

AMENDED IN ASSEMBLY AUGUST 31, 2012

AMENDED IN ASSEMBLY AUGUST 24, 2012

AMENDED IN ASSEMBLY AUGUST 22, 2012

AMENDED IN ASSEMBLY JUNE 25, 2012

AMENDED IN SENATE MAY 29, 2012

AMENDED IN SENATE MAY 1, 2012

SENATE BILL

No. 1572

Introduced by Senator Pavley

February 24, 2012

An act to add Sections 16428.81, ~~16428.82, and 16428.83~~ *and 16428.82* to the Government Code, relating to greenhouse gases, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1572, as amended, Pavley. California Global Warming Solutions Act of 2006: AB 32 Investment Fund.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act requires the state board to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas emission reductions. The act authorizes the state board to include use of market-based compliance mechanisms. The state board has adopted by regulation a program

pursuant to the act to cap greenhouse gas emissions and provide for market-based compliance mechanisms, including the auction of allowances (cap-and-trade program). Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law requires a state agency, prior to expending any money appropriated to it by the Legislature from the fund, to prepare a record consisting of a description of proposed expenditures and of how they will further the regulatory purposes of the California Global Warming Solutions Act of 2006, how they will achieve specified greenhouse gas emissions reductions, how the agency considered other objectives of that act, and how the agency will document expenditure results.

This bill, ~~with certain exceptions,~~ would appropriate *a specified portion of* moneys collected by the state board and derived from the auction or sale of allowances in the ~~2012-13~~ 2012-13 fiscal year from the Greenhouse Gas Reduction Fund to the state board. Under the bill, a specified portion of the money appropriated to the state board would be available to fund prescribed projects that meet certain goals relating to greenhouse gas emissions reductions. *This bill would require any funds allocated to fund or finance eligible projects, as specified, or awarded, as specified, to be committed by December 31, 2013.* This bill would ~~authorize~~ require the state board, ~~the Strategic Growth Council,~~ and the ~~Treasurer~~ California Pollution Control Financing Authority to adopt regulations, and authorize those entities to adopt emergency regulations, for the purposes of funding eligible projects, as prescribed. The bill would require the ~~Treasurer~~ California Pollution Control Financing Authority and the Strategic Growth Council to prepare and submit to the Legislature, until January 1, 2017, annual reports on funded projects and activities. The bill would require the state board to publish information on projects on its Internet Web site.

This bill would create the Higher Education Greenhouse Gas Emissions Reduction Account within the Greenhouse Gas Reduction Fund. This bill would provide that any revenue collected by the state board from the sale of an allowance to the University of California or the California State University is required to be deposited into this account. This bill would ~~continuously~~ appropriate the moneys *collected in the 2012-13 fiscal year and deposited in this account,* ~~without regard to fiscal years,~~ to the state board *and provide that the moneys collected*

after the 2012–13 fiscal year in the account are available, upon appropriation by the Legislature, for purposes that are determined, based on the best available evidence, to reduce greenhouse gas emissions, as specified, and would prescribe additional criteria for the expenditure of moneys in the account. This bill would require the state board to submit to the Legislature a 5-year investment plan detailing the projects and activities to be funded. This bill would require, no later than December 31, 2013, and each December 31 thereafter, the University of California and the California State University *each* to submit to the state board and the Legislature a specified report.

~~This bill would create the Water Suppliers Greenhouse Gas Emissions Reduction Account within the Greenhouse Gas Reduction Fund. This bill would provide that any revenue collected by the state board from the sale of an allowance to a water supplier, as defined, is required to be deposited into this account. This bill would continuously appropriate the moneys in this account, without regard to fiscal years, to the state board for the purposes of reducing greenhouse gas emissions associated with water suppliers, and would prescribe additional criteria for the expenditure of moneys in the account. This bill would require, no later than November 1, 2013, and each November 1 thereafter, a water supplier that received funds from the account to submit to the state board and the Legislature a specified report.~~

