Los Angeles Times

Newsom signs bills to address unplugged oil wells, disclose corporate greenhouse gas emissions.

Storage tanks holding oil and other chemicals sit next to an active oil field in Westlake. Gov. Gavin Newsom signed a bill requiring oil and gas companies to put more money aside to ensure wells are plugged near the end of their productive life. (Mel Melcon/Los Angeles Times)

By Tony Briscoe, Dorany Pineda, Oct. 10, 2023 3 AM PT

Despite objections from some in his administration, California Gov. Gavin Newsom signed legislation requiring oil and gas companies to allocate more funding to plug wells nearing the end of production.

Under the new law, any company that acquires a gas or oilfield in California must now secure a bond — a financial guarantee similar to insurance — that covers the full cost of sealing idle or low-producing wells.

As oil production in California continues to decline, the measure was designed to ensure unproductive wells are properly sealed, preventing the release of dangerous chemicals and planet-warming gases. The new financial obligations were intended to act as a safety net for taxpayers in the event oil and gas companies become insolvent and cannot pay to plug wells.

But the bill, authored by Assemblymember Wendy Carrillo, met unexpected opposition from Newsom's Department of Finance, which argued

https://www.latimes.com/environment/story/2023-10-10/newsom-funding-oil-plugging-greenhouse-gas-emissions-disclosure-bills

Los Angeles Times

the new bonding requirements were too cumbersome and might cause more energy companies to fail.

Environmental advocates, including some who feared Newsom might veto the bill, lauded the governor's decision to sign it into law as yet another pivotal move to hold oil companies responsible for more than a century of drilling and pollution.

"This critical reform sends a clear message to the oil and gas industry: You must cover the cost of cleaning up and closing down your old wells," said Katelyn Roedner Sutter, California state director at Environmental Defense Fund. "By updating oil industry laws dating back almost a century, the bill helps protect taxpayers from orphan well cleanup costs while paving the way to a more just transition away from fossil fuels."

The well-plugging bill was among a litany of new environmental legislation that Newsom signed this weekend in hopes of protecting fenceline communities and moving California closer toward its lofty climate goals.

Chief among them was [SB 253](), the groundbreaking bill requiring large U.S.-based companies doing business in the Golden State to publicly disclose their annual greenhouse gas emissions — becoming the first such requirement in the nation.

The Climate Corporate Data Accountability Act, introduced by Sen. Scott Wiener (D-San Francisco), will require, among other things, the California Air Resources Board by 2025 to develop and adopt regulations requiring businesses operating in California with more than $1 billion in annual revenues to reveal their carbon footprint across three "scopes."

The requirements would apply to an estimated 5,400 companies, including Walmart, Apple, ExxonMobil and Chevron.

"This important policy, once again, demonstrates California's continued leadership with bold responses to the climate crisis, turning information transparency into climate action," Newsom said in his [signing message]().

However, the governor added that the implementation deadlines were likely "infeasible," and that the reporting protocols could result in inconsistent reporting across businesses. To address these issues, he said his administration will work with the bill's authors and the legislature next year.

He also expressed concern over the financial impact on businesses, saying he will instruct the Air Resources Board to monitor the cost effects and to make suggestions to streamline the program.

Supporters of SB 253 hope the bill will reach beyond the state's borders by forcing some of the world's biggest companies to disclose their emissions and incentivizing other states to adopt similar climate laws.

"Today marks an historic moment for corporate transparency, risk management, and responsible investing," said Mindy Lubber, CEO and president of the nonprofit Ceres in a statement. "A dangerously warming climate poses immense risks to the economy and the well-being of both people and the planet.

"Representing the world's fifth largest economy, California policymakers have taken this challenge to heart," said Lubber, whose organization co-sponsored the bill. "By adopting its new climate disclosure framework, the state will provide unprecedented, actionable, and economywide information for stakeholders across the country and around the globe."

Under the law, Scope 1 emissions are defined as direct greenhouse gas emissions from a company and its branches. Scope 2 includes indirect emissions, such as electricity bought by the company. Scope 3 are emissions from the company's supply chain, including waste, water usage, business travel and employee commutes; it accounts for about 75% of a company's greenhouse emissions for many industries

Other notable environmental bills that Newsom signed into law:

AB 631 establishes new financial penalties for oil and gas companies that violate state law and allows state regulators to refer some infractions for prosecution.

SB 261 will require companies that operate in California with more than $500 million in annual revenues to develop a report on its climate-related financial risks every two years beginning in 2026. The law is expected to apply to more than 10,000 companies.

SB 272 will require local governments in coastal regions to develop and implement sea level rise planning and adaptation in the next 10 years.

AB 579 sets a statewide goal of requiring all new school buses leased or purchased after 2035 to be zero-emission.

SB 306 will require regular updates of the Extreme Heat Action plan and better monitoring of progress toward its goals.