

Senate Bill No. 888

Passed the Senate August 26, 2016

Secretary of the Senate

Passed the Assembly August 24, 2016

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2016, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 8585.01 to the Government Code, and to add Section 972 to the Public Utilities Code, relating to gas corporations.

LEGISLATIVE COUNSEL'S DIGEST

SB 888, Allen. Gas corporations: emergency management: leak mitigation.

(1) Existing law creates, within the office of the Governor, the Office of Emergency Services, which, under the Director of Emergency Services, coordinates disaster response, emergency planning, emergency preparedness, disaster recovery, disaster mitigation, and homeland security activities.

This bill would establish the Office of Emergency Services as the lead agency for emergency response to a large, ongoing leak or release of natural gas and associated gases from a natural gas storage facility that poses a significant present or potential hazard to the public health and safety, property, or the environment. The bill would require the Office of Emergency Services to coordinate among other state and local agencies the emergency response, public health and environmental assessment, monitoring, and long-term management and control of the leak.

(2) The Public Utilities Act provides that any public utility that violates any provision of the California Constitution or the act, or that fails or neglects to comply with any order, decision, decree, rule, direction, demand, or requirement of the Public Utilities Commission where a penalty has not otherwise been provided, is subject to a penalty of not less than \$500 and not more than \$50,000 for each offense. Existing law requires that any fine or penalty imposed by the commission and collected from a public utility be paid to the State Treasury to the credit of the General Fund.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act requires the state board to adopt a statewide greenhouse gas emissions limit equivalent to the statewide

greenhouse gas emissions level in 1990 to be achieved by 2020. Existing law requires the California Environmental Protection Agency to identify disadvantaged communities.

This bill would require a penalty assessed against a gas corporation pursuant to the Public Utilities Act in regards to a natural gas storage facility leak to at least equal the amount necessary to fully offset the impact on the climate from the greenhouse gases emitted by the leak from the natural gas storage facility, as determined by the state board, and would require the commission to consider the extent to which the gas corporation has mitigated, or is in the process of mitigating, the impact on the climate from greenhouse gas emissions resulting from the leak, as specified. The bill would require the commission to deposit moneys from penalties assessed against a gas corporation in regards to a natural gas storage facility leak into the Gas Storage Facility Leak Mitigation Account, which the bill would establish in the State Treasury. The bill would require that moneys in this account be expended, upon appropriation by the Legislature, solely for direct emissions reductions in furtherance of achieving the greenhouse gas emissions limit and, if sufficient moneys remain after mitigating the impact on the climate from the gas corporation's emissions, to reimburse state and local response costs. The bill would require these moneys to be expended in a manner that achieves a reduction in greenhouse gases that will fully offset the impact on the climate from those gases emitted by the leak, and in accordance with provisions requiring specified allocations to disadvantaged communities. The bill would require the state board to determine the amount of, and impact on the climate from, greenhouse gases emitted by a leak for these purposes. The bill would require that moneys in the fund resulting from penalties assessed for the Aliso Canyon gas leak be expended, consistent with the state board's Aliso Canyon Climate Impacts Mitigation Program, for specified purposes.

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

SECTION 1. Section 8585.01 is added to the Government Code, to read:

8585.01. The Office of Emergency Services shall be the lead agency for emergency response to a large, ongoing leak or release

of natural gas and associated gases from a natural gas storage facility that poses a significant present or potential hazard to the public health and safety, property, or the environment. The Office of Emergency Services shall coordinate among other state and local agencies the emergency response, public health and environmental assessment, monitoring, and long-term management and control of the leak.

SEC. 2. Section 972 is added to the Public Utilities Code, to read:

972. (a) A penalty assessed against a gas corporation pursuant to this part in regards to a natural gas storage facility leak shall at least equal the amount necessary to reduce the impact on the climate from greenhouse gases by an amount equivalent to the impact on the climate from the greenhouse gases emitted by the leak from the natural gas storage facility, as determined by the State Air Resources Board. In determining the amount necessary to fully offset the impact on the climate from the gases emitted by the leak, the commission shall consider the extent to which the gas corporation has mitigated, or is in the process of mitigating, the impact on the climate from greenhouse gas emissions resulting from the leak, provided that the mitigation is consistent with subdivision (c), as determined by the State Air Resources Board.

(b) The commission shall deposit any penalties assessed against a gas corporation pursuant to this part in regards to a natural gas storage facility leak into the Gas Storage Facility Leak Mitigation Account, which is hereby established in the State Treasury.

(c) Moneys in the account shall be expended, upon appropriation by the Legislature, subject to all of the following conditions:

(1) Moneys shall be expended solely for direct emissions reductions in furtherance of the achievement of the greenhouse gas emissions limit established pursuant to Section 38550 of the Health and Safety Code and, if sufficient moneys remain after mitigating the impact on the climate from the gas corporation's emissions, as specified in subdivision (a), to reimburse state and local response costs. Moneys shall not be used for the purchase of allowances or offsets otherwise authorized pursuant to the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code).

(2) Moneys shall be expended in a manner to be determined by the commission, in consultation with the State Air Resources

Board, to achieve a reduction in greenhouse gases that will fully offset the impact on the climate from those gases emitted by that leak.

(3) Moneys shall be expended consistent with Section 39713 of the Health and Safety Code.

(4) (A) Consistent with the State Air Resources Board's Aliso Canyon Climate Impacts Mitigation Program, moneys in the fund resulting from penalties assessed for the Aliso Canyon gas leak shall be expended to do all the following:

(i) Generate significant and quantifiable reductions in methane emissions within the agriculture and waste sectors.

(ii) Promote a more sustainable energy infrastructure by promoting energy efficiency and decreasing reliance on fossil fuels.

(iii) Detect and address emissions from methane hot spots not presently targeted under federal, state, or local laws.

(iv) Where feasible, yield cobenefits in communities directly affected by the leak and in disadvantaged communities.

(B) Priority shall be given to projects in nearby communities harmed by the leak and other communities directly affected by methane emissions, disadvantaged communities, and communities within the Aliso Canyon service area.

(d) This section shall not affect or be interpreted to affect the authority of the State Air Resources Board to adopt rules and regulations to reduce greenhouse gas emissions at natural gas storage facilities or to require mitigation of natural gas leaks from those facilities.

Approved _____, 2016

Governor