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SB-905 Carbon sequestration: Carbon Capture, Removal, Utilization, and Storage Program. (2021-2022)

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Senate Bill No. 905**CHAPTER 359**

An act to add the heading of Article 1 (commencing with Section 39740) to Chapter 4.3 of Part 2 of Division 26 of, and to add Article 2 (commencing with Section 39741) to Chapter 4.3 of Part 2 of Division 26 of, the Health and Safety Code, and to add Sections 2213 and 3132 to, to add Part 8 (commencing with Section 71460) to Division 34 of, and to repeal Section 71462 of, the Public Resources Code, relating to carbon sequestration.

[Approved by Governor September 16, 2022. Filed with Secretary of State September 16, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

SB 905, Caballero. Carbon sequestration: Carbon Capture, Removal, Utilization, and Storage Program.

Existing law establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. Existing law, the California Global Warming Solutions Act of 2006, requires the state board to ensure that statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030. Existing law requires, no later than July 1, 2023, the Natural Resources Agency, in coordination with the state board, the California Environmental Protection Agency, the Department of Food and Agriculture, and other relevant state agencies, to establish the Natural and Working Lands Climate Smart Strategy and, in developing the strategy, to create a framework to advance the state's climate goals. Existing law requires the state board, as part of its scoping plan, to establish specified carbon dioxide removal targets for 2030 and beyond.

This bill would require the state board to establish a Carbon Capture, Removal, Utilization, and Storage Program, as provided, to evaluate the efficacy, safety, and viability of carbon capture, utilization, or storage (CCUS) technologies and carbon dioxide removal (CDR) technologies and facilitate the capture and sequestration of carbon dioxide from those technologies, where appropriate. The bill would require the program to ensure that carbon dioxide capture, removal, and sequestration projects include specified components including, among others, certain monitoring activities. In carrying out the program's objectives, the bill would require the state board to prioritize, among other priorities, reducing the emissions of greenhouses gases and reducing fossil fuel production in the state. The bill would require the state board to adopt regulations to implement the program and, in developing the program, to consult with the Geologic Carbon Sequestration Group described below.

This bill would require the state board, in consultation with relevant state and local agencies, by January 1, 2025, to adopt regulations for a unified permit application for the construction and operation of carbon dioxide capture, removal, or sequestration projects to expedite the issuance of permits or other authorizations for the construction and operation of those projects. The bill would require relevant state agencies to use the unified permit application when issuing permits or other authorizations for a carbon dioxide capture, removal, or sequestration project.

This bill would require the state board, by January 1, 2025, to develop a centralized public database to track the deployment of CCUS and CDR technologies and the development of carbon dioxide capture, removal, and sequestration projects throughout

the state. The bill would authorize the state board, by January 1, 2024, to adopt protocols to support additional methods of utilization or storage of captured carbon dioxide. The bill would require the state board, no later than January 1, 2025, to adopt regulations for financial responsibility for carbon dioxide capture, removal, or sequestration projects, as specified.

This bill would require the Secretary of the Natural Resources Agency, in consultation with the state board, to publish a framework by July 1, 2025, for governing agreements regarding 2 or more tracts of land overlying the same geologic storage reservoir or reservoirs for purposes of managing, developing, and operating a carbon dioxide capture, removal, or sequestration project, as provided.

This bill would provide that title to any geologic storage reservoir is vested in the owner of the overlying surface estate unless it has been severed and separately conveyed and would establish certain requirements with regard to the conveyance of the ownership interest of a geologic storage reservoir. No less than 60 days before commencing development of a carbon dioxide capture, removal, and sequestration project, the bill would require the carbon dioxide capture, removal, or sequestration project operator to provide written notice of the project to each owner of a surface, subsurface, or storage reservoir estate that is adjacent to a geologic storage complex or a geologic storage reservoir that is included in the project. The bill would repeal the provisions described in this paragraph on a specified date.

This bill would require a carbon dioxide capture, removal, or sequestration project operator, among other things, (1) to maintain financial responsibility for a specified period of time, (2) to show proof to the state board that there is binding agreement among relevant parties that drilling or extraction that may penetrate the geologic storage reservoir are prohibited for at least 100 years after the last date of injection of carbon dioxide into a geologic storage reservoir, and (3) to create an air monitoring and mitigation plan and to submit the plan to the state board.

