

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 298 (Caballero) – As Amended June 27, 2025

Policy Committee:	Transportation	Vote:	16 - 0
	Natural Resources		12 - 0

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

**SUMMARY:**

This bill requires the California Energy Commission (CEC) to develop a plan for the alternative fuel needs of oceangoing vessels (OGVs) at the state's public seaports to enable the seaports to meet their emissions reduction goals.

Specifically, this bill, among other things:

- 1) Requires CEC, by December 31, 2030, in coordination with the State Lands Commission (SLC), the California Transportation Agency (CalSTA), and the Air Resources Board (ARB), to develop a plan for the alternative fuel needs of OGVs that call at California's public seaports and that enables the public seaports to meet their emissions reduction goals.
- 2) Requires the plan to do all of the following:
  - a) Identify significant alternative fuel infrastructure and equipment trends, needs, and issues.
  - b) Identify barriers to permitting alternative fuel facilities at seaports and opportunities to address those barriers.
  - c) Describe seaport facilities that are available and feasible for the development or redevelopment of infrastructure and operations to support the deployment of alternative fuels to OGVs and related support purposes.
  - d) Provide a forecast of the estimated demand and supply of alternative fuels needed to transition OGVs to lower emissions fuels and, to the extent feasible, provide estimated costs and timelines for this transition.
- 3) Requires CEC to convene a working group with specified representatives to advise CEC on the development of this information.
- 4) Requires ARB to provide CEC with information regarding fuels for OGVs that comply with ARB's regulations for those vessels.

**FISCAL EFFECT:**

- 1) CEC's fuels and transportation division estimates annual costs of approximately \$337,000 to hire two air pollution specialists, as well as annual contracting costs of approximately

\$300,000, until 2030 (Alternative and Renewable Fuel and Vehicle Technology Fund). Tasks include convening and facilitating the working group and conducting the necessary research and analysis to develop the required plan.

- 2) ARB estimates annual contracting costs of approximately \$100,000 from fiscal year (FY) 2026-27 to FY 2028-29 (Air Quality Improvement Fund) to assist CEC and research and analyze potential alternative fuels likely to be used in California ports, fuel availability, infrastructure needs, emissions profiles, feasibility, and expected timelines for adoption, among other relevant topics.
- 3) SLC estimates minor and absorbable costs.
- 4) Costs of an unknown, likely minor and absorbable, amount for CalSTA.

#### COMMENTS:

- 1) **Purpose.** 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.

- 2) **Background.** According to ARB, California's ports and coastal communities face ongoing air quality challenges due to emissions from OGVs. Despite existing regulations designed to reduce emissions from OGVs, ARB projects OGVs will be one of the largest contributors to mobile source emissions in California by 2037.

ARB's At-Berth Regulation, which was first adopted in 2007 and later updated in 2020, is to reduce pollution from OGVs docked at California's busiest ports. The regulation requires that vessels coming into a regulated California port either use shore power (that is, plug into the local electrical grid) or an ARB-approved control technology to reduce harmful emissions like a capture-and-control technology (a duct that connects to a vessel's exhaust and "captures" emissions). According to a 2023 press release by ARB, from 2014 to 2020, the 2007 rule had achieved an 80% reduction in emissions from more than 13,000 vessel visits. ARB estimates the 2020 regulation, once fully implemented, will deliver a 90% reduction in pollution from vessels at berth.

In 2008, ARB adopted the regulation, "Fuel Sulfur and Other Operational Requirements for Ocean-Going Vessels within California Waters and 24 Nautical Miles of the California Baseline," which was later amended in 2011. This regulation requires the use of cleaner marine distillate fuels and reduces emissions of particulate matter, oxides of nitrogen, and sulfur oxide emissions from OGVs.

ARB is exploring regulatory and voluntary measures that could achieve additional emissions reductions from OGVs while in-transit, maneuvering, and at anchor in regulated California waters. ARB held a workshop in December 2024 on its plans to develop an in-transit

regulation for OGVs. Given ARB's ongoing efforts to reduce emissions from OGVs and given it is in the early stages of developing an OGV in-transit regulation, it is not clear to this committee if CEC is the appropriate entity to take the lead on developing the plan required by this bill.

This bill is sponsored by the Pacific Merchant Shipping Association (PMSA), which writes:

Alternative-fueled ocean-going vessels are rapidly being deployed around the world to facilitate international commitments to decarbonize ocean shipping. The International Maritime Organization (IMO) has set a target of net carbon zero by 2050. Accordingly, PMSA members are already investing billions of dollars in the construction of new, cleaner, alternative-fueled and alternative fuel capable vessels and supporting fueling infrastructure. Currently there are over 900 alternative fueled ships on the water, including 4.5% of containerships, but 83% of the total orderbook for the world's largest containerships are alternatively-fueled... Other major global ports are already advancing multi-fuel operations and it is critical that California not forego this opportunity to support decarbonization and support alternative fuel supply chain development.

Writing in an oppose-unless-amended position, the International Longshore and Warehouse Union (ILWU) Locals 13, 63, and 94, contend this bill "allows for state planning and potential future public investment in automated marine terminals—facilities that have displaced workers, eliminated jobs, and undermined economic equity." ILWU requests the following amendment to the bill:

Section 2 shall apply only to non-automated marine terminals. Automated terminals shall be excluded from the scope of this planning effort. No public funds or planning activities authorized by this section shall be directed toward, or provide direct or indirect benefit to, automated terminals.

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