And I think the question is, and this is
2 countenanced in the regs: Is this the best way to ensure
3 equitable gasoline prices? Is it profit gouging penalties
4 and price controls that are necessary for the oil industry?
5 NFIB absolutely does not believe that that is the case.

6 We don't have to guess at the outcome of price
7 controls. This isn't the first time it's been
8 contemplated. It was tried in the 1970s with disastrous
9 effect. Supply shortages are a feature of price controls
10 across all industries. And in the specific case of
11 gasoline, we ended up in this state with massive lines at
12 the pump, which among other things, devalues an
13 individual's time, which could have been more productively
14 spent. It was an unmitigated disaster and we expect it
15 will be here again.

16 We're not particularly aligned with the oil
17 industry per se. But I think if it's true that the
18 industry is motivated by greed, then why are gas prices
19 cheaper in other states than it is in California? Does its
20 purported greed stop at the border of some states and then
21 suddenly spring to life in other states? It doesn't make
22 much sense to me.

23 I think a more reasonable cause for the
24 differential prices at the pump in various states has to do
25 with the taxation. We think it would be a reasonable

1 argument that we could probably cut \$0.50 to \$0.70 a gallon
2 right now in California by asking the legislature to do
3 that. We know that wouldn't be possible. And I think
4 that's because of government greed. I think history
5 provides a cautionary tale of price controls. They don't
6 work, they inevitably lead to more government --

7 MS. BERLINER: Tim?

8 MR. TAYLOR: -- (indiscernible) corrections and
9 intervention.

10 Thank you very much.

11 MS. BERLINER: Thank you.

12 So we welcome written comments. And once again,
13 those comments are due by 5:00 p.m. on April 1st.
14 Instructions on how to provide written comments are
15 included in the notice for this workshop, which is posted
16 on the CEC's website.

17 Jeremy, public comments for this section have
18 been completed and we are ready to move on to refinery, the
19 refinery maintenance section.

20 MS. SMITH: All right, great, thank you, and
21 thank you, everyone, for your comments.

22 So the next topic for our workshop today is the
23 refinery maintenance. As I mentioned before, the draft
24 language for these reporting requirements is captured in
25 the California Refinery Maintenance Reporting Guidebook. I

1 won't go through every chapter of the guidebook, but I
2 wanted to step through a few chapters of interest.

3 Starting with Chapter 3, this is the reporting
4 requirement, this simply states that all California
5 patrolling refineries must report all planned and unplanned
6 maintenance.

7 Next, we have Chapter 4, which provides
8 definitions for planned and unplanned maintenance. This
9 helps clarify how to classify each type of maintenance
10 event and thereby which reporting requirements and form
11 applies.

12 Continuing on, Chapter 5 describes the two
13 maintenance reports, the reporting period and information
14 to include in both. For simplicity, we are proposing to
15 combine the existing initial and final iterations of the
16 maintenance reports. So instead of two different reports,
17 we would only have one, which would include columns at the
18 end of the report to denote whether the submitted form is
19 an initial report, a revision, or final report. Overall,
20 the focus of these proposed reporting requirements is to
21 improve the tracking of the total transportation fuel
22 supply in California when refineries undergo planned or
23 unplanned maintenance.

24 Okay, so next, I'd like to walk through the
25 proposed form and instructions for the EBR1P, Planned

1 Maintenance, and EBR1U, Unplanned Maintenance Reports. I
2 will start with the Planned Maintenance one.

3 So first is the Company Information tab. No
4 substantial changes here or proposed changes to this form
5 here. Just wanted to note, again, this is the Planned
6 Maintenance Form which must be submitted at least 120 days
7 before the planned maintenance or turnaround. If the need
8 for the planned maintenance is identified less than 120
9 days prior to the scheduled event, this report would be
10 submitted within 48 hours of discovering the need for the
11 event.

12 The next tab, which is Work Description, just a
13 field here to provide a brief description of the planned
14 work.

15 The next tab called Process Units, this is where
16 details on the process units that will be undergoing
17 maintenance are provided, the expected date the maintenance
18 will begin and end, the normal operating capacity and daily
19 decrease of output for gasoline, diesel, jet fuel, or other
20 materials, and then whether the submitted report was the
21 initial, which could just be done by writing "no" for both
22 of these last two columns, if it's revised, or if it's the
23 final report. A final report is expected within 48 hours
24 after the completion of the plan maintenance.

25 Next, we have the Inventory and Supply Adjustment

1 tab. This just provides details on the inventory levels at
2 the refinery and other merchant bulk terminals, as well as
3 in- and out-of-state resupply plans for gasoline, gasoline,
4 blending components, diesel, and jet fuel.

5 All right, so let me move to the Unplanned
6 Maintenance Form. In this draft of the Unplanned
7 Maintenance Form, it's nearly identical to the Planned
8 Maintenance Form. Note that, of course, this Unplanned
9 Maintenance Form would be submitted within 48 hours of the
10 initial outage or rate reduction, as well as within 48
11 hours of the completion of the repairs.

12 So again this is the Company Information tab. No
13 substantial proposed revisions here.

14 The next tab, the Work Description, again, just a
15 field to provide the reason for the unplanned maintenance
16 or the process unit rate reduction.

17 Next is the Process Units tab, again just
18 providing details on the units that will be undergoing
19 maintenance, the expected date the maintenance will begin,
20 the reduction of rate would begin, and then as well as the
21 return to service date, the normal operating capacity and
22 daily decrease in output of gasoline, diesel, jet fuel, and
23 other materials. And then finally as we saw on the Planned
24 Maintenance Form as well, columns to denote whether or not
25 this submitted form was the initial by marking "no" for

1 both revised or if it's the final form.

