SENATE THIRD READING
SB 767 (Richardson)
As Amended
Majority vote

SUMMARY

Requires the operator of a crude oil pipeline to report to the California Energy Commission (CEC) monthly pipeline flow of crude oil to California refineries for processing into transportation fuels.

Major Provisions

1) Defines "reportable pipeline" as a pipeline that delivers crude oil to one or more crude oil refineries in California for processing into transportation fuels; and provides that "reportable pipeline" does not include a pipeline whose closure would not cause a significant reduction in the quantity of crude oil that one or more crude oil refineries in California receive for processing.

2) Beginning on March 30, 2027, and each month thereafter, requires the operator of a reportable pipeline to report the following information about the pipeline to CEC within 30 days after each monthly reporting period:

    a. Minimum operating volume of the pipeline in a 24-hour period necessary to ensure safe operations for crude oil transport and a description of relevant operational constraints.

    b. Maximum operating volume of the pipeline in a 24-hour period possible while ensuring safe operations for crude oil transport.

    c. Volume of crude oil delivered each day.

    d. Number of hours in operation each day.

    e. Maximum nameplate capacity.

    f. Maximum available capacity.

3) Requires CEC 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.

4) Requires CEC to define what constitutes a significant reduction in the quantity of the crude oil that one or more refineries receive for processing.

5) Applies to these new reporting requirements current law provisions for confidentiality of submitted information and penalties for failing to report as required.

COMMENTS

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:

1) A volume weighted gross gasoline refining margin for the state.
2) The gross gasoline refining margin for each refinery with two or more refining facilities in the state.
3) Volume and price of domestic and imported crude oil.
4) 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 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.

According to the Author

According to the author: "[S]everal 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."

Arguments in Support
According to the California State Pipe Trades Council, sponsor of the bill: "SB 767 takes a measured and proactive approach to safeguarding California's energy infrastructure by establishing clear requirements for monitoring pipeline flow and ensuring timely communication of potential shutdowns…This policy is vital for several reasons. First, it enhances transparency and communication between pipeline operators and state agencies. Second, it enables timely state-level awareness of potential pipeline shutdowns which could significantly impact fuel supply, public safety, and the economic well-being of Californians."

Arguments in Opposition
No opposition on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee: "This bill requires the CEC to undertake significant new administrative and analytical work, with associated costs in the low hundreds of thousands of dollars annually. 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."

VOTES

SENATE FLOOR: 37-0-3
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Jones, Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Hurtado, Limón, Reyes

ASM UTILITIES AND ENERGY: 18-0-0
YES: Petrie-Norris, Patterson, Boerner, Calderon, Chen, Davies, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Ta, Wallis, Zbur

ASM NATURAL RESOURCES: 13-0-1
YES: Bryan, Alanis, Connolly, Ellis, Flora, Garcia, Haney, Hoover, Kalra, Muratsuchi, Pellerin, Schultz, Zbur
ABS, ABST OR NV: Wicks

ASM APPROPRIATIONS: 11-0-4
YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache
ABS, ABST OR NV: Sanchez, Dixon, Ta, Tangipa

UPDATED

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