

AMENDED IN SENATE AUGUST 29, 2014

AMENDED IN SENATE AUGUST 22, 2014

AMENDED IN SENATE AUGUST 11, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1478

Introduced by Committee on Budget (Skinner (Chair), Bloom, Campos, Chesbro, Dababneh, Daly, Dickinson, Gordon, Jones-Sawyer, Mullin, Muratsuchi, Nazarian, Rodriguez, Stone, Ting, and Weber)

January 9, 2014

An act to amend, repeal, and add Section 5956.10 of the Government Code, to amend Section 50661 of the Health and Safety Code, to amend Sections 25416 and 31111.5 *of of, and to add Section 5080.43 to*, the Public Resources Code, *to amend Sections 379.6 and 399.12 of the Public Utilities Code*, and to amend Sections 62 and 193 of Chapter 35 of the Statutes of 2014, relating to public resources, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

AB 1478, as amended, Committee on Budget. Public resources.

(1) Existing law authorizes a governmental agency to solicit proposals and enter into agreements with private entities for the design, construction, or reconstruction of, and to lease to private entities, specified types of fee-producing infrastructure projects. Existing law prohibits a state agency or specified governmental agencies from using this authorization to design, construct, finance, or operate a state project, as specified.

This bill, until December 31, 2019, would specify that a state project, for these purposes, does not include a governmental agency project financed through the State Water Pollution Control Revolving Fund or the Safe Drinking Water State Revolving Fund.

(2) Existing law creates the Housing Rehabilitation Loan Fund and continuously appropriates moneys in the fund for, among other purposes, making specified deferred payment housing rehabilitation loans. Prior to June 20, 2014, existing law authorized, to the extent no other funding sources were available, \$10,000,000 in the fund to be used by the department for the purpose of providing housing rental-related subsidies to persons rendered homeless, or at risk of becoming homeless, due to unemployment, underemployment, or other economic hardship resulting from the state of emergency proclaimed by the Governor based on drought conditions.

This bill would, to the extent no other funding sources are available, reauthorize that \$10,000,000 in the fund to be used by the department for the above-stated purposes.

(3) *Existing law vests with the Department of Parks and Recreation control of the state park system. Existing law authorizes the department to enter into an agreement with specified nonprofit organizations for the development, improvement, restoration, care, maintenance, administration, or operation of a unit, or portion of a unit, of the state park system, subject to certain conditions.*

This bill would authorize the department to enter into a restoration agreement with the Leland Stanford Mansion Foundation, a nonprofit organization, for the purpose of restoring the front staircase at the Leland Stanford Mansion State Historical Park, as specified.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Leland Stanford Mansion State Historical Park.

(3)

(4) The Energy Conservation Assistance Act of 1979 establishes the State Energy Conservation Assistance Account, a continuously appropriated account, that is administered by the State Energy Resources Conservation and Development Commission to provide grants and loans to various public entities to maximize energy use savings in existing and planned buildings and facilities. Existing law, the Budget Act of 2014, transfers, upon order of the Director of Finance, moneys from the Greenhouse Gas Reduction Fund to the account for those purposes.

This bill would create a continuously appropriated subaccount within the State Energy Conservation Assistance Account to track the award and repayment of loans made with moneys transferred from the Greenhouse Gas Reduction Fund, as specified. The bill would authorize moneys in the subaccount to be used for loans only for projects in buildings owned and operated by a state agency or entity, including, without limitation, the University of California and California State University.

(4)

(5) Existing law establishes the State Coastal Conservancy in the Natural Resources Agency with prescribed powers and responsibilities for implementing a program of agricultural land protection, area restoration, and resources enhancement within the coastal zone, as defined. Existing law authorizes the conservancy, for the purpose of implementing the provisions governing the conservancy, to award a grant to a for-profit entity to accomplish the removal or alteration of the San Clemente Dam under specified conditions. Existing law limits the total expenditures of state moneys for the removal or alteration of the San Clemente Dam and related activities to not more than \$25,000,000.

This bill would increase the limit on the total expenditure of state moneys for the removal or alteration of the San Clemente Dam and related activities to not more than \$30,000,000.

(6) *Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law requires the Public Utilities Commission to require the administration, until January 1, 2021, of a self-generation incentive program for distributed generation resources. Existing law limits eligibility for incentives under the self-generation incentive program to distributed energy resources that the Public Utilities Commission, in consultation with the State Air Resources Board, determines will achieve reductions in emissions of greenhouse gases pursuant to the California Global Warming Solutions Act of 2006.*

This bill would modify the eligibility requirements for incentives under the self-generation incentive program, as specified. The bill also would modify the performance measures used in the Public Utilities Commission's evaluation of the overall success and impact of the self-generation incentive program, as specified.

