Date of Hearing: July 14, 2025

ASSEMBLY COMMITTEE ON NATURAL RESOURCES
Isaac G. Bryan, Chair
SB 767 (Richardson) – As Amended July 10, 2025

SENATE VOTE: 37-0

SUBJECT: Energy: transportation fuels: supply: reportable pipelines

SUMMARY: Requires the California Energy Commission (CEC) to work with stakeholders to identify, on or before December 31, 2026, pipelines that qualify as reportable pipelines, and requires, commencing March 30, 2027, the operators of reportable pipelines to report pipeline flows to thee CEC. Establishes timeframe for pipeline shutdown notification.

EXISTING LAW:

1) Establishes the CEC to, among other things, collect from electric utilities, gas utilities, and fuel producers and wholesalers and other sources forecasts of future supplies and consumption of all forms of energy, including electricity, and of future energy or fuel production and transporting facilities to be constructed; independently analyze such forecasts in relation to statewide estimates of population, economic, and other growth factors and in terms of the availability of energy resources, costs to consumers, and other factors; and, formally specify statewide and service area electrical energy demands to be utilized as a basis for planning the siting and design of electric power generating and related facilities. (Public Resources Code (PRC) 25200, 25216)

2) Requires, pursuant to the Petroleum Industry Information Reporting Act of 1980 (PIIRA), refiners to report monthly to the CEC specified information for each of their refineries, including the origin of petroleum receipts and the source of imports of finished petroleum products. (PRC 25353-25354)

3) Requires that information presented to the CEC is held in confidence by the CEC or aggregated to the extent necessary to ensure confidentiality if public disclosure of the specific data would result in unfair competitive disadvantage to the person supplying the information. (PRC 25364)

4) States the intent of the Legislature that the State Fire Marshal (SFM) exercise exclusive safety regulatory and enforcement authority over intrastate hazardous liquid pipelines and, to the extent authorized by agreement between the SFM and the United States Secretary of Transportation, may act as agent for the United States Secretary of Transportation to implement the federal Hazardous Liquid Pipeline Safety Act of 1979 and federal pipeline safety regulations as to those portions of interstate pipelines located within this state, as necessary to obtain annual federal certification. (Government Code (GC) 51010)

5) Defines “pipeline” to include every intrastate pipeline used for the transportation of hazardous liquid substances or highly volatile liquid substances, including a common carrier pipeline, and all piping containing those substances located within a refined products bulk loading facility that is owned by a common carrier and is served by a pipeline of that

common carrier, and the common carrier owns and serves by pipeline at least five of these facilities in the state. (GC 51010.5)

6) Requires 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. (GC 51013.5)

7) Requires every operator of a pipeline, as defined in GC 51010.5, to annually certify to the SFM the total miles of pipelines owned, operated or leased by the operator within California for which the pipeline operator is responsible. (GC 51015.1, Title 19 California Code of Regulations 2021 (b))

THIS BILL:

1) Defines "reportable pipeline" as a pipeline that delivers domestic crude feedstock from oil production facilities to oil refineries for processing into transportation fuels. Excludes a pipeline whose closure would not cause a significant reduction in the quantity of the crude feedstock that the refinery receives for processing.

2) Requires the CEC to work with stakeholders, including, but not limited to, refineries and pipeline operators, to identify, on or before December 31, 2026, those pipelines that meet the definition of a reportable pipeline.

3) Requires, commencing March 30, 2027, and each month thereafter, the operator of a reportable pipeline to report pipeline flows to the CEC.

4) Requires, if reportable pipeline flows fall to, or below, their rated minimum throughput levels at any time, the reportable pipeline operator to notify the CEC within 24 hours of the potential pipeline shutdown.

5) Requires the CEC to notify the governor, the chair of the Assembly Utilities and Energy Committee, the chair of the Senate Energy, Utilities, and Communications Committee, and, as appropriate, safety and emergency response agencies of the potential pipeline shutdown.

6) Requires the CEC to determine if the potential reportable pipeline shutdown could result in gasoline supply disruptions.

7) Requires the CEC to establish a form for reporting pipeline flows that can be submitted via email by reportable pipeline operators. Requires the form to include a method to report when pipeline flows reach minimum throughput levels. Authorizes the CEC to use or modify existing reporting documents to meet the requirements of this bill.

