

AMENDED IN ASSEMBLY APRIL 11, 2016

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1979**

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**Introduced by Assembly Member Bigelow**

February 16, 2016

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An act to amend Section 10631 of the Water Code, relating to water management; 399.20 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1979, as amended, Bigelow. ~~Urban water management plans: projected use.~~ *Renewable feed-in tariff: hydroelectric facilities.*

*Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law requires every electrical corporation to file with the commission a standard tariff for electricity generated by an electric generation facility, as defined, that qualifies for the tariff, is owned and operated by a retail customer of the electrical corporation, and is located within the service territory of, and developed to sell electricity to, the electrical corporation. Existing law requires that, in order to qualify for the tariff, the electric generation facility: (1) have an effective capacity of not more than 3 megawatts, subject to the authority of the commission to reduce this megawatt limitation, (2) be interconnected and operate in parallel with the electric transmission and distribution grid, (3) be strategically located and interconnected to the electrical transmission and distribution system in a manner that optimizes the deliverability of electricity generated at the facility to load centers, and (4) meet the definition of an eligible renewable energy resource under the California*

*Renewables Portfolio Standard Program. The commission refers to this requirement as the renewable feed-in tariff.*

*This bill would revise the requirement that an electric generation facility have an effective capacity of not more than 3 megawatts to additionally authorize a hydroelectric facility with a nameplate generating capacity of up to 5 megawatts to participate in the renewable feed-in tariff if the facility delivers no more than 3 megawatts to the grid in any hour and complies with specified interconnection and payment requirements.*

~~Existing law, the Urban Water Management Planning Act, requires every urban water supplier to prepare and periodically update an urban water management plan for submission to the Department of Water Resources. A supplier is required to include in the plan, among other information, population and water use projections in 5-year increments to 20 years or as far as data is available. A supplier that relies upon a wholesale agency for water is also required to provide the wholesale agency with water use projections from that agency for that source of water in 5-year increments to 20 years or as far as data is available.~~

~~This bill would add 5 years to those planning periods by extending the periods from 20 to 25 years.~~

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. Section 399.20 of the Public Utilities Code is  
2     amended to read:

3     399.20. (a) It is the policy of this state and the intent of the  
4     Legislature to encourage electrical generation from eligible  
5     renewable energy resources.

6     (b) As used in this section, “electric generation facility” means  
7     an electric generation facility located within the service territory  
8     of, and developed to sell electricity to, an electrical corporation  
9     that meets all of the following criteria:

10    (1) Has an effective capacity of not more than three megawatts.  
11    *megawatts or is a hydroelectric facility with a nameplate*  
12    *generating capacity of up to five megawatts if the hydroelectric*  
13    *facility meets the following conditions:*

14    (A) *It delivers no more than three megawatts to the grid in an*  
15    *hour.*

1 (B) *It complies with the electrical corporation's Electric Rule*  
2 *21 tariff or other distribution access tariff.*

3 (C) *Payment is made pursuant to paragraph (1) of subdivision*  
4 *(d) and no payment is made for any generation in excess of three*  
5 *megawatts in any hour.*

6 (2) *Is interconnected and operates in parallel with the electrical*  
7 *transmission and distribution grid.*

8 (3) *Is strategically located and interconnected to the electrical*  
9 *transmission and distribution grid in a manner that optimizes the*  
10 *deliverability of electricity generated at the facility to load centers.*

11 (4) *Is an eligible renewable energy resource.*

12 (c) *Every electrical corporation shall file with the commission*  
13 *a standard tariff for electricity purchased from an electric*  
14 *generation facility. The commission may modify or adjust the*  
15 *requirements of this section for any electrical corporation with less*  
16 *than 100,000 service connections, as individual circumstances*  
17 *merit.*

