

AMENDED IN ASSEMBLY JUNE 13, 2014

SENATE BILL

No. 862

Introduced by Committee on Budget and Fiscal Review

January 9, 2014

An act relating to the Budget Act of 2014. An act to amend Section 16428.9 of, and to add Sections 12087.5 and 19602.8 to, the Government Code, to amend Sections 39711, 39715, and 44091.1 of, and to add Sections 39719 and 39719.1 to, the Health and Safety Code, to amend Sections 4475, 25470, 25472, 25474, and 75121 of, to amend the heading of Chapter 5.7 (commencing with Section 25470) of Division 15 of, to add Sections 25471.5 and 25474.5 to, to add Article 7.8 (commencing with Section 4598) to Chapter 8 of Part 2 of Division 4 of, to add Chapter 22 (commencing with Section 42995) to Part 3 of Division 30 of, to add Division 44 (commencing with Section 75200) to, and to repeal Section 12292 of, the Public Resources Code, to amend Section 2827 of the Public Utilities Code, to repeal Section 2 of Chapter 657 of the Statutes of 2007, and to amend Section 1 of Chapter 415 of the Statutes of 2013, relating to greenhouse gases, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 862, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2014.~~ *Greenhouse gases: emissions reduction.*

(1) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for

finest and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature.

This bill would establish the CalRecycle Greenhouse Gas Reduction Revolving Loan Program, which would authorize the Department of Resources Recycling and Recovery to provide loans and grants to reduce greenhouse gas emissions by promoting in-state development of infrastructure to process organics and other recyclable materials into new value-added products, as specified. The bill would establish the CalRecycle Greenhouse Gas Reduction Revolving Loan Fund. The bill would continuously appropriate moneys in the CalRecycle Greenhouse Gas Reduction Revolving Loan Fund to provide loans under the program. The bill would transfer \$10,000,000 from the Greenhouse Gas Reduction Fund to the CalRecycle Greenhouse Gas Reduction Revolving Loan Fund, as specified, thereby making an appropriation. The bill would require the department to administer a grant program to provide financial assistance to reduce greenhouse gas emissions, as specified, from any additional appropriation by the Legislature from the Greenhouse Gas Reduction Fund.

(2) Existing law establishes the Department of Community Services and Development and requires the department to administer, among other things, the federal Low-Income Home Energy Assistance Program.

This bill would require the Department of Community Services and Development to develop and administer the Energy Efficiency Low-Income Weatherization Program and to expend moneys appropriated by the Legislature from the Greenhouse Gas Reduction Fund for the purposes of the program.

(3) Existing law, pursuant to the Budget Act of 2013, provides for a \$500 million loan from the Greenhouse Gas Reduction Fund to the General Fund.

Existing law creates the High-Speed Rail Authority, with certain powers and duties relative to development and construction of a high-speed rail system.

This bill would require that \$400 million of the \$500 million loan made from the Greenhouse Gas Reduction Fund to the General Fund in 2013, upon repayment to the Greenhouse Gas Reduction Fund, be available to the High-Speed Rail Authority beginning in the 2015–16 fiscal year for specified components of the initial operating segment and the Phase I Blended system of the high-speed rail project. The bill

would require the loan to be repaid as necessary based on the financial needs of the high-speed rail project, and would continuously appropriate these funds from the Greenhouse Gas Reduction Fund to the authority.

This bill would also, beginning in the 2015–16 fiscal year, continuously appropriate 25% of the annual proceeds of the Greenhouse Gas Reduction Fund to the authority for these high-speed rail purposes.

(4) Existing law provides various sources of funding for transportation programs, including capital and operating funds for rail services, including intercity, commuter, and urban rail systems.

This bill would create the Transit and Intercity Rail Capital Program to fund capital improvements and operational investments to modernize California's intercity, commuter, and urban rail systems to achieve certain policy objectives, including the expansion and integration of rail services, with the program to be administered by the Transportation Agency. The bill would provide for the awarding of grants by the California Transportation Commission for various purposes to public agency operators of rail services from funds appropriated in that regard from the Greenhouse Gas Reduction Fund. The bill would require a project to demonstrate that it will achieve a reduction in greenhouse gas emissions in order to be eligible for funding under the program, and would require funds to be programmed with a goal of providing 25% of available funding to projects benefiting disadvantaged communities. The bill would require the Transportation Agency to adopt procedures and guidelines governing the program, and to conduct at least 2 public workshops on draft program guidelines containing selection criteria. The bill would require the commission to award grants pursuant to the project list prepared by the Transportation Agency. The bill would, beginning in the 2015–16 fiscal year, continuously appropriate 10% of the annual proceeds of the Greenhouse Gas Reduction Fund for the program.

This bill would establish the Low Carbon Transit Operations Program to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. The bill would require the Department of Transportation, in coordination with the State Air Resources Board, to develop guidelines for use by transit agencies to demonstrate that proposed expenditures will meet specified criteria and establish reporting requirements for documenting ongoing compliance with those criteria. The bill would require the department, in consultation with the state board, to determine whether proposed

expenditures are eligible for funding under the program before authorizing the Controller to release the funds. The bill would, beginning in the 2015–16 fiscal year, continuously appropriate 5% of the annual proceeds of the Greenhouse Gas Reduction Fund for the program.

(5) Existing law establishes in the State Treasury the Energy Efficiency State Property Revolving Loan Fund, which serves as a repository for moneys received by the State Energy Resources Conservation and Development Commission under the federal American Recovery and Reinvestment Act of 2009 for the purposes of the federal State Energy Programs. Existing law continuously appropriates moneys in the fund to the Department of General Services for loans for projects on state-owned buildings and facilities to achieve greater, long-term energy efficiency, energy conservation, and energy cost and use avoidance. Existing law authorizes the commission to recover the project costs through energy utility rebates awarded to the state agency receiving the loan as a result of completed projects.

This bill would establish in the State Treasury the Energy Efficiency Retrofit State Revolving Fund and would continuously appropriate moneys in the fund to the department for loans for projects in or on state-owned buildings and facilities to implement energy efficiency retrofit projects and to use renewable energy technology to achieve energy efficiency, reduce emissions of greenhouse gases, and reduce grid-based electricity purchases, thereby making an appropriation. The bill would authorize the commission to recover project costs through interest earnings, rather than through energy utility rebates.

(6) Existing law establishes the Strategic Growth Council consisting of specified members and requires the council to, among other things, manage and award grants and loans to support the planning and development of sustainable communities. Existing law requires the council on July 1, 2010, and annually thereafter, to report to the Legislature on the financial assistance provided.

This bill would increase the membership of the council by 2 members with one appointed by the Speaker of the Assembly and one appointed by the Senate Committee on Rules. The bill would require the council to develop and administer the Affordable Housing and Sustainable Communities Program to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support other related and coordinated public policy objectives. The bill would require the executive director of the

council to report the progress on the implementation of the program as a part of the council's annual report to the Legislature. The bill would, beginning in the 2015–16 fiscal year, continuously appropriate to the council 20% of the annual proceeds of the Greenhouse Gas Reduction Fund for the program.

(7) The Z'berg-Nejedly Forest Practice Act of 1973 prohibits a person from conducting timber operations on timberland unless a timber harvesting plan has been prepared by a registered professional forester and has been submitted to the Department of Forestry and Fire Protection and approved by the Director of Forestry and Fire Protection or the State Board of Forestry and Fire Protection. A violation of the act is a crime.

This bill would authorize the director to enter into agreements and make grants for the purpose of preparing a program timberland environmental impact report (PTEIR) for projects that demonstrate potential to increase carbon sequestration, decrease atmospheric carbon levels, and reduce the potential for large wildland fires on land owned by smaller nonindustrial landowners, as defined. The bill would require a participating landowner to do certain things to be eligible to participate, including submit a proposal to the department detailing the long-term forest and land management plans, for approval by the director. The bill would require the department to pay for the costs of preparing the PTEIR or provide grants from funds appropriated to the department from the Greenhouse Gas Reduction Fund. The bill would authorize the board to promulgate regulations, guidelines, or publications as the board deems necessary to carry out the above provisions. The bill would require the regulations to specify, among other things, criteria to determine that timberlands have demonstrated potential for increased carbon sequestration and fire protection benefits.

Because a violation of these provisions by participating landowners would be a crime, the bill would impose a state-mandated local program.

(8) The California Constitution establishes the State Personnel Board and sets forth the duties of the board, including prescribing classifications for state employees. Existing law authorizes the Department of Human Resources to conduct demonstration projects, defined as a project approved by the State Personnel Board and conducted by the department or another appointed authority to determine whether a specified change in personnel management policies or procedures would result in improved state personnel management.

This bill would authorize the Department of Forestry and Fire Protection to conduct a demonstration project for competitive examinations on a position specific basis for specified classifications relating to forestry and to make appointments to positions based on a merit process open to all persons meeting specific minimum qualifications, as provided.

(9) Existing law authorizes the Director of Forestry and Protection to enter into an agreement, including a grant agreement, for the prescribed burning or other hazardous fuel reduction with the owner or any other person who has legal control of any property or any public agency, as provided.

This bill would additionally authorize the director to enter into an agreement, including a grant agreement, with any nonprofit organization.

(10) The Forest Legacy Program encourages the conservation of private forest lands by authorizing the Department of Forestry and Fire Protection to acquire conservation easements of eligible properties according to specified criteria. Existing law repeals these provisions on January 1, 2015, but requires the department to, among other things, provide monitoring of the conservation easements, despite the repeal.

This bill would delete the provision repealing the program, thereby continuing the program indefinitely.

(11) Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, reduction of criteria air pollutants and improvement of air quality. Pursuant to the Air Quality Improvement Program, the state board has established the Clean Vehicle Rebate Project to promote the production and use of zero-emission vehicles and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project to provide vouchers to help California fleets to purchase hybrid and zero-emission trucks and buses.

Existing law requires the Controller to transfer, as a loan, \$30,000,000 from the Vehicle Inspection and Repair Fund to the Air Quality Improvement Fund. Existing law appropriates to the state board these moneys in the Air Quality Improvement Fund to be expended only for the Clean Vehicle Rebate Project and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project.

This bill instead would appropriate \$30,000,000 from the Greenhouse Gas Reduction Fund to the state board to be expended only for the Clean Vehicle Rebate Project and the Hybrid and Zero-Emission Truck

and Bus Voucher Incentive Project. The bill would require the unencumbered balance of the appropriations from the Air Quality Improvement Fund to revert to the Vehicle Inspection and Repair Fund. The bill would require the appropriation from the Greenhouse Gas Reduction Fund to be available for encumbrance until June 30, 2015.

(12) Existing law requires a certain amount of the smog abatement fee collected from owners of specified vehicles to be deposited in the Vehicle Inspection and Repair Fund.

This bill would authorize those moneys to be expended, upon appropriation by the Legislature, for the Clean Vehicle Rebate Project. The bill would transfer \$15,000,000 from the Vehicle Inspection and Repair Fund to the Air Quality Improvement Fund.

(13) Existing law requires a state agency expending moneys appropriated by the Legislature from the Greenhouse Gas Reduction Fund to prepare a record regarding the expenditure of those moneys.

This bill would require the State Air Resources Board to develop guidance on reporting and quantification methods for agencies receiving an appropriation from the Greenhouse Gas Reduction Fund.

(14) Existing law requires the California Environmental Protection Agency to identify disadvantaged communities for investment opportunities funded by the Greenhouse Gas Reduction Fund. Existing law requires the Department of Finance, in consultation with the State Air Resources Board and other relevant state agencies, to develop a 3-year investment plan for moneys deposited in the Greenhouse Gas Reduction Fund. Existing law requires the investment plan to allocate a certain amount of moneys from the fund to benefit disadvantaged communities. Existing law requires funding guidelines developed for agencies administering programs funded by the Greenhouse Gas Reduction Fund to include guidelines for how an administering agency should maximize benefits for disadvantaged communities.

This bill would require the California Environmental Protection Agency to hold one public workshop before making the identification. The bill would require the State Air Resources Board, in consultation with the California Environmental Protection Agency, to develop guidelines for administering agencies to ensure the above requirements are met.

(15) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law requires every electric utility, as defined, to develop a standard contract or tariff providing for net energy

metering, as defined, and to make this contract or tariff available to eligible customer-generators, as defined, upon request for generation by a renewable electrical generation facility, as defined. An eligible customer-generator is defined as meaning a residential customer, small commercial customer, or commercial, industrial, or agricultural customer of an electric utility, who uses a renewable electrical generation facility, or a combination of those facilities, with a total capacity of not more than one megawatt, that is located on the customer's owned, leased, or rented premises, and is interconnected and operates in parallel with the electrical grid, and is intended primarily to offset part or all of the customer's own electrical requirements.

This bill would include, as an eligible customer-generator, a facility of the Department of Corrections and Rehabilitation using a renewable electrical generation technology, or a combination of renewable electrical generation technologies, with a total capacity of not more than 8 megawatts and that does not export more than 1.35 megawatts of electricity generated by wind technologies to the electrical grid at any time.

