

AMENDED IN SENATE APRIL 7, 2016

**SENATE BILL**

**No. 1301**

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**Introduced by Senator Hertzberg**  
*(Coauthor: Assembly Member Dodd)*

February 19, 2016

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An act to add Section 748.6 to the Public Utilities Code, relating to natural gas.

LEGISLATIVE COUNSEL'S DIGEST

SB 1301, as amended, Hertzberg. Natural gas: greenhouse gas allowance: allocation.

Under the Public Utilities Act, the Public Utilities Commission has regulatory jurisdiction over public utilities, including electrical corporations and gas corporations. A violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime. The California Global Warming Solutions Act of 2006 and its implementing regulations provide for a greenhouse gas emissions limit to be achieved through a market-based compliance mechanism. That mechanism includes the requirement that certain greenhouse gas producers acquire "allowances" for their emissions. Those regulations specifically provide for the direct allocation of greenhouse gas allowances to gas corporations.

A decision of the commission requires the gas corporations to return to certain customers the proceeds generated from the sale of those greenhouse gas allowances as a bill credit in an equal, non-volumetric manner, and to conduct outreach and education activities to customers receiving the bill credit.

The Public Utilities Act authorizes the commission to allocate 15% of the revenues received by an electrical corporation as a result of the

auction of greenhouse gas allowances for clean energy and energy efficiency projects established pursuant to statute that are administered by electrical corporations or a qualified 3rd-party administrator approved by the commission and requires the commission to direct the balance of the revenues to be credited directly to the residential, small business, and emissions-intensive trade-exposed retail customers of the electrical corporations, as specified.

This bill would ~~require~~ *authorize* the ~~commission, no later than June 1, 2017,~~ *commission* to require *up to 25%* of revenues received by a gas corporation as a result of the auction of greenhouse gas allowances to be used for clean energy and energy efficiency projects or programs approved by the commission, as specified. The bill would require the commission to require each gas corporation to annually report and post on its Internet Web site all expenditures of these revenues and the quantified reductions in greenhouse gases from projects or programs funded under these provisions. Because the provisions of this bill require *or authorize* action by the commission to implement its requirements, and a violation of these commission-ordered requirements would be a crime, this bill would impose a state-mandated local program.

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 748.6 is added to the Public Utilities
- 2 Code, to read:
- 3 748.6. (a) ~~No later than June 1, 2017, the~~ *The* commission
- 4 ~~shall~~ *may* require *up to 25* percent of revenues, including any
- 5 accrued interest, received by a gas corporation as a result of the
- 6 direct allocation of greenhouse gas allowances to natural gas
- 7 suppliers pursuant to subdivision (f) of Section 95890 of Title 17
- 8 of the California Code of Regulations to be used for clean energy
- 9 and energy efficiency projects or programs approved by the
- 10 commission.
- 11 (b) For purposes of subdivision (a):

1 (1) A project or program funded under this section must be able  
2 to quantify and report reductions in greenhouse gases.

3 (2) “Clean energy” project or program may include any of the  
4 following:

5 (A) Support for the development, deployment, interconnection,  
6 or use of pipeline biogas.

7 (B) Support for the development, deployment, or use of  
8 alternative transportation fuels.

9 (C) Any other project or program that reduces or abates  
10 greenhouse gases related to the use of fossil natural gas.

11 (3) “Energy efficiency” project or program may include any  
12 project or program that reduces fossil natural gas consumption  
13 through more efficient appliances, heating, cooling, industrial use,  
14 or other end uses.

15 (4) Clean energy and energy efficiency projects or programs  
16 may also include projects or programs of that type established  
17 pursuant to statute that are administered by the gas corporation,  
18 the commission, or a qualified third-party administrator approved  
19 by the commission.

20 (c) The commission shall require each gas corporation to  
21 annually report and post on its Internet Web site all expenditures  
22 of these revenues and the quantified reductions in greenhouse gases  
23 from projects or programs funded under this section.

24 SEC. 2. No reimbursement is required by this act pursuant to  
25 Section 6 of Article XIII B of the California Constitution because  
26 the only costs that may be incurred by a local agency or school  
27 district will be incurred because this act creates a new crime or  
28 infraction, eliminates a crime or infraction, or changes the penalty  
29 for a crime or infraction, within the meaning of Section 17556 of  
30 the Government Code, or changes the definition of a crime within  
31 the meaning of Section 6 of Article XIII B of the California  
32 Constitution.