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

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

- 1 SECTION 1. The Legislature finds and declares the following:
- 2 (a) In accordance with its discretionary authority to adopt
- 3 market-based compliance mechanisms pursuant to Part 5
- 4 (commencing with Section 38570) of Division 25.5 of the Health
- 5 and Safety Code, the State Air Resources Board adopted on
- 6 December 22, 2011, a final regulation order establishing the
- 7 cap-and-trade program, which took effect on January 1, 2012.
- 8 (b) California’s cap-and-trade program is authorized by the
- 9 California Global Warming Solutions Act of 2006 (Division 25.5
- 10 (commencing with Section 38500) of the Health and Safety Code).
- 11 (c) To mitigate the risk of market manipulation and windfall
- 12 profits and to ensure the market price of a greenhouse gas
- 13 emissions allowance is transparent and publicly discoverable, the

1 State Air Resources Board will auction a limited number of
2 allowances to qualifying market participants beginning on
3 November 14, 2012, though the majority of allowances will be
4 freely allocated *at no cost* to covered entities.

5 (d) Proceeds from the auction of allowances must be spent to
6 further purposes of the California Global Warming Solutions Act
7 of 2006, including the reduction of statewide greenhouse gas
8 emissions to 1990 levels by 2020, and the maintenance of those
9 levels beyond 2020.

10 (e) In order to further the purposes of the California Global
11 Warming Solutions Act of 2006, it is necessary and appropriate
12 to immediately allocate a portion of auction proceeds anticipated
13 to be generated in the 2012–13 fiscal year, excluding proceeds
14 from allowances consigned to auction by electrical distribution
15 utilities, to fund projects that reduce greenhouse gas emissions and
16 that also achieve the following purposes to the extent feasible:

17 (1) Maintain and create jobs for industries with covered entities
18 by reducing leakage risk through cost-effective investments in
19 greenhouse gas emissions reductions measures.

20 (2) Rapidly achieve greenhouse gas emissions reductions at a
21 reasonable cost.

22 (3) Ensure investments in emissions reductions benefit
23 disadvantaged communities to the maximum extent feasible.

24 (4) Provide near-term relief of budgetary pressure facing
25 universities, state, regional, and local government, and other public
26 agencies.

27 (5) Provide opportunities for small businesses, local
28 governments, nonprofit entities, state-certified local conservation
29 corps, state conservancies, and other community institutions to
30 participate in and benefit from statewide and regional efforts to
31 reduce greenhouse gas emissions.

32 (f) It is necessary and appropriate to prioritize near-term
33 investments from auction proceeds in emissions reductions at
34 covered entities that will generate most of the initial proceeds, in
35 order to ensure a low-cost transition to a clean-energy economy
36 for the benefit of their customers.

37 (g) A wider range of investments should be eligible longer term,
38 including increased investment in fuels-related emissions
39 reductions as the coverage of the cap-and-trade program expands,
40 transformational technology innovation, uncapped sectors such as

1 natural resources and sustainable agriculture where some of the
2 most cost-effective emissions reductions are possible, and other
3 areas of investment with broad public benefits that private markets
4 may not otherwise adequately fund.

5 SEC. 2. Section 16428.81 is added to the Government Code,
6 to read:

7 16428.81. (a) For purposes of this section:

8 (1) “Covered entities” means an entity subject to ~~allowance~~
9 ~~surrender requirements~~ *a compliance obligation in 2013* under any
10 cap-and-trade program adopted by the state board as of December
11 31, 2012, excluding electrical ~~corporations that receive all of their~~
12 ~~allowances for free~~ *distribution utilities*, and including, but not
13 limited to, food processors, manufacturers of glass, cement, and
14 other industrial products, oil and gas production facilities and
15 refineries, and thermal energy suppliers.

16 (2) “State board” means the State Air Resources Board.

17 (b) (1) Notwithstanding subdivision (c) of Section 16428.8, *80*
18 *percent of the* moneys collected in the 2012–13 fiscal year and
19 deposited into the Greenhouse Gas Reduction Fund that are not
20 allocated or otherwise used by the Director of Finance to make
21 commensurate reductions to General Fund expenditure authority,
22 as authorized by Section 15.11 of the Budget Act of 2012, are
23 hereby appropriated from the Greenhouse Gas Reduction Fund to
24 the state board to be expended in accordance with this section. In
25 accordance with *Section 16304 of the* Government Code ~~Section~~
26 ~~16304~~, funds not encumbered within three years shall revert back
27 to the Greenhouse Gas Reduction Fund.

28 (2) Funds expended pursuant to this section shall meet the
29 requirements of subdivision (a) of Section 16428.9 and shall benefit
30 disadvantaged communities to the maximum extent feasible. The
31 definition of a disadvantaged community shall be determined by
32 the California Environmental Protection Agency.