(16) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2014.~~

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

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

1 SECTION 1. (a) *The Legislature finds and declares all of the*
2 *following:*

3 (1) *The Legislature found, in the California Global Warming*
4 *Solutions Act of 2006 (Division 25.5 (commencing with Section*
5 *38500) of the Health and Safety Code), enacted as Chapter 488*
6 *of the Statutes of 2006 (AB 32), that global warming caused by*

1 *emissions of greenhouse gases poses a serious threat to the*
2 *economic well-being, public health, natural resources, and the*
3 *environment of California. Data, research, and studies collected*
4 *and published since the passage of AB 32, including the Indicators*
5 *of Climate Change in California, August 2013 issued by the*
6 *California Environmental Protection Agency; the Our Changing*
7 *Climate 2012, Vulnerability & Adaption to the Increasing Risks*
8 *from Climate Change in California - A Summary Report on the*
9 *Third Assessment from the California Climate Change Center;*
10 *and the Third United States National Climate Assessment by the*
11 *United States Global Change Research Program (May, 2014)*
12 *confirm that the detrimental effects of global warming identified*
13 *in AB 32 continue to materialize and expand.*

14 (2) *Under AB 32, the State Air Resources Board is charged with*
15 *monitoring and regulating sources of emissions of greenhouse*
16 *gases that cause global warming. Exercising this responsibility,*
17 *the state board adopted the AB 32 Scoping Plan, which identified*
18 *various regulatory programs that are designed to achieve the*
19 *maximum technologically feasible and cost-effective reductions*
20 *in emissions of greenhouse gases. These programs further the*
21 *purposes of AB 32. The state board has subsequently adopted these*
22 *programs.*

23 (3) *Under the authority granted by AB 32, the state board*
24 *adopted the California Cap on Greenhouse Gas Emissions and*
25 *Market-Based Compliance Mechanisms regulation. The regulation*
26 *includes the distribution of a portion of the allowances by auction*
27 *and reserve sales, the proceeds of which the Legislature directed*
28 *be deposited in the Greenhouse Gas Reduction Fund (GGRF).*

29 (4) *As enacted by Chapter 807 of the Statutes of 2012, the*
30 *Department of Finance developed and submitted the first three-year*
31 *investment plan to the Legislature in 2013. The investment plan*
32 *identifies the state's greenhouse gas emission reduction goals and*
33 *priority programs for investment of proceeds deposited into the*
34 *GGRF to support achievement of those goals.*

35 (5) *As required by existing law, moneys are to be appropriated*
36 *from the GGRF in a manner consistent with the requirements of*
37 *Chapter 4.1 (commencing with Section 39710) of Part 2 of Division*
38 *26 of the Health and Safety Code, including the recommendations*
39 *of the investment plan, and Article 9.7 (commencing with Section*
40 *16428.8) of Chapter 2 of Part 2 of Division 4 of Title 2 of the*

1 *Government Code. Pursuant to these requirements, the Governor*
2 *has developed and submitted the Cap-and-Trade Expenditure Plan*
3 *containing an annual budget proposal for proceeds in the GGRF.*

4 *(6) As required by existing law, the use of the moneys*
5 *appropriated from the GGRF for the Cap-and-Trade Expenditure*
6 *Plan furthers the regulatory purposes of AB 32 by facilitating the*
7 *achievement of reductions in greenhouse gases in the state. The*
8 *Cap-and-Trade Expenditure Plan includes the following*
9 *programmatic investment areas:*

10 *(A) Transit, Affordable Housing, and Sustainable Communities.*

11 *(B) High-Speed Rail.*

12 *(C) Low Carbon Transportation.*

13 *(D) Energy Efficiency and Renewable Energy.*

14 *(E) Natural Resources and Waste Diversion.*

15 *(7) Programs included in the Cap-and-Trade Expenditure Plan*
16 *include the following:*

17 *(A) Expenditures for low-carbon transportation that include,*
18 *but are not limited to, cleaning up cars, trucks, buses, and freight*
19 *movement to meet federally mandated clean air requirements and*
20 *long-term greenhouse gas emissions reduction goals, funding for*
21 *heavy-duty freight, electric vehicle programs and rebates, and*
22 *off-road vehicles.*

23 *(B) Expenditures for energy efficiency and renewable energy*
24 *that include, but are not limited to, efficiency and renewable*
25 *programs for low-income and commercial or industrial users,*
26 *projects for agricultural energy, and funding for commercial scale*
27 *technology deployment and clean technology innovation.*

28 *(C) Expenditures for natural resources and waste diversion that*
29 *include, but are not limited to, urban forestry, parks, water*
30 *efficiency infrastructure projects, forestry and landscaping, wetland*
31 *development, waste diversion, and recycling.*

32 *(D) The Affordable Housing and Sustainable Communities*
33 *Program, which authorizes the Strategic Growth Council to fund*
34 *land-use, housing, transportation, and land preservation projects*
35 *to support infill and compact development that reduces greenhouse*
36 *gas emissions. These projects, which were described in the AB 32*
37 *Scoping Plan, facilitate the reduction of the emissions of*
38 *greenhouse gases by improving mobility options and increasing*
39 *infill development, which decrease vehicle miles traveled and*
40 *associated greenhouse gas and other emissions, and by reducing*

1 *land conversion, which would result in emissions of greenhouse*
2 *gases.*

3 *(E) The Transit and Intercity Rail Capital Program, which*
4 *authorizes the California Transportation Commission to provide*
5 *grants, based on determinations of the Transportation Agency, to*
6 *fund capital improvements and operational investments that will*
7 *modernize California’s transit systems and intercity, commuter,*
8 *and urban rail systems to reduce emissions of greenhouse gases*
9 *by reducing vehicle miles traveled throughout California.*

10 *(F) The Low Carbon Transit Operations Program, which*
11 *authorizes the Controller to provide funding allocations based on*
12 *project evaluation from the Department of Transportation and the*
13 *State Air Resources Board, to fund operation investments to*
14 *increase transit ridership and reduce emissions of greenhouse*
15 *gases by reducing vehicle miles traveled throughout California.*

16 *(G) The High Speed Rail Program, which authorizes the High*
17 *Speed Rail Authority to utilize funds to begin the initial operating*
18 *segment and the Phase I Blended System, and further*
19 *environmental and design work on the statewide high speed rail*
20 *system. The Safe, Reliable High-Speed Passenger Train Bond Act*
21 *for the 21st Century (Chapter 20 (commencing with Section 2940)*
22 *of Division 3 of the Streets and Highways Code), approved by the*
23 *voters in 2008, specifies that the high-speed train system, once it*
24 *is completed and becomes operational, will contribute significantly*
25 *toward the goal of reducing emissions of greenhouse gases and*
26 *other air pollutants and will help reduce California’s dependence*
27 *on foreign energy sources. As recognized in the AB 32 Scoping*
28 *Plan, implementation of a high speed rail system will facilitate the*
29 *reduction of emissions of greenhouse gases and other air pollutants*
30 *by providing the foundation for a large-scale transformation of*
31 *California’s transportation infrastructure, displacing millions of*
32 *vehicle miles traveled on the road, reducing demand for air travel,*
33 *and increasing train ridership to ensure that the state’s greenhouse*
34 *gas emission reductions are maintained and continued.*

35 *(H) A green state buildings program, which authorizes the*
36 *Department of General Services to assist with loan financing to*
37 *reduce the emissions of greenhouse gases by implementing energy*
38 *efficiency retrofit projects and renewable energy technology at*
39 *state buildings. These types of green building retrofit and*
40 *renewable energy projects were specifically encouraged in the AB*

1 32 Scoping Plan and will reduce greenhouse gas emissions by
2 achieving energy efficiency and reducing grid-based electricity
3 purchases, including the ability for building distributed generation
4 projects.

5 (I) The Clean Vehicle Rebate Project, which authorizes the State
6 Air Resources Board to further promote the production and use
7 of zero-emission vehicles by providing rebates to provide incentives
8 for the purchase or lease of eligible zero-emission or plug-in hybrid
9 electric vehicles. Increasing the use of zero-emission and plug-in
10 hybrid electric vehicles was described in the AB 32 Scoping Plan
11 as an important method to replace conventional vehicles with
12 lower-emitting, including zero-emitting, vehicles, and thereby help
13 California meet its 2020 greenhouse gas emissions limit and
14 longer-term objective of climate stabilization.

15 (J) The Program Timberland Environmental Impact Report
16 (PTEIR) for Carbon Sequestration and Fuel Reduction Program,
17 which seeks to directly reduce emissions of greenhouse gases by
18 increasing the potential of California's timberlands to sequester
19 carbon and decrease emissions of greenhouse gases from wildfire
20 by authorizing the Department of Forestry and Fire Protection to
21 provide grants and other assistance to private landowners to
22 improve the long-term management of timberlands and improve
23 the carbon sequestration ability of these lands. Long-term
24 uneven-aged management of private timberlands within the state
25 and the retention of large, old trees can increase the ability of
26 timberlands to sequester carbon through increased growth and
27 inventory and to convert carbon dioxide into biomass through
28 photosynthesis. Prudent management of timberlands can decrease
29 the potential for large wildland fires that release greenhouse gases
30 by creating forests that are less susceptible to ignition and that
31 reduce the intensity of wildland fires, thereby allowing for more
32 successful fire suppression efforts.

33 (K) The Waste Diversion and Greenhouse Gas Reduction
34 Financial Assistance Program, which authorizes the Department
35 of Resources Recycling and Recovery to implement a loan and
36 grant program to facilitate the reduction of greenhouse gas
37 emissions by assisting public and private entities in California to
38 implement projects that divert waste through reuse, recycling, and
39 other diversion methods. These recycling and waste diversion
40 projects were highlighted in the AB 32 Scoping Plan, and could

1 *include composting to use food waste as feedstock, anaerobic*
2 *digestion to produce biofuels and bioenergy, designing and*
3 *constructing facilities for processing recyclable materials, and*
4 *reducing emissions of greenhouse gases by more efficiently*
5 *avoiding the production of methane emissions associated with*
6 *land filling materials, while helping to provide low-carbon fuels.*

7 *(8) The Cap-and-Trade Expenditure Plan investments to be*
8 *funded, whether by annual or continuous appropriation, including*
9 *those described in paragraph (7), also further certain additional*
10 *regulatory purposes of AB 32, including reducing air pollutants,*
11 *directing public and private investment toward disadvantaged*
12 *communities, increasing the diversity of energy sources, and*
13 *creating opportunities for businesses, public agencies, nonprofits,*
14 *and other community institutions to participate in and benefit from*
15 *statewide efforts to reduce emissions of greenhouse gases.*

16 *(9) The Cap-and-Trade Expenditure Plan investments to be*
17 *funded, whether by annual or continuous appropriation, including*
18 *those described in paragraph (7), are consistent with subdivision*
19 *(b) of Section 39712 of the Health and Safety Code in facilitating*
20 *the achievement of reduction of the emissions of greenhouse gases.*

21 *(10) The Cap-and-Trade Expenditure Plan investments to be*
22 *funded, whether by annual or continuous appropriation, including*
23 *those described in paragraph (7), are consistent with the*
24 *Cap-and-Trade Auction Proceeds Investment Plan: Fiscal Years*
25 *2013-14 through 2015-16, which included rail modernization,*
26 *including high speed rail, transit, housing, sustainable*
27 *communities, green buildings, waste diversion, low and zero*
28 *emission passenger vehicles, and improved forest management*
29 *and practices to sequester carbon as important areas for the*
30 *investment of funds to reduce emissions of greenhouse gases and*
31 *further the regulatory purposes of AB 32.*

32 *(11) The Cap-and-Trade Expenditure Plan investments to be*
33 *funded, whether by annual or continuous appropriation, including*
34 *those described in paragraph (7), will satisfy the obligation under*
35 *Section 39713 of the Health and Safety Code that the Investment*
36 *Plan developed and submitted to the Legislature allocates a*
37 *minimum of 25 percent of the available moneys in the fund to*
38 *projects that provide benefits to disadvantaged communities*
39 *identified pursuant to Section 39711 of the Health and Safety Code,*
40 *and allocates a minimum of 10 percent of the available moneys in*

1 *the fund to projects located within those disadvantaged*
2 *communities.*

3 *(12) All investments made pursuant to this act are consistent*
4 *with AB 32.*

5 *(b) It is the intent of the Legislature that the continuous*
6 *appropriations made pursuant to this act are subject to Chapter*
7 *4.1 (commencing with Section 39710) of Part 2 of Division 26 of*
8 *the Health and Safety Code, including the recommendations of the*
9 *investment plan, and Article 9.7 (commencing with Section*
10 *16428.8) of Chapter 2 of Part 2 of Division 4 of Title 2 of the*
11 *Government Code.*

12 *SEC. 2. Section 12087.5 is added to the Government Code, to*
13 *read:*

14 *12087.5. (a) The department shall develop and administer the*
15 *Energy Efficiency Low-Income Weatherization Program and*
16 *expend moneys appropriated by the Legislature for the purposes*
17 *of the program.*

18 *(b) The department may develop requirements, guidelines, and*
19 *subgrantee contract provisions for the program.*

20 *(c) Before a subgrantee contract is executed for the provision*
21 *of local service, the department shall do both of the following:*

22 *(1) No less than 30 days before finalization of the program*
23 *guidelines, post the draft program guidelines on the department's*
24 *Internet Web site.*

25 *(2) Hold a public hearing to obtain public input on the draft*
26 *program guidelines with notice of the hearing published*
27 *prominently on the department's Internet Web site no less than 15*
28 *days before the hearing.*

29 *(d) Chapter 3.5 (commencing with Section 11340) of Part 1*
30 *does not apply to the development and adoption of program*
31 *requirements, guidelines, and subgrantee contract provisions*
32 *pursuant to this section.*

33 *SEC. 3. Section 16428.9 of the Government Code is amended*
34 *to read:*

35 *16428.9. (a) Prior to expending any moneys appropriated to*
36 *it by the Legislature from the fund, a state agency shall prepare a*
37 *record consisting of all of the following:*

38 *(1) A description of each expenditure proposed to be made by*
39 *the state agency pursuant to the appropriation.*

1 (2) A description of how a proposed expenditure will further
2 the regulatory purposes of Division 25.5 (commencing with Section
3 38500) of the Health and Safety Code, including, but not limited
4 to, the limit established under Part 3 (commencing with Section
5 38550) and other applicable requirements of law.

6 (3) A description of how a proposed expenditure will contribute
7 to achieving and maintaining greenhouse gas emission reductions
8 pursuant to Division 25.5 (commencing with Section 38500) of
9 the Health and Safety Code.

10 (4) A description of how the state agency considered the
11 applicability and feasibility of other nongreenhouse gas reduction
12 objectives of Division 25.5 (commencing with Section 38500) of
13 the Health and Safety Code.

14 (5) A description of how the state agency will document the
15 result achieved from the expenditure to comply with Division 25.5
16 (commencing with Section 35800) of the Health and Safety Code.

17 *(b) The State Air Resources Board shall develop guidance on*
18 *reporting and quantification methods for all state agencies that*
19 *receive appropriations from the fund to ensure the requirements*
20 *of this section are met. Chapter 3.5 (commencing with Section*
21 *11340) of Part 1 of Division 3 does not apply to the procedures*
22 *developed pursuant to this subdivision.*

23 ~~(b)~~

24 *(c) Nothing in this section alters, amends, or otherwise modifies*
25 *in any manner Division 25.5 (commencing with Section 35800)*
26 *of the Health and Safety Code, including the authority of the State*
27 *Air Resources Board to adopt and implement a fee pursuant to that*
28 *division.*

29 ~~(c)~~

30 *(d) If any expenditure of moneys from the fund for any measure*
31 *or project is determined by a court to be inconsistent with law, the*
32 *funding for the remaining measures or projects shall be severable*
33 *and shall not be affected.*

34 *SEC. 4. Section 19602.8 is added to the Government Code, to*
35 *read:*

36 *19602.8. (a) Notwithstanding Section 18900, 18901, 18930,*
37 *18930.5, 18931, 18933, 18938.5, 18950, 19050, 19054.1, 19057.2,*
38 *19604, 19605, or any other law, but consistent with the merit*
39 *principles of subdivision (b) of Section 1 of Article VII of the*
40 *California Constitution, the Department of Forestry and Fire*

1 *Protection appointing authority may conduct examinations and*
2 *make appointments as specified in subdivision (b). The purpose*
3 *of this section is to provide the Department of Forestry and Fire*
4 *Protection with greater flexibility to match candidates to Forester*
5 *Series and Forestry Assistant classification vacancies, resulting*
6 *in an expedited selection process, cost avoidances to the*
7 *department, and a more expedited timeframe to carry out the*
8 *people's business.*

9 *(b) The appointing authority of Department of Forestry and*
10 *Fire Protection may conduct a demonstration project consistent*
11 *with the authority in Section 19603 for competitive examinations*
12 *on a position specific basis for the Forester Series and Forestry*
13 *Assistant classifications and make appointments to positions based*
14 *on a merit process open to all persons meeting specific minimum*
15 *qualifications as agreed to by the board.*

16 *SEC. 5. Section 39711 of the Health and Safety Code is*
17 *amended to read:*

18 39711. (a) The California Environmental Protection Agency
19 shall identify disadvantaged communities for investment
20 opportunities related to this chapter. These communities shall be
21 identified based on geographic, socioeconomic, public health, and
22 environmental hazard criteria, and may include, but are not limited
23 to, either of the following:

24 ~~(a)~~

25 (1) Areas disproportionately affected by environmental pollution
26 and other hazards that can lead to negative public health effects,
27 exposure, or environmental degradation.

