CALIFORNIA ENERGY COMMISSION

PETROLEUM INDUSTRY INFORMATION REPORTING ACT:

RULEMAKING IMPLEMENTATION UPDATE

STAFF REPORT

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EXECUTIVE SUMMARY

In the six months since the new Petroleum Industry Information Reporting Act (PIIRA) regulations went into effect, reporting compliance has been excellent; the majority of reporting forms have nearly complete compliance. As is typical with most large data collection activities, a few exceptions have prevented the California Energy Commission (Energy Commission) from reaching 100 percent compliance.

The Energy Commission uses the new refinery reports when creating the *Weekly Fuels Watch Report* which is used by the petroleum industry and market trading groups to assess the trends in California refinery production and inventories. Monthly data of refinery inputs and outputs have a variety of regular users including private consultants and academic researchers. The Energy Commission also relies on fuel use data by refineries to support analyses of total energy use by industry type within the state.

Other reports, such as the recent investigation into gasoline price levels in the spring of 2006 requested by the Governor, used weekly and monthly reports submitted under the new regulations. Specifically, dealer tank wagon prices, terminal stocks, and refinery inventory levels were used in the *Spring 2006 Petroleum Fuels Price Spike Report to the Governor,* CEC-600-2006-012. The data supported calculations of refinery and dealer margins as well as assessment of inventory levels of gasoline and diesel in the state over that time period. The April 2006 staff report, *California Crude Oil Production and Prices,* depended upon monthly PIIRA reports. This report made use of refinery production levels, crude oil data, and infrastructure details obtained through both new and original reporting requirements.

Annual reports for 2006 are not due to the Energy Commission until February 15, 2007. Three of these six annual reports are new as of 2006. Five of the six annual reporting forms are expected to have full compliance. The sixth report, the new *Retail Fuel Outlet Survey Annual Report,* is expected to be collected from as many as 10,000 individual gas stations in the state. With this tremendous reporting requirement 100 percent compliance is not anticipated. However, the Energy Commission will take steps to statistically quantify the reports received and provide analysis of the trends based on the data we collect.

The new reporting requirements represent the first change to PIIRA in over 25 years. They come at a time when there is renewed interest in all areas of the petroleum industry: company profits, retail gasoline prices, marine activity, land use, and the potential for alternative fuels to replace conventional fuel supplies. The new information collected under PIIRA will help to satisfy the state's goal of maintaining a complete understanding of the petroleum industry and providing useful analysis of current and future changes in the marketplace. It is expected that the 2007 *Integrated Energy Policy Report* will draw heavily from the new reports for supporting analysis of a detailed energy balance for California and neighboring states.

Introduction

Under the provisions of the Warren-Alquist Act, PIIRA was enacted in 1980 under Public Resources Code Sections 25350 through 25368. This Act requires qualifying petroleum industry companies to submit weekly, monthly, and annual data to the Energy Commission. Data collection began in 1982.

The Legislature enacted PIIRA because:

- The petroleum industry is an essential element of the California economy and is therefore of vital importance to the health and welfare of all Californians.
- A complete and thorough understanding of the operation of the petroleum industry is required by state government to enable it to respond to possible shortages or other disruptions.
- Information and data concerning all aspects of the petroleum industry are essential for the state to develop and administer energy policies in the interest of the state's economy and the public's well-being.

Analysis of data collected under PIIRA is critical to the Energy Commission’s duty to maintain a complete and thorough understanding of the operations of the petroleum industry in California. The information is also used to support the Energy Commission’s Contingency Planning responsibilities.

Revised PIIRA regulations took effect in February 2006 after a three-year rulemaking procedure. The Energy Commission began the PIIRA Rulemaking Procedure in February 2003 with an Order Instituting Rulemaking, Order Number 03-0219-08, to carry out the new reporting requirements specified under Senate Bill 1962 (Costa, chapter 1018, statutes of 2000).

On March 21, 2006, the rulemaking was finalized and a letter was sent to more than 10,000 members of the petroleum industry providing 30-days notice to comply with the new regulations. The Energy Commission’s website was updated to announce the new PIIRA regulations and provide electronic forms that could be downloaded by the industry. The vast majority of the initial mailing included retail gas station operators who had not been required to report any information under prior PIIRA regulations. Approximately 300 notices were sent to facilities already reporting under the pre-existing PIIRA regulations.

