

AMENDED IN SENATE AUGUST 6, 2012

AMENDED IN SENATE JUNE 14, 2012

AMENDED IN ASSEMBLY MAY 25, 2012

AMENDED IN ASSEMBLY MAY 2, 2012

AMENDED IN ASSEMBLY APRIL 19, 2012

AMENDED IN ASSEMBLY APRIL 11, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1900**

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**Introduced by Assembly Members Gatto, Chesbro, and  
Roger Hernández**

**(~~Coauthor:~~ *Coauthors:* Assembly Members Gordon and Skinner)**

**(~~Coauthor: Senator~~ *Coauthors: Senators Cannella and Liu*)**

February 22, 2012

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An act to amend Sections 25420 and 25421 of the Health and Safety Code, *to add Section 25326 to the Public Resources Code*, and to add Sections 399.24 and 769 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1900, as amended, Gatto. Renewable energy resources: biomethane.

Existing law requires the Public Utilities Commission (PUC) to specify the maximum amount of vinyl chloride that may be found in landfill gas. Existing law prohibits a gas producer from knowingly selling, supplying, or transporting to a gas corporation, and a gas corporation from knowingly purchasing, landfill gas containing vinyl chloride in a concentration exceeding the maximum amount determined

by the PUC. Existing law requires a person who produces, sells, supplies, or releases landfill gas for sale offsite to a gas corporation to sample and test, bimonthly, the gas at the point of distribution for chemicals known to the state to cause cancer or reproductive toxicity.

*Existing law requires the Office of Environmental Health Hazard Assessment (OEHHA) to evaluate the environmental and health risks posed by various hazardous substances.*

This bill would require ~~the PUC~~ OEHHA to identify all constituents that may be found in landfill gas that is to be injected into a common carrier pipeline and that could adversely impact the health and safety of the public, and to specify the maximum amount of those constituents that may be found in that landfill gas. This bill would require the PUC to develop reasonable and prudent testing protocols for gas collected from a solid waste landfill that is to be injected into a common carrier pipeline to determine if the gas contains any of the identified constituents at levels that exceed the standards set by ~~the PUC~~ OEHHA. This bill would prohibit a gas producer from knowingly selling, supplying, transporting, or purchasing gas collected from a hazardous waste landfill.

*The Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission (Energy Commission) and requires it to prepare an integrated energy policy report on or before November 1, 2003, and every 2 years thereafter. The act requires the report to contain an overview of major energy trends and issues facing the state, including, but not limited to, supply, demand, pricing, reliability, efficiency, and impacts on public health and safety, the economy, resources, and the environment.*

*This bill would require the Energy Commission to hold public hearings to identify impediments that limit procurement of electricity generated from biomethane in California, including, but not limited to, impediments to interconnection. The bill would require the Energy Commission to offer solutions to those impediments as part of the above-mentioned report.*

~~This bill would require the PUC, on or before January 1, 2014, to consider adopting pilot projects involving the injection of biomethane into common carrier pipelines where a project satisfies certain safety, quality, and efficiency requirements, as specified. This bill would require the PUC to adopt policies and programs that promote the in-state production and distribution of biomethane.~~

~~Existing law requires the PUC to establish rates for gas which is utilized in cogeneration technology projects, as specified.~~

~~This bill would require the PUC to hold public hearings to identify impediments that limit procurement of electricity generated from biomethane in California, including, but not limited to, impediments to interconnection. The bill would require the PUC to offer solutions to those impediments in a quarterly report by the commission on the renewables portfolio standard.~~

Existing law allows the PUC to set heating and purity requirements for biomethane injected into a gas pipeline. Existing law allows gas corporations to impose tariffs on biomethane injected into their pipelines.

This bill would require the PUC to adopt pipeline access rules that will ensure nondiscriminatory open access to each corporation’s gas pipeline system to any party for the purpose of physically interconnecting with the gas pipeline system and effectuating the delivery of gas.

This bill would make other conforming changes.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the PUC is a crime.

Because this bill would require action by the PUC to implement certain of its requirements, a violation of which would be a crime, these provisions would impose a state-mandated local program by creating a new crime.

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 become operative only if this bill and AB 2196 of the 2011–12 Regular Session are both enacted and become effective on or before January 1, 2013.