18 (d) (1) *The tariff shall provide for payment for every*  
19 *kilowatthour of electricity purchased from an electric generation*  
20 *facility for a period of 10, 15, or 20 years, as authorized by the*  
21 *commission. The payment shall be the market price determined*  
22 *by the commission pursuant to paragraph (2) and shall include all*  
23 *current and anticipated environmental compliance costs, including,*  
24 *but not limited to, mitigation of emissions of greenhouse gases*  
25 *and air pollution offsets associated with the operation of new*  
26 *generating facilities in the local air pollution control or air quality*  
27 *management district where the electric generation facility is*  
28 *located.*

29 (2) *The commission shall establish a methodology to determine*  
30 *the market price of electricity for terms corresponding to the length*  
31 *of contracts with an electric generation facility, in consideration*  
32 *of the following:*

33 (A) *The long-term market price of electricity for fixed price*  
34 *contracts, determined pursuant to an electrical corporation's general*  
35 *procurement activities as authorized by the commission.*

36 (B) *The long-term ownership, operating, and fixed-price fuel*  
37 *costs associated with fixed-price electricity from new generating*  
38 *facilities.*

39 (C) *The value of different electricity products including*  
40 *baseload, peaking, and as-available electricity.*

1 (3) The commission may adjust the payment rate to reflect the  
2 value of every kilowatthour of electricity generated on a  
3 time-of-delivery basis.

4 (4) The commission shall ensure, with respect to rates and  
5 charges, that ratepayers that do not receive service pursuant to the  
6 tariff are indifferent to whether a ratepayer with an electric  
7 generation facility receives service pursuant to the tariff.

8 (e) An electrical corporation shall provide expedited  
9 interconnection procedures to an electric generation facility located  
10 on a distribution circuit that generates electricity at a time and in  
11 a manner so as to offset the peak demand on the distribution circuit,  
12 if the electrical corporation determines that the electric generation  
13 facility will not adversely affect the distribution grid. The  
14 commission shall consider and may establish a value for an electric  
15 generation facility located on a distribution circuit that generates  
16 electricity at a time and in a manner so as to offset the peak demand  
17 on the distribution circuit.

18 (f) (1) An electrical corporation shall make the tariff available  
19 to the owner or operator of an electric generation facility within  
20 the service territory of the electrical corporation, upon request, on  
21 a first-come-first-served basis, until the electrical corporation meets  
22 its proportionate share of a statewide cap of 750 megawatts  
23 cumulative rated generation capacity served under this section and  
24 Section 387.6. The proportionate share shall be calculated based  
25 on the ratio of the electrical corporation's peak demand compared  
26 to the total statewide peak demand.

27 (2) By June 1, 2013, the commission shall, in addition to the  
28 750 megawatts identified in paragraph (1), direct the electrical  
29 corporations to collectively procure at least 250 megawatts of  
30 cumulative rated generating capacity from developers of bioenergy  
31 projects that commence operation on or after June 1, 2013. The  
32 commission shall, for each electrical corporation, allocate shares  
33 of the additional 250 megawatts based on the ratio of each electrical  
34 corporation's peak demand compared to the total statewide peak  
35 demand. In implementing this paragraph, the commission shall do  
36 all of the following:

37 (A) Allocate the 250 megawatts identified in this paragraph  
38 among the electrical corporations based on the following  
39 categories:

