

AMENDED IN SENATE AUGUST 2, 2016

AMENDED IN SENATE JUNE 14, 2016

AMENDED IN ASSEMBLY APRIL 26, 2016

AMENDED IN ASSEMBLY MARCH 16, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2313

Introduced by Assembly Member Williams
(Coauthor: Senator Hertzberg)

February 18, 2016

An act to ~~add and repeal Sections 399.23 and Section 784.2 to to,~~ and *add and repeal Section 399.23 of,* the Public Utilities Code, relating to renewable energy resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 2313, as amended, Williams. Renewable natural gas: monetary incentive program for biomethane projects: pipeline infrastructure.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations. 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 relative to those constituents of concern. Existing law requires the commission to require gas corporation tariffs to condition access to common carrier pipelines on the applicable customer meeting those standards and requirements. Existing law requires the commission to adopt policies and programs that promote

the in-state production and distribution of biomethane, as defined, that facilitate the development of a variety of sources of in-state biomethane. The commission has adopted two decisions implementing these requirements, the ~~second~~ 2nd of which adopted a 5-year monetary incentive program effective June 11, 2015, for biomethane projects pursuant to which a qualifying project is entitled to a one-time payment of 50% of the interconnection costs incurred by the biomethane producer, up to a total payment of \$1,500,000. Total cost of the monetary incentive program for biomethane projects is limited to \$40,000,000 over the 5-year life of the program.

This bill would require the commission to modify the monetary incentive program for biomethane projects so that the total available incentive limitation for a project, other than a dairy cluster biomethane project, as defined, is increased from \$1,500,000 to \$3,000,000. The bill would require the commission to increase the total available incentive limitation for a dairy cluster biomethane project to \$5,000,000 and would require that gathering lines for transport of biogas to a centralized processing facility for the project be treated as an interconnection cost. The bill would require the commission to extend the program, as modified, until December 31, 2021. *Upon exhaustion of the funds available pursuant to the monetary incentive program, the bill would require the commission to consider whether to allow recovery in rates of the costs of investments to (1) facilitate direct investment in the procurement and installation of utility infrastructure necessary to achieve interconnection between the natural gas transmission and distribution pipeline network and biomethane generation and collection equipment, and (2) provide for the installation of utility infrastructure to achieve interconnection with facilities that generate biomethane.*

~~This bill would require the commission, in consultation with the State Air Resources Board and State Energy Resources Conservation and Development Commission, to adopt rules for gas corporations by January 2, 2018, relative to investments in infrastructure interconnecting to biomethane sources, as specified. The provisions requiring the adoption of these rules would remain in effect only until January 1, 2026.~~

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 the bill *extends the monetary incentive program and* requires action by the commission to implement certain of its ~~requirements and~~

requirements, and became failure to comply with the commission's rules these commission actions would be a crime, the 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. Section 399.23 is added to the Public Utilities
2 Code, to read:

3 399.23. The commission shall modify, and extend until
4 December 31, 2021, the monetary incentive program for
5 biomethane projects adopted in Decision 15-06-029 (June 11,
6 2015), Decision Regarding the Costs of Compliance with Decision
7 14-01-034 and Adoption of Biomethane Promotion Policies and
8 Program, as follows:

9 (a) Except for a dairy cluster biomethane project, the total
10 available incentive limitation for a project shall be increased from
11 one million five hundred thousand dollars (\$1,500,000) to three
12 million dollars (\$3,000,000).

13 (b) For a dairy cluster biomethane project, the total available
14 incentive limitation shall be raised to five million dollars
15 (\$5,000,000). For purposes of this subdivision, a dairy cluster
16 biomethane project means a biomethane project of three or more
17 dairies in close proximity to one another employing multiple
18 facilities for the capture of biogas that is transported by multiple
19 gathering lines to a centralized processing facility where the biogas
20 is processed to meet the biomethane standards adopted by the
21 commission pursuant to subdivisions (c) and (d) of Section 25421
22 of the Health and Safety Code and injected into the pipeline of the
23 gas corporation through a single interconnection. Costs incurred
24 for gathering lines for a dairy cluster biomethane project shall be
25 treated as an interconnection cost.