(7) *Existing law establishes the California Renewables Portfolio Standard Program, which requires the Public Utilities Commission to*

implement annual procurement targets for the procurement of eligible renewable energy resources for all retail sellers, as defined, to achieve the targets and goals of the program. Existing law defines an eligible renewable energy resource to include, among other things, a small hydroelectric generation unit with a nameplate capacity not exceeding 40 megawatts that meets certain qualifications.

This bill would revise the qualifications for a small hydroelectric generation unit with a nameplate capacity not exceeding 40 megawatts as an eligible renewable energy resource, as specified.

(5)

(8) Existing law, the Budget Act of 2014, appropriates the unencumbered balance of specified moneys appropriated in the Budget Act of 2003 for the State Department of Public Health to the State Water Resources Control Board for encumbrance or expenditure until June 30, 2016, for the purposes of providing grants of up to \$500,000 per project for public water systems to address drought-related drinking water emergencies or threatened emergencies.

This bill would make those moneys available for liquidation until June 30, 2018.

This bill also would make conforming changes.

(6)

(9) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. The act requires the state board to adopt a statewide greenhouse gas emissions limit to be achieved by 2020 equivalent to the statewide greenhouse gas emissions levels in 1990. Existing law authorizes the state board to adopt a schedule of fees to be paid by the sources of greenhouse gas emissions regulated pursuant to the act and requires those fees to be deposited in the Cost of Implementation Account. The act requires the state board to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions. The act requires the scoping plan to be updated at least once every 5 years.

This bill would appropriate \$529,000 from the Cost of Implementation Account to the Secretary of the Natural Resources Agency for the purpose of implementing elements of the scoping plan adopted by the State Air Resources Board.

(7)

(10) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

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. Section 5956.10 of the Government Code is
2 amended to read:

3 5956.10. (a) Notwithstanding any other provision of this
4 chapter, neither the state or any state agency shall directly or
5 indirectly use the authority in this chapter nor shall any
6 governmental agency, as defined in Section 5956.3, use the
7 authority in this chapter to design, construct, finance, or operate
8 a state project. For purposes of this section, a state project includes
9 any of the following:

- 10 (1) Tollroads on state highways.
- 11 (2) State water projects.
- 12 (3) State park and recreation projects.
- 13 (4) State financed projects.

14 (b) These limitations shall not prohibit the state, any state
15 agency, or any governmental agency, as defined in Section 5956.3,
16 from utilizing authorizations contained in other provisions of law.

17 (c) For purposes of this section, a state project does not include
18 a governmental agency project financed through the State Water
19 Pollution Control Revolving Fund, established pursuant to Section
20 13477 of the Water Code, or the Safe Drinking Water State
21 Revolving Fund, established pursuant to Section 116760.30 of the
22 Health and Safety Code.

23 (d) This section shall become inoperative on December 31,
24 2019, and, as of January 1, 2020, is repealed, unless a later enacted
25 statute, that becomes operative on or before January 1, 2020,
26 deletes or extends the dates on which it becomes inoperative and
27 is repealed.

28 SEC. 2. Section 5956.10 is added to the Government Code, to
29 read:

30 5956.10. (a) Notwithstanding any other provision of this
31 chapter, neither the state or any state agency shall directly or
32 indirectly use the authority in this chapter nor shall any
33 governmental agency, as defined in Section 5956.3, use the

1 authority in this chapter to design, construct, finance, or operate
2 a state project. For purposes of this section, a state project includes
3 any of the following:

- 4 (1) Tollroads on state highways.
- 5 (2) State water projects.
- 6 (3) State park and recreation projects.
- 7 (4) State financed projects.

8 (b) These limitations shall not prohibit the state, any state
9 agency, or any governmental agency, as defined in Section 5956.3,
10 from utilizing authorizations contained in other provisions of law.

11 (c) This section shall become operative on January 1, 2020.

12 SEC. 3. Section 50661 of the Health and Safety Code is
13 amended to read:

14 50661. (a) There is hereby created in the State Treasury the
15 Housing Rehabilitation Loan Fund. All interest or other increments
16 resulting from the investment of moneys in the Housing
17 Rehabilitation Loan Fund shall be deposited in the fund,
18 notwithstanding Section 16305.7 of the Government Code.
19 Notwithstanding Section 13340 of the Government Code, all
20 money in the fund is continuously appropriated to the department
21 for the following purposes:

22 (1) For making deferred-payment rehabilitation loans for
23 financing all or a portion of the cost of rehabilitating existing
24 housing to meet rehabilitation standards as provided in this chapter.

