

AMENDED IN SENATE JUNE 14, 2016

AMENDED IN ASSEMBLY APRIL 14, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1612

Introduced by ~~Committee on Budget (Assembly Members Ting (Chair), Travis Allen, Bigelow, Bloom, Bonta, Campos, Chávez, Chiu, Cooper, Gordon, Grove, Harper, Holden, Irwin, Kim, Lackey, McCarty, Melendez, Mullin, Nazarian, Obernolte, O'Donnell, Patterson, Rodriguez, Thurmond, Wilk, and Williams)~~ Committee on Budget (Assembly Members Ting (Chair), Bloom, Bonta, Campos, Chiu, Cooper, Gordon, Holden, Irwin, McCarty, Mullin, Nazarian, O'Donnell, Rodriguez, Thurmond, and Williams)

January 7, 2016

~~An act relating to the Budget Act of 2016.~~ *An act to amend Section 51013.1 of, and to add Section 51015.6 to, the Government Code, to amend Section 44273 of the Health and Safety Code, to amend Section 1546.1 of the Penal Code, to amend Sections 3401 and 25751 of the Public Resources Code, and to add Section 784.1 to, and to repeal Section 2834 of, the Public Utilities Code, relating to energy, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1612, as amended, Committee on Budget. ~~Budget Act of 2016.~~ *Public resources: energy.*

(1) Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities. Existing law authorizes the

PUC to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. Existing law authorizes certain public utilities, including gas corporations, to propose research and development programs and authorizes the PUC to allow inclusion of expenses for research and development in the public utility's rates. Existing law requires the PUC to consider specified guidelines in evaluating the research, development, and demonstration programs proposed by gas corporations.

The California Renewables Portfolio Standard Program requires the PUC to adopt policies and programs that promote the in-state production and distribution of biomethane. Existing law requires the PUC to adopt, by rule or order, standards for biomethane that specify the concentrations of constituents of concern that are reasonably necessary to protect public health and ensure pipeline integrity and safety, as specified, and requirements for monitoring, testing, reporting, and recordkeeping, as specified. Existing law requires a gas corporation to comply with those standards and requirements and requires that gas corporation tariffs condition access to common carrier pipelines on the applicable customer meeting those standards and requirements. Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the PUC is a crime.

This bill would request the California Council on Science and Technology to undertake and complete a study analyzing the regional and gas corporation specific issues relating to minimum heating value and maximum siloxane specifications adopted by the PUC for biomethane before it can be injected into common carrier gas pipelines. If the California Council on Science and Technology agrees to undertake and complete the study, the bill would require each gas corporation operating common carrier pipelines in California to proportionately contribute to the expenses to undertake the study with the cost recoverable in rates. The bill would authorize the PUC to modify certain available monetary incentives to allocate some of the incentive moneys to pay for the costs of the study so as to not further burden ratepayers with additional expense. If the California Council on Science and Technology agrees to undertake and complete the study, the bill would require the PUC, within 6 months of its completion, to reevaluate requirements and standards adopted for injection of biomethane into common carrier pipelines and, if appropriate, change those requirements and standards or adopt new requirements and standards, giving due deference to the conclusions and recommendations made in

the study. Because certain provisions of the bill would be a part of the act and a violation of an order or decision of the PUC implementing its requirements would be a crime, this bill would impose a state-mandated local program by creating a new crime.

The Green Tariff Shared Renewables Program requires a participating utility, defined as being an electrical corporation with 100,000 or more customers in California, to file with the PUC an application requesting approval of a tariff to implement a program enabling ratepayers to participate directly in offsite electrical generation facilities that use eligible renewable energy resources, consistent with certain legislative findings and statements of intent. Existing law requires the PUC, by July 1, 2014, to issue a decision concerning the participating utility's application, determining whether to approve or disapprove the application, with or without modifications. Existing law requires the PUC, after notice and opportunity for public comment, to approve the application if the PUC determines that the proposed program is reasonable and consistent with the legislative findings and statements of intent and requires the PUC to require that a participating utility's Green Tariff shared renewables program be administered in accordance with specified provisions. Existing law repeals the program on January 1, 2019.

This bill would extend the operation of the program indefinitely. By extending the requirements of the Green Tariff Shared Renewables Program the bill would impose a state-mandated local program by extending the application of a crime.