Simultaneously with the order initiating the new rulemaking, the Energy Commission also filed Order Number 03-0219-07, an “Order Modifying Reporting Requirements for Petroleum Refiners, Storers, and Terminal Operators.” The order required interim weekly and monthly reporting of data not previously collected under PIIRA regulations. Upon completion of the PIIRA Rulemaking Procedure in February 2006, the interim reporting requirements of this order were suspended.

Major industry groups participated throughout the PIIRA Rulemaking Procedure, including the Western States Petroleum Association, the California Independent Oil Marketers Association, the Federal Energy Information Administration, individual refining companies operating in California, Kinder Morgan Energy Partners, and various stakeholders such as terminal operators and other importing and exporting companies.

During these proceedings, on November 17, 2003, newly elected Governor Schwarzenegger issued Executive Order S-2-03 to “cease processing, pursuant to the California Administrative Procedure Act, any proposed regulatory action, including emergency regulations, for further review for a period not to exceed 180 days.” The concern was to allow more time to examine the potential fiscal impact of new regulations being placed on California businesses. This move effectively put both the PIIRA Rulemaking and the Interim Reporting Order on hold until July 2004.

After a series of public workshops in 2005, the finalized PIIRA reporting forms were officially collected beginning in April 2006. This report addresses Commissioners’ request that the Executive Director report on the usefulness of the new PIIRA data after a period of six months from the first official month of data collection.

PIIRA REPORTING REQUIREMENTS

With the adoption of new reporting requirements in 2006, the number of PIIRA reports grew from 10 to 16. These include 4 weekly reports, 6 monthly reports, and 6 annual reports. The original 10 reports consisted of 7 annual reporting forms and 3 monthly forms. The new PIIRA reporting requirements concentrate primarily on weekly and monthly reporting. The weekly form numbers start with a “W,” the monthly forms start with an “M,” and the annual report forms start with an “A.”

Additionally, three federal reporting forms covering weekly, monthly, and annual refinery operations are provided to the Energy Commission. Under PIIRA reporting requirements, copies of the EIA-800, EIA-810, and EIA-820 are sent to the Energy Commission at the same time they are sent to the Federal Energy Information Administration. The reporting requirement for these three forms was in effect prior to the rulemaking and continues to be a state reporting requirement.

PIIRA regulations detail specific volume thresholds that must be met in order to qualify a company to report on many of the forms. The volume is specific to individual forms and to each area of interest. Some forms, such as the M13 *Monthly Refinery Fuel Use Report,* are mandatory for all companies that operate refineries and petroleum businesses in the state. Table 1 lists the reports collected under PIIRA as of April 2006.

Table 1 – 2006 PIIRA Reporting Forms

REPORT NUMBER	FREQUENCY	NEW REPORTING REQUIREMENT	TITLE OF REPORT
W08	Weekly	Yes	Weekly Major Petroleum Product Storer and Terminal Report
W700	Weekly	Yes	Weekly Imports, Exports, and Intrastate Movements Report
W800	Weekly	Yes	Weekly Refinery Production and Stock Addendum
W900	Weekly	Yes	Weekly Dealer Tank Wagon Price Report
M08	Monthly	Yes	Monthly Major Petroleum Product Storer and Terminal Monthly Report
M13	Monthly	No	Monthly Refinery Fuel Use Report
M700	Monthly	Yes	Monthly Imports, Exports, and Intrastate Movements Report
M782B	Monthly	No	Monthly Sales Report
M810	Monthly	Yes	Monthly Refinery Addendum
M900	Monthly	Yes	Monthly Dealer Tank Wagon Price Report
A03	Yearly	No	Annual Major Crude Oil Transporter Report
A04	Yearly	No	Annual Refiner Report
A06	Yearly	No	Annual Major Petroleum Product Transporter Report
A08	Yearly	Yes	Annual Major Petroleum Products Storer Tank Report
A14	Yearly	No	Annual Major Crude Oil Producer Thermally Enhanced Oil Recovery Fuel Consumption Report
A15	Yearly	Yes	Retail Fuel Outlet Survey Annual Report
Federal: EIA-800	Weekly	No	Weekly Refinery Report
Federal: EIA-810	Monthly	No	Monthly Refinery Report
Federal: EIA-820	Yearly	No	Annual Refinery Report

Source: California Code of Regulation Title 20, Section 1361, et al.

