

Date of Hearing: July 1, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Cottie Petrie-Norris, Chair

SB 1259 (Blakespear) – As Amended June 18, 2026

SENATE VOTE: 21-10

SUBJECT: Refineries: decommissioning and remediation: cost estimates

SUMMARY: Requires oil refiners, no later than December 31, 2028, to submit to the State Water Resources Control Board (Water Board) a retirement plan setting forth information concerning decommissioning and site remediation for every refinery it owns, operates, or controls. Specifically, **this bill:**

- 1) Defines “refiner” as any person who owns, operates, or controls the operations of one or more refineries that process crude oil feedstocks, or that previously processed crude oil feedstocks but now process renewable feedstocks and otherwise meet the definition.
- 2) Defines “refinery” as any industrial plant, regardless of capacity, processing crude oil feedstock and manufacturing oil products or that formerly processed crude oil feedstocks but now process renewable feedstocks.
- 3) Requires refiners, no later than December 31, 2028, to submit to the Water Board a retirement plan setting forth information concerning decommissioning and site remediation for every refinery it owns, operates, or controls. Requires the plan to be detailed and technically rigorous, and to include all of the following components:
 - a. A plan for decommissioning the refinery, including, but not limited to, cleaning, removal, and disposal of physical refinery infrastructure, such as refining equipment, tanks, and pipelines. Requires the plan to include all of the following:
 - i. A technical description of the anticipated decommissioning processes;
 - ii. The estimated cost and duration of the decommissioning;
 - iii. Documentation of a source of funds available to cover the cost estimate for decommissioning; and
 - iv. A specific description of the applicable local, state, or federal laws, regulations, or orders that impose financial assurances for completion of decommissioning or remediation on the owner or operator.
 - b. A description of anticipated site remediation measures, including, but not limited to, remediation of soil and groundwater and any needed measures to address associated offsite contamination. The description shall include all of the following:
 - i. A technical description of anticipated decommissioning processes;

- ii. The estimated cost and duration of remediation activities, including, but not limited to, remediation of the site to its intended land use;
 - iii. Documentation of a source of funds available to cover the cost described above; and
 - iv. A specific description of the applicable local, state, or federal laws, regulations, or orders that impose financial assurances for completion of decommissioning or remediation on the owner or operator.
- 4) Requires the development and presentation of the retirement plan to be governed by all of the following principles, methods, and assumptions:
 - a. The plan shall separately specify each component of decommissioning and site remediation, presenting a separate description and cost estimate associated with each component;
 - b. The refiner shall consult with all state and local regulatory agencies with jurisdiction over the decommissioning and remediation, including, but not limited to, the relevant Regional Water Quality Control Boards (Regional Water Boards), the State Water Board, the Department of Toxic Substances Control (DTSC), the relevant air quality management district or air pollution control district, and the relevant certified unified program agency. A record of the consultation shall be included in the plan;
 - c. The plan shall fully document the basis for every cost calculation, based upon, as appropriate, both site-specific estimates and the cost of reasonably comparable decommissioning and remediation at other refineries, both in state and out of state;
 - d. If the information needed to accurately estimate costs is unknown, the refiner shall undertake a diligent investigation to obtain that information;
 - e. For purposes of cost estimation, if the refinery's retirement date is unknown, the estimate shall present results that assume an alternative refinery retirement date of 10 years from the submittal of the draft plan for the purpose of establishing present value;
 - f. The estimated methods, costs, and timelines of soil and groundwater remediation in the report shall be reasonably consistent where applicable with the overview prepared by the Water Board pursuant to this bill (#11, below); and,
 - g. The plan may include analysis of multiple potential decommissioning and remediation alternatives, with a reasoned explanation of the likelihood of each.
- 5) Requires, no later than six months following submission of the retirement plan, the Water Board, in consultation with the applicable Regional Water Board, to review the plan for completeness and reasonableness and make one of the following determinations:
 - a. The draft report complies with all requirements;

- b. The draft report requires minor, non-substantive corrections to comply with all requirements; or,
 - c. The draft report does not comply with all requirements. Requires the State Water Board, if it makes this determination, to disclose the specific, material deficiencies demonstrating why the draft report does not comply with all requirements.
- 6) Requires the refinery, if the Water Board determines the retirement plan does not comply with all requirements, to revise its plan to address the deficiencies within 60 days, unless the Water Board determines that an extension of time, not to exceed six months, is required.
 - 7) Requires the Water Board, once a retirement plan is determined to comply with all requirements, to make the plan available on the Water Board's website for public comment for not less than 45 days. Authorizes the Water Board, after the public comment period, to require further revisions to the plan before it is deemed final.
 - 8) Requires the Water Board to promptly make the final retirement plan available to the public on the Water Board's website.
 - 9) Requires refiners to present to the Water Board updates to the retirement plan every three years, including any new information that has become available.
 - 10) Requires refiners who give notice of intent to shut down, sell, or reconfigure a refinery to either submit their retirement plan, if they have not yet done so; or, if their final retirement plan has already been released, to update the retirement plan. Requires this submission to occur either 90 days after the notice of intent is provided or 90 days after the Water Board's overview (#11 below) is developed, whichever is later.
 - 11) Requires, on or before December 31, 2027, the Water Board to develop an overview of the methods, costs, and timelines of soil and groundwater remediation that have been employed at refineries that have undergone decommissioning and remediation.
 - 12) Requires the Water Board, in consultation with the California Energy Commission (CEC), no later than one year after receiving the reports required by this bill, to publish a report assessing the total decommissioning and remediation liabilities for refineries in the state. This report shall do all of the following:
 - a. Protect confidential business information or other information that may be subject to protection under the Petroleum Industry Information Reporting Act of 1980 or other applicable laws;
 - b. Include consideration of the existing financial assurances that operating refineries are subject to under local, state, and federal laws and regulations;
 - c. Assess the risk of existing financial assurance mechanisms as being inadequate to cover decommissioning and remediation costs; the report may contemplate alternative modes and mechanisms of ensuring adequate resources are available to fund and execute necessary decommissioning and remediation activities; and,

- d. Include coordination with state and local agencies as the State Water Board deems necessary and appropriate.