28 ~~(b)~~

29 (2) Areas with concentrations of people that are of low income,
30 high unemployment, low levels of homeownership, high rent
31 burden, sensitive populations, or low levels of educational
32 attainment.

33 *(b) The California Environmental Protection Agency shall hold*
34 *at least one public workshop prior to the identification of*
35 *disadvantaged communities pursuant to this section.*

36 *(c) Chapter 3.5 (commencing with Section 11340) of the Part*
37 *1 of Division 3 of Title 2 of the Government Code does not apply*
38 *to the identification of disadvantaged communities pursuant to*
39 *this section.*

1 SEC. 6. Section 39715 of the Health and Safety Code is
2 amended to read:

3 39715. ~~Any~~(a) The state board, in consultation with the
4 California Environmental Protection Agency shall develop funding
5 guidelines ~~developed~~ for administering agencies, pursuant to
6 ~~Section 39714~~, agencies that receive appropriations from the fund
7 to ensure the requirements of this chapter are met. The guidelines
8 shall include ~~guidelines~~ a component for how administering
9 agencies should maximize benefits for disadvantaged communities,
10 as described in Section 39711.

11 (b) The state board shall provide an opportunity for public input
12 prior to finalizing the guidelines.

13 (c) Chapter 3.5 (commencing with Section 11340) of the Part
14 1 of Division 3 of Title 2 of the Government Code does not apply
15 to the guidelines developed pursuant to this section.

16 SEC. 7. Section 39719 is added to the Health and Safety Code,
17 to read:

18 39719. (a) The Legislature shall appropriate the annual
19 proceeds of the fund for the purpose of reducing greenhouse gas
20 emissions in this state in accordance with the requirements of
21 Section 39712.

22 (b) To carry out a portion of the requirements of subdivision
23 (a), annual proceeds are continuously appropriated for the
24 following:

25 (1) Beginning in the 2015–16 fiscal year, and notwithstanding
26 Section 13340 of the Government Code, 35 percent of annual
27 proceeds are continuously appropriated, without regard to fiscal
28 years, for transit, affordable housing, and sustainable communities
29 programs as following:

30 (A) Ten percent of the annual proceeds of the fund is hereby
31 continuously appropriated to the Transportation Agency for the
32 Transit and Intercity Rail Capital Program created by Part 2
33 (commencing with Section 75220) of Division 44 of the Public
34 Resources Code.

35 (B) Five percent of the annual proceeds of the fund is hereby
36 continuously appropriated to the Low Carbon Transit Operations
37 Program created by Part 3 (commencing with Section 75230) of
38 Division 44 of the Public Resources Code. Funds shall be allocated
39 by the Controller, according to requirements of the program, and
40 pursuant to the distribution formula in subdivision (b) or (c) of

1 Section 99312 of, and Sections 99313 and 99314 of, the Public
2 Utilities Code.

3 (C) Twenty percent of the annual proceeds of the fund is hereby
4 continuously appropriated to the Strategic Growth Council for
5 the Affordable Housing and Sustainable Communities Program
6 created by Part 1 (commencing with Section 75200) of Division
7 44 of the Public Resources Code. Of the amount appropriated in
8 this subparagraph, no less than 10 percent of the annual proceeds,
9 shall be expended for affordable housing, consistent with the
10 provisions of that program.

11 (2) Beginning in the 2015–16 fiscal year, notwithstanding
12 Section 13340 of the Government Code, 25 percent of the annual
13 proceeds of the fund is hereby continuously appropriated to the
14 High-Speed Rail Authority for the following components of the
15 initial operating segment and Phase I Blended System as described
16 in the 2012 business plan adopted pursuant to Section 185033 of
17 the Public Utilities Code:

18 (A) Acquisition and construction costs of the project.

19 (B) Environmental review and design costs of the project.

20 (C) Other capital costs of the project.

21 (D) Repayment of any loans made to the authority to fund the
22 project.

23 (c) In determining the amount of annual proceeds of the fund
24 for purposes of the calculation in subdivision (b), the funds subject
25 to Section 39719.1 shall not be included.

26 SEC. 8. Section 39719.1 is added to the Health and Safety
27 Code, to read:

28 39719.1. (a) Of the amount loaned from the fund to the General
29 Fund pursuant to Item 3900-011-3228 of Section 2.00 of the Budget
30 Act of 2013, four hundred million dollars (\$400,000,000) shall be
31 available to the High-Speed Rail Authority pursuant to subdivision
32 (b).

33 (b) The portion of the loan from the fund to the General Fund
34 described in subdivision (a) shall be repaid to the fund as necessary
35 based on the financial needs of the high-speed rail project.
36 Beginning in the 2015–16 fiscal year, and in order to carry out
37 the goals of the fund in accordance with the requirements of
38 Section 39712, the amounts of all the loan repayments,
39 notwithstanding Section 13340 of the Government Code, are
40 continuously appropriated from the fund to the High-Speed Rail

1 Authority for the following components of the initial operating
2 segment and Phase I Blended System as described in the 2012
3 business plan adopted pursuant to Section 185033 of the Public
4 Utilities Code:

- 5 (1) Acquisition and construction costs of the project.
- 6 (2) Environmental review and design costs of the project.
- 7 (3) Other capital costs of the project.
- 8 (4) Repayment of any loans made to the authority to fund the
9 project.

10 SEC. 9. Section 44091.1 of the Health and Safety Code is
11 amended to read:

12 44091.1. Commencing January 1, 2005, the fee specified in
13 paragraph (1) of subdivision (d) of Section 44060 shall be twelve
14 dollars (\$12). The revenues from that fee shall be allocated as
15 follows:

16 (a) The revenues generated by six dollars (\$6) of the fee shall
17 be deposited in the Air Pollution Control Fund, and shall be
18 available for expenditure, upon appropriation by the Legislature,
19 to fund the Carl Moyer Memorial Air Quality Standards Attainment
20 Program (Chapter 9 (commencing with Section 44275)) to the
21 extent that the state board or a participating district determines the
22 moneys are expended to mitigate or remediate the harm caused by
23 the type of motor vehicle on which the fee is imposed.

24 (b) (1) Except as provided for in paragraph (2), of the revenue
25 generated by the remaining six dollars (\$6) of the fee, four dollars
26 (\$4) shall be deposited in the account created by Section 44091,
27 while the revenue generated by the remaining two dollars (\$2)
28 shall be deposited in the Vehicle Inspection and Repair ~~Fund~~. *Fund*
29 *and may be expended, upon appropriation, for, among other things,*
30 *the Clean Vehicle Rebate Project established as a part of the Air*
31 *Quality Improvement Program pursuant to Article 3 (commencing*
32 *with Section 44274) of Chapter 8.9.*

33 (2) All revenue generated by the remaining six dollars (\$6) of
34 the fee described in this subdivision that is imposed at first
35 registration of a motor vehicle and that is exempted under
36 paragraph (4) of subdivision (a) of Section 44011 shall be deposited
37 in the account created by Section 44091.

38 SEC. 10. Section 4475 of the Public Resources Code is
39 amended to read:

1 4475. (a) The director may enter into an agreement, including
 2 a grant agreement, for prescribed burning or other hazardous fuel
 3 reduction that is consistent with this chapter and the regulations
 4 of the board with either the owner or any other person who has
 5 legal control of any ~~property~~ or *property*, any public agency with
 6 regulatory or natural resource management authority over any
 7 property that is included within any wild land, *or any nonprofit*
 8 *organization* for any of the following purposes, or any combination
 9 of those purposes:

10 (1) Prevention of high-intensity wild land fires through reduction
 11 of the volume and continuity of wild land fuels.

12 (2) Watershed management.

13 (3) Range improvement.

14 (4) Vegetation management.

15 (5) Forest improvement.

16 (6) Wildlife habitat improvement.

17 (7) Air quality maintenance.

18 (b) An agreement shall not be entered into pursuant to this
 19 section unless the director determines that the public benefits
 20 estimated to be derived from the prescribed burning or other
 21 hazardous fuel reduction pursuant to the agreement will be equal
 22 to or greater than the foreseeable damage that could result from
 23 the prescribed burning or other hazardous fuel reduction.

24 *SEC. 11. Article 7.8 (commencing with Section 4598) is added*
 25 *to Chapter 8 of Part 2 of Division 4 of the Public Resources Code,*
 26 *to read:*

27
 28 *Article 7.8. Program Timberland Environmental Impact Report*
 29 *for Carbon Sequestration and Fuel Reduction Program*

30
 31 *4598. The Legislature finds and declares all of the following:*

32 (a) *In order to meet the goals of the California Global Warming*
 33 *Solutions Act of 2006 (Division 25.5 (commencing with Section*
 34 *38500) of the Health and Safety Code), it is necessary to increase*
 35 *the carbon sequestration potential of California's timberlands and*
 36 *to decrease carbon emissions from wildland fires.*

37 (b) *Over one-half of the privately owned, commercial timberland*
 38 *in the state is owned by nonindustrial landowners. These lands*
 39 *will be increasingly important in the state's efforts to meet the*
 40 *goals of the California Global Warming Solutions Act of 2006.*

1 *The owners of these lands often lack the forestry expertise,*
2 *economic incentive, or capital needed to make investments to*
3 *decrease present and future greenhouse gas emissions from their*
4 *lands and the potential for wildland fires that release greenhouse*
5 *gases.*

6 *(c) Long-term uneven-aged management of private timberlands*
7 *within the state and the retention of large, old trees can increase*
8 *the ability of timberlands to sequester carbon through increased*
9 *growth and inventory and to convert carbon into oxygen through*
10 *photosynthesis.*

11 *(d) Prudent management of timberlands can decrease the*
12 *potential for large wildland fires, that release greenhouse gases,*
13 *by creating forests that are less susceptible to ignition and that*
14 *reduce the intensity of wildland fires, thereby allowing for more*
15 *successful fire suppression efforts.*

16 *(e) Recent projects have demonstrated the benefits of pursuing*
17 *program timberland environmental impact reports (PTEIRs), which*
18 *provide better long-term management guidance for forests than*
19 *single-project timber harvest plans.*

20 *(f) The state has an interest in securing the carbon sequestration*
21 *and fire protection benefits of prudent long-term management of*
22 *timberlands owned by nonindustrial landowners.*

23 *4598.1. (a) The purpose of this article is to encourage private*
24 *investments in, and improved long-term management of,*
25 *timberlands and resources within the state to promote carbon*
26 *sequestration through increased timber growth and inventory,*
27 *reduced carbon emissions from wildland fires by creating fire*
28 *resiliency on private timberlands, and the protection, maintenance,*
29 *and enhancement of a productive and stable forest resource system*
30 *for the benefit of present and future generations.*

31 *(b) The primary emphasis of the program established by this*
32 *article shall be upon increasing carbon sequestration in*
33 *timberlands and reducing carbon emissions from wildland fires;*
34 *provided that, consistent with this primary emphasis, the program*
35 *shall also be managed to maintain or improve all forest resources,*
36 *such as fish and wildlife habitat and soil resources, so that the*
37 *overall effect of the program is to improve the total forest resource*
38 *system.*

1 4598.2. (a) *In furtherance of the purposes of this article, the*
2 *department may enter into agreements and make grants and take*
3 *other actions necessary to carry out the purposes of this article.*

4 (b) (1) *The PTEIR for carbon sequestration and fuel reduction*
5 *program conducted by the department shall encourage forest*
6 *resource improvements and otherwise facilitate good timberland*
7 *management through a program of financial and technical*
8 *assistance to smaller nonindustrial landowners and coalitions of*
9 *smaller nonindustrial landowners for the development of*
10 *watershed-specific PTEIRs for watersheds where the primary focus*
11 *of the contemplated work is reduction of greenhouse gases.*

12 (2) *The purpose of this program shall be to work cooperatively*
13 *with public and private landowners, particularly smaller*
14 *nonindustrial landowners, to upgrade the long-term management*
15 *of their lands and, thereby improve the ability of their lands to*
16 *both sequester carbon and to resist wildland fires that cause*
17 *emissions of carbon.*

18 4598.3. *As used in this article, the following terms shall have*
19 *the following meanings:*

20 (a) *“Eligible landowner” means any person who meets the*
21 *conditions set forth in Sections 4598.6 and 4598.8. Where*
22 *ownership of timberland and timber are not held by the same*
23 *person, “landowner” means either the person or persons owning*
24 *the land or the person or persons owning the timber.*

25 (b) *“Timberland” has the same meaning as defined in Section*
26 *4526.*

27 (c) *“PTEIR” means a program timberland environmental impact*
28 *report prepared pursuant to this article and Article 6.8*
29 *(commencing with Section 1092) of Title 14 of the California Code*
30 *of Regulations.*

31 (d) *“Smaller nonindustrial landowner” means an owner of*
32 *5,000 acres or less of timberland within the state.*

33 4598.4. *Agreements may be entered into and grants may be*
34 *made by the director pursuant to this article for the purpose of*
35 *preparing PTEIRs for projects that demonstrate potential to*
36 *increase carbon sequestration, decrease atmospheric carbon levels,*
37 *and reduce the potential for large wildland fires.*

38 4598.5. (a) *The director may enter into agreements, on behalf*
39 *of eligible landowners, pursuant to which the department will*
40 *undertake the preparation of PTEIRs. The department may enter*

1 *into agreements with the Department of General Services or*
2 *third-party consultants to assist in the preparation of PTEIRs.*

3 *(b) The department may provide grant funds to eligible*
4 *landowners in amounts not to exceed the direct costs to the eligible*
5 *landowners of preparing PTEIRs pursuant to this article.*

6 *(c) The department shall pay the costs of preparing the PTEIRs,*
7 *or provide grant funds to eligible landowners, from funds*
8 *appropriated to the department from the Greenhouse Gas*
9 *Reduction Fund, pursuant to Section 39718 of the Health and*
10 *Safety Code.*