Reporting Compliance and Application of the Data

The new reporting requirements have increased the level of detail of petroleum information collected by the Energy Commission. Previously, the only weekly reporting requirement was the Federal Energy Information Administration (EIA) EIA-800 report, primarily filed by gasoline and diesel producing refineries operating in the state. As a result, the Energy Commission received approximately 13 reports each week.

With the new reporting regulations the volume of reporting has increased substantially.

- Weekly reporting now averages approximately 100 reports per week, representing an increase of more than 600 percent from the original 13 reports received each week under the previous PIIRA regulations.
- The quantity of monthly reports has increased to an average of 110 reports per month, up from the original average of 40 reports per month prior to the Rulemaking.
- With the exception of the A15 report, the Energy Commission expects to receive 150 annual reports per year. Prior to the Rulemaking, 20 annual reports were received per year.
- The A15 *Retail Fuel Outlet Survey Annual Report* is substantially different from the other forms because each retail fuel outlet (gas station) operating in California is required to file a report. At the present time, it is estimated there are as many as 10,000 retail outlets in the state.

The new PIIRA reporting requirements, not including the A15 *Retail Fuel Outlet Survey Annual Report*, will result in the submission of more than 6,600 reports per year to the Energy Commission at current compliance levels. The A15 report will add an additional 10,000 reports, assuming full compliance. Obviously, with the wide scope of the A15 report, full compliance will be difficult to achieve.

The individual reporting forms are detailed in the following section. The relative level of compliance achieved to date and how the data collected is used is detailed as well.

Major Petroleum Terminal Reporting

The weekly and monthly *Major Petroleum Product Storer and Terminal Reports* (W08 & M08) track receipts and inventories of petroleum products at storage facilities throughout the state. The minimum reporting threshold is set at 50,000 barrels of total product stored in any given month of the current or preceding year.

Energy Commission staff have identified 61 distribution terminals that meet the volumetric reporting threshold. Compliance by these terminal operations has been nearly 100 percent. This is primarily due to these facilities being subject to reporting under the initial interim reporting program implemented in September 2004.

The Energy Commission used this data in support of the *Spring 2006 Petroleum Fuels Price Spike Report to the Governor*, CEC-600-2006-012. Specifically, W08 reports from several major terminals were used to determine the days of supply of gasoline in California. Calculations and tables are presented in Appendix A, Section 1.1.5 of the report. In future reports, it is anticipated this dataset will be more fully utilized to determine the total storage of petroleum products within the state and support analysis of wholesale pricing and supply trends in California. This information may also be used in reports concerning regional refined product demand to calculate a weekly supply-demand balance for gasoline, jet, and diesel fuels on a statewide basis.

Dealer Tank Wagon Report

The weekly and monthly *Dealer Tank Wagon (DTW) Price Reports* (W900 & M900) track wholesale prices for gasoline transported by tanker truck to a retail fuel outlet. The reporting requirements apply to those refining companies that sold more than 840,000 gallons of gasoline in the previous calendar year. Currently, six companies are required to report the DTW forms.

DTW reporting compliance has been excellent. It is currently at 100 percent for both the weekly and monthly reporting forms. Information about gasoline sales reported on the W900 and M900 forms represents sales at just over 4,000 retail stations (of 10,000 total stations) and 60 percent of gasoline produced in California.

The Energy Commission's Media Office uses the DTW data to provide background information on regional retail pricing. The Media Office requests pricing information in response to outside requests from print and televised media outlets. For example, the DTW data was recently used to analyze retail gasoline pricing differentials between the Los Angeles and San Diego markets.

DTW data obtained through interim reporting prior to the completion of the PIIRA Rulemaking was used in the *2005 Gasoline Price Movements in California* staff report, CEC-600-2005-035. The DTW data presented in this report showed a strong correlation between the average dealer tank wagon wholesale gasoline price in California and the average retail price during the initial price spike associated with Hurricane Katrina. This indicated that wholesale price levels were set by refiners and not by individual retailers. Information from a later time series was used in an investigation of retail price spikes in the spring of 2006. The DTW data appeared in both the *Interim Report to the Governor Spring 2006 Petroleum Fuels Price Spike*, CEC-600-2006-009-D, and in the final *Spring 2006 Petroleum Fuels Price Spike Report to the Governor,* CEC-600-2006-012.

