

Assembly Bill No. 650

CHAPTER 615

An act to add Section 10299.1 to the Public Contract Code, relating to state government, and making an appropriation therefor.

[Approved by Governor October 7, 2013. Filed with
Secretary of State October 7, 2013.]

LEGISLATIVE COUNSEL'S DIGEST

AB 650, Nazarian. State government: general services: Natural Gas Services Program.

Existing law authorizes the Department of General Services to contract with suppliers to obtain materials, supplies, equipment, and services.

This bill would require the director to operate the Natural Gas Services Program, pursuant to which the Director of General Services would make the services of the department with respect to the acquisition of natural gas and related services available, under agreed upon terms and conditions, to any city, county, city and county, district, or other local governmental body, and to nonprofit hospitals and educational institutions that expend public funds, and would enter into interagency agreements for acquisition of natural gas and related services, as defined.

The bill would require agencies that are in the executive branch of state government, except the Department of Water Resources, to use the department's Natural Gas Services Program for noncore gas purchases of natural gas. The bill would create the Department of General Services Natural Gas Services Program Fund, and would continuously appropriate that fund to the department for purposes of operating the Natural Gas Services Program. The bill would state that funding for the department's administrative costs in overseeing the program is to be provided for in the annual Budget Act.

Appropriation: yes.

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

SECTION 1. Section 10299.1 is added to the Public Contract Code, to read:

10299.1. (a) Notwithstanding any other law, the director shall operate the Natural Gas Services Program to consolidate and address the needs of multiple state agencies for the procurement of natural gas and related services.

(b) Procurement of natural gas and related services is vital to public sector facilities in California and, due to the volumes and costs involved, this section authorizes the following:

(1) The director shall make the services of the department with respect to the acquisition of natural gas and related services available, under agreed upon terms and conditions, to any city, county, city and county, district, or other local governmental body, and to any nonprofit hospital or educational institution that expends public funds.

(2) The department is authorized to enter into interagency agreements with the entities listed in paragraph (1) for the acquisition of natural gas and related services. The department may enter into contracts, master agreements, multiple award schedules, cooperative agreements, agreements with entities outside the state, and other types of agreements that leverage the state's buying power through the use of a competitive bidding process. The state shall not incur financial responsibility in connection with the contracting of nonstate agencies under this section.

(3) The department may buy, sell, exchange, transfer, or otherwise dispose of natural gas acquired by the department pursuant to this section, and may recover the department's acquisition and other costs to operate the program through customer charges or fees.

(4) The department may enter into gas purchase transactions for a term longer than five years, if specifically approved by the director.

(5) The program shall adjust to changes in customer requirements and market conditions and create and manage an ongoing pool of gas suppliers.

(6) The department is authorized to provide additional services to customers related to the environmental aspects of energy use and the requirements related to greenhouse gas regulations, renewable energy requirements, and similar programs and requirements.

(c) Agencies that are in the executive branch of the state government, except the Department of Water Resources, shall use the department's Natural Gas Services Program for noncore gas purchases of natural gas to ensure maximum participation resulting in the best discounts and prices for the commodity. The director may allow exemptions to this requirement.

(d) For purposes of this section, "natural gas" includes, but is not limited to, natural gas, methane, biomethane, compressed natural gas, liquefied natural gas, and other energy commodity that is similar to natural gas, and related services, including, but not limited to, gas storage, gas transportation, and forward purchases of natural gas.

(e) During any period in which a Budget Act has not been approved, the department shall continue to receive payment transfers from agencies that are not in the executive branch of the state government and agencies that are in the executive branch of state government that are able to pay because they operate with funds that are continuously appropriated.

(f) The department is authorized to charge, collect, and hold funds from a customer that voluntarily requests prepaid long-term natural gas supplies, for a period not to exceed 20 years.

(g) The Department of General Services Natural Gas Services Program Fund is hereby established in the State Treasury. Notwithstanding Section 13340 of the Government Code, the fund is hereby continuously appropriated to the department without regard to fiscal year, for the purposes of operating the Natural Gas Services Program.

(1) All revenues payable to the department for natural gas and related services shall be deposited in this fund. Any payments from this fund shall only be made for those purposes described in and consistent with this section.

(2) The Natural Gas Services Program's customer fee revenues cannot be shifted or borrowed from the fund.

(3) If at the end of any fiscal year, there are unexpended revenues, those revenues shall be retained in the fund and reserved for future Natural Gas Services Program expenses.

(h) Funding for the costs incurred by the department in administering this section shall be provided for in the annual Budget Act.