Decisions of the PUC adopted the California Solar Initiative administered by electrical corporations and subject to the PUC's supervision. Existing law requires the PUC and the State Energy Resources Conservation and Development Commission (Energy Commission) to undertake certain steps in implementing the California Solar Initiative and requires the PUC to ensure that the total cost over the duration of the program does not exceed \$3,550,800,000. Existing law specifies that the financial components of the California Solar Initiative include the New Solar Homes Partnership Program, which is administered by the Energy Commission. Existing law requires the program to be funded by charges in the amount of \$400,000,000 collected from customers of the state's 3 largest electrical corporations. If moneys from the Renewable Resource Trust Fund for the program are exhausted, existing law authorizes the PUC, upon notification by the Energy Commission, to require those electrical corporations to

continue the administration of the program pursuant to the guidelines established by the Energy Commission for the program until the \$400,000,000 monetary limit is reached. Existing law authorizes the PUC to determine whether a 3rd party, including the Energy Commission, should administer the electrical corporation's continuation of the program. Existing law establishes the Renewable Resource Trust Fund as a fund that is continuously appropriated, with certain exceptions for administrative expenses, in the State Treasury.

This bill would require, if the PUC orders a continuation of the New Solar Homes Partnership Program and determines that the Energy Commission should be the 3rd party administrator for the program, that any funding made available for the program be deposited into the Emerging Renewable Resources Account of the Renewable Resource Trust Fund and used for the program.

(2) The Public Utilities Act requires the PUC to submit various reports to the Legislature relative to the actions of the PUC.

This bill would require the PUC to submit 2 reports to the relevant policy and fiscal committees of the Legislature by March 1, 2017. The first report would pertain to the PUC's business process inventory efforts. The 2nd report would concern options to locate operations and staff outside of the PUC's San Francisco headquarters and would explore options to allow the PUC to collaborate with other state entities and provide staff more opportunities for training, career development, and exchange placements with other state entities.

Existing law, with exceptions, prohibits a government entity from compelling the production of or access to electronic communication information or electronic device information without a search warrant, wiretap order, order for electronic reader records, or subpoena.

This bill would provide that the above provisions do not limit the authority of the PUC or the Energy Commission to obtain energy or water supply and consumption information pursuant to the powers granted to them under the Public Utilities Code or the Public Resources Code and other applicable state laws.

(3) The Elder California Pipeline Safety Act of 1981, among other things, by January 1, 2018, requires any new or replacement pipeline that is near environmentally or ecological by sensitive areas to use the best technology available to reduce the amount of oil released in a spill, as specified. Existing law requires operators of existing pipelines near these areas to submit a plans by January 1, 2018, to retrofit those

pipelines for these purposes using the best available technology by January 1, 2020. A violation of these provisions is a crime.

This bill would define “oil” for these provisions of the act concerning pipeline safety, by reference to a specified federal regulation, to mean petroleum, petroleum products, anhydrous ammonia, and ethanol. By expanding the scope of a crime, the bill would impose a state-mandated local program.

Under the Elder California Pipeline Safety Act of 1981, the State Fire Marshal administers provisions regulating the inspection of intrastate pipelines that transport hazardous liquids.

This bill would require the State Fire Marshal, on or before January 31, 2017, and on or before January 31 annually thereafter until January 31, 2021, to submit a report to the Legislature containing specified information regarding the inspection of those pipelines, shutoff systems in those pipelines, and the status of 2 specified pipelines.

(4) Existing law imposes, among other things, an annual charge upon each person operating or owning an interest in an oil or gas well, with respect to the production of the well, which charge is payable to the Treasurer for deposit into the Oil, Gas, and Geothermal Administrative Fund. Existing law requires that moneys from charges levied, assessed, and collected upon the properties of every person operating or owning an interest in the production of a well be used exclusively, upon appropriation, for the support and maintenance of the Department of Conservation, which is charged with the supervision of oil and gas operations, and for the support of the State Water Resources Control Board and the regional water quality control boards for their activities related to oil and gas operations that may affect water resources.

This bill would additionally authorize the use of those moneys for the support of the State Air Resources Board and the Office of Environmental Health Hazard Assessment for their activities related to oil and gas operations that may affect air quality, public health, or public safety.

(5) Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the Energy Commission, to provide to specified entities, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures for the development and deployment of innovative technologies that transform California’s fuel and vehicle types to help attain the state’s climate change goals. Existing law establishes the Alternative

and Renewable Fuel and Vehicle Technology Fund, moneys in which are to be expended by the Energy Commission, upon appropriation, to implement the program. Existing law creates the Public Interest Research, Development, and Demonstration Fund in the State Treasury and required that specified moneys collected by the state's 3 largest electrical corporations, until January 1, 2012, be paid into the Public Interest Research, Development, and Demonstration Fund. Existing law requires \$10,000,000 to be transferred annually from the Public Interest Research, Development, and Demonstration Fund to the Alternative and Renewable Fuel and Vehicle Technology Fund.

This bill would repeal the requirement that \$10,000,000 be transferred annually from the Public Interest Research, Development, and Demonstration Fund to the Alternative and Renewable Fuel and Vehicle Technology Fund.