Starting in 2007, the Energy Commission will utilize the DTW information in conjunction with other pricing data such as crude oil and wholesale prices to more accurately report apparent retailer and refiner margins.

Imports, Exports, and Intrastate Movements Report

The *Imports, Exports, and Intrastate Movements Reports* (W700 and M700) provide detailed information on petroleum product movements in the state. The forms require volume and other tracking information related to marine imports, marine exports, pipeline exports, fuel delivered by tanker truck, bunkering (loading marine fuel into ships in port), rail cargoes, and interstate movements of fuels.

While the total level of compliance on these reports has not yet been quantified, all nine major refining companies operating in California are complying with this regulation. However, other companies that are newly subject to report under PIIRA are still being identified.

These weekly and monthly forms are complex. Unlike other forms, where the total number of reporting entities is clear, there is potentially no limit to the number and type of companies that may be required to report information under these regulations. Railroad companies or companies that use rail for petroleum movements, international oil trading companies that routinely ship from any port in the world, or small trucking operations that may import out-of-state fuel for use at a federal site located within California all could be subject to report the 700-series forms to the Energy Commission.

Energy Commission staff will continue to concentrate on improving compliance for new categories of reporting entities. Over time, as more robust compliance levels are attained for various categories of monthly reporting, the information will be used in future reports and may be provided in an aggregated format through the Energy Commission's website. Energy Commission staff will continue to use data sources other than those collected under PIIRA to verify reporting compliance and accuracy.

The information gathered on W700 and M700 will be used to develop a more detailed petroleum fuel balance for the state. Currently, Energy Commission staff use several external information sources to determine marine import and export volumes. These sources do not provide a complete record of all marine tanker shipments. A large amount of time and effort is spent piecing together this information to calculate import and export volumes for the state. The M700 and W700 forms were developed to address this issue.

Reporting of pipeline exports under the W700 report is at 100 percent. Kinder Morgan Energy Partners, the sole common-carrier pipeline in California, currently provides weekly data on all product shipments within their Southwestern U.S. system to the Energy Commission. Kinder Morgan does not provide monthly data since the level of weekly reporting is sufficient and coincides with weekly pipeline product movement schedules.

Pipeline shipment data was used in the Energy Commission's *Spring 2006 Petroleum Fuels Price Spike Report to the Governor,* CEC-600-2006-012, to determine the level of exports of gasoline, diesel, and jet fuel to Arizona and Nevada. This information was used in part to explain the high gasoline and diesel prices experienced at that time.

Successful outreach has been made with companies engaged in bunkering activities in Long Beach, Los Angeles, and the Bay Area. Bunkering involves refueling ships at port, typically with marine diesel, bunker fuel oil, or other heavy fuel products. These companies are reporting daily transaction data on a monthly basis. Bunkering activities represent an end use of residual fuel oil that would not otherwise be captured under PIIRA reporting. This information will allow Energy Commission staff to assess the use of heavy fuels within California's ports and consider the effects of a possible transition to cleaner-burning fuel usage in the future for foreign and domestic ocean-going marine vessels.

Generally, some of the data being reported under the W700 and M700 is not usable in its current form. The breadth and scope of these reports, combined with limited staff resources, are the two main constraints hindering additional outreach for greater compliance and related data analysis.

Monthly Sales Report

The *Monthly Sales Report* (M782B) is essentially the same as the Federal EIA-782B report with the addition of select fuel types specific to California and a breakdown of wholesale rack sales into branded and unbranded categories. The federal version of the form does not disaggregate this information.

While all refiners are required to report the M782B, compliance with this report is unique in that only those non-refining companies selected to be surveyed by the federal government's EIA-782B report are also required to file the M782B. The M782B report is therefore only a sample of the major petroleum products marketers operating in California. However, it should be noted that refiner transactions represent the majority of refined product sales that occur in the state each month.

Currently, 12 companies are submitting the *Monthly Sales Report*. The information collected provides background information for a petroleum supply and demand balance for the state. Figures from the sample reports are used to quantify general fuel end-uses. End-uses of fuel include industrial, commercial, and residential sales.