2 The last tab here in the Unplanned Refinery
3 Maintenance Form is the Inventory and Supply Adjustment,
4 again, similar to the Planned Maintenance Form, providing
5 details on the inventory levels and other at -- located
6 both at the refinery and at merchant bulk terminals in and
7 out of state resupply plans, again, for gasoline, gasoline
8 blending components, diesel, and aviation fuels. Again,
9 this provides more of an outlook on the plans to, you know,
10 continue the supply of gasoline and other transportation
11 fuels when refinery undergoes maintenance.

12 All right, I will very briefly walk through the
13 instructions.

14 So we've got here, this is the guidebook that I
15 mentioned before. This has all the details around the
16 proposed changes to the planned and unplanned maintenance
17 reporting requirements, again, posted to the docket last
18 Tuesday, so you can see that.

19 Here's the draft instructions for the EBR1P,
20 Planned Maintenance Report, again going through a
21 description and the timing of submitting the report, the
22 obligated parties, and then walking through each of the
23 tabs that I just showed with descriptions of each of the
24 fields that are requested, a Description tab, a Process
25 Unit tab, again, definitions for what each of these terms

1 are, and then finally, last is the Inventory and Supply
2 Adjustment tab with the categories of California gasoline,
3 non-California gasoline, blending components, diesel, and
4 aviation fuels to include in the report, as well as the
5 definitions for the different columns of inventory levels,
6 inventory drawdown, both within the refinery location, as
7 well as at other storage locations, in- and out-of-state
8 purchases from other market participants.

9 This is, to be very clear, as opposed to just
10 purchases from other market participants denoting whether
11 or not those are in-state which, you know, may not -- just
12 shifting supply from one half the state to the other does
13 not really provide any sort of boost to overall state
14 supplies just moving product, but those would be listed
15 there, as well as out-of-state purchases. So if additional
16 supply is being brought in during the maintenance event,
17 those would be captured here. And some of the other
18 descriptions for some of the other fields there. And
19 again, closing out with the revised and final columns to
20 denote which report this is.

21 Again, the instructions provide acronyms and
22 abbreviations for terms included in this report.

23 And then very quickly, the instructions for the
24 EBR1U, Unplanned Maintenance Report, is actually very
25 similar, nearly identical, with some small changes in terms

1 of both the, you know, timing of submitting the report, as
2 well as just a couple fields that might be different that
3 apply specifically to unplanned maintenance and reductions
4 in output for the refinery that are not necessarily
5 captured or applicable in the planned maintenance form.

6 Okay, so those, the Refinery Maintenance
7 Guidebook and the instructions for both the Planned and
8 Unplanned Maintenance Forms are posted to the docket, and I
9 won't go through all the details but you'll see they're
10 very similar, the planned and unplanned maintenance
11 instructions, because those two forms are also very similar
12 to each other.

13 I will return to the slides here.

14 So that concludes my presentation on the Refinery
15 Maintenance Reporting Guidebook, forms and instructions,
16 and we will now open it up for public comment on these
17 materials.

18 Let me also just mention again that we will have
19 a general public comment period at the end. So if you have
20 comments on the refinery maintenance reports or draft
21 regulations, we would appreciate hearing those comments
22 now.

23 MS. BERLINER: Now we'll move on to our second
24 public comment period. As before, one person per
25 organization may comment, and comments are limited to two

1 minutes per speaker. For the Zoom platform, use the raise-
2 hand feature to let us know you'd like to comment. We will
3 call on you and open your line make comments. For those on
4 the phone, dial star 9 to raise your hand and star 6 to
5 mute or unmute your phone line. We will unmute your line
6 from our end.

7 We also welcome written comments. And, once
8 again, those comments are due by 5:00 p.m. on April 1st.
9 Instructions on how to provide written comments are
10 included in the notice for this workshop which is posted on
11 the CEC's website.

12 First up, we have Julia May.

13 Julia, I have opened your line.

14 MS. MAY: Thank you. I'm Julia May, Communities
15 for a Better Environment.

16 Our members and staff are from communities of
17 color and low-income communities surrounding the
18 refineries, and many other pollution sources in Northern
19 and Southern California, and are hurt by high gas prices.

20 We strongly support the efforts of the CEC and
21 DPMO to rein in the oil industry from gasoline price
22 gouging. Jamie Court of Consumer Watchdog took the words
23 right out of my mouth earlier. It's very unfortunate that
24 the oil industry has been able to spread disinformation and
25 fear of the regulations and oversight of the greedy and

1 secretive oil industry. The detailed data is needed for
2 oversight and regulation is exactly what's needed to
3 provide low-income people relief, including small
4 businesses.

5 People should know that the CEC is looking at
6 problems, such as the oil industry shutting down major
7 refining capacity for maintenance at inopportune times,
8 adding to price spikes, as well as problems in the spot
9 market in order to prevent price gouging. We need the
10 scrutiny. We welcome this work.

11 I have two other questions.

12 One is, does the reporting, I didn't get to ask
13 in the earlier presentation, does it include intermediate
14 products, partially refined materials? Seems like it only
15 included crude oil and finished fuels, but there's also a
16 substantial amount of partially refined materials.

17 And the question two is we couldn't find the
18 slides online, so I hope we'll be getting those sent after
19 the meeting if it's not available now.

20 Thank you for your work.

21 MS. BERLINER: Thank you.

22 Next up, we have Greg Karras.

23 Greg, I have unmuted your line.

24 MR. KARRAS: Hi, I'm Greg Karras, Community
25 Energy reSource. Can you hear me?

1 MS. BERLINER: Yes, we can.

2 MR. KARRAS: Okay. So I want to agree with Julia
3 May's and Jamie Court's comments. I also have a specific
4 question with respect to outages and the inventory
5 requirements.

