

Report of Conversation – December 3, 2004

Re: PIIRA Rulemaking Comments

On December 3, 2004 CEC staff Gordon Schremp and Michael Nyberg met with British Petroleum (BP) representative Dave Smith to discuss the addendum, interim, and proposed new reporting forms and regulatory language associated with the existing and proposed PIIRA regulation modifications. During this meeting, two specific comments were offered by Mr. Smith that would require responses in connection to comments associated with the proposed changes to the PIIRA regulations.

The comments offered by BP were directed at the topic of “bunkering”, an industry term referring to the transfer of petroleum fuels to marine vessels. The first comment was that CEC staff had overlooked the practice of bunkering marine vessels from onshore storage tanks. CEC staff had only considered bunkering from one marine vessel to another. CEC staff’s intention is to capture both types of bunkering practices and indicated to BP that the appropriate changes to the proposed regulations would be made to correct this oversight.

The second comment was that CEC staff had omitted certain types of diesel fuels from the broader category of “marine fuels”. Mr. Smith commented that in addition to the traditional types of marine fuels already defined by CEC staff, BP intends to bunker marine vessels with diesel fuel that meets regulations already adopted by the California Air Resources Board (CARB) for both the CARB low sulfur and CARB ultra low sulfur specifications. CEC staff’s intention is to capture all types of bunkering fuels under the marine fuels definition and indicated to Mr. Smith that the appropriate changes to the proposed definitions would be made to correct this oversight.