- 1 (i) For biogas from wastewater treatment, municipal organic  
2 waste diversion, food processing, and codigestion, 110 megawatts.  
3 (ii) For dairy and other agricultural bioenergy, 90 megawatts.  
4 (iii) For bioenergy using byproducts of sustainable forest  
5 management, 50 megawatts. Allocations under this category shall  
6 be determined based on the proportion of bioenergy that sustainable  
7 forest management providers derive from sustainable forest  
8 management in fire threat treatment areas, as designated by the  
9 Department of Forestry and Fire Protection.
- 10 (B) Direct the electrical corporations to develop standard  
11 contract terms and conditions that reflect the operational  
12 characteristics of the projects, and to provide a streamlined  
13 contracting process.
- 14 (C) Coordinate, to the maximum extent feasible, any incentive  
15 or subsidy programs for bioenergy with the agencies listed in  
16 subparagraph (A) of paragraph (3) in order to provide maximum  
17 benefits to ratepayers and to ensure that incentives are used to  
18 reduce contract prices.
- 19 (D) The commission shall encourage gas and electrical  
20 corporations to develop and offer programs and services to facilitate  
21 development of in-state biogas for a broad range of purposes.
- 22 (3) (A) The commission, in consultation with the State Energy  
23 Resources Conservation and Development Commission, the State  
24 Air Resources Board, the Department of Forestry and Fire  
25 Protection, the Department of Food and Agriculture, and the  
26 Department of Resources Recycling and Recovery, may review  
27 the allocations of the 250 additional megawatts identified in  
28 paragraph (2) to determine if those allocations are appropriate.
- 29 (B) If the commission finds that the allocations of the 250  
30 additional megawatts identified in paragraph (2) are not  
31 appropriate, the commission may reallocate the 250 megawatts  
32 among the categories established in subparagraph (A) of paragraph  
33 (2).
- 34 (4) For the purposes of this subdivision, “bioenergy” means  
35 biogas and biomass.
- 36 (g) The electrical corporation may make the terms of the tariff  
37 available to owners and operators of an electric generation facility  
38 in the form of a standard contract subject to commission approval.
- 39 (h) Every kilowatthour of electricity purchased from an electric  
40 generation facility shall count toward meeting the electrical

1 corporation's renewables portfolio standard annual procurement  
2 targets for purposes of paragraph (1) of subdivision (b) of Section  
3 399.15.

4 (i) The physical generating capacity of an electric generation  
5 facility shall count toward the electrical corporation's resource  
6 adequacy requirement for purposes of Section 380.

7 (j) (1) The commission shall establish performance standards  
8 for any electric generation facility that has a capacity greater than  
9 one megawatt to ensure that those facilities are constructed,  
10 operated, and maintained to generate the expected annual net  
11 production of electricity and do not impact system reliability.

12 (2) The commission may reduce the three megawatt capacity  
13 limitation of paragraph (1) of subdivision ~~(b)~~ (b), *but not the*  
14 *limitation for a hydroelectric facility*, if the commission finds that  
15 a reduced capacity limitation is necessary to maintain system  
16 reliability within that electrical corporation's service territory.

17 (k) (1) Any owner or operator of an electric generation facility  
18 that received ratepayer-funded incentives in accordance with  
19 Section 379.6 of this code, or with Section 25782 of the Public  
20 Resources Code, and participated in a net metering program  
21 pursuant to Sections 2827, 2827.9, and 2827.10 of this code prior  
22 to January 1, 2010, shall be eligible for a tariff or standard contract  
23 filed by an electrical corporation pursuant to this section.

24 (2) In establishing the tariffs or standard contracts pursuant to  
25 this section, the commission shall consider ratepayer-funded  
26 incentive payments previously received by the generation facility  
27 pursuant to Section 379.6 of this code or Section 25782 of the  
28 Public Resources Code. The commission shall require  
29 reimbursement of any funds received from these incentive  
30 programs to an electric generation facility, in order for that facility  
31 to be eligible for a tariff or standard contract filed by an electrical  
32 corporation pursuant to this section, unless the commission  
33 determines ratepayers have received sufficient value from the  
34 incentives provided to the facility based on how long the project  
35 has been in operation and the amount of renewable electricity  
36 previously generated by the facility.

37 (3) A customer that receives service under a tariff or contract  
38 approved by the commission pursuant to this section is not eligible  
39 to participate in any net metering program.

1 (l) An owner or operator of an electric generation facility  
2 electing to receive service under a tariff or contract approved by  
3 the commission shall continue to receive service under the tariff  
4 or contract until either of the following occurs:

5 (1) The owner or operator of an electric generation facility no  
6 longer meets the eligibility requirements for receiving service  
7 pursuant to the tariff or contract.

8 (2) The period of service established by the commission pursuant  
9 to subdivision (d) is completed.