EXISTING LAW:

- 1) Establishes the federal Clean Water Act (CWA) to regulate discharges of pollutants into waters of the United States and to set quality standards for surface waters. (33 United States Code § 1251, et seq.)
- 2) Establishes the Porter-Cologne Water Quality Control Act (Porter-Cologne), which prohibits the discharge of pollutants to surface waters unless the discharger obtains a permit from the Water Board; declares that the health, safety, and welfare of people require there to be a statewide program for water quality control and that the statewide program for water quality control can be most effectively administered regionally, within a framework of statewide coordination and policy. (Water Code § 13000, et seq.)
- 3) Prohibits the discharge of waste or pollutants to surface and ground waters unless the discharger obtains a permit from the State Water Board or a Regional Water Board. (Water Code § 13260, et seq.)
- 4) Requires specified persons to file a report of waste discharges with the appropriate Regional Water Board. Provides that specified persons include a person who is a citizen, domiciliary, or political agency or entity of this state discharging waste, or proposing to discharge waste, outside the boundaries of the state in a manner that could affect the quality of the waters of the state within any region. (Water Code § 13260(a)(2))
- 5) Establishes the State Energy Resources Conservation and Development Commission, also known as the CEC, consisting of five members appointed by the Governor, and specifies the duties of the CEC. Requires the CEC to assess trends in energy consumption and analyze the social, economic, and environmental consequences of these trends. (Public Resources Code § 25200, et seq.)
- 6) Establishes the Petroleum Industry Information Reporting Act of 1980 (PIIRA), which requires oil refiners and marketers to submit specified data to the CEC and requires the CEC to analyze these data to identify trends in demand and supply for petroleum, including factors influencing gasoline price changes; and also 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.)
- 7) Requires the CEC to submit an analysis every three years assessing the transportation fuels market in California, known as the Transportation Fuels Assessment (TFA). (Public Resources Code §§ 25371-25371.3)
- 8) Requires refiners to annually report to the CEC their planned production levels and schedule for turnarounds and planned maintenance for the following 12 months, by month and by finished product. (Public Resources Code § 25354 (o))
- 9) Requires the operator of any refinery to report to the CEC at least 1 year in advance if that refinery operator intends to permanently shut down, shut down to reconfigure, or sell

a refinery in a transaction that may result in a refinery shutting down or reconfiguring. Requires the CEC upon receipt to notify the Legislature. (Public Resources Code § 25354 (p))

- 10) Requires, by December 31, 2025, the owner or operator of an underground storage tank (UST) to permanently close that UST if the UST does not meet certain requirements in state law and regulation. (Health and Safety Code § 25292.05)
- 11) Establishes the Barry Keene Underground Storage Tank Cleanup Fund Act of 1989, which created the UST Cleanup Fund Program to help owners and operators of petroleum USTs satisfy federal and state financial responsibility requirements until January 1, 2036. (Health and Safety Code § 25299.10)
- 12) Requires every owner and operator of a UST to establish and maintain evidence of financial responsibility for taking corrective action and compensating third parties for bodily injury and property damage arising from operating an underground storage tank. (Health and Safety Code § 25299.31)
- 13) Requires DTSC to enforce the standards within the HWCL and the regulations adopted by DTSC pursuant to the HWCL. (Health and Safety Code § 25180)
- 14) Authorizes DTSC to issue permits for the use and operation of one or more hazardous waste management units at a facility that meets the standards adopted pursuant to the HWCL. (Health and Safety Code § 25200 (a))
- 15) Requires DTSC to impose conditions on each permit specifying the types of hazardous waste that may be accepted for transfer, storage, treatment, or disposal. (Health and Safety Code § 25200 (a))

FISCAL EFFECT: According to the Senate Committee on Appropriations, this bill will result in unknown but likely significant costs, possibly in the hundreds of thousands or up to 1 to 2 million dollars annually to the Water Board. Additionally, the committee notes the possibility of one-time contracting costs for the Water Board to create the report by December 2027.

BACKGROUND:

Structural Constraints of California's Fuel Supply – California's fuel market operates with underlying conditions that distinguish it from most other states. As outlined in past background papers from this committee,¹ the state can imprecisely be considered a fuel island. There are no pipeline inflows of finished gasoline; the pipelines connecting California to Arizona and Nevada move products outward, not in; and rail has not emerged as a viable alternative at any significant scale. The only practical avenue for outside supply is marine imports, which take three to six weeks to arrive from facilities capable of producing California-specification fuel.² That

¹ Among others, see May 5, 2026 hearing, “Fueling Uncertainty: Assessing California’s Petroleum Supply Resilience and Strategic Planning,” https://autl.assembly.ca.gov/system/files/2026-05/05.05.2026_petroleum-background.pdf and May 28, 2025 hearing, “Outlook for California’s Transportation Fuels Sector,” https://autl.assembly.ca.gov/system/files/2025-05/05.28_petroleum-oversight-hearing-background.pdf

² Pg. 15, Gee and Berliner and Wong, 2024 TFA, *Ibid*.

