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**SENATE COMMITTEE ON ENERGY, UTILITIES AND  
COMMUNICATIONS**

**Senator Josh Becker, Chair  
2025 - 2026 Regular**

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<b>Bill No:</b>	SB 298	<b>Hearing Date:</b>	4/7/2025
<b>Author:</b>	Caballero		
<b>Version:</b>	2/10/2025	Introduced	
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Sarah Smith		

**SUBJECT:** State Energy Resources Conservation and Development Commission:  
seaports: plan: alternative fuels

**DIGEST:** This bill requires the California Energy Commission (CEC) to develop a specified plan for the use and deployment of alternative fuels at California's public seaports.

**ANALYSIS:**

Existing law:

- 1) Establishes the CEC as a five-member body appointed by the Governor and specifies the duties of the CEC, which includes, but is not limited to assessing trends in energy consumption and forecasting the demand and supply for certain fuels in the states. (Public Resources Code §25200 et. seq.)
- 2) Establishes the Clean Transportation Program (CTP), which is administered by the CEC to provide incentives for the development and deployment of innovative fuel and vehicle technologies that support California's climate change policies. Existing law specifies the types of projects eligible for CTP funding and sets prioritization criteria for receiving incentives from the CTP. Existing law requires the CEC to allocate no less than 15% of the CTP's annual funding to deploy hydrogen refueling stations. (Health and Safety Code §44272 et. seq. and §43018.9)
- 3) Establishes the California Air Resources Board (CARB) as the state agency responsible for the preparation and implementation of state plans pursuant to the federal Clean Air Act. Existing law provides CARB with broad authority to adopt regulations to meet air quality standards under the Clean Air Act. (Health and Safety Code §39600 et. seq.)
- 4) Establishes the State Lands Commission to manage sovereign and public trust lands, which includes, but is not limited to, waterfront lands, coastal waters and

the land underlying the state's major ports. (Public Resources Code §6101 et. seq.)

This bill:

- 1) Requires the CEC to work with the California State Transportation Agency (CalSTA) and CARB to develop a plan by December 31, 2030, for the deployment and use of alternative fuels at California's public seaports.
- 2) Requires the plan developed pursuant to this bill to do the following:
  - a) Identify significant alternative fuel infrastructure and equipment trends, needs, and issues.
  - b) Describe how the state will facilitate permitting and construction of infrastructure to support alternative fuels.
  - c) Describe which locations are available and feasible for the development or redevelopment of infrastructure and operations to support the deployment of alternative fuels for oceangoing vessels. This bill requires this description to include specific information about all the manufacturing, distribution, procurement, transportation, storage, and delivery of alternative fuels for oceangoing vessels.
  - d) Identify a reasonable timeline for all the tasks identified pursuant to the plan required by this bill.
  - e) Estimate the costs for developing alternative fuel infrastructure, including public and private funding opportunities.
- 3) Requires the CEC to convene a working group to advise the CEC. This bill specifies that this working group must consist of representatives from seaports, marine terminal operators, ocean carriers, waterfront labor, cargo owners, environmental and community advocacy groups, CalSTA, CARB, the California Public Utilities Commission (CPUC), and local air districts.

## Background

*Bill pertains to ships' mobile source emissions, which are subject to CARB regulations.* Emissions from commercial shipping are internationally regulated by several entities, including the International Maritime Organization (IMO), United States Environmental Protection Agency (EPA) and the Coast Guard. In 2023, the IMO member states adopted goals to reach net-zero emissions from international shipping by 2050, with an uptake in zero or near-zero greenhouse gas (GHG) fuels by 2030. The United States is an IMO member state. While IMO and other agencies set standards for international shipping, CARB sets emissions standards

for shipping that impacts California ports and California air quality. CARB has adopted several regulations to limit oceangoing vessels' pollution impacting California. Between 2007 and 2008, CARB adopted pollution limits for vessels at berth in California ports and fuel specifications for those vessels within California waters and 24 nautical miles from the state's coast. CARB continues to update these regulations. While CARB has temporarily paused development of an update to its mobile source strategy, the draft strategy notes that oceangoing vessels are one of several mobile sources of emissions that still contribute significantly to air and climate pollution despite existing regulations. CARB also notes that these vessels will need to substantially decrease their emissions to meet air quality standards. In the 2025 draft Mobile Source Strategy, CARB states the following regarding efforts to further reduce emissions from these types of mobile sources: "The 2025 Mobile Source Strategy (2025 MSS) is being developed to describe an integrated approach for meeting California's clean air mandates by identifying the technology pathways and programmatic concepts needed for the numerous mobile source sectors into the future."

