

AMENDED IN SENATE JUNE 4, 2012

AMENDED IN SENATE JUNE 22, 2011

AMENDED IN ASSEMBLY APRIL 27, 2011

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 642

Introduced by Assembly Member Charles Calderon

February 16, 2011

An act to add Chapter 8.65 (commencing with Section 25752) to Division 15 of the Public Resources Code, relating to renewable energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 642, as amended, Charles Calderon. Renewable energy: biomass: algae.

Existing law requires the State Energy Resources Conservation and Development Commission to administer the Renewable Energy Resources Program, which provides financial assistance for the development of renewable electricity generation facilities, including facilities that use biomass.

~~Existing law requires the California Alternative Energy and Advanced Transportation Financing Authority to establish a renewable energy program to provide financial assistance to specified entities to generate new and renewable energy sources. Existing law defines "renewable energy" to mean a device or technology that, among other things, uses biomass for electrical generation.~~

~~The California Renewables Portfolio Standard Program requires a retail seller of electricity to purchase a specified minimum percentage~~

of electricity generated by eligible renewable energy resources, including electricity generated through the use of, among other things, biomass, in any given year as a specified percentage of total kilowatthours sold to retail end-use customers each calendar year.

~~This bill would expressly provide that “biomass” for the above provisions includes algae.~~

This bill would enact the Salton Sea Stabilization and Agricultural Cultivation Act, which would authorize the Secretary of the Natural Resources Agency to establish an Algae Production Program in the Imperial Valley to meet high-priority economic and environmental goals, expedite regulatory application and review processes, and provide grants to facilitate research and the commercial development of algae for fuels, foods, medicines, and clean water within the state. The bill would further authorize the secretary to provide grants to eligible research institutions and commercial enterprises for research and demonstration projects leading to the commercial development of algae. The bill would require the secretary, in consultation with the Secretary of Business, Transportation and Housing, the Secretary of Food and Agriculture, the Chairman of the State Air Resources Board, and the Governor’s Tribal Advisor, if an algae production program is established pursuant to the bill, to publish a report, no later than May 1, 2013, that enumerates the environmental and economic benefits of the algae industry, and contains specified recommendations. The bill would also require the secretary by May 1, 2013, to publish a rule establishing an Algae Production Program and a process for the application, review, and issuance of grants, and, no later than July 1, 2013, to publish a final rule to implement recommendations contained in the above-described report.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Chapter 8.65 (commencing with Section 25752)*
- 2 *is added to Division 15 of the Public Resources Code, to read:*

1 *CHAPTER 8.65. SALTON SEA STABILIZATION AND AGRICULTURAL*
2 *ALGAE CULTIVATION*

3
4 25752. *This act shall be known, and may be cited, as the Salton*
5 *Sea Stabilization and Agricultural Algae Cultivation Act.*

6 25752.1. *The Legislature finds and declares all of the*
7 *following:*

8 (a) *The Salton Sea is a critical environmental and economic*
9 *resource located in the Imperial and Coachella Valleys.*

10 (b) *The deteriorating condition of the Salton Sea endangers*
11 *important wildlife habitat and results in serious unhealthy fine*
12 *particulate air pollution.*

13 (c) *The State of California has previously obligated itself to*
14 *protect the long-term health of the Salton Sea.*

15 (d) *A multiagency task force previously estimated the cost of*
16 *the “preferred solution” for the Salton Sea to be more than nine*
17 *billion dollars (\$9,000,000,000) in one-time costs, in addition to*
18 *significant ongoing operational costs.*

19 (e) *The development of agricultural algae cultivation on the*
20 *periphery of the Salton Sea is a more cost-effective means by which*
21 *to meet the state’s obligation to protect the Salton Sea.*

22 (f) *The State of California is uniquely and timely poised to*
23 *assume national leadership in full-scale production of algal*
24 *biofuels and parallel advancement in algal biofuel technology.*

25 (g) *Initiating the algae program will have the immediate benefit*
26 *of reducing fine particulate air pollution.*

27 (h) *Commercial development of algae has the potential for*
28 *significant value as a source for fuels, foods, medicines, and clean*
29 *water.*

30 (i) *The United States Navy has significant facilities in the*
31 *Imperial Valley and has expressed its interest in being a customer*
32 *for algae-derived energy products.*

33 (j) *The University of California, and, specifically, the Scripps*
34 *Institution of Oceanography and the San Diego Center for Algal*
35 *Biofuels at the University of California, San Diego, have engaged*
36 *in much of the research and development activities that are now*
37 *leading to the commercial deployment of agricultural algae*
38 *production in other parts of the country and the world.*