This bill would authorize the state board to require changes in operations of a carbon dioxide capture, removal, or sequestration project to ensure public and environmental health and safety if the monitoring and reporting detects increased seismicity or carbon dioxide leakage outside the geologic storage reservoir.

This bill would require the California Geological Survey to establish the Geologic Carbon Sequestration Group to provide independent expertise and regulatory guidance to the state board. The bill would establish certain of the group's duties, including identifying high-quality, suitable locations of a class of carbon dioxide injection wells.

Existing law requires the State Oil and Gas Supervisor to supervise the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities attendant to oil and gas production.

The federal Safe Drinking Water Act regulates certain wells as Class II injection wells. Under existing federal law, the authority to regulate Class II injection wells is delegated to the Geologic Energy Management Division. Under existing regulations, a well operator is required to obtain approval from the supervisor or a district deputy for a subsurface injection or disposal project, including Class II injection wells, and is required to file a notice of intention whenever a new well is to be drilled for use as an injection well or whenever an existing well is converted to an injection well.

This bill would prohibit an operator from injecting a concentrated carbon dioxide fluid produced by a carbon dioxide capture, removal, or sequestration project into a Class II injection well for purposes of enhanced oil recovery, including the facilitation of enhanced oil recovery from another well.

Under existing law, a person who fails to comply with specified requirements relating to the regulation of oil or gas operations is guilty of a misdemeanor.

Because a violation of the prohibition specified in this bill would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would make its operation contingent on the enactment of AB 1279 of the 2021–22 Regular Session, as provided.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The heading of Article 1 (commencing with Section 39740) is added to Chapter 4.3 of Part 2 of Division 26 of the Health and Safety Code, to read:

Article 1. Natural and Working Lands

SEC. 2. Article 2 (commencing with Section 39741) is added to Chapter 4.3 of Part 2 of Division 26 of the Health and Safety Code, to read:

Article 2. Carbon Capture, Removal, Utilization, and Storage Program

39741. For purposes of this article, the following definitions apply:

(a) "Carbon dioxide capture, removal, or sequestration project" means a carbon dioxide capture project, a carbon dioxide removal project, or a sequestration project that seeks to provide for the long-term isolation of the carbon dioxide from the atmosphere through storage in a geologic formation.

(b) "CCUS technology" means carbon capture, utilization, and storage technology or equipment used for capturing and sequestering carbon dioxide emissions from industrial, commercial, or energy-related facilities or sources.

(c) "CDR technology" means carbon dioxide removal, defined as anthropogenic activities that use technologies or engineered strategies to remove carbon dioxide from the atmosphere and put it into long-term storage, including direct air capture.

(d) "Program" means the Carbon Capture, Removal, Utilization, and Storage Program established pursuant to Section 39741.1.

39741.1. (a) The state board shall establish a Carbon Capture, Removal, Utilization, and Storage Program to do all of the following:

(1) Evaluate the efficacy, safety, and viability of CCUS and CDR technologies and facilitate the capture and sequestration of carbon dioxide from these technologies, where appropriate.

(2) Develop monitoring and reporting schedules to state regulatory agencies for carbon dioxide capture, removal, or sequestration projects to ensure efficacy, safety, and viability of the projects.

(3) Ensure that all carbon dioxide capture, removal, or sequestration projects include the following, as appropriate:

(A) Strategies to minimize, to the maximum extent technologically feasible, copollutant emissions from facilities where CCUS or CDR technology is deployed to ensure that the use of carbon dioxide removal technologies and carbon capture and storage technologies does not have an adverse impact on local air quality and public health, particularly in low-income and disadvantaged communities.

(B) Strategies to ensure that carbon dioxide capture, removal, or sequestration projects minimize, to the maximum extent technologically feasible, local water pollution or air pollution from construction- and transportation-related impacts from the projects in communities adjacent to carbon dioxide capture, removal, or sequestration projects, including a geologic storage complex.

(C) Strategies to minimize the risk of seismic impacts to, and from, geologic storage projects, including the risk of gas leakage due to seismic activity.

(D) Monitoring and reporting of seismic activity related to geologic sequestration of carbon dioxide, and monitoring of sequestered carbon dioxide, including movement within the geologic storage complex, for a period of time that is sufficiently long enough to demonstrate that the risk of carbon dioxide leakage poses no material threat to public health, safety, and the environment and to achievement of net zero greenhouse gas emissions in California and that terminates no earlier than 100 years after the last date of injection of carbon dioxide into a geologic storage reservoir. In adopting regulations pursuant to subdivision (c) that pertain to this subparagraph, the state board shall consult with the State Geologist.

