

Date of Hearing: July 14, 2025

ASSEMBLY COMMITTEE ON EMERGENCY MANAGEMENT

Rhodesia Ransom, Chair

SB 542 (Limón) – As Amended May 23, 2025

SENATE VOTE: 28-11

SUBJECT: Oil spill prevention: administrator for oil spill response: duties

SUMMARY: For existing oil pipelines that are inactive for 5 or more years, prohibits restarting without passing a hydrostatic testing program, as specified, and requires a public notice and comment process before issuing a certificate of financial responsibility. This bill also requires the formulas for calculating reasonable worst case spills and the financial assurances necessary to respond to an oil spill to be reviewed and revised at least every 10 years. Specifically, **this bill:**

- 1) Requires every existing oil pipeline not in use for five or more years to pass a spike hydrostatic testing program before restarting.
- 2) Specifies the hydrostatic testing program be performed in segments to ensure every elevation point will be tested, with a minimum test pressure between 100 percent and 110 percent of the specific minimum yield strength for a 30-minute spike test, immediately followed by a pressure test in accordance with federal law, as specified.
- 3) Requires a public notice and comment process before an existing oil pipeline not in use for five or more years is issued a certificate of financial responsibility by the administrator for the Office of Spill Prevention and Response (OSPR).
- 4) Requires, as of January 15, 2026 and at least every 10 years after, the administrator for OSPR to review and revise the formulas for calculating reasonable worst-case spills and the financial assurances necessary to respond to an oil spill to reflect the best available information through a notice and comment rulemaking procedure.

EXISTING LAW:

- 1) Pursuant to the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act:
 - a) Requires the administrator for the Office of Spill Prevention and Response (OSPR), acting at the direction of the governor, to implement activities relating to oil spill response, including emergency drills and preparedness, and oil spill containment and cleanup. (Government Code (GC) 8670.1)
 - b) Bestows the administrator with primary authority to direct prevention, removal, abatement, response, containment, and cleanup efforts with regard to all aspects of any oil spill in the waters of the state as specified. (GC 8670.6 - 8670.14)
 - c) Prohibits the following unless the responsible party has received a copy of a COFR issued by the administrator: (GC 8670.37.51)

- i) A tank vessel or vessel carrying oil as a secondary cargo from being used to transport oil across waters of the state;
 - ii) An operator of a marine terminal within the state from transferring oil to or from a tank vessel or vessel carrying oil as a secondary cargo; and,
 - iii) An operator of a marine terminal within the state from transferring oil to or from any vessel that is or is intended to be used for transporting oil as cargo to or from a second vessel.
- d) Requires an owner or operator of a facility where a spill could impact waters of the state to apply for and obtain a COFR issued by the administrator for the facility or the oil to be handled, stored, or transported by the facility. (GC 8670.37.51)
- 2) Pursuant to the Elder California Pipeline Safety Act of 1981:
- a) Requires the State Fire Marshal (SFM) to exercise safety regulatory jurisdiction over intrastate pipelines used for the transportation of hazardous or highly volatile liquid substances. (GC 51010)
 - b) Defines “hydrostatic testing” as the application of internal pressure above the normal or maximum operating pressure to a segment of pipeline, under no-flow conditions for a fixed period of time, utilizing a liquid test medium. (GC 51010.5)
 - c) Requires the following testing requirements: (GC 51013.5)
 - i) Every newly constructed pipeline, existing pipeline, or part of a pipeline system that has been relocated or replaced, and every pipeline that transports a hazardous liquid substance or highly volatile liquid substance, to be tested in accordance with Subpart E of Part 195 of Title 49 of the Code of Federal Regulations;
 - ii) Every pipeline not provided with properly sized automatic pressure relief devices or properly designed pressure limiting devices to be hydrostatically tested annually;
 - iii) Every pipeline older than 10 years of age and not provided with effective cathodic protection to be hydrostatically tested every three years, except for those on the SFM’s list of higher risk pipelines, which shall be hydrostatically tested annually;
 - iv) Every pipeline older than 10 years of age and provided with effective cathodic protection to be hydrostatically tested every five years, except for those on the SFM’s list of higher risk pipelines which shall be hydrostatically tested every two years; and,
 - v) Piping within a refined products bulk loading facility served by pipeline to be tested hydrostatically at 125% of maximum allowable operating pressure using the product ordinarily transported in that piping if that piping is operated at a stress level of 20% or less of the specified minimum yield strength of the pipe. Requires the frequency for pressure testing these pipelines to be every five years for those pipelines with effective cathodic protection and every three years for those pipelines without effective cathodic protection.

FISCAL EFFECT: According to the Senate Committee on Appropriations, “Unknown but likely significant ongoing costs (special fund) for the Office of Spill Prevention and Response (OSPR) to implement the hydrostatic testing requirements, review and revise formulas for calculating financial assurances, and provide notification and a public comment process as specified.”