11 *(d) All expenditures made by the department pursuant to this*
12 *article shall be in a manner consistent with the criteria expressed*
13 *in Section 39712 of the Health and Safety Code and with the*
14 *investment plan developed by the Department of Finance pursuant*
15 *to Section 39716 of the Health and Safety Code.*

16 *4598.6. To be eligible for participation in an agreement or*
17 *grant pursuant to Section 4598.5, the following conditions shall*
18 *be met:*

19 *(a) The application requirements established by the board are*
20 *satisfied.*

21 *(b) The landowner is a smaller nonindustrial landowner, as*
22 *defined in Section 4598.3. Where the timberland is owned jointly*
23 *by more than one individual, group, association, or corporation,*
24 *as joint tenants, tenants in common, tenants by the entirety, or*
25 *otherwise, the joint owners shall be considered, for the purposes*
26 *of this article, as one landowner.*

27 *(c) The parcel or parcels of timberland to which the PTEIR*
28 *shall apply is either:*

29 *(1) Within a timber preserve zone established pursuant to Article*
30 *6.7 (commencing with Section 51100) of Part 1 of Division 1 of*
31 *Title 5 of the Government Code; provided, that the parcel of*
32 *timberland is not the subject of an application for rezoning or*
33 *immediate rezoning pursuant to Section 51120 or 51130 of the*
34 *Government Code.*

35 *(2) Subject to a contract signed by the landowner providing*
36 *that the landowner agrees not to develop the parcel of timberland*
37 *for uses incompatible with the PTEIR within 20 years following*
38 *the execution of an agreement or the making of a grant pursuant*
39 *to Section 4598.5. The director shall record the contract in the*
40 *office of the county recorder in the county in which the parcel of*

1 *timberland is located and, upon recordation, the contract shall be*
2 *binding upon any person to whom the parcel of timberland is sold,*
3 *assigned, devised, or otherwise transferred by agreement or*
4 *operation of law.*

5 *4598.7. Payments or grants pursuant to this article may be*
6 *made for work that is also the subject of payments or other*
7 *assistance provided pursuant to federal law; provided, that*
8 *payments or grants shall not be made pursuant to this article to*
9 *satisfy landowner cost share requirements of, or repay loans*
10 *received pursuant to, federal law; and provided, further, that the*
11 *combined state and federal payments or other assistance do not*
12 *together exceed the amount of the actual cost of the PTEIR to the*
13 *landowner.*

14 *4598.8. In addition to the requirements of Section 4598.6, to*
15 *be eligible to participate in agreements or receive grants pursuant*
16 *to Section 4598.5, the landowner shall do all of the following:*

17 *(a) Submit a proposal to the department detailing the long-term*
18 *forest and land management plans for approval by the director.*
19 *The proposal shall set forth an analysis of timberland conditions*
20 *and capabilities relative to carbon sequestration and fire resiliency.*
21 *The proposal shall describe the management objectives and shall*
22 *provide for all of the following:*

23 *(1) Increased direct carbon sequestration through increased*
24 *growth and inventory and long-term uneven-aged management of*
25 *the timberlands.*

26 *(2) Improved resistance to wildland fire.*

27 *(3) Maintenance of large old trees across the watershed.*

28 *(4) Optimized timber growth potential of the timberland*
29 *consistent with maintaining carbon additionally over the baseline.*

30 *(5) Measurable metrics demonstrating greenhouse gas*
31 *reductions achieved by the long-term management to be analyzed*
32 *in the PTEIR.*

33 *(b) Submit a project application in the form prescribed by the*
34 *director containing information the board deems necessary to*
35 *evaluate the PTEIR.*

36 *(c) Agree to comply with state or federal laws applicable to the*
37 *work carried out pursuant to any program timber harvesting plan*
38 *developed pursuant to a PTEIR.*

1 (d) Agree to provide to the department, upon completion of each
2 program timber harvesting plan undertaken pursuant to a PTEIR,
3 a report detailing greenhouse gas reductions achieved by the plan.

4 (e) Agree to provide to the department any data or metrics on
5 greenhouse gas reductions as required by law.

6 4598.9. To carry out this article and to facilitate participation
7 in the program authorized by this article, the board may
8 promulgate regulations, guidelines, or publications the board
9 deems appropriate. Regulations promulgated by the board may
10 be adopted as emergency regulations. Regulations or emergency
11 regulations adopted pursuant to this section shall be adopted in
12 accordance with the rulemaking provisions of the Administrative
13 Procedure Act (Chapter 3.5 (commencing with Section 11340) of
14 Part 1 of Division 3 of Title 2 of the Government Code). The
15 adoption of emergency regulations shall be deemed an emergency
16 and necessary for the immediate preservation of the public peace,
17 health, and safety, or general welfare. The regulations, guidelines,
18 or publications shall be submitted to the board for review or
19 approval. Regulations, guidelines, or publications shall specify
20 all of the following:

21 (a) Criteria to determine timberlands that have demonstrated
22 potential for increased carbon sequestration and fire protection
23 benefits and, therefore, the landowners of those lands may be
24 eligible to enter into agreements or receive grant funds under
25 Section 4598.5.

26 (b) Guidelines further specifying the scope of projects for which
27 agreements may be entered into or grants made pursuant to this
28 article.

29 (c) Factors to be considered and information to be included in
30 proposals submitted pursuant to Section 4598.8.

31 (d) A standard application form for proposals submitted
32 pursuant to Section 4598.8.

33 (e) Guidelines for evaluation and approval of proposals to enter
34 into agreements or receive grant funds under Section 4598.5.

35 (f) Metrics for evaluating the greenhouse gas reductions to be
36 achieved by the long-term management of the timberlands pursuant
37 to the PTEIR.

38 (g) The form and content of reports detailing greenhouse gas
39 reductions as required by Section 4598.8.

1 (h) Any other matters as the board deems necessary for the
2 effective administration of this article.

3 SEC. 12. Section 12292 of the Public Resources Code is
4 repealed.

5 ~~12292. This division shall remain in effect only until January~~
6 ~~1, 2015, and as of that date is repealed, unless a later enacted~~
7 ~~statute, that is enacted before January 1, 2015, deletes or extends~~
8 ~~that date.~~

9 SEC. 13. The heading of Chapter 5.7 (commencing with Section
10 25470) of Division 15 of the Public Resources Code is amended
11 to read:

12
13 CHAPTER 5.7. ENERGY EFFICIENT STATE PROPERTY REVOLVING
14 FUND AND ENERGY EFFICIENCY RETROFIT STATE REVOLVING FUND
15

16 SEC. 14. Section 25470 of the Public Resources Code is
17 amended to read:

18 25470. As used in this chapter:

19 (a) “Act” means the federal American Recovery and
20 Reinvestment Act of 2009 (Public Law 111-5).

21 (b) “Allocation” means a loan of funds by the Department of
22 General Services pursuant to the procedures specified in this
23 chapter.

24 (c) “Building” means any existing structure that includes a
25 heating or cooling system, or both. Additions to an existing
26 building shall be considered part of that building rather than a
27 separate building.

28 (d) “Department” means the Department of General Services.

29 (e) “Energy audit” means a determination of the energy
30 consumption characteristics of a building that does all of the
31 following:

32 (1) Identifies the type, size, and energy use level of the building
33 and the major energy using systems of the building.

34 (2) Determines appropriate energy conservation maintenance
35 and operating procedures.

36 (3) Indicates the need, if any, for the acquisition and installation
37 of energy conservation measures.

38 (f) “Energy conservation maintenance and operating procedure”
39 means a modification or modifications in the maintenance and
40 operations of a building, and any installations therein, based on

1 the use time schedule of the building that are designed to reduce
2 energy consumption in the building and that require no significant
3 expenditure of funds.

4 (g) “Energy conservation measure” means an installation or
5 modification of an installation in a building that is primarily
6 intended to reduce energy consumption or allow the use of a more
7 cost-effective energy source.

8 (h) “Energy conservation project” means an undertaking to
9 acquire and to install one or more energy conservation measures
10 in a building, and technical assistance in connection with that
11 undertaking.

12 (i) “Fund” means the Energy Efficient State Property Revolving
13 *Fund or the Energy Efficiency Retrofit State Revolving Fund.*

14 (j) “Project” means a purpose for which an allocation may be
15 requested and made under this chapter. Those purposes shall
16 include energy audits, energy conservation and operating
17 procedures, and energy conservation measures in existing
18 buildings, and energy conservation projects.

19 (k) “State agency” means a unit of state government, including
20 any department, agency, board, or commission under the State of
21 California.

22 (l) “State-owned building” means a building that is primarily
23 occupied by offices or agencies of a unit of state government and
24 includes those properties owned by the State of California.

25 *SEC. 15. Section 25471.5 is added to the Public Resources*
26 *Code, to read:*

27 *25471.5. There is hereby established in the State Treasury the*
28 *Energy Efficiency Retrofit State Revolving Fund for the purposes*
29 *of implementing this chapter. Notwithstanding Section 13340 of*
30 *the Government Code, moneys in the Energy Efficiency Retrofit*
31 *State Revolving Fund are continuously appropriated to the*
32 *department without regard to fiscal years for loans for projects*
33 *in or on State-owned buildings and facilities to implement energy*
34 *efficiency retrofit projects and to utilize renewable energy*
35 *technology to achieve energy efficiency, reduce emissions of*
36 *greenhouse gases, and reduce grid-based electricity purchases.*

37 *SEC. 16. Section 25472 of the Public Resources Code is*
38 *amended to read:*

1 25472. (a) The department, in consultation with the
2 commission, shall establish a process by which projects are
3 identified and funding is allocated.

4 (b) ~~Beginning July 1, 2009, the~~ *The* department shall use money
5 in the fund for projects that will improve long-term energy
6 efficiency and increase energy use savings.

7 (c) The department shall comply with the requirements of the
8 act and implementing guidelines of the commission, including,
9 but not limited to, performance metrics, data collection, and
10 reporting. All projects ~~must~~ *shall* be consistent with these
11 requirements and guidelines.

12 (d) Funding prioritization shall be granted to those projects that
13 are cost-effective and will yield immediate and sustainable energy
14 efficiency, energy conservation, energy use cost savings, and cost
15 avoidance.

16 (e) The department shall fund allowable projects through a loan
17 to the appropriate state agency or agencies occupying the building
18 or facility for which the project will be performed.

19 (f) The department shall determine a reasonable loan repayment
20 schedule that ~~may~~ *shall* not exceed the life of the energy
21 conservation measure equipment, as determined by the department,
22 or the lease term of the building in which the energy conservation
23 measure is installed.

24 (g) Maximum loan amounts shall be based on estimated energy
25 cost savings that will allow state agencies to repay loan principal
26 and interest within the maximum repayment term specified in this
27 section.

28 (h) The department shall periodically set interest rates on the
29 loans based on surveys of existing financial markets and at rates
30 of not less than 1 percent per annum.

31 (i) Annual loan repayment amounts shall be structured so as to
32 reflect the projected annualized energy cost avoidance estimated
33 from the completed project. The department may utilize a direct
34 billing methodology to recover loan repayments for completed
35 projects.

36 *SEC. 17. Section 25474 of the Public Resources Code is*
37 *amended to read:*

38 25474. (a) Any repayment of loans made pursuant to this
39 ~~chapter, chapter from the Energy Efficient State Property Revolving~~
40 *Fund*, including interest payments, and all interest earnings on or

1 accruing to, any money resulting from the implementation of this
2 chapter in the Energy Efficient State Property Revolving Fund,
3 shall be deposited in that fund and shall be available for the
4 purposes of this chapter.

5 (b) The department may recover costs of administering the
6 projects and related costs through ~~energy utility rebates awarded~~
7 ~~to the state agency as a result of completed projects~~ *interest*
8 *earnings* up to 5 percent of the project loan amounts. Project costs
9 can include energy efficiency improvements and costs associated
10 with managing the project and administering the loan program,
11 including all reporting requirements.

12 *SEC. 18. Section 25474.5 is added to the Public Resources*
13 *Code, to read:*

14 *25474.5. (a) Notwithstanding Section 39718 of the Health and*
15 *Safety Code, any repayment of loans made pursuant to this chapter*
16 *from the Energy Efficiency Retrofit State Revolving Fund, including*
17 *interest payments, and all interest earnings on or accruing to, any*
18 *money resulting from the implementation of this chapter in the*
19 *Energy Efficiency Retrofit State Revolving Fund, shall be deposited*
20 *in that fund and shall be available for the purposes of this chapter.*

21 *(b) The department may recover costs of administering the*
22 *projects and related costs through interest earnings up to 5 percent*
23 *of the project loan amounts. Project costs can include energy*
24 *efficiency improvements and costs associated with managing the*
25 *project and administering the loan program, including all reporting*
26 *requirements.*

27 *SEC. 19. Chapter 22 (commencing with Section 42995) is*
28 *added to Part 3 of Division 30 of the Public Resources Code, to*
29 *read:*

30

31 *CHAPTER 22. WASTE DIVERSION AND GREENHOUSE GAS*
32 *REDUCTION FINANCIAL ASSISTANCE*

33

34 *42995. For purposes of this chapter, the following terms have*
35 *the following meanings:*

36 *(a) "Loan fund" means the CalRecycle Greenhouse Gas*
37 *Reduction Revolving Loan Fund established pursuant to Section*
38 *42996.*

1 (b) “Revolving loan program” means the CalRecycle
2 Greenhouse Gas Reduction Revolving Loan Program established
3 pursuant to Section 42997.

4 42996. (a) The CalRecycle Greenhouse Gas Reduction
5 Revolving Loan Fund is hereby created in the State Treasury.

6 (b) Notwithstanding Section 13340 of the Government Code
7 and Section 39718 of the Health and Safety Code, the funds
8 deposited in the loan fund are hereby continuously appropriated,
9 without regard to fiscal year, to the department for expenditure
10 without regard to fiscal year.

11 (c) The sum of five million dollars (\$5,000,000) is hereby
12 transferred from the Greenhouse Gas Reduction Fund, established
13 pursuant to Section 16428.8 of the Government Code, to the loan
14 fund for the 2014–15 fiscal year and an additional five million
15 dollars (\$5,000,000) for the 2015–16 fiscal year to be used by the
16 department for any of the following:

17 (1) To make loans pursuant to the revolving loan program.

18 (2) To pay costs necessary to protect the state’s position as a
19 lender and creditor. These costs shall include, but are not limited
20 to, foreclosure expenses, auction fees, title searches, appraisals,
21 real estate brokerage fees, attorney’s fees, mortgage payments,
22 insurance payments, utility costs, repair costs, removal and storage
23 costs for repossessed equipment and inventory, and additional
24 expenditures to purchase a senior lien in foreclosure or bankruptcy
25 proceedings.

26 (3) To pay costs to administer the revolving loan program, upon
27 appropriation by the Legislature.