(6) Existing law vests with the Energy Commission jurisdiction over specified matters related to energy. Existing law requires the Attorney General, upon the request of the Energy Commission, to petition a court of competent jurisdiction to enjoin violations of law that are within the subject matter of the Energy Commission. Existing law requires the Energy Commission to prescribe, by regulation, building design and construction standards, energy and water efficiency design standards for new residential and nonresidential buildings, and appliance efficiency standards. Existing law authorizes the Energy Commission to establish an administrative enforcement process to enforce the appliance efficiency standards. Existing law establishes the Appliance Efficiency Enforcement Subaccount in the Energy Resources Program Account for the deposition of the penalties collected. Existing law authorizes the moneys subaccount to be expended by the Energy Commission, upon appropriation by the Legislature, for the education of the public regarding appliance energy efficiency and for the enforcement of specified regulations.

This bill would appropriate \$275,000 from the Appliance Efficiency Enforcement Subaccount in the Energy Resources Programs Account to the Energy Commission to support the Title 20 Appliance Efficiency Standards Compliance Assistance and Enforcement Program.

(7) 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.

(8) 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 2016.~~

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. Section 51013.1 of the Government Code is
2 amended to read:

3 51013.1. (a) By January 1, 2018, any new or replacement
4 pipeline near environmentally and ecologically sensitive areas in
5 the coastal zone shall use best available technology, including, but
6 not limited to, the installation of leak detection technology,
7 automatic shutoff systems, or remote controlled sectionalized block
8 valves, or any combination of these technologies, based on a risk
9 analysis conducted by the operator, to reduce the amount of oil
10 released in an oil spill to protect state waters and wildlife.

11 (b) (1) By July 1, 2018, an operator of an existing pipeline near
12 environmentally and ecologically sensitive areas in the coastal
13 zone shall submit a plan to retrofit, by January 1, 2020, existing
14 pipelines near environmentally and ecologically sensitive areas in
15 the coastal zone with the best available technology, including, but
16 not limited to, installation of leak detection technologies, automatic
17 shutoff systems, or remote controlled sectionalized block valves,
18 or any combination of these technologies, based on a risk analysis
19 conducted by the operator to reduce the amount of oil released in
20 an oil spill to protect state waters and wildlife.

21 (2) An operator may request confidential treatment of
22 information submitted in the plan required by paragraph (1) or
23 contained in any documents associated with the risk analysis
24 described in this section, including, but not limited to, information
25 regarding the proposed location of automatic shutoff valves or
26 remote controlled sectionalized block valves.

27 (c) The State Fire Marshal shall adopt regulations pursuant to
28 this section by July 1, 2017. The regulations shall include, but not
29 be limited to, all of the following:

1 (1) A definition of automatic shutoff systems.

2 (2) A process to assess the adequacy of the operator’s risk
3 analysis.

4 (3) A process by which an operator may request confidential
5 treatment of information submitted in the plan required by
6 paragraph (1) of subdivision (b) or contained in any documents
7 associated with the risk analysis described in this section.

8 (4) A determination of how near to an environmentally and
9 ecologically sensitive area a pipeline must be to be subject to the
10 requirements of this section based on the likelihood of the pipeline
11 impacting those areas.

12 (d) An operator of a pipeline near environmentally and
13 ecologically sensitive areas in the coastal zone shall notify the
14 Office of the State Fire Marshal of any new construction or retrofit
15 of pipeline in these waters.

16 (e) For purposes of implementing this section, the State Fire
17 Marshal shall consult with the Office of Spill Prevention and
18 Response about the potential impacts to state water and wildlife.

19 (f) For purposes of this section, “environmentally and
20 ecologically sensitive areas” is the same term as described in
21 subdivision (d) of Section 8574.7.

22 (g) (1) For purposes of this section, “best available technology”
23 means technology that provides the greatest degree of protection
24 by limiting the quantity of release in the event of a spill, taking
25 into consideration whether the processes are currently in use and
26 could be purchased anywhere in the world.

27 (2) The State Fire Marshal shall determine what is the best
28 available technology and shall consider the effectiveness and
29 engineering feasibility of the technology when making this
30 determination.

31 (h) *For the purposes of this section, “oil” means hazardous*
32 *liquid as defined in Section 195.2 of Title 49 of the Code of the*
33 *Federal Regulations.*

34 *SEC. 2. Section 51015.6 is added to the Government Code, to*
35 *read:*

36 *51015.6. (a) On or before January 31, 2017, and on or before*
37 *January 31 annually thereafter, the State Fire Marshal shall submit*
38 *a report to the Legislature containing information, including, but*
39 *not limited to, all of the following:*

1 (1) The number of annual inspections conducted pursuant to
2 Section 51015.1.

3 (2) The status of the installation of automatic shutoff systems
4 pursuant to Section 51013.1, including a summary of the types of
5 shutoff systems installed, and the number of miles of pipeline
6 covered by an automatic shutoff system.

