

**Introduced by Senator Pavley**February 26, 2015

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An act to add Section 75214.5 to the Public Resources Code, and to amend Sections 10537 and 10538 of, and to add Section 79746.5 to, the Water Code, relating to water.

## LEGISLATIVE COUNSEL'S DIGEST

SB 471, as introduced, Pavley. Water, energy, and reduction of greenhouse gas emissions: planning.

(1) Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions, to be deposited in the Greenhouse Gas Reduction Fund. Existing law continuously appropriates specified portions of the annual proceeds in the Greenhouse Gas Reduction Fund to various programs including 20% for the Affordable Housing and Sustainable Communities Program, administered by the Strategic Growth Council. Existing law specifies the objectives for the program and identifies categories of projects eligible for funding under this program.

This bill would require the council, in implementing these provisions, to give special consideration to awarding funds to eligible projects that, in addition to existing objectives and goals, would also result in reduced energy use by a water supplier, an end user of water, or both.

(2) The Integrated Regional Water Management Planning Act authorizes a regional water management group to prepare an integrated regional water management plan, in accordance with certain procedures, for the implementation or operation of specified qualified projects or programs pertaining to water supply, water quality, or related matters.

The act defines “regional projects or programs” as projects or programs identified in an integrated regional water management plan that accomplish specified water-related goals, including an increase in water supplies through the use of certain means.

This bill would specifically include projects or programs that reduce energy used to acquire, transport, treat, or distribute water as a regional project or program.

(3) Existing law, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, approved by the voters as Proposition 1 at the November 4, 2014, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$7,545,000,000 to finance a water quality, supply, and infrastructure improvement program. The bond act provides that the sum of \$810,000,000 is to be available, upon appropriation by the Legislature, for expenditures on, and competitive grants and loans to, projects that are included in and implemented in, an adopted integrated regional water management plan and respond to climate change and contribute to regional water security. The bond act authorizes the use of \$100,000,000 of those funds for direct expenditures, and for grants and loans, for certain water conservation and water-use efficiency plans, projects, and programs.

This bill, in implementing the direct expenditures, grants, and loans for these water conservation and water-use efficiency plans, projects, and programs, would require special consideration be given to expenditures, grants, and loans that would result in reduced energy use by the water supplier, end user of the water, or both.

(4) The bill would make legislative findings and declarations, and a statement of legislative intent, with regard to the nexus between water and energy and water and reduction of greenhouse gas emissions.

(5) The bill would also state the intent of the Legislature to enact legislation to require the Energy Resources Conservation and Development Commission to update and further refine its 2007 study of water-related energy use in California, without imposing any new emissions regulations on affected entities.

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. (a) The Legislature finds and declares all of the  
2 following:

1 (1) Water and energy resources are inextricably connected. This  
2 relationship is known as the water-energy nexus.

3 (A) Transportation and treatment of water, treatment and  
4 disposal of wastewater, and the energy used to heat and consume  
5 water account for nearly 20 percent of the total electricity and 30  
6 percent of nonpowerplant-related natural gas consumed in  
7 California.

8 (B) Similarly, water is used to turn turbines for hydropower, to  
9 produce steam for thermoelectric power, and to cool equipment  
10 by absorbing the waste heat produced by power generation.

11 (C) Consequently, saving water saves energy, and vice versa.

12 (2) Because of the water-energy nexus, there is also a  
13 water-greenhouse gas nexus.

14 (A) Production of energy often results in production of  
15 greenhouse gases.

16 (B) Consequently, saving water saves energy and, by extension,  
17 reduces greenhouse gas emissions.

18 (3) Planning for water use is often conducted without  
19 consideration of energy use or greenhouse gas emissions. Similarly,  
20 planning for energy and reduction of greenhouse gas emissions is  
21 often conducted without consideration of water resources.

22 (b) It is the intent of the Legislature, in enacting this act, to:

23 (1) Provide the best available data on the water-energy nexus  
24 so that it may be included in the scoping plan update prepared  
25 pursuant to the California Global Warming Solutions Act of 2006  
26 (Ch. 488, Stats. 2006).

27 (2) More closely integrate the planning for water, energy, and  
28 greenhouse gas emissions.

29 (3) Enable opportunities for innovative projects and programs  
30 that reduce the greenhouse gas intensity of our water system and  
31 the water intensity of our energy system to access eligible funds,  
32 including moneys from the Greenhouse Gas Reduction Fund, the  
33 Water Quality, Supply, and Infrastructure Improvement Act of  
34 2014 (Proposition 1), the Electric Program Investment Charge  
35 Fund, and investor-owned utility ratepayer dollars.

36 (c) It is further the intent of the Legislature to enact legislation  
37 to require the Energy Resources Conservation and Development  
38 Commission to update and further refine its 2007 study of  
39 water-related energy use in California, including source-specific  
40 data, which would be anonymized to the extent necessary to protect

1 business confidential information or security sensitive information,  
2 and without imposing any new emissions regulations on the entities  
3 with which these water-related energy use emissions are associated.

4 SEC. 2. Section 75214.5 is added to the Public Resources Code,  
5 to read:

6 75214.5. In implementing the program, the council shall give  
7 special consideration to awarding funds to eligible projects that,  
8 in addition to achieving the objectives identified in Section 75210  
9 and supporting the goals identified in Section 75214, would also  
10 result in reduced energy use by a water supplier, an end user of  
11 water, or both.

12 SEC. 3. Section 10537 of the Water Code is amended to read:

13 10537. “Regional projects or programs” means projects or  
14 programs identified in an integrated regional water management  
15 plan that accomplish any of the following:

16 (a) Reduce water demand through agricultural and urban water  
17 use efficiency.

18 (b) Increase water supplies for any beneficial use through the  
19 use of any of the following, or other, means:

20 (1) Groundwater storage and conjunctive water management.

21 (2) Desalination.

22 (3) Precipitation enhancement.

23 (4) Water recycling.

24 (5) Regional and local surface storage.

25 (6) Water-use efficiency.

26 (7) Stormwater management.

27 (c) Improve operational efficiency and water supply reliability,  
28 including conveyance facilities, system reoperation, and water  
29 transfers.

30 (d) Improve water quality, including drinking water treatment  
31 and distribution, groundwater and aquifer remediation, matching  
32 water quality to water use, wastewater treatment, water pollution  
33 prevention, and management of urban and agricultural runoff.

34 (e) Improve resource stewardship, including agricultural lands  
35 stewardship, ecosystem restoration, flood plain management,  
36 recharge area protection, urban land use management, groundwater  
37 management, water-dependent recreation, fishery restoration,  
38 including fish passage improvement, and watershed management.

39 (f) Improve flood management through structural and  
40 nonstructural means, or by any other means.

1     (g) *Reduce energy used to acquire, transport, treat, or distribute*  
2 *water.*

3     SEC. 4. Section 10538 of the Water Code is amended to read:

4     10538. “Regional reports or studies” means reports or studies  
5 relating to any of the matters described in subdivisions (a) to ~~(f)~~  
6 (g), inclusive, of Section 10537, that are identified in an integrated  
7 regional water management plan.

8     SEC. 5. Section 79746.5 is added to the Water Code, to read:

9     79746.5. In implementing Section 79746, special consideration  
10 shall be given to expenditures, grants, and loans that, in addition  
11 to the purposes of Section 79746, would also result in reduced  
12 energy use by the water supplier, end user of the water, or both.

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