25 (2) For making deferred payment loans as provided in Sections
26 50668.5, 50669, and 50670.

27 (3) For making deferred payment loans pursuant to Sections
28 50662.5 and 50671.

29 (4) Subject to the restrictions of Section 53131, if applicable,
30 for administrative expenses of the department made pursuant to
31 this chapter, Article 3 (commencing with Section 50693) of Chapter
32 7.5, and Chapter 10 (commencing with Section 50775).

33 (5) For related administrative costs of nonprofit corporations
34 and local public entities contracting with the department pursuant
35 to Section 50663 in an amount, if any, as determined by the
36 department, to enable the entities and corporations to implement
37 a program pursuant to this chapter. The department shall ensure
38 that not less than 20 percent of the funds loaned pursuant to this
39 chapter shall be allocated to rural areas. For purposes of this

1 chapter, “rural area” shall have the same meaning as in Section
2 50199.21.

3 (6) To the extent no other funding sources are available, ten
4 million dollars (\$10,000,000), as provided in Section 4 of Chapter
5 3 of the Statutes of 2014, may be used for the purposes of Section
6 34085.

7 (b) There shall be paid into the fund the following:

8 (1) Any moneys appropriated and made available by the
9 Legislature for purposes of the fund.

10 (2) Any moneys that the department receives in repayment of
11 loans made from the fund, including any interest thereon.

12 (3) Any other moneys that may be made available to the
13 department for the purposes of this chapter from any other source
14 or sources.

15 (4) Moneys transferred or deposited to the fund pursuant to
16 Sections 50661.5 and 50778.

17 (c) Notwithstanding any other law, any interest or other
18 increment earned by the investment or deposit of moneys
19 appropriated by subdivision (b) of Section 3 of Chapter 2 of the
20 Statutes of the 1987–88 First Extraordinary Session, or Section 7
21 of Chapter 4 of the Statutes of the 1987–88 First Extraordinary
22 Session, shall be deposited in a special account in the Housing
23 Rehabilitation Loan Fund and shall be used exclusively for
24 purposes of Sections 50662.5 and 50671.

25 (d) Notwithstanding any other law, effective with the date of
26 the act adding this subdivision, appropriations authorized by the
27 Budget Act of 1996 for support of the Department of Housing and
28 Community Development from the California Disaster Housing
29 Repair Fund and the California Homeownership Assistance Fund
30 shall instead be authorized for expenditure from the Housing
31 Rehabilitation Loan Fund.

32 (e) Effective July 1, 2014, the California Housing Trust Fund
33 in the State Treasury is abolished and any remaining balance,
34 assets, liabilities, and encumbrances shall be transferred to, and
35 become part of, the Housing Rehabilitation Loan Fund.
36 Notwithstanding Section 13340 of the Government Code, all
37 transferred amounts are continuously appropriated to the
38 department for the purpose of satisfying any liabilities and
39 encumbrances and the purposes specified in this section.

1 SEC. 4. Section 5080.43 is added to the Public Resources Code,
2 to read:

3 5080.43. (a) Notwithstanding any other provision of this article
4 or Article 3 (commencing with Section 5080.50), the department
5 may enter into a restoration agreement with the Leland Stanford
6 Mansion Foundation, a nonprofit organization, for the purpose
7 of restoring the front staircase at the Leland Stanford Mansion
8 State Historical Park. The agreement shall include, but shall not
9 be limited to, all of the following:

10 (1) A requirement that the restoration shall follow the United
11 States Secretary of the Interior’s Standards for the Treatment of
12 Historic Properties guidelines and the guidelines set forth by the
13 American Institute for Conservation of Historic and Artistic Works.

14 (2) A requirement that the restoration also shall comply with
15 any applicable code of ethics or guidelines for practice governing
16 the rehabilitation and preservation of historical sites and buildings.
17 All plans for the work, the work in process, and the finished work
18 shall be audited by the department.

19 (3) All costs of the restoration of the front staircase at the Leland
20 Stanford Mansion State Historical Park shall be incurred under
21 the authority of, and be the responsibility of, the Leland Stanford
22 Mansion Foundation.

23 (b) Nothing in this section shall preclude the Leland Stanford
24 Mansion Foundation from contracting for work performed by an
25 individual or entity on a paid or for-profit basis.

26 ~~SEC. 4.~~

27 SEC. 5. Section 25416 of the Public Resources Code is
28 amended to read:

29 25416. (a) The State Energy Conservation Assistance Account
30 is hereby created in the General Fund. Notwithstanding Section
31 13340 of the Government Code, the account is continuously
32 appropriated to the commission without regard to fiscal year.