7 (3) The status of Line 901 and Line 903 in the County of Santa
8 Barbara.

9 (b) (1) A report required to be submitted pursuant to subdivision
10 (a) shall be submitted in compliance with Section 9795.

11 (2) Pursuant to Section 10231.5, this section is inoperative on
12 January 31, 2021.

13 SEC. 3. Section 44273 of the Health and Safety Code is
14 amended to read:

15 44273. (a) The Alternative and Renewable Fuel and Vehicle
16 Technology Fund is hereby created in the State Treasury, to be
17 administered by the commission. The moneys in the fund, upon
18 appropriation by the Legislature, shall be expended by the
19 commission to implement the Alternative and Renewable Fuel and
20 Vehicle Technology Program in accordance with this chapter.

21 ~~(b) Notwithstanding any other provision of law, the sum of ten~~
22 ~~million dollars (\$10,000,000) shall be transferred annually from~~
23 ~~the Public Interest Research, Development, and Demonstration~~
24 ~~Fund created by Section 384 of the Public Utilities Code to the~~
25 ~~Alternative and Renewable Fuel and Vehicle Technology Fund.~~
26 ~~Prior to the award of any funds from this source, the commission~~
27 ~~shall make a determination that the proposed project will provide~~
28 ~~benefits to electric or natural gas ratepayers based upon the~~
29 ~~commission's adopted criteria.~~

30 (e)

31 (b) Beginning with the integrated energy policy report adopted
32 in 2011, and in the subsequent reports adopted thereafter, pursuant
33 to Section 25302 of the Public Resources Code, the commission
34 shall include an evaluation of research, development, and
35 deployment efforts funded by this chapter. The evaluation shall
36 include all of the following:

37 (1) A list of projects funded by the Alternative and Renewable
38 Fuel and Vehicle Technology Fund.

39 (2) The expected benefits of the projects in terms of air quality,
40 petroleum use reduction, greenhouse gas emissions reduction,

1 technology advancement, benefit-cost assessment, and progress
2 towards achieving these benefits.

3 (3) The overall contribution of the funded projects toward
4 promoting a transition to a diverse portfolio of clean, alternative
5 transportation fuels and reduced petroleum dependency in
6 California.

7 (4) Key obstacles and challenges to meeting these goals
8 identified through funded projects.

9 (5) Recommendations for future actions.

10 *SEC. 4. Section 1546.1 of the Penal Code is amended to read:*

11 1546.1. (a) Except as provided in this section, a government
12 entity shall not do any of the following:

13 (1) Compel the production of or access to electronic
14 communication information from a service provider.

15 (2) Compel the production of or access to electronic device
16 information from any person or entity other than the authorized
17 possessor of the device.

18 (3) Access electronic device information by means of physical
19 interaction or electronic communication with the electronic device.
20 This section does not prohibit the intended recipient of an electronic
21 communication from voluntarily disclosing electronic
22 communication information concerning that communication to a
23 government entity.

24 (b) A government entity may compel the production of or access
25 to electronic communication information from a service provider,
26 or compel the production of or access to electronic device
27 information from any person or entity other than the authorized
28 possessor of the device only under the following circumstances:

29 (1) Pursuant to a warrant issued pursuant to Chapter 3
30 (commencing with Section 1523) and subject to subdivision (d).

31 (2) Pursuant to a wiretap order issued pursuant to Chapter 1.4
32 (commencing with Section 629.50) of Title 15 of Part 1.

33 (3) Pursuant to an order for electronic reader records issued
34 pursuant to Section 1798.90 of the Civil Code.

35 (4) Pursuant to a subpoena issued pursuant to existing state law,
36 provided that the information is not sought for the purpose of
37 investigating or prosecuting a criminal offense, and compelling
38 the production of or access to the information via the subpoena is
39 not otherwise prohibited by state or federal law. Nothing in this

1 paragraph shall be construed to expand any authority under state
2 law to compel the production of or access to electronic information.

3 (c) A government entity may access electronic device
4 information by means of physical interaction or electronic
5 communication with the device only as follows:

6 (1) Pursuant to a warrant issued pursuant to Chapter 3
7 (commencing with Section 1523) and subject to subdivision (d).

8 (2) Pursuant to a wiretap order issued pursuant to Chapter 1.4
9 (commencing with Section 629.50) of Title 15 of Part 1.

10 (3) With the specific consent of the authorized possessor of the
11 device.

12 (4) With the specific consent of the owner of the device, only
13 when the device has been reported as lost or stolen.

14 (5) If the government entity, in good faith, believes that an
15 emergency involving danger of death or serious physical injury to
16 any person requires access to the electronic device information.