6 In the context that, in fact, refineries in
7 California are the biggest fuel exporters on the U.S. West
8 Coast, so the question is how to ensure that inventory
9 produced here is not drained to boost profit before the
10 next turnaround for needed safety maintenance. It's not
11 clear that these otherwise needed reporting improvements
12 will do that alone. Maybe you plan to follow up with it,
13 but it is urgent. And if you keep allowing refiners here
14 to sell off too much of their inventory before the next
15 turnaround, you might be continuing to hand them another
16 excuse for gouging.

17 So I think it's a timely and important question
18 and appreciate the CEC's response.

19 MS. BERLINER: Thank you.

20 Next, we have line ending in 411. I've opened
21 your line. Please press star six to mute or unmute your
22 phone line; Line ending in 411, you'll need to -- there
23 you go.

24 MR. RODRIGUEZ: Can you hear me?

25 MS. BERLINER: Yes.

1 MR. RODRIGUEZ: Okay. All right. Yeah, the
2 whole idea of inserting -- oh, this is Martin Rodriguez,
3 Tri-County Building Trades president.

4 Inserting politics into refinery turnaround
5 creates a dangerous situation for workers and communities.
6 You know, we need to keep the two separate. Allowing
7 politicians to insert themselves into when refinery
8 maintenance is needed or not is not responsible governance.

9 I have extensive experience in refinery work and
10 I know exactly what it takes. And having one more voice in
11 there, a politician that has no idea what's going on or the
12 whole basis of having a shutdown and when the timing is
13 critical and these types of operations, need to stay out.
14 Keep the politics out of it. It's dangerous.

15 Thank you.

16 MS. BERLINER: Thank you.

17 As a reminder, please state your name and spell
18 your name for the record. Thank you.

19 Next up, we have Timothy Jeffries.

20 Timothy, I've unmuted your line.

21 MR. JEFFRIES: Hello, my name is Timothy
22 Jeffries. That's J -- last name Jeffries, J-E-F-F-E-R-I-E-
23 S. I'm a Marine Corps veteran, journeyman boilermaker, and
24 representative of the International Brotherhood of
25 Boilermakers, speaking for the workforce that my brother

1 Martin just spoke to.

2 I came here today to strongly urge you not to
3 allow refinery turnarounds to become politicized. This
4 could be dangerous results for our community safety. I
5 wonder how many people here have actually worked in the
6 refinery. I have, and I'm here to tell you it's sensitive
7 work and requires years of extensive training. This is not
8 something politicians should have their hands in having
9 conducted.

10 This is why we, working with the State Building
11 Trades, worked with Senator Loni Hancock to amend the
12 Safety Code and move Senate Bill 54 through the legislature
13 in 2013. This important bill made it the law of the State
14 of California that not only skilled and trained
15 tradespeople, graduates of state-accredited apprenticeship
16 programs, can work in refineries doing contracted-out
17 maintenance, in other words, the turnarounds. SB 54 came
18 out of a Safety Code because the legislator, then Governor
19 Jerry Brown, recognized that for California's communities
20 to be safe, these sensitive turnarounds need to be done by
21 trained workforce. Similarly, for the California
22 communities that host refineries to be safe, this requires
23 maintenance that can't be politicized.

24 Maintenance needs to be happening when it's --
25 maintenance needs to happen when it's required and we do it

1 as a schedule, as schedule, but scheduled maintenance often
2 goes longer than expected. We shouldn't be rushing to meet
3 an arbitrary deadline. Sometimes maintenance is needed
4 outside the schedule. That's just a fact.

5 The one thing that should be determined when
6 maintenance occurs is public safety. The one thing that
7 definitely shouldn't be determining when maintenance occurs
8 is politics. Infusing these two will potentially cause
9 safety risk. Rushed pressure, pressure that -- rushed work
10 and pressure should not be effective on this -- in this
11 work. Our members have been doing this maintenance
12 throughout the state since SB 54, which makes us experts in
13 this room and in this area.

14 Our concern is for safety, California's safe
15 communities. Politics should come far from that. We are
16 very concerned with our with any efforts that would
17 undermine our ability to keep communities safe and our
18 workers safe because politicians are trying to satisfy
19 political activists.

20 I appreciate your time today. And if you have
21 any other questions, please reach out to me and contact me.
22 I am, again, Timothy Jeffries with the Boilermakers.

23 Thank you for having me today.

24 MS. BERLINER: Thank you.

25 Next up, we have Chuck Leonard.

1 Chuck, I've opened your line.

2 MR. LEONARD: Good morning. Can you hear me?

3 MS. BERLINER: Yes.

4 MR. LEONARD: Good morning. My name is Chuck
5 Leonard, last name is L-E-O-N-A-R-D, and I am -- thank you
6 for allowing me to speak today. I am the political
7 representative of Plumbers and Steamfitters Local 342. We
8 are located in Contra Costa County, which currently has
9 four operating refineries.

10 On behalf of my organization, the steelworkers,
11 California State Building Trades, when we heard about this
12 proposal, we took pause. I've spent 30 years in a hardhat
13 and work boots in all of these refineries and currently
14 have over a thousand members working in these facilities,
15 which include my own family members. Safety for the
16 workers should be the number one priority. The men and
17 women that work in these facilities are your fence line,
18 your black and brown community members.

19 The unintended consequence to having the state
20 instructing and overseeing the maintenance of turnaround in
21 these facilities, quite frankly, scares the heck out of us.
22 It sends a clear message that safety may not be the number
23 one priority.

24 The workers in the field don't get involved in
25 the politics of profit loss. The safety of our workers is

1 dependent on the relationships with not only the operators
2 that run these facilities, but most importantly, we have to
3 know and believe that the facility owners value our safety
4 by not putting their own profits and loss in front -- is
5 number one when they do unplanned turnarounds and they shut
6 units down based on the equipment and the operations of
7 their plants and they shut down when they have to. I would
8 caution. And please, please think about this real well
9 before you make a decision to put safety number two, and
10 just while you look at profits and loss.