33 (b) The money in the account shall consist of all moneys
34 authorized or required to be deposited in the account by the
35 Legislature and all moneys received by the commission pursuant
36 to Sections 25414 and 25415.

37 (c) The moneys in the account shall be disbursed by the
38 Controller for the purposes of this chapter as authorized by the
39 commission.

1 (d) The commission may contract and provide grants for services
2 to be performed for eligible institutions. Services may include, but
3 are not limited to, feasibility analysis, project design, field
4 assistance, and operation and training. The amount expended for
5 those services shall not exceed 10 percent of the unencumbered
6 balance of the account as determined by the commission on July
7 1 of each year.

8 (e) The commission may make grants to eligible institutions for
9 innovative projects and programs. Except as provided in
10 subdivision (d), the amount expended for grants shall not exceed
11 5 percent of the annual unencumbered balance in the account as
12 determined by the commission on July 1 of each fiscal year.

13 (f) The commission may charge a fee for the services provided
14 under subdivision (d).

15 (g) Notwithstanding any other law, the Controller may use the
16 State Energy Conservation Assistance Account for loans to the
17 General Fund as provided in Sections 16310 and 16381 of the
18 Government Code.

19 (h) (1) A subaccount is hereby created within the State Energy
20 Conservation Assistance Account to track the award and repayment
21 of loans, including principal, interest, and interest earnings on or
22 accruing to the subaccount, made with moneys transferred to the
23 account from the Greenhouse Gas Reduction Fund, created
24 pursuant to Section 16428.8 of the Government Code.
25 Notwithstanding Section 13340 of the Government Code, the
26 subaccount is hereby continuously appropriated to the commission
27 without regard to fiscal year.

28 (2) Moneys deposited in the subaccount may be used for loans
29 only for projects in buildings owned and operated by a state agency
30 or entity, including, without limitation, the University of California
31 and California State University.

32 (3) Notwithstanding Section 39718 of the Health and Safety
33 Code, a repayment of a loan made pursuant to this chapter with
34 moneys transferred from the Greenhouse Gas Reduction Fund
35 shall be deposited in the subaccount and shall be available for a
36 loan made to an entity eligible for these moneys pursuant to this
37 subdivision.

38 ~~SEC. 5.~~

39 *SEC. 6.* Section 31111.5 of the Public Resources Code is
40 amended to read:

1 31111.5. (a) In implementing this division, the conservancy
2 may award a grant to a for-profit entity to accomplish the removal
3 or alteration of the San Clemente Dam if the conservancy finds
4 that the project is of regional or statewide significance and that a
5 grant to a public agency or nonprofit organization would not
6 achieve removal or alteration of the San Clemente Dam.

7 (b) Notwithstanding subdivision (a), total expenditures of state
8 moneys for the removal or alteration of the San Clemente Dam
9 and related activities shall not exceed thirty million dollars
10 (\$30,000,000).

11 *SEC. 7. Section 379.6 of the Public Utilities Code is amended*
12 *to read:*

13 379.6. (a) (1) It is the intent of the Legislature that the
14 self-generation incentive program increase deployment of
15 distributed generation and energy storage systems to facilitate the
16 integration of those resources into the electrical grid, improve
17 efficiency and reliability of the distribution and transmission
18 system, and reduce emissions of greenhouse gases, peak demand,
19 and ratepayer costs. It is the further intent of the Legislature that
20 the commission, in future proceedings, provide for an equitable
21 distribution of the costs and benefits of the program.

22 (2) The commission, in consultation with the Energy
23 Commission, may authorize the annual collection of not more than
24 the amount authorized for the self-generation incentive program
25 in the 2008 calendar year, through December 31, 2019. The
26 commission shall require the administration of the program for
27 distributed energy resources originally established pursuant to
28 Chapter 329 of the Statutes of 2000 until January 1, 2021. On
29 January 1, 2021, the commission shall provide repayment of all
30 unallocated funds collected pursuant to this section to reduce
31 ratepayer costs.

32 (3) The commission shall administer solar technologies
33 separately, pursuant to the California Solar Initiative adopted by
34 the commission in Decisions 05-12-044 and 06-01-024, as modified
35 by Article 1 (commencing with Section 2851) of Chapter 9 of Part
36 2 of Division 1 of this code and Chapter 8.8 (commencing with
37 Section 25780) of Division 15 of the Public Resources Code.

38 (b) (1) Eligibility for incentives under the self-generation
39 incentive program shall be limited to distributed energy resources
40 that the commission, in consultation with the State Air Resources

1 Board, determines will achieve reductions in emissions of
2 greenhouse gases pursuant to the California Global Warming
3 Solutions Act of 2006 (Division 25.5 (commencing with Section
4 38500) of the Health and Safety Code).

