

AMENDED IN SENATE AUGUST 15, 2016
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 Section 784.2 to, and add and repeal Section ~~399.23~~
~~399.19~~ 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~~ *and requires that these policies and programs* facilitate the development of a variety of sources of in-state biomethane. The commission has adopted two decisions implementing these requirements, the 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~~ *Before the* exhaustion of the funds available pursuant to the monetary incentive program, *and before the expiration of the 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.

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 because failure to comply with 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~~ 399.19 is added to the Public
2 Utilities Code, to read:

3 ~~399.23.~~

4 399.19. The commission shall modify, and extend until
5 December 31, 2021, the monetary incentive program for
6 biomethane projects adopted in Decision 15-06-029 (June 11,
7 2015), Decision Regarding the Costs of Compliance with Decision
8 14-01-034 and Adoption of Biomethane Promotion Policies and
9 Program, as follows:

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

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

27 (c) This section shall remain in effect only until January 1, 2022,
28 and as of that date is repealed, unless a later enacted statute, that
29 is enacted before January 1, 2022, 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~~ *Before the* exhaustion of the funds made available
4 pursuant to the monetary incentive program for biomethane projects
5 adopted in Decision 15-06-029 (June 11, 2015), Decision
6 Regarding the Costs of Compliance with Decision 14-01-034 and
7 Adoption of Biomethane Promotion Policies and Program, *and*
8 *before the expiration of that program*, the commission shall
9 consider whether to allow recovery in rates of the costs of
10 investments to do each of the following:
11 (a) Facilitate direct investment in the procurement and
12 installation of utility infrastructure necessary to achieve
13 interconnection between the natural gas transmission and
14 distribution pipeline network and biomethane generation and
15 collection equipment, including, for a dairy digester cluster project,
16 as defined in Section ~~399.23~~, 399.19, gathering lines.
17 (b) Provide for the installation of utility infrastructure to achieve
18 interconnection with facilities that generate biomethane.
19 SEC. 3. No reimbursement is required by this act pursuant to
20 Section 6 of Article XIII B of the California Constitution because
21 the only costs that may be incurred by a local agency or school
22 district will be incurred because this act creates a new crime or
23 infraction, eliminates a crime or infraction, or changes the penalty
24 for a crime or infraction, within the meaning of Section 17556 of
25 the Government Code, or changes the definition of a crime within
26 the meaning of Section 6 of Article XIII B of the California
27 Constitution.