

AMENDED IN SENATE SEPTEMBER 5, 2013

AMENDED IN SENATE JUNE 25, 2013

AMENDED IN ASSEMBLY MAY 6, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1257

Introduced by Assembly Member Bocanegra

February 22, 2013

An act to add Section ~~25328~~ 25303.5 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 beginning November 1, 2015, and every 4 years thereafter, to prepare and submit to the Governor a report containing specified information identifying~~ *identify in the integrated energy policy report* 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~~25303.5 is added to the Public
2 Resources Code, to read:

3 ~~25328.~~

4 25303.5. (a) This section shall be known and may be cited, as
5 the Natural Gas Act.

6 (b) ~~On or before January~~ *Beginning November 1, 2015,* and
7 every four years thereafter, ~~notwithstanding Section 10231.5 of~~
8 ~~the Government Code,~~ the commission shall ~~prepare and submit~~
9 ~~to the Legislature a report that identifies~~ *identify in the integrated*
10 *energy policy report prepared pursuant to Section 25302* strategies
11 to maximize the benefits obtained from natural gas, including
12 biomethane for purposes of this section, as an energy source,
13 helping the state realize the environmental and cost benefits
14 afforded by natural gas. As part of this report, the commission, at
15 a minimum, shall identify strategies and options for each of the
16 following:

17 (1) Making the best use of natural gas as a transportation fuel,
18 *as appropriate,* including for movement of freight, vessels, mass
19 transit, and other commercial and passenger vehicle use and
20 identifying methods to ~~increase the development of~~ *develop* natural
21 gas refueling infrastructure.

22 (2) ~~Identifying~~ *Determining* the role of natural gas-fired
23 generation as part of a resource portfolio, including, but not limited
24 to, combined heat and power, and the impact of that role on
25 meeting greenhouse gas targets.

26 (3) ~~Assessing the potential~~ *Taking the best advantage* of natural
27 gas as a low-emission resource, including potential zero and
28 near-zero greenhouse gas emissions, natural gas, and biogas
29 options, taking into account the impact on electric system
30 operations ~~and transportation systems.~~

1 (4) Optimizing *the role of* natural gas as a flexible and
2 convenient end use energy source, including *the* efficient use of
3 *natural gas* for heating, water heating, cooling, cooking, engine
4 operation, and other end uses, and the optimization of appliances
5 for these uses.

6 (5) ~~Analyzing~~ *Identifying* effective methods ~~and strategies~~ by
7 which the electric and natural gas industries can facilitate
8 implementation of any of the strategies identified in ~~the study~~ *this*
9 *section*.

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

22 (7) Determining the role that natural gas can play in the
23 development of zero net energy buildings, ~~meeting statewide~~
24 ~~renewable energy, energy efficiency, and demand reduction goals~~.
25 *as appropriate*.

26 (8) Optimizing the methods by which the pursuit of these
27 strategies can facilitate ~~job~~ *jobs* development in the private sector,
28 particularly in ~~distressed economic areas and disadvantaged~~
29 ~~communities~~. *areas*.

30 (9) Optimizing the methods by which state and federal policy
31 can facilitate any of the proposed strategies.

32 (10) Evaluating the incremental beneficial and adverse economic
33 cost and environmental impacts of proposed strategies, including
34 life-cycle greenhouse gas emissions from production,
35 transportation, and use of natural ~~gas~~ *gas*, based on authoritative,
36 peer-reviewed, and science-based ~~analysis~~, *analysis* or ~~as~~
37 ~~determined by~~ *in consultation with* the State Air Resources Board.

38 (e) ~~In developing the report described in subdivision (b), the~~
39 ~~commission shall include the findings of the current integrated~~
40 ~~energy policy report required pursuant to Section 25302 and~~

1 provide an opportunity for public comment consistent with the
 2 commission's procedures. The commission shall receive and
 3 address information from the public, including entities within the
 4 natural gas production and delivery chain, end use customers,
 5 environmental experts, and federal policymakers. Where the
 6 commission does not accept relevant recommendations of such
 7 interested parties, it shall provide an explanation and any
 8 supporting factual basis.

9 (d)

10 (c) In developing the report *strategies* described in subdivision
 11 (b), the commission shall consult with the Public Utilities
 12 Commission, *the State Water Resources Control Board*, the
 13 California Independent System Operator, the State Air Resources
 14 Board, the Department of Oil, Gas, and Geothermal Resources,
 15 and the Department of Conservation to obtain relevant input. The
 16 report is intended to assist in establishing state policy and does not
 17 independently change any statute, regulation, or regulatory
 18 decision.

19 (e) Upon adoption of the report described in subdivision (b) by
 20 the commission, the commission shall transmit the report to the
 21 Governor who shall review the report and shall, on or before 180
 22 days after receipt of the report, report further to the Legislature
 23 the Governor's agreement or disagreement with, and recommended
 24 deletions, additions, and modifications to, any policy
 25 recommendations contained in that report. The report, as modified
 26 by the Governor, shall thereafter comprise the natural gas policy
 27 of the State of California, and shall be incorporated into the
 28 subsequent biennial integrated energy policy report required
 29 pursuant to Section 25302.

30 (f) The report to be submitted pursuant to subdivisions (b) and
 31 (e) shall be submitted in compliance with Section 9795 of the
 32 Government Code.