

AMENDED IN SENATE JUNE 25, 2013

AMENDED IN ASSEMBLY MAY 6, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1257**

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**Introduced by Assembly Member Bocanegra**

February 22, 2013

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An act to add Section 25328 to the Public Resources Code, relating to natural gas.

LEGISLATIVE COUNSEL'S DIGEST

AB 1257, as amended, Bocanegra. Energy: State Energy Resources Conservation and Development Commission: natural gas.

The Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission, known as the 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. The act requires the commission to certify sufficient sites and related facilities that are required to provide a supply of electricity sufficient to accommodate projected demand for power statewide.

This bill would require the Energy Commission, on or before January 1, 2015, and every 4 years thereafter, to prepare and submit to the Governor a report containing specified information identifying strategies to maximize the benefits obtained from natural gas as an energy source, as specified. The bill would further require the Governor to review that report by a specific date and to report specific agreement or disagreement with, or modifications to, the report to the Legislature,

would declare the modified version of the report the natural gas policy of the state, and would require the Energy Commission to incorporate the report into the subsequent biennial integrated energy policy report.

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

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

1 SECTION 1. Section 25328 is added to the Public Resources  
2 Code, to read:

3 25328. (a) ~~On~~ *This section shall be known and may be cited,*  
4 *as the Natural Gas Act.*

5 (b) *On* or before January 1, 2015, and every four years thereafter,  
6 notwithstanding Section 10231.5 of the Government Code, the  
7 commission shall prepare and submit to the Legislature a report  
8 that identifies strategies to maximize the benefits obtained from  
9 natural gas, including biomethane for purposes of this section, as  
10 an energy source, helping the state realize the environmental and  
11 cost benefits afforded by natural gas. As part of this report, the  
12 commission, at a minimum, shall identify strategies and options  
13 for each of the following:

14 (1) Making the best use of natural gas as a transportation fuel,  
15 including for movement of freight, vessels, mass transit, and other  
16 commercial and passenger vehicle use and identifying methods to  
17 increase the development of natural gas refueling infrastructure.

18 (2) Identifying the role of natural gas-fired generation as part  
19 of a resource portfolio, including, but not limited to, combined  
20 heat and power, and the impact of that role on meeting greenhouse  
21 gas targets.

22 (3) Assessing the potential of natural gas as a low-emission  
23 resource, including potential zero and near-zero greenhouse gas  
24 emissions, natural gas, and biogas options, taking into account *the*  
25 impact on electric system operations and transportation systems.

26 (4) Optimizing natural gas as a flexible and convenient end use  
27 energy source, including efficient use for heating, water heating,  
28 cooling, cooking, engine operation, and other end uses, and the  
29 optimization of appliances for these uses.

30 (5) Analyzing effective methods and strategies by which the  
31 electric and natural gas industries can facilitate implementation of  
32 any of the strategies identified in the study.

1 (6) Determining the extent to which a long-term policy is needed  
2 to ensure adequate infrastructure and storage that addresses both  
3 demand and climate change, and developing strategies for pursuing  
4 additional infrastructure development and programs to maintain  
5 or enhance pipeline and system integrity and reliability, including  
6 increased natural gas storage. In developing those strategies, the  
7 commission shall consider needed policies to protect against system  
8 capacity constraints, minimize system leakage and related  
9 emissions, mitigate investment risk associated with the long-term  
10 investment in infrastructure in an evolving energy market, and  
11 identify factors that could limit the ability to receive maximum  
12 benefits from natural gas as an energy resource.

13 (7) Determining the role that natural gas can play in the  
14 development of zero net energy buildings, meeting statewide  
15 renewable energy, energy efficiency, and demand reduction goals.

16 (8) Optimizing the methods by which the pursuit of these  
17 strategies can facilitate job development in the private sector,  
18 particularly in distressed economic areas and disadvantaged  
19 communities.

20 (9) Optimizing the methods by which state and federal  
21 fiscal policy can facilitate any of the proposed strategies.

22 (10) Evaluating the incremental beneficial and adverse economic  
23 cost and environmental impacts of proposed strategies, including  
24 life-cycle greenhouse gas emissions from production,  
25 transportation, and use of natural gas based on authoritative,  
26 peer-reviewed, and science-based analysis, or as determined by  
27 the State Air Resources Board.

28 (b)

29 (c) In developing the report described in subdivision ~~(a)~~, (b),  
30 the commission shall include the findings of the current integrated  
31 energy policy report required pursuant to Section 25302 and  
32 provide an opportunity for public comment consistent with the  
33 commission's procedures. The commission shall receive and  
34 address information from the public, including entities within the  
35 natural gas production and delivery chain, end use customers,  
36 environmental experts, and federal policymakers. Where the  
37 commission does not accept relevant recommendations of such  
38 interested parties, it shall provide an explanation and any  
39 supporting factual basis.

40 (e)

1 (d) In developing the report described in subdivision ~~(a)~~, (b),  
2 the commission shall consult with the Public Utilities Commission,  
3 the California Independent System Operator, the State Air  
4 Resources Board, the Department of Oil, Gas, and Geothermal  
5 Resources, and the Department of Conservation to obtain relevant  
6 input. The report is intended to assist in establishing state policy  
7 and does not independently change any statute, regulation, or  
8 regulatory decision.

9 ~~(d)~~

10 (e) Upon adoption of the report described in subdivision ~~(a)~~ (b)  
11 by the commission, the commission shall transmit the report to  
12 the Governor who shall review the report and shall, on or before  
13 180 days after receipt of the report, report further to the Legislature  
14 the Governor's agreement or disagreement with, and recommended  
15 deletions, additions, and modifications to, any policy  
16 recommendations contained in that report. The report, as modified  
17 by the Governor, shall thereafter comprise the natural gas policy  
18 of the State of California, and shall be incorporated into the  
19 subsequent biennial integrated energy policy report required  
20 pursuant to Section 25302.

21 ~~(e)~~

22 (f) The report to be submitted pursuant to subdivisions ~~(a)~~ (b)  
23 and ~~(d)~~ (e) shall be submitted in compliance with Section 9795 of  
24 the Government Code.