COMMENTS:

Purpose of the bill: According to the author, “There has been an extensive and unfortunate history of disastrous oil spills along the Central and Southern California coasts. Even with technological advancements and expansion of spill response capabilities, damaging spills cause millions of dollars in damage, severely impact the economies of local communities, and kill innumerable animal life. SB 542 strengthens current statute to help reduce the risk of an oil spill by requiring a public process prior to the issuance of a Certificate on Financial Responsibility for oil pipelines and require, prior to the restart of any pipeline that has not been in use for five or more years, a comprehensive hydro test to in addition to any other in-line pipeline tests.”

Equity Impact: According to the author’s office, “Oil and gas operations including pipelines are notoriously found in vulnerable, underserved, and underrepresented communities, with oil spills being focused in those areas as well. The pipeline that ruptured in Santa Barbara in 2015 did not just affect underserved communities in the region, but damaged the Central Coast region as a whole. However, the impacts from that spill and a future spill will have an oversized impact on underserved communities in the form economic damage, environmental damage and exposure, and clean water issues. This bill ensures these communities have access to a public notice and comment period when a COFR is issued for a pipeline that has not been in use for five or more years. This will provide an opportunity for the local community, academics, and scientific professionals to review the amount that may be covered in the “worst-case spill” scenario. With this opportunity for comment, front line and underserved communities will be able to have more of a voice in the deliberations about oil pipeline restarts.”

Jurisdiction of the pipelines: The U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (PHMSA) has exclusive federal authority over interstate pipeline facilities (49 USC § 60101, et seq.). An interstate pipeline is defined as a pipeline or that part of a pipeline that is used in the transportation of hazardous liquid or carbon dioxide in interstate or foreign commerce. Typically, these lines cross state borders or begin in federal waters. Additionally, a Federal Energy Regulatory Commission (FERC) filing by the operator can be the determining factor.

The California Department of Forestry and Fire Protection’s (Cal FIRE) SFM has safety, regulatory, and enforcement authority over intrastate hazardous liquid pipelines. Intrastate pipeline is defined as a pipeline or that part of a pipeline to which this part applies that is not an interstate pipeline. This refers to pipelines that are located entirely within state borders including offshore state waters.

Hazardous liquid pipelines in California: PHMSA has responsibility of 8 pipeline operators with approximately 1,188 miles of interstate pipeline. The SFM has responsibility for 52 pipeline operators with approximately 5,600 miles of intrastate pipeline, 344 pump stations and tank farms, and 744 breakout tanks.

Office of Spill Prevention and Response: The Office of Spill Prevention and Response (OSPR), within the Department of Fish and Wildlife, and acting at the direction of the Governor, implements activities relating to oil spill prevention and response in inland and marine waters, including emergency drills and preparedness, and oil spill containment and cleanup. Among other things, the administrator for OSPR is responsible for issuing certificates of financial responsibility.

Hydrostatic Testing: Current law defines hydrostatic testing as the application of internal pressure above the normal or maximum operating pressure to a segment of pipeline, under no-flow conditions for a fixed period of time, utilizing a liquid test medium.

As outlined in the Natural Resources Committee analysis:

Under current state law, operators are required to pressure test each hazardous liquid pipeline by an independent third-party approved by the SFM at least once every five years, once every two years for high risk, and once per year for buried pipelines without cathodic protection. Testing results are submitted to the SFM for review and concurrence. Tests are randomly witnessed by SFM Pipeline Safety Engineers to verify compliance with the SFM pressure testing requirements.

A pressure test involves pressurizing a pipeline with a test medium (usually water) to a pressure more than its Maximum Operating Pressure (MOP). The pipeline successfully passes the hydrostatic pressure test if it can withstand that pressure for a set period of time (usually 8 hours). A MOP hydrotest determines the proof of fitness for service of a pipeline at the time of the test. This test is typically done prior to the start of a pipeline and prior to the transmission of any gases or liquids. The regulation overseeing MOP hydrotesting can be found in Subpart E of Part 195 of Title 49 of the Code of Federal Regulations, which is referenced in the language of SB 542.

Spike hydrotesting, another pressure test, is meant to find cracking threats or corrosion in a pipeline's walls, welds, seals, or joints by using water testing at higher pressures. A spike hydrotest is designed to load pressure on a pipe to between 100% and 110% of the specified minimum yield strength (%SMYS) of the pipeline and usually requires pressurized testing for 15 minutes to one hour. The SMYS is the minimum amount of stress a pipe can withstand before experiencing permanent damage.

According to the author's office, most pipelines that transport hazardous liquids are built to operate at a hoop stress level that's about 72% of the pipeline's specified minimum yield strength (SMYS). When the pipeline is hydrotested at 100% SMYS, the pressure simulates normal operating conditions—about 72% of SMYS operating pressure. If the pipeline is hydrotested at 110% SMYS, that's equivalent to an operating pressure at around 80% SMYS, which raises the pressure above normal operating levels. This increased pressure would enable the detection of any existing corrosion or leaks. However, pressure beyond 110% SMYS could damage the pipeline.