17 (6) If the government entity, in good faith, believes the device
18 to be lost, stolen, or abandoned, provided that the entity shall only
19 access electronic device information in order to attempt to identify,
20 verify, or contact the owner or authorized possessor of the device.

21 (7) Except where prohibited by state or federal law, if the device
22 is seized from an inmate's possession or found in an area of a
23 correctional facility under the jurisdiction of the Department of
24 Corrections and Rehabilitation where inmates have access and the
25 device is not in the possession of an individual and the device is
26 not known or believed to be the possession of an authorized visitor.
27 Nothing in this paragraph shall be construed to supersede or
28 override Section 4576.

29 (d) Any warrant for electronic information shall comply with
30 the following:

31 (1) The warrant shall describe with particularity the information
32 to be seized by specifying the time periods covered and, as
33 appropriate and reasonable, the target individuals or accounts, the
34 applications or services covered, and the types of information
35 sought.

36 (2) The warrant shall require that any information obtained
37 through the execution of the warrant that is unrelated to the
38 objective of the warrant shall be sealed and not subject to further
39 review, use, or disclosure without a court order. A court shall issue
40 such an order upon a finding that there is probable cause to believe

1 that the information is relevant to an active investigation, or review,
2 use, or disclosure is required by state or federal law.

3 (3) The warrant shall comply with all other provisions of
4 California and federal law, including any provisions prohibiting,
5 limiting, or imposing additional requirements on the use of search
6 warrants. If directed to a service provider, the warrant shall be
7 accompanied by an order requiring the service provider to verify
8 the authenticity of electronic information that it produces by
9 providing an affidavit that complies with the requirements set forth
10 in Section 1561 of the Evidence Code. Admission of that
11 information into evidence shall be subject to Section 1562 of the
12 Evidence Code.

13 (e) When issuing any warrant or order for electronic information,
14 or upon the petition from the target or recipient of the warrant or
15 order, a court may, at its discretion, do any or all of the following:

16 (1) Appoint a special master, as described in subdivision (d) of
17 Section 1524, charged with ensuring that only information
18 necessary to achieve the objective of the warrant or order is
19 produced or accessed.

20 (2) Require that any information obtained through the execution
21 of the warrant or order that is unrelated to the objective of the
22 warrant be destroyed as soon as feasible after the termination of
23 the current investigation and any related investigations or
24 proceedings.

25 (f) A service provider may voluntarily disclose electronic
26 communication information or subscriber information when that
27 disclosure is not otherwise prohibited by state or federal law.

28 (g) If a government entity receives electronic communication
29 information voluntarily provided pursuant to subdivision (f), it
30 shall destroy that information within 90 days unless one or more
31 of the following circumstances apply:

32 (1) The entity has or obtains the specific consent of the sender
33 or recipient of the electronic communications about which
34 information was disclosed.

35 (2) The entity obtains a court order authorizing the retention of
36 the information. A court shall issue a retention order upon a finding
37 that the conditions justifying the initial voluntary disclosure persist,
38 in which case the court shall authorize the retention of the
39 information only for so long as those conditions persist, or there

1 is probable cause to believe that the information constitutes
2 evidence that a crime has been committed.

3 (3) The entity reasonably believes that the information relates
4 to child pornography and the information is retained as part of a
5 multiagency database used in the investigation of child
6 pornography and related crimes.

7 (h) If a government entity obtains electronic information
8 pursuant to an emergency involving danger of death or serious
9 physical injury to a person, that requires access to the electronic
10 information without delay, the entity shall, within three days after
11 obtaining the electronic information, file with the appropriate court
12 an application for a warrant or order authorizing obtaining the
13 electronic information or a motion seeking approval of the
14 emergency disclosures that shall set forth the facts giving rise to
15 the emergency, and if applicable, a request supported by a sworn
16 affidavit for an order delaying notification under paragraph (1) of
17 subdivision (b) of Section 1546.2. The court shall promptly rule
18 on the application or motion and shall order the immediate
19 destruction of all information obtained, and immediate notification
20 pursuant to subdivision (a) of Section 1546.2 if such notice has
21 not already been given, upon a finding that the facts did not give
22 rise to an emergency or upon rejecting the warrant or order
23 application on any other ground.

24 (i) This section does not limit the authority of a government
25 entity to use an administrative, grand jury, trial, or civil discovery
26 subpoena to do any of the following:

27 (1) Require an originator, addressee, or intended recipient of
28 an electronic communication to disclose any electronic
29 communication information associated with that communication.

30 (2) Require an entity that provides electronic communications
31 services to its officers, directors, employees, or agents for the
32 purpose of carrying out their duties, to disclose electronic
33 communication information associated with an electronic
34 communication to or from an officer, director, employee, or agent
35 of the entity.

36 (3) Require a service provider to provide subscriber information.

