

AMENDED IN SENATE APRIL 12, 2016

SENATE BILL

No. 1393

Introduced by Senator De León

February 19, 2016

An act to amend Section ~~957~~ 44258.5 of the Health and Safety Code, to amend Sections 25302.2 and 25327 of the Public Resources Code, and to amend Sections 399.11, 400, and 9621 of the Public Utilities Code, relating to ~~oil and gas~~ energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1393, as amended, De León. ~~Intrastate transmission line: safety valves.~~ Energy efficiency and pollution reduction.

(1) Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to compile and adopt an integrated energy policy report every 2 years and requires the report to include an overview of major energy trends and issues facing the state. As part of the 2019 edition of the report, existing law requires the Energy Commission to evaluate the actual energy efficiency savings from negative therm interactive effects generated as a result of electricity efficiency improvements.

This bill would additionally require the Energy Commission to include that evaluation in each report adopted after 2019.

(2) Existing law requires the Public Utilities Commission and the State Energy Resources Conservation and Development Commission (Energy Commission) to review specified programs overseen by the Public Utilities Commission and the Energy Commission and make recommendations to advance state clean energy and pollution reduction objectives and provide benefits to disadvantaged communities.

This bill would additionally require the Public Utilities Commission and the Energy Commission to review programs of the same type overseen by academia and the private and nonprofit sectors.

(3) This bill would make various other changes to provisions relating to energy efficiency and pollution reduction.

~~Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations, as defined. The Public Utilities Act authorizes the commission to ascertain and fix just and reasonable standards, classifications, regulations, practices, measurements, or services to be furnished, imposed, observed, and followed by specified public utilities, including gas corporations.~~

~~Existing law requires the commission, unless it determines that doing so is preempted under federal law, to require the installation of automatic shutoff or remote controlled sectionalized block valves on certain intrastate transmission lines that are located in a high consequence area, as defined, or that traverse an active seismic earthquake fault. Existing law requires the owner or operator of a commission-regulated gas pipeline facility that is an intrastate transmission line to provide the commission with a valve location plan, along with any recommendations for valve locations, and authorizes the commission to make modifications to the valve location plan. Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.~~

~~This bill would additionally require the commission, unless it determines that doing so is preempted under federal law, to require the installation of automatic shutoff or remote controlled sectionalized block valves on intrastate transmission lines that transport gas to or from a storage facility. Because the provisions of this bill would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.~~

~~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-no*.

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

1 **SECTION 1.** *Section 44258.5 of the Health and Safety Code*
2 *is amended to read:*

3 44258.5. (a) For the purposes of this section, the following
4 terms mean the following:

5 (1) “Local publicly owned electric utility” has the same meaning
6 as defined in Section 224.3 of the Public Utilities Code.

7 (2) “Retail seller” has the same meaning as set forth in
8 *subdivision (j) of Section 399.12 of the Public Utilities Code.*

9 (3) “Transportation electrification” has the same meaning as
10 set forth in Section 237.5 of the Public Utilities Code.

11 (b) The state board shall identify and adopt appropriate policies,
12 rules, or regulations to remove regulatory disincentives preventing
13 retail sellers and local publicly owned electric utilities from
14 facilitating the achievement of greenhouse gas emission reductions
15 in other sectors through increased investments in transportation
16 electrification. Policies to be considered shall include, but are not
17 limited to, an allocation of greenhouse gas emissions allowances
18 to retail sellers and local publicly owned electric utilities, or other
19 regulatory mechanisms, to account for increased greenhouse gas
20 emissions in the electric sector from transportation electrification.

21 **SEC. 2.** *Section 25302.2 of the Public Resources Code is*
22 *amended to read:*

23 25302.2. As part of the 2019 edition of the integrated energy
24 policy report, *and as part of each integrated energy policy report*
25 *adopted biennially thereafter*, the commission shall evaluate the
26 actual energy efficiency savings, as defined in Section 25310, from
27 negative therm interactive effects generated as a result of electricity
28 efficiency improvements.

29 **SEC. 3.** *Section 25327 of the Public Resources Code is*
30 *amended to read:*

31 25327. (a) The Legislature finds and declares all of the
32 following:

33 (1) There is insufficient information available to fully realize
34 the potential of solar photovoltaic energy generation to serve
35 low-income customers, including those in disadvantaged
36 communities.

1 (2) There is insufficient understanding of the barriers to access
2 for low-income customers to all forms of renewable energy being
3 generated in the state.

4 (3) There is insufficient understanding of the barriers to access
5 for low-income customers to energy efficiency investments.

6 (4) There is insufficient understanding of the barriers to access
7 for low-income customers to zero-emission and near-zero-emission
8 transportation options.

9 (b) On or before January 1, 2017, the commission, with input
10 from *the environmental justice advisory committee established*
11 *pursuant to Section 38591 of the Health and Safety Code, other*
12 *relevant state agencies agencies, and the public, shall conduct and*
13 *complete a study on both of the following:*

14 (1) Barriers to, and opportunities for, solar photovoltaic energy
15 generation as well as barriers to, and opportunities for, access to
16 other renewable energy by low-income customers.

17 (2) Barriers to contracting opportunities for local small
18 businesses in disadvantaged communities.

19 (c) On or before January 1, 2017, the commission, with input
20 from *the environmental justice advisory committee established*
21 *pursuant to Section 38591 of the Health and Safety Code, other*
22 *relevant state agencies agencies, and the public, shall develop and*
23 *publish a study on barriers for low-income customers to energy*
24 *efficiency and weatherization investments, including those in*
25 *disadvantaged communities, as well as recommendations on how*
26 *to increase access to energy efficiency and weatherization*
27 *investments to low-income customers.*

28 (d) On or before January 1, 2017, the State Air Resources Board,
29 in consultation with the commission and with input from *the*
30 *environmental justice advisory committee established pursuant to*
31 *Section 38591 of the Health and Safety Code, other relevant state*
32 *agencies agencies, and the public, shall develop and publish a*
33 *study on barriers for low-income customers to zero-emission and*
34 *near-zero-emission transportation options, including those in*
35 *disadvantaged communities, as well as recommendations on how*
36 *to increase access to zero-emission and near-zero-emission*
37 *transportation options to low-income customers, including those*
38 *in disadvantaged communities.*

39 *SEC. 4. Section 399.11 of the Public Utilities Code is amended*
40 *