(E) Monitoring of criteria pollutants and potential toxic air contaminants at the one or more sites within the geologic storage complex and at mobile or fixed sites within the facility, and monitoring of ambient carbon dioxide concentrations over the geologic storage complex to facilitate leak detection. Monitoring required under this section shall continue for a period of time that is sufficiently long enough to demonstrate that the risk of carbon dioxide leakage poses no material threat to public health, safety, and the environment and to achievement of net zero greenhouse gas emissions in California and that terminates no earlier than the completion of the applicable postinjection site care and site closure plan pursuant to Section 146.93 of Title 40 of the Code of Federal Regulations.

(F) Projects meet best available control technology requirements as determined by the local air district.

(b) In carrying out the objectives of the program, the state board shall prioritize the following:

(1) Reducing the emissions of greenhouse gases.

(2) Minimizing land use and potential environmental, noise, air quality, water quality, traffic, seismic, and other related impacts, and any potential health and safety risks, to all communities where CCUS and CDR technologies are deployed, and carbon dioxide capture, removal, or sequestration projects are located to the maximum extent feasible.

(3) Maximizing workforce development and employment opportunities in each community where CCUS and CDR technologies are deployed, and carbon dioxide capture, removal, or sequestration projects are located, to the extent feasible.

(4) Leveraging private funding sources and public-private partnership structures alongside potential state funding sources.

(5) Reducing fossil fuel production in the state.

(c) The state board shall adopt regulations to implement this section.

(d) In developing the program, the state board shall consult with the Geologic Carbon Sequestration Group established pursuant to Section 2213 of the Public Resources Code.

(e) In tracking progress toward the state's climate targets, the state board shall prevent the double counting of emissions reductions associated with utilizing carbon dioxide that is captured or removed from the atmosphere. The state board may use a state board-approved third-party verifier to satisfy this subdivision.

(f) (1) Beginning January 1, 2025, and every two years thereafter, the state board shall report to the Legislature on the progress of the program. The report shall, at a minimum, include an evaluation of potential local environmental impacts and potential long-term leakage impacts as well as recommendations on measures to reduce these impacts of completed carbon dioxide capture, removal, or sequestration projects.

(2) A report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

39741.2. (a) In furtherance of the objectives in Section 39741.1, on or before January 1, 2025, the state board shall, in consultation with relevant state and local agencies, adopt regulations for a unified permit application for the construction and operation of carbon dioxide capture, removal, or sequestration projects to expedite the issuance of permits or other authorizations for the construction and operation of those projects. The unified permit application shall solicit from applicants, and direct to all relevant state agencies, all information needed to obtain permits and other authorizations from relevant state and local agencies necessary for the construction and operation of a carbon dioxide capture, removal, or sequestration project. An applicant's use of the unified permit application shall be optional.

(b) (1) Before adopting the unified permit application described in subdivision (a), the state board shall conduct at least three public workshops to receive comments from the public.

(2) The state board shall design the workshops to allow the public to participate from any location via the internet or a call-in telephone number.

(c) The unified permit application developed by the state board pursuant to subdivision (a) shall not impair, abridge, or alter any rights or obligations under the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), or its implementing regulations, with respect to the review or approval of a carbon dioxide capture, removal, or sequestration project.

(d) The unified permit application developed by the state board pursuant to subdivision (a) is for the purpose of efficiency but shall not displace the role of individual permitting agencies and shall not eliminate, abridge, or reduce the review or issuance of the individual permits covered by the application by the respective agencies. As part of the unified permit application, the state board shall, where possible, streamline duplicative administrative requirements or permit application questions.

(e) The unified permit application shall be used by relevant state agencies when issuing a permit or other authorization for the construction and operation of a carbon dioxide capture, removal, or sequestration project.

39741.3. In furtherance of the objectives in Section 39741.1, by January 1, 2025, the state board shall develop a centralized public database to track the deployment of CCUS and CDR technologies and the development of carbon dioxide capture, removal, or sequestration projects throughout the state.

39741.4. In furtherance of the objectives in Section 39741.1, by January 1, 2024, the state board may adopt protocols to support additional methods of utilization or storage of captured carbon dioxide, including carbon capture for use in products and in methods as identified by the state board.