11 I applaud Nancy Skinner for being our champion
12 for safety when she authored SB 54.

13 Thank you very much for allowing me to speak
14 today.

15 MS. BERLINER: Thank you.

16 Sophie Ellinghaus, I've opened your line.

17 MS. ELLINGHOUSE: Thank you.

18 MS. BERLINER: Sorry, Sophie. There we go.

19 MS. ELLINGHOUSE: Oh, is that working?

20 MS. BERLINER: Yeah, you're back.

21 MS. ELLINGHOUSE: Perfect. Thank you. Sophie
22 Ellinghaus, S-O-P-H-I-E E-L-L-I-N-G-H-O-U-S-E, General
23 Counsel for the Western States Petroleum Association.

24 Of paramount importance to the industry and of
25 grave concern is any move by the CEC to impose requirements

1 governing the timing of turnarounds and maintenance. There
2 are already numerous federal and California regulations,
3 with California being the most stringent in the nation,
4 that were developed over decades to ensure safe and
5 reliable operations through requiring timely maintenance to
6 ensure mechanical integrity.

7 The CEC is not the proper agency to step into
8 this arena and bypass or overrule these already implemented
9 standards and requirements in order to, quote, "somehow
10 time the market," end quote, in terms of pricing or demand.
11 And using pricing and supply and demand concerns rather
12 than safety to dictate when refinery maintenance will take
13 place would directly conflict with those existing safety-
14 based regulations, leaves the CEC's regulations open to
15 legal challenge, and unnecessarily compromises both worker
16 and public safety as well as the environment. WSPA will
17 not support such a compromise.

18 The unintended consequences of letting the market
19 dictate refinery maintenance is likely to make the
20 situation worse by seeing an increase in unplanned
21 breakdowns due to the CEC delaying refinery maintenance
22 beyond schedules or an overall constriction of the real-
23 time supply of refined fuel to the market. Simply put, if
24 you deny a refiner from ensuring safe operations and
25 performing maintenance and something indeed goes wrong, the

1 CEC will need to answer to the public and to those who
2 suffer damage as a result. We believe that everyone should
3 and would want to avoid that.

4 Thanks.

5 MS. BERLINER: Thank you.

6 Next up, we have Nick Payzant.

7 Nick, I've opened your line.

8 MR. PAYZANT: Okay. My name is Nick Payzant.

9 I'm the founder and CEO of a company called Cerna
10 Healthcare. So we provide care to hundreds of fixed-income
11 seniors and jobs to hundreds of lower income, primarily
12 women of color.

13 Our challenge is gas prices. And my fear is that
14 anytime we regulate and cause less competition and try to
15 fix prices, we end up causing higher prices. And we are
16 really, really sensitive right now. There are people that
17 are on fixed incomes that can no longer afford care in
18 their homes and workers that are unwilling to drive to
19 those homes simply because of the price of fuel. I don't
20 experience this in other states that we work in. It's
21 primarily in California.

22 And I really, really want to caution everybody,
23 we have to be careful when we try to regulate, put
24 government involved in what should be more competition and
25 more privatized. So you will affect a senior's health and

1 you will affect those lower-income workers that have to
2 afford their gas prices and getting to those jobs.

3 MS. BERLINER: Thank you.

4 Next up is Jan Warren.

5 Jan, I have unmuted your mic.

6 MS. WARREN: Excuse me. Good morning. Jan
7 Warren, W-A-R-R-E-N, Interfaith Climate Action Network of
8 Contra Costa County. Appreciate the opportunity to add a
9 few comments.

10 First of all, I want to support the comments from
11 Julia May and Greg Karras. And I want to remind folks that
12 we don't have a competitive market for fossil fuel products
13 in this state. We have a limited amount of big
14 corporations. They don't mind getting additional funding
15 from the LCFS credits that come from us paying extra money
16 at the pump.

17 And the timing of turnarounds, we have all sorts
18 of situations here. We have four refineries in our county,
19 and we've had a lot of problems with flaring, and we've had
20 a lot of problems with emergency maintenance where they
21 have to shut down.

22 I think that the refineries in general have
23 scheduled maintenance anyway. And the problem is that
24 being restricted to have emergency maintenance, we just
25 need better data on what you're actually doing at the

1 refineries and when you're doing it because we've seen too
2 many spikes, particularly in the fall, in the summer and
3 the fall in the last several years of not enough product
4 and the spot market basically dictating the price for the
5 whole month. So we need more information.

6 No one's trying to reduce safety. If anyone's
7 reducing safety, against the refineries themselves.

8 Thanks.

9 MS. BERLINER: Thank you.

10 Jeremy, that was the last public comment for this
11 set of comments.

12 MS. SMITH: All right. Great. Thank you
13 everyone for providing your comments.

14 We'll move on to the last topic here for the data
15 regulations. This is the marine imports.

16 Okay, so first we'll return to Section 1363.2
17 with proposed updates to definitions to improve clarity on
18 reporting requirements. This includes Notice of Readiness,
19 which is a communication that the vessel has arrived and is
20 ready for loading or discharge, as well as landed cost,
21 which is the total of all costs and fees incurred in the
22 delivery of the product. There may be other post-updated
23 definitions, but just wanted to call those out that are
24 relevant to the marine imports, the draft form.

25 Next, for the Marine Imports under Section 1366,

1 Requirement to File, we've clarified which entities are
2 required to report and when in this new draft form and
3 draft data regulations. These are, essentially, various
4 event triggers on which within 24 hours of said event, the
5 entity would submit this planned marine imports form.
6 These scenarios include upon a reportable cargo being
7 designated for delivery in California, the original shipper
8 would submit the Planned Marine Imports Report.

