SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Josh Becker, Chair
2025 - 2026 Regular

Bill No:	SB 767	**Hearing Date:**	4/21/2025
Author:	Richardson		
Version:	3/24/2025 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Sarah Smith		

SUBJECT: Energy: transportation fuels: supply: reportable pipelines

DIGEST: This bill requires oil pipeline operators to report specified information about pipeline flows to the Geologic Energy Management Division (CalGEM), starting on March 30, 2027. This bill also requires CalGEM to notify the Governor, the chairs of the appropriate policy committees, and the California Energy Commission (CEC) about potential pipeline shutdown resulting from low oil flows.

ANALYSIS:

Existing law:

1) Establishes the CEC as a five-member commission within the Natural Resources Agency and tasks the CEC with monitoring, analyzing, and making recommendations on statewide trends in the energy sector, including fuel supply and demand. (Public Resources Code §25200 et. seq.)

2) Establishes the Petroleum Industry Information Reporting Act of 1980 (PIIRA), which establishes requirements for oil refiners and marketers to submit specified data to the CEC and requires the CEC to analyze this data to identify trends in demand and supply for petroleum, including factors influencing gasoline price changes. Existing law requires retail transportation fueling stations to report specified information about their sales of gasoline, diesel, and other fuels to the CEC. (Public Resources Code §25350 et. seq.)

3) Establishes various confidentiality protections within PIIRA, including specifying that the CEC may disclose certain confidential information received under PIIRA to California Air Resources Board (CARB) or the Attorney General if CARB or the Attorney General agree to keep the information confidential. (Public Resources Code §25350 et. seq.)

4) Establishes CalGEM for the purposes of overseeing the drilling, operation, maintenance, and removal of oil and gas wells. Existing law specifies the duties of CalGEM regarding authorization of oil and gas exploration within California. (Public Resources Code §3000 et. seq.)

This bill:

1) Defines a reportable pipeline as a pipeline that delivers domestic crude feedstock from oil production facilities to oil refineries for processing into transportation fuels. This bill specifies that this definition does not include a pipeline whose closure would not result in a significant reduction in processing capacity at a refinery that receives crude feedstock.

2) Requires the operator of a reportable pipeline to report pipeline flows to CalGEM on a monthly basis, starting on March 30, 2027. This bill specifies that if a reportable pipeline's flow falls below its minimum rated throughput levels, the pipeline operator must notify CalGEM within 24 hours of a potential pipeline shutdown and CalGEM must notify the Chairs of the legislative energy committees, the Governor, and the CEC about the potential shutdown.

3) Requires CalGEM to do the following:

   a) Work with the CEC to identify those pipelines that meet the definition of a reportable pipeline under this bill by December 31, 2026.
   b) Determine if a potential reportable pipeline shutdown could result in gasoline supply disruptions.
   c) Establish a form for pipeline operators to report pipeline flows. This bills specifies that this form must enable operators to submit data via email and it must include a method to report when pipeline flows reach minimum throughput levels.

Background

Declining domestic oil production may impact in-state oil pipelines. California's reliance on crude oil has steadily declined since the 1980s; however, oil consumption recently increased from pandemic lows in 2020. Despite this rebound, California's in-state production of petroleum remains low and California largely relies on imports for its petroleum supplies. In 2021, Governor Newsom followed this Executive Order by directing CalGEM to cease issuing permits for fracking in 2024 and ordering CARB to explore pathways to end in-state oil extraction by 2045. The end of in-state oil extraction would require remaining refineries to rely entirely on imported oil. Recent legislation expanded the CEC's authority to manage refinery turnarounds and petroleum price spikes as the state seeks to transition to cleaner fuels. Several refineries maintain existing petroleum supplies by using pipelines to in-state oil fields. However, as supply from those fields decreases, the viability of those pipelines sharply declines. When the flow of petroleum through a pipeline drops below a certain threshold, the pipeline's capacity to transport oil declines, which can result in pipeline shutdowns and reduced refining capacity. While refineries may be able to import additional barrels to maintain refinery operations, the impacts and costs associated with procuring large new oil imports through shipping is unclear. This bill is intended to establish a notification system to provide the Governor, Legislature and relevant agencies with information about impending pipeline shutdowns resulting from low petroleum flows.

When it comes to oil pipelines, who's on first? This bill requires CalGEM to collect certain data about oil pipeline flows and report to the Legislature, Governor and CEC when a potential critical pipeline shutdown is imminent. However, CalGEM does not currently have jurisdiction over intrastate pipelines that are not in or near an oil production facility. Pipelines transporting hazardous materials, including oil pipelines, have differing oversight at the federal and state level. At the federal level, the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) establishes requirements for interstate pipeline. Certain minimum safety requirements adopted by PHMSA apply to both interstate and intrastate pipelines, and states can establish their own pipeline safety programs if they receive certification from PHMSA to operate that program. In California, PHMSA has granted the Office of the State Fire Marshall (OSFM) exclusive safety regulatory and enforcement authority over hazardous liquid pipelines in the state. Several other state agencies play roles in regulating intrastate pipelines with the OSFM. CalGEM regulates oil and gas production pipelines and wells within or near an oil field, the State Lands Commission manages offshore oil production, and the California Public Utilities Commission (CPUC) regulates the rates and terms of service for pipeline operators that transport petroleum for other companies. The CPUC does not regulate the operational safety or capacity of oil pipelines.