28 (d) The Controller shall disburse moneys in the loan fund for
29 the purposes of this chapter, as authorized by the department.

30 42997. (a) The CalRecycle Greenhouse Gas Reduction
31 Revolving Loan Program is hereby established and shall be
32 administered by the department.

33 (b) (1) The department shall expend the moneys transferred
34 pursuant to subdivision (c) of Section 42996, and any additional
35 moneys appropriated by the Legislature for the purposes of this
36 subdivision, to provide loans to reduce greenhouse gas emissions
37 by promoting in-state development of infrastructure to process
38 organics and other recyclable materials into new value-added
39 products. The moneys shall be expended consistent with the
40 requirements of Article 9.7 (commencing with Section 16428.8)

1 of Chapter 2 of Part 2 of Division 4 of Title 2 of the Government
2 Code and Chapter 4.1 (commencing with Section 39710) of Part
3 2 of Division 26 of the Health and Safety Code.

4 (2) For a loan made pursuant to this subdivision, the department
5 shall expend the moneys in the loan fund to provide loans to public
6 and private entities located in the state for any of the following:

7 (A) Organics composting.

8 (B) Anaerobic digestion.

9 (C) Recyclable material manufacturing infrastructure projects
10 or other related activities that reduce greenhouse gas emissions.

11 (3) For purposes of this subdivision, eligible infrastructure
12 projects that reduce greenhouse gas emissions include, but are
13 not limited to, any of the following:

14 (A) Capital investments in new facilities and increased
15 throughput at existing facilities for activities, such as converting
16 windrow composting to aerated-static-pile composting to use food
17 waste as feedstock.

18 (B) Designing and constructing anaerobic digestion facilities
19 to produce biofuels and bioenergy.

20 (C) Designing and constructing facilities for processing
21 recyclable materials.

22 (4) For a loan made pursuant to this subdivision, both of the
23 following apply:

24 (A) The terms and conditions of an approved loan shall be
25 specified in a loan agreement and related documents between the
26 borrower and the department. These terms and conditions shall
27 include reporting requirements that include, but are not limited
28 to, reporting the information specified in Section 16428.9 of the
29 Government Code.

30 (B) The department shall approve only those loan applications
31 that demonstrate the applicant's ability to repay the loan.

32 (5) The department may establish additional requirements that
33 it determines to be necessary or useful to achieve the revolving
34 loan program's objectives, including, but not limited to, ensuring
35 repayment ability.

36 42998. (a) The department may establish and collect fees to
37 fund the costs of administering the revolving loan program,
38 including, but not limited to, an application fee and loan closing
39 points.

1 (b) Moneys collected by the department from loan repayments
2 and fees shall be deposited in the loan fund. Loan repayments and
3 fees include, but are not limited to, any of the following:

- 4 (1) Principal and interest repayments.
- 5 (2) Fees and loan closing points.
- 6 (3) Recovery of collection costs.
- 7 (4) Income earned on an asset recovered pursuant to a loan
8 default.
- 9 (5) Moneys collected through foreclosure and other collection
10 actions.

11 42999. (a) Any additional funds appropriated by the
12 Legislature from the Greenhouse Gas Reduction Fund, established
13 pursuant to Section 16428.8 of the Government Code, to the
14 department shall be used to administer a grant program to provide
15 financial assistance to reduce greenhouse gas emissions by
16 promoting in-state development of infrastructure to process
17 organics and other recyclable materials into new value-added
18 products. The moneys shall be expended consistent with the
19 requirements of Article 9.7 (commencing with Section 16428.8)
20 of Chapter 2 of Part 2 of Division 4 of Title 2 of the Government
21 Code and Chapter 4.1 (commencing with Section 39710) of Part
22 2 of Division 26 of the Health and Safety Code.

23 (b) For a grant made pursuant to this section, the department
24 shall expend the moneys to provide grants, incentive payments,
25 contracts, or other funding mechanisms to public and private
26 entities located in the state for any of the following:

- 27 (1) Organics composting.
- 28 (2) Anaerobic digestion.
- 29 (3) Recyclable material manufacturing infrastructure projects
30 or other related activities that reduce greenhouse gas emissions.

31 (c) For purposes of this section, eligible infrastructure projects
32 that reduce greenhouse gas emissions include, but are not limited
33 to, any of the following:

- 34 (1) Capital investments in new facilities and increased
35 throughput at existing facilities for activities, such as converting
36 windrow composting to aerated-static-pile composting to use food
37 waste as feedstock.
- 38 (2) Designing and constructing anaerobic digestion facilities
39 to produce biofuels and bioenergy.

1 (3) *Designing and constructing facilities for processing*
2 *recyclable materials.*

3 *SEC. 20. Section 75121 of the Public Resources Code is*
4 *amended to read:*

5 75121. (a) The Strategic Growth Council is hereby established
6 in state government and it shall consist of the Director of State
7 Planning and Research, the Secretary of the Natural Resources
8 Agency, the Secretary for Environmental Protection, the Secretary
9 of Transportation, the Secretary of California Health and Human
10 Services, the Secretary of Business, Consumer Services, and
11 Housing, the Secretary of Food and Agriculture, *one member of*
12 *the public appointed by the Speaker of the Assembly, one member*
13 *of the public appointed by the Senate Committee on Rules, and*
14 *one member of the public to be appointed by the Governor. The*
15 *public*~~*member*~~ *members shall have a background in land use*
16 *planning, local government, resource protection and management,*
17 *or community development or*~~*revitalization.*~~ *revitalization and*
18 *shall serve at the pleasure of the appointing authority.*

19 (b) Staff for the council shall be reflective of the council's
20 membership.

21 *SEC. 21. Division 44 (commencing with Section 75200) is*
22 *added to the Public Resources Code, to read:*

23

24 *DIVISION 44. TRANSIT, AFFORDABLE HOUSING, AND*
25 *SUSTAINABLE COMMUNITIES PROGRAM*

26

27 *PART 1. AFFORDABLE HOUSING AND SUSTAINABLE*
28 *COMMUNITIES*

29

30 *CHAPTER 1. GENERAL PROVISIONS*

31

32 75200. *For the purposes of this part, the following terms have*
33 *the following meanings:*

34 (a) *“Council” means the Strategic Growth Council established*
35 *pursuant to Section 75121.*

36 (b) *“Disadvantaged communities” means communities identified*
37 *as disadvantaged communities pursuant to Section 39711 of the*
38 *Health and Safety Code.*

39 (c) *“Program” means the Affordable Housing and Sustainable*
40 *Communities Program established pursuant to Section 75210.*

1 75200.1. *Consistent with Section 75125, the council, in*
 2 *consultation with the State Air Resources Board, shall review and*
 3 *coordinate the activities of member agencies of the council for the*
 4 *programs included in this part. The council shall review these*
 5 *programs, including grant guidelines of each program, consistent*
 6 *with Chapter 4.1 (commencing with Section 39710) of Part 2 of*
 7 *Division 26 of the Health and Safety Code, including the*
 8 *recommendations of the investment plan, Article 9.7 (commencing*
 9 *with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title*
 10 *2 of the Government Code, and Chapter 4.2 (commencing with*
 11 *Section 21155) of Division 13 of this code.*

12
 13 *CHAPTER 2. AFFORDABLE HOUSING AND SUSTAINABLE*
 14 *COMMUNITIES PROGRAM*
 15

16 75210. *The council shall develop and administer the Affordable*
 17 *Housing and Sustainable Communities Program to reduce*
 18 *greenhouse gas emissions through projects that implement land*
 19 *use, housing, transportation, and agricultural land preservation*
 20 *practices to support infill and compact development, and that*
 21 *support related and coordinated public policy objectives, including*
 22 *the following:*

- 23 (a) *Reducing air pollution.*
 24 (b) *Improving conditions in disadvantaged communities.*
 25 (c) *Supporting or improving public health and other cobenefits*
 26 *as defined in Section 39712 of the Health and Safety Code.*
 27 (d) *Improving connectivity and accessibility to jobs, housing,*
 28 *and services.*
 29 (e) *Increasing options for mobility, including the implementation*
 30 *of the Active Transportation Program established pursuant to*
 31 *Section 2380 of the Streets and Highways Code.*
 32 (f) *Increasing transit ridership.*
 33 (g) *Preserving and developing affordable housing for lower*
 34 *income households, as defined in Section 50079.5 of the Health*
 35 *and Safety Code.*
 36 (h) *Protecting agricultural lands to support infill development.*

37 75211. *To be eligible for funding pursuant to the program, a*
 38 *project shall do all of the following:*

- 39 (a) *Demonstrate that it will achieve a reduction in greenhouse*
 40 *gas emissions.*

1 (b) Support implementation of an adopted or draft sustainable
2 communities strategy or, if a sustainable communities strategy is
3 not required for a region by law, a regional plan that includes
4 policies and programs to reduce greenhouse gas emissions.

5 (c) Demonstrate consistency with the state planning priorities
6 established pursuant to Section 65041.1 of the Government Code.

7 75212. Projects eligible for funding pursuant to the program
8 include any of the following:

9 (a) Intermodal, affordable housing projects that support infill
10 and compact development.

11 (b) Transit capital projects and programs supporting transit
12 ridership.

13 (c) Active transportation capital projects that qualify under the
14 Active Transportation Program, including pedestrian and bicycle
15 facilities and supportive infrastructure, including connectivity to
16 transit stations.

17 (d) Noninfrastructure-related active transportation projects
18 that qualify under the Active Transportation Program, including
19 activities that encourage active transportation goals conducted in
20 conjunction with infrastructure improvement projects.

21 (e) Transit-oriented development projects, including affordable
22 housing and infrastructure at or near transit stations or connecting
23 those developments to transit stations.

24 (f) Capital projects that implement local complete streets
25 programs.

26 (g) Other projects or programs designed to reduce greenhouse
27 gas emissions and other criteria air pollutants by reducing
28 automobile trips and vehicle miles traveled within a community.

29 (h) Acquisition of easements or other approaches or tools that
30 protect agricultural lands that are under pressure of being
31 converted to nonagricultural uses, particularly those adjacent to
32 areas most at risk of urban or suburban sprawl or those of special
33 environmental significance.

34 (i) Planning to support implementation of a sustainable
35 communities strategy, including implementation of local plans
36 supporting greenhouse gas emissions reduction efforts and
37 promoting infill and compact development.

38 75213. A project eligible for funding pursuant to the program
39 shall be encouraged to promote the objectives of Section 75210,
40 and economic growth, reduce public fiscal costs, support civic

1 *partnerships and stakeholder engagement, and integrate and*
2 *leverage existing housing, transportation, and land use programs*
3 *and resources.*

4 *75214. In implementing the program, the council shall support*
5 *the goals established pursuant to Chapter 830 of the Statutes of*
6 *2012 by ensuring a programmatic goal of expending 50 percent*
7 *of program expenditure for projects benefitting disadvantaged*
8 *communities. To the extent feasible, the council shall coordinate*
9 *outreach to promote access and program participation in*
10 *disadvantaged communities.*

11 *75215. (a) Prior to awarding funds under the program, the*
12 *council, in coordination with the member agencies and departments*
13 *of the council, the State Air Resources Board, and other state*
14 *entities, as needed, shall develop guidelines and selection criteria*
15 *for the implementation of the program.*

16 *(b) Prior to adoption of the guidelines and the selection criteria,*
17 *the council shall conduct at least two public workshops to receive*
18 *and consider public comments. One workshop shall be held at a*
19 *location in northern California and one workshop shall be held*
20 *at a location in southern California.*

21 *(c) The council shall publish the draft guidelines and selection*
22 *criteria on its Internet Web site at least 30 days prior to the public*
23 *meetings.*

24 *(d) In adopting the guidelines and selection criteria, the council*
25 *shall consider the comments from local governments, regional*
26 *agencies, and other stakeholders. The council shall conduct*
27 *outreach to disadvantaged communities to encourage comments*
28 *on the draft guidelines from those communities.*

29 *(e) Program guidelines may be revised by the council to reflect*
30 *changes in program focus or need. Outreach to stakeholders shall*
31 *be conducted, pursuant to subdivisions (a), (b), and (c) before the*
32 *council adopts changes to guidelines.*

33 *(f) Upon the adoption of the guidelines and selection criteria,*
34 *the council shall, pursuant to Section 9795 of the Government*
35 *Code, submit copies of the guidelines to the fiscal and appropriate*
36 *policy committees of the Legislature.*

37 *(g) Chapter 3.5 (commencing with Section 11340) of Part 1 of*
38 *Division 3 of Title 2 of the Government Code does not apply to*
39 *the development and adoption of the guidelines and selection*
40 *criteria pursuant to this section.*

1 75216. (a) *The council shall leverage the programmatic and*
2 *administrative expertise of relevant state departments and agencies*
3 *in implementing the program.*

4 (b) *The council shall coordinate with the metropolitan planning*
5 *organizations and other regional agencies to identify and*
6 *recommend projects within their respective jurisdictions that best*
7 *reflect the goals and objectives of this division.*

8 75217. *The executive director of the council shall report the*
9 *progress on the implementation of the program in its annual report*
10 *required pursuant to subdivision (e) of Section 75125.*

11
12 **PART 2. TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM**
13

14 75220. (a) *The Transit and Intercity Rail Capital Program is*
15 *hereby created to fund capital improvements and operational*
16 *investments that will reduce greenhouse gas emissions, modernize*
17 *California's intercity, commuter, and urban rail systems to achieve*
18 *all of the following policy objectives:*

19 (1) *Reduce greenhouse gas emissions.*

20 (2) *Expand and improve rail service to increase ridership.*

21 (3) *Integrate the rail service of the state's various rail operators,*
22 *including integration with the high-speed rail system.*

23 (4) *Improve rail safety.*

24 (b) *The Transportation Agency shall evaluate applications for*
25 *funding under the program consistent with the criteria set forth*
26 *in this chapter and prepare a list of projects recommended for*
27 *funding. The list may be revised at any time.*

28 (c) *The California Transportation Commission shall award*
29 *grants to applicants pursuant to the list prepared by the*
30 *Transportation Agency.*

31 75221. (a) *Projects eligible for funding under the program*
32 *include, but are not limited to, all of the following:*

33 (1) *Rail capital projects, including acquisition of rail cars and*
34 *locomotives, that expand, enhance, and improve existing rail*
35 *systems and connectivity to existing and future rail systems,*
36 *including the high-speed rail system.*

37 (2) *Intercity and commuter rail projects that increase service*
38 *levels, improve reliability, and decrease travel times.*

- 1 (3) Rail integration implementation, including integrated
2 ticketing and scheduling systems, shared-use corridors, related
3 planning efforts, and other service integration initiatives.
- 4 (4) Bus rapid transit and other bus transit investments to
5 increase ridership and reduce greenhouse gas emissions.
- 6 (b) In order to be eligible for funding under the program, a
7 project shall demonstrate that it will achieve a reduction in
8 greenhouse gas emissions.
- 9 (c) The program shall have a programmatic goal of providing
10 at least 25 percent of available funding to projects benefiting
11 disadvantaged communities, consistent with the objectives of
12 Chapter 830 of the Statutes of 2012.
- 13 (d) In evaluating grant applications for funding, the
14 Transportation Agency shall consider both of the following:
- 15 (1) The cobenefits of projects that support implementation of
16 sustainable communities strategies through one or more of the
17 following:
- 18 (A) Reducing auto vehicles miles traveled through growth in
19 rail ridership.
- 20 (B) Promoting housing development in the vicinity of rail
21 stations.
- 22 (C) Expanding existing rail and public transit systems.
- 23 (D) Implementing clean vehicle technology.
- 24 (E) Promoting active transportation.
- 25 (F) Improving public health.
- 26 (2) The project priorities developed through the collaboration
27 of two or more rail operators and any memoranda of understanding
28 between state agencies and local or regional rail operators.
- 29 (3) Geographic equity.
- 30 (4) Consistency with the adopted sustainable communities
31 strategies and the recommendations of regional agencies.
- 32 (e) Eligible applicants under the program shall be public
33 agencies, including joint powers agencies, that operate existing
34 or planned regularly scheduled intercity or commuter passenger
35 rail service or urban rail transit service. An eligible applicant may
36 partner with transit operators that do not operate rail service on
37 projects to integrate ticketing and scheduling with bus or ferry
38 service.
- 39 (f) A recipient of funds under the program may combine funding
40 from the program with other funding, including, but not limited

1 to, the State Transportation Improvement Program, the Low
2 Carbon Transit Operations Program, the State Air Resources
3 Board clean vehicle program, and state transportation bond funds.