5 (2) On or before July 1, 2015, the commission shall update the
6 factor for avoided greenhouse gas emissions based on the most
7 recent data available to the State Air Resources Board for
8 greenhouse gas emissions from electricity sales in the
9 self-generation incentive program administrators' service areas as
10 well as current estimates of greenhouse gas emissions over the
11 useful life of the distributed energy resource, including
12 consideration of the effects of the California Renewables Portfolio
13 Standard.

14 (c) Eligibility for the funding of any combustion-operated
15 distributed generation projects using fossil fuel is subject to all of
16 the following conditions:

17 (1) An oxides of nitrogen (NO_x) emissions rate standard of 0.07
18 pounds per megawatthour and a minimum efficiency of 60 percent,
19 or any other NO_x emissions rate and minimum efficiency standard
20 adopted by the State Air Resources Board. A minimum efficiency
21 of 60 percent shall be measured as useful energy output divided
22 by fuel input. The efficiency determination shall be based on 100
23 percent load.

24 (2) Combined heat and power units that meet the 60-percent
25 efficiency standard may take a credit to meet the applicable NO_x
26 emissions standard of 0.07 pounds per megawatthour. Credit shall
27 be at the rate of one megawatthour for each 3,400,000 British
28 thermal units (Btus) of heat recovered.

29 (3) The customer receiving incentives shall adequately maintain
30 and service the combined heat and power units so that during
31 operation the system continues to meet or exceed the efficiency
32 and emissions standards established pursuant to paragraphs (1)
33 and (2).

34 (4) Notwithstanding paragraph (1), a project that does not meet
35 the applicable NO_x emissions standard is eligible if it meets both
36 of the following requirements:

37 (A) The project operates solely on waste gas. The commission
38 shall require a customer that applies for an incentive pursuant to
39 this paragraph to provide an affidavit or other form of proof that
40 specifies that the project shall be operated solely on waste gas.

1 Incentives awarded pursuant to this paragraph shall be subject to
 2 refund and shall be refunded by the recipient to the extent the
 3 project does not operate on waste gas. As used in this paragraph,
 4 “waste gas” means natural gas that is generated as a byproduct of
 5 petroleum production operations and is not eligible for delivery
 6 to the utility pipeline system.

7 (B) The air quality management district or air pollution control
 8 district, in issuing a permit to operate the project, determines that
 9 operation of the project will produce an onsite net air emissions
 10 ~~benefit~~, *benefit* compared to permitted onsite emissions if the
 11 project does not operate. The commission shall require the
 12 customer to secure the permit prior to receiving incentives.

13 (d) In determining the eligibility for the self-generation incentive
 14 program, minimum system efficiency shall be determined either
 15 by calculating electrical and process heat efficiency as set forth in
 16 Section 216.6, or by calculating overall electrical efficiency.

17 (e) Eligibility for incentives under the program shall be limited
 18 to distributed energy resource technologies that the commission
 19 determines meet all of the following requirements:

20 (1) The distributed energy resource technology ~~is capable of~~
 21 ~~reducing~~ *shifts onsite energy use to off-peak time periods or*
 22 *reduces* demand from the grid by offsetting some or all of the
 23 customer’s onsite energy load, including, but not limited to, peak
 24 ~~electric demand~~. *load*.

25 (2) The distributed energy resource technology is commercially
 26 available.

27 (3) The distributed energy resource technology safely utilizes
 28 the existing transmission and distribution system.

29 (4) The distributed energy resource technology improves air
 30 quality by reducing criteria air pollutants.

31 (f) Recipients of the self-generation incentive program funds
 32 shall provide relevant data to the commission and the State Air
 33 Resources Board, upon request, and shall be subject to onsite
 34 inspection to verify equipment operation and performance,
 35 including capacity, thermal output, and usage to verify criteria air
 36 pollutant and greenhouse gas emissions performance.

37 (g) In administering the self-generation incentive program, the
 38 commission shall determine a capacity factor for each distributed
 39 generation system energy resource technology in the program.

1 (h) (1) In administering the self-generation incentive program,
2 the commission may adjust the amount of rebates and evaluate
3 other public policy interests, including, but not limited to,
4 ratepayers, energy efficiency, peak load reduction, load
5 management, and environmental interests.

6 (2) The commission shall consider the relative amount and the
7 cost of greenhouse gas ~~emission~~ *emissions* reductions, peak demand
8 reductions, system reliability benefits, and other measurable factors
9 when allocating program funds between eligible technologies.