This reasoning resulted in the author's decision to specify the hydrostatic testing program, for oil pipelines that are inactive for at least five years, to have a minimum test pressure between 100 percent and 110 percent of the specific minimum yield strength for a 30-minute spike test.

Certificate of Financial Responsibility and Worst-Case Spill Regulations: OSPR issues Certificates of Financial Responsibility (COFR) to owners or operators of facilities, Mobile Transfer Units, railroads, pipelines, and vessels that are required to have a California Oil Spill Contingency Plan. To receive a certificate, the owner or operator must apply and provide proof of financial resources capable of covering the costs of the relevant worst case scenario spill calculation, which includes the response, clean up, and damages costs. However, there are no current requirements to update worst-case spill regulations for oil pipelines, facilities, vessels, and marine terminals. This has resulted in potentially outdated worst-case spill calculations. For example, regulators established the marine facility worst-case spill calculation method in 1993 and only minor adjustments have been made since then. Additionally, the inland facility calculation methods were established by regulators in 2019 and remain unchanged.

The most recent update to financial requirements under Certificates of Financial Responsibility (COFR) happened in 2019, when regulators set the inland facility cap at \$100 million. They set the marine facility cap at \$300 million in 1995, the non-tank vessel cap at \$300 million in 2000, and the small tank barge cap at \$1 billion in 2003. State law sets maximum liability amounts for tank and non-tank vessels, but it does not set statutory limits for pipelines or facilities. Owners and operators are required to annually demonstrate proof of financial resources and submit renewal applications before their COFR expires.

Southern California Oil Spill: The Southern California oil spill occurred on October 1, 2021, just off the coast of Huntington Beach in Orange County. The rupture spilled an estimated 24,500 gallons of crude oil, which resulted in an immediate oil spill area of 13 square miles and tar balls that reached as far south as the Mexican border. The spill came from a ruptured pipeline owned by Amplify. Investigators determined the pipeline was ruptured eight months prior to the spill, when two ships dragged their anchors over the pipeline because of winds during a massive thunderstorm on January 25, 2021.

On October 4, 2021 Governor Newsom issued a state of emergency in Orange County to support the emergency response to the oil spill off the coast of Huntington Beach. At the response's peak, 18 vessels were deployed, 13 sensitive sites were protected, 4 volunteer deployments were conducted, and over 1,800 personnel participated in the efforts. The personnel included full time staff, affiliated volunteers (CERT and OWCN with Hazardous Waste Operations and Emergency response training), and unaffiliated volunteers who received training organized by Unified Command. The clean-up response team reported 9,076.4 gallons of recovered oil and 116 dead birds and mammals. The Oil Spill Response efforts officially concluded as of December 27, 2021 when all shoreline segments were signed off as clean.

Amplify was charged with negligent discharge of oil. Investigations demonstrated that Amplify failed to take appropriate action after initial signs of the spill became apparent. Amplify and the ships at fault were required to pay \$210 million in civil and criminal penalties. Amplify paid an additional \$5.9 million in cleanup cost. Amplify and the ships also paid \$95 million to the spill's victims.

Double Referral: This bill was first referred to the Committee on Natural Resources and passed with an 8-3-3 vote on July 7, 2025.

REGISTERED SUPPORT / OPPOSITION:

Support

350 Bay Area Action
350 Santa Barbara
Azul
Bixby Residential, INC.
Business Alliance for Protecting the Pacific Coast
California Environmental Voters (formerly Clcv)
Center for Biological Diversity
Center on Race, Poverty & the Environment
Central Coast Climate Justice Network
Cleaneearth4kids.org
Climate First: Replacing Oil & Gas (CFROG)
Climate Hawks Vote
Clue-sb Environmental Justice Group
Clue-sb Environmental Justice Work Group
Coastal Band of the Chumash Nation
Defenders of Wildlife
Elected Officials to Protect America - Code Blue
Environmental Action Committee of West Marin
Environmental Defense Center
Food & Water Watch
Friends Committee on Legislation of California
Get Oil Out!
International Marine Mammal Project of the Earth Island Institute
Keepers of the Western Gate
Ocean Conservation Research
Ocean Protectors Program
Oil & Gas Action Network
Patagonia
Quabajai Coastal Chumash Keepers of the Western Gate
S.f. Bay Physicians for Social Responsibility
Sacred Places Institute for Indigenous Peoples
Sandiego350
Santa Barbara Channelkeeper
Santa Barbara County Action Network
Santa Barbara Women's Political Committee
Sierra Club California
Sierra Club Santa Barbara Group
SoCal 350 Climate Action
Society of Fearless Grandmothers of SB
Solano County Democratic Central Committee
Stand.earth
Sunflower Alliance
Surfrider Foundation
The Climate Center
UCSB AS Environmental Affairs Board
Ventura Coastkeeper
Wishtoyo Chumash Foundation

Opposition

None on file.

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