37 (j) *This section does not limit the authority of the Public Utilities*
38 *Commission or the Energy Commission to obtain energy or water*
39 *supply and consumption information pursuant to the powers*

1 granted to them under the Public Utilities Code or the Public
2 Resources Code and other applicable state laws.

3 *SEC. 5. Section 3401 of the Public Resources Code is amended*
4 *to read:*

5 3401. (a) The proceeds of charges levied, assessed, and
6 collected pursuant to this article upon the properties of every person
7 operating or owning an interest in the production of a well shall
8 be used exclusively for the support and maintenance of the
9 department charged with the supervision of oil and gas ~~operations~~
10 ~~and operations~~, for the State Water Resources Control Board and
11 the regional water quality control boards for their activities related
12 to oil and gas operations that may affect water ~~resources~~. *resources*,
13 *and for the support of the State Air Resources Board and the Office*
14 *of Environmental Health Hazard Assessment for their activities*
15 *related to oil and gas operations that may affect air quality, public*
16 *health, or public safety.*

17 (b) Notwithstanding subdivision (a), the proceeds of charges
18 levied, assessed, and collected pursuant to this article upon the
19 properties of every person operating or owning an interest in the
20 production of a well undergoing a well stimulation treatment, may
21 be used by public entities, subject to appropriation by the
22 Legislature, for all costs associated with both of the following:

23 (1) Well stimulation treatments, including rulemaking and
24 scientific studies required to evaluate the treatment, inspections,
25 any air and water quality sampling, monitoring, and testing
26 performed by public entities.

27 (2) The costs of the State Water Resources Control Board and
28 the regional water quality control boards in carrying out their
29 responsibilities pursuant to Section 3160 and Section 10783 of the
30 Water Code.

31 *SEC. 6. Section 25751 of the Public Resources Code is*
32 *amended to read:*

33 25751. (a) The Renewable Resource Trust Fund is hereby
34 created in the State Treasury.

35 (b) The Emerging Renewable Resources Account is hereby
36 established within the Renewable Resources Trust Fund.
37 Notwithstanding Section 13340 of the Government Code, the
38 moneys in the account are hereby continuously appropriated to
39 the commission without regard to fiscal years for the following
40 purposes:

1 (1) To close out the award of incentives for emerging
2 technologies in accordance with former Section 25744, as this law
3 existed prior to the enactment of the Budget Act of 2012, for which
4 applications had been approved before the enactment of the Budget
5 Act of 2012.

6 (2) To close out consumer education activities in accordance
7 with former Section 25746, as this law existed prior to the
8 enactment of the Budget Act of 2012.

9 (3) To provide funding for the New Solar Homes Partnership
10 pursuant to paragraph (3) of subdivision (e) of Section 2851 of the
11 Public Utilities Code.

12 (c) The Controller shall provide to the commission funds
13 pursuant to the continuous appropriation in, and for purposes
14 specified in, subdivision (b).

15 (d) The Controller shall provide to the commission moneys
16 from the fund sufficient to satisfy all contract and grant awards
17 that were made by the commission pursuant to former Sections
18 25744 and 25746, and Chapter 8.8 (commencing with Section
19 25780), as these laws existed prior to the enactment of the Budget
20 Act of 2012.

21 (e) *If the Public Utilities Commission determines that the*
22 *commission should be the third-party administrator for the New*
23 *Solar Homes Partnership Program pursuant to subparagraph (A)*
24 *of paragraph (3) of subdivision (e) of Section 2851 of the Public*
25 *Utilities Code, any moneys made available to fund the New Solar*
26 *Homes Partnership Program shall be deposited into the Emerging*
27 *Renewable Resources Account of the Renewable Resource Trust*
28 *Fund and used for this purpose.*

29 SEC. 7. *The Legislature finds and declares all of the following:*

30 (a) *California imports 91 percent of its natural gas, which is*
31 *responsible for 25 percent of the state's emissions of greenhouse*
32 *gases.*

33 (b) *California made a commitment to address climate change*
34 *with the California Global Warming Solutions Act of 2006*
35 *(Division 25.5 (commencing with Section 38500) of the Health*
36 *and Safety Code) and the adoption of a comprehensive strategy*
37 *to reduce emissions of short-lived climate pollutants (Chapter 4.2*
38 *(commencing with Section 39730) of Part 2 of Division 26 of the*
39 *Health and Safety Code). For California to meet its goals for*
40 *reducing emissions of greenhouse gases and short-lived climate*

1 *pollutants, the state must reduce emissions from the natural gas*
2 *sector and increase the production and distribution of renewable*
3 *and low-carbon gas supplies.*

