SENATE THIRD READING
STR Bill Id:SB 567¶Author:(Limón)
As Amended Ver:September 4, 2025
Majority vote

SUMMARY

Establishes, until January 1, 2035, the Gravity-Based Energy Storage Well Pilot Program (Pilot Program) and authorizes the conversion of not more than 250 wells for use as gravity-based energy storage wells, as defined, to evaluate their use, including the establishment of appropriate operating conditions and physical parameters to safely generate energy.

Major Provisions

1) Allows the state oil and gas supervisor (supervisor), *after consulting with the State Water Resources Control Board and appropriate regional water quality control board,* with certain restrictions and subject to various requirements, to authorize the conversion of not more than 250 wells for use as gravity-based energy storage wells, as defined, to evaluate their use, including the establishment of appropriate operating conditions and physical parameters to safely store and generate energy. Requires the Geologic Energy Management Division (CalGEM) to identify each well converted to or being operated as a gravity-based energy storage well on its website. Specifies requirements for, among others, a Class II well or an idle well authorized for use as a gravity-based energy storage well.

2) Requires the operator, before conversion of a well to a gravity-based energy storage well, to file with the supervisor a written notice of intention with specified information to convert the well to a gravity-based energy storage well.

3) Requires the supervisor before authorizing the conversion of a well for use as a gravity-based energy storage well, to obtain an enforceable commitment from the well operator that all contractors and subcontractors performing the conversion will pay at least prevailing wages and will use a skilled and trained workforce to perform all work that falls within an apprenticeable occupation in the building and construction trades, as specified.

4) Allows a gravity-based storage well that ceases to be operated as a gravity-based storage well to be incorporated as an idle well in a plan subject to the elimination requirements.

5) Requires CalGEM *to require* mechanical integrity *testing* of a gravity-based energy storage well *before the conversion and* at least annually, as specified. *Requires testing data reporting.* Specifies various requirements for a gravity-based energy storage well in the event of a loss of mechanical integrity or leak to the environment. Requires the supervisor, in consultation with the Air Resources Board (ARB) and the State Water Resources Control Board, to establish criteria for fluid leak monitoring and reporting.

6) Requires, by January 1, 2033, *CalGEM***,** in consultation with entities operating gravity-based energy storage wells, *the Secretary for the California Environmental Protection Agency (CalEPA)***,** the State Water Resources Control Board and regional water quality boards, ARB, the California Energy Commission, relevant local jurisdictions, environmental and environmental justice organizations, tribes, and other stakeholders, to evaluate the pilot program and make recommendations – as specified – to the Legislature for a framework to implement an ongoing *program t*o provide for regulation of the operation of gravity-based

energy storage wells as a result of the benefits determined for renewable energy sources and the storage of the energy in gravity-based energy storage wells.

7) *Requires, until January 1, 2035, an annual charge on operators of gravity-based energy storage wells to defray the regulatory costs incurred by the state in maintaining surveillance of these wells, ensuring that testing is conducted properly, and ensuring that no damage occurs to the environment by reason of conversion.*

COMMENTS

In California, an idle well is a well that has not been used for two years or more and has not yet been properly plugged and abandoned (sealed and closed). According to CalGEM, there are more than 37,000 known idle wells in California, all of which will eventually come to their end of life, and their owner/operators will be required to plug the wells with cement and decommission the production facilities, restoring the well site to its prior condition.

A gravity well is an idle oil or gas well that is retrofitted with a gravity-based mechatronic energy conversion system to generate renewable energy for the grid. The technology charges and discharges by lifting and lowering a long, cylindrical weight, which consists of used oilfield tubing or casing and high-density filling. It is suspended by wire rope in an idle well that is sealed with a cement plug prior to installation. It is estimated that each conversion can generate and store upwards of 2,000 megawatt hours (Mwh) of clean energy. Converting orphan wells into energy storage systems can both potentially permanently seal the well, stemming the noxious pollution from the well from seeping into the nearby communities, and can create potentially significant renewable energy storage.

California does not currently have a way to permit gravity-well technologies as it is outside CalGEM's statutory jurisdiction. SB 567 provides explicit authority, until January 1, 2035, for the Pilot Program for CalGEM to permit the conversion of up to 250 wells for use as gravity-based energy storage wells to evaluate their use, including the establishment of appropriate operating conditions and physical parameters to safely store and generate energy. The bill excludes Class II injection wells, which are used to safely dispose of the salt and fresh water produced with oil and gas, from potential conversion**.**

According to the Author
SB 567 will allow idle wells to be used for energy storage once they have been isolated from the oil or gas reservoir and satisfy other monitoring requirements. California has over 38,000 idle wells and a projected need of 52,000 MW of energy storage by 2045. To address both of these issues it is important the State consider new technologies. This bill will create a pathway for transitioning some idle wells into energy storage, while providing for the plugging and abandoning of the well when it is no longer being used for energy storage.

Arguments in Support
The Kern County Board of Supervisors writes in support that "Kern is committed to helping our oil and gas companies repurpose their assets to enhance financial stability, create jobs, and generate essential county revenue. Supporting continued employment for oil and gas workers is crucial for the long-term economic strength and sustainability of our community. Transforming inactive wells for uses such as energy storage, carbon capture and sequestration, and geothermal applications provides valuable job opportunities for local workers who already possess the expertise needed to drive these projects forward."

Arguments in Opposition
The Water Replenishment District" opposes SB 567 due to the threat the use of idle oil and gas wells for gravity-based energy storage in the Central and West Coast basins would pose to groundwater quality and access to drinking water for four million residents. The structural integrity of an idle well might not be known and repurposing a well for gravity-based energy storage even following mechanical integrity testing present concerns, especially at deeper depths as breaches in structural integrity that leads to the movement of contaminants could escape detection for a period of time. Regional water quality control boards do not have the financial capacity to respond to groundwater contamination and generally limit their work to remediating sites that have a funding mechanism like a responsible party. The remediation of contaminated groundwater should an idle well used for gravity-based energy storage fail would take years due to the time and uncertainty regarding identification of the source of contamination and identification of a responsible party. In the meantime, WRD or public water systems could be faced with the contamination of drinking water wells."

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

1) The Department of Conservation will incur annual costs of an unknown amount, likely in the high hundreds of thousands to low millions of dollars, to develop and administer the pilot program until it sunsets in 2035. These costs could be offset by fees assessed to cover CalGEM's implementation costs, as provided for in the bill.

2) ARB and CalEPA will incur annual costs of an unknown amount until January 1, 2033, likely in the high hundreds of thousands of dollars, to evaluate the pilot program and make specified recommendations.

VOTES

SENATE FLOOR: 33-1-6
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Durazo, Gonzalez, Grayson, Grove, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Padilla, Pérez, Rubio, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO: Jones
ABS, ABST OR NV: Dahle, Hurtado, Ochoa Bogh, Reyes, Richardson, Seyarto

ASM NATURAL RESOURCES: 14-0-0
YES: Bryan, Alanis, Connolly, Ellis, Flora, Garcia, Haney, Hoover, Kalra, Muratsuchi, Pellerin, Schultz, Wicks, Zbur

ASM APPROPRIATIONS: 11-0-4
YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache
ABS, ABST OR NV: Sanchez, Dixon, Ta, Tangipa

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