10 (i) The commission shall ensure that distributed generation
11 resources are made available in the program for all ratepayers.

12 (j) In administering the self-generation incentive program, the
13 commission shall provide an additional incentive of 20 percent
14 from existing program funds for the installation of eligible
15 distributed generation resources manufactured in California.

16 (k) The costs of the program adopted and implemented pursuant
17 to this section shall not be recovered from customers participating
18 in the California Alternate Rates for Energy (CARE) program.

19 (l) The commission shall evaluate the overall success and impact
20 of the self-generation incentive program based on the following
21 performance measures:

22 (1) The amount of reductions of emissions of greenhouse gases.

23 (2) The amount of reductions of emissions of criteria air
24 pollutants measured in terms of avoided emissions and reductions
25 of criteria air pollutants represented by emissions credits secured
26 for project approval.

27 (3) The amount of energy reductions measured in energy value.

28 (4) The amount of reductions of ~~aggregate noneincident~~
29 customer peak demand.

30 (5) The ratio of the electricity generated by distributed energy
31 resource *generation* projects receiving incentives from the program
32 to the electricity capable of being produced by those ~~distributed~~
33 ~~energy resource~~ projects, commonly known as a capacity factor.

34 (6) The value to the electrical transmission and distribution
35 system measured in avoided costs of transmission and distribution
36 upgrades and replacement.

37 (7) The ability to improve onsite electricity reliability as
38 compared to onsite electricity reliability before the self-generation
39 incentive program technology was placed in service.

1 SEC. 8. Section 399.12 of the Public Utilities Code is amended
2 to read:

3 399.12. For purposes of this article, the following terms have
4 the following meanings:

5 (a) “Conduit hydroelectric facility” means a facility for the
6 generation of electricity that uses only the hydroelectric potential
7 of an existing pipe, ditch, flume, siphon, tunnel, canal, or other
8 manmade conduit that is operated to distribute water for a
9 beneficial use.

10 (b) “Balancing authority” means the responsible entity that
11 integrates resource plans ahead of time, maintains load-interchange
12 generation balance within a balancing authority area, and supports
13 interconnection frequency in real time.

14 (c) “Balancing authority area” means the collection of
15 generation, transmission, and loads within the metered boundaries
16 of the area within which the balancing authority maintains the
17 electrical load-resource balance.

18 (d) “California balancing authority” is a balancing authority
19 with control over a balancing authority area primarily located in
20 this state and operating for retail sellers and local publicly owned
21 electric utilities subject to the requirements of this article and
22 includes the Independent System Operator (ISO) and a local
23 publicly owned electric utility operating a transmission grid that
24 is not under the operational control of the ISO. A California
25 balancing authority is responsible for the operation of the
26 transmission grid within its metered boundaries which may not be
27 limited by the political boundaries of the State of California.

28 (e) “Eligible renewable energy resource” means an electrical
29 generating facility that meets the definition of a “renewable
30 electrical generation facility” in Section 25741 of the Public
31 Resources Code, subject to the following:

32 (1) (A) An existing small hydroelectric generation facility of
33 30 megawatts or less shall be eligible only if a retail seller or local
34 publicly owned electric utility procured the electricity from the
35 facility as of December 31, 2005. ~~A small hydroelectric generation
36 unit with a nameplate capacity not exceeding 40 megawatts that
37 is operated as part of a water supply or conveyance system is an
38 eligible renewable energy resource if the retail seller or local
39 publicly owned electric utility procured the electricity from the
40 facility as of December 31, 2005. A new hydroelectric facility that~~

1 commences generation of electricity after December 31, 2005, is
2 not an eligible renewable energy resource if it will cause an adverse
3 impact on instream beneficial uses or cause a change in the volume
4 or timing of streamflow.

5 (B) Notwithstanding subparagraph (A), a conduit hydroelectric
6 facility of 30 megawatts or less that commenced operation before
7 January 1, 2006, is an eligible renewable energy resource. A
8 conduit hydroelectric facility of 30 megawatts or less that
9 commences operation after December 31, 2005, is an eligible
10 renewable energy resource so long as it does not cause an adverse
11 impact on instream beneficial uses or cause a change in the volume
12 or timing of streamflow.

13 (C) A facility approved by the governing board of a local
14 publicly owned electric utility prior to June 1, 2010, for
15 procurement to satisfy renewable energy procurement obligations
16 adopted pursuant to former Section 387, shall be certified as an
17 eligible renewable energy resource by the Energy Commission
18 pursuant to this article, if the facility is a “renewable electrical
19 generation facility” as defined in Section 25741 of the Public
20 Resources Code.

