

AMENDED IN ASSEMBLY AUGUST 31, 2016

AMENDED IN ASSEMBLY AUGUST 19, 2016

AMENDED IN ASSEMBLY AUGUST 15, 2016

AMENDED IN SENATE APRIL 12, 2016

SENATE BILL

No. 1383

Introduced by Senator Lara

(Principal coauthor: Assembly Member Williams)

(Coauthors: Senators Allen, Hancock, and Hill)

(Coauthor: Assembly Member Gonzalez)

February 19, 2016

An act to add Sections ~~39730.5 and 39730.6~~ 39730.5, 39730.6, 39730.7, and 39730.8 to the Health and Safety Code, and to add Chapter 13.1 (commencing with Section 42652) to Part 3 of Division 30 of the Public Resources Code, relating to methane emissions.

LEGISLATIVE COUNSEL'S DIGEST

SB 1383, as amended, Lara. Short-lived climate pollutants: methane emissions: *dairy and livestock*: organic waste: landfills.

(1) 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 state board is required to ~~adopt~~ *approve* a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. The state board is also required to complete a comprehensive strategy to reduce emissions of short-lived climate pollutants, as defined, in the state.

This bill would require the state board, no later than January 1, 2018, to approve and begin implementing that comprehensive strategy to

reduce emissions of short-lived climate pollutants to achieve a reduction in methane by 40%, hydrofluorocarbon gases by 40%, and anthropogenic black carbon by 50% below 2013 levels by 2030, as specified. The bill also would establish specified targets for reducing organic waste in landfills.

This bill would require the state board, in consultation with the Department of Food and Agriculture, to adopt regulations to reduce methane emissions from livestock manure management operations and dairy manure management operations, as specified. The bill would require the state board to take certain actions prior to adopting those regulations. This bill would require the regulations to take effect on or after January 1, 2024, if the state board, in consultation with the department, makes certain determinations.

This bill would require the state board, the Public Utilities Commission, and the State Energy Resources Conservation and Development Commission to undertake various actions related to reducing short-lived climate pollutants in the state. The bill would require state agencies to consider and, as appropriate, adopt policies and incentives to significantly increase the sustainable production and use of renewable gas.

(2) The California Integrated Waste Management Act of 1989, which is administered by the Department of Resources Recycling and Recovery, establishes an integrated waste management program that requires each county and city and county to prepare and submit to the department a countywide integrated waste management plan.

The bill would require the department, in consultation with the state board, to adopt regulations that achieve the specified targets for reducing organic waste in landfills. The bill would authorize local jurisdictions to charge and collect fees to recover the local jurisdiction's costs incurred in complying with the regulations. The bill would require, no later than July 1, 2020, the department, in consultation with the state board, to analyze the progress that the waste sector, state government, and local governments have made in achieving the specified targets for reducing organic waste in landfills. The bill would authorize the department, depending on the outcome of that analysis, to amend the regulations to include incentives or additional requirements, as specified. By adding to the duties of local governments related to organic waste in landfills, this bill would impose a state-mandated local program.

(3) 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) Short-lived climate pollutants, such as black carbon,
4 fluorinated gases, and methane, are powerful climate ~~forces~~ *forcers*
5 that have a dramatic and detrimental effect on air quality, public
6 health, and climate change.

7 (2) These pollutants create a warming influence on the climate
8 that is many times more potent than that of carbon dioxide.

9 (3) ~~These~~ *Short-lived climate pollutants that are* toxic air
10 contaminants also are a significant environmental risk factor for
11 premature death.

12 (4) Reducing ~~these~~ *emissions of these pollutants* can have an
13 immediate beneficial impact on climate change and on public
14 health.

15 (5) To the extent possible, efforts to reduce emissions of
16 short-lived climate pollutants should focus on areas of the state
17 that are ~~disproportionally~~ *disproportionately* affected by poor air
18 quality.

19 (b) It is the intent of the Legislature to support the adoption of
20 policies that improve organics recycling and innovative,
21 cost-effective, and environmentally beneficial uses of biomethane
22 derived from solid waste facilities.

23 (c) It is intent of the Legislature that the disposal reduction
24 targets established pursuant to Section 39730.6 of the Health and
25 Safety Code shall serve as a statewide average target and not as a
26 minimum requirement for each jurisdiction.