Bill expands data collection under the PIIRA, which is administered by the CEC. Existing law requires various segments of the oil industry to submit daily, weekly, monthly, annual, and event-based reports to the CEC, as directed by the CEC. Major petroleum transporters are required to submit reports to the CEC under existing law, and these transporters include pipeline transporters. These reports are intended to provide the CEC with sufficient information to monitor the supply and demand of transportation fuels in the state, identify potential market manipulation, and help anticipate and avoid unnecessary price spikes for consumers. In recent years, the state has substantially expended the CEC's authority to collect data from petroleum refiners and use that data to set maximum refining margins for gasoline and set standards for managing refinery turnarounds. Under existing law, much of the data submitted to the CEC under PIIRA is subject to specific confidentiality protections. However, all data submitted under PIIRA may be used by the CEC for certain assessments regarding fuel demand and supply and the CEC has broad authority to request additional information to ensure that it has the information required to fulfill its duties under PIIRA. This bill adds additional provisions to PIIRA; however, it requires pipeline operators to report data to CalGEM. It is not clear that it is necessary to submit data to CalGEM separately or that CalGEM has the same authority as the CEC to collect data under PIIRA. Under existing law, some pipeline operators may already report data to the CEC as major oil transporters.

Need for amendments. As currently written, this bill adds sections to PIIRA establishing reporting requirements to CalGEM regarding oil pipeline flows to refineries. However, CalGEM does not have jurisdiction over oil pipelines transporting oil into refineries. Additionally, the CEC has broad jurisdiction over data collected under PIIRA, and the CEC is primarily responsible for assessing the reliability of fuel demand and supply in the state. *To the extent that the author and committee wish to conform this bill's data collection to the longstanding petroleum demand and supply data collection process under PIIRA, the author and committee may wish to amend this bill to do the following:*

- *Replace references to CalGEM with the CEC.*
- *Require the CEC to notify relevant agencies upon identifying a reportable pipeline in danger of shutting down.*
- *Require the CEC to work with stakeholders, including refineries and pipeline operators to identify those pipelines that meet the definition of a reportable pipeline.*
- *Clarify that the data collected for the purposes of this bill shall be solely used to assess the potential for and impact of pipeline shutdowns and the data shall not be used to set maximum gasoline refining margins or manage refinery turnarounds as described in existing law.*

Dual Referral. Should this bill be approved by this committee, it will be re-referred to the Senate Natural Resources and Water Committee.

Prior/Related Legislation

SB 13 (Grove) of the current legislative session, requires CARB to report specified information regarding air quality and oil refinery impacts associated with imported crude oil. The bill is pending in the Senate Appropriations Committee.

ABX2 1 (Hart, Chapter 1, Statutes of 2024) among other requirements, authorized the CEC to develop requirements on petroleum refiners to maintain resupply plans to cover production loss during maintenance events and to maintain minimum levels of supply inventories.

SBX1 2 (Skinner, Chapter 1, Statutes of 2023 First Extraordinary Session) modified PIIRA to require refineries to submit specified data regarding their economic performance to the CEC. The bill also required the CEC to assess the reliability of transportation fuels and retail outlets for those fuels.

SB 1322 (Allen, Chapter 374, Statutes of 2022) modified PIIRA to require refiners with multiple refineries operating in the state to submit certain data about their economic performance to the CEC. The bill also increased public access to data about refiners.

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

SUPPORT:

California State Pipe Trades Council (Sponsor)

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

> According to recent studies, the state's crude oil production has declined by over 50% since 2000, with the rate of decline accelerating, particularly in the aftermath of the COVID-19 pandemic. The latest findings indicate that several crude oil pipelines across the state are approaching critical minimum throughput levels. If these pipelines were to shut down, California refineries would face severe operational challenges, increasing reliance on costly and logistically constrained marine imports to sustain fuel supplies. Ensuring a stable and predictable fuel supply is essential for our transportation sector, emergency response services, and broader economic stability. This legislation is not about reversing the state's long-term energy transition but about managing it responsibly. A sudden loss of refining capacity due to unmonitored pipeline failures would not only impact gasoline availability but also threaten jobs, increase fuel costs, and disrupt the state's energy security. By requiring CalGEM to track and report pipeline throughput levels as outlined in SB 767,

we can implement timely interventions that prevent unnecessary refinery shutdowns, maintain market stability, and protect California's consumers from avoidable fuel price volatility.

-- END --