Refinery Fuel Use Report

The *Monthly Refinery Fuel Use Report* (M13) collects data about the amount and type of fuel used by refineries in California. Compliance is currently at 95 percent with 20 of the state's 21 refineries reporting each month. The single non-reporting refinery is an asphalt facility with minimal impact on total refinery fuel used in California. In this special case, the Energy Commission requires one report per year from that refinery covering the 12 months to satisfy reporting requirements. The M13 record set dates back to 1982 for California refining operations. While not a newly developed report like the M700, it was modified with the addition of new fuel types that may be used in the future.

The Energy Commission uses the data from this report in a variety of areas. In particular, the data has been used for the 2003 and 2005 IEPR Reports as well as in analysis of the total end use of various energy types within the state. This report is markedly different from other PIIRA reports because it collects information about fuel consumption as opposed to fuel production. With the refining industry being one of the largest consumers of natural gas, electricity, and other fuels in the state, the importance of this report cannot be understated.

Refinery Production and Stock Addendum Report

The *Weekly Refinery Production and Stock Addendum Report* (W800) collects California-specific fuel production and inventory levels from gasoline and diesel producing refineries operating in California. The report is a made-for-California version of the Federal EIA-800 *Weekly Refinery and Fractionator Report* that is also provided to the Energy Commission each week.

The W800 addendum report applies to all refineries in the state. However, those refineries that do not produce petroleum products that are listed on the form are not required to report. Currently, nine refineries are providing the W800 addendum report to the Energy Commission. Compliance as of October 2006 is considered to be 100 percent. Those refiners not currently reporting the W800 are satisfying their weekly reporting requirement with submission of the Federal EIA-800 report because their product slate does not change from week to week.

The data reported on the W800 report is used in the preparation of the *Weekly Fuels Watch Report,* a report that tracks total production and inventory levels in the state. Information from this report is posted on the Energy Commission's website and is used by both the petroleum industry and energy traders alike to assess the relative strength of California's fuel market. The report is cited by the Oil Price Information

Service each week. Additionally, the weekly data is used in support of confidential Situation Reports prepared for the Governor's Office that relate directly to fuel supply issues in the state. Since the implementation of the Rulemaking, multiple Situation Reports have been prepared for the Governor's Office by Energy Commission staff.

During the spring of 2006, Energy Commission staff responded to requests from several refining companies for copies of their previously submitted weekly reports. Subsequently, these reports were submitted to the California Attorney General's Office in response to an investigation of gasoline prices.

Monthly Refinery Addendum Report

The *Monthly Refinery Addendum Report* (M810) provides a detailed breakdown of California-specific inputs, outputs, inventory levels, fuel use, and shipments for each refinery in the state. The M810 is designed to address California-specific fuel issues based on the larger dataset of the Federal EIA-810. The monthly refinery report is more detailed than its weekly counterpart. The M810 combined with the Federal EIA-810 reports are considered a single PIIRA dataset.

The M810 addendum report provides an accounting balance of all activity at each refinery and specifically separates fuels that meet California standards from fuels that meet other standards. Where a refinery's fuel slate remains constant from month to month, the federal report is sufficient.

Compliance with this reporting requirement is 95 percent, with 20 of 21 refineries reporting. The one refinery out of compliance is considered too small to make a difference in the annual statistics and does not produce transportation fuels. Production and inventories of all transportation fuels produced in California are captured by the 20 reports received each week. A few refineries continue to submit only the federal version, the EIA-810. At this time, these reports are monitored to ensure they maintain their consistency in the reporting of their fuel production values. If these refiners change their current output slate, the Energy Commission will follow up and require the M810 addendum report be filed for future reporting periods.

The use of the Federal EIA-810 and California-specific M810 data is widespread. This information makes up a record set that dates back to 1982. The majority of analysis involving the petroleum industry relies upon this monthly refinery input and output data. The April 2006 *California Crude Oil Production and Imports* staff paper, CEC-600-2006-006, made use of refinery production levels, crude oil data, and infrastructure details. Other uses of the EIA-810 and M810 data include the *2005 Gasoline Price Movements in California* staff report, CEC-600-2005-035. This 2005 report analyzed refinery production levels and crude oil supply sources.

The monthly data is also posted on the Energy Commission's website. The level of industry usage of the website is not known at this time. Based on Energy Commission staff contacts with various third parties, there is anecdotal evidence to suggest it is a well-used and respected source of information. Questions from the general public are often related to data contained in this record set. Most recently, aggregated data was provided to the Union of Concerned Scientists in Berkeley, California.