10 (m) Within 10 days of receipt of a request for a tariff pursuant  
11 to this section from an owner or operator of an electric generation  
12 facility, the electrical corporation that receives the request shall  
13 post a copy of the request on its Internet Web site. The information  
14 posted on the Internet Web site shall include the name of the city  
15 in which the facility is located, but information that is proprietary  
16 and confidential, including, but not limited to, address information  
17 beyond the name of the city in which the facility is located, shall  
18 be redacted.

19 (n) An electrical corporation may deny a tariff request pursuant  
20 to this section if the electrical corporation makes any of the  
21 following findings:

22 (1) The electric generation facility does not meet the  
23 requirements of this section.

24 (2) The transmission or distribution grid that would serve as the  
25 point of interconnection is inadequate.

26 (3) The electric generation facility does not meet all applicable  
27 state and local laws and building standards and utility  
28 interconnection requirements.

29 (4) The aggregate of all electric generating facilities on a  
30 distribution circuit would adversely impact utility operation and  
31 load restoration efforts of the distribution system.

32 (o) Upon receiving a notice of denial from an electrical  
33 corporation, the owner or operator of the electric generation facility  
34 denied a tariff pursuant to this section shall have the right to appeal  
35 that decision to the commission.

36 (p) In order to ensure the safety and reliability of electric  
37 generation facilities, the owner of an electric generation facility  
38 receiving a tariff pursuant to this section shall provide an inspection  
39 and maintenance report to the electrical corporation at least once  
40 every other year. The inspection and maintenance report shall be

1 prepared at the owner’s or operator’s expense by a  
 2 California-licensed contractor who is not the owner or operator of  
 3 the electric generation facility. A California-licensed electrician  
 4 shall perform the inspection of the electrical portion of the  
 5 generation facility.

6 (q) The contract between the electric generation facility  
 7 receiving the tariff and the electrical corporation shall contain  
 8 provisions that ensure that construction of the electric generating  
 9 facility complies with all applicable state and local laws and  
 10 building standards, and utility interconnection requirements.

11 (r) (1) All construction and installation of facilities of the  
 12 electrical corporation, including at the point of the output meter  
 13 or at the transmission or distribution grid, shall be performed only  
 14 by that electrical corporation.

15 (2) All interconnection facilities installed on the electrical  
 16 corporation’s side of the transfer point for electricity between the  
 17 electrical corporation and the electrical conductors of the electric  
 18 generation facility shall be owned, operated, and maintained only  
 19 by the electrical corporation. The ownership, installation, operation,  
 20 reading, and testing of revenue metering equipment for electric  
 21 generating facilities shall only be performed by the electrical  
 22 corporation.

23 ~~SECTION 1. Section 10631 of the Water Code is amended to~~  
 24 ~~read:~~

25 ~~10631. A plan shall be adopted in accordance with this chapter~~  
 26 ~~that shall do all of the following:~~

27 ~~(a) Describe the service area of the supplier, including current~~  
 28 ~~and projected population, climate, and other demographic factors~~  
 29 ~~affecting the supplier’s water management planning. The projected~~  
 30 ~~population estimates shall be based upon data from the state,~~  
 31 ~~regional, or local service agency population projections within the~~  
 32 ~~service area of the urban water supplier and shall be in five-year~~  
 33 ~~increments to 25 years or as far as data is available.~~

34 ~~(b) Identify and quantify, to the extent practicable, the existing~~  
 35 ~~and planned sources of water available to the supplier over the~~  
 36 ~~same five-year increments described in subdivision (a). If~~  
 37 ~~groundwater is identified as an existing or planned source of water~~  
 38 ~~available to the supplier, all of the following information shall be~~  
 39 ~~included in the plan:~~