33 (c) The funds appropriated to the state board pursuant to
34 subdivision (b) shall be allocated as follows:

35 (1) ~~Sixty-Seveny-five~~ *percent to the state board* to fund eligible
36 projects *at covered entities* in a timely manner ~~that would maximize~~
37 ~~the use of private capital and innovative technology and~~
38 ~~accommodate unique cost and project financing attributes of the~~
39 ~~particular industry of a covered entity~~. The state board may allocate
40 any of these moneys to the ~~Treasurer~~ *California Pollution Control*

1 *Financing Authority* for use in accordance with ~~his or her~~ *its*
2 authority under the California Pollution Control Financing
3 Authority Act to ~~fund~~ *finance* eligible projects *at covered entities*,
4 if the state board determines that the allocation ~~maximizes the use~~
5 ~~of private capital and innovative technology~~ and accommodates
6 ~~unique cost and project cost, technology, financing, or other~~
7 ~~attributes of the particular covered entities' industry~~ *eligible project*
8 *applicants*.

9 (A) For purposes of this paragraph, ~~an eligible projects are those~~
10 ~~projects that are~~ *project is a project that is* determined by the state
11 board to reduce greenhouse gas emissions ~~at covered entities that~~
12 ~~the state board determines meet~~ *associated with the operations of*
13 *a covered entity as reported to the state board pursuant to the*
14 *mandatory greenhouse gas emissions reporting regulation, that*
15 *maximizes the use of private capital, is related to compliance with*
16 *and consistent with the goals of the California Global Warming*
17 *Solutions Act of 2006 (Division 25.5 (commencing with Section*
18 *38500) of the Health and Safety Code) and is not required by any*
19 *other law, regulation, or court order, and satisfies one or more of*
20 *the following criteria: criteria, and any other criteria that may be*
21 *established by the state board:*

22 (i) ~~The project will reduce greenhouse gas emissions associated~~
23 ~~with the operations of a covered entity under any cap-and-trade~~
24 ~~program as reported to the state board pursuant to the mandatory~~
25 ~~greenhouse gas emissions reporting regulation with a compliance~~
26 ~~obligation commencing in the 2013 program year.~~

27 (ii) ~~The covered entity's~~

28 (i) *Reduces the compliance costs of a covered entity whose*
29 *projected greenhouse gas emissions in 2013 will exceed any free*
30 *allocation of emission allowances in 2013 by at least 10 percent.*

31 (iii) ~~The project is related to compliance with the California~~
32 ~~Global Warming Solutions Act of 2006 (Division 2.5 (commencing~~
33 ~~with Section 38500) of the Health and Safety Code) and is not~~
34 ~~required by any other law, regulation, or court order.~~

35 (ii) *Assists with the adoption of innovative greenhouse gas*
36 *emissions reduction technology.*

37 (iii) *Cost-effectively reduces greenhouse gas emissions through*
38 *efficiency or other measures.*

39 (iv) ~~The project applicant agrees~~

1 (B) Each eligible project shall be subject to reporting and audit
2 requirements.

3 ~~(B)~~

4 (C) The value of the benefits that may be received in a fiscal
5 year pursuant to this paragraph for eligible projects at a covered
6 entity shall not exceed the actual costs incurred by the covered
7 entity from purchasing ~~auctioned~~ allowances.

8 ~~(C)~~

9 (D) Types of eligible projects may include, but are not limited
10 to, switching to the production or use of low-carbon fuels, ~~on-site~~
11 *onsite* efficiency measures, clean energy generation, increasing
12 the use of recycled content, energy storage, and waste heat
13 recovery.

14 ~~(D)~~

15 (E) ~~The Treasurer~~ California Pollution Control Financing
16 Authority and the state board may consult with the Governor's
17 Office of Business and Economic Development for the purposes
18 of administering this paragraph.

19 ~~(E) In addition to any other authority the California Pollution~~
20 ~~Control Financing Authority may have, the authority may provide~~
21 ~~a rebate to the applicant in the amount of the sales and use tax paid~~
22 ~~on the qualifying equipment within 30 days of receipt of a~~
23 ~~determination by the state board that the requirements of~~
24 ~~subparagraph (A) have been met and receipt of proof of purchase~~
25 ~~of qualifying property associated with the eligible project.~~

26 (F) If the state board finds that moneys provided pursuant to
27 this paragraph were used for purposes other than those described
28 in subparagraph (A), the project applicant shall be required to
29 repay any moneys received with interest.

