Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1259 (Blakespear) – As Amended July 2, 2026

Policy Committee:	Environmental Safety and Toxic Materials	Vote:	4 - 1
	Utilities and Energy		10 - 4

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires an oil refiner to submit to the State Water Resources Control Board (State Water Board) a retirement plan with information concerning decommissioning and site remediation for every refinery it owns, operates, or controls.

Specifically, this bill, among other things:

1) Except as specified, requires, no later than December 31, 2028, every refiner to submit to the State Water Board a retirement plan setting forth detailed information concerning decommissioning and site remediation for every refinery it owns, operates, or controls.

2) Specifies numerous requirements for what must be included in the retirement plan as well as processes and measures the refiner must undertake in the preparation of the retirement plan.

3) Requires the State Water Board, in consultation with the applicable regional water board, to review the retirement plan within six months of its submission and determine whether the plan complies with all specified requirements, requires minor, non-substantive corrections to comply, or does not comply, in which case the State Water Board must identify the specific, material deficiencies supporting that determination and immediately notify the refiner of the failure to comply.

4) Requires the refinery, following the State Water Board's determination described above, to revise its retirement plan to address the deficiencies and resubmit the retirement plan to the State Water Board within 60 days, unless the board determines an extension of time, not to exceed six months, is required.

5) Provides that once the State Water Board has determined that no further revisions are necessary, the retirement plan becomes final, requires the refiner to file the final retirement plan concurrently with the California Energy Commission (CEC) and the Division of Occupational Safety and Health, specifies requirements related to updating the retirement plan, and specifies requirements for a refiner who gives notice of intent 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.

6) Requires the State Water Board, on or before December 31, 2027, to publicly provide an overview of the methods, costs, and timelines of soil and groundwater remediation that have

been employed for decommissioning and remediation at refineries, and any additional information the board deems appropriate, as specified.

7) Specifies that information filed pursuant to this bill, except as specified, is confidential information that may be subject to protection under the Petroleum Industry Information Reporting Act of 1980 or other applicable laws but allows the CEC to share the information with the Legislature, a state or local agency, or a local government, only if those entities agree to maintain the confidentiality of the information.

8) Requires the State Water Board, on or before December 31, 2027, in coordination with the CEC, to compile a survey of existing local, state, and federal statutory and regulatory requirements applicable to refiners concerning decommissioning, closure, financial assurance, and site remediation obligations, as specified, and requires the State Water Board to use the information provided by the survey alongside the accompanying documentation submitted by the refiner of any relevant filings, permits, or other regulatory submissions to determine whether existing requirements are sufficient in scope and detail to satisfy a corresponding requirement of retirement plan obligations in the bill.

9) Requires the State Water Board, in consultation with the CEC, to, no later than one year after the retirement plans are deemed final, publish on the board's website a report assessing the total decommissioning and remediation liabilities for refineries in the state, as specified.

FISCAL EFFECT:

1) The State Water Board and regional water boards collectively estimate ongoing annual General Fund costs of approximately $1.3 million to prepare overviews of the methods, costs, and timelines of soil and groundwater remediation; survey existing local, state, and federal statutory and regulatory requirements; coordinate with stakeholders; review retirement plans for compliance; and manage the public comment process. In addition, the State Water Board anticipates one-time contracting costs of approximately $350,000 to contract with external experts to develop and publish the statewide report and update GeoTracker (the State Water Board's online database used to track and archive compliance data related to authorized and unauthorized discharges) for document management and website posting.

2) CEC preliminarily estimates annual costs of $189,000 to hire one research development specialist for three years. There is no funding source identified in the bill. Because of the ongoing structural deficit within the Energy Resource Program Account (ERPA) Fund – CEC's primary operating account – ERPA may not be able to support implementation of this bill.

   CEC expects both to play a meaningful role in the State Water Board's survey of existing local, state, and federal statutory requirements for petroleum refiners as well as lend its expertise in energy systems and fuels infrastructure and markets to the State Water Board as the board prepares the required report assessing total decommissioning and remediation liabilities. Some of this work, CEC asserts, would be absorbable within existing workstreams and resources, and some of it would require additional analysis and outreach as well as management and processing of confidential and sensitive information submitted in refiner retirement plans. Finally, CEC notes its costs may ultimately be higher depending on the complexity of refinery plans and the scope of interagency coordination requested by the State Water Board.

COMMENTS:

1) **Purpose.** 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 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) **Background.** California refineries, which produce most of the refined petroleum transportation fuels the state consumes, 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 partial coverage exists for retirement obligations associated with the refineries' hazardous waste facilities.

   In October 2024, Phillips 66 announced a planned closure of its Wilmington refinery by the end of 2025. And in April 2025, Valero announced the planned closure of its Benicia refinery by April 2026. As discussed at length in the U&E Committee's analysis of this bill, a recently released CEC report (in response to SB 237 (Grayson), Chapter 118, Statutes of 2025) highlights that asset retirement obligations (AROs) – the legal financial liabilities companies must eventually pay to decommission and remediate refinery sites – are disclosed only in federal Securities and Exchange Commission 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 the Benicia refinery as examples but notes that neither filing explains how those figures were calculated nor the scope of cleanup they cover.

   The CEC 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 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. This bill requires refiners to produce detailed 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.

3) **Support and Opposition.** Writing in support, a coalition of environmental and environmental justice organizations argues this bill "creates[s] transparency in a deeply opaque industry that utilizes loopholes to shield information from the public," and that by requiring refiners to file decommissioning and remediation plans with associated cost estimates, this bill "would allow communities, workers, and taxpayers to understand the timeline and cost of land revitalization for community uses."

   This bill is opposed by the Western States Petroleum Association (WSPA), the California Chamber of Commerce (CalChamber), the State Building and Construction Trades Council of California (SBCTC), and the California Council for Environmental and Economic Balance.

   WSPA argues that as California continues to lose in-state refining capacity at a pace that far exceeds the rate of declining fuel demand, the state should be focused on preserving remaining capacity and preventing further market disruption. Instead, WSPA contends, this bill moves California in the opposite direction by sending a "clear and deeply troubling signal to the few remaining refiners that continued investment in this state is increasingly untenable."

   SBCTC notes that "recent refinery closures have raised serious concerns regarding fuel affordability, fuel supply, energy reliability, and the economic impacts on workers and communities that depend upon these facilities." And CalChamber argues the bill significantly expands regulatory burdens while narrowing protections for confidential business information – and that "this combination of speculative modeling and mandatory public disclosures increases litigation exposure and complicates long-term planning for an industry already experiencing economic leakage."

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