4 75222. (a) Applications for grants under the program shall
5 be submitted to the Transportation Agency for evaluation in
6 accordance with procedures and program guidelines adopted by
7 the agency.

8 (b) The Transportation Agency shall conduct at least two public
9 workshops on draft program guidelines containing selection
10 criteria prior to adoption and shall post the draft guidelines on
11 the agency's Internet Web site at least 30 days prior to the first
12 public workshop. Concurrent with the posting, the agency shall
13 transmit the draft guidelines to the fiscal committees and to the
14 appropriate policy committees of the Legislature.

15 (c) Chapter 3.5 (commencing with Section 11340) of Part 1 of
16 Division 3 of Title 2 of the Government Code does not apply to
17 the development and adoption of procedures and program
18 guidelines for the program pursuant to this section.

19

20 **PART 3. LOW CARBON TRANSIT OPERATIONS PROGRAM**

21

22 75230. (a) The Low Carbon Transit Operations Program is
23 hereby created to provide operating and capital assistance for
24 transit agencies to reduce greenhouse gas emissions and improve
25 mobility, with a priority on serving disadvantaged communities.

26 (b) Funding for the program is continuously appropriated
27 pursuant to Section 39719 of the Health and Safety Code from the
28 Greenhouse Gas Reduction Fund established pursuant to Section
29 16428.8 of the Government Code.

30 (c) Funding shall be allocated by the Controller consistent with
31 the requirements of this part and with Section 39719 of the Health
32 and Safety Code, upon a determination by the Department of
33 Transportation that the expenditures proposed by a transit agency
34 meet the requirements of this part and guidelines developed
35 pursuant to subdivision (f), and the amount of funding requested
36 that is currently available.

37 (d) Moneys for the program shall be expended to provide transit
38 operating or capital assistance that meets all of the following
39 criteria:

1 (1) Expenditures supporting new or expanded bus or rail
2 services, or expanded intermodal transit facilities, and may include
3 equipment acquisition, fueling, and maintenance, and other costs
4 to operate those services or facilities.

5 (2) The recipient transit agency demonstrates that each
6 expenditure directly enhances or expands transit service to increase
7 mode share.

8 (3) The recipient transit agency demonstrates that each
9 expenditure reduces greenhouse gas emissions.

10 (e) For transit agencies whose service areas include
11 disadvantaged communities as identified pursuant to Section 39711
12 of the Health and Safety Code, at least 50 percent of the total
13 moneys received pursuant to this chapter shall be expended on
14 projects or services that meet requirements of subdivision (d) and
15 benefit the disadvantaged communities, consistent with the
16 guidance developed by the State Air Resources Board pursuant to
17 Section 39715 of the Health and Safety Code.

18 (f) The Department of Transportation, in coordination with the
19 State Air Resources Board, shall develop guidelines that describe
20 the methodologies that recipient transit agencies shall use to
21 demonstrate that proposed expenditures will meet the criteria in
22 subdivisions (d) and (e) and establish the reporting requirements
23 for documenting ongoing compliance with those criteria.

24 (g) Chapter 3.5 (commencing with Section 11340) of Part 1 of
25 Division 3 of Title 2 of the Government Code does not apply to
26 the development of guidelines for the program pursuant to this
27 section.

28 (h) A transit agency shall submit the following information to
29 the Department of Transportation before seeking a disbursement
30 of funds pursuant to this part:

31 (1) A list of proposed expense types for anticipated funding
32 levels.

33 (2) The documentation required by the guidelines in developed
34 pursuant to subdivision (f) to demonstrate compliance with
35 subdivisions (d) and (e).

36 (i) Before authorizing the disbursement of funds, the department,
37 in coordination with the State Air Resources Board, shall determine
38 the eligibility, in whole or in part, of the proposed list of expense
39 types, based on the documentation provided by the recipient transit

1 *agency to ensure ongoing compliance with the guidelines developed*
2 *pursuant to subdivision (f).*

3 *(j) The department shall notify the Controller of approved*
4 *expenditures for each transit agency, and the amount of the*
5 *allocation for each transit agency determined to be available at*
6 *that time of approval.*

7 *(k) The recipient transit agency shall provide annual reports to*
8 *the Department of Transportation, in the format and manner*
9 *prescribed by the department, consistent with the internal*
10 *administrative procedures for use of fund proceeds developed by*
11 *the State Air Resources Board.*

12 *(l) The Department of Transportation and recipient transit*
13 *agencies shall comply with the guidelines developed by the State*
14 *Air Resources Board pursuant to Section 39715 of the Health and*
15 *Safety Code to ensure that the requirements of Section 39714 of*
16 *the Health and Safety Code are met to maximize the benefits to*
17 *disadvantaged communities as described in Section 39711 of the*
18 *Health and Safety Code.*

19 *SEC. 22. Section 2827 of the Public Utilities Code is amended*
20 *to read:*

21 2827. (a) The Legislature finds and declares that a program
22 to provide net energy metering combined with net surplus
23 compensation, co-energy metering, and wind energy co-metering
24 for eligible customer-generators is one way to encourage substantial
25 private investment in renewable energy resources, stimulate in-state
26 economic growth, reduce demand for electricity during peak
27 consumption periods, help stabilize California's energy supply
28 infrastructure, enhance the continued diversification of California's
29 energy resource mix, reduce interconnection and administrative
30 costs for electricity suppliers, and encourage conservation and
31 efficiency.

32 (b) As used in this section, the following terms have the
33 following meanings:

34 (1) "Co-energy metering" means a program that is the same in
35 all other respects as a net energy metering program, except that
36 the local publicly owned electric utility has elected to apply a
37 generation-to-generation energy and time-of-use credit formula
38 as provided in subdivision (i).

39 (2) "Electrical cooperative" means an electrical cooperative as
40 defined in Section 2776.

1 (3) “Electric utility” means an electrical corporation, a local
2 publicly owned electric utility, or an electrical cooperative, or any
3 other entity, except an electric service provider, that offers electrical
4 service. This section shall not apply to a local publicly owned
5 electric utility that serves more than 750,000 customers and that
6 also conveys water to its customers.

7 (4) (A) “Eligible customer-generator” means a residential
8 customer, small commercial customer as defined in subdivision
9 (h) of Section 331, or commercial, industrial, or agricultural
10 customer of an electric utility, who uses a renewable electrical
11 generation facility, or a combination of those facilities, with a total
12 capacity of not more than one megawatt, that is located on the
13 customer’s owned, leased, or rented premises, and is interconnected
14 and operates in parallel with the electrical grid, and is intended
15 primarily to offset part or all of the customer’s own electrical
16 requirements.

17 (B) (i) *Notwithstanding subparagraph (A), “eligible*
18 *customer-generator” includes the Department of Corrections and*
19 *Rehabilitation using a renewable electrical generation technology,*
20 *or a combination of renewable electrical generation technologies,*
21 *with a total capacity of not more than eight megawatts, that is*
22 *located on the department’s owned, leased, or rented premises,*
23 *and is interconnected and operates in parallel with the electrical*
24 *grid, and is intended primarily to offset part or all of the facility’s*
25 *own electrical requirements. The amount of any wind generation*
26 *exported to the electrical grid shall not exceed 1.35 megawatt at*
27 *any time.*

28 (ii) *Notwithstanding any other law, an electrical corporation*
29 *shall be afforded a prudent but necessary time, as determined by*
30 *the executive director of the commission, to study the impacts of*
31 *a request for interconnection of a renewable generator with a*
32 *capacity of greater than one megawatt under this subparagraph.*
33 *If the study reveals the need for upgrades to the transmission or*
34 *distribution system arising solely from the interconnection, the*
35 *electrical corporation shall be afforded the time necessary to*
36 *complete those upgrades before the interconnection and those*
37 *costs shall be borne by the customer-generator. Upgrade projects*
38 *shall comply with applicable state and federal requirements,*
39 *including requirements of the Federal Energy Regulatory*
40 *Commission.*

1 (5) “Large electrical corporation” means an electrical
2 corporation with more than 100,000 service connections in
3 California.

4 (6) “Net energy metering” means measuring the difference
5 between the electricity supplied through the electrical grid and the
6 electricity generated by an eligible customer-generator and fed
7 back to the electrical grid over a 12-month period as described in
8 subdivisions (c) and (h).

9 (7) “Net surplus customer-generator” means an eligible
10 customer-generator that generates more electricity during a
11 12-month period than is supplied by the electric utility to the
12 eligible customer-generator during the same 12-month period.

13 (8) “Net surplus electricity” means all electricity generated by
14 an eligible customer-generator measured in kilowatthours over a
15 12-month period that exceeds the amount of electricity consumed
16 by that eligible customer-generator.

17 (9) “Net surplus electricity compensation” means a per
18 kilowatthour rate offered by the electric utility to the net surplus
19 customer-generator for net surplus electricity that is set by the
20 ratemaking authority pursuant to subdivision (h).

21 (10) “Ratemaking authority” means, for an electrical
22 corporation, the commission, for an electrical cooperative, its
23 ratesetting body selected by its shareholders or members, and for
24 a local publicly owned electric utility, the local elected body
25 responsible for setting the rates of the local publicly owned utility.

26 (11) “Renewable electrical generation facility” means a facility
27 that generates electricity from a renewable source listed in
28 paragraph (1) of subdivision (a) of Section 25741 of the Public
29 Resources Code. A small hydroelectric generation facility is not
30 an eligible renewable electrical generation facility if it will cause
31 an adverse impact on instream beneficial uses or cause a change
32 in the volume or timing of streamflow.

33 (12) “Wind energy co-metering” means any wind energy project
34 greater than 50 kilowatts, but not exceeding one megawatt, where
35 the difference between the electricity supplied through the electrical
36 grid and the electricity generated by an eligible customer-generator
37 and fed back to the electrical grid over a 12-month period is as
38 described in subdivision (h). Wind energy co-metering shall be
39 accomplished pursuant to Section 2827.8.

1 (c) (1) Except as provided in paragraph (4) and in Section
2 2827.1, every electric utility shall develop a standard contract or
3 tariff providing for net energy metering, and shall make this
4 standard contract or tariff available to eligible customer-generators,
5 upon request, on a first-come-first-served basis until the time that
6 the total rated generating capacity used by eligible
7 customer-generators exceeds 5 percent of the electric utility's
8 aggregate customer peak demand. Net energy metering shall be
9 accomplished using a single meter capable of registering the flow
10 of electricity in two directions. An additional meter or meters to
11 monitor the flow of electricity in each direction may be installed
12 with the consent of the eligible customer-generator, at the expense
13 of the electric utility, and the additional metering shall be used
14 only to provide the information necessary to accurately bill or
15 credit the eligible customer-generator pursuant to subdivision (h),
16 or to collect generating system performance information for
17 research purposes relative to a renewable electrical generation
18 facility. If the existing electrical meter of an eligible
19 customer-generator is not capable of measuring the flow of
20 electricity in two directions, the eligible customer-generator shall
21 be responsible for all expenses involved in purchasing and
22 installing a meter that is able to measure electricity flow in two
23 directions. If an additional meter or meters are installed, the net
24 energy metering calculation shall yield a result identical to that of
25 a single meter. An eligible customer-generator that is receiving
26 service other than through the standard contract or tariff may elect
27 to receive service through the standard contract or tariff until the
28 electric utility reaches the generation limit set forth in this
29 paragraph. Once the generation limit is reached, only eligible
30 customer-generators that had previously elected to receive service
31 pursuant to the standard contract or tariff have a right to continue
32 to receive service pursuant to the standard contract or tariff.
33 Eligibility for net energy metering does not limit an eligible
34 customer-generator's eligibility for any other rebate, incentive, or
35 credit provided by the electric utility, or pursuant to any
36 governmental program, including rebates and incentives provided
37 pursuant to the California Solar Initiative.

38 (2) An electrical corporation shall include a provision in the net
39 energy metering contract or tariff requiring that any customer with
40 an existing electrical generating facility and meter who enters into

1 a new net energy metering contract shall provide an inspection
2 report to the electrical corporation, unless the electrical generating
3 facility and meter have been installed or inspected within the
4 previous three years. The inspection report shall be prepared by a
5 California licensed contractor who is not the owner or operator of
6 the facility and meter. A California licensed electrician shall
7 perform the inspection of the electrical portion of the facility and
8 meter.

9 (3) (A) On an annual basis, every electric utility shall make
10 available to the ratemaking authority information on the total rated
11 generating capacity used by eligible customer-generators that are
12 customers of that provider in the provider's service area and the
13 net surplus electricity purchased by the electric utility pursuant to
14 this section.

15 (B) An electric service provider operating pursuant to Section
16 394 shall make available to the ratemaking authority the
17 information required by this paragraph for each eligible
18 customer-generator that is their customer for each service area of
19 an electrical corporation, local publicly owned electrical utility,
20 or electrical cooperative, in which the eligible customer-generator
21 has net energy metering.

22 (C) The ratemaking authority shall develop a process for making
23 the information required by this paragraph available to electric
24 utilities, and for using that information to determine when, pursuant
25 to paragraphs (1) and (4), an electric utility is not obligated to
26 provide net energy metering to additional eligible
27 customer-generators in its service area.