9 Next, should the cargo change ownership before
10 arrival, the new importer should submit the report within
11 24 hours of the pre-sale or sale of the cargo.

12 And then finally, if the reportable cargo is not
13 sold at the time of arrival, the owner must report within
14 24 hours of initial arrival in California.

15 Finally, for the Marine Imports Draft
16 Regulations, we have the proposed edits to Appendix D for
17 daily and event-based reporting requirements, including the
18 Planned Marine Imports Report. In this section, we've
19 provided details on the reporting requirements for
20 clarification. This includes the timeline upon which
21 reports are required for an incoming marine vessel,
22 particularly those occurring less than 96 hours prior to
23 arrival, details on the transportation fuels products that
24 are deemed reportable cargo and thereby subject to this
25 reporting requirement.

1 And finally, we drafted updates to the
2 information to include in this report. This section has
3 been expanded, which I will demonstrate shortly, to include
4 more marine vessel details, product status, and price
5 information.

6 So now, just like the others, I'll walk through
7 the proposed form and instructions for the W700_96j Planned
8 Marine Imports Report. We'll start with the Company
9 Information tab here. No substantial changes here on this
10 company information tab, pretty self-explanatory and
11 covered in the instructions.

12 We will focus, though, on the Marine Imports tab.
13 So this tab is broken into three different sections, which
14 you can see in the first row here. The first is the Marine
15 Summary Information, followed by Bought From, and then
16 finally, Additional Marine Vessel Movement Details all the
17 way off to the right.

18 So the first one, the Marine Summary Information,
19 includes key dates of the shipping activity, vessel
20 information, and the product being transported. This
21 section also includes the name of the company the cargo was
22 purchased from, depending on when that occurred. And also
23 included is the status of the product, whether it be
24 purchased, unsold, or for internal use to fulfill
25 contractual obligations.

1 Moving on to the Bought From section, this is
2 filled in by the U.S. importer of record and includes
3 purchase details, including the contract date, price basis,
4 and type, similar to information collected in the spot
5 market form to align with that, and then finally the total
6 landed cost of the cargo.

7 And then finally, we have the Additional Marine
8 Vessel Movement details in this section, just providing
9 more information on the vessel identification and shipper
10 and carrier company names for improved tracking of the
11 cargo.

12 Now let me pull up the final set of instructions
13 here. Again the draft W700_96j instructions for the
14 Planned Marine Imports Report, we've got a description here
15 at the top, the obligated parties to submit this report,
16 the conditions that require submitting a report, and then
17 the transportation fuels that are required to be submitted
18 on this form. And then we step into the tabs we just went
19 through in the actual draft form, the company information
20 and the details requested there.

21 Now we're moving on to the Marine Imports tab.
22 Again, as I walked through just briefly, the various dates
23 and vessel information and product name. These are the
24 applicable gasoline, gasoline blending components, diesel
25 and aviation fuels subject to this report.

1 And finally, the details of the product, volume,
2 who it's bought from, status of the product as I mentioned
3 before. There's actually a list here of the various marine
4 terminal berth designation names to include. Then as I
5 showed before, the Bought From section of the form to be
6 filled in by the US importer of record, the purchase
7 contract date, the price details, reference product and
8 month, price differential, that start and end dates, if
9 applicable, the NYMEX price or EFP trades, and then finally
10 the cargo cash price and landed cost.

11 Then the last section in the draft Marine Imports
12 Form, as I mentioned before, the Additional Marine Vessel
13 Movement details, just additional details on the marine
14 vessel, the company name, both the shipper and carrier.

15 And at the end of the instructions, we've got
16 acronyms and abbreviations relevant to this form, as well
17 as selected definitions, as I mentioned earlier.

18 Okay, so that wraps up my presentation on the
19 Marine Imports Draft Data Regulations, Forms, and
20 Instructions.

21 We will now go to public comment for these
22 materials. Again, we'll hopefully get some comments on the
23 Marine Imports Data Regulations. We will also have a final
24 general public comment period at the end.

25 MS. BERLINER: Now we'll move on to our third

1 public comment period. As before, one person per
2 organization may comment and comments are limited to two
3 minutes per speaker.

4 For the Zoom platform, use the raise-hand feature
5 to let us know if you'd like to comment. We'll call on you
6 and open your line to make comments. For those on the
7 phone, dial star nine to raise your hand and star six to
8 unmute your phone line. We will unmute your line from our
9 end.

10 We welcome written comments, and once again,
11 those comments are due by 5:00 p.m. on April 1st.
12 Instructions on how to provide written comments are
13 included in the notice for this workshop, which is posted
14 on the CEC's website.

15 First up, we have Julia May.

16 Julia, I have opened your line.

17 MS. MAY: Yes. Julia May, thank you, from
18 Communities for a Better Environment.

19 First question, I hope you're collecting data on
20 exports of finished fuels, as well as imports. And that's
21 really important to comments that were made earlier by Greg
22 Karras.

23 And I wanted to support what the building trades
24 and refinery operators mentioned earlier about the
25 importance of maintenance. Our community members who live

1 around the refineries applaud and support the heavy,
2 difficult work of the trade unions in keeping the
3 refineries safe. And we think they should have more
4 control, not less. We support that. But that, if
5 anything, it's the oil industry that cuts corners on
6 maintenance. No one is suggesting CEC should cut corners
7 on maintenance.

8 One thing you can do is make sure there's plenty
9 of storage ahead of a shutdown of gasoline, and I know CEC
10 is looking at that, to make sure that refineries do not
11 take advantage of shutdowns to allow price spikes. That
12 doesn't limit maintenance, it supports it.

