SENATE RULES COMMITTEE SB 298
Office of Senate Floor Analyses
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VETO

Bill No: SB 298
Author: Caballero (D), et al.
Enrolled: 9/13/25
Vote: 27

SENATE ENERGY, U. & C. COMMITTEE: 14-0, 4/7/25
AYES: Becker, Allen, Archuleta, Arreguín, Ashby, Caballero, Gonzalez, Grove, Hurtado, Limón, McNerney, Rubio, Stern, Wahab
NO VOTE RECORDED: Ochoa Bogh, Dahle, Strickland

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 8-0, 4/30/25
AYES: Blakespear, Valladares, Dahle, Gonzalez, Hurtado, Menjivar, Padilla, Pérez

SENATE APPROPRIATIONS COMMITTEE: 6-0, 5/23/25
AYES: Caballero, Seyarto, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Dahle

SENATE FLOOR: 34-0, 6/2/25
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Alvarado-Gil, Choi, Hurtado, Jones, Ochoa Bogh, Reyes

SENATE FLOOR: 38-0, 9/11/25
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Alvarado-Gil, Choi

ASSEMBLY FLOOR: 80-0, 9/9/25 - See last page for vote

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

SOURCE: Pacific Merchant Shipping Association

DIGEST: This bill requires the California Energy Commission (CEC) to develop a specified plan for oceangoing vessels' alternative fuel needs 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 Lands Commission, California State Transportation Agency (CalSTA) and CARB to develop a plan by December 31, 2030, for alternative fuel needs of oceangoing vessels at California's public seaports that will enable public seaports to meet their emissions reduction goals.

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) 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 for oceangoing vessels.
    d) Include a forecast of the estimated demand and supply of alternative fuels needed to transition oceangoing vessels to lower emissions fuels, and to the extent feasible, provide estimated costs for this transition.

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, fuel providers, fuel suppliers, fuel producers, barge operators, storage terminal operators, the State Lands Commission, CalSTA, CARB, the California Public Utilities Commission, and local air districts.

4) Requires CARB to provide the CEC with information regarding fuels for oceangoing vessels that comply with CARB's regulations for those vessels.

5) Clarifies that the plan developed pursuant to this bill shall be solely limited to alternative fuels for oceangoing vessels and shall not include references to aspects of cargo handling at ports.

6) States that it is the intent of the Legislature that the plan developed pursuant to this bill not promote the development, implementation, or expansion of fully automated cargo handling.

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 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.

The CEC has provided incentives to ports for zero-emission vehicle infrastructure deployment and conducts regular assessments of fuel demand and supply; however, the CEC has not developed state plans for mobile source emissions reduction or plans to help seaports meet their emissions reduction goals. As a result, the CEC will likely require significant assistance from other agencies to complete the plan required by this bill. 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. Multiple state agencies and the federal government play a role in overseeing fuel pipelines, depending on the type of pipeline. The State Lands Commission is primarily responsible for permitting activities regarding California seaports, and CARB maintains much of the state's data regarding mobile and stationary emissions.

Prior/Related Legislation

SB 34 (Richardson) of 2025, would have established, until January 1, 2036, limitations on and requirements Southern California Air Quality Management District regulations on regarding mobile source pollution at seaports. The bill was vetoed.

AB 1250 (Papan, Chapter 725, Statues of 2025) would have clarified 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.

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

According to the Assembly Appropriations Committee:

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.

SUPPORT: (Verified 10/13/25)

Pacific Merchant Shipping Association (Source)
California Council for Environmental & Economic Balance
Cruise Lines International Association
Invenergy, LLC
Los Angeles County Business Federation (BizFed)
Port of Long Beach
San Francisco Bar Pilots Association
Supply Chain Federation

OPPOSITION: (Verified 10/13/25)

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.

GOVERNOR'S VETO MESSAGE:

This bill would require the California Energy Commission (CEC), in coordination with the State Lands Commission, California State Transportation Agency, and the California Air Resources Board (CARB), to develop a plan by December 31, 2030, for the alternative fuel needs of Ocean-Going Vessels (OGVs) at ports that will meet ports' emission reduction goals.

As the nation's premier gateway for international trade, California's ports are an essential component of the nation's economy. I strongly support efforts to plan and deploy zero-emission infrastructure and technologies at our ports. This is why CARB has already begun the informal rulemaking phase for an OGV In-Transit Regulation to reduce harmful air pollution from OGVs while transiting, maneuvering, and anchoring in waters off the California coastline.

Though well-intentioned, the plan required by this bill could complicate CARB's active OGV In-Transit rulemaking and result in costs to the CEC's primary operating fund, which is currently facing an ongoing structural deficit, thus exacerbating the fund's structural imbalance. I encourage the supporters of this measure to work with CARB through its rulemaking process to collaboratively identify solutions for deploying alternative fuels at our ports.

For these reasons, I cannot sign this bill.

ASSEMBLY FLOOR: 80-0, 9/9/25
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

Prepared by: Sarah Smith / E., U. & C. / (916) 651-4107
10/15/25 12:43:29

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