28 (4) (A) An electric utility that is not a large electrical
29 corporation is not obligated to provide net energy metering to
30 additional eligible customer-generators in its service area when
31 the combined total peak demand of all electricity used by eligible
32 customer-generators served by all the electric utilities in that
33 service area furnishing net energy metering to eligible
34 customer-generators exceeds 5 percent of the aggregate customer
35 peak demand of those electric utilities.

36 (B) The commission shall require every large electrical
37 corporation to make the standard contract or tariff available to
38 eligible customer-generators, continuously and without
39 interruption, until such times as the large electrical corporation
40 reaches its net energy metering program limit or July 1, 2017,

1 whichever is earlier. A large electrical corporation reaches its
2 program limit when the combined total peak demand of all
3 electricity used by eligible customer-generators served by all the
4 electric utilities in the large electrical corporation's service area
5 furnishing net energy metering to eligible customer-generators
6 exceeds 5 percent of the aggregate customer peak demand of those
7 electric utilities. For purposes of calculating a large electrical
8 corporation's program limit, "aggregate customer peak demand"
9 means the highest sum of the noncoincident peak demands of all
10 of the large electrical corporation's customers that occurs in any
11 calendar year. To determine the aggregate customer peak demand,
12 every large electrical corporation shall use a uniform method
13 approved by the commission. The program limit calculated
14 pursuant to this paragraph shall not be less than the following:

15 (i) For San Diego Gas and Electric Company, when it has made
16 607 megawatts of nameplate generating capacity available to
17 eligible customer-generators.

18 (ii) For Southern California Edison Company, when it has made
19 2,240 megawatts of nameplate generating capacity available to
20 eligible customer-generators.

21 (iii) For Pacific Gas and Electric Company, when it has made
22 2,409 megawatts of nameplate generating capacity available to
23 eligible customer-generators.

24 (C) Every large electrical corporation shall file a monthly report
25 with the commission detailing the progress toward the net energy
26 metering program limit established in subparagraph (B). The report
27 shall include separate calculations on progress toward the limits
28 based on operating solar energy systems, cumulative numbers of
29 interconnection requests for net energy metering eligible systems,
30 and any other criteria required by the commission.

31 (D) Beginning July 1, 2017, or upon reaching the net metering
32 program limit of subparagraph (B), whichever is earlier, the
33 obligation of a large electrical corporation to provide service
34 pursuant to a standard contract or tariff shall be pursuant to Section
35 2827.1 and applicable state and federal requirements.

36 (d) Every electric utility shall make all necessary forms and
37 contracts for net energy metering and net surplus electricity
38 compensation service available for download from the Internet.

39 (e) (1) Every electric utility shall ensure that requests for
40 establishment of net energy metering and net surplus electricity

1 compensation are processed in a time period not exceeding that
2 for similarly situated customers requesting new electric service,
3 but not to exceed 30 working days from the date it receives a
4 completed application form for net energy metering service or net
5 surplus electricity compensation, including a signed interconnection
6 agreement from an eligible customer-generator and the electric
7 inspection clearance from the governmental authority having
8 jurisdiction.

9 (2) Every electric utility shall ensure that requests for an
10 interconnection agreement from an eligible customer-generator
11 are processed in a time period not to exceed 30 working days from
12 the date it receives a completed application form from the eligible
13 customer-generator for an interconnection agreement.

14 (3) If an electric utility is unable to process a request within the
15 allowable timeframe pursuant to paragraph (1) or (2), it shall notify
16 the eligible customer-generator and the ratemaking authority of
17 the reason for its inability to process the request and the expected
18 completion date.

19 (f) (1) If a customer participates in direct transactions pursuant
20 to paragraph (1) of subdivision (b) of Section 365, or Section 365.1,
21 with an electric service provider that does not provide distribution
22 service for the direct transactions, the electric utility that provides
23 distribution service for the eligible customer-generator is not
24 obligated to provide net energy metering or net surplus electricity
25 compensation to the customer.

26 (2) If a customer participates in direct transactions pursuant to
27 paragraph (1) of subdivision (b) of Section 365 *or* 365.1 with an
28 electric service provider, and the customer is an eligible
29 customer-generator, the electric utility that provides distribution
30 service for the direct transactions may recover from the customer's
31 electric service provider the incremental costs of metering and
32 billing service related to net energy metering and net surplus
33 electricity compensation in an amount set by the ratemaking
34 authority.

35 (g) Except for the time-variant kilowatthour pricing portion of
36 any tariff adopted by the commission pursuant to paragraph (4) of
37 subdivision (a) of Section 2851, each net energy metering contract
38 or tariff shall be identical, with respect to rate structure, all retail
39 rate components, and any monthly charges, to the contract or tariff
40 to which the same customer would be assigned if the customer did

1 not use a renewable electrical generation facility, except that
2 eligible customer-generators shall not be assessed standby charges
3 on the electrical generating capacity or the kilowatthour production
4 of a renewable electrical generation facility. The charges for all
5 retail rate components for eligible customer-generators shall be
6 based exclusively on the customer-generator's net kilowatthour
7 consumption over a 12-month period, without regard to the eligible
8 customer-generator's choice as to from whom it purchases
9 electricity that is not self-generated. Any new or additional demand
10 charge, standby charge, customer charge, minimum monthly
11 charge, interconnection charge, or any other charge that would
12 increase an eligible customer-generator's costs beyond those of
13 other customers who are not eligible customer-generators in the
14 rate class to which the eligible customer-generator would otherwise
15 be assigned if the customer did not own, lease, rent, or otherwise
16 operate a renewable electrical generation facility is contrary to the
17 intent of this section, and shall not form a part of net energy
18 metering contracts or tariffs.

19 (h) For eligible customer-generators, the net energy metering
20 calculation shall be made by measuring the difference between
21 the electricity supplied to the eligible customer-generator and the
22 electricity generated by the eligible customer-generator and fed
23 back to the electrical grid over a 12-month period. The following
24 rules shall apply to the annualized net metering calculation:

25 (1) The eligible residential or small commercial
26 customer-generator, at the end of each 12-month period following
27 the date of final interconnection of the eligible
28 customer-generator's system with an electric utility, and at each
29 anniversary date thereafter, shall be billed for electricity used
30 during that 12-month period. The electric utility shall determine
31 if the eligible residential or small commercial customer-generator
32 was a net consumer or a net surplus customer-generator during
33 that period.

34 (2) At the end of each 12-month period, where the electricity
35 supplied during the period by the electric utility exceeds the
36 electricity generated by the eligible residential or small commercial
37 customer-generator during that same period, the eligible residential
38 or small commercial customer-generator is a net electricity
39 consumer and the electric utility shall be owed compensation for
40 the eligible customer-generator's net kilowatthour consumption

1 over that 12-month period. The compensation owed for the eligible
2 residential or small commercial customer-generator’s consumption
3 shall be calculated as follows:

4 (A) For all eligible customer-generators taking service under
5 contracts or tariffs employing “baseline” and “over baseline” rates,
6 any net monthly consumption of electricity shall be calculated
7 according to the terms of the contract or tariff to which the same
8 customer would be assigned to, or be eligible for, if the customer
9 was not an eligible customer-generator. If those same
10 customer-generators are net generators over a billing period, the
11 net kilowatthours generated shall be valued at the same price per
12 kilowatthour as the electric utility would charge for the baseline
13 quantity of electricity during that billing period, and if the number
14 of kilowatthours generated exceeds the baseline quantity, the excess
15 shall be valued at the same price per kilowatthour as the electric
16 utility would charge for electricity over the baseline quantity during
17 that billing period.

18 (B) For all eligible customer-generators taking service under
19 contracts or tariffs employing time-of-use rates, any net monthly
20 consumption of electricity shall be calculated according to the
21 terms of the contract or tariff to which the same customer would
22 be assigned, or be eligible for, if the customer was not an eligible
23 customer-generator. When those same customer-generators are
24 net generators during any discrete time-of-use period, the net
25 kilowatthours produced shall be valued at the same price per
26 kilowatthour as the electric utility would charge for retail
27 kilowatthour sales during that same time-of-use period. If the
28 eligible customer-generator’s time-of-use electrical meter is unable
29 to measure the flow of electricity in two directions, paragraph (1)
30 of subdivision (c) shall apply.

31 (C) For all eligible residential and small commercial
32 customer-generators and for each billing period, the net balance
33 of moneys owed to the electric utility for net consumption of
34 electricity or credits owed to the eligible customer-generator for
35 net generation of electricity shall be carried forward as a monetary
36 value until the end of each 12-month period. For all eligible
37 commercial, industrial, and agricultural customer-generators, the
38 net balance of moneys owed shall be paid in accordance with the
39 electric utility’s normal billing cycle, except that if the eligible
40 commercial, industrial, or agricultural customer-generator is a net

1 electricity producer over a normal billing cycle, any excess
2 kilowatthours generated during the billing cycle shall be carried
3 over to the following billing period as a monetary value, calculated
4 according to the procedures set forth in this section, and appear as
5 a credit on the eligible commercial, industrial, or agricultural
6 customer-generator's account, until the end of the annual period
7 when paragraph (3) shall apply.

8 (3) At the end of each 12-month period, where the electricity
9 generated by the eligible customer-generator during the 12-month
10 period exceeds the electricity supplied by the electric utility during
11 that same period, the eligible customer-generator is a net surplus
12 customer-generator and the electric utility, upon an affirmative
13 election by the net surplus customer-generator, shall either (A)
14 provide net surplus electricity compensation for any net surplus
15 electricity generated during the prior 12-month period, or (B) allow
16 the net surplus customer-generator to apply the net surplus
17 electricity as a credit for kilowatthours subsequently supplied by
18 the electric utility to the net surplus customer-generator. For an
19 eligible customer-generator that does not affirmatively elect to
20 receive service pursuant to net surplus electricity compensation,
21 the electric utility shall retain any excess kilowatthours generated
22 during the prior 12-month period. The eligible customer-generator
23 not affirmatively electing to receive service pursuant to net surplus
24 electricity compensation shall not be owed any compensation for
25 the net surplus electricity unless the electric utility enters into a
26 purchase agreement with the eligible customer-generator for those
27 excess kilowatthours. Every electric utility shall provide notice to
28 eligible customer-generators that they are eligible to receive net
29 surplus electricity compensation for net surplus electricity, that
30 they must elect to receive net surplus electricity compensation,
31 and that the 12-month period commences when the electric utility
32 receives the eligible customer-generator's election. For an electric
33 utility that is an electrical corporation or electrical cooperative,
34 the commission may adopt requirements for providing notice and
35 the manner by which eligible customer-generators may elect to
36 receive net surplus electricity compensation.

37 (4) (A) An eligible customer-generator with multiple meters
38 may elect to aggregate the electrical load of the meters located on
39 the property where the renewable electrical generation facility is
40 located and on all property adjacent or contiguous to the property

1 on which the renewable electrical generation facility is located, if
2 those properties are solely owned, leased, or rented by the eligible
3 customer-generator. If the eligible customer-generator elects to
4 aggregate the electric load pursuant to this paragraph, the electric
5 utility shall use the aggregated load for the purpose of determining
6 whether an eligible customer-generator is a net consumer or a net
7 surplus customer-generator during a 12-month period.

8 (B) If an eligible customer-generator chooses to aggregate
9 pursuant to subparagraph (A), the eligible customer-generator shall
10 be permanently ineligible to receive net surplus electricity
11 compensation, and the electric utility shall retain any kilowatthours
12 in excess of the eligible customer-generator's aggregated electrical
13 load generated during the 12-month period.

14 (C) If an eligible customer-generator with multiple meters elects
15 to aggregate the electrical load of those meters pursuant to
16 subparagraph (A), and different rate schedules are applicable to
17 service at any of those meters, the electricity generated by the
18 renewable electrical generation facility shall be allocated to each
19 of the meters in proportion to the electrical load served by those
20 meters. For example, if the eligible customer-generator receives
21 electric service through three meters, two meters being at an
22 agricultural rate that each provide service to 25 percent of the
23 customer's total load, and a third meter, at a commercial rate, that
24 provides service to 50 percent of the customer's total load, then
25 50 percent of the electrical generation of the eligible renewable
26 generation facility shall be allocated to the third meter that provides
27 service at the commercial rate and 25 percent of the generation
28 shall be allocated to each of the two meters providing service at
29 the agricultural rate. This proportionate allocation shall be
30 computed each billing period.

31 (D) This paragraph shall not become operative for an electrical
32 corporation unless the commission determines that allowing
33 eligible customer-generators to aggregate their load from multiple
34 meters will not result in an increase in the expected revenue
35 obligations of customers who are not eligible customer-generators.
36 The commission shall make this determination by September 30,
37 2013. In making this determination, the commission shall determine
38 if there are any public purpose or other noncommodity charges
39 that the eligible customer-generators would pay pursuant to the
40 net energy metering program as it exists prior to aggregation, that

1 the eligible customer-generator would not pay if permitted to
2 aggregate the electrical load of multiple meters pursuant to this
3 paragraph.

4 (E) A local publicly owned electric utility or electrical
5 cooperative shall only allow eligible customer-generators to
6 aggregate their load if the utility's ratemaking authority determines
7 that allowing eligible customer-generators to aggregate their load
8 from multiple meters will not result in an increase in the expected
9 revenue obligations of customers that are not eligible
10 customer-generators. The ratemaking authority of a local publicly
11 owned electric utility or electrical cooperative shall make this
12 determination within 180 days of the first request made by an
13 eligible customer-generator to aggregate their load. In making the
14 determination, the ratemaking authority shall determine if there
15 are any public purpose or other noncommodity charges that the
16 eligible customer-generator would pay pursuant to the net energy
17 metering or co-energy metering program of the utility as it exists
18 prior to aggregation, that the eligible customer-generator would
19 not pay if permitted to aggregate the electrical load of multiple
20 meters pursuant to this paragraph. If the ratemaking authority
21 determines that load aggregation will not cause an incremental
22 rate impact on the utility's customers that are not eligible
23 customer-generators, the local publicly owned electric utility or
24 electrical cooperative shall permit an eligible customer-generator
25 to elect to aggregate the electrical load of multiple meters pursuant
26 to this paragraph. The ratemaking authority may reconsider any
27 determination made pursuant to this subparagraph in a subsequent
28 public proceeding.

29 (F) For purposes of this paragraph, parcels that are divided by
30 a street, highway, or public thoroughfare are considered contiguous,
31 provided they are otherwise contiguous and under the same
32 ownership.

33 (G) An eligible customer-generator may only elect to aggregate
34 the electrical load of multiple meters if the renewable electrical
35 generation facility, or a combination of those facilities, has a total
36 generating capacity of not more than one megawatt.

37 (H) Notwithstanding subdivision (g), an eligible
38 customer-generator electing to aggregate the electrical load of
39 multiple meters pursuant to this subdivision shall remit service

1 charges for the cost of providing billing services to the electric
2 utility that provides service to the meters.