8) Requires data collected by the CEC for the purposes of this section to be used solely to assess the potential for and impact of reportable pipeline shutdowns, and the data shall not be used to set maximum gasoline refining margins or establish requirements for refinery maintenance turnarounds.

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.

COMMENTS:

1) **Author's statement**:

> 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) **California's oil demand**. Commercial oil production in California started in the middle of the 19th century. In 1929, at the peak of oil development in the Los Angeles Basin, California accounted for more than 22% of total world oil production. California's oil production reached an all-time high of almost 400 million barrels in 1985 and has generally declined at an average rate of six million barrels per year since then. Recent production declines are approaching an annualized rate of ~15%, which is about 50% faster than gasoline demand declines in the CEC's most aggressive Transportation Fuels Assessment case. According to a TESCII Study Report (June, 2024), SB 1137 (Gonzales), Chapter 365, Statutes of 2022, which prohibits permits for most new oil and gas wells being drilled within 3,200 feet of a sensitive receptor, could shutter up to 20% of current production. Further, in 2020, California Governor Gavin Newsom issued executive order M-79-20 to phase out the sale of new gasoline-powered cars and trucks by 2035 and directs the state to take further actions to reduce oil extraction and support workers and job creation during the transition away from fossil fuels.

   This steadily decreasing production of crude in California is expected to continue as the state's oil fields deplete. A University of California, Santa Barbara, report estimated that under business-as-usual conditions, California oil field production would decrease to 97 million barrels in 2045. The business-as-usual model assumed no additional regulations limiting oil extraction in California.

3) **Pipelines**. There are approximately 5,500 miles of transportation pipelines in California. Those lines carry different products ranging from crude to refined products such as gasoline, diesel, and jet fuel. 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 pipelines. 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 SFM exclusive safety regulatory and enforcement authority over hazardous liquid pipelines in the state. Pipeline operators are required to certify to the SFM the total miles of pipelines owned, operated, or leased by the operator within California for which the pipeline operator is responsible using Form PSD-101 provided by the SFM.

California has 13 refineries[i] producing more than 1.6 million barrels of oil per day. (Two refineries have imminent closures – Valero in Benicia notified CEC its plans to cease operations by the end of April 2026, and Phillips 66 in Wilmington plans to close by the end of 2025.) In 2024, California supplied 118,733,000 barrels of oil to in-state refineries, representing about 23% of all oil sent to California refineries. The other 77% came from Alaska and foreign sources. According to PHMSA, California has more than 3,100 miles of crude oil pipeline. However, according to the Western States Petroleum Association (WSPA), California is effectively an "oil island," with no pipelines linking the state to other crude oil production and refining regions.

4) **Petroleum Industry Information Reporting Act**. PIIRA, enacted in 1980, requires qualifying petroleum industry companies to submit weekly, monthly, and annual data to the CEC. Businesses that ship, receive, store, process and sell crude oil and petroleum products, including major crude oil transporters (moving at least 20,000 barrels of crude oil) and all refiners, in California file PIIRA reports.

   PIIRA has confidentiality protections for refinery data collected by CEC, but they are very restrictive and limit the extent to which information covered by this bill can be publicly reported. The only way to get public reporting for info under PIIRA is to mandate public reporting or exempt it from PIIRA's confidentiality requirements.

   SB 1322 (Allen), Chapter 374, Statutes of 2022, requires all refiners of gasoline products in the state to publish monthly data about various price and volume information from the refinery operators' monthly reports. SB X1-2 (Skinner), Chapter 1, Statutes of 2023, expands the monthly reports to require refinery operators to provide net gasoline refining information. SB X1-2 also requires the CEC to publish a volume weighted net gasoline refining margin for the state and the net gasoline refining margin for each refinery with two or more refining facilities in the state.