specification – California Reformulated Blendstock for Oxygenate Blending, or CARBOB – is unique among the states. This poses the second underlying constraint: gasoline meeting the standards of any neighboring state cannot substitute for California supply, and out-of-state CARBOB production is limited to a small number of refineries worldwide.³ The third constraint is market structure. Petroleum refining is a high fixed-cost industry with significant barriers to entry. California's in-state refining has historically been concentrated among a small number of large producers. As the 2024 Transportation Fuels Assessment (TFA) noted, “the risk of market power appears to be more pronounced than in other states.”⁴

In October 2024, Phillips 66 announced a planned closure of its Wilmington refinery by the end of 2025.⁵ And in April 2025, Valero announced the planned closure of its Benicia refinery by April 2026.⁶ These conversions and closures are not unique to California, as consolidation and closures are occurring nationally.⁷ However, the immediate impact in California is the real potential for significant supply constraints and likely price increases. As of May 2026, seven refineries produce CARBOB in California, making an already concentrated market more so. To the committee's knowledge, infrastructure has not kept pace with these closures: dock facilities likely need upgrades; storage capacity may be lacking; and there is no known plan to build either at the needed scale. State and local governments – facing the loss of jobs and tax revenue that terminal operations alone cannot replace – have largely been left to respond after the fact, without the lead time to plan meaningfully.⁸

The Remaining Seven Oil Refineries in California – California refineries produce most of the refined petroleum transportation fuels that the state consumes. Refineries take crude oil and make various petroleum products, primarily transportation fuels such as gasoline, diesel, and jet fuel. Other refinery products or byproducts include asphalt, plastic feedstocks, petrochemicals, lubricants, and sulfur. California has more refining capacity than any state except Texas and Louisiana. As of May 2026, seven refineries produce CARBOB in California. Two are in Northern California, four are in Southern California, and one small refinery is in Central California. And, despite the recent headlines, not all refineries have shut down or converted to refined product terminals. Marathon converted its Martinez (Contra Costa County) refinery to renewable fuels production in 2023. Phillips 66 converted its Rodeo (Contra Costa County) refinery to renewable fuels production in 2024.

Planning for Petroleum's Future – These pinch points highlight the difficulty state agencies, local communities, the industry, and its workforce face in developing solutions that 1) help smooth the decarbonization transition; 2) protect consumers and keep costs low; 3) maintain the workforce; and 4) ensure the health and safety of both the workforce and the public. Two of the requirements under SBX1-2 (Skinner, Chapter 1, Statutes of 2023) were reports to help identify

³ Pg. 10 and 15, Gee and Berliner and Wong. 2024 TFA, *Ibid*.

⁴ Pg. 7, Gee and Berliner and Wong. 2024 TFA, *Ibid*.

⁵ Phillips 66 news release; “Phillips 66 provides notice of its plan to cease operations at Los Angeles-area refinery;” October 16, 2024; <https://investor.phillips66.com/financial-information/news-releases/news-release-details/2024/Phillips-66-provides-notice-of-its-plan-to-cess-operations-at-Los-Angeles-area-refinery/default.aspx>.

⁶ Matthew Green; “Potential Valero Refinery Closure Leaves Benicia, State Officials Scrambling for Alternatives;” *KQED*; April 26, 2025; <https://www.kqed.org/news/12037668/potential-valero-refinery-closure-leaves-benicia-state-officials-scrambling-to-pick-up-pieces>

⁷ Such as LyondellBasell in Texas, Phillips 66 Alliance Refinery in Louisiana, and PBF Energy refinery in Paulsboro, New Jersey.

⁸ Julie Small, *KQED*, *Ibid*.

gaps and recommend solutions to these existing petroleum market challenges. One of the reports was the Transportation Fuels Assessment (TFA) that the CEC must submit every three years to identify methods to ensure a reliable supply of affordable and safe transportation fuel in California. The TFA evaluates the price of transportation fuels and consider market demand at regular intervals out to 20 years. It also includes an analysis of refinery maintenance operations and evaluate ways to manage necessary maintenance among the various facilities.⁹ The second report is a joint CEC-CARB *Transportation Fuels Transition Plan* (TFTP) which lays out a near-to-medium-term supply reliability roadmap.¹⁰

Under SB 237 (Grayson, Chapter 118, Statutes of 2025) a more detailed analysis was mandated. The CEC's *Draft SB 237 Assessment*¹¹ evaluates how to manage California's petroleum fuels transition by organizing its analysis around a three-part governance framework (i.e., the "buckets"): reactive stabilization to address immediate supply disruptions, systemwide measures to sustain reliability through transparency and investment confidence, and proactive long-term governance covering workforce transitions, community impacts, infrastructure decommissioning, and land remediation. The assessment finds California has made meaningful progress through more oversight and coordination but identifies a significant governance gap in the third bucket, where the state lacks adequate tools for managing the timing of refinery exists, ensuring operator financial accountability for cleanup, and supporting displaced workers and fenceline communities. Like the TFTP, the 237 Assessment frames the current transition in the petroleum sector not as a market process to be monitored, but as a governance challenge requiring deliberate, simultaneous action on both the declining fossil system and the emerging clean one, arguing that proactive planning is cheaper and more protective than repeated crisis response.

Asset Retirement Obligations in the 237 Report – The *Draft SB 237 Assessment* highlights that asset retirement obligations (AROs) – the legal financial liabilities companies must eventually pay to decommission and remediate refinery sites – are currently disclosed only in federal Securities and Exchange Commission (SEC) filings, and only after a closure date has been set. The report cites Phillips 66's \$231 million ARO for the Los Angeles Refinery and Valero's \$337 million ARO for Benicia as examples but notes that neither filing explains how those figures were calculated nor the scope of cleanup they cover. The *Draft Assessment* argues that more transparent and earlier disclosure would benefit multiple parties: the state could better assess whether companies can actually cover their cleanup costs before closure, host communities could plan for remediation timelines, and investors could make more informed decisions. The underlying concern, stated explicitly in the *Draft Assessment*, is that without firm financial assurances, decommissioning and cleanup costs are likely to default to California taxpayers; a risk the report compares to already-documented failures in the oil and gas extraction sector, where inadequate pre-closure funding has left orphaned sites for the state to remediate.