30 ~~(G) The state board and the Treasurer may adopt emergency~~
31 ~~regulations for the purposes of implementing this paragraph. The~~
32 ~~adoption of emergency regulations shall be deemed necessary for~~
33 ~~the immediate preservation of the public peace, health, safety, or~~
34 ~~general welfare for the purposes of Section 11346.1.~~

35 ~~(H)~~

36 (G) Total project cost associated with any eligible project is
37 eligible for funding.

38 ~~(H)~~

39 (H) Any activities undertaken as part of any funded eligible
40 project shall complement and shall not interfere with efforts to

1 achieve and maintain federal and state ambient air quality standards
2 and reduce toxic air contaminant emissions.

3 (2) ~~Ten~~ *Twenty-five* percent to the Strategic Growth Council to
4 be awarded, on a competitive basis, to metropolitan planning
5 organizations or councils of governments, in accordance with
6 subparagraph (A), and to local climate innovation projects, in
7 accordance with subparagraph (B).

8 (A) Metropolitan planning organizations or, in regions not within
9 a metropolitan planning organization, ~~the council~~ *councils* of
10 governments, are eligible for funding to develop and implement
11 regional or local plans to reduce greenhouse gas emissions through
12 investments in transportation infrastructure and operations and
13 changes in land use.

14 (i) Project funding determinations shall be made at the regional
15 level in accordance with statewide criteria developed by the
16 Strategic Growth Council and the state board that prioritize
17 investments in projects that cost-effectively reduce greenhouse
18 gas emissions, integrate transportation infrastructure and land use
19 strategies, and achieve additional greenhouse gas emissions
20 reductions and community benefits through integration with local
21 energy, water, public health, or resource conservation strategies.

22 (ii) In regions with sustainable community strategies or an
23 alternative planning strategy for which the state board has accepted
24 a metropolitan planning organization's determination that the
25 sustainable communities strategy or the alternative planning
26 strategy would, if implemented, achieve the greenhouse gas
27 emissions reduction targets pursuant to subparagraph (H) of
28 paragraph (2) of subdivision (b) of Section 65080, projects shall
29 implement the adopted strategy within existing urbanized areas.

30 (iii) In regions that do not have strategies that meet the
31 requirements of clause (ii), projects shall meet criteria developed
32 by the Strategic Growth Council, in collaboration with the state
33 board, to ensure that projects provide measurable and verifiable
34 greenhouse gas emissions reductions.

35 (iv) Funds allocated by the Strategic Growth Council *pursuant*
36 *to this subparagraph* may be used for any of the following:

37 (I) Integrated land use and transportation infrastructure
38 development, design, construction, or planning, including, but not
39 limited to, complete street retrofits, street scape improvements,
40 multiuse trails, electric vehicle charging infrastructure, natural gas

1 refueling infrastructure, and transit infrastructure implemented
2 with complementary land use changes, including passenger or
3 commuter rail, transit-oriented affordable housing, and other
4 infrastructure that provides access to a diverse mix of housing
5 types, jobs, schools, and recreational, commercial, retail, and other
6 services of the neighborhood level, as well as other integrated
7 infrastructure and land use strategies that demonstrate greenhouse
8 gas emission reductions.

9 (II) Transportation efficiency measures that provide greenhouse
10 gas emissions reduction benefits, including, but not limited to,
11 expansion and greenhouse gas reduction of transit services, road
12 and bridge maintenance with safety retrofits, roadway operations,
13 and demand management strategies.

14 (III) Performance measurement systems to evaluate greenhouse
15 gas emissions reductions from integrated projects and program
16 administrative costs.

17 (v) Within each region, projects shall be selected based on the
18 net greenhouse gas emissions reductions per dollar invested.