13 California is uniquely situated to export fuels
14 off of the West Coast. It's one big difference from other
15 states. And so that's why it's really important to look at
16 exports as well as imports.

17 Thank you.

18 MS. BERLINER: Thank you.

19 Next up, we have Max Ordonez.

20 Max, I have opened your line.

21 MR. ORDONEZ: Good morning, Max Ordonez, M-A-X,
22 last name Ordonez, O-R-D-O-N-E-Z, owner of a IMM
23 Management, a small business consulting firm, and Chairman
24 of the National Federation of Independent Businesses,
25 California.

1 I'd like the State of California to move away
2 from maintaining refineries and regulating the oil industry
3 and focus on balancing their budget. The report card on
4 the state budget maintenance has been a failure. Can we
5 imagine the State of California maintaining our refineries
6 businesses?

7 Through many reporting requirements, additional
8 regulations continue to constrain supply. The pricing is
9 due to the lack of supply, which creates the higher costs
10 to all small businesses and our California consumers. All
11 this will result in is more regulations, it will result in
12 more higher prices at the pump on all goods and services
13 for small businesses and consumers like mine in California
14 that we are still recovering from COVID.

15 Thank you.

16 MS. BERLINER: Thank you.

17 Next up, we have Greg Karras.

18 Greg, I've opened your line.

19 MR. KARRAS: Thank you. Greg Karras, Community
20 Energy reSource, G-R-E-G K-A-R-R-A-S.

21 I wanted to support the comments that Julia May
22 from CBE just made and support workers in joining with
23 communities to keep refineries safe because we know that
24 the oil industry doesn't. I want to give you a specific
25 example about why we are especially concerned about the

1 potential for health and safety impacts when refineries
2 don't keep inventory full. And I want to point out that as
3 we're using the term here, unplanned outage is a euphemism
4 for toxic spills, explosions, and fires.

5 A specific example, August 2012, fire at
6 Chevron's Richmond Refinery sent 15,000 people to hospital
7 emergency rooms and shuttered the refinery's pre-
8 distillation for eight months. Chevron caused the
9 incident, in part by deferring needed refinery maintenance.
10 And that's an industry-wide problem exacerbated by
11 perceived incentives to avoid downtime when gasoline
12 inventory is deemed tight. Requirements to keep fuel
13 inventory full could help to prevent serious process safety
14 incidents and longer outages by supporting more frequent
15 refinery maintenance.

16 MS. BERLINER: Thank you.

17 We have no other comments. Jeremy, we are ready
18 to move on the next steps.

19 MS. SMITH: All right. Great. Thank you.

20 And once again, thanks, everyone, for providing
21 comments.

22 So just before we wrap up and I share some next
23 steps, I just wanted to briefly mention some additional
24 draft regulations that are being considered. These don't
25 necessarily apply to any of the three topics that we've

1 already covered, the refining margins, refinery
2 maintenance, or marine imports, but they do sort of apply
3 more like overarching.

4 So first under Section 1366, the Requirement to
5 File, we've removed an outdated reference to a U.S. Energy
6 Information Administration form, which was used to clarify
7 the required reporting entities.

8 Next, under Section 1367, which is the form and
9 format of reports, we have updated the notice period for
10 updated forms to at least seven days.

11 Under Sections 1370, the Confidential
12 Information, and 1371, Failure to Provide Information,
13 we've also clarified language in there to align with the
14 statute.

15 Okay, so here are the next steps for the
16 emergency rulemaking process.

17 Today, March 18th, we are beginning stakeholder
18 outreach and seeking feedback on the draft data
19 regulations, forms, and instructions. As we've mentioned,
20 we welcome written comments to the docket, but we'd also
21 welcome reporting entities to reach out to myself or our
22 PIIRA Team, schedule a meeting, and share their thoughts.
23 We plan to continue industry outreach and finalize the
24 draft regulations by the end of April.

25 If we complete our industry outreach on schedule,

1 we plan to present these data regulations at the CEC
2 business meeting for adoption on May 8th. Again, these are
3 part of the emergency rulemaking under SB X1-2, so the
4 timeline and protocols are a bit different than a standard
5 rulemaking.

6 If the package is adopted at the business
7 meeting, we will submit to the Office of Administrative Law
8 the following day, which would be May 9th. The Office of
9 Administrative Law has ten days to review the package and
10 make a decision. If OAL approves, we would expect the data
11 regulations to go into effect on May 20th.

12 As I mentioned, feedback is welcome and
13 appreciated as we refine the draft language, forms, and
14 instructions. Some areas that we could benefit from in
15 particular include regulatory language, forms, or
16 instructions that might be unclear and would benefit from
17 further clarification, information on relevant industry
18 standards that should be considered in development of these
19 draft regulations, suggestions for simplification, such as
20 the one I discussed earlier, combining the two unplanned
21 maintenance forms into one to ultimately achieve the same
22 outcome while reducing administrative burden.

23 Again, you can submit written comments to Docket
24 Number 23-OIR-03 before 5L00 p.m. on April 1st, 2024. You
25 can also, as I said, reach out, request a meeting, and we

1 can discuss these further.

2 That concludes my presentation for today.

3 Okay, we will now open it up for one last general
4 public comment period.

5 MS. BERLINER: This is our last public comment
6 period. As before, one person per organization may
7 comment, and comments are now limited to three minutes per
8 speaker.

9 For the Zoom platform, use the raise-hand feature
10 to let us know you'd like to comment. We will call on you
11 and open your line to make comments. For those on the
12 phone, dial star nine to raise your hand, and star six to
13 unmute your phone line. We will unmute your line from our
14 end.