⁹ Public Resources Code §§ 25371-25371.1

¹⁰ California Energy Commission and California Air Resources Board. *Draft California Transportation Fuels Transition Plan*. May 1, 2026. <https://efiling.energy.ca.gov/GetDocument.aspx?tn=269790-1&DocumentContentId=106928>

¹¹ Keates, Theresa and Quentin Gee. 2026. *Senate Bill 237 Assessment: Supporting the Transition Away from Petroleum Fuels*. California Energy Commission. Publication Number: CEC-200-2026-007-LCD. <https://efiling.energy.ca.gov/GetDocument.aspx?tn=269793&DocumentContentId=106933>

*Environmental Cleanup Rules*¹² – When pollutants are released into soil, groundwater, or surface water – whether from a refinery, dry cleaner, rail yard, or industrial facility – the cleanup responsibility primarily falls to the Regional Water Boards and DTSC, depending on the nature of the contamination. The Regional Water Boards focus on releases affecting surface or groundwater; DTSC handles all other hazardous waste releases. Both agencies are responsible for identifying liable parties, setting cleanup standards, and overseeing remediation to ensure sites no longer pose a threat to public health. California currently has thousands of contaminated sites in various stages of investigation and cleanup, many resulting from historical releases that persisted in soil and groundwater long after the activity that caused them has ended.

Water quality regulation in California operates through an interlocking federal and state framework. The federal Clean Water Act (CWA) – first passed in 1948 and substantially strengthened in 1972 – establishes the national baseline, making it unlawful to discharge pollutants into navigable waters without a permit and setting water quality standards for surface waters. California’s own Water Quality Act of 1969 mirrors and extends that structure, designating the Water Board as the state’s primary water pollution control authority. Below the Water Board sit nine Regional Water Quality Control Boards, organized by watershed, which carry out day-to-day enforcement and cleanup oversight across the state.

Hazardous waste is governed by a parallel but related framework. California’s Hazardous Waste Control Law (HWCL) implements and extends federal Resource Conservation and Recovery Act (RCRA) requirements,¹³ directing DTSC to oversee the full lifecycle of hazardous waste: from generation and transportation through treatment, storage, and disposal. Any facility that stores, treats, or disposes of hazardous waste must hold a DTSC permit, and as a condition of that permit, the facility must provide a cost estimate for closure, evidence of financial assurance sufficient to cover that estimate, and a separate estimate for any on- or off-site remediation. Importantly, these permits – including the closure cost estimates – are publicly available on DTSC’s website.

As an illustration, Chevron’s El Segundo refinery has a hazardous waste facility permit that covers two active hazardous waste units¹⁴ and one closed hazardous waste unit. The closed unit covers a former land treatment facility.¹⁵ The closure cost estimated for the active hazardous waste units (in 2022 dollars) as approved by DTSC is \$2,772,312. The post-closure care cost estimate for the closed unit (2019 dollars) as approved by DTSC is \$2,525,317. The corrective action (remediation) cost estimate (in 2022 dollars) as approved by the Los Angeles Water Quality Control Board (as the lead agency) is \$39,883,696. These figures cover only the discrete hazardous waste units subject to permitting, not the full scope of site remediation of the entire refinery footprint that might be required upon closure.

COMMENTS:

- 1) *Author’s Statement.* According to the author, “California’s refineries are aging, with some operating for more than a century, yet unlike other energy sectors they are not

¹² Summarized from the Committee on Environmental Safety and Toxic Materials’ June 12, 2026, analysis of this bill.

¹³ RCRA is the principal federal law governing the disposal of solid and hazardous waste. Enacted in 1976, RCRA gives U.S. EPA the authority to control hazardous wastes over its full lifecycle.

¹⁴ https://envirostor.dtsc.ca.gov/public/hwmp_profile_report?global_id=CAD008336901&starttab=

¹⁵ https://envirostor.dtsc.ca.gov/public/profile_report?global_id=80001563

required to disclose or plan for closure-related cleanup obligations until closure is imminent. SB 1259 would require refineries to disclose how they calculate cleanup costs and projected remediation timelines, improving transparency and giving communities and the state the information needed to proactively plan for refinery closures supporting a safe, stable transition away from fossil fuels.”

- 2) *Purpose of Bill.* California’s petroleum refineries have operated for decades – in some cases over a century – under environmental standards that often did not exist when they were built. As refineries retire, the cost of decommissioning and cleaning up heavily contaminated sites can run into the hundreds of millions of dollars. Those costs remain even if a company goes bankrupt or walks away. Unlike nuclear plants and fossil fuel extraction operations, refineries face no explicit state requirements to disclose, plan for, or set aside funds for their total obligations; although, as noted above, partial coverage exists for retirement obligations associated with the refineries’ hazardous waste facilities.

California has yet experienced a catastrophic refinery closure, in part because the refineries that have closed to date have been relatively small. The facilities that remain – including some three times the size of those recently closed – present a different scale of challenge. Across the state, early warning signs are already visible: communities near the Phillips 66 Wilmington closure have had little input in shaping what comes next because the refiner submitted a redevelopment plan before any public process was established;¹⁶ the Contra Costa Refinery Transition Partnership flagged that Marathon’s decision to idle rather than formally close allowed it to defer cleanup requirements that would otherwise be required by state regulators;¹⁷ and Benicia’s mayor described scrambling after Valero’s announcement, with too little time to plan alternatives,¹⁸ with accounts suggesting that unspecified environmental issues at the facility complicated a potential sale that might have preserved operations.¹⁹ The Philadelphia Energy Solutions closure – where a bankruptcy auction, not city planners, determined the fate of a 1,300-acre site, and a deed restriction by a prior owner blocked all non-refinery reuse – offers one illustration of outcomes that can follow when advance planning is absent.²⁰ This bill requires refiners to produce detailed, publicly available retirement plans – covering decommissioning costs, remediation timelines, and funding sources – before a closure announcement, giving state and local leaders time to act on that information.