21 (D) (i) *A small hydroelectric generation unit with a nameplate*
22 *capacity not exceeding 40 megawatts that is operated as part of*
23 *a water supply or conveyance system is an eligible renewable*
24 *energy resource only for the retail seller or local publicly owned*
25 *electric utility that procured the electricity from the unit as of*
26 *December 31, 2005. No unit shall be eligible pursuant to this*
27 *subparagraph if an application for certification is submitted to*
28 *the Energy Commission after January 1, 2013. Only one retail*
29 *seller or local publicly owned electric utility shall be deemed to*
30 *have procured electricity from a given unit as of December 31,*
31 *2005.*

32 (ii) *Notwithstanding clause (i), a local publicly owned electric*
33 *utility that meets the criteria of subdivision (j) of Section 399.30*
34 *may sell to another local publicly owned electric utility electricity*
35 *from small hydroelectric generation units that qualify as eligible*
36 *renewable energy resources under clause (i), and that electricity*
37 *may be used by the local publicly owned electric utility that*
38 *purchased the electricity to meet its renewables portfolio standard*
39 *procurement requirements. The total of all those sales from the*

1 utility shall be no greater than 100,000 megawatthours of
2 electricity.

3 (iii) The amendments made to this subdivision by the act adding
4 this subparagraph are intended to clarify existing law and apply
5 from December 10, 2011.

6 (2) A facility engaged in the combustion of municipal solid
7 waste shall not be considered an eligible renewable energy resource
8 unless it is located in Stanislaus County and was operational prior
9 to September 26, 1996.

10 (f) “Procure” means to acquire through ownership or contract.

11 (g) “Procurement entity” means any person or corporation
12 authorized by the commission to enter into contracts to procure
13 eligible renewable energy resources on behalf of customers of a
14 retail seller pursuant to subdivision (f) of Section 399.13.

15 (h) (1) “Renewable energy credit” means a certificate of proof
16 associated with the generation of electricity from an eligible
17 renewable energy resource, issued through the accounting system
18 established by the Energy Commission pursuant to Section 399.25,
19 that one unit of electricity was generated and delivered by an
20 eligible renewable energy resource.

21 (2) “Renewable energy credit” includes all renewable and
22 environmental attributes associated with the production of
23 electricity from the eligible renewable energy resource, except for
24 an emissions reduction credit issued pursuant to Section 40709 of
25 the Health and Safety Code and any credits or payments associated
26 with the reduction of solid waste and treatment benefits created
27 by the utilization of biomass or biogas fuels.

28 (3) (A) Electricity generated by an eligible renewable energy
29 resource attributable to the use of nonrenewable fuels, beyond a
30 de minimis quantity used to generate electricity in the same process
31 through which the facility converts renewable fuel to electricity,
32 shall not result in the creation of a renewable energy credit. The
33 Energy Commission shall set the de minimis quantity of
34 nonrenewable fuels for each renewable energy technology at a
35 level of no more than 2 percent of the total quantity of fuel used
36 by the technology to generate electricity. The Energy Commission
37 may adjust the de minimis quantity for an individual facility, up
38 to a maximum of 5 percent, if it finds that all of the following
39 conditions are met:

1 (i) The facility demonstrates that the higher quantity of
2 nonrenewable fuel will lead to an increase in generation from the
3 eligible renewable energy facility that is significantly greater than
4 generation from the nonrenewable fuel alone.

5 (ii) The facility demonstrates that the higher quantity of
6 nonrenewable fuels will reduce the variability of its electrical
7 output in a manner that results in net environmental benefits to the
8 state.

9 (iii) The higher quantity of nonrenewable fuel is limited to either
10 natural gas or hydrogen derived by reformation of a fossil fuel.

11 (B) Electricity generated by a small hydroelectric generation
12 facility shall not result in the creation of a renewable energy credit
13 unless the facility meets the requirements of subparagraph (A) *or*
14 (D) of paragraph (1) of subdivision (e).

15 (C) Electricity generated by a conduit hydroelectric generation
16 facility shall not result in the creation of a renewable energy credit
17 unless the facility meets the requirements of subparagraph (B) of
18 paragraph (1) of subdivision (e).

19 (D) Electricity generated by a facility engaged in the combustion
20 of municipal solid waste shall not result in the creation of a
21 renewable energy credit unless the facility meets the requirements
22 of paragraph (2) of subdivision (e).

23 (i) “Renewables portfolio standard” means the specified
24 percentage of electricity generated by eligible renewable energy
25 resources that a retail seller or a local publicly owned electric utility
26 is required to procure pursuant to this article.

