

Assembly Bill No. 1478

Passed the Assembly August 30, 2014

Chief Clerk of the Assembly

Passed the Senate August 30, 2014

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2014, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

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, 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, 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.

(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.

(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 to be an eligible renewable energy resource, as specified.

(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.

(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.

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

Appropriation: yes.

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

SECTION 1. Section 5956.10 of the Government Code is amended to read:

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

- (1) Tollroads on state highways.
- (2) State water projects.

(3) State park and recreation projects.

(4) State financed projects.

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

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

(d) This section shall become inoperative on December 31, 2019, and, as of January 1, 2020, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2020, deletes or extends the dates on which it becomes inoperative and is repealed.

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

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

(1) Tollroads on state highways.

(2) State water projects.

(3) State park and recreation projects.

(4) State financed projects.

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

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

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

50661. (a) There is hereby created in the State Treasury the Housing Rehabilitation Loan Fund. All interest or other increments resulting from the investment of moneys in the Housing Rehabilitation Loan Fund shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code.

Notwithstanding Section 13340 of the Government Code, all money in the fund is continuously appropriated to the department for the following purposes:

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

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

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

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

(5) For related administrative costs of nonprofit corporations and local public entities contracting with the department pursuant to Section 50663 in an amount, if any, as determined by the department, to enable the entities and corporations to implement a program pursuant to this chapter. The department shall ensure that not less than 20 percent of the funds loaned pursuant to this chapter shall be allocated to rural areas. For purposes of this chapter, "rural area" shall have the same meaning as in Section 50199.21.

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

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

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

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

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

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

(c) Notwithstanding any other law, any interest or other increment earned by the investment or deposit of moneys appropriated by subdivision (b) of Section 3 of Chapter 2 of the

Statutes of the 1987–88 First Extraordinary Session, or Section 7 of Chapter 4 of the Statutes of the 1987–88 First Extraordinary Session, shall be deposited in a special account in the Housing Rehabilitation Loan Fund and shall be used exclusively for purposes of Sections 50662.5 and 50671.

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

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

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

5080.43. (a) Notwithstanding any other provision of this article or Article 3 (commencing with Section 5080.50), the department may 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. The agreement shall include, but shall not be limited to, all of the following:

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

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

(3) All costs of the restoration of the front staircase at the Leland Stanford Mansion State Historical Park shall be incurred under

the authority of, and be the responsibility of, the Leland Stanford Mansion Foundation.

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

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

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

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

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

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

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

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

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

(h) (1) A subaccount is hereby created within the State Energy Conservation Assistance Account to track the award and repayment of loans, including principal, interest, and interest earnings on or accruing to the subaccount, made with moneys transferred to the

account from the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code. Notwithstanding Section 13340 of the Government Code, the subaccount is hereby continuously appropriated to the commission without regard to fiscal year.

(2) Moneys deposited in the subaccount may 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.

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

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

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

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

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

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

(2) The commission, in consultation with the Energy Commission, may authorize the annual collection of not more than

the amount authorized for the self-generation incentive program in the 2008 calendar year, through December 31, 2019. The commission shall require the administration of the program for distributed energy resources originally established pursuant to Chapter 329 of the Statutes of 2000 until January 1, 2021. On January 1, 2021, the commission shall provide repayment of all unallocated funds collected pursuant to this section to reduce ratepayer costs.

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

(b) (1) Eligibility for incentives under the self-generation incentive program shall be limited to distributed energy resources that the 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 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code).

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

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

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

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

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

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

(A) The project operates solely on waste gas. The commission shall require a customer that applies for an incentive pursuant to this paragraph to provide an affidavit or other form of proof that specifies that the project shall be operated solely on waste gas. Incentives awarded pursuant to this paragraph shall be subject to refund and shall be refunded by the recipient to the extent the project does not operate on waste gas. As used in this paragraph, “waste gas” means natural gas that is generated as a byproduct of petroleum production operations and is not eligible for delivery to the utility pipeline system.

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

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

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

(1) The distributed energy resource technology shifts onsite energy use to off-peak time periods or reduces demand from the grid by offsetting some or all of the customer’s onsite energy load, including, but not limited to, peak electric load.

