Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 767 (Richardson) – As Amended July 16, 2025

Policy Committee:	Utilities and Energy	Vote:	18 - 0
	Natural Resources		13 - 0

Urgency: No   State Mandated Local Program: No   Reimbursable: No

SUMMARY:

This bill requires the operator of a crude oil pipeline to report pipeline flow and shutdown information to the California Energy Commission (CEC).

Specifically, this bill:

1) Beginning on March 30, 2027, and each month thereafter, requires the operator of a "reportable pipeline"—that is, generally, a pipeline that delivers domestic crude oil feedstock from oil production facilities to oil refineries for processing into transportation fuels—to report pipeline flow information and their established rated minimum throughput levels to CEC.

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

3) In the event of such a potential pipeline shutdown, requires 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, and to determine if the potential reportable pipeline shutdown could result in gasoline supply disruptions.

4) Directs CEC to establish a form for reporting pipeline flows and to work with stakeholders, including refineries and pipeline operators, to identify, on or before December 31, 2026, those pipelines that meet the definition of a reportable pipeline.

FISCAL EFFECT:

This bill requires the CEC to undertake significant new administrative and analytical work, with associated costs in the mid to high hundreds of thousands of dollars. Workload will be higher in first few years of implementation, as CEC develops forms and processes for pipeline operators to report data and a system to manage such data.

The CEC estimates it will need the equivalent of 1.5 research data specialists, permanently, and one information technology specialist to implement an oversight and compliance framework, develop and communicate requirements, establish a secure data submission system, and develop regular reports. CEC anticipates associated costs of $462,306 in both fiscal years 2026-27 and 2027-28, and annual costs thereafter of $282,700.

CEC warns its primary funding source—ERPA—faces an ongoing structural deficit and, therefore, may not be an appropriate fund source to support implementation of this bill.

COMMENTS:

1) **Purpose.** The author asserts this bill will enable California to implement timely interventions that prevent unnecessary refinery shutdowns, maintain market stability, and protect California's consumers from avoidable fuel price volatility.

2) **Background**. Existing law charges the CEC with collecting and analyzing data regarding the operations of the petroleum industry in the state and regarding retail gasoline prices and operations. To this end, state law requires petroleum industry companies to submit daily, weekly, monthly and annual data to CEC, as well as certain event-based data. In addition, state law requires every refiner of gasoline products in the state to provide monthly reports about price and volume to CEC, and directs CEC to publish information gleaned from the monthly refinery, as follows:

   - A volume weighted gross gasoline refining margin for the state.
   - The gross gasoline refining margin for each refinery with two or more refining facilities in the state.
   - Volume and price of domestic and imported crude oil.
   - The breakdown of five types of sales required to be reported by refiners and associated volumes, prices per gallon, and actual or estimated costs associated with the Low Carbon Fuel Standard (LCFS) and Cap and Trade programs.

   More recently, in response to extreme spikes in the retail price of gasoline, the Legislature tasked CEC with setting a maximum gross gasoline refining margin and a penalty for refiners that exceed it, monitoring petroleum markets and identifying potential market manipulation, and assessing transportation fuel demand and discussing methods to ensure an adequate, affordable and reliable fuel supply as the state transitions away from petroleum fuels.

   Despite CEC's extensive involvement in collecting and analyzing data related to petroleum production and refining and retail gasoline sales, CEC has no role in permitting refineries, pipelines or gasoline retailers.

   California policy is to transition away from the use of petroleum as a transportation fuel. However, millions of Californians will nonetheless continue to drive cars and trucks that rely on gasoline or diesel fuel for decades to come.

   The state's production of crude oil has declined dramatically over the past quarter century, and it is likely production from the state's oil fields will continue. Many refiners maintain pipelines that transport petroleum from the site of petroleum production to the oil refineries. As described in other legislative committee analyses of this bill, 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. The author intends this bill to ensure the state is aware of potential or impending pipeline failures and to take action accordingly. As the author puts it:

> 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.

Analysis Prepared by: Jay Dickenson / APPR. / (916) 319-2081