Office of Senate Floor Analyses
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UNFINISHED BUSINESS

Bill No: SB 613
Author: Stern (D), et al.
Amended: 6/30/25
Vote: 21

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 6-1, 4/2/25
AYES: Blakespear, Gonzalez, Hurtado, Menjivar, Padilla, Pérez
NOES: Dahle
NO VOTE RECORDED: Valladares

SENATE ENERGY, U. & C. COMMITTEE: 13-3, 4/21/25
AYES: Becker, Allen, Archuleta, Arreguín, Ashby, Caballero, Gonzalez, Grove, Limón, McNerney, Rubio, Stern, Wahab
NOES: Ochoa Bogh, Dahle, Strickland
NO VOTE RECORDED: Grayson

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

SENATE FLOOR: 37-0, 6/4/25
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, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Alvarado-Gil, Choi, Reyes

ASSEMBLY FLOOR: 42-12, 9/12/25 – Roll call vote not available.

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

SOURCE: Author

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

Assembly Amendments defined "measure, monitor, report, and verify" and clarified Legislative intent.

ANALYSIS:

Existing law:

1) Requires CARB to, under AB 2195 (Chau, Chapter 371, Statutes of 2018), 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 and Safety Code (HSC) §39607)

2) Requires CARB to, under AB 1496 (Thurmond, Chapter 604, Statutes of 2015), among other things, consult with specified entities to gather information for purposes of carrying out life-cycle GHG emissions analyses of natural gas imports.

3) Requires the California Public Utilities Commission (CPUC) to, under SB 1371 (Leno, Chapter 525, Statutes of 2014), in consultation with CARB, minimize natural gas leaks from CPUC-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 CARB, the Public Utilities Commission (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 CARB 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.

Background

1) *Natural gas.* Natural gas is primarily methane. It is also known as "fossil gas." It can be burned for energy or used as a chemical feedstock. Nearly 45 percent of the natural gas burned in California was used for electricity generation, and much of the remainder was consumed in the residential (21 percent), industrial (25 percent), and commercial (9 percent) sectors. California continues to depend upon out-of-state imports for nearly 90 percent of its natural gas supply[1], underscoring the importance of monitoring and evaluating ongoing market trends and outlook.

   On April 23, 2021, Governor Newsom directed CARB to evaluate the phaseout of oil and gas extraction in the state no later than 2045, as part of this Scoping Plan.[2] In the 2022 Scoping Plan Update, CARB's proposed scenario for achieving the state's 2030 and 2045 climate goals involves meeting the

[1] Supply and Demand of Natural Gas in California, CEC. **https://www.energy.ca.gov/data-reports/energy-almanac/californias-natural-gas-market/supply-and-demand-natural-gas-california**
[2] Governor Newsom Takes Action to Phase Out Oil Extraction in California. **https://www.gov.ca.gov/2021/04/23/governor-newsom-takes-action-to-phase-out-oil-extraction-in-california/**

anticipated increased demand for electricity without any new natural gas-fired resources as well. Moreover, the plan strives to reduce demand for natural gas across the entire economy. Within the state, CARB intends for oil and gas fugitive methane emissions to be reduced by 50% by 2030 and further reductions as infrastructure components retire in line with reduced fossil gas demand.

2) *Finding and dealing with leaks.* 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. Satellites are growing in prominence as an important tool in addressing the climate crisis by spotting methane emissions. There are already dozens of greenhouse gas-detecting satellites in orbit today, and both public and private institutions have announced plans to launch more in the future. Additionally, at COP27, the UN announced a new high-tech, satellite-based global methane detection initiative—The Methane Alert and Response System (MARS)—that will leverage satellite data to alert governments, companies, and operators about large methane sources to foster rapid mitigation. California plans to launch its own methane-detecting satellites this year.

   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, in fact, save producers money. The International Energy Agency (IEA) has 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 abatement.

3) *Methane Emissions Reduction Program*. Through the Inflation Reduction Act (IRA), the US Environmental Protection Agency (US EPA) planned to invest over $1 billion in financial and technical assistance to monitor, measure, quantify and reduce methane emissions from the oil and gas sector in concert with establishing a Waste Emissions Charge (WEC) and updating the GHG Reporting Program to advance greater transparency and accountability for methane pollution. This program was intended to help reduce emissions of methane and other GHGs from the oil and gas sector and to have the co-benefit of reducing non-GHG emissions such as volatile organic compounds and hazardous air pollutants. The program was also to reduce emissions from oil and natural gas infrastructure in or near overburdened communities where

people live, work, and go to school.