3 (5) (A) The ratemaking authority shall establish a net surplus
4 electricity compensation valuation to compensate the net surplus
5 customer-generator for the value of net surplus electricity generated
6 by the net surplus customer-generator. The commission shall
7 establish the valuation in a ratemaking proceeding. The ratemaking
8 authority for a local publicly owned electric utility shall establish
9 the valuation in a public proceeding. The net surplus electricity
10 compensation valuation shall be established so as to provide the
11 net surplus customer-generator just and reasonable compensation
12 for the value of net surplus electricity, while leaving other
13 ratepayers unaffected. The ratemaking authority shall determine
14 whether the compensation will include, where appropriate
15 justification exists, either or both of the following components:

16 (i) The value of the electricity itself.

17 (ii) The value of the renewable attributes of the electricity.

18 (B) In establishing the rate pursuant to subparagraph (A), the
19 ratemaking authority shall ensure that the rate does not result in a
20 shifting of costs between eligible customer-generators and other
21 bundled service customers.

22 (6) (A) Upon adoption of the net surplus electricity
23 compensation rate by the ratemaking authority, any renewable
24 energy credit, as defined in Section 399.12, for net surplus
25 electricity purchased by the electric utility shall belong to the
26 electric utility. Any renewable energy credit associated with
27 electricity generated by the eligible customer-generator that is
28 utilized by the eligible customer-generator shall remain the property
29 of the eligible customer-generator.

30 (B) Upon adoption of the net surplus electricity compensation
31 rate by the ratemaking authority, the net surplus electricity
32 purchased by the electric utility shall count toward the electric
33 utility's renewables portfolio standard annual procurement targets
34 for the purposes of paragraph (1) of subdivision (b) of Section
35 399.15, or for a local publicly owned electric utility, the renewables
36 portfolio standard annual procurement targets established pursuant
37 to Section ~~387.~~ 399.30.

38 (7) The electric utility shall provide every eligible residential
39 or small commercial customer-generator with net electricity
40 consumption and net surplus electricity generation information

1 with each regular bill. That information shall include the current
2 monetary balance owed the electric utility for net electricity
3 consumed, or the net surplus electricity generated, since the last
4 12-month period ended. Notwithstanding this subdivision, an
5 electric utility shall permit that customer to pay monthly for net
6 energy consumed.

7 (8) If an eligible residential or small commercial
8 customer-generator terminates the customer relationship with the
9 electric utility, the electric utility shall reconcile the eligible
10 customer-generator's consumption and production of electricity
11 during any part of a 12-month period following the last
12 reconciliation, according to the requirements set forth in this
13 subdivision, except that those requirements shall apply only to the
14 months since the most recent 12-month bill.

15 (9) If an electric service provider or electric utility providing
16 net energy metering to a residential or small commercial
17 customer-generator ceases providing that electric service to that
18 customer during any 12-month period, and the customer-generator
19 enters into a new net energy metering contract or tariff with a new
20 electric service provider or electric utility, the 12-month period,
21 with respect to that new electric service provider or electric utility,
22 shall commence on the date on which the new electric service
23 provider or electric utility first supplies electric service to the
24 customer-generator.

25 (i) Notwithstanding any other provisions of this section,
26 paragraphs (1), (2), and (3) shall apply to an eligible
27 customer-generator with a capacity of more than 10 kilowatts, but
28 not exceeding one megawatt, that receives electric service from a
29 local publicly owned electric utility that has elected to utilize a
30 co-energy metering program unless the local publicly owned
31 electric utility chooses to provide service for eligible
32 customer-generators with a capacity of more than 10 kilowatts in
33 accordance with subdivisions (g) and (h):

34 (1) The eligible customer-generator shall be required to utilize
35 a meter, or multiple meters, capable of separately measuring
36 electricity flow in both directions. All meters shall provide
37 time-of-use measurements of electricity flow, and the customer
38 shall take service on a time-of-use rate schedule. If the existing
39 meter of the eligible customer-generator is not a time-of-use meter
40 or is not capable of measuring total flow of electricity in both

1 directions, the eligible customer-generator shall be responsible for
2 all expenses involved in purchasing and installing a meter that is
3 both time-of-use and able to measure total electricity flow in both
4 directions. This subdivision shall not restrict the ability of an
5 eligible customer-generator to utilize any economic incentives
6 provided by a governmental agency or an electric utility to reduce
7 its costs for purchasing and installing a time-of-use meter.

8 (2) The consumption of electricity from the local publicly owned
9 electric utility shall result in a cost to the eligible
10 customer-generator to be priced in accordance with the standard
11 rate charged to the eligible customer-generator in accordance with
12 the rate structure to which the customer would be assigned if the
13 customer did not use a renewable electrical generation facility.
14 The generation of electricity provided to the local publicly owned
15 electric utility shall result in a credit to the eligible
16 customer-generator and shall be priced in accordance with the
17 generation component, established under the applicable structure
18 to which the customer would be assigned if the customer did not
19 use a renewable electrical generation facility.

20 (3) All costs and credits shall be shown on the eligible
21 customer-generator's bill for each billing period. In any months
22 in which the eligible customer-generator has been a net consumer
23 of electricity calculated on the basis of value determined pursuant
24 to paragraph (2), the customer-generator shall owe to the local
25 publicly owned electric utility the balance of electricity costs and
26 credits during that billing period. In any billing period in which
27 the eligible customer-generator has been a net producer of
28 electricity calculated on the basis of value determined pursuant to
29 paragraph (2), the local publicly owned electric utility shall owe
30 to the eligible customer-generator the balance of electricity costs
31 and credits during that billing period. Any net credit to the eligible
32 customer-generator of electricity costs may be carried forward to
33 subsequent billing periods, provided that a local publicly owned
34 electric utility may choose to carry the credit over as a kilowatt-hour
35 credit consistent with the provisions of any applicable contract or
36 tariff, including any differences attributable to the time of
37 generation of the electricity. At the end of each 12-month period,
38 the local publicly owned electric utility may reduce any net credit
39 due to the eligible customer-generator to zero.

1 (j) A renewable electrical generation facility used by an eligible
2 customer-generator shall meet all applicable safety and
3 performance standards established by the National Electrical Code,
4 the Institute of Electrical and Electronics Engineers, and accredited
5 testing laboratories, including Underwriters Laboratories
6 Incorporated and, where applicable, rules of the commission
7 regarding safety and reliability. A customer-generator whose
8 renewable electrical generation facility meets those standards and
9 rules shall not be required to install additional controls, perform
10 or pay for additional tests, or purchase additional liability
11 insurance.

12 (k) If the commission determines that there are cost or revenue
13 obligations for an electrical corporation that may not be recovered
14 from customer-generators acting pursuant to this section, those
15 obligations shall remain within the customer class from which any
16 shortfall occurred and shall not be shifted to any other customer
17 class. Net energy metering and co-energy metering customers shall
18 not be exempt from the public goods charges imposed pursuant to
19 Article 7 (commencing with Section 381), Article 8 (commencing
20 with Section 385), or Article 15 (commencing with Section 399)
21 of Chapter 2.3 of Part 1.

22 (l) A net energy metering, co-energy metering, or wind energy
23 co-metering customer shall reimburse the Department of Water
24 Resources for all charges that would otherwise be imposed on the
25 customer by the commission to recover bond-related costs pursuant
26 to an agreement between the commission and the Department of
27 Water Resources pursuant to Section 80110 of the Water Code,
28 as well as the costs of the department equal to the share of the
29 department's estimated net unavoidable power purchase contract
30 costs attributable to the customer. The commission shall
31 incorporate the determination into an existing proceeding before
32 the commission, and shall ensure that the charges are
33 nonbypassable. Until the commission has made a determination
34 regarding the nonbypassable charges, net energy metering,
35 co-energy metering, and wind energy co-metering shall continue
36 under the same rules, procedures, terms, and conditions as were
37 applicable on December 31, 2002.

38 (m) In implementing the requirements of subdivisions (k) and
39 (l), an eligible customer-generator shall not be required to replace
40 its existing meter except as set forth in paragraph (1) of subdivision

1 (c), nor shall the electric utility require additional measurement of
2 usage beyond that which is necessary for customers in the same
3 rate class as the eligible customer-generator.

4 (n) It is the intent of the Legislature that the Treasurer
5 incorporate net energy metering, including net surplus electricity
6 compensation, co-energy metering, and wind energy co-metering
7 projects undertaken pursuant to this section as sustainable building
8 methods or distributive energy technologies for purposes of
9 evaluating low-income housing projects.

10 *SEC. 23. Section 2 of Chapter 657 of the Statutes of 2007 is*
11 *repealed.*

12 ~~SEC. 2. Notwithstanding the repeal of Division 10.5~~
13 ~~(commencing with Section 12200) of the Public Resources Code~~
14 ~~on January 1, 2015, by Section 12292 of the Public Resources~~
15 ~~Code, the Department of Forestry and Fire Protection shall do both~~
16 ~~of the following:~~

17 ~~(a) Provide for monitoring of conservation easements purchased~~
18 ~~pursuant to former Division 10.5 (commencing with Section 12200)~~
19 ~~of the Public Resources Code in order to assess the condition of~~
20 ~~resources being protected, and to ensure that the terms of the~~
21 ~~easement are being met pursuant to a given conservation easement.~~

22 ~~(b) Annually report to the Governor and the Legislature by~~
23 ~~January 1 of each year on the number of easements purchased~~
24 ~~pursuant to former Division 10.5 (commencing with Section 12200)~~
25 ~~of the Public Resources Code, and a description of those easements.~~

26 *SEC. 24. Section 1 of Chapter 415 of the Statutes of 2013 is*
27 *amended to read:*

28 SECTION 1. (a) The sum of twenty million dollars
29 (\$20,000,000) is hereby appropriated to the State Air Resources
30 Board *for the 2013–14 fiscal year* from the ~~moneys transferred~~
31 ~~from the Vehicle Inspection and Repair Account to the Air Quality~~
32 ~~Improvement Fund pursuant to subdivision (d) Greenhouse Gas~~
33 ~~Reduction Fund, established pursuant to Section 16428.8 of the~~
34 ~~Government Code, to be expended only for the Clean Vehicle~~
35 ~~Rebate Project, established pursuant to Article 3 (commencing~~
36 ~~with Section 44274) of Chapter 8.9 of Part 5 of Division 26 of the~~
37 ~~Health and Safety Code. *The unencumbered balance of the*~~
38 ~~*appropriation made pursuant to this subdivision as it read on*~~
39 ~~*January 1, 2014, is hereby reverted to the Vehicle Inspection and*~~
40 ~~*Repair Fund. Notwithstanding Section 16304.1 of the Government*~~

1 *Code, the moneys appropriated pursuant to this subdivision shall*
2 *be available for encumbrance until June 30, 2015.*

3 (b) The sum of ten million dollars (\$10,000,000) is hereby
4 appropriated to the State Air Resources Board *for the 2013–14*
5 *fiscal year from the moneys transferred from the Vehicle Inspection*
6 *and Repair Account to the Air Quality Improvement Fund pursuant*
7 *to subdivision (d) the Greenhouse Gas Reduction Fund, established*
8 *pursuant to Section 16428.8 of the Government Code, to be*
9 *expended only for the Hybrid and Zero-Emission Truck and Bus*
10 *Voucher Incentive Project, established pursuant to Article 3*
11 *(commencing with Section 44274) of Chapter 8.9 of Part 5 of*
12 *Division 26 of the Health and Safety Code. The unencumbered*
13 *balance of the appropriation made pursuant to this subdivision as*
14 *it read on January 1, 2014, is hereby reverted to the Vehicle*
15 *Inspection and Repair Fund. Notwithstanding Section 16304.1 of*
16 *the Government Code, the moneys appropriated pursuant to this*
17 *subdivision shall be available for encumbrance until June 30,*
18 *2015.*

19 (c) The sum of ten million dollars (\$10,000,000) is hereby
20 appropriated to the State Air Resources Board from the moneys
21 transferred to the Air Pollution Control Fund pursuant to
22 subdivision (e) to be expended only for the Heavy-Duty Vehicle
23 Air Quality Loan Program, administered through the Capital
24 Access Loan Program established pursuant to Article 8
25 (commencing with Section 44559) of Chapter 1 of Division 27 of
26 the Health and Safety Code.

27 ~~(d) The sum of thirty million dollars (\$30,000,000) shall be~~
28 ~~transferred by the Controller as a loan from the Vehicle Inspection~~
29 ~~and Repair Fund to the Air Quality Improvement Fund. No later~~
30 ~~than June 30, 2016, the loan shall be repaid, from a non-General~~
31 ~~Fund source, upon appropriation by the Legislature, with interest~~
32 ~~at the rate earned by the Pooled Money Investment Account at the~~
33 ~~time of the transfer.~~

34 (e)

35 (d) The sum of ten million dollars (\$10,000,000) shall be
36 transferred by the Controller as a loan from the Vehicle Inspection
37 and Repair Fund to the Air Pollution Control Fund. No later than
38 June 30, 2021, the loan shall be repaid from the Air Pollution
39 Control Fund with interest at the rate earned by the Pooled Money
40 Investment Account at the time of the transfer.

1 *SEC. 25. Pursuant to paragraph (1) of subdivision (b) of*
2 *Section 44091.1 of the Health and Safety Code, the sum of fifteen*
3 *million dollars (\$15,000,000) is hereby transferred to the Air*
4 *Quality Improvement Fund from the Vehicle Inspection and Repair*
5 *Fund from revenues generated from the smog abatement fee*
6 *pursuant to paragraph (1) of subdivision (d) of Section 44060 of*
7 *the Health and Safety Code.*

8 *SEC. 26. The provisions of this measure are severable. If any*
9 *provision of this measure or its application is held invalid, that*
10 *invalidity shall not affect other provisions or applications that can*
11 *be given effect without the invalid provision or application.*

12 *SEC. 27. No reimbursement is required by this act pursuant*
13 *to Section 6 of Article XIII B of the California Constitution because*
14 *the only costs that may be incurred by a local agency or school*
15 *district will be incurred because this act creates a new crime or*
16 *infraction, eliminates a crime or infraction, or changes the penalty*
17 *for a crime or infraction, within the meaning of Section 17556 of*
18 *the Government Code, or changes the definition of a crime within*
19 *the meaning of Section 6 of Article XIII B of the California*
20 *Constitution.*

21 *SEC. 28. This act is a bill providing for appropriations related*
22 *to the Budget Bill within the meaning of subdivision (e) of Section*
23 *12 of Article IV of the California Constitution, has been identified*
24 *as related to the budget in the Budget Bill, and shall take effect*
25 *immediately.*

26 ~~*SECTION 1. It is the intent of the Legislature to enact statutory*~~
27 ~~*changes relating to the Budget Act of 2014.*~~