19 (B) A city, county, or city and county, state conservancy,
20 regional climate authority, special district, air district, joint powers
21 authority, regional collaborative, nonprofits coordinating and
22 communicating with local governments, or state-certified local
23 conservation corps is eligible for funding to develop, plan, design,
24 implement, or construct approved local climate innovation projects
25 that ~~do~~ demonstrate all of the following:

26 (i) ~~Result~~ *The project will result in replicable models.*

27 (ii) ~~Quantifiably reduce~~ *Quantifiable* greenhouse gas emissions
28 reductions *from projects, including, but not limited to, clean energy*
29 *generation, energy efficiency, urban and community greening,*
30 *stormwater reductions, urban river restoration, water efficiency,*
31 *agricultural and open-space protection, and natural community*
32 *conservation plan development and implementation.*

33 (iii) ~~Have~~ *The project will have* clear, accurate, transparent
34 reporting procedures in place, ~~including, but not limited to, clean~~
35 ~~energy generation, energy efficiency, urban and community~~
36 ~~greening, stormwater reductions, urban river restoration, water~~
37 ~~efficiency, agricultural and open space protection, and natural~~
38 ~~community conservation plan development and implementation.~~

39 (d) (1) To ensure that funds are expended efficiently and
40 transparently, all of the following shall occur:

1 (A) The ~~Treasurer~~ *California Pollution Control Financing*
2 *Authority*, for the purposes of any allocation made pursuant to
3 paragraph (1) of subdivision (c), and the Strategic Growth Council,
4 for the purposes of paragraph (2) of subdivision (c), shall prepare
5 and submit to the Legislature an annual report that includes, but
6 is not limited to, a detailed list of projects and activities for which
7 funds were expended or obligated. For each project or activity, the
8 detailed list shall include at least the following information:

9 (i) The name of the project or activity.

10 (ii) A description of the project or activity.

11 (iii) An evaluation of the completion status.

12 (B) The state board shall publish on its Internet Web site
13 information on projects funded pursuant to this section, including
14 the status, costs, benefits, location, and other information relating
15 to a project in a manner that is easily accessible and
16 comprehensible to the public, ~~in order to understand~~ *to ensure that*
17 *the public understands* the effects the funded projects are having
18 on California's environment and economy.

19 (2) Any recipient of funds pursuant to this section shall provide
20 the state agency from which the recipient received the funds any
21 information necessary for that state agency to comply with the
22 requirements of paragraph (1).

23 (3) (A) The report to be submitted pursuant to subparagraph
24 (A) of paragraph (1) shall be submitted in compliance with Section
25 9795.

26 (B) The requirement for submitting a report imposed pursuant
27 to subparagraph (A) of paragraph (1) is inoperative on January 1,
28 2017, pursuant to Section 10231.5.

29 *(e) (1) The state board, the California Pollution Control*
30 *Financing Authority, and the Strategic Growth Council shall adopt*
31 *regulations, and may adopt emergency regulations, for the*
32 *purposes of implementing this section. The adoption of emergency*
33 *regulations shall be deemed necessary for the immediate*
34 *preservation of the public peace, health, safety, or general welfare*
35 *for the purposes of Section 11346.1.*

36 *(2) Any funds allocated to fund or finance eligible projects,*
37 *pursuant to paragraph (1) of subdivision (c), or awarded, pursuant*
38 *to paragraph (2) of subdivision (c), shall be committed to specific*
39 *projects by December 31, 2013.*

40 (e)

1 (f) In addition to subdivision (c) of Section 16428.9, the
2 provisions of this section are severable. If any provision of this
3 section or its application is held invalid, that invalidity shall not
4 affect other provisions or applications that can be given effect
5 without the invalid provision or application.

6 SEC. 3. Section 16248.82 is added to the Government Code,
7 to read:

8 16248.82. (a) For purposes of this section, “state board” shall
9 mean the State Air Resources Board.

10 (b) The Higher Education Greenhouse Gas Emissions Reduction
11 Account is hereby created within the Greenhouse Gas Reduction
12 Fund. Notwithstanding Section 16428.8, any moneys that may be
13 collected by the state board from the sale of an allowance to the
14 University of California or the California State University as part
15 of any market-based compliance mechanism that may be adopted
16 by the state board shall be deposited into this account.

17 (c) ~~Notwithstanding Section 13340, the~~ *The moneys collected*
18 *in the 2012–13 fiscal year and deposited in the Higher Education*
19 *Greenhouse Gas Emissions Reduction Account are continuously*
20 *hereby appropriated, without regard to fiscal years, to the state*
21 *board and the moneys collected after the 2012–13 fiscal year in*
22 *the account are available, upon appropriation by the Legislature,*
23 to be expended as follows:

24 (1) The requirements of subdivision (a) of Section 16428.9 shall
25 be met prior to expending any funds.