15 As Jeremy said before, we welcome written
16 comments, and once again, those comments are due by 5:00
17 p.m. on April 1st. Instructions on how to provide written
18 comments are included in the notice for this workshop,
19 which is posted on the CEC's website.

20 First up, we have Timothy Jeffries.

21 Timothy, I've opened your line.

22 MR. JEFFRIES: Well, thank you once again. My
23 name is Timothy Jeffries, last name Jeffries,
24 J-E-F-F-E-R-I, yes.

25 Once again, just as a worker that's actually

1 doing the industry, that's actually doing the work, so from
2 time to time, if you're the worker in the industry doing
3 the work inside the refineries, inside the walls, they may
4 have outages going on or turnaround work that's going on,
5 and then the worker in the field will look and see if that
6 piece of equipment and is near failure or at failure and
7 can advise the operators of the facility, this needs to be
8 done a lot sooner, this plan outage may go a little longer,
9 or that is a type of critical information that's needed in
10 a critical time, such as -- so putting an arbitrary cutoff
11 date is not safe. And then allowing others to have some
12 say-so into that is not safe.

13 The skilled, again, the skilled and trained men
14 and women of the building trades are really the best
15 workforce out there. And their input that the refiners
16 will receive is definitely the symbiotic relationship
17 that's needed in that industry to keep those communities
18 safe and all of us that are in those facilities out there
19 safe.

20 I don't need the whole three minutes. I think
21 I've pretty much said my piece, but thank you.

22 MS. BERLINER: Thank you.

23 Next up, we have Craig Cooper.

24 Craig, I have opened your line.

25 MR. COOPER: Thank you very much. My name is

1 Craig Cooper, C-R-A-I-G C-O-O-P-E-R. I own a small
2 business in Riverside County, a bicycle shop. We're energy
3 friendly.

4 The backbone of California's economy is oil.
5 Without it, we are in desperate shape. Any quick change to
6 the way the system is running scares me. It doesn't make
7 sense. I think we need to slow down, take a better
8 overlook, get more input.

9 California already has the highest energy prices
10 in the nation and it's very detrimental. The economy is
11 slowing and if we can be careful with this, I think it
12 would benefit everybody.

13 Thank you for taking my comments and I appreciate
14 being part of this Zoom meeting.

15 MS. BERLINER: Thank you.

16 Next up, we have Denise.

17 Denise, I've opened your line. Please state your
18 full name and spell your name further.

19 MS. DUNCAN: All righty. Can you hear me?

20 MS. BERLINER: Yes, we can.

21 MS. DUNCAN: Thank you. My name is Denise
22 Duncan, D-E-N-I-S-E, last name Duncan, D-U-N-C-A-N. I'm a
23 small business owner in Pomona. I make equipment that
24 prevents combustible metal dust fires and explosions. I
25 sell this equipment throughout the country, as well as here

1 in California.

2 The last several years, especially since COVID,
3 it's been a struggle to stay open. Our price of gas has
4 doubled. Our rent has increased. Our insurances and
5 utilities have increased anywhere from 22 percent to 150
6 percent. California is already a really uncompetitive
7 state to do business in and operate as a small business.

8 We are not these huge multinational corporations.
9 We're very small businesses and we're already struggling.
10 So anytime I see government involvement in in regulation
11 and taxation, it's impossible for small businesses to keep
12 up with. It increases the cost. It continues to make
13 California less competitive with the rest of the country.
14 Our gas prices are \$2.00 more than most of the rest of the
15 country, \$2.00 more per gallon. So none of this regulation
16 is going to really solve anything.

17 I think you do need to get with industry experts,
18 not just government bureaucrats drafting up more
19 regulation. I think you need to work more closely with the
20 industry, with the gas and oil industry, and approach it
21 from that end.

22 I would also like to see some sort of impact
23 study done on how is it going to affect small business?
24 How is it going to affect regular Californians?

25 So I think that's pretty much all I have to say.

1 And thank you for allowing us to speak.

2 MS. BERLINER: Thank you.

3 Next up, we have Sophie Ellinghouse.

4 Sophie, I have opened your line.

5 MS. ELLINGHOUSE: Thank you. Sophie Ellinghouse
6 again. S-O-P-H-I-E E-L-L-I-N-G-H-O-U-S-E, General Counsel
7 for the Western States Petroleum Association.

8 I just wanted to provide some additional thoughts
9 on behalf of WSPA as to the CEC form, as well as the need
10 to ensure the Commission provides a process that allows
11 full public participation and comment moving forward on
12 these critical issues.

13 First, the proposed and revised forms present
14 numerous challenges that must be addressed. In many cases,
15 they do request information that is onerous and very
16 difficult to get and has questionable value to the CEC to
17 minimize price spikes in the market.

18 For example, the revised M1322 reporting requests
19 extraordinarily detailed data that simply may be possible
20 to provide. It also presents undue burden on industry,
21 something the CEC has previously stated they would seek to
22 avoid. It's important to remember that there has not been
23 any evidence or information to date to suggest that
24 assigning a maximum margin for controlling when refiners
25 perform their carefully planned turnarounds will resolve

1 the gasoline price volatility issues that motivated SB X1-2
2 in the first place.

3 Another example is the changing definitions in
4 these forms that may be inconsistent with statute. We're
5 also concerned with what the CEC intends to do with
6 additional inventory information related to Arizona and
7 Nevada, which both depend on California for fuel supplies.
8 WSPA will provide detailed examples in our written
9 testimony, since I can't do so in the three minutes here.

10 Second, these regulations do not involve any
11 emergency and should not be considered on an emergency
12 basis. We've discussed this before, but the Energy
13 Commission should not shortchange any part of this process
14 and must allow full public participation and comment. By
15 considering any of these regulations on an emergency basis,
16 this means that the public will not get a fair opportunity
17 to consider and comment on these proposed regulations,
18 which are complex and significant changes from the prior
19 requirements of the past 40 years.