¹⁶ Blanca Begert, “Phillips 66 is Closing its LA Refinery this Month. Neighbors Still Don’t Know if the Company Will Pay for the Cleanup.” *Inside Climate News*, December 9, 2025;

<https://insideclimatenews.org/news/09122025/phillips-66-los-angeles-refinery-closure-cleanup/>

¹⁷ BlueGreen Alliance Foundation. 2025. “Report and Recommendations of the Contra Costa Refinery Transition Partnership.” <https://www.bluegreenalliance.org/resources/report-and-recommendations-of-the-california-contra-costa-refinery-transition-partnership/>

¹⁸ Matthew Green, “Potential Valero Refinery Closure Leaves Benicia, State Officials Scrambling for Alternatives,” *KQED*, updated May 10, 2025; <https://www.kqed.org/news/12037668/potential-valero-refinery-closure-leaves-benicia-state-officials-scrambling-to-pick-up-pieces>

¹⁹ Nicole Jao, David French, and Shariq Khan, “Exclusive: In rare move, California steps in to find buyer for Valero refinery to avoid closure, sources say,” *Reuters*, July 23, 2025; <https://finance.yahoo.com/news/exclusive-rare-move-california-steps-171007320.html>

²⁰ Christina Simeone, *An Unrefined Ending: Lessons Learned from the Creation and Closure of the Philadelphia Energy Solutions Refinery*, March 2023; <https://www.ucs.org/sites/default/files/2023-03/unrefined-ending-pa-energy-solutions-refinery.pdf>

However, a critique of this bill's approach is that requiring retirement plans implicitly accepts or even hastens refinery closure, when the state's interest may be better served by maintaining domestic fuel production capacity. Under this view, requiring refiners to price out decommissioning costs could be counterproductive: it surfaces costs that make continued operation look less attractive, signals to capital markets that the state expects these facilities to close, and shifts political attention toward managing exits rather than preventing them. There is a genuine tension between planning for closure and advocating for continuity. Proponents of the bill argue the two goals are not mutually exclusive, pointing out that refineries will close eventually, as has been demonstrated in the refinery exists to date, and that the relevant policy question is whether communities and the state have sufficient advance information to shape outcomes. They further argue that the Benicia example points in the other direction: incomplete information about cleanup liability appears to have complicated, rather than facilitated, efforts to structure a sale that would have preserved operations. Early disclosure of liability figures, as required under this bill, may not predetermine any particular outcome. Rather, it determines who has access to the information and when.

- 3) *ARO Analogies*. Supporters of this bill raise comparisons to other sectors and industries with what is being required of the refinery sector under this bill; namely, publicly disclosing their decommissioning plans and site remediation liabilities. Across the energy sector, the clearest precedent for imposing asset retirement obligations is the nuclear industry. Nuclear operators have been required since the 1990s to maintain financial assurance from the point of licensing, which is updated regularly.²¹ The analogy is appropriate in that both industries involve contaminated industrial sites with long operational histories and uncertain remediation timelines, but – as pointed out by this bill's opposition – the analogy is weaker on scale and regulatory context. Nuclear decommissioning costs are largely funded by ratepayers, not shareholders, so the comparison of responsible entity doesn't fully transfer. And nuclear regulation is largely federal, whereas refinery regulation would likely have to work through a patchwork of state systems.

Coal ash pond²² remediation is arguably the most analogous comparison. Like refinery sites, coal ash ponds are legacies of decades of fossil fuel operation that predated modern end-of-life regulation. The 2015 Coal Combustion Residuals (CCR) rule was the first federal regulation of coal ash disposal, and the 2024 Legacy CCR rule extended requirements retroactively to already-shuttered plants.²³ The federal rule and a number of state programs – including in Michigan²⁴ – require financial assurance based on the cost to hire a third party to conduct closure and post-closure care, which is closer to a true owner-responsibility model than nuclear decommissioning's ratepayer-funded structure. The analogy does have limits. Coal ash contamination is primarily a heavy metals

²¹ Nuclear Regulatory Commission, "Backgrounder on Decommissioning Nuclear Power Plants," <https://www.nrc.gov/reading-rm/doc-collections/fact-sheets/decommissioning>

²² a storage pit used by coal-fired power plants to hold millions of tons of waste byproducts, such as fly ash. These facilities typically mix the ash with water to create a slurry that is pumped into a basin

²³ https://www.epa.gov/system/files/documents/2024-04/legacy_ccrmu_final- fact_sheet_april2024.pdf

²⁴ House Bill 4457 (2022) <https://legislature.mi.gov/documents/2021-2022/publicact/htm/2022-PA-0246.htm>

problem²⁵ which may make cost estimation and remediation more predictable. Refinery sites tend to be more variable in both the type and distribution of contamination, which could complicate or exaggerate cost estimates.

