

AMENDED IN ASSEMBLY MAY 27, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2206

Introduced by Assembly Member Williams

February 18, 2016

An act to add Section 784.1 to the Public Utilities Code, relating to biomethane.

LEGISLATIVE COUNSEL'S DIGEST

AB 2206, as amended, Williams. Biomethane: interconnection and injection into common carrier pipelines: research.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations. Existing law authorizes the commission 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 commission to allow inclusion of expenses for research and development in the public utility's rates. Existing law requires the commission to consider specified guidelines in evaluating the research, development, and demonstration programs proposed by gas corporations.

The California Renewables Portfolio Standard Program requires the commission to adopt policies and programs that promote the in-state production and distribution of biomethane. Existing law requires the commission to adopt, by rule or order, (1) 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 (2) 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.

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 commission 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 commission 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 commission, 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.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

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

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.

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

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 imports 91 percent of its natural gas, which is
4 responsible for 25 percent of the state’s emissions of greenhouse
5 gases.

6 (b) California made a commitment to address climate change
7 with the California Global Warming Solutions Act of 2006
8 (Division 25.5 (commencing with Section 38500) of the Health
9 and Safety Code) and the adoption of a comprehensive strategy to
10 reduce emissions of short-lived climate pollutants (Chapter 4.2
11 (commencing with Section 39730) of Part 2 of Division 26 of the
12 Health and Safety Code). For California to meet its goals for
13 reducing emissions of greenhouse gases and short-lived climate
14 pollutants, the state must reduce emissions from the natural gas
15 sector and increase the production and distribution of renewable
16 and low-carbon gas supplies.

17 (c) Biomethane is gas generated from organic waste through
18 anaerobic digestion, gasification, pyrolysis, or other conversion
19 technology that converts organic matter to gas. Biomethane may
20 be produced from multiple sources, including agricultural waste,
21 forest waste, landfill gas, wastewater treatment byproducts, and
22 diverted organic waste.

23 (d) Biomethane provides a sustainable and clean alternative to
24 natural gas. If 10 percent of California’s natural gas use were to
25 be replaced with biomethane use, emissions of greenhouse gases
26 would be reduced by tens of millions of metric tons of carbon
27 dioxide equivalent every year.

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

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

1 (g) The biomethane market has been slow to develop in
 2 California because the collection, purification, and pipeline
 3 injection of biomethane can be costly.

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

8 (i) Biomethane is one of the most promising alternative vehicle
 9 fuels because it generates the least net emissions of greenhouse
 10 gases. According to the low-carbon fuel standard regulations
 11 (Subarticle 7 (commencing with Section 95480) of Article 4 of
 12 Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the
 13 California Code of Regulations) adopted by the State Air Resources
 14 Board, vehicles running on biomethane generate significantly
 15 lower emissions of greenhouse gases than vehicles running on
 16 electricity or fossil fuel-derived hydrogen.

17 (j) *The California Council on Science and Technology was*
 18 *established by California academic research institutions, including*
 19 *the University of California, the University of Southern California,*
 20 *the California Institute of Technology, Stanford University, and*
 21 *the California State University, and was organized as a nonprofit*
 22 *corporation pursuant to Section 501(c)(3) of the Internal Revenue*
 23 *Code, in response to Assembly Concurrent Resolution No. 162*
 24 *(Resolution Chapter 148 of the Statutes of 1988).*

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

29 (l) *It is in the public’s interests, and in the interest of ratepayers*
 30 *of the state’s gas corporations, that the policies and programs*
 31 *adopted by the Public Utilities Commission be guided by the best*
 32 *science reasonably available.*

33 SEC. 2. Section 784.1 is added to the Public Utilities Code, to
 34 read:

35 784.1. (a) ~~The Legislature finds and declares both of the~~
 36 ~~following:~~

37 ~~(1) The California Council on Science and Technology was~~
 38 ~~established by California academic research institutions, including~~
 39 ~~the University of California, the University of Southern California,~~
 40 ~~the California Institute of Technology, Stanford University, and~~

1 ~~the California State University, and was organized as a nonprofit~~
2 ~~corporation pursuant to Section 501(c)(3) of the Internal Revenue~~
3 ~~Code, in response to Assembly Concurrent Resolution No. 162~~
4 ~~(Resolution Chapter 148 of the Statutes of 1988). The council was~~
5 ~~uniquely established at the request of the Legislature for the~~
6 ~~specific purpose of offering expert advice to state government on~~
7 ~~public policy issues significantly related to science and technology.~~

8 ~~(2) It is in the public's interests, and in the interest of ratepayers~~
9 ~~of the state's gas corporations, that the policies and programs~~
10 ~~adopted by the commission be guided by the best science~~
11 ~~reasonably available.~~

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

38 ~~(e)~~

39 ~~(b) (1) If the California Council on Science and Technology~~
40 ~~agrees to undertake and complete the study pursuant to subdivision~~

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

12 (2) The commission’s authority pursuant to paragraph (1) shall
 13 apply notwithstanding whether the gas corporation has proposed
 14 the program pursuant to Section 740.1.

15 ~~(d)~~

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

27 SEC. 3. No reimbursement is required by this act pursuant to
 28 Section 6 of Article XIII B of the California Constitution because
 29 the only costs that may be incurred by a local agency or school
 30 district will be incurred because this act creates a new crime or
 31 infraction, eliminates a crime or infraction, or changes the penalty
 32 for a crime or infraction, within the meaning of Section 17556 of
 33 the Government Code, or changes the definition of a crime within
 34 the meaning of Section 6 of Article XIII B of the California
 35 Constitution.