

# AB 2503 (JOHN A. PÉREZ) RIGS-TO-REEFS AS AMENDED AUGUST 20, 2010

## **SUMMARY**

AB 2503 allows for the partial removal of a decommissioned oil platform (known as rigs-to-reefs), as an alternative to complete removal of the rig -- but only if the conversion would result in a net benefit to the marine environment. A majority of the cost savings from partial removal instead of complete removal would be dedicated to marine resource protection projects. The bill also creates the California Endowment for Marine Preservation, which would receive the cost savings and use it to fund marine protection projects and programs in perpetuity.

## **BENEFITS OF THE BILL**

Most of California's 27 offshore oil platforms are expected to be decommissioned between 2015 and 2030. AB 2503's partial removal option would yield multiple benefits to the state:

- Prevent destruction of existing marine habitat on rigs and provide ongoing protection and habitat for fish and marine creatures.
- Require that the artificial reef will provide more environmental benefit than the alternative of full removal.
- Provide hundreds of millions of dollars in new funds for marine preservation by allocating a substantial share of cost savings to the CA Endowment for Marine Preservation.
- Transfer a portion of the cost savings (10%) to the General Fund,

the Coastal Commission (2%), the Dept. of Fish and Game (2%) and the local county (1%).

- Relieve pressure on the General Fund, which currently bears the full cost of DFG marine resources protection.

## **EXISTING LAW**

The state has an existing artificial reef program at DFG, but it is small and does not include rigs-to-reefs. Under existing law, the owner of an oil platform is required to fully remove the rig when it is decommissioned.

## **BACKGROUND**

AB 2503 has three main components:

**Environmental enhancement:** It establishes a process for the owner or operator of an oil platform to apply to the Department of Fish and Game (DFG) to partially remove the rig, leaving much of the structure for fish habitat. A project cannot be approved unless the Ocean Protection Council finds the project will result in a net benefit to the marine environment compared to complete removal. The project also must comply with all applicable state and federal laws, including CEQA and laws governing water quality, fisheries and marine life management and coastal protection.

The oil platform owner or operator also must fully cover the state's costs to

evaluate the benefits of the artificial reef, to review, approve and permit the project and to manage the reef after it is converted, including the costs of enforcement, research and monitoring. The owner/operator also must indemnify the state against any liability that may result and must receive all required state and federal permits.

**Allocation of cost savings:** The bill requires the State Lands Commission to determine the cost savings from partially removing the rig instead of completely removing it. Because each rig presents different circumstances (distance from shore, depth of rig, size of rig), cost savings will vary but are estimated to reach up to several hundred million dollars. The state will receive a growing majority of the funds, depending on when the rig is decommissioned:

- 55% before Jan. 1, 2017
- 65% between Jan. 1, 2017 and Jan. 1, 2023
- 80% after Jan. 1, 2023.

Of this amount, 85% will be dedicated to state marine resource protection projects and programs funded through the Endowment, 10% will go to the General Fund, 2% will go to both the Coastal Commission and the Dept. of Fish and Game, and 1% to the adjacent county, for coastal land and water protection.

**Endowment for marine resource protection and enhancement:** AB 2503 creates the California Endowment for Marine Preservation as an independent nonprofit benefit corporation. The Endowment will be governed by a five-member board appointed by the Governor, the Speaker of the Assembly and the Senate Rules Committee, including academic experts in marine fisheries, experts in marine conservation and sustainable marine recreational activities from nonprofit organizations, a public member, and the Secretaries for Natural Resources and Environmental Protection.

The purpose of the Endowment is to create a permanent source of funds for projects to conserve, restore and enhance the state's coastal marine resources, including marine fisheries research, and projects to enhance marine habitat and sustainable marine activities. The Endowment is required to work closely with DFG, the Coastal Commission, the State Lands Commission and federal agencies.

## **PREVIOUS LEGISLATION**

SB 1 (Alpert, 2001) passed the Legislature but was vetoed by Governor Davis. The bill was similar to AB 2503.

## **SUPPORT**

Sportfishing Conservancy (sponsor)  
California Chamber of Commerce  
Audubon California  
CA League of Conservation Voters  
The Nature Conservancy  
Ocean Conservancy  
Monterey Bay Aquarium  
Oceana  
CA Council of Land Trusts  
United Angles of Southern California  
Former Assemblyman Fred Keeley

## **OPPOSITION**

Pacific Coast Federation of Fishermen's Associations  
Sierra Club CA  
Environmental Defense Center

## **CONTACT INFORMATION**

Pete Price  
Office of Speaker John A. Pérez  
State Capitol, Room 219  
Sacramento, CA 95814  
Phone: 916-319-2046  
Fax: 916-319-2146  
[pete.price@asm.ca.gov](mailto:pete.price@asm.ca.gov)