Renewable energy decommissioning requirements – in place in many states²⁶ – offer a useful model, but the comparison is weaker. Wind turbines' and solar installations' decommissioning is essentially site restoration, not contamination remediation. The financial assurance numbers are estimates for removing equipment and revegetating the land, not cleaning up decades of hydrocarbon spills. Oil and gas well bonding is perhaps the most widely cited precedent, but also the most instructive cautionary tale: bonding requirements are ubiquitous, but have been consistently set below actual plugging costs²⁷ such that they represent a documented case of regulatory underperformance rather than a model to replicate. Taken together, none of the sector comparisons provides a direct analogy. Each has meaningful limits in scale, chemistry, regulatory structure, or funding mechanism. What the comparison does establish, however, is that requiring cost estimation and financial planning under conditions of uncertainty is common practice across the energy sector. The more relevant question raised by the cross-sector review is not which model California should adopt, but why refineries – among the most chemically complex and historically contaminated industrial sites in the state – remain one of the few categories of energy infrastructure for which no such requirement exists.

- 4) *When the Majors Leave, the Obligations Stay.* Opponents of this bill have argued that the early planning required by this bill is unnecessary given that California's oil refiners are major international corporations with sufficient resources to cover any remediation costs that materialize. There are two considerations that complicate this assumption. First, not all of California's remaining refiners are oil majors. Several of the largest international operators have already exited the state, selling their California sites to smaller independent companies. Shell sold its century-old Martinez refinery to PBF Energy in 2020,²⁸ ExxonMobil sold Torrance to PBF in 2016.²⁹ PBF Energy, founded in 2008 and operating exclusively as a domestic independent refiner, has a market capitalization roughly 50 times smaller than Chevron's.³⁰ The liability transfers with the deed, but the financial depth of the original operator does not.

Second, the corporate history of the energy sector includes documented cases in which even well-capitalized companies have restructured to separate valuable assets from

²⁵ Huang, Y, et. al; "Concentrations, Speciation, and Potential Release of Hazardous Heavy Metals from the Solid Combustion Residues of Coal-Fired Power Plants," *Int. J. Environ. Res. Public Health*, 2022 Oct 2; 19 (19): 12617; <https://pmc.ncbi.nlm.nih.gov/articles/PMC9566641/>

²⁶ <https://nccleantech.ncsu.edu/2025/01/15/50-states-of-solar-decommissioning-snapshot-adoption-of-solar-decommissioning-policies-grows-across-southeastern-states-in-2024/>

²⁷ Boomhower, J., et al., *Orphan Wells in California: An Initial Assessment of the State's Potential Liabilities to Plug and Decommission Orphan Oil and Gas Wells*, California Council on Science and Technology, November 2018, <https://ccst.us/wp-content/uploads/CCST-Orphan-Wells-in-California-An-Initial-Assessment.pdf>

²⁸ Donna Beth Weilenman, "Shell sells Martinez Refinery to PBF, ending 104-year relationship with city," *Martinez News-Gazette*, June 12, 2019; <https://martinezz Gazette.com/shell-sells-martinez-refinery-to-pbf-ending-104-year-relationship-with-city/>

²⁹ <https://investor.exxonmobil.com/company-information/press-releases/detail/479/exxonmobil-to-sell-torrance-refinery-to-pbf-energy>

³⁰ PBF carries a market cap of around \$4-5 billion. By contrast, Chevron's market cap is roughly \$250 billion, Shell's around \$200 billion, and ExxonMobil's around \$450 billion

environmental obligations prior to closure. In the most significant example, Kerr-McGee systematically stripped its valuable oil and gas assets into a newly created clean entity – later acquired by Anadarko for over \$16 billion³¹ – while leaving its environmental liabilities behind in a company that then filed for bankruptcy, effectively making those obligations disappear. It took over a decade of litigation and a \$5.15 billion settlement, the largest environmental cleanup recovery in U.S. history, to return the money.³² The Kerr-McGee case is the most extreme version of this dynamic, but the underlying incentive structure – to separate productive assets from end-of-life costs as a facility’s value declines – is not unique to it. The policy question this bill addresses is not whether California’s current refiners intend to meet their obligations, but whether the corporate and legal structures in place at the time of closure will point to an entity with both the legal responsibility and the financial capacity to do so.

- 5) *A Duplicative Plan?* Opponents of this bill note that refiners are already subject to enforceable remediation obligations under existing state and federal environmental law, and that adding new disclosure requirements is duplicative at best and, given the fragility of California’s refining sector, risks accelerating the very closures the bill purports to plan for. However, the regulatory framework governing petroleum refinery retirement in the United States, and California in particular, is not a unified decommissioning statute but rather a patchwork of overlapping federal, state, regional, and local authorities that attach at different moments and only begin upon a closure notification.

At the federal level, programs like RCRA hazardous waste closure rules, Clean Air Act emissions standards, Clean Water Act permits, and OSHA process safety requirements all impose obligations on a closing refinery, but none seem designed specifically as a closure framework. California layers on additional requirements through DTSC, CalGEM (for any oil and gas wells on the refinery footprint), Regional Water Quality Control Boards, and local land use and zoning authorities. The Western States Petroleum Association has created a closure mapping document that identifies this process as six discrete stages: pre-closure notification, transition, decommissioning, demolition, environmental remediation, and redevelopment, with each stage activating a new layer of agencies and permit requirements. Environmental remediation alone can span years to decades, and long-term monitoring obligations under the Regional Water Board or DTSC may persist long after the last piece of refinery equipment is removed.

The critical flaw in this system, from a planning perspective, is that virtually all of these requirements are reactive — they trigger upon or after a public closure announcement, not before. California’s most proactive tool is the CEC’s recently adopted one-year pre-notification requirement,³³ which compels refiners to notify the CEC at least a year in advance of any intent to permanently shut down, reconfigure, or sell. But even this is triggered by the refiner’s own decision and public declaration of intent; it is a notification requirement, not a planning requirement. The major exception, as highlighted in the Committee on Environmental Safety and Toxic Materials’ analysis of this bill, is the hazardous waste permit rules, which require a closure cost estimate and financial

³¹ <https://www.sec.gov/Archives/edgar/data/773910/000095012906007908/h38749exv99w1.htm>

³² <https://www.justice.gov/archives/opa/pr/historic-515-billion-environmental-and-tort-settlement-anadarko-petroleum-corp-goes-effect-0>

³³ Codified in 2022 under SB X1-2 (Skinner).

assurance sufficient to cover that estimate for any identified contamination at a hazardous waste facility. Importantly, these estimates and financial assurances are public documents. However, there is no statutory mechanism known to the committee requiring a refinery to fully assess, disclose, or financially plan for closure of its entire refinery site before it has decided to close; a discrepancy this bill seeks to address.