1 (c) This section shall remain in effect only until January 1, 2022,
 2 and as of that date is repealed, unless a later enacted statute, that
 3 is enacted before January 1, 2022, deletes or extends that date.

4 SEC. 2. Section 784.2 is added to the Public Utilities Code, to
 5 read:

6 ~~784.2. (a) To further the goals of the state’s comprehensive~~
 7 ~~strategy to reduce emissions of short-lived climate pollutants~~
 8 ~~pursuant to Section 39730 of the Health and Safety Code and the~~
 9 ~~California Global Warming Solutions Act of 2006 (Division 25.5~~
 10 ~~(commencing with Section 38500) of the Health and Safety Code),~~
 11 ~~by January 2, 2018, in consultation with the State Air Resources~~
 12 ~~Board and the Energy Commission, the commission shall establish~~
 13 ~~rules for gas corporations that do all of the following:~~

14 ~~(1) Facilitate direct investment in the procurement and~~
 15 ~~installation of utility infrastructure necessary to achieve~~
 16 ~~interconnection between the natural gas transmission and~~
 17 ~~distribution pipeline network and biomethane generation and~~
 18 ~~collection equipment, including, for a dairy digester cluster project,~~
 19 ~~as defined in Section 399.23, gathering lines.~~

20 ~~(2) Provide for the installation of utility infrastructure to achieve~~
 21 ~~interconnection with facilities that generate biomethane.~~

22 ~~(3) Provide that prudent and reasonable investments for~~
 23 ~~infrastructure pursuant to paragraphs (1) and (2) are recoverable~~
 24 ~~in rates and recovered as a direct benefit to, and in the interests of,~~
 25 ~~all classes of ratepayers.~~

26 ~~(4) Financially protect ratepayers by ensuring that infrastructure~~
 27 ~~is installed for biomethane projects that will actually be built and~~
 28 ~~operated and that will be cost effective, considering the volume~~
 29 ~~and carbon intensity of the biomethane, the costs of~~
 30 ~~interconnection, alternatives available to the biomethane use and~~
 31 ~~distribution, and other costs and benefits.~~

32 ~~(5) Ensure that biomethane facilities that interconnect to the~~
 33 ~~natural gas transmission and distribution pipeline network meet~~
 34 ~~all applicable laws and standards, including those laws, rules, and~~
 35 ~~regulations pertaining to safety, gas quality, and environmental~~
 36 ~~protection.~~

37 ~~(b) This section shall remain in effect only until January 1, 2026,~~
 38 ~~and as of that date is repealed, unless a later enacted statute, that~~
 39 ~~is enacted before January 1, 2026, deletes or extends that date.~~

1 SEC. 2. Section 784.2 is added to the Public Utilities Code, to
2 read:

3 784.2. Upon exhaustion of the funds made available pursuant
4 to the monetary incentive program for biomethane projects adopted
5 in Decision 15-06-029 (June 11, 2015), Decision Regarding the
6 Costs of Compliance with Decision 14-01-034 and Adoption of
7 Biomethane Promotion Policies and Program, the commission
8 shall consider whether to allow recovery in rates of the costs of
9 investments to do each of the following:

10 (a) Facilitate direct investment in the procurement and
11 installation of utility infrastructure necessary to achieve
12 interconnection between the natural gas transmission and
13 distribution pipeline network and biomethane generation and
14 collection equipment, including, for a dairy digester cluster project,
15 as defined in Section 399.23, gathering lines.

16 (b) Provide for the installation of utility infrastructure to achieve
17 interconnection with facilities that generate biomethane.

18 SEC. 3. No reimbursement is required by this act pursuant to
19 Section 6 of Article XIII B of the California Constitution because
20 the only costs that may be incurred by a local agency or school
21 district will be incurred because this act creates a new crime or
22 infraction, eliminates a crime or infraction, or changes the penalty
23 for a crime or infraction, within the meaning of Section 17556 of
24 the Government Code, or changes the definition of a crime within
25 the meaning of Section 6 of Article XIII B of the California
26 Constitution.