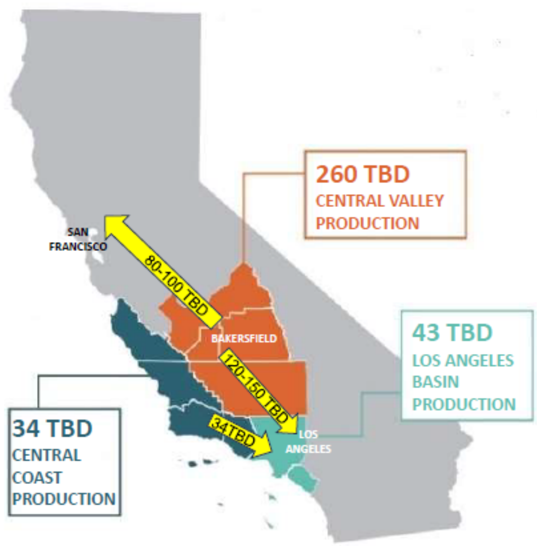
5) **Flow rates**. According to WSPA, California crude oil pipelines are approaching critical minimum throughput levels, requiring at least 30% capacity for safe flow.

   The state does not set or regulate rated minimum throughput levels for pipelines; this is industry-driven. Throughput does not always amount to the volume delivered. Many pipelines can have a large throughput, but operate at lower delivery volumes.

   Several refineries still rely on California crude transported via pipeline from Kern County to maintain efficient operations. Recently, pipeline volumes from production fields to these refineries have declined. The California State Pipe Trades Council, co-sponsor of the bill, notes that if this trend continues, pipelines could shut down due to insufficient volume and pressure needed for operation because they run most efficiently on 100% California crude.

When pipeline throughput runs low due to lack of domestic production, it threatens the pipelines which have a minimum throughput level. If a pipeline shuts down, it can threaten refinery operations as well as strand oil production.

THROUGHPUT APPEARS TO BE REACHING CRITICAL MINIMUM VOLUME FOR SEVERAL CRUDE OIL PIPELINES



Regional Movement	Pipeline Name	Current Capacity (TBD)	Estimated Minimum Throughput (TBD)	Current Throughput (TBD)
Central Valley to San Francisco	KLM Pipeline	90	30-35	80-100
	San Pablo Bay Pipeline	210	60-65	
Central Valley to Los Angeles	Line 63	60	20-25	120-150
	Line 2000	110	30-35	
	M-70 Pipeline	110	30-35	
	Chevron	30	10-15	
Central Coast to Los Angeles	Texaco	28	10-15	34
	Southern California Pipeline System	55	20-25	

Turner, Mason & Company
energy consulting & advisory

Source: CalGEM, CEC, California State Lands Commission, TM&C analysis

30

This bill will require an operator of a reportable pipeline to report monthly pipeline flows to the CEC. If a reportable pipeline flows fall to, or below, the rated minimum throughput levels at any time, the reportable pipeline operator would be required notify the CEC within 24 hours of the potential pipeline shutdown.

6) **Gas prices**. The cost of a gallon of gasoline is tethered to a number of different variables, including the cost of crude, federal and state taxes, state programmatic fees (e.g., underground tank program), imbedded costs of compliance with state environmental laws, cost of doing business (employees, insurance, and overhead), and industry profit margins.

According to AAA, as of June 9, the average cost per gallon of gas nationwide is $3.12 and the average cost per gallon in California is $4.70. Conscientious of the impact of gas prices on Californians, this bill requires the CEC to determine if the potential reportable pipeline shutdown could result in gasoline supply disruptions.

7) **This bill**. SB 767 requires the CEC to work with stakeholders, including, but not limited to, refineries and pipeline operators, to identify, on or before December 31, 2026, those pipelines that meet the definition of a reportable pipeline, and operators of those pipelines, commencing March 30, 2027, would be required to report monthly on their pipeline flows to

the CEC. If a reportable pipeline flows fall to, or below, their rated minimum throughput levels at any time, the reportable pipeline operator would notify the CEC within 24 hours of the potential pipeline shutdown, and the CEC would then be required to notify the Governor, specified legislative committees, and the appropriate safety and emergency response agencies of the potential pipeline shutdown.

8) **Double referral**. This bill was heard in the Assembly Utilities and Energy Committee on July 9 and approved 18-0.

9) **Committee amendments**. The *Committee may wish to consider* amending the bill to define rated minimum throughput and require operators of reportable pipelines to report the rated minimum throughput.

REGISTERED SUPPORT / OPPOSITION:

Support

California Independent Petroleum Association
California State Pipe Trades Council

Opposition

None on file

Analysis Prepared by: Paige Brokaw / NAT. RES. /

[i] https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/californias-oil-refineries