

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2620

Introduced by Assembly Member Dababneh

February 19, 2016

An act to ~~amend~~ *add* Section ~~701.1 of~~ 99684.5 to the Public Utilities Code, relating to ~~energy~~: *transportation, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2620, as amended, Dababneh. ~~Valuation of energy resources.~~ *Passenger rail projects: funding.*

Proposition 116, an initiative measure, enacted the Clean Air and Transportation Improvement Act of 1990, which establishes the Clean Air and Transportation Improvement Fund, allocates specified amounts from the fund for, among other things, rights-of-way for rail purposes and capital expenditures deemed necessary for a specified rail service, and requires the California Transportation Commission to adopt guidelines for the approval of grants for transit projects which are essential to the implementation of safe and reliable transit services.

The act authorizes, if any of the funds are not expended or encumbered prior to July 1, 2010, the Legislature to reallocate the funds for any other passenger rail project in the state by a statute passed in each house by a $\frac{2}{3}$ vote.

This bill would reallocate funds allocated pursuant to the act that are not expended or encumbered by July 1, 2020, to any other existing passenger rail project in the state. The bill would require the commission to determine the existing passenger rail projects in the state and implement the reallocation on a pro-rata basis. By reallocating

unexpended or unencumbered funds to any other existing passenger rail project, the bill would make an appropriation.

~~Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations. The Public Utilities Act prohibits any electrical corporation or gas corporation from beginning the construction of, among other things, a line, plant, or system, or of any extension thereof, without having first obtained from the commission a certificate that the present or future public convenience and necessity require or will require that construction. The act requires the commission, when calculating the cost-effectiveness of energy resources, to include a value for any costs and benefits to the environment.~~

~~This bill would make a nonsubstantive, revision to the requirement that the commission, when calculating the cost-effectiveness of energy resources, include a value for any costs and benefits to the environment.~~

~~Vote: majority ²/₃. Appropriation: no-yes. Fiscal committee: no yes. State-mandated local program: no.~~

The people of the State of California do enact as follows:

1 SECTION 1. Section 99684.5 is added to the Public Utilities
2 Code, to read:

3 99684.5. (a) Funds allocated pursuant to this part that are
4 not expended or encumbered by July 1, 2020, are hereby
5 reallocated pursuant to subdivision (b) of Section 99684 to any
6 other existing passenger rail project.

7 (b) The California Transportation Commission shall determine
8 the existing passenger rail projects in the state and implement the
9 reallocation described in subdivision (a) on a pro-rata basis.

10 ~~SECTION 1. Section 701.1 of the Public Utilities Code is~~
11 ~~amended to read:~~

12 ~~701.1. (a) (1) The Legislature finds and declares that, in~~
13 ~~addition to other ratepayer protection objectives, a principal goal~~
14 ~~of electric and natural gas utilities' resource planning and~~
15 ~~investment shall be to minimize the cost to society of the reliable~~
16 ~~energy services that are provided by natural gas and electricity,~~
17 ~~and to improve the environment and to encourage the diversity of~~
18 ~~energy sources through improvements in energy efficiency;~~
19 ~~development of renewable energy resources, such as wind, solar,~~

1 biomass, and geothermal energy, and widespread transportation
2 electrification:

3 (2) ~~The amendment made to this subdivision by the Clean
4 Energy and Pollution Reduction Act of 2015 (Chapter 547 of the
5 Statutes of 2015) does not expand the authority of the commission
6 beyond that provided by other law.~~

7 (b) ~~The Legislature further finds and declares that, in addition
8 to any appropriate investments in energy production, electrical
9 and natural gas utilities should seek to exploit all practicable and
10 cost-effective conservation and improvements in the efficiency of
11 energy use and distribution that offer equivalent or better system
12 reliability, and which are not being exploited by any other entity.~~

