Date of Hearing: July 9, 2025

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Cottie Petrie-Norris, Chair
SB 767 (Richardson) – As Amended April 24, 2025

SENATE VOTE: 37-0

SUBJECT: Energy: transportation fuels: supply: reportable pipelines

SUMMARY: This bill, starting in 2027, requires oil pipeline operators to report information about pipeline flows to the California Energy Commission (CEC) and requires CEC to notify government officials about any potential pipeline shutdown resulting from low oil flows. Specifically, **this bill**:

1) Defines a reportable pipeline as a pipeline that delivers domestic crude feedstock from oil production facilities to oil refineries for processing into transportation fuels; this does not include a pipeline whose closure would not cause a significant reduction of processing capacity of the refinery that receives the crude feedstock.

2) Requires the operator of a reportable pipeline to report pipeline flows to the CEC on a monthly basis, starting on March 30, 2027.

3) Requires, if a reportable pipeline's flow falls below its minimum rated throughput levels, the pipeline operator to notify the CEC within 24 hours of a potential pipeline shutdown, and requires CEC to notify the Chairs of the legislative energy committees, the Governor, and appropriate safety and emergency response agencies about the potential shutdown.

4) Requires CEC to do the following:

   a) Work with stakeholders to identify those pipelines that meet the definition of a reportable pipeline under this bill by December 31, 2026.
   b) Determine if a potential reportable pipeline shutdown could result in gasoline supply disruptions.
   c) Establish a form for pipeline operators to report pipeline flows that enables operators to submit data via email and that includes a method to report when pipeline flows reach minimum throughput levels.

5) Prohibits the CEC from using data reported pursuant to this bill for the purposes of setting maximum gasoline refining margins or establishing requirements for refinery maintenance turnarounds.

EXISTING LAW:

1) Establishes the CEC as a five-member commission within the Natural Resources Agency and tasks the CEC with monitoring, analyzing, and making recommendations on statewide trends in the energy sector, including fuel supply and demand. (Public Resources Code § 25200 et. seq.)

2) Establishes the Petroleum Industry Information Reporting Act of 1980 (PIIRA), which requires oil refiners and marketers to submit specified data to the CEC and requires the CEC to analyze this data to identify trends in demand and supply for petroleum, including factors influencing gasoline price changes; and also requires retail transportation fueling stations to report specified information about their sales of gasoline, diesel, and other fuels to the CEC. (Public Resources Code § 25350 et. seq.)

3) Establishes various confidentiality protections within PIIRA, including specifying that the CEC may disclose certain confidential information received under PIIRA to California Air Resources Board (CARB) or the Attorney General if CARB or the Attorney General agree to keep the information confidential. (Public Resources Code § 25350 et. seq.)

4) Establishes California Geologic Energy Management Division (CalGEM) for the purposes of overseeing the drilling, operation, maintenance, and removal of oil and gas wells and with duties that include authorization of oil and gas exploration within California. (Public Resources Code § 3000 et. seq.)

BACKGROUND:

Declining domestic oil production may impact in-state oil pipelines -- A recent informational hearing of this committee described challenges California faces related to declining domestic oil production.[1] Strategies to ensure adequate transportation fuels supply during the state's clean energy transition are further described in the June 27, 2025, letter from the CEC to Governor Newsom.[2] California's reliance on crude oil has steadily declined since the 1980s. In-state production of petroleum remains low and California largely relies on imports for its petroleum supplies. In 2021, Governor Newsom directed CalGEM to cease issuing permits for fracking in 2024 and ordered CARB to explore pathways to end in-state oil extraction by 2045. The end of in-state oil extraction would require remaining refineries to rely entirely on imported oil. Recent legislation expanded the CEC's authority to manage refinery turnarounds and petroleum price spikes as the state seeks to transition to cleaner fuels. Several refineries maintain existing petroleum supplies by using pipelines to in-state oil fields. However, as supply from those fields decreases, the viability of those pipelines sharply declines. When the flow of petroleum through a pipeline drops below a certain threshold, the pipeline's capacity to transport oil declines, which can result in pipeline shutdowns and reduced refining capacity. While refineries may be able to import additional barrels to maintain refinery operations, the impacts and costs associated with procuring large new oil imports through shipping is unclear.

Shared Authority over Oil Pipelines -- Pipelines transporting hazardous materials, including oil pipelines, have differing oversight at the federal and state level. At the federal level, the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) establishes requirements for interstate pipeline. Certain minimum safety requirements adopted by PHMSA apply to both interstate and intrastate pipelines, and states can establish their own pipeline safety programs if they receive certification from PHMSA to operate that program. In California, PHMSA has granted the Office of the State Fire Marshal (OSFM) exclusive safety regulatory and enforcement authority over hazardous liquid pipelines in the state. Several other state agencies play roles in regulating intrastate pipelines with the OSFM. CalGEM regulates oil

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[1] Informational/Oversight Hearings | California State Assembly 05.28_petroleum-oversight-hearing-background.pdf
[2] CEC's_Response_to_Governor_Newsom's_Letter_June-27-2025 (2).pdf

and gas production pipelines and wells within or near an oil field, the State Lands Commission manages offshore oil production, and the California Public Utilities Commission regulates the rates and terms of service for pipeline operators that transport petroleum for other companies. The CEC maintains broad authority to assess the reliability of the state's transportation fuel demand and supply and provides certain oversight regarding petroleum pricing; however, the CEC does not have regulatory authority over petroleum pipeline operations. While the CEC may be able to assess the economic and reliability impacts associated with a pipeline shutdown, the wells supplying oil for those pipelines largely fall under CalGEM's authority and pipeline safety requirements may fall under the OSFM and PHMSA.