27 (j) “Retail seller” means an entity engaged in the retail sale of
28 electricity to end-use customers located within the state, including
29 any of the following:

- 30 (1) An electrical corporation, as defined in Section 218.
- 31 (2) A community choice aggregator. The commission shall
32 institute a rulemaking to determine the manner in which a
33 community choice aggregator will participate in the renewables
34 portfolio standard program subject to the same terms and conditions
35 applicable to an electrical corporation.
- 36 (3) An electric service provider, as defined in Section 218.3,
37 for all sales of electricity to customers beginning January 1, 2006.
38 The commission shall institute a rulemaking to determine the
39 manner in which electric service providers will participate in the
40 renewables portfolio standard program. The electric service

1 provider shall be subject to the same terms and conditions
2 applicable to an electrical corporation pursuant to this article. This
3 paragraph does not impair a contract entered into between an
4 electric service provider and a retail customer prior to the
5 suspension of direct access by the commission pursuant to Section
6 80110 of the Water Code.

7 (4) “Retail seller” does not include any of the following:

8 (A) A corporation or person employing cogeneration technology
9 or producing electricity consistent with subdivision (b) of Section
10 218.

11 (B) The Department of Water Resources acting in its capacity
12 pursuant to Division 27 (commencing with Section 80000) of the
13 Water Code.

14 (C) A local publicly owned electric utility.

15 (k) “WECC” means the Western Electricity Coordinating
16 Council of the North American Electric Reliability Corporation,
17 or a successor to the corporation.

18 ~~SEC. 6.~~

19 *SEC. 9.* Section 62 of Chapter 35 of the Statutes of 2014 is
20 amended to read:

21 *Sec. 62.* It is the intent of the Legislature that the reorganization
22 and transfer made by Sections 63 to 127, inclusive, Section 181,
23 Section 182, Sections 187 to 191, inclusive, and Section 193 of
24 this act be carried out in a manner to preserve state primacy under
25 the federal Safe Drinking Water Act and that the terms of this act
26 shall be liberally construed to achieve this purpose.

27 ~~SEC. 7.~~

28 *SEC. 10.* Section 193 of Chapter 35 of the Statutes of 2014 is
29 amended to read:

30 *Sec. 193.* Notwithstanding any other law, the balance of the
31 appropriation provided for in Item 4265-111-0001 of Chapter 2
32 of the Statutes of 2014, for the purposes specified in Provision 3
33 of that item, is hereby appropriated to the State Water Resources
34 Control Board, as of June 30, 2014. These funds shall be available
35 for encumbrance or expenditure until June 30, 2016, and available
36 for liquidation until June 30, 2018, for purposes consistent with
37 subdivisions (a) and (c) of Section 75021 of the Public Resources
38 Code for grants pursuant to the Public Water System Drought
39 Emergency Funding Guidelines adopted by the State Department
40 of Public Health on March 28, 2014, for public water systems to

1 address drought-related drinking water emergencies. The State
2 Water Resources Control Board shall make every effort to use
3 other funds available to address drinking water emergencies,
4 including federal funds made available for the drought, prior to
5 using the funds specified in this section.

6 ~~SEC. 8.~~

7 *SEC. 11.* The sum of five hundred twenty-nine thousand dollars
8 (\$529,000) is hereby appropriated from the Cost of Implementation
9 Account, established pursuant to Section 16428.95 of the
10 Government Code, to the Secretary of the Natural Resources
11 Agency for the purpose of implementing elements of the scoping
12 plan adopted by the State Air Resources Board pursuant to Section
13 38561 of the Health and Safety Code.

14 *SEC. 12.* For purposes of Section 4 of this act, the Legislature
15 finds and declares both of the following:

16 (a) *A special law is necessary and a general law cannot be made*
17 *applicable within the meaning of Section 16 of Article IV of the*
18 *California Constitution because of the unique circumstances*
19 *involving the Leland Stanford Mansion State Historical Park.*

20 (b) *The Leland Stanford Mansion Foundation is a nonprofit*
21 *organization that has raised nearly half the moneys for the*
22 *restoration of the mansion now operated as the Leland Stanford*
23 *Mansion State Historical Park. The Leland Stanford Mansion*
24 *Foundation now desires to retain a contractor and pay for the*
25 *restoration of the historic front staircase, which is in a severe state*
26 *of disrepair and needs work to commence as soon as possible.*

27 ~~SEC. 9.~~

28 *SEC. 13.* This act is a bill providing for appropriations related
29 to the Budget Bill within the meaning of subdivision (e) of Section
30 12 of Article IV of the California Constitution, has been identified
31 as related to the budget in the Budget Bill, and shall take effect
32 immediately.

O