27 SEC. 2. Section 39730.5 is added to the Health and Safety
28 Code, to read:

29 39730.5. (a) No later than January 1, 2018, the state board
30 shall approve and begin implementing the comprehensive

1 short-lived climate pollutant strategy developed pursuant to Section
 2 39730 to achieve a reduction in the statewide emissions of methane
 3 by 40 percent, hydrofluorocarbon gases by 40 percent, and
 4 anthropogenic black carbon by 50 percent below 2013 levels by
 5 2030.

6 (b) Prior to approving the short-lived climate pollutant strategy
 7 pursuant to subdivision (a), the state board shall do all of the
 8 following:

9 (1) Coordinate with other state and local agencies and districts
 10 to develop measures identified as part of the strategy.

11 (2) Provide a forum for public engagement by holding at least
 12 three public hearings in geographically diverse locations throughout
 13 the state.

14 (3) Evaluate the best-available scientific, technological, and
 15 economic information to ensure that the strategy is cost effective
 16 and technologically feasible.

17 (4) Incorporate and prioritize, as appropriate, measures and
 18 actions that provide the following cobenefits:

19 (A) Job growth and local economic benefits in the state.

20 (B) Public health ~~benefits for residents, particularly in~~
 21 ~~disadvantaged communities identified pursuant to Section 39711.~~
 22 *benefits.*

23 (C) Potential for new innovation in technology, energy, and
 24 resource management practices.

25 (c) The state board shall publicly notice the strategy described
 26 in subdivision (a) and post a copy of that strategy on the state
 27 board’s Internet Web site at least one month prior to the state board
 28 approving the strategy pursuant to subdivision (a).

29 SEC. 3. Section 39730.6 is added to the Health and Safety
 30 Code, to read:

31 39730.6. (a) Consistent with Section 39730.5, methane
 32 emissions reduction goals shall include the following targets to
 33 reduce the landfill disposal of organics:

34 ~~(a)~~

35 (1) A 50 percent reduction in the level of the statewide disposal
 36 of organic waste from the 2014 level by 2020.

37 ~~(b)~~

38 (2) A 75 percent reduction in the level of the statewide disposal
 39 of organic waste from the 2014 level by 2025.

1 (b) Except as provided in this section and Section 42652.5 of
2 the Public Resources Code, the state board shall not adopt, prior
3 to January 1, 2025, requirements to control methane emissions
4 associated with the disposal of organic waste in landfills other
5 than through landfill methane emissions control regulations.

6 SEC. 4. Section 39730.7 is added to the Health and Safety
7 Code, to read:

8 39730.7. (a) For purposes of this section, the following terms
9 have the following meanings:

10 (1) "Department" means the Department of Food and
11 Agriculture.

12 (2) "Commission" means the Public Utilities Commission.

13 (3) "Energy commission" means the State Energy Resources
14 Conservation and Development Commission.

15 (4) "Strategy" means the strategy to reduce short-lived climate
16 pollutants developed pursuant to Section 39730.

17 (b) (1) The state board, in consultation with the department,
18 shall adopt regulations to reduce methane emissions from livestock
19 manure management operations and dairy manure management
20 operations, consistent with this section and the strategy, by up to
21 40 percent below the dairy sector's and livestock sector's 2013
22 levels by 2030.

23 (2) Prior to adopting regulations pursuant to paragraph (1),
24 the state board shall do all of the following:

25 (A) Work with stakeholders to identify and address technical,
26 market, regulatory, and other challenges and barriers to the
27 development of dairy methane emissions reduction projects. The
28 group of stakeholders shall include a broad range of stakeholders
29 involved in the development of dairy methane reduction projects,
30 including, but not limited to, project developers, dairy and livestock
31 industry representatives, state and local permitting agencies,
32 energy agency representatives, compost producers with experience
33 composting dairy manure, environmental and conservation
34 stakeholders, public health experts, and others with demonstrated
35 expertise relevant to the success of dairy methane emissions
36 reduction efforts.

37 (B) Provide a forum for public engagement by holding at least
38 three public meetings in geographically diverse locations
39 throughout the state where dairy operations and livestock
40 operations are present.