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

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

- 1 SECTION 1. Section 25420 of the Health and Safety Code is
- 2 amended to read:
- 3 25420. For purposes of this chapter, the following definitions
- 4 apply:

- 1 (a) “Commission” means the Public Utilities Commission.
- 2 (b) “Delivery of landfill gas by dedicated pipeline” means gas
- 3 captured at a solid waste facility and transported from that site to
- 4 an eligible renewable energy resource, as defined in the California
- 5 Renewables Portfolio Standard Program (Article 16 (commencing
- 6 with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of the
- 7 Public Utilities Code), that utilizes best available control
- 8 technology for the control of air pollutants, using a pipeline that
- 9 is not a common carrier pipeline used to transport natural gas to
- 10 customers other than the eligible renewable energy resource, or
- 11 otherwise subject to the jurisdiction of the commission.
- 12 (c) “Department” means the Department of Toxic Substances
- 13 Control.
- 14 (d) “Gas corporation” has the same meaning as defined in
- 15 Section 222 of the Public Utilities Code and is subject to rate
- 16 regulation by the commission.
- 17 (e) “Hazardous waste landfill” means a landfill that is a
- 18 hazardous waste facility, as defined in Section 25117.1.
- 19 (f) “Office” means the Office of Environmental Health Hazard
- 20 Assessment.
- 21 (f)
- 22 (g) “Person” means an individual, trust, firm, joint stock
- 23 company, partnership, association, business concern, limited
- 24 liability company, or corporation. “Person” also includes any city,
- 25 county, district, and the state or any department or agency thereof,
- 26 or the federal government or any department or agency thereof to
- 27 the extent permitted by law.
- 28 (g)
- 29 (h) “Solid waste landfill” means a landfill that is a solid waste
- 30 facility, as defined in Section 40194 of the Public Resources Code,
- 31 or at which solid waste, as defined in Section 40191 of the Public
- 32 Resources Code, is disposed.
- 33 SEC. 2. Section 25421 of the Health and Safety Code is
- 34 amended to read:
- 35 25421. (a) (1) The ~~commission~~ office shall, by rule or order,
- 36 identify all constituents that may be found in landfill gas that is to
- 37 be injected into a common carrier pipeline and that could adversely
- 38 impact the health and safety of the public. Potential impacts
- 39 include, but are not limited to, health and safety hazards to utility

1 employees or to the general public, damage to pipeline facilities,  
2 and other impacts that may inhibit the marketability of gas.

3 (2) ~~The commission~~ *office* shall, by rule or order, specify the  
4 maximum amount of constituents identified pursuant to paragraph  
5 (1) that may be found in landfill gas that is to be injected into a  
6 common carrier pipeline. The maximum amount adopted by the  
7 ~~commission~~ *office* shall not exceed the equivalent of the no  
8 significant risk level set in Section 25705 of Title 27 of the  
9 California Code of Regulations for constituents that are specified  
10 in that section.

11 (3) ~~This subdivision does not require the commission to revise~~  
12 ~~any standard in effect on the effective date of this paragraph. The~~  
13 ~~office shall provide the commission with the information required~~  
14 ~~by this subdivision for the commission to implement this section.~~

15 (b) ~~The commission~~ *office* shall make findings that are sufficient  
16 to ensure that the standards adopted pursuant to subdivision (a) do  
17 not do either of the following:

18 (1) Expose any customer, employee, or other person to landfill  
19 gas if that gas contains any chemical known to the state to cause  
20 cancer or reproductive toxicity without first giving clear and  
21 reasonable warning to that individual, except as provided by  
22 Section 25249.10.

23 (2) Expose a natural gas pipeline to an unreasonable risk of  
24 harm to pipeline integrity.

25 (c) The commission shall develop reasonable and prudent testing  
26 protocols for gas collected from a solid waste landfill that is to be  
27 injected into a common carrier pipeline to determine if the gas  
28 contains any of the constituents that the ~~commission~~ *office* has  
29 identified pursuant to subdivision (a) at levels that exceed the  
30 standards set by the ~~commission~~ *office*.

31 (1) Recognizing the potential environmental benefits of landfill  
32 gas that satisfies required standards and specifications, the  
33 commission shall ensure that the protocols it adopts pursuant to  
34 ~~this section~~ *subdivision* provide for efficient testing procedures  
35 that accurately, and, where needed, continuously, identify levels  
36 of constituents in landfill gas that is to be injected into a common  
37 carrier pipeline.

38 (2) Every person who produces, sells, supplies, or releases gas  
39 collected at a solid waste landfill, that is to be injected into a  
40 common carrier pipeline for sale offsite to a gas corporation or

1 noncore customer, shall comply with the standards and testing  
2 protocols set by the commission.

3 (d) (1) A gas producer shall ensure that landfill gas it seeks to  
4 inject into a pipeline satisfies the standards set by the ~~commission~~  
5 *office* pursuant to subdivision (a). A gas corporation shall  
6 administer testing protocols consistent with those standards, and  
7 shall not knowingly accept landfill gas that does not satisfy those  
8 standards.

9 (2) A gas producer shall not knowingly sell, supply, or transport  
10 gas collected from a hazardous waste landfill to a gas corporation.  
11 A gas corporation shall not knowingly purchase gas collected from  
12 a hazardous waste landfill.