- 1     ~~(1) A copy of any groundwater management plan adopted by~~  
2 ~~the urban water supplier, including plans adopted pursuant to Part~~  
3 ~~2.75 (commencing with Section 10750), or any other specific~~  
4 ~~authorization for groundwater management.~~
- 5     ~~(2) A description of any groundwater basin or basins from which~~  
6 ~~the urban water supplier pumps groundwater. For basins that a~~  
7 ~~court or the board has adjudicated the rights to pump groundwater,~~  
8 ~~a copy of the order or decree adopted by the court or the board and~~  
9 ~~a description of the amount of groundwater the urban water supplier~~  
10 ~~has the legal right to pump under the order or decree. For basins~~  
11 ~~that have not been adjudicated, information as to whether the~~  
12 ~~department has identified the basin or basins as overdrafted or has~~  
13 ~~projected that the basin will become overdrafted if present~~  
14 ~~management conditions continue, in the most current official~~  
15 ~~departmental bulletin that characterizes the condition of the~~  
16 ~~groundwater basin, and a detailed description of the efforts being~~  
17 ~~undertaken by the urban water supplier to eliminate the long-term~~  
18 ~~overdraft condition.~~
- 19     ~~(3) A detailed description and analysis of the location, amount,~~  
20 ~~and sufficiency of groundwater pumped by the urban water supplier~~  
21 ~~for the past five years. The description and analysis shall be based~~  
22 ~~on information that is reasonably available, including, but not~~  
23 ~~limited to, historic use records.~~
- 24     ~~(4) A detailed description and analysis of the amount and~~  
25 ~~location of groundwater that is projected to be pumped by the~~  
26 ~~urban water supplier. The description and analysis shall be based~~  
27 ~~on information that is reasonably available, including, but not~~  
28 ~~limited to, historic use records.~~
- 29     ~~(e) (1) Describe the reliability of the water supply and~~  
30 ~~vulnerability to seasonal or climatic shortage, to the extent~~  
31 ~~practicable, and provide data for each of the following:~~
- 32         ~~(A) An average water year.~~  
33         ~~(B) A single-dry water year.~~  
34         ~~(C) Multiple-dry water years.~~
- 35     ~~(2) For any water source that may not be available at a consistent~~  
36 ~~level of use, given specific legal, environmental, water quality, or~~  
37 ~~climatic factors, describe plans to supplement or replace that source~~  
38 ~~with alternative sources or water demand management measures,~~  
39 ~~to the extent practicable.~~

- 1 ~~(d) Describe the opportunities for exchanges or transfers of~~  
2 ~~water on a short-term or long-term basis.~~
- 3 ~~(e) (1) Quantify, to the extent records are available, past and~~  
4 ~~current water use, over the same five-year increments described~~  
5 ~~in subdivision (a), and projected water use, identifying the uses~~  
6 ~~among water use sectors, including, but not necessarily limited to,~~  
7 ~~all of the following uses:~~
- 8 ~~(A) Single-family residential.~~  
9 ~~(B) Multifamily.~~  
10 ~~(C) Commercial.~~  
11 ~~(D) Industrial.~~  
12 ~~(E) Institutional and governmental.~~  
13 ~~(F) Landscape.~~  
14 ~~(G) Sales to other agencies.~~  
15 ~~(H) Saline water intrusion barriers, groundwater recharge, or~~  
16 ~~conjunctive use, or any combination thereof.~~
- 17 ~~(I) Agricultural.~~  
18 ~~(J) Distribution system water loss.~~
- 19 ~~(2) The water use projections shall be in the same five-year~~  
20 ~~increments described in subdivision (a).~~
- 21 ~~(3) (A) For the 2015 urban water management plan update, the~~  
22 ~~distribution system water loss shall be quantified for the most~~  
23 ~~recent 12-month period available. For all subsequent updates, the~~  
24 ~~distribution system water loss shall be quantified for each of the~~  
25 ~~five years preceding the plan update.~~
- 26 ~~(B) The distribution system water loss quantification shall be~~  
27 ~~reported in accordance with a worksheet approved or developed~~  
28 ~~by the department through a public process. The water loss~~  
29 ~~quantification worksheet shall be based on the water system~~  
30 ~~balance methodology developed by the American Water Works~~  
31 ~~Association.~~
- 32 ~~(4) (A) If available and applicable to an urban water supplier,~~  
33 ~~water use projections may display and account for the water savings~~  
34 ~~estimated to result from adopted codes, standards, ordinances, or~~  
35 ~~transportation and land use plans identified by the urban water~~  
36 ~~supplier, as applicable to the service area.~~
- 37 ~~(B) To the extent that an urban water supplier reports the~~  
38 ~~information described in subparagraph (A), an urban water supplier~~  
39 ~~shall do both of the following:~~

