Date of Hearing: July 7, 2025

ASSEMBLY COMMITTEE ON NATURAL RESOURCES
Isaac G. Bryan, Chair
SB 613 (Stern) – As Amended June 30, 2025

SENATE VOTE: 37-0

SUBJECT: Methane emissions: petroleum and natural gas producing low methane emissions

SUMMARY: Requires state agencies to prioritize strategies to reduce methane emissions from imported petroleum and natural gas and requires the Air Resources Board (ARB) to encourage procurement of certified natural gas producing low methane emissions, as specified.

EXISTING LAW:

1) Requires ARB to use the best available science to quantify and annually report on its website the amount of greenhouse gas (GHG) emissions resulting from the loss or release of natural gas during all processes associated with the production, processing, and transport of natural gas imported into the state from out-of-state sources. (Health & Safety Code (HSC) 39607)

2) Requires ARB to consult with specified entities to gather information for purposes of carrying out life-cycle GHG emissions analyses of natural gas imports.

3) Requires the Public Utilities Commission (PUC), in consultation with ARB, to minimize natural gas leaks from PUC-regulated gas pipeline facilities, and provide for the development of metrics to quantify the volume of emissions from leaking gas pipeline facilities, and to evaluate and track leaks geographically and over time.

4) Requires all state agencies to consider and implement strategies to reduce their GHG emissions. (HSC 38592)

THIS BILL:

1) Defines "measure, monitor, report, and verify" or "MMRV" as a framework used for the systematic measuring of emissions, including the documentation and verification of the accuracy of the reported data.

2) Requires state agencies to prioritize strategies to reduce methane emissions, including emissions from imported petroleum and natural gas, where feasible and cost effective.

3) Authorizes ARB, the PUC, and other relevant agencies to apply approved MMRV protocols to existing programs to reduce methane emissions, including emissions from imported petroleum and natural gas procured by utilities and other large gas users.

4) Requires ARB to encourage natural gas procurement on behalf of the state to shift to certified natural gas producing low methane emissions, as verified by MMRV, where feasible, cost effective, and in the best interests of ratepayers as determined by the PUC.

5) Provides that these requirements shall not be construed to require any new or additional petroleum and natural gas utility procurement or to promote the expanded use of petroleum and natural gas from fossil resources and is not intended to interfere with state efforts to reduce the use of petroleum and natural gas or increase the production and use of renewable gas.

6) Makes related findings.

FISCAL EFFECT: According to the Senate Appropriations Committee, unknown but likely significant ongoing costs (Cost of Implementation Account) for ARB to implement the provisions of this bill.

COMMENTS:

1) **Background**. Methane is the principal component of natural gas. It is also produced biologically under anaerobic conditions in ruminant animals and solid waste facilities. Methane is termed a Short-Lived Climate Pollutant (SLCP) because it has a much shorter lifetime in the atmosphere than carbon dioxide, but has a much higher global warming potential. According to the United Nations Environment Programme, methane is more than 80 times more effective than carbon dioxide in trapping heat in the atmosphere over a 20-year period. SLCPs, including methane, are responsible for 30-40% of global warming to date.

   Atmospheric methane concentrations have been increasing as a result of human activities related to agriculture, fossil fuel extraction and distribution, and waste generation and processing. Methane gas from oil and gas production and distribution is a growing source of emissions in many countries, including the United States, due to increased exploration and use of natural gas for energy.

   Natural gas is primarily methane. It can be burned for energy or used as a chemical feedstock. Nearly 45% of the natural gas burned in California is used for electricity generation, and much of the remainder is consumed in the residential (21%), industrial (25%), and commercial (9%) sectors. California continues to depend on out-of-state imports for nearly 90% of its natural gas supply.

   Regardless of the end uses, making natural gas ready for use relies on extensive processing and transportation. These steps are categorized as either “upstream” (exploration and production), “midstream” (processing, compressing, and transporting the gas), or “downstream” (distribution to industrial, residential, or commercial customers).

   The term “fugitive emissions” is used to refer to unintended emissions at any step in this process. Notably, many of these fugitive emissions are not necessarily at the “point of production” of the natural gas. Overall, the majority of methane emissions from natural gas occur in the mid- and upstream processes.

   Identifying and addressing points of methane leakage along the natural gas supply chain is a pressing issue. However, identifying fugitive methane emissions is technologically challenging. Given the strong warming effects of methane in the atmosphere, minimizing its release is important to mitigate climate change. Given the value of supplying natural gas to

end users, minimizing its release can benefit suppliers' bottom line and much of the methane emission mitigation work can actually save producers money. The International Energy Agency (IEA) has stated that there is a huge opportunity to cut methane emissions from the energy sector. The IEA estimates that more than 70% of current emissions from oil and gas operations are already technically feasible to prevent, and around 45% could typically be avoided at no net cost because the value of the captured gas is higher than the cost of the abatement measure.

With natural gas drawing increasing scrutiny for its emissions footprint, the industry has responded with a cleaned-up version of its traditional product, known as certified gas. While a universally accepted definition has yet to emerge, broadly this term refers to gas that has been verified by an independent third party to have been produced in a manner consistent with certain environmental, social, and governance standards. Methane emissions are a key performance metric for certified gas, with an emphasis on monitoring and measurement.

2) **Author's statement**:

> California imports about 90% of its natural gas from other states and countries, and imports about 50% of our oil from Iraq, Saudi Arabia, Ecuador, Brazil, Guyana, and Canada. We are still amongst the largest users of fossil petroleum and fossil gas in the whole world. It is important to reduce methane emissions, including emissions from imported petroleum and natural gas. This bill will encourage natural gas procurement to shift to low-leakage natural gas where feasible, cost effective, and in the best interests of ratepayers. State agencies can utilizing existing state reporting and data collection efforts such as the world-leading state satellite tracking efforts to reduce emissions and send market signals.

3) **Double referral**. This bill has been double-referred to the Utilities and Energy Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

PureWest Energy

Opposition

None on file

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