ANNUAL REPORTING FORMS

The first of the new annual reports are expected to be submitted on or after February 15, 2007. Energy Commission staff estimates that 150 reports will be submitted, not including the A15 *Retail Fuel Outlet Survey Annual Report*. Of the six annual forms now required under new regulations, the A03, A04, A06, and A14 reports are carryovers from prior PIIRA reporting regulations. The A08 and A15 reports are new for 2006.

The A03 report, the *Annual Major Crude Oil Transporter Report*, details annual crude oil pipeline throughputs. Similarly, the A04 *Annual Refiner Report* details the transportation methods utilized by refiners for shipping finished petroleum products. These two reports will amount to no more than 25 reports in total. Like the M782B report, these two annual reports will be used to give a more generalized accounting of the petroleum industry in the state. The A06 *Annual Major Petroleum Product Transporter Report,* a summary of petroleum product pipelines operating in California, will be more limited with no more than four companies reporting each year. Infrastructure data and maps obtained through A03 and A04 reporting were utilized in preparing sections of the April 2006 *California Crude Oil Production and Imports* Report, CEC-600-2006-006.

The A08 report, the *Annual Major Petroleum Products Storer Tank Report*, is designed to survey the number, type, and capacity of aboveground storage tanks that exist at major petroleum facilities throughout the state. Approximately 90 annual reports are expected to be filed from refinery and distribution terminal storage tank farms.

The A14 report, the *Annual Major Crude Oil Producer Thermally Enhanced Oil Recovery (TEOR) Fuel Consumption Report*, collects information on the annual amount of energy used to produce crude oil. Specifically, it addresses steam flood and steam injection processes utilized in the field and collects data on the type of energy utilized to perform those operations in oil fields. In 2005, 12 oil producers submitted forms. Energy Commission staff expects 14 oil producers to submit A14 forms for the 2006 reporting year due to two operators meeting the minimum reporting thresholds. The types of TEOR methods include steam flood, cyclic steam, and air injection. Carbon dioxide injection, though not traditionally considered a form of TEOR, is included in the reporting form to provide a complete set of general crude oil production practices in the state. Data from this reporting form was used in the *California Crude Oil Production and Imports* staff report, CEC-600-2006-006.

The A15 *Retail Fuel Outlet Survey Annual Report* is a formal replacement of previous efforts by Energy Commission staff to track aboveground and underground storage tanks in the state. This report is expected to generate up to 10,000 individual reporting forms, an approximation of how many retail fueling stations currently exist in the state. This report collects information related to ownership, storage tank capacity, and annual sales volumes of all fuel types sold. Approximately 1,000 to 3,000 retail stations are estimated to be covered by aggregated reporting by the major brand operators in California. The remaining 7,000 to 9,000 reports are expected to be submitted by fax, e-mail, or U.S. mail.

Based on the initial response by industry during the first PIIRA Rulemaking notice, compliance on the A15 report is not expected to be 100 percent. Energy Commission staff has been working with various state government agencies and the retail fuel industry through trade groups to increase awareness of this report. Due to the large volume of faxes and letters expected, combined with an unknown potential compliance level, Energy Commission staff may be limited to statistically estimating the parameters of California's retail fuel market.

Efforts are currently underway to identify retail fuel outlets in the state through cross-referencing address lists with daily retail price data purchased from the Oil Price Information Service. This information has provided verification of approximately 8,000 addresses of the estimated 10,000 retail stations in the state. The most difficult stations to identify are small, independent, cash-only operations. An additional mailing that includes a copy of the A15 reporting form and instructions will be sent to all known fuel outlets in January 2007.

The major use of the annual reporting data will be in the development of an annual retail outlet report that will summarize regional demand, alternative fuel availability, station ownership structure, average sales volumes, and other types of retail-related information. It is anticipated that this report will be used by several stakeholders outside the Energy Commission, as well as policy analysis such as the upcoming 2007 IEPR. The data will also provide a framework of energy flows in the state. Other uses will include collaborative work with the Water Resources Control Board and the Air Resources Board in terms of both retail station data and the above-ground storage tank data. Both agencies have expressed interest in these new datasets and have also indicated they would provide support in analyzing the new data and simultaneously providing the Energy Commission with similar reference lists and background material.