Given this, the committee recommends amendments that both acknowledge the existing regulatory landscape and create a formal mechanism for reconciling it with the bill's requirements. Specifically, the committee recommends amendments to require the Water Board and CEC to catalogue all applicable federal, state, and local requirements – including financial assurance mechanisms, remediation obligations, and disclosure mandates – currently governing the refinery site. Upon completion of that survey, and with supporting documentation filed by the refinery, the Water Board will determine whether an existing obligation is substantively sufficient to satisfy a corresponding requirement under this bill's retirement plan framework, thereby relieving the refiner of duplicative compliance with respect to that element. This approach would address the opponents' concern that new requirements not simply layer atop existing ones without regard for what is already enforceable, while preserving the bill's core purpose: ensuring that comprehensive, site-specific retirement planning exists and is verified before a closure decision is made, not assembled reactively in its aftermath.

- 6) *Critiques of Completeness.* This State Building and Construction Trades oppose this bill on the grounds that its retirement planning framework sends a market signal that the state anticipates, and may even be hastening, further refinery closures at a moment when California should instead be focused on preserving union jobs, stabilizing fuel supply, and incentivizing continued investment in existing refinery infrastructure. They have argued that the bill, in focusing narrowly on retirement planning mechanics, risks missing the larger policy question: what is driving refinery closures in the first place, and whether California has adequate tools to anticipate, manage, and respond to structural shifts in its refining sector before they become crises. This is a valuable point. And while this bill is focused on retirement planning for decommissioning and environmental clean-up, it does not exist in isolation. The Legislature is considering a broader set of tools to address fuel supply stability,³⁴ workforce transition,³⁵ and the organizational barriers overseeing California's refining sector.³⁶ The retirement planning data this bill generates would become a resource within that larger policy ecosystem.

The committee therefore recommends amending the bill's findings to situate the retirement plan requirements within a broader framework of long-term fuel supply stability and state energy security, making explicit that the bill's purpose is not merely to plan for closures after they become inevitable, but to ensure the state and local governments are empowered to engage proactively. In that same spirit, the committee recommends amendments requiring retirement plans to include workforce estimates for decommissioning and site remediation activities, with mandatory consultation with CalOSHA and CalEPA to ensure those estimates reflect realistic labor and safety compliance demands — constituencies the bill currently overlooks. Finally, the

³⁴ SB 1245 (Stern)

³⁵ AB 605 (Muratsuchi)

³⁶ SB 1337 (Richardson)

committee recommends removing estimation requirements that are contingent on highly speculative future conditions; this includes striking the requirement to update the plan every three years.

The practical effect of this reframe is that the state's posture shifts from “*building a better system for managing the inevitable*” to “*building a system to understand what's driving closures and whether we have levers to manage that outcome.*” The decommissioning and remediation planning requirements are preserved – they are still necessary – but they are not the entire answer to the question of what the state's role is during the transition.

- 7) *Public Disclosure Concerns.* The bill's public disclosure requirements raise questions that merit further examination for any refinery operator whose parent company is publicly traded. Under federal securities law, a company is generally obligated to disclose material information – information that a reasonable investor would consider significant in making an investment decision – and the existence of a detailed, state-mandated retirement plan for a specific facility could be characterized as such. Even when a refiner prepares such a plan as a regulatory compliance exercise rather than as a reflection of any actual closure intent, the fact of its public filing creates an ambiguity that may be difficult to resolve cleanly: is this a disclosure of a business decision or a planning exercise? This distinction matters. It is also worth noting that this dynamic is meaningfully different from the hazardous waste financial assurance disclosures that already exist in the public record. Those disclosures attach to specific, identified contamination at permitted hazardous waste units and say nothing about the refinery's operational future. A retirement plan, by contrast, encompasses the entire facility and its full decommissioning arc, making it more readily interpretable as a statement about the company's long-term intentions for the site. Public retirement plans could affect a company's stock price, its credit ratings, its ability to secure financing for ongoing capital improvements, and its relationships with investors who may read the filing as a signal of impending closure regardless of any accompanying disclaimers.

For these reasons, the committee recommends striking the public disclosure requirements related to the 10-year retirement plan and replacing them with a confidential regulatory filing. The retirement plan will be submitted to and held by the Water Board, with concurrent confidential filings to the CEC and CalOSHA — ensuring that the agencies with the most direct planning and emergency response interests have access to the information they need without triggering complications that public disclosure would invite. Where specific contamination units already carry public financial assurance obligations under existing hazardous waste permit conditions, those disclosures remain unaffected. What the bill adds — and what should remain confidential — is the broader site-wide retirement picture that goes well beyond any single permitted unit.

However striking public disclosure carries a genuine tradeoff: local communities, particularly those adjacent to refinery sites, have a legitimate interest in understanding the long-term plans for facilities that significantly affect their air quality, groundwater, and economic stability, and confidential regulatory filing means that interest is served only indirectly, through the agencies holding the plans rather than through direct public access. *As a result, the committee recommends an amendment authorizing the CEC to share information in the 10-year plan with state and local agencies if confidentiality is*

maintained. However, the committee also recommends that the update triggered by the one-year public closure notice be treated differently: be subject to public comment and the final updated plan be publicly available.