FISCAL EFFECT: According to the Senate Appropriations Committee, the CEC estimates one-time costs of $179,000 (Energy Resources Program Account or other fund) and ongoing costs of $282,700 for 1-3 positions to implement a structured oversight and compliance framework, develop and communicate clear requirements, establish a secure data submission system, and develop regular reports.

CONSUMER COST IMPACTS: Unknown.

COMMENTS:

1) *Author's statement*. According to the author: "According to recent studies, the state's crude oil production has declined by over 50% since 2000, with the rate of decline accelerating, particularly in the aftermath of the COVID-19 pandemic. The latest findings indicate that several crude oil pipelines across the state are approaching critical minimum throughput levels. If these pipelines were to shut down, California refineries would face severe operational challenges, increasing reliance on costly and logistically constrained marine imports to sustain fuel supplies. Ensuring a stable and predictable fuel supply is essential for our transportation sector, emergency response services, and broader economic stability. This legislation is not about reversing the state's long-term energy transition but about managing it responsibly. A sudden loss of refining capacity due to unmonitored pipeline failures would not only impact gasoline availability but also threaten jobs, increase fuel costs, and disrupt the state's energy security. By requiring the CEC to track and report pipeline throughput levels as outlined in SB 767, we can implement timely interventions that prevent unnecessary refinery shutdowns, maintain market stability, and protect California's consumers from avoidable fuel price volatility."

2) *Bill expands data collection by CEC*. Existing law requires various segments of the oil industry to submit daily, weekly, monthly, annual, and event-based reports to the CEC. Major petroleum transporters, including pipelines, are required to submit reports so the CEC can monitor the supply and demand of transportation fuels in the state, identify potential market manipulation, and help anticipate and avoid unnecessary price spikes for consumers. In recent years, the state has expanded the CEC's authority to collect data from petroleum refiners in order to use that data to set maximum refining margins for gasoline and set standards for managing refinery turnarounds. This bill expands data reporting to the CEC regarding petroleum flows in pipelines and establishes a notification system to provide the Governor, Legislature and relevant agencies with information about impending pipeline shutdowns resulting from low petroleum flows. It also prohibits the CEC from using this newly reported data for the purposes of setting maximum gasoline refining margins or establishing requirements for refinery maintenance turnarounds.

3) *Integrate Reporting into PIIRA*. This bill creates a new reporting requirement for a new purpose by the same entities that already are subject to PIIRA reporting related to transportation fuels. The PIIRA framework includes confidentiality protections and enforcement provisions. To make these provisions also apply to the new reporting envisioned by this bill, it is necessary to incorporate its provisions into the existing PIIRA framework. *Thus, the committee recommends amending this bill to ensure the confidentiality and enforcement provisions of PIIRA apply.*

4) *Defining "Reportable Pipeline."* This bill defines a "reportable pipeline" that is subject to the new reporting requirement and specifies that this does not include a pipeline "whose closure would not cause a significant reduction of the processing capacity of the refinery that receives the crude feedstock." The bill also requires CEC to work with stakeholders to identify which pipelines are covered. The intent is to not require reporting for smaller pipelines that, even if closed, do not affect overall supply to the refinery. *The committee recommends amending the bill to clarify that a "reportable pipeline" does not include a pipeline whose closure would not cause a significant reduction in the quantity of crude feedstock that the refinery receives for processing.*

5) *Related Legislation*.

   SB 237 (Grayson) of the current legislative session, imposes various requirements seeking to stabilize the state's transportation fuels supply and avoid retail price spikes. Status: pending in this committee.

   SB 13 (Grove) of the current legislative session, requires CARB to report specified information regarding air quality and oil refinery impacts associated with imported crude oil. Status: held in the Senate Appropriations Committee.

6) *Prior Legislation*.

   ABX2 1 (Hart) among other provisions, authorized the CEC to develop requirements on petroleum refiners to maintain resupply plans to cover production loss during maintenance events and to maintain minimum levels of supply inventories. Status: Chapter 1, Statutes of 2024.

   SBX1 2 (Skinner) modified PIIRA to require refineries to submit specified data regarding their economic performance to the CEC and require CEC to assess the reliability of transportation fuels and retail outlets for those fuels. Status: Chapter 1, Statutes of 2023 First Extraordinary Session.

   SB 1322 (Allen) modified PIIRA to require refiners with multiple refineries operating in the state to submit certain data about their economic performance to the CEC and increased public access to data about refiners. Status: Chapter 374, Statutes of 2022.

7) *Double Referral*. This bill is double referred. Upon passage in this committee, it will be referred to the Assembly Committee on Natural Resources for its review.

REGISTERED SUPPORT / OPPOSITION:

Support

California State Pipe Trades Council

Opposition

None on file.

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