20 The CEC must also be sure that they have included
21 all market participants in their rulemaking efforts. But
22 let's be clear, this is not an emergency situation. This
23 industry has provided detailed reporting for decades, and
24 the state has recognized the volatility of the gasoline
25 spot market for nearly as long. None of that is a surprise

1 and none of that developed overnight.

2 Do the regulations concern issues of importance
3 to all of us? Yes. That's exactly why you need to
4 consider them thoughtfully and not rush regulations into
5 place just to show politicians you're doing something.
6 These regulations deserve proper public notice and comment
7 and all the legal protections of the APA and for the CEC to
8 justify its decisions and provide necessary economic,
9 environmental, and other analyses. The scope and impact of
10 these proposed changes demand no less than a full and
11 proper assessment by the CEC and by the public.

12 Thank you.

13 MS. BERLINER: Thank you.

14 Next up, we have Jamie Court.

15 Jamie, I've opened your line.

16 MR. COURT: Yeah, I'm Jamie Court with Consumer
17 Watchdog. I'm here, you know, to commend the CEC on these
18 disclosure regulations. These are not rushed. The law and
19 legislation was passed a year ago, a year ago, March 30th,
20 and it's about time we've had clarity on these regulations.

21 But I am concerned that we're not getting to the
22 price gouging rule. And there's no timeline articulated on
23 the price gouging rule that I've heard anyway. And I'm
24 here to deliver a letter from 23 groups calling on you to
25 deliver that price gouging rule by summer. This

1 information is very important. It'll help clarify what's
2 needed in the rule. But to create a maximum gross refining
3 margin, we do not need this data. So I'm going to read
4 this letter briefly.

5 "Californians need a price gouging penalty. The buck
6 stops this summer. California oil refiners reported
7 to the Energy Commission that their average gross
8 refining margin from selling gasoline in California in
9 2023 was \$1.01 per gallon. A buck per gallon is too
10 much for oil refiners to take for profit and overhead
11 when working people have to choose between paying for
12 food and filling up.

13 "California oil refiners reported to their investors
14 that their operating costs and other costs of running
15 refineries are between \$0.20 and \$0.30 per gallon. So
16 oil refiners are keeping between \$0.70 and \$0.80 of
17 every gallon of gas sold as pure profit.

18 "Under SB X1-2, the Energy Commission must determine
19 what an excessive profit is before a price gouging
20 penalty goes into effect. Californians need the
21 penalty in place before summer when gas prices and oil
22 refinery profits are expected to spike again.

23 "It's time for the Energy Commission to take decisive
24 action and implement a price gouging penalty by summer
25 in order to protect Californians from the outrageous

1 profits that come with California gas price spikes."

2 And it's signed by 23 groups, including the Asian
3 Pacific Environmental Network, the California Working
4 Families Party, the Center for Biological Diversity, the
5 Center on Race, Poverty, and the Environment, the Climate
6 Center, Climate First, Consumer Watchdog, Consumers for
7 Auto Reliability and Safety, Elected Officials to Protect
8 America, California, the Environmental Working Group,
9 Friends of the Earth, Gemini Energy Solutions, Glendale
10 Environmental Coalition, Long Beach Gray Panthers, Mothers
11 Out Front, Oil and Gas Action Network, Oil Change
12 International, RootsAction.org, San Francisco Bay Area
13 Physicians for Social Responsibility, Santa Cruz Climate
14 Action Network, work, Stand Earth and Sunflower Alliance.

15 I urge you to come up with a penalty before
16 summer, whatever that penalty is, because this summer, we
17 know that in Northern California there are likely to be two
18 refineries offline and only one refinery operating, and
19 that is a recipe for huge price spikes. And without some
20 penalty in place, we will be gouged again. We've waited a
21 year for this penalty, and it's time for the Energy
22 Commission to deliver a penalty. It can be adjusted based
23 on the new data, but we need a penalty in place by summer.
24 I urge you to do this so that when summer comes around, we
25 have something to protect us and protect Californians.

1 Thank you.

2 MS. BERLINER: Thank you.

3 Jeremy, public comments have been completed.

4 On behalf of the Energy Commission staff, we
5 would like to thank everyone for participating in today's
6 workshop, SB X1-2 and SB 1322 pre-rulemaking.

7 MS. SMITH: Thank you. I just wanted to say a
8 couple things before we close.

9 First of all, thanks, everyone, for attending
10 today. For those that provided oral comments and those
11 that have already or plan to submit written comments, thank
12 you for participating in the rulemaking process. There are
13 more upcoming webinars related to SB X1-2, so please watch
14 for those notices in the near future.

15 We also got a comment requesting the slides from
16 today's presentation. We will post those to the docket
17 today, so those will be there for your review.

18 Before we close, I'd also like to thank the staff
19 in the Transportation, Fuels, Data, and Analysis Unit that
20 worked so hard over the last month to prepare for this
21 workshop, draft these regulations, forms, and instructions.
22 And thank you also to the Chief Counsel's Office for their
23 support.

24 With that, I just wanted to mention again my
25 email address there. If you would like to reach out, if

1 you have questions about the forms, you'd like to schedule
2 a meeting to go through some of the concerns, share some of
3 the things that we're looking for input on, I welcome that.
4 You can also reach out to our PIIRA team. Their email
5 address is there as well.

6 With that, this meeting is adjourned. Thank you.

7 (The workshop adjourned at 10:43 a.m.)
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CERTIFICATE OF REPORTER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of June, 2024.



MARTHA L. NELSON, CERT**367

CERTIFICATE OF TRANSCRIBER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



MARTHA L. NELSON, CERT**367

June, 2024