4 *(c) Biomethane is gas generated from organic waste through*
5 *anaerobic digestion, gasification, pyrolysis, or other conversion*
6 *technology that converts organic matter to gas. Biomethane may*
7 *be produced from multiple sources, including agricultural waste,*
8 *forest waste, landfill gas, wastewater treatment byproducts, and*
9 *diverted organic waste.*

10 *(d) Biomethane provides a sustainable and clean alternative to*
11 *natural gas. If 10 percent of California's natural gas use were to*
12 *be replaced with biomethane use, emissions of greenhouse gases*
13 *would be reduced by tens of millions of metric tons of carbon*
14 *dioxide equivalent every year.*

15 *(e) Investing in biomethane would create cobenefits, including*
16 *flexible generation of electricity from a renewable source that is*
17 *available 24 hours a day, reduction of fossil fuel use, reduction of*
18 *air and water pollution, and new jobs.*

19 *(f) Biomethane can also be used as transportation fuel or*
20 *injected into natural gas pipelines for other uses. The most*
21 *appropriate use of biomethane varies depending on the source,*
22 *proximity to existing natural gas pipeline injection points or large*
23 *vehicle fleets, and the circumstances of existing facilities.*

24 *(g) The biomethane market has been slow to develop in*
25 *California because the collection, purification, and pipeline*
26 *injection of biomethane can be costly.*

27 *(h) Biomethane is poised to play a key role in future natural*
28 *gas and hydrogen fuel markets as a blendstock that can*
29 *significantly reduce the carbon footprint of these two fossil-based*
30 *alternative fuels.*

31 *(i) Biomethane is one of the most promising alternative vehicle*
32 *fuels because it generates the least net emissions of greenhouse*
33 *gases. According to the low-carbon fuel standard regulations*
34 *(Subarticle 7 (commencing with Section 95480) of Article 4 of*
35 *Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the*
36 *California Code of Regulations) adopted by the State Air Resources*
37 *Board, vehicles running on biomethane generate significantly*
38 *lower emissions of greenhouse gases than vehicles running on*
39 *electricity or fossil fuel-derived hydrogen.*

1 (j) *The California Council on Science and Technology was*
2 *established by California academic research institutions, including*
3 *the University of California, the University of Southern California,*
4 *the California Institute of Technology, Stanford University, and*
5 *the California State University, and was organized as a nonprofit*
6 *corporation pursuant to Section 501(c)(3) of the Internal Revenue*
7 *Code, in response to Assembly Concurrent Resolution No. 162*
8 *(Resolution Chapter 148 of the Statutes of 1988).*

9 (k) *The California Council on Science and Technology was*
10 *uniquely established at the request of the Legislature for the*
11 *specific purpose of offering expert advice to state government on*
12 *public policy issues significantly related to science and technology.*

13 (l) *It is in the public's interests, and in the interest of ratepayers*
14 *of the state's gas corporations, that the policies and programs*
15 *adopted by the Public Utilities Commission be guided by the best*
16 *science reasonably available.*

17 SEC. 8. *Section 784.1 is added to the Public Utilities Code, to*
18 *read:*

19 784.1. (a) *The Legislature requests that the California Council*
20 *on Science and Technology undertake and complete a study*
21 *analyzing the regional and gas corporation specific issues relating*
22 *to minimum heating value and maximum siloxane specifications*
23 *for biomethane before it can be injected into common carrier gas*
24 *pipelines, including those specifications adopted in Sections 4.4.3.3*
25 *and 4.4.4 of commission Decision 14-01-034 (January 16, 2014),*
26 *Decision Regarding the Biomethane Implementation Tasks in*
27 *Assembly Bill 1900. The study shall consider and evaluate other*
28 *states' standards, the source of biomethane, the dilution of*
29 *biomethane after it is injected into the pipeline, the equipment and*
30 *technology upgrades required to meet the minimum heating value*
31 *specifications, including the impacts of those specifications on the*
32 *cost, volume of biomethane sold, equipment operation, and safety.*
33 *The study shall also consider whether different sources of biogas*
34 *should have different standards or if all sources should adhere to*
35 *one standard for the minimum heating value and maximum*
36 *permissible level of siloxanes. The study shall develop the best*
37 *science reasonably available and not merely be a literature review.*
38 *In order to meet the state's goals for reducing emissions of*
39 *greenhouse gases and short-lived climate pollutants and the state's*
40 *goals for promoting the use of renewable energy resources in place*

1 of burning fossil fuels, the California Council on Science and
2 Technology, if it agrees to undertake and complete the study, shall
3 complete the study within nine months of entering into a contract
4 to undertake and complete the study.