The author and committee may wish to consider additional clarifications, could preserve a meaningful degree of local transparency without triggering the broader market signal concerns that full public disclosure would create.

- 8) *Definitional Clean-up.* The bill includes a definition for “refiner” that mistakenly runs separate from the refinery – i.e., the person who formerly owned a petroleum refinery rather than a person who now owns the facility that formerly operated as a petroleum refinery. This is an important distinction as refinery history demonstrates selling these assets is a plausible next step for many California operators and the current definition is insufficient to capture this. *The committee recommends amendments to restructure the “refiner” definition accordingly. In line with this thought, the committee also recommends an amendment requiring the refiner, as part of the retirement plan, to identify whether their decommissioning plan is to sell, transfer, or otherwise convey the property to a buyer, rather than the refiner undertaking the end-of-life obligations of the facility.*

- 9) *Related Legislation.*

AB 2672 (Hart) requires the CEC to adopt regulations identifying the specific conditions under which gasoline sellers are obligated to seek and use a waiver to sell gasoline not meeting California’s motor vehicle fuel specifications. Status: pending action in this committee.

SB 1245 (Stern), among its provisions, directs the CEC to implement – not just recommend – its alternative gasoline specifications strategy considering both fees and conditions. Status: pending hearing in the Assembly Committee on Appropriations, following passage in this committee on June 24, 2026, on a 11-4-3 vote.

SB 1337 (Richardson) requires the CEC to enter into memoranda of understanding with local governments and air districts with refinery operations under their jurisdiction. Status: pending hearing in the Assembly Committee on Appropriations, following passage in this committee on June 24, 2026, on an 18-0 vote.

- 10) *Prior Legislation.*

SB 237 (Grayson), among its provisions, required the CEC to submit an assessment to the Legislature and the Governor that evaluates the recommendations and strategies put forward by Commissioner Gunda in the letter dated June 27, 2025. This *Draft 237 Assessment* was submitted to the Legislature on May 1, 2026. Status: Chapter 118, Statutes of 2025.

AB X2-1 (Hart) made changes to, and expanded on, SBX1-2 related to transportation fuels, including changes to the Independent Consumer Fuels Advisory Committee. Status: Chapter 1, Statutes of 2023-24 Second Extraordinary Session.

SB X1-2 (Skinner) proposed several policies to address gasoline supply and pricing, including authorizing the CEC to establish a maximum gross gasoline refining margin

and penalty on gasoline sold by refiners in the state. The bill also established a new independent division at the CEC, the DPMO, to provide independent oversight and analysis of the transportation fuels markets and established the ICFAC at the CEC. Status: Chapter 1, Statutes of 2023-24 First Extraordinary Session.

- 11) *Double Referral*. This bill is double referred. Prior to being heard in this committee, it was heard in the Assembly Committee on Environmental Safety and Toxic Materials on June 16, 2026, where it passed on a 4-1-2 vote.

REGISTERED SUPPORT / OPPOSITION:

Support

235 Individuals
 350 Bay Area Action
 AAPI Force
 ACCE Action (alliance of Californians for Community Empowerment)
 Ahri Center, a Project of Tides Center
 Alliance of Californians for Community Empowerment (ACCE) Action
 Amazon Watch
 Apen Action
 Asian Pacific Environmental Network Action
 Benicia Good Neighbor Steering Committee
 Benicians for a Safe and Healthy Community
 Biofuelwatch
 California Environmental Justice Alliance (CEJA) Action
 California Environmental Voters
 California Green New Deal Coalition
 California Healthy Nail Salon Collaborative
 California Nurses Association
 California Nurses for Environmental Health & Justice
 California Nurses for Environmental Health and Justice
 California Work & Family Coalition
 CAUSE
 Ceja Action
 Center for Race, Poverty, and the Environment
 Center on Race, Poverty & the Environment
 Central Coast Alliance United for a Sustainable Economy
 Cleaneearth4kids.org
 Climate Action California
 Climate Health Now Action Fund
 Coalition for Clean Air
 Communities for a Better Environment
 Communities United for Restorative Youth Justice
 Communities United for Restorative Youth Justice (CURYJ)
 Consumer Attorneys of California
 Consumer Watchdog
 Courage California
 Earthjustice

Environmental Health Coalition
 Environmental Health Coalition
 Equal Rights Advocates
 Esperanza Community Housing
 Fractracker Alliance
 Fund Her
 Good Neighbor Steering Committee of Benicia
 Healthy Martinez
 Individuals
 Indivisible Alta-Pasadena
 Indivisible CA: Statestrong
 Leadership Council for Justice and Accountability
 Leadership Counsel for Justice and Accountability
 Long Beach Forward
 Natural Resources Defense Council (NRDC)
 Nextgen California
 Phillipine Action Group for the Environment
 Physicians for Social Responsibility - Los Angeles
 Poder
 Poder Sf
 Prevention Institute
 San Diego 350
 Sandiego350
 Scope
 Scope LA
 Sierra Club California
 Socal 350 Climate Action
 Stand LA
 Stand-la Coalition (Stand Together Against Neighborhood Drilling – Los Angeles)
 Stand.earth
 Sunflower Alliance
 Supervisor John Gioia, Contra Costa County
 The Climate Center
 The Greenlining Institute
 The Unidos Network
 Torrance Refinery Action Alliance
 Union of Concerned Scientists

Oppose

California Chamber of Commerce
 California Council for Environmental & Economic Balance (CCEEB)
 California State Council of Laborers
 District Council of Iron Workers of the State of California and Vicinity
 Los Angeles / Orange Counties Building and Construction Trades Council
 State Building & Construction Trades Council of California
 Western States Petroleum Association