13 (e) This section does not prohibit the onsite usage of landfill  
14 gas for the generation of electricity or any other onsite productive  
15 use by an eligible renewable energy resource, or the delivery of  
16 landfill gas by a dedicated pipeline for the generation of electricity,  
17 the production of steam, or any other productive use or other  
18 industrial applications.

19 *SEC. 3. Section 25326 is added to the Public Resources Code,*  
20 *to read:*

21 *25326. (a) The commission shall hold public hearings to*  
22 *identify impediments that limit procurement of electricity generated*  
23 *from biomethane in California, including, but not limited to,*  
24 *impediments to interconnection. The commission shall offer*  
25 *solutions to those impediments as part of the integrated energy*  
26 *policy report prepared pursuant to Section 25302.*

27 *(b) For the purposes of this section, "biomethane" means*  
28 *landfill gas or digester gas, consistent with subdivision (a) of*  
29 *Section 25741.*

30 ~~SEC. 3.~~

31 *SEC. 4. Section 399.24 is added to the Public Utilities Code,*  
32 *to read:*

33 ~~399.24. (a) On or before January 1, 2014, the commission~~  
34 ~~shall consider adopting pilot projects that satisfy all of the~~  
35 ~~following requirements:~~

- 36 ~~(1) Are capable of being safely implemented.~~
- 37 ~~(2) Demonstrate the accuracy of the commission's testing~~  
38 ~~protocols established pursuant to subdivision (a) of Section 25421~~  
39 ~~of the Health and Safety Code.~~

1 ~~(3) Demonstrate the level of consistency of the quality of gas~~  
2 ~~injected into the gas pipeline system.~~

3 ~~(4) Demonstrate the capacity of biomethane to be procured at~~  
4 ~~the lowest cost and best fit.~~

5 (b)

6 399.24. (a) To meet the energy and transportation needs of  
7 the state, the commission shall adopt policies and programs that  
8 promote the in-state production and distribution of biomethane.  
9 The policies and programs shall facilitate the development of a  
10 variety of sources of in-state biomethane.

11 (b) *For the purposes of this section, "biomethane" means*  
12 *landfill gas or digester gas, consistent with subdivision (a) of*  
13 *Section 25741 of the Public Resources Code.*

14 ~~SEC. 4. Section 454.4 of the Public Utilities Code is amended~~  
15 ~~to read:~~

16 ~~454.4. (a) The commission shall establish rates for gas which~~  
17 ~~is utilized in cogeneration technology projects not higher than the~~  
18 ~~rates established for gas utilized as a fuel by an electric plant in~~  
19 ~~the generation of electricity, except that this rate shall apply only~~  
20 ~~to that quantity of gas which an electrical corporation serving the~~  
21 ~~area where a cogeneration technology project is located, or an~~  
22 ~~equivalent area, would require in the generation of an equivalent~~  
23 ~~amount of electricity based on the corporation's average annual~~  
24 ~~incremental heat rate and reasonable transmission losses or that~~  
25 ~~quantity of gas actually consumed by the cogeneration technology~~  
26 ~~project in the sequential production of electricity and steam, heat,~~  
27 ~~or useful work, whichever is the lower quantity.~~

28 ~~(b) The commission shall hold public hearings to identify~~  
29 ~~impediments that limit procurement of electricity generated from~~  
30 ~~biomethane in California, including, but not limited to,~~  
31 ~~impediments to interconnection. The commission shall offer~~  
32 ~~solutions to those impediments in the commission's Renewables~~  
33 ~~Portfolio Standard Quarterly Report issued pursuant to the~~  
34 ~~Supplemental Report of the 2006 Budget Act, Item 8660-001-0462.~~

35 ~~SEC. 5. Section 769 is added to the Public Utilities Code, to~~  
36 ~~read:~~

37 769. For each gas corporation, the commission shall adopt  
38 pipeline access rules that will ensure nondiscriminatory open access  
39 to each corporation's gas pipeline system to any party for the

1 purpose of physically interconnecting with the gas pipeline system  
2 and effectuating the delivery of gas.

3 SEC. 6. This act shall become operative only if this act and  
4 Assembly Bill 2196 of the 2011–12 Regular Session are both  
5 enacted and become effective on or before January 1, 2013.

6 SEC. 7. No reimbursement is required by this act pursuant to  
7 Section 6 of Article XIII B of the California Constitution because  
8 the only costs that may be incurred by a local agency or school  
9 district will be incurred because this act creates a new crime or  
10 infraction, eliminates a crime or infraction, or changes the penalty  
11 for a crime or infraction, within the meaning of Section 17556 of  
12 the Government Code, or changes the definition of a crime within  
13 the meaning of Section 6 of Article XIII B of the California  
14 Constitution.