1 (C) In consultation with the department, do both of the
2 following:

3 (i) Conduct or consider livestock and dairy operation research
4 on dairy methane emissions reduction projects, including, but not
5 limited to, scrape manure management systems, solids separation
6 systems, and enteric fermentation.

7 (ii) Consider developing and adopting methane emissions
8 reduction protocols.

9 (3) The state board shall make available to the public by posting
10 on its Internet Web site a report on the progress made in
11 implementing paragraph (2). Pursuant to Section 9795 of the
12 Government Code, the state board shall notify the Legislature of
13 the report.

14 (4) Notwithstanding the Administrative Procedure Act (Chapter
15 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
16 Title 2 of the Government Code), the regulations adopted pursuant
17 to paragraph (1) shall be implemented on or after January 1, 2024,
18 if the state board, in consultation with the department, determines
19 all of the following:

20 (A) The regulations are technologically feasible.

21 (B) The regulations are economically feasible considering milk
22 and live cattle prices and the commitment of state, federal, and
23 private funding, among other things, and that markets exist for
24 the products generated by dairy manure management and livestock
25 manure management methane emissions reduction projects,
26 including composting, biomethane, and other products. The
27 analysis shall include consideration of both of the following:

28 (i) Electrical interconnection of onsite electrical generation
29 facilities using biomethane.

30 (ii) Access to common carrier pipelines available for the
31 injection of digester biomethane.

32 (C) The regulations are cost effective.

33 (D) The regulations include provisions to minimize and mitigate
34 potential leakage to other states or countries, as appropriate.

35 (E) The regulations include an evaluation of the achievements
36 made by incentive-based programs.

37 (c) No later than July 1, 2020, the state board, in consultation
38 with the department, shall analyze the progress the dairy and
39 livestock sector has made in achieving the goals identified in the
40 strategy and specified in paragraph (1) of subdivision (b). The

1 analysis shall determine if sufficient progress has been made to
2 overcome technical and market barriers, as identified in the
3 strategy. If the analysis determines that progress has not been
4 made in meeting the targets due to insufficient funding or technical
5 or market barriers, the state board, in consultation with the
6 department and upon consultation with stakeholders, may reduce
7 the goal in the strategy for the dairy and livestock sectors, as
8 identified pursuant to paragraph (1).

9 (d) (1) (A) No later than January 1, 2018, the state board, in
10 consultation with the commission and the energy commission, shall
11 establish energy infrastructure development and procurement
12 policies needed to encourage dairy biomethane projects to meet
13 the goal identified pursuant to paragraph (1) of subdivision (b).

14 (B) The state board shall develop a pilot financial mechanism
15 to reduce the economic uncertainty associated with the value of
16 environmental credits, including credits pursuant to the
17 Low-Carbon Fuel Standard regulations (Subarticle 7 (commencing
18 with Section 95480) of Title 17 of the California Code of
19 Regulations) from dairy-related projects producing low-carbon
20 transportation fuels. The state board shall make recommendations
21 to the Legislature for expanding this mechanism to other sources
22 of biogas.

23 (2) No later than January 1, 2018, the commission, in
24 consultation with the state board and the department, shall direct
25 gas corporations to implement not less than five dairy biomethane
26 pilot projects to demonstrate interconnection to the common carrier
27 pipeline system. For the purposes of these pilot projects, gas
28 corporations may recover in rates the reasonable cost of pipeline
29 infrastructure developed pursuant to the pilot projects.

30 (e) No later than January 1, 2018, the state board shall provide
31 guidance on credits generated pursuant to the Low-Carbon Fuel
32 Standard regulations (Subarticle 7 (commencing with Section
33 95480) of Title 17 of the California Code of Regulations) and the
34 market-based compliance mechanism developed pursuant to Part
35 5 (commencing with Section 38570) of Division 25.5 from the
36 methane reduction protocols described in the strategy and shall
37 ensure that projects developed before the implementation of
38 regulations adopted pursuant to subdivision (b) receive credit for
39 at least 10 years. Projects shall be eligible for an extension of
40 credits after the first 10 years to the extent allowed by regulations

1 *adopted pursuant to the California Global Warming Solutions Act*
2 *of 2006 (Division 25.5 (commencing with Section 38500)).*