13 (e) ~~In calculating the cost-effectiveness of energy resources,
14 including conservation and load management options, the
15 commission shall include, in addition to other ratepayer protection
16 objectives, a value for any costs and benefits to the environment,
17 including air quality. The commission shall ensure that any values
18 it develops pursuant to this section are consistent with values
19 developed by the State Energy Resources Conservation and
20 Development Commission pursuant to Section 25000.1 of the
21 Public Resources Code. However, if the commission determines
22 that a value developed pursuant to this subdivision is not consistent
23 with a value developed by the State Energy Resources
24 Conservation and Development Commission pursuant to
25 subdivision (e) of Section 25000.1 of the Public Resources Code,
26 the commission may nonetheless use this value if, in the
27 appropriate record of its proceedings, it states its reasons for using
28 the value it has selected.~~

29 (d) ~~In determining the emission values associated with the
30 current operating capacity of existing electric powerplants pursuant
31 to subdivision (c), the commission shall adhere to the following
32 protocol in determining values for air quality costs and benefits to
33 the environment. If the commission finds that an air pollutant that
34 is subject to regulation is a component of residual emissions from
35 an electric powerplant and that the owner of that powerplant is
36 either of the following:~~

37 (1) ~~Using a tradable emission allowance, right, or offset for that
38 pollutant, which (A) has been approved by the air quality district
39 regulating the powerplant, (B) is consistent with federal and state~~

1 law, and (C) has been obtained, authorized, or acquired in a
2 market-based system.

3 (2) Paying a tax per measured unit of that pollutant.

4 The commission shall not assign a value or cost to that residual
5 pollutant for the current operating capacity of that powerplant
6 because the alternative protocol for dealing with the pollutant
7 operates to internalize its cost for the purpose of planning for and
8 acquiring new generating resources.

9 (e) (1) The values determined pursuant to subdivision (c) to
10 represent costs and benefits to the environment shall not be used
11 by the commission, in and of themselves, to require early
12 decommissioning or retirement of an electric utility powerplant
13 that complies with applicable prevailing environmental regulations.

14 (2) Further, the environmental values determined pursuant to
15 subdivision (c) shall not be used by the commission in a manner
16 which, when those values are aggregated, will result in advancing
17 an electric utility's need for new powerplant capacity by more than
18 15 months.

19 (f) This subdivision shall apply whenever a powerplant bid
20 solicitation is required by the commission for an electric utility
21 and a portion of the amount of new powerplant capacity, which is
22 the subject of the bid solicitation, is the result of the commission's
23 use of environmental values to advance that electric utility's need
24 for new powerplant capacity in the manner authorized by paragraph
25 (2) of subdivision (e). The affected electric utility may propose to
26 the commission any combination of alternatives to that portion of
27 the new powerplant capacity that is the result of the commission's
28 use of environmental values as authorized by paragraph (2) of
29 subdivision (e). The commission shall approve an alternative in
30 place of the new powerplant capacity if it finds all of the following:

31 (1) The alternative has been approved by the relevant air quality
32 district.

33 (2) The alternative is consistent with federal and state law.

34 (3) The alternative will result in needed system reliability for
35 the electric utility at least equivalent to that which would result
36 from bidding for new powerplant capacity.

37 (4) The alternative will result in reducing system operating costs
38 for the electric utility over those which would result from the
39 process of bidding for new powerplant capacity.

- 1 ~~(5) The alternative will result in equivalent or better~~
2 ~~environmental improvements at a lower cost than would result~~
3 ~~from bidding for new powerplant capacity.~~
4 ~~(g) This section does not require an electric utility to alter the~~
5 ~~dispatch of its powerplants for environmental purposes.~~
6 ~~(h) This section does not preclude an electric utility from~~
7 ~~submitting to the commission any combination of alternatives to~~
8 ~~meet a commission-identified need for new capacity, if the~~
9 ~~submission is otherwise authorized by the commission.~~
10 ~~(i) This section does not change or alter any provision of~~
11 ~~commission decision 92-04-045, dated April 22, 1992.~~

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