*CEC funds hydrogen refueling infrastructure and maintains authority over fuel demand and supply forecasting.* This bill requires the CEC to develop a specified plan for the deployment and use of alternative fuels at seaports for the purpose of lowering mobile source emissions from oceangoing vessels. However, the CEC has not historically maintained authority over developing mobile source strategies for specific sectors. While CARB and local air districts regulate emissions from mobile sources and can limit the use of certain fuels that impact air quality, the CEC conducts regular analyses of fuel supplies, including transportation fuel supplies. Generally, these analyses are used for policy-setting and monitoring fuel demand and supply throughout the state.

Under existing law, the CEC administers the CTP, which provides funding opportunities to develop and deploy zero-emission fuels, technology and infrastructure. At least 15% of these funds are used to support hydrogen infrastructure deployment, and seaports have received funding for electric vehicle (EV) charging and hydrogen refueling infrastructure through the CTP. For example, the Port of Long Beach received \$8 million from the CTP to deploy a hydrogen refueling stations for medium and heavy-duty freight vehicles. However, the CEC did not permit the hydrogen stations, develop the hydrogen that supplies the station, or estimate the costs associated with creating and operating the station. Under existing law, the ports and the State Lands Commission are responsible for permitting facilities at seaports.

Substantial portions of this bill appear to require the CEC to develop plans for permitting specific infrastructure and how the state will develop and transport a

variety of alternative fuels for the purpose of fueling ocean-going vessels. However, the CEC does not permit alternative fueling infrastructure or oversee much of the fuel production and facilities that the shipping industry intends to use. The CEC may be able to assess the electricity supply needed to electrify certain power operations and assess the demand for hydrogen for use at ports, including for fueling ships. However, upstream fuel development largely falls under the jurisdiction of the California Geologic Energy Management Division (CalGEM) and the California Department of Conservation.

*Need for amendments.* As currently written, this bill requires the CEC to develop a plan for aspects of mobile source emissions reduction and alternative fuel deployment that more closely match the authority of other agencies. *To the extent that the author and committee wish to conform this bill to the scope of the CEC's authority over fuel assessments and zero-emission refueling infrastructure deployment, the author and committee may wish to amend the bill to do the following:*

- *Recast provisions of the bill regarding plans for the deployment of alternative fuels at public seaports to require CEC to create a forecast of the demand and supply for fuels that meet CARB's specifications for oceangoing vessels.*
- *Require CARB to work with the CEC to provide the CEC with information on the types of fuels that meet CARB requirements for oceangoing vessels.*
- *Specify that the CEC's assessment should identify barriers and opportunities for the deployment of alternative fuels at seaports.*
- *Modify the membership of the bill's working group to include the State Lands Commission.*

*Dual Referral.* Should this bill be approved by this committee, it will be referred to the Senate Environmental Quality Committee.

### **Prior/Related Legislation**

SB 34 (Richardson) of the current legislative year, limits Southern California Air Quality Management District from regulating mobile source pollution at seaports that are also subject to CARB regulations. The bill is pending in the Senate Environmental Quality Committee.

AB 1250 (Papan) of the current legislative year, clarifies that any alternative fuel with a lower carbon intensity than any marine diesel oil, marine gas oil, or petroleum fuel as specified shall be presumed to meet or exceed the 2010 international organization for standardization requirements for distillate and residual marine fuels. The bill is pending in the Assembly.

SB 983 (Wahab) of 2024, would have required the CEC to form the Alternative Fuels Infrastructure Taskforce upon appropriation by the Legislature. The bill would have required the taskforce to make recommendations for deploying alternative fueling infrastructure at retail gasoline stations in California. The bill was vetoed.

AB 126 (Reyes, Chapter 319, Statutes of 2023) among other provisions, the bill extended the operation and funding for the CTP and required the CEC to allocate at least 15% of annual CTP funding for hydrogen refueling infrastructure.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

**SUPPORT:**

Pacific Merchant Shipping Association (Sponsor)  
Invenergy, LLC  
Port of Long Beach

**OPPOSITION:**

None received

**ARGUMENTS IN SUPPORT:** According to the author:

SB 298 will strengthen California's position as a global leader in both environmental sustainability, economic growth, and workforce training by incentivizing the affordability and availability of alternative fuels for maritime vessels. This bill will help to transition the maritime industry from using diesel products to alternative fuels to reduce harmful emissions and improve air quality along California's coastline, ensuring healthier communities and a cleaner future. The bill creates a path to deploy infrastructure to support the development of fueling facilities for alternative fuels at the ports by 2030. This collaborative effort will not only support California's ambitious climate goals but also ensure the state's ports remain competitive, foster innovation and long-term success for the maritime industry and the workforce that they employ.

**-- END --**