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(916) 651-1520 Fax: (916) 327-4478

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UNFINISHED BUSINESS

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Bill No: SB 767
Author: Richardson (D), et al.
Amended: 9/3/25
Vote: 21

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SENATE ENERGY, U. & C. COMMITTEE: 15-0, 4/21/25
AYES: Becker, Allen, Archuleta, Arreguín, Ashby, Caballero, Dahle, Gonzalez, Grayson, Grove, McNerney, Rubio, Stern, Strickland, Wahab
NO VOTE RECORDED: Ochoa Bogh, Limón

SENATE APPROPRIATIONS COMMITTEE: 6-0, 5/23/25
AYES: Caballero, Seyarto, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Dahle

SENATE FLOOR: 37-0, 6/2/25
AYES: 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
NO VOTE RECORDED: Hurtado, Limón, Reyes

ASSEMBLY FLOOR: 69-0, 9/12/25 – Roll call vote not available

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**SUBJECT:** Energy: transportation fuels: supply: reportable pipelines

**SOURCE:** California State Pipe Trades Council

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**DIGEST:** This bill requires oil pipeline operators to report specified information about pipeline flows to the California Energy Commission (CEC), starting on March 30, 2027.

*Assembly Amendments* removes legislative reporting requirements, expand the types of data pipeline operators must submit to the CEC, expand the definition of a pipeline subject to this bill's requirements, and expand the CEC's authority to use data submitted under this bill as part of any determinations regarding refiner profit margins and refinery maintenance turnarounds.

**ANALYSIS:**

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 establishes requirements for 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. Existing law 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) Authorizes the CEC to adopt guidelines regarding refinery maintenance and turnaround schedules to ensure minimum levels of transportation fuels or reserves necessary to prevent shortages or price spikes. (Public Resources Code §25354)

4) Authorizes the CEC to adopt regulations setting a maximum gross gasoline refining margin. Existing law authorizes the CEC to use data submitted under PIIRA and any other public information to set this margin. (Public Resources Code §25355.5)

5) 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.)

6) Requires the California Public Utilities Commission (CPUC) to adopt rules regarding the process by which oil pipeline corporations implement rates for transporting oil. Under existing law, pipeline corporations must give the CPUC 30 day notice of rate changes and may not raise rates more than 10% per 12-

month period, subject to subsequent CPUC approval. (Public Utilities Code §455.3)

This bill:

1) Defines a reportable pipeline as a pipeline that delivers crude oil to one or more crude oil refineries in California for processing into transportation fuels. This bill specifies that this definition does not include a pipeline whose closure would not result in a significant reduction in in the quantity of crude oil received by one or more refineries in California.

2) Requires the operator of a reportable pipeline to report the following information for each reportable pipeline to the CEC on a monthly basis, starting on March 30, 2027:

   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 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) Define what constitutes a significant reduction in the quantity of the crude oil received by one or more refineries for processing.

**Background**

*Declining domestic oil production may impact in-state oil pipelines*. California's reliance on crude oil has steadily declined since the 1980s; however, oil consumption recently increased from pandemic lows in 2020. Despite this rebound, California's in-state production of petroleum remains low and California largely relies on imports for its petroleum supplies. In 2021, Governor Newsom followed this Executive Order by directing the Geologic Energy Management

Division (CalGEM) to cease issuing permits for fracking in 2024 and ordering 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.

Recent news indicates that California's largest inland crude oil pipeline, the San Pablo Bay Pipeline, is operating at a substantially reduced capacity that may lead to a shutdown in forthcoming months. In January 2025, the owners of the San Pablo Bay Pipeline filed an application (A. 25-01-009) at the CPUC to increase rates for transporting oil in the pipeline to address revenue needs associated with rising costs and lower throughput rates in the pipeline. The application proposes an initial 10% increase allowed under existing law with a 30-day notice, and it further requests that the CPUC approve a 44.45% rate increase over the long-term for intrastate pipeline crude transportation. The CPUC is in the process of considering the proposed rate increases, which have been protested by other parties in the proceeding. The San Pablo Bay Pipeline supplies Bay Area refineries in Benicia and Martinez with crude supplied from oil production facilities in the Bakersfield area. Pipeline operators have cited decreased crude output from these production facilities as the primary driver of lower pipeline throughput. In September 2025, news reports indicated that the owners of the San Pablo Bay Pipeline sent a letter to the Governor's Office indicating that absent the rate increases, the pipeline was losing $2 million each month. To the extent that throughput levels continue to decline, rate increases may only address economic considerations of pipeline operations. Continued throughput decline may eventually reach a point where the pipeline is unable to transport oil, increasing refineries' reliance on imported oil. Even in circumstances where pipeline operations continue, substantially increased rates for crude transported by pipelines may complicate refiners' economic considerations. This bill is aimed at increasing the CEC's access to information about the throughput levels of pipelines supplying crude to California's refineries.

*When it comes to oil pipelines, who's on first?* 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 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.

*Bill would provide the CEC with more information to support determinations regarding refiner profit margins, reserves, and maintenance schedules*. Existing law requires various segments of the oil industry to submit daily, weekly, monthly, annual, and event-based reports to the CEC, as directed by the CEC. Major petroleum transporters are required to submit reports to the CEC under existing law, and these transporters include pipeline transporters. These reports are intended to provide the CEC with sufficient information to 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 substantially expended the CEC's authority to collect data from petroleum refiners and use that data to set maximum refining margins for gasoline and set standards for managing refinery turnarounds. By requiring pipeline operators to submit additional information about pipeline oil supplies for refineries, this bill expands the data that the CEC may use to make determinations regarding refiners' maximum refining margins, oil reserves, and maintenance schedules.

*Scope of pipelines covered by the bill is unclear and relies on further rulemaking*. This bill defines a reportable pipeline subject to its requirements; however, the bill's definition of a reportable pipeline is broad and potentially encompasses all pipelines that transport crude oil to refineries in California. This bill specifies that this bill does not cover pipelines whose closure would not result in a significant reduction in crude oil received by California refineries; however, this bill requires the CEC to determine what constitutes a "significant reduction" in these oil supplies that would trigger reporting requirements under this bill. Until the CEC determines which pipelines meet the definition of a "reportable pipeline," duties of pipeline operators under this bill will remain unclear.

**Related/Prior Legislation**

SB 237 (Grayson) of 2025, makes various changes to policies regarding oil spill prevention and response, oil infrastructure standards, and oil well permitting. In addition to these changes, the bill requires the CEC to submit an assessment to the Legislature by March 31, 2026, containing recommendations about specified strategies to ensure that the state has a reliable, equitable and safe transition from petroleum fuels. The bill is pending in the Assembly.

SB 13 (Grove) of 2025, requires CARB to report specified information regarding air quality and oil refinery impacts associated with imported crude oil. The bill was held in the Senate Appropriations Committee.

ABX2 1 (Hart, Chapter 1, Statutes of 2024) authorized, among other requirements, 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.

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

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

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

According to the Assembly Appropriations Committee:

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.

**SUPPORT:** (Verified 9/10/25)

California State Pipe Trades Council (Source)
California Independent Petroleum Association

**OPPOSITION:** (Verified 9/10/25)

None received

**ARGUMENTS IN SUPPORT:** 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.

Prepared by: Sarah Smith / E., U. & C. / (916) 651-4107
9/12/25 20:26:24

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