26 (2) Funds may be expended only for purposes that are
27 determined, based on the best available evidence, to reduce
28 greenhouse gas emissions associated with public segments of the
29 state’s postsecondary education system that are covered entities
30 for purposes of any cap-and-trade program. These projects and
31 activities may include, but are not limited to, the following:

32 (A) Projects or activities that reduce electricity and natural gas
33 consumption at facilities controlled by the University of California
34 or the California State University, including energy efficiency,
35 distributed generation, waste heat recovery, and energy storage.

36 (B) Procurement of energy sources that reduce natural gas usage
37 at university facilities.

38 (C) Procurement of carbon-neutral electricity that displaces
39 conventional electricity generation at university facilities.

1 (3) Funds may be expended for administrative costs to directly
2 support any of the activities funded by this section. Administrative
3 costs shall not exceed 2.7 percent of the total moneys deposited
4 in the Higher Education Greenhouse Gas Emissions Reduction
5 Account each fiscal year.

6 (4) Expenditure of funds shall be contingent upon an additional
7 investment by the University of California or the California State
8 University in greenhouse gas abatement projects and activities,
9 equal in value to 20 percent of the funds it receives pursuant to
10 this section, either direct or in kind.

11 (d) The state board shall submit to the Legislature a five-year
12 investment plan detailing the projects and activities to be funded
13 with an anticipated allocation.

14 (e) (1) No later than December 31, 2013, and each December
15 31 thereafter, the University of California and the California State
16 University shall *each* submit to the state board and to the
17 Legislature a report describing the ~~respective~~ disposition of funds
18 received *pursuant to this section by each* in that calendar year and
19 the planned expenditures for funding that may be received pursuant
20 to this section in the coming calendar year.

21 (2) (A) The requirement for submitting a report imposed
22 pursuant to paragraph (1) is inoperative on December 31, 2017,
23 pursuant to Section 10231.5.

24 (B) A report to be submitted pursuant to paragraph (1) shall be
25 submitted in accordance with Section 9795.

26 ~~SEC. 4. Section 16428.83 is added to the Government Code,~~
27 ~~to read:~~

28 ~~16428.83. (a) For the purposes of this section, the following~~
29 ~~terms have the following meanings:~~

30 ~~(1) "State board" means the State Air Resources Board.~~

31 ~~(2) "Water supplier" means any publicly owned supplier or~~
32 ~~contractor for water, including, but not limited to, the Metropolitan~~
33 ~~Water District of Southern California and, for purposes of~~
34 ~~managing the State Water Project, the Department of Water~~
35 ~~Resources, that distributes or sells water for ultimate resale to~~
36 ~~customers and that is a regulated entity pursuant to Section 38570~~
37 ~~of the Health and Safety Code.~~

38 ~~(b) The Water Suppliers Greenhouse Gas Emissions Reduction~~
39 ~~Account is hereby created within the Greenhouse Gas Reduction~~
40 ~~Fund. Notwithstanding Section 16428.8, any revenue that may be~~

1 collected by the state board from the sale of an allowance to a
2 water supplier as part of any market-based compliance mechanism
3 that may be adopted by the state board shall be deposited into this
4 account.

5 (e) Notwithstanding Section 13340 of the Government Code,
6 the moneys in the Water Suppliers Greenhouse Gas Emissions
7 Reduction Account are continuously appropriated, without regard
8 to fiscal years, to the state board, to be expended as follows:

9 (1) The requirements of subdivision (a) of Section 16428.9 shall
10 be met prior to the expenditure of any funds.

11 (2) Funds may be expended only for the purpose of reducing
12 greenhouse gas emissions associated with water suppliers.

13 (3) Expenditure of funds shall be contingent upon an additional
14 investment by a water supplier that receives funds pursuant to this
15 section in greenhouse gas abatement projects and activities, equal
16 in value to 25 percent of the funds it receives, either direct or in
17 kind.

18 (d) No later than November 1, 2013, and each November 1
19 thereafter, each water supplier that has received funds pursuant to
20 this section shall submit to the state board and the Legislature a
21 report describing the disposition of funds received during that
22 calendar year and the status of projects funded by this section.