39741.5. In furtherance of the objectives in Section 39741.1, the state board shall, no later than January 1, 2025, and consistent with Section 71464 of the Public Resources Code, adopt regulations for financial responsibility for carbon dioxide capture, removal, or sequestration projects in accordance with Section 71464 of the Public Resources Code that are no less stringent than those contained in Section 146.85 of Title 40 of the Code of Federal Regulations, as that section read on January 1, 2022. The regulations shall require an operator of a carbon dioxide capture, removal, or sequestration projects to maintain financial responsibility for a period of time that is sufficiently long enough to demonstrate that the risk of carbon dioxide leakage poses no material threat to public health, safety, and the environment and to achievement of net zero greenhouse gas emissions in California and that terminates no earlier than 100 years after the last date of injection of carbon dioxide into a geologic storage reservoir.

SEC. 3. Section 2213 is added to the Public Resources Code, to read:

2213. (a) The survey shall establish a Geologic Carbon Sequestration Group to provide independent expertise and regulatory guidance to the State Air Resources Board. The duties of the Geologic Carbon Sequestration Group shall include, but are not limited to, all of the following:

- (1) Identification of high quality, suitable locations of Class VI injection wells, as defined in Section 144.6 of Title 40 of the Code of Federal Regulations.
- (2) Identification of appropriate subsurface monitoring to ensure geologic sequestration of the injected carbon dioxide.
- (3) Identification of hazards that may require the suspension of carbon dioxide injections.

(b) For purposes of this section, "high quality, suitable locations" means reservoirs that have been modeled to be capable of maintaining integrity for at least 1,000 years.

SEC. 4. Section 3132 is added to the Public Resources Code, to read:

3132. (a) For purposes of this section, the following definitions apply:

- (1) "Carbon dioxide capture project" means a project that uses a process to separate carbon dioxide from industrial, commercial, or energy-related sources, other than oil or gas production from a well, and produces a concentrated fluid of carbon dioxide with the intent of preventing emission of the carbon dioxide into the atmosphere.
- (2) "Carbon dioxide capture, removal, or sequestration project" means a carbon dioxide capture project or carbon dioxide removal project, that seeks to provide for the long-term isolation or utilization of the carbon dioxide from the atmosphere through storage in a geologic formation.
- (3) "Carbon dioxide removal project" means a project that uses a process to remove carbon dioxide from the atmosphere.
- (4) "Concentrated carbon dioxide fluid" means a fluid that contains concentrated carbon dioxide that is proportionately greater than the ambient atmospheric concentration of carbon dioxide.

(b) An operator shall not inject a concentrated carbon dioxide fluid produced by a carbon dioxide capture, removal, or sequestration project into a Class II well for purposes of enhanced oil recovery, including the facilitation of enhanced oil recovery from another well.

SEC. 5. Part 8 (commencing with Section 71460) is added to Division 34 of the Public Resources Code, to read:

PART 8. Carbon Dioxide Capture, Removal, or Sequestration Projects

71460. For purposes of this part, the following definitions apply:

- (a) "Carbon dioxide capture, removal, or sequestration project" means a carbon dioxide capture project, a carbon dioxide removal project, or a sequestration project that seeks to provide for the long-term isolation or utilization of the carbon dioxide from the atmosphere through storage in a geologic formation.
- (b) "Carbon dioxide capture, removal, or sequestration project operator" means a person owning or operating a carbon dioxide capture, removal, or sequestration project.
- (c) "Geologic storage complex" means one or more geologic storage reservoirs and any associated facilities or infrastructure necessary to convey, inject, or store carbon dioxide streams at the site of a geologic storage reservoir.
- (d) "Geologic storage reservoir" means a portion of a sedimentary geologic stratum or formation containing pore spaces, including depleted oil and gas reservoirs and saline formations, that is suitable for injection and permanent storage of carbon dioxide in the

state.

(e) "Secretary" means the Secretary of the Natural Resources Agency.

(f) "State board" means the State Air Resources Board.

71461. (a) On or before July 1, 2025, the secretary, in consultation with the state board, shall publish a framework for governing agreements regarding two or more tracts of land overlying the same geologic storage reservoir or reservoirs for purposes of managing, developing, and operating a carbon dioxide capture, removal, or sequestration project. The framework shall include recommended requirements for the submission of these agreements to, and the review, approval, or denial of these agreements by, an authorized state agency, and shall include, but not be limited to, all of the following:

(1) Identification of the appropriate state agency for submission, review, and approval or denial of the agreements, including any legal authorization or delegation necessary.

