

AMENDED IN SENATE JULY 9, 2015
AMENDED IN SENATE JUNE 16, 2015
AMENDED IN ASSEMBLY MAY 28, 2015
AMENDED IN ASSEMBLY MAY 4, 2015
AMENDED IN ASSEMBLY APRIL 21, 2015
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 590

**Introduced by Assembly Members Dahle and Salas
(Coauthors: Assembly Members Brough, Chávez, Gomez, Gordon,
Olsen, Mark Stone, and Wood)**

February 24, 2015

An act to add Section 16428.81 to the Government Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 590, as amended, Dahle. Greenhouse Gas Reduction Fund.

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 fines 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.

This bill would provide that moneys in the Greenhouse Gas Reduction Fund, upon appropriation, may be made available for expenditure by

the State Energy Resources Conservation and Development Commission for the purposes of maintaining the current level of biomass power generation *or geothermal energy generation* in the state and revitalizing currently idle facilities in strategically located regions. The bill would establish requirements for an applicant to receive available funding for a facility’s eligible electrical generation.

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

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

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) California leads the nation in bioenergy production, with
4 one-half of the industry located in this state, which has an abundant
5 supply of bioenergy resources.

6 (b) Biomass power generation ~~provides~~ *and geothermal energy*
7 *generation provide* electric ratepayers with clean, renewable energy
8 that supplies the grid 24 hours a day, seven days a week regardless
9 of atmospheric conditions. These benefits are paid for through
10 contracts with the state’s electric utilities.

11 (c) Biomass power generation also provides valuable,
12 environmentally preferred wood waste disposal service for the
13 disposal of 7.5 to 8 million tons of California’s annual solid waste
14 stream and the avoidance of 1.5 to 3.5 million tons annually of
15 biogenic CO₂ emissions. By diverting biomass residues away from
16 open burning, landfill burial, and accumulation in forests, the state
17 benefits from reduced criteria air pollutants and greenhouse gas
18 emissions, landfill capacity use, forest and watershed improvement,
19 rural employment and economic development, and energy diversity
20 and security. These services have been provided without
21 compensation in the past, as the electricity market was able to fully
22 underwrite the cost.

23 (d) Numerous studies have shown a link between particulate
24 matter (PM) exposure and asthma morbidity outcomes in children,
25 and between exposure to ambient PM and increased heart and lung
26 disease and death and health effects on the central nervous system.
27 The latest study was provided by scientists at the California
28 Environmental Protection Agency’s Office of Environmental
29 Health Hazard Assessment. Diverting wood material from open

1 burning to biomass power production is an essential PM reduction
2 strategy for many air districts around the state.

3 (e) The environmental services provided by biomass power
4 production are clearly valuable to society and therefore provide
5 the rationale for a state policy to pay for biomass power generation
6 commensurate with its provision of waste disposal services.

7 (f) Biomass power generation fits in the Cap and Trade Auction
8 Proceeds Investment Plan in the categories of forest and ecosystem
9 management, agricultural management, and waste diversion, and
10 is identified as a recommended investment.

11 SEC. 2. Section 16428.81 is added to the Government Code,
12 to read:

13 16428.81. (a) Moneys from the Greenhouse Gas Reduction
14 Fund, upon appropriation by the Legislature, may be made
15 available to the State Energy Resources Conservation and
16 Development Commission for expenditure for the purposes of
17 maintaining the current level of biomass power generation *and*
18 *geothermal energy generation* in the state and revitalizing currently
19 idle facilities in strategically located regions. Protecting these
20 existing resources will help the state meet its goals to reduce
21 greenhouse gas emissions, protect existing jobs, and provide waste
22 disposal benefits.

23 (b) To be eligible for funding, a ~~facility's solid fuel biomass~~
24 ~~electrical generation~~ *generation facility* shall satisfy all of the
25 following requirements:

26 (1) The energy is generated on and after January 1, 2016.

27 (2) The energy is generated using biomass wood wastes and
28 ~~residues~~, *residues or geothermal resources*, and is sold to a
29 load-serving entity.

30 (3) The energy is generated at a facility with a generation
31 capacity of over three megawatts.

32 (4) The energy is generated within the state and sold to
33 customers within the state.

34 (c) *In prioritizing projects eligible for grants pursuant to this*
35 *section, the State Energy Resources Conservation and Development*
36 *Commission shall maximize the reduction of greenhouse gas*
37 *emissions achieved by a project for each dollar awarded.*

38 (d) *The State Energy Resources Conservation and Development*
39 *Commission, working in consultation with the State Air Resources*

1 *Board, shall ensure that projects receiving funding pursuant to*
2 *this section achieve net reduction in greenhouse gas emissions.*

3 ~~(e)~~

4 (e) A facility seeking available funding shall submit an
5 application to the commission that demonstrates that it is a solid
6 fuel biomass facility *or a geothermal energy facility* and is
7 California Renewables Portfolio Standard (RPS) Program certified.
8 An applicant shall submit monthly invoices to the commission to
9 document eligible generation. The commission shall review the
10 submitted invoices and make monthly incentive payments to each
11 applicant based on the eligible generation and the applicable
12 production incentive rate.