CONCLUSION

The new PIIRA regulations were the result of three years of planning and dedicated efforts by industry representatives, the general public, and Energy Commission staff to administer the first change to PIIRA reporting in more than 25 years. In affecting this change in reporting requirements, some forms were deemed no longer relevant because of their infrequent collection and limited detail of information. Newer, more targeted reporting forms were developed to address increased interest in petroleum supply issues and particularly gasoline price changes. The end result is a more streamlined accounting of petroleum product movements within California and a better understanding of the downstream market, particularly from the distribution terminal to the retail outlet.

Generally, weekly and monthly reporting by refining companies, terminal storage operators, and petroleum pipeline companies is excellent. This successful implementation has allowed Energy Commission staff to better analyze changes in the petroleum industry. Energy Commission staff reports have been more detailed and timely because of the new reporting regulations. In the past, historical information and emerging issues were solely available through direct telephone calls to specific companies. The new reporting process has provided strong foundation of detailed data that is regularly reported to the Energy Commission. The 2007 IEPR will incorporate much of the information gathered under this new reporting authority. Specifically, total fuel usage in the state based on the M13 report as well as end-use consumption patterns revealed through the M782B and the A15 report will support policy analysis of California’s fuel market. The collection of wholesale gasoline prices and volumes from the DTW 900-series reports will be utilized in analysis on the concentration of sales in various regions in California. This work may also prove useful in the context of the 2007 IEPR.

The rulemaking also updated the California Public Resource Code Section 25356(b) that directs the Energy Commission to analyze the impacts of state and federal policies and regulations on the supply and pricing of petroleum products. Under this new authority, the Energy Commission conducted a survey of California refiners to quantify and assess their current and future ethanol use. Specifically, the survey was used to assess what impact, if any, the U.S. Energy Policy Act of 2005 would have on the near-term use of ethanol and supply of gasoline in California. The results of the survey are outlined in the *Ethanol Market Outlook for California* staff report, CEC-600-2005-037. Future surveys are being considered to address recent petroleum industry developments.

While the new reporting regulations are a success in terms of excellent compliance, wide scope, and enhanced detail, some concerns remain over areas where Energy Commission staff resources are more limited than when the rulemaking first began. In particular, full industry compliance is a challenge for weekly reporting under the W700 of all petroleum products moved by marine vessel in state waters because of the large number of market participants and the varying levels of detail available across the industry. For example, one company may import a single cargo in any given month or year while other companies are involved in the daily import of crude oil from Alaska, the Gulf Coast, or abroad. These examples of a normally functioning petroleum market make informing industry participants of their responsibility to report individual activities a difficult task.

Auditing of the data is a further issue that needs to be addressed. It is expected that over time a greater degree of compliance will be achieved as more reporting entities are identified and notified of their reporting obligations. As staff resources improve, it is anticipated that the data collected from these forms will continue to be used in a greater number of Energy Commission studies and reports.

PIIRA regulations also stipulate penalties for failing to report or for filing a false report to the Energy Commission. These penalties are detailed in Section 25362 of the California Public Resources Code. Specifically, the regulations specify that those companies which fail to report information in a timely manner are subject to a civil penalty of not less than $500 and up to $2000 per day of non-compliance. Intentionally filing a false report is also subject to a fine of up to $2000 per day.

To date, no penalties have been assessed under PIIRA due to the filing of late or false reports. The Energy Commission has actively maintained an excellent reporting relationship with the petroleum industry since the inception of the PIIRA regulations over 20 years ago. The typical example of non-reporting is when a company is unaware that they are required to report under PIIRA regulations. These companies comply quickly once Energy Commission staff informs them of the reporting requirements.

Looking ahead, the new reporting regulations lay an excellent foundation of reporting detail that will enable the state to develop a more complete view of California's petroleum industry. This view provides greater clarity on the constantly changing petroleum infrastructure, activities, supply, and distribution of crude oil and petroleum products. While some changes may be required in order to obtain better data, the efforts undertaken in the past three years have resulted in an improved understanding of the petroleum industry. The new regulations will enable Energy Commission staff to continue to provide detailed analysis of the petroleum industry in the years to come while maintaining a continuity of information dating back to the early 1980s.