CalChamber

August 4, 2026

TO: Assembly Appropriations Committee

FROM: Jonathan Kendrick, Policy Advocate, Jonathan Kendrick

SUBJECT: SB 1259 (Blakespear) Refineries: decommissioning and remediation: cost estimates.
OPPOSE – AMENDED ON July 2, 2026

Dear Chair Wicks and Members of the Committee,

The California Chamber of Commerce (CalChamber), and the undersigned, respectfully **OPPOSE SB 1259 (Blakespear). SB 1259** creates a new reporting mandate that would compel every refiner to prepare a detailed and technically rigorous retirement plan addressing decommissioning and site remediation, even when no closure is planned. The plan must document the basis for every cost calculation, investigate unknown site conditions, consult with numerous regulatory agencies, estimate workforce needs, and identify existing financial-assurance requirements.

These additional mandates are particularly ill-timed given the cumulative regulatory and economic pressures already confronting California's refining sector and the resulting risks to the stability of the state's fuel supply. Recent refinery closure announcements underscore the extent of that strain. In response, state policymakers have increasingly recognized the importance of maintaining a stable in-state fuel supply and have taken steps to better understand and manage the gas transition, including ongoing work to assess fuel supply reliability and avoid market disruptions.

SB 1259 cuts against those efforts by adding resource-intensive reporting requirements and requiring the eventual disclosure of sensitive business information. Its combination of speculative modeling and mandatory public disclosure increases litigation exposure and would add cost and uncertainty to long-term planning for an industry already experiencing economic leakage. These new requirements will necessarily factor into operational and investment decisions, increasing the likelihood of additional refinery exits.

Californians cannot afford further erosion of in-state refining capacity, which would increase reliance on imported fuels, place additional upward pressure on gasoline prices, and weaken the high-quality jobs and local tax base that refineries support.

SB 1259 Will Affect Investment Decisions and In-State Fuel Supply

Refinery investments are long-term, capital-intensive, and highly sensitive to regulatory and market conditions. Companies will evaluate **SB 1259**'s requirements alongside the cumulative regulatory obligations and economic pressures already shaping decisions about whether to continue operating, undertake capital improvements, or exit a California facility.

These decisions are often made at the margin, where incremental costs, uncertainty, and legal risks can become determinative. The concern is not that a single reporting requirement will independently cause a refinery to close. Rather, **SB 1259** adds another layer of ongoing, resource-intensive obligations that is not tied to any actual closure decision. For facilities already operating under significant pressure, these additional burdens could tip investment decisions away from continued operation in California.

The bill's requirement to model a hypothetical retirement date ten years after submission will influence how companies and investors assess the long-term viability of California facilities. It forces companies to devote substantial resources to a shutdown assumption that may bear no relationship to their actual business plans. For facilities already operating under pressure, that exercise could shift resources and attention away from continued investment in California. Over time, reduced investment or additional exits would leave California more dependent on imported fuels, with direct consequences for price stability and supply reliability.

A Reporting Mandate That Shifts Industry Focus Toward Exit Planning Rather than Investment

SB 1259 would require refiners to prepare detailed and technically complex reports estimating decommissioning and remediation costs under a hypothetical closure scenario ten years into the future. Even when no closure is planned, these reports would incorporate detailed engineering assumptions, consultation with multiple regulatory agencies, and comparisons with other facilities.

Although framed as a reporting requirement, this exercise would effectively require refiners to develop major components of an exit plan. By requiring companies to identify a potential shutdown timeline, remediation obligations, engineering needs, and anticipated costs, **SB 1259** would make a potential closure more concrete and actionable within corporate planning. Once developed, that analysis could reduce some of the informational and organizational barriers that might otherwise weigh against an exit.

The bill therefore operates in two directions: it adds cost, risk, and regulatory burden to continued operation while also requiring refiners to evaluate and plan for closure. For facilities already facing significant economic and regulatory pressure, that combination could cause closure to receive earlier and more serious consideration. Ultimately, **SB 1259** makes additional refinery exits more likely.

Mandatory Public Disclosure Creates Competitive Risk and Expands Litigation Exposure

If a refinery announces a change in operations, including a shutdown for reconfiguration, a permanent shutdown, or a sale that could result in shutdown or reconfiguration, **SB 1259** would require the refiner to submit or update its retirement plan within 90 days. That plan is then made available on the State Water Board's website for at least 45 days of public comment, and the final plan is publicly posted.

Unlike plans submitted by operating refineries generally, plans submitted following one of these triggering notices are expressly excluded from the bill's confidentiality designation. These plans may contain detailed cost estimates, methodologies, site-remediation assumptions, workforce projections, and anticipated decommissioning processes. Subjecting inherently uncertain projections to public comment and disclosure may create litigation, redevelopment, and competitive risks. It may also invite strategic misuse of information at precisely the time a facility and its host community are attempting to manage a complicated transition.

Broader Economic and Community Impacts

The consequences of **SB 1259** extend beyond the refinery fence line. By adding regulatory friction, uncertainty, and litigation risk, the bill threatens California's fuel supply, price stability, workers, and refinery-dependent communities.

- **Risks to jobs and local economies:** Refineries serve as economic anchors, supporting thousands of highly skilled, well-paying jobs and contributing significantly to local tax bases.

Recent closures have already demonstrated how quickly the consequences of a refinery exit can materialize through job losses and reduced revenues for surrounding communities.

- **Barriers to site redevelopment:** Public release of preliminary estimates that may be based on incomplete site information, approximations, and assumptions about future land uses could affect property valuations, complicate financing, and make it more difficult to transition refinery sites to new productive uses.
- **Increased reliance on imported fuels:** By adding to the conditions that may accelerate refinery exits, SB **1259** risks further reducing in-state refining capacity and increasing California's reliance on imported fuels, exposing consumers to greater price volatility and supply disruptions.

At a time when California is working to manage the transition away from petroleum fuels without destabilizing fuel markets, **SB 1259** would add costs, uncertainty, and disclosure risks that weigh against continued investment in California refineries. These additional pressures run counter to the state's efforts to preserve fuel-supply reliability and avoid further market disruptions. For these reasons, we respectfully **OPPOSE SB 1259.**

cc: Legislative Affairs, Office of the Governor
Samantha Samuelsen, Office of Senator Blakespear
Consultants, Assembly Appropriations Committee
Gino Folchi, Consultant, Assembly Republican Caucus

JK:nrd