

AMENDED IN SENATE MARCH 7, 2016

SENATE BILL

No. 919

Introduced by Senator Hertzberg

January 27, 2016

An act to add Section 711 to the Public Utilities Code, relating to water supply.

LEGISLATIVE COUNSEL'S DIGEST

SB 919, as amended, Hertzberg. Water supply: creation or augmentation of local water supplies.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The existing California Renewables Portfolio Standard Program requires a retail seller of electricity, as defined, and local publicly owned electric utilities to purchase specified minimum quantities of electricity products from eligible renewable energy resources, as defined, for specified compliance periods, sufficient to ensure that the level of procurement of electricity products from eligible renewable energy resources reaches a specified percentage of retail sales by a specified date.

This bill would require the commission, before July 1, 2017, in consultation with the Independent System Operator, ~~to adopt and implement policies or tariffs to address the oversupply of renewable energy resources, including, but not limited to, resources through a tariff or other economic incentive for use by facilities electricity purchased by customers operating~~ "facilities that create or augment local water supplies, like desalination, brackish water desalting, water recycling, or water reuse facilities, based on certain economic factors. supplies," as defined, to reduce the cost of electricity to those facilities.

Because a violation of an order or a direction of the commission is a crime, this bill would impose a state-mandated local program.

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

3 (1) California’s drought has affected every region of the state.
4 Scientists predict our changing climate will increase the frequency,
5 length, and severity of droughts in the future. As a result, the state
6 must prioritize local water security.

7 (2) Traditionally, California has relied on interregional water
8 transfers and tapping groundwater sources.

9 (3) California’s water systems were developed in an era of
10 plentiful water, delivering fresh water hundreds of miles away at
11 little cost. Those systems allowed regions to develop without
12 sufficient local supplies.

13 (4) During droughts, however, groundwater supplies are pumped
14 faster than they can be replenished, and 2014 saw the lowest final
15 calendar year allocation in the 54-year history of the state water
16 project, just 5 percent allocated of that which was requested.

17 (5) This drought, coupled with forecasts of a changing climate
18 featuring even more severe droughts, has forced Californians to
19 prioritize local water security.

20 (6) There are several underutilized water resources that can be
21 managed locally, including desalination, brackish water desalting,
22 water recycling, and water reuse. One of the barriers to
23 cost-effective desalination, brackish water desalting, water
24 recycling, and water reuse is the cost of electricity because moving
25 and treating water are energy intensive.

26 (7) Recent forecasts of California’s electrical grid show
27 substantial challenges to integrating a high fraction of electricity
28 from renewable resources, including curtailment of resources due

1 to oversupply. Such excess electricity could be directed through
2 regulatory signals, demand response, and appropriate tariffs to
3 facilities that create or augment local water supplies in an effort
4 to meet the needs for local water security and integration of
5 generation from renewable energy resources.

6 (8) There is a clear public interest in maximizing the
7 development and expansion of facilities that create or augment
8 local water supplies. Given that water and energy are inextricably
9 linked, it is also imperative that those facilities receive all available
10 cost-effective energy efficiency, demand response, and regulatory
11 assistance.

12 (b) It is the intent of the Legislature to expedite funding made
13 available pursuant to the Water Quality, Supply, and Infrastructure
14 Improvement Act of 2014 (Division 26.7 (commencing with
15 Section 79700) of the Water Code) for projects that encourage the
16 deployment of facilities that create or augment local water supplies,
17 including, but not limited to, desalination, brackish water desalting,
18 water recycling, or water reuse facilities.

19 SEC. 2. Section 711 is added to the Public Utilities Code, to
20 read:

21 711. (a) Before July 1, 2017, the commission, in consultation
22 with the Independent System Operator, shall ~~adopt and implement~~
23 ~~policies or tariffs to address the oversupply of renewable energy~~
24 ~~resources, including, but not limited to, resources through a tariff~~
25 ~~or other economic incentive for use by the electricity purchased~~
26 ~~by customers operating facilities that create or augment local water~~
27 ~~supplies, including, but not limited to, desalination, brackish water~~
28 ~~desalting, water recycling, or water reuse facilities, based on~~
29 ~~economic factors, such as time-of-use or demand response, to~~
30 ~~apply at the option of the customer, to reduce the cost of electricity~~
31 to those facilities.

32 (b) *For purposes of this section, “facilities that create or*
33 *augment local water supplies” include desalination, brackish*
34 *water desalting, water recycling, water reuse, and groundwater*
35 *recharge facilities.*

36 SEC. 3. No reimbursement is required by this act pursuant to
37 Section 6 of Article XIII B of the California Constitution because
38 the only costs that may be incurred by a local agency or school
39 district will be incurred because this act creates a new crime or
40 infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section 17556 of
2 the Government Code, or changes the definition of a crime within
3 the meaning of Section 6 of Article XIII B of the California
4 Constitution.

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