- 1 (i) Provide citations of the various codes, standards, ordinances,  
2 or transportation and land use plans utilized in making the  
3 projections.
- 4 (ii) Indicate the extent that the water use projections consider  
5 savings from codes, standards, ordinances, or transportation and  
6 land use plans. Water use projections that do not account for these  
7 water savings shall be noted of that fact.
- 8 (f) Provide a description of the supplier's water demand  
9 management measures. This description shall include all of the  
10 following:
  - 11 (1) (A) For an urban retail water supplier, as defined in Section  
12 10608.12, a narrative description that addresses the nature and  
13 extent of each water demand management measure implemented  
14 over the past five years. The narrative shall describe the water  
15 demand management measures that the supplier plans to implement  
16 to achieve its water use targets pursuant to Section 10608.20.
  - 17 (B) The narrative pursuant to this paragraph shall include  
18 descriptions of the following water demand management measures:
    - 19 (i) Water waste prevention ordinances.
    - 20 (ii) Metering.
    - 21 (iii) Conservation pricing.
    - 22 (iv) Public education and outreach.
    - 23 (v) Programs to assess and manage distribution system real loss.
    - 24 (vi) Water conservation program coordination and staffing  
25 support.
    - 26 (vii) Other demand management measures that have a significant  
27 impact on water use as measured in gallons per capita per day,  
28 including innovative measures, if implemented.
  - 29 (2) For an urban wholesale water supplier, as defined in Section  
30 10608.12, a narrative description of the items in clauses (ii), (iv),  
31 (vi), and (vii) of subparagraph (B) of paragraph (1), and a narrative  
32 description of its distribution system asset management and  
33 wholesale supplier assistance programs.
- 34 (g) Include a description of all water supply projects and water  
35 supply programs that may be undertaken by the urban water  
36 supplier to meet the total projected water use, as established  
37 pursuant to subdivision (a) of Section 10635. The urban water  
38 supplier shall include a detailed description of expected future  
39 projects and programs that the urban water supplier may implement  
40 to increase the amount of the water supply available to the urban

- 1 water supplier in average, single-dry, and multiple-dry water years.  
2 The description shall identify specific projects and include a  
3 description of the increase in water supply that is expected to be  
4 available from each project. The description shall include an  
5 estimate with regard to the implementation timeline for each project  
6 or program.
- 7 (h) Describe the opportunities for development of desalinated  
8 water, including, but not limited to, ocean water, brackish water,  
9 and groundwater, as a long-term supply.
- 10 (i) For purposes of this part, urban water suppliers that are  
11 members of the California Urban Water Conservation Council  
12 shall be deemed in compliance with the requirements of subdivision  
13 (f) by complying with all the provisions of the “Memorandum of  
14 Understanding Regarding Urban Water Conservation in  
15 California,” dated December 10, 2008, as it may be amended, and  
16 by submitting the annual reports required by Section 6.2 of that  
17 memorandum.
- 18 (j) An urban water supplier that relies upon a wholesale agency  
19 for a source of water shall provide the wholesale agency with water  
20 use projections from that agency for that source of water in  
21 five-year increments to 25 years or as far as data is available. The  
22 wholesale agency shall provide information to the urban water  
23 supplier for inclusion in the urban water supplier’s plan that  
24 identifies and quantifies, to the extent practicable, the existing and  
25 planned sources of water as required by subdivision (b), available  
26 from the wholesale agency to the urban water supplier over the  
27 same five-year increments, and during various water-year types  
28 in accordance with subdivision (c). An urban water supplier may  
29 rely upon water supply information provided by the wholesale  
30 agency in fulfilling the plan informational requirements of  
31 subdivisions (b) and (c).