On March 14, 2025, President Trump signed a resolution, pursuant to the Congressional Review Act, which disapproved the WEC rule. Between that and the freezing of federal IRA funds, there does not seem to be any movement on implementing the Methane Emissions Reduction Program.[3]

Comments

1) *Purpose of Bill.* According to the author, "The importance of high-quality, verifiable data has never been more important when it comes to energy. Accurate data from the state's fossil methane and petroleum sector can help reduce emissions of potent short-lived climate pollutants that are both powerful climate forcers and harmful air pollutants. Accurate data is gleaned with sensors, more advanced leak detection, and facility-based strategies that lead to tangible results: reduced leaks and excess emissions from the state's fossil fuel energy systems. Even while we focus on transitioning away from fossil fuels, we can, and should focus on minimizing the impacts of our ongoing fossil fuel use, including methane emissions from imported natural gas and petroleum."

2) *Gas, break, dip*. If everything went according to plan, natural gas producers would drill wells, operate them according to industry best practices for as long as the well remains economical, and then safely plug and decommission the well. In reality, the companies responsible for the assets may go under, restructure, or otherwise abdicate their duties and leave the wells without adequate care taken to avoid leaks, releases, or other health and environmental hazards.

   These are termed "orphan wells," and according to a 2020 study from the California Council on Science and Technology, the state has over 5,000 of them today, with an additional almost 70,000 that are economically marginal or idle and may become orphaned in the future. Particularly if things go wrong (whether the well is less productive, the machinery unreliable, etc.), there may unfortunately be economic incentives to abandon infrastructure. Preventing this kind of behavior relies on robust accountability and enforcement. The natural gas California will be using for years to come will likely continue to come primarily from out of state, but these same issues exist wherever the wells do.

[3] Methane Emissions Reduction Program. EPA.gov **https://www.epa.gov/inflation-reduction-act/methane-emissions-reduction-program** Accessed 3/20/2025

Beyond abandonment, the rest of the fossil fuel supply chain is subject to other unplanned issues as well. No one plans for their operations to become the next Aliso Canyon gas leak, the next Exxon Valdez oil spill, or the next Deepwater Horizon disaster, yet these events keep happening, and will almost certainly continue happening as long as these systems are in place.

The Senate should be cognizant of these facts, and remember that even when best practices are established and enforced for natural gas operations, things do not always go according to plan. The only way to absolutely avoid fossil fuel releases—including methane emissions—across the entire up-, mid-, and downstream natural gas supply chain is to keep it in the ground.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee:

- PUC estimates ongoing annual staffing and contracting costs of approximately $674,000 (PUC Utilities Reimbursement Account) to implement this bill, including coordinating with ARB to encourage natural gas procurement on behalf of the state to shift to certified natural gas producing low methane emissions, as provided. PUC cautions that changes to gas procurement, such as strongly favoring certified gas, could impact the gas market and create artificial scarcity, with unpredictable impacts on ratepayers.

  PUC further contends it would need to interpret how to apply a loading order to gas, establish procurement systems and cost controls in line with that loading order, and determine how to apply the loading order to Core Transport Agents, who provide an alternative gas procurement option for residential and small commercial customers and are mostly unregulated. The committee notes the loading order provision is in the uncodified findings and declarations section of the bill.

- The Department of General Services (DGS) manages a natural gas services (NGS) program, which procures natural gas for various state and local government agencies. As of May 2025, the NGS program's monthly use of natural gas was about 17.6 million therms at $0.29 per therm, equating to approximately $5.1 million per month or about $61 million a year (these figures do not reflect the total gas consumption of each participating agency in the NGS program). DGS notes that, depending on the cost and availability of MMRV-approved low methane gas (compared to the least expensive

natural gas available to DGS), this bill may result in higher state costs, potentially in the millions of dollars annually (General Fund and special funds). It is not clear to the committee how the "where feasible, cost effective, and in the best interests of ratepayers" language in the bill will help inform state agencies' procurement and purchasing decisions.

- CARB anticipates minor and absorbable costs as a result of this bill. CARB notes it is already working, through multiple regulations and programs, to reduce emissions from imported petroleum and natural gas where feasible and cost-effective – which is generally aligned with the intent of this bill.

The Department of Finance is opposed to this bill because “it creates General Fund and special fund cost pressures for state agencies to procure certified natural gas producing low methane emissions.”

SUPPORT: (Verified 9/9/25)

California Legislative Central Coast Caucus
Sierra Club

OPPOSITION: (Verified 9/9/25)

Western States Petroleum Association

Prepared by: Heather Walters / E.Q. / (916) 651-4108
9/12/25 17:19:39

****** END ******