(2) A requirement that agreement proponents own title to at least an undivided three-fourths of the total interests subject to the proposed agreement.

(3) Standards to determine fair and reasonable compensation for owners of surface, mineral, and subsurface rights whose use of their property will be infringed upon by the geologic storage reservoir.

(4) A requirement to make a good faith offer of compensation by project proponents to the owners of surface, mineral, and subsurface rights before submission of an agreement.

(5) Standards for the provision of surface site access, to the extent reasonably necessary for postinjection monitoring.

(6) Standards for the allocation of liability related to the geologic storage reservoir, and associated injection wells, including, but not limited to, standards regarding the liability of a surface landowner who has sold or leased all interests in the geologic storage reservoir to a carbon dioxide capture, removal, or sequestration project operator.

(7) Standards for imposing sufficient financial responsibility requirements on carbon dioxide capture, removal, or sequestration project operators, including, but not limited to, the short-term costs of corrective actions, the cost of any liability associated with damage to drinking water supplies or seismic activity triggered by the geologic storage reservoir or damage to public and environmental health and safety, and long-term costs associated with well plugging and abandonment, ongoing site care and monitoring, and site closure of the geologic storage reservoir.

(8) Standards for allocating royalty payments associated with the leasing of a geologic storage reservoir.

(9) Any other requirements necessary to comply with state or federal legal or constitutional standards.

(b) In developing the framework required pursuant to subdivision (a), the secretary shall consult with appropriate state agencies, including, but not limited to, the Attorney General, the Department of Conservation, the Geologic Energy Management Division, the California Geological Survey, the State Lands Commission, the state board, and the State Energy Resources Conservation and Development Commission, as well as industry and legal experts, regarding applicable legal standards. The secretary shall also review other states' legal standards applicable to carbon dioxide capture, removal, or sequestration projects.

(c) Before publishing the framework pursuant to subdivision (a), the secretary shall provide no less than 90 days for public comment on the framework. The secretary shall consider all comments received during this public comment period in developing the framework.

71462. (a) Title to any geologic storage reservoir is vested in the owner of the overlying surface estate unless it has been severed and separately conveyed.

(b) A conveyance of the surface ownership of real property shall be a conveyance of any geologic storage reservoir below the surface of the real property unless the ownership interest in the geologic storage reservoir previously has been severed from the surface ownership or is explicitly excluded in the conveyance. The ownership of a geologic storage reservoir may be conveyed in the manner provided by law for the transfer of mineral interests in real property. No agreement or instrument conveying a mineral or other interest underlying the surface shall act to convey ownership of a geologic storage reservoir unless the agreement explicitly conveys that ownership interest.

(c) (1) An instrument that transfers the rights to a geologic storage reservoir under this section shall include all of the following:

(A) A description of the scope of any right of the owner of the geologic storage reservoir to use the surface estate.

(B) A general description of the potential location of the geologic storage reservoir, including a subsurface geologic or seismic survey or a metes and bounds description of the surface overlying the geologic storage reservoir and any depths or portions of the subsurface that are excluded from the geologic storage reservoir being transferred.

(C) An allocation of legal liability from the overlying surface estate owner to the geologic storage reservoir owner consistent with the standards developed in accordance with paragraph (6) of subdivision (a) of Section 71461.

(2) The owner of a geologic storage reservoir right shall have no right to use the surface estate beyond that set out in a properly recorded instrument.

(d) Not less than 60 days before commencing development of a carbon dioxide capture, removal, and sequestration project, the carbon dioxide capture, removal, or sequestration project operator shall provide written notice of the project to each owner of a surface, subsurface, or storage reservoir estate that is adjacent to a geologic storage complex or a geologic storage reservoir that is included in the project.

(e) Each carbon dioxide capture, removal, or sequestration project operator shall record a notation on the deed to the property, or deeds to the properties, where the geologic storage complex or geologic storage reservoir is located, or any other document that is normally examined during a title search, that will notify a potential purchaser of the property, or properties, that the property has, or properties have, been used to sequester carbon dioxide, the volume of carbon dioxide sequestered, the injection zone or zones into which the carbon dioxide was injected, and the dates during which injection occurred.

(f) A carbon dioxide capture, removal, or sequestration project operator shall be liable for any damages caused by the operation of the carbon dioxide capture, removal, or sequestration project.

(g) Nothing in this section shall alter, amend, diminish, or invalidate a right to the use of a geologic storage reservoir that was acquired by contract or lease before the effective date of this part.