5 (b) (1) If the California Council on Science and Technology
6 agrees to undertake and complete the study pursuant to subdivision
7 (a), the commission shall require each gas corporation operating
8 common carrier pipelines in California to proportionately
9 contribute to the expenses to undertake the study pursuant to
10 Sections 740 and 740.1. The commission may modify the monetary
11 incentives made available pursuant to commission Decision
12 15-06-029 (June 11, 2015), Decision Regarding the Costs of
13 Compliance with Decision 14-01-034 and Adoption of Biomethane
14 Promotion Policies and Program, to allocate some of the moneys
15 that would be made available for incentives to instead be made
16 available to pay for the costs of the study so as to not further
17 burden ratepayers with additional expense.

18 (2) The commission's authority pursuant to paragraph (1) shall
19 apply notwithstanding whether the gas corporation has proposed
20 the program pursuant to Section 740.1.

21 (c) If the California Council on Science and Technology agrees
22 to undertake and complete the study pursuant to subdivision (a),
23 within six months of its completion, the commission shall reevaluate
24 its requirements and standards adopted pursuant to Section 25421
25 of the Health and Safety Code relative to the requirements and
26 standards for biomethane to be injected into common carrier
27 pipelines and, if appropriate, change those requirements and
28 standards or adopt new requirements and standards, giving due
29 deference to the conclusions and recommendations made in the
30 study by the California Council on Science and Technology.

31 SEC. 9. Section 2834 of the Public Utilities Code is repealed.

32 ~~2834. This chapter shall remain in effect only until January 1,~~
33 ~~2019, and as of that date is repealed, unless a later enacted statute,~~
34 ~~that is enacted before January 1, 2019, deletes or extends that date.~~

35 SEC. 10. (a) By March 31, 2017, the Public Utilities
36 Commission shall report to the relevant policy and fiscal
37 committees of the Legislature on its business process inventory
38 efforts. The report shall include documentation and measurement
39 of commission processes, including administrative and monitoring
40 processes shaped by law and judicial review, program performance

1 *and communications pursuant to the commission's rules and*
2 *procedures, and internal processes related to administration and*
3 *managing human resources.*

4 *(b) The report shall be submitted in compliance with Section*
5 *9795 of the Government Code.*

6 *(c) Pursuant to Section 10231.5 of the Government Code, this*
7 *section is repealed on April 1, 2021.*

8 *SEC. 11. (a) By March 31, 2017, the Public Utilities*
9 *Commission shall report to the relevant policy and fiscal*
10 *committees of the Legislature on options to locate operations and*
11 *staff outside of the commission's San Francisco headquarters. The*
12 *report shall explore options for leveraging additional facilities in*
13 *areas of the state, including Sacramento, that would allow the*
14 *commission to collaborate with other state entities and provide*
15 *staff more opportunities for training, career development, and*
16 *exchange placements with other state entities. The report shall do*
17 *both of the following:*

18 *(1) Consider categories of operations in different offices.*

19 *(2) Analyze recruitment and retention, salary disparities by*
20 *location based on duty statements, and costs associated with using*
21 *locations outside of San Francisco with no, or minimal, disruption*
22 *of current commission employees.*

23 *(b) The commission shall conduct one or more public workshops*
24 *to obtain suggestions, concerns, ideas, and comments from*
25 *stakeholders and interested members of the public in furtherance*
26 *of the purpose of the report.*

27 *(c) (1) The report shall be submitted in compliance with Section*
28 *9795 of the Government Code.*

29 *(2) Pursuant to Section 10231.5 of the Government Code, this*
30 *section is repealed on April 1, 2021.*

31 *SEC. 12. The sum of two hundred seventy-five thousand dollars*
32 *(\$275,000) is hereby appropriated from the Appliance Efficiency*
33 *Enforcement Subaccount in the Energy Resources Programs*
34 *Account to the State Energy Resources Conservation and*
35 *Development Commission to support the Title 20 Appliance*
36 *Efficiency Standards Compliance Assistance and Enforcement*
37 *Program.*

38 *SEC. 13. No reimbursement is required by this act pursuant*
39 *to Section 6 of Article XIII B of the California Constitution because*
40 *the only costs that may be incurred by a local agency or school*

1 *district will be incurred because this act creates a new crime or*
2 *infraction, eliminates a crime or infraction, or changes the penalty*
3 *for a crime or infraction, within the meaning of Section 17556 of*
4 *the Government Code, or changes the definition of a crime within*
5 *the meaning of Section 6 of Article XIII B of the California*
6 *Constitution.*

7 *SEC. 14. This act is a bill providing for appropriations related*
8 *to the Budget Bill within the meaning of subdivision (e) of Section*
9 *12 of Article IV of the California Constitution, has been identified*
10 *as related to the budget in the Budget Bill, and shall take effect*
11 *immediately.*

12 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
13 ~~changes relating to the 2016 Budget Act.~~

14
15 _____
16 **CORRECTIONS:**
17 **Heading—Lines 1,2,3,4, and 5.**
18 _____