3 *(f) Enteric emissions reductions shall be achieved only through*
4 *incentive-based mechanisms until the state board, in consultation*
5 *with the department, determines that a cost-effective, considering*
6 *the impact on animal productivity, and scientifically proven method*
7 *of reducing enteric emissions is available and that adoption of the*
8 *enteric emissions reduction method would not damage animal*
9 *health, public health, or consumer acceptance. Voluntary enteric*
10 *emissions reductions may be used toward satisfying the goals of*
11 *this chapter.*

12 *(g) Except as provided in this section, the state board shall not*
13 *adopt methane emissions reduction regulations controlling the*
14 *emissions of methane from dairy operations or livestock operations*
15 *to achieve the 2020 and 2030 greenhouse gas emissions reduction*
16 *goals established pursuant to the California Global Warming*
17 *Solutions Act of 2006 (Division 25.5 (commencing with Section*
18 *38500)).*

19 *(h) Nothing in this section shall limit the authority of the state*
20 *board to acquire planning and baseline information, including*
21 *requiring the monitoring and reporting of emissions.*

22 *(i) This section does not in any way affect the state board's or*
23 *districts' authority to regulate emissions of criteria pollutants,*
24 *toxic air contaminants, or other pollutants pursuant to other*
25 *provisions of this division.*

26 *SEC. 5. Section 39730.8 is added to the Health and Safety*
27 *Code, to read:*

28 *39730.8. (a) For purposes of this section, the following terms*
29 *have the following meanings:*

30 *(1) "Commission" means the Public Utilities Commission.*

31 *(2) "Energy commission" means the State Energy Resources*
32 *Conservation and Development Commission.*

33 *(3) "Strategy" means the strategy to reduce short-lived climate*
34 *pollutants developed pursuant to Section 39730.*

35 *(b) The energy commission, in consultation with the state board*
36 *and the commission, shall develop recommendations for the*
37 *development and use of renewable gas, including biomethane and*
38 *biogas, as a part of its 2017 Integrated Energy Policy Report*
39 *prepared pursuant to Section 25302 of the Public Resources Code.*
40 *In developing the recommendations, the energy commission shall*

1 identify cost-effective strategies that are consistent with existing
2 state policies and climate change goals by considering priority
3 end uses of renewable gas, including biomethane and biogas, and
4 their interactions with state policies, including biomethane and
5 all of the following:

6 (1) The Renewables Portfolio Standard program (Article 16
7 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of
8 Division 1 of the Public Utilities Code).

9 (2) The Low-Carbon Fuel Standard regulations (Subarticle 7
10 (commencing with Section 95480) of Title 17 of the California
11 Code of Regulations).

12 (3) Waste diversion goals established pursuant to Division 30
13 (commencing with Section 40000) of the Public Resources Code.

14 (4) The market-based compliance mechanism developed
15 pursuant to Part 5 (commencing with Section 38570) of Division
16 25.5.

17 (5) The strategy.

18 (c) Based on the recommendations developed pursuant to
19 subdivision (b), and to meet the state's climate change, renewable
20 energy, low-carbon fuel, and short-lived climate pollutants goals,
21 including black carbon, landfill diversion, and dairy methane
22 targets identified in the strategy, state agencies shall consider and,
23 as appropriate, adopt policies and incentives to significantly
24 increase the sustainable production and use of renewable gas,
25 including biomethane and biogas.

26 (d) Based on the recommendations developed pursuant to
27 subdivision (b), the commission, in consultation with the energy
28 commission and the state board, shall consider additional policies
29 to support the development and use in the state of renewable gas,
30 including biomethane and biogas, that reduce short-lived climate
31 pollutants in the state.

32 (e) In implementing this section, priority shall be given to fuels
33 with the greatest greenhouse gas emissions benefits, including the
34 consideration of carbon intensity and reduction in short-lived
35 climate pollutants, as appropriate.