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

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

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

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

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

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

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

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

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

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

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

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

(2) The amount of reductions of emissions of criteria air pollutants measured in terms of avoided emissions and reductions

of criteria air pollutants represented by emissions credits secured for project approval.

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

(4) The amount of reductions of customer peak demand.

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

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

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

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

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

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

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

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

(d) “California balancing authority” is a balancing authority with control over a balancing authority area primarily located in this state and operating for retail sellers and local publicly owned electric utilities subject to the requirements of this article and includes the Independent System Operator (ISO) and a local publicly owned electric utility operating a transmission grid that is not under the operational control of the ISO. A California balancing authority is responsible for the operation of the

transmission grid within its metered boundaries which may not be limited by the political boundaries of the State of California.

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

(1) (A) An existing small hydroelectric generation facility of 30 megawatts or less shall be eligible only if a retail seller or local publicly owned electric utility procured the electricity from the facility as of December 31, 2005. A new hydroelectric facility that commences generation of electricity after December 31, 2005, is not an eligible renewable energy resource if it will cause an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow.

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

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

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

(ii) Notwithstanding clause (i), a local publicly owned electric utility that meets the criteria of subdivision (j) of Section 399.30 may sell to another local publicly owned electric utility electricity from small hydroelectric generation units that qualify as eligible renewable energy resources under clause (i), and that electricity may be used by the local publicly owned electric utility that purchased the electricity to meet its renewables portfolio standard procurement requirements. The total of all those sales from the utility shall be no greater than 100,000 megawatthours of electricity.

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

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

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

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

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

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

(3) (A) Electricity generated by an eligible renewable energy resource attributable to the use of nonrenewable fuels, beyond a de minimis quantity used to generate electricity in the same process through which the facility converts renewable fuel to electricity, shall not result in the creation of a renewable energy credit. The

Energy Commission shall set the de minimis quantity of nonrenewable fuels for each renewable energy technology at a level of no more than 2 percent of the total quantity of fuel used by the technology to generate electricity. The Energy Commission may adjust the de minimis quantity for an individual facility, up to a maximum of 5 percent, if it finds that all of the following conditions are met:

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

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

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

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

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

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

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

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

(1) An electrical corporation, as defined in Section 218.

(2) A community choice aggregator. The commission shall institute a rulemaking to determine the manner in which a community choice aggregator will participate in the renewables

portfolio standard program subject to the same terms and conditions applicable to an electrical corporation.

(3) An electric service provider, as defined in Section 218.3, for all sales of electricity to customers beginning January 1, 2006. The commission shall institute a rulemaking to determine the manner in which electric service providers will participate in the renewables portfolio standard program. The electric service provider shall be subject to the same terms and conditions applicable to an electrical corporation pursuant to this article. This paragraph does not impair a contract entered into between an electric service provider and a retail customer prior to the suspension of direct access by the commission pursuant to Section 80110 of the Water Code.

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

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

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

(C) A local publicly owned electric utility.

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

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

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

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

Sec. 193. Notwithstanding any other law, the balance of the appropriation provided for in Item 4265-111-0001 of Chapter 2 of the Statutes of 2014, for the purposes specified in Provision 3 of that item, is hereby appropriated to the State Water Resources Control Board, as of June 30, 2014. These funds shall be available for encumbrance or expenditure until June 30, 2016, and available

for liquidation until June 30, 2018, for purposes consistent with subdivisions (a) and (c) of Section 75021 of the Public Resources Code for grants pursuant to the Public Water System Drought Emergency Funding Guidelines adopted by the State Department of Public Health on March 28, 2014, for public water systems to address drought-related drinking water emergencies. The State Water Resources Control Board shall make every effort to use other funds available to address drinking water emergencies, including federal funds made available for the drought, prior to using the funds specified in this section.

SEC. 11. The sum of five hundred twenty-nine thousand dollars (\$529,000) is hereby appropriated from the Cost of Implementation Account, established pursuant to Section 16428.95 of the Government Code, 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 pursuant to Section 38561 of the Health and Safety Code.

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

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

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

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

Approved _____, 2014

Governor