1 (k) *The designation of the Salton Sea Agricultural Algae*
2 *Cultivation District (AACD) could produce an affordable solution*
3 *to the serious Salton Sea environmental challenges.*

4 (l) *The designation of the AACD will encourage a potentially*
5 *important new industry developed in California to deploy on a*
6 *commercial scale in California and provide a significant source*
7 *of future revenue for the State of California in the form of royalties*
8 *or other revenue sharing similar to the state's off-shore oil revenue*
9 *sharing funds.*

10 25752.2. (a) *The Secretary of the Natural Resources Agency*
11 *may establish an Algae Production Program in the Imperial Valley*
12 *to meet high-priority economic and environmental goals, expedite*
13 *regulatory application and review processes, and provide grants*
14 *to facilitate research and the commercial development of algae*
15 *for fuels, foods, medicines, and clean water within the state.*

16 (b) *The secretary may provide grants to eligible research*
17 *institutions and commercial enterprises for research and*
18 *development projects and demonstration projects intended to lead*
19 *to the commercial development of algae under subdivision (a).*
20 *The demonstration projects shall be sited within the Agricultural*
21 *Algae Cultivation District, as designated by the secretary, at the*
22 *Salton Sea and shall do all of the following:*

23 (1) *Improve air quality by reducing fine particulates originating*
24 *in the dry sea bed.*

25 (2) *Improve water quality in the Salton Sea that will, in turn,*
26 *stabilize marine habitats for fish and migratory birds.*

27 (3) *Reduce use of potable water for crop farming.*

28 (4) *Present new options for the state's restoration plan of the*
29 *Salton Sea.*

30 (5) *Demonstrate the scalability of agricultural algae cultivation*
31 *and production and the revenue potential to the state.*

32 (c) *The secretary, in consultation with the Secretary of Business,*
33 *Transportation and Housing, the Secretary of Food and*
34 *Agriculture, the Chairman of the State Air Resources Board, and*
35 *the Governor's Tribal Advisor, if an algae production program is*
36 *established pursuant to this chapter, shall publish a report no later*
37 *than May 1, 2013, that enumerates the environmental and*
38 *economic benefits of the algae industry and provides*
39 *recommendations on all of the following:*

40 (1) *The creation of algae production zones.*

- 1 (2) *The expedited application and review of state and local*
- 2 *regulatory and permitting requirements for research and*
- 3 *development facilities and commercial scale-up facilities, including*
- 4 *requirements imposed by the California Environmental Quality*
- 5 *Act (Division 13 (commencing with Section 21000)).*
- 6 (3) *The use of state lands for facilities.*
- 7 (4) *Access to infrastructure including roads, electricity, water*
- 8 *delivery, and carbon dioxide.*
- 9 (5) *Use of water and waste products.*
- 10 (6) *Tax incentives.*
- 11 (7) *Loan guarantees.*
- 12 (8) *State procurement of commercial algae products.*
- 13 (9) *Insurance underwriting.*
- 14 (10) *Waivers of liability for seismic, flooding, and other natural*
- 15 *events.*
- 16 (11) *Revenue and royalty sharing for commercial production.*
- 17 (d) *If an algae production program is established pursuant to*
- 18 *this chapter, the secretary shall publish a rule establishing an*
- 19 *Algae Production Program and a process for the application,*
- 20 *review, and issuance of grants under subdivision (b) no later than*
- 21 *May 1, 2013. The secretary shall publish a final rule to implement*
- 22 *recommendations of the report described under subdivision (c) no*
- 23 *later than July 1, 2013.*
- 24 (e) *An organization eligible for a grant under subdivision (b)*
- 25 *shall meet all of the following requirements:*
- 26 (1) *Be incorporated as a business authorized to do business in*
- 27 *the state.*
- 28 (2) *Provide matching funds for the proposed project.*
- 29 (3) *Certify use of state funds solely for the proposed project*
- 30 *sited with the state.*
- 31 (4) *Demonstrate the proposed project will have substantial*
- 32 *environmental and economic benefits to the state.*
- 33 (5) *Identify a customer or customers for the product to be*
- 34 *developed.*
- 35 (6) *Agree to a royalty or other revenue arrangement ensuring*
- 36 *the state's ongoing financial participation in commercially viable*
- 37 *operations in the Agricultural Algae Cultivation District.*

1 SECTION 1. ~~For the purposes of Sections 25741 and 26003~~
2 ~~of the Public Resources Code, biomass includes algae.~~

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