(h) This section is enacted for the limited purpose of facilitating the development of carbon dioxide capture, removal, or sequestration projects.

(i) (1) This section shall remain operative only until January 1, 2033, or until seven years after the date that the state board adopts regulations pursuant to Section 39741.1. of the Health and Safety Code, whichever is sooner.

(2) This section is repealed on January 1 following the date the section becomes inoperative pursuant to paragraph (1).

71463. The State Geologist shall report seismic activity or leakage of carbon dioxide from a carbon dioxide capture, removal, or sequestration project to the state board and may recommend changes in the operations of the project to the state board. The state board may require changes in operations of a carbon dioxide capture, removal, or sequestration project to ensure public and environmental health and safety, including, but not limited to, a mandatory pause in operation, if the monitoring and reporting detects increased seismicity or carbon dioxide leakage outside of the geologic storage reservoir.

71464. A carbon dioxide capture, removal, or sequestration project operator shall do all of the following:

(a) Maintain financial responsibility for a period of time that is sufficiently long enough to demonstrate that the risk of carbon dioxide leakage poses no material threat to public health, safety, and the environment and to achievement of net zero greenhouse gas emissions in California and that terminates no earlier than 100 years after the last date of injection of carbon dioxide into a geologic storage reservoir. The operator shall demonstrate financial responsibility by submitting a plan to the state board to cover the short- and long-term costs associated with corrective action, well plugging and abandonment, geologic storage reservoir monitoring, site care and site closure, emergency and remedial response, liability associated with seismic activity triggered by the reservoir, or loss of carbon dioxide containment by the geologic storage reservoir, and protection of drinking water quality and public and environmental health and safety through financial responsibility instruments as determined by the state board pursuant to Section 39741.5 of the Health and Safety Code, which may include, but is not limited to, bonds.

(b) Show proof to the state board that there is binding agreement among relevant parties that drilling or extraction that may penetrate the geologic storage reservoir are prohibited to ensure public and environmental health and safety for a period of time that is sufficiently long enough to demonstrate that the risk of carbon dioxide leakage poses no material threat to public health, safety, and the environment and to achievement of net zero greenhouse gas emissions in California and that terminates no earlier than 100 years after the last date of injection of carbon dioxide into a geologic storage reservoir.

(c) Create an air monitoring and mitigation plan to measure, track, and minimize potential toxic air contaminants and criteria air pollutants from the site of the carbon dioxide capture, removal, or sequestration project and submit the plan to the state board.

(d) Avoid any significant impact on residents in communities affected by a high-cumulative exposure burden caused by a potential net-increase in air, water, and soil pollution emanating from the site of the carbon dioxide capture, removal, or sequestration project in accordance with all applicable local, state, and federal laws and requirements, including requirements to use best available control technology, as defined in Section 40405 of the Health and Safety Code.

(e) Comply with Section 39741.1 of the Health and Safety Code and the regulations adopted by the state board pursuant to that section.

(f) Where avoidance of increased air pollution on site from such a project is not feasible, invest in mitigation in the community location adjacent to where the carbon dioxide capture, removal, or sequestration project is located which would be exposed to or impacted by any potential increased air pollution if mitigation measures are required pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000)) for the project to address significant impacts in local air pollution.

71465. (a) Pipelines shall only be utilized to transport carbon dioxide to or from a carbon dioxide capture, removal, or sequestration project once the federal Pipeline and Hazardous Materials Safety Administration has concluded the rulemaking (RIN 2137-AF60) regarding minimum federal safety standards for transportation of carbon dioxide by pipeline (Parts 190 to 199, inclusive, of Title 49 of the Code of Federal Regulations) and the carbon dioxide capture, removal, or sequestration project operator demonstrates that the pipeline meets those standards. This section shall not apply to carbon captured at a permitted facility and transported within that facility or property.

(b) The Natural Resources Agency, in consultation with the Public Utilities Commission, shall, no later than February 1, 2023, provide a proposal to the Legislature to establish a state framework and standards for the design, operation, siting, and maintenance of intrastate pipelines carrying carbon dioxide fluids of varying composition and phase to minimize the risk posed to public and environmental health and safety. The recommended framework shall be designed to minimize risk to public health and environmental health and safety, to the extent feasible.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 7. This act shall become operative only if Assembly Bill 1279 of the 2021–22 Regular Session is enacted and becomes operative on or before January 1, 2023.