SENATE BILL No. 1496

Introduced by Senator Simitian

February 24, 2012

An act to add Section 21090.2 to, and to add Chapter 3.5 (commencing with Section 25250) to Division 15 of, the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1496, as introduced, Simitian. Energy: State Energy Resources Conservation and Development Commission: natural gas.

(1) The Warren-Alquist State Energy Resources Conservation and Development Act (act) establishes the State Energy Resources Conservation and Development Commission (Energy Commission) and requires the commission to prepare a biennial integrated energy policy report containing specified information related to major energy trends and issues facing the state, as well as a biennial energy policy review.

This bill would enact the Liquefied Natural Gas Market Assessment Act and would require the Energy Commission, as a component of the integrated energy policy report, to conduct a study of the need for liquefied natural gas imports to meet the state's energy demand. The bill would also require the Energy Commission, prior to a lease or permit being issued by the State Lands Commission or the California Coastal Commission to license a liquefied natural gas facility on the California coast, to update its study of the need for liquefied natural gas imports at least 60 days prior to a hearing by the State Lands Commission or the California Coastal Commission if the Energy Commission has not issued an integrated energy policy report within 180 days of the hearing.

The bill would also require a liquefied natural gas terminal project applicant to include in the application evidence that it has consulted with the United States Department of Defense and its impacted service components. For a project involving the construction or operation of a liquefied natural gas terminal for which an application submitted to the Federal Energy Regulatory Commission (FERC) or the United States Maritime Administration has not been deemed data adequate on or before January 1, 2013, and the application is being processed for further action by the FERC or the United States Maritime Administration, an environmental impact report prepared for that project by a lead agency would be required to contain specified information. By requiring a local agency to prepare an environmental impact report that contains specified information, the bill would increase the level of service provided by a local agency, thereby imposing a state-mandated local program.

The bill would also require the commission to impose a fee upon a liquefied natural gas terminal project applicant proposing a liquefied natural gas terminal that would be subject to the bill's provisions and would authorize the commission to expend the fees, upon appropriation by the Legislature, to implement those provisions.

(2) 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.

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

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

SECTION 1. The Legislature finds and declares all of the following:

(a) The state has a critical role in decisions regarding the siting and design of new onshore and offshore infrastructure for the importation of liquefied natural gas with regard to public health, safety, and the environment.

(b) California has a rich history of innovative and strong environmental laws and should continue to strive for the best protections possible.

(c) Utilities in California are required to meet new demand through energy efficiency programs before acquiring other sources of electricity.

(d) Accelerating the use of renewable energy resources wherever feasible and ensuring a diverse and affordable portfolio of fuel sources may minimize supply interruptions and increase reliability.

(e) Decisions regarding the importation of liquefied natural gas should be based on a comprehensive review of current and projected natural gas supply and demand in California.

(f) The possible importation of liquefied natural gas should be reviewed as part of the state's integrated energy policy report, which contains an overview of major energy trends and issues facing the state, including supply, demand, and price.

SEC. 2. Section 21090.2 is added to the Public Resources Code, to read:

21090.2. (a) In addition to any other requirements under this division, for a project involving the construction or operation of an onshore or offshore liquefied natural gas terminal in California for which an application submitted to the Federal Energy Regulatory Commission or the United States Maritime Administration has not been deemed data adequate on or before January 1, 2013, and the application is being processed for further action by the Federal Energy Regulatory Commission or the United States Maritime Administration, an environmental impact report shall include all of the following:

(1) A comparative analysis of feasible alternative project technologies pursuant to Section 15126.6 of Title 14 of the California Code of Regulations.

(2) An analysis of potential disproportionately high and adverse human health or environmental effects on minority and low-income populations.

(3) A full life-cycle analysis of the impacts of greenhouse gases.

(b) This section shall not be construed as a limitation on the power of a public agency to otherwise disapprove the project pursuant to any other provision of law.

(c) This section shall not be construed as a limitation to comply with any other requirements of this division or any other provision of law.

SEC. 3. Chapter 3.5 (commencing with Section 25250) is added to Division 15 of the Public Resources Code, to read:

Chapter 3.5. Liquefied Natural Gas Market Assessment Act

25250. This chapter shall be known and may be cited as the Liquefied Natural Gas Market Assessment Act.

25250.5. For purposes of this chapter, the following definitions apply:

(a) "Liquefied natural gas" or "LNG" means natural gas cooled to minus 259 degrees Fahrenheit so that it forms a liquid at approximately atmospheric pressure.

(b) (1) Onshore or offshore liquefied natural gas terminal in California" means facilities located onshore or offshore in California, designed to receive liquefied natural gas from oceangoing vessels, including those facilities required for storage and regasification of the liquefied natural gas, the marine vessels associated with these facilities, and any new pipelines, including, but not limited to, all new pipelines from these offshore or onshore terminals to shore and facilities necessary for the transmission of the regasified natural gas from those facilities, to the point of interconnection with any existing natural gas transportation or distribution system.

(2) "Onshore or offshore liquefied natural gas terminal in California" does not include an LNG storage tank located or filled at a California port, or a portable pressurized container approved by the United States Department of Transportation for the storage, transportation, or delivery of LNG, that is used for vessel or vehicle fuel.

25251. (a) As a component of the integrated energy policy report, the commission shall conduct a study of the need for liquefied natural gas imports to meet the state's energy demand.

(b) The study shall assess all of the following:

(1) The future demand for natural gas in California, including, but not limited to, natural gas as an alternative transportation fuel.

(2) The future supply of natural gas in California available from domestic production and imported into California through interstate pipelines, the supply available from domestic production within California, and the supply available from foreign production and imported into California through international pipelines from Mexico and Canada, including any liquefied natural gas terminal

proposed to be built outside the state and the nation that would be the source of natural gas imported into the state.

(3) All supplemental sources of natural gas and natural gas alternatives that can be reasonably expected to be available to meet projected energy demand, including, but not limited to, conservation, energy efficiency programs, and renewable energy resources.

(4) Projections of the price for natural gas under reasonable supply and demand circumstances.

(c) The report shall consider the impact of reducing electricity derived from coal pursuant to Chapter 3 (commencing with Section 8340) of Division 4.1 of the Public Utilities Code, and the potential of demand reduction opportunities, including, but not limited to, the upgrading and retrofitting of energy infrastructure, the role of renewable energy, and greater efficiency in building codes.

(d) The report shall include an analysis of what impact new fossil fuel infrastructure will have on mandates on investor owned utilities under any provision of law, including, but not limited to, the California Renewables Portfolio Standard Program (Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code).

(e) The commission shall update its study of the need for liquefied natural gas imports at least 60 days prior to the hearing conducted by the State Lands Commission or the California Coastal Commission prior to issuing a lease or permit to license a liquefied natural gas facility on the California coast, if the commission has not issued an integrated energy policy report within 180 days of the hearing.

25252. An applicant for the construction or operation of a liquefied natural gas terminal project shall provide evidence in its application that it has consulted with the United States Department of Defense and its impacted service components, and include within the application a description of the consultation with regard to potential impacts upon national security, including potential impacts on the land, sea, and airspace identified by the Department of Defense and its impacted service components, for conducting operations or training, or for the research, development, testing, and evaluation of weapons, sensors, and tactics.

25253. The commission shall impose a fee upon a liquefied natural gas terminal project applicant proposing a liquefied natural gas terminal that is subject to being evaluated pursuant to this article. The fee shall cover the costs that may be incurred by the commission to implement this article, including the costs of any temporary personnel or consultants. The commission may expend the fees collected pursuant to this section, upon appropriation by the Legislature, to implement this article.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

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