36 ~~SEC. 4.~~

37 SEC. 6. Chapter 13.1 (commencing with Section 42652) is
38 added to Part 3 of Division 30 of the Public Resources Code, to
39 read:

1 CHAPTER 13.1. SHORT-LIVED CLIMATE POLLUTANTS

2

3 42652. *The Legislature finds and declares all of the following:*4 (a) *The organic disposal reduction targets are essential to*
5 *achieving the statewide recycling goal identified in Section*
6 *41780.01.*7 (b) *Achieving organic waste disposal reduction targets requires*
8 *significant investment to develop organics recycling capacity.*9 (c) *More robust state and local funding mechanisms are needed*
10 *to support the expansion of organics recycling capacity.*11 ~~42652.~~12 42652.5. (a) The department, in consultation with the State
13 Air Resources Board, shall adopt regulations to achieve the organic
14 waste reduction goals for 2020 and 2025 established in Section
15 39730.6 of the Health and Safety Code. The regulations shall
16 comply with all of the following:17 (1) May require local jurisdictions to impose requirements on
18 generators or other relevant entities within their jurisdiction and
19 may authorize local jurisdictions to impose penalties *on generators*
20 *for noncompliance.*21 (2) Shall include requirements intended to meet the goal that
22 not less than 20 percent of edible food that is currently disposed
23 of is recovered for human consumption by 2025.24 (3) Shall not establish a numeric organic waste disposal limit
25 for individual landfills.26 (4) May include different levels of requirements for local
27 jurisdictions and phased timelines based upon their progress in
28 meeting the organic waste reduction goals for 2020 and 2025
29 established in Section 39730.6 of the Health and Safety Code. The
30 department shall base its determination of progress on relevant
31 factors, including, but not limited to, reviews conducted pursuant
32 to Section 41825, the amount of organic waste disposed compared
33 to the 2014 level, per capita disposal rates, the review required by
34 Section 42653, and other relevant information provided by a
35 jurisdiction.36 (5) May include penalties to be imposed by the department for
37 noncompliance. If penalties are included, they shall ~~be imposed~~
38 ~~using the processes authorized by Sections 41825 and~~ *not exceed*
39 *the amount authorized pursuant to Section 41850.*

1 (6) Shall take effect on or after January 1, 2022, except the
2 imposition of penalties pursuant to paragraph ~~(5)~~ (1) shall not take
3 effect until two years after the effective date of the regulations.

4 (b) A local jurisdiction may charge and collect fees to recover
5 the local jurisdiction's costs incurred in complying with the
6 regulations adopted pursuant to this section.

7 42653. (a) No later than July 1, 2020, the department, in
8 consultation with the State Air Resources Board, shall analyze the
9 progress that the waste sector, state government, and local
10 governments have made in achieving the organic waste reduction
11 goals for 2020 and 2025 established in Section 39730.6 of the
12 Health and Safety Code. The analysis shall include all of the
13 following:

14 (1) The status of new organics recycling infrastructure
15 development, including the commitment of state funding and
16 appropriate rate increases for solid waste and recycling services
17 to support infrastructure expansion.

18 (2) The progress in reducing regulatory barriers to the siting of
19 organics recycling facilities and the timing and effectiveness of
20 policies that will facilitate the permitting of organics recycling
21 infrastructure.

22 (3) The status of markets for the products generated by organics
23 recycling facilities, including cost-effective electrical
24 interconnection and common carrier pipeline injection of digester
25 biomethane and the status of markets for compost, biomethane,
26 and other products from the recycling of organic waste.

27 (b) If the department determines that significant progress has
28 not been made on the items analyzed pursuant to subdivision (a),
29 the department may include incentives or additional requirements
30 in the regulations described in Section 42652 to facilitate progress
31 towards achieving the organic waste reduction goals for 2020 and
32 2025 established in Section 39730.6 of the Health and Safety Code.
33 The department may, upon consultation with stakeholders,
34 recommend to the Legislature revisions to those organic waste
35 reduction goals.

36 42654. This chapter shall not limit the authority of a local
37 jurisdiction to adopt, implement, or enforce requirements in
38 addition to those set forth in the regulations adopted pursuant to
39 this chapter.

1 ~~SEC. 5.~~

2 *SEC. 7.* No reimbursement is required by this act pursuant to
3 Section 6 of Article XIII B of the California Constitution because
4 a local agency or school district has the authority to levy service
5 charges, fees, or assessments sufficient to pay for the program or
6 level of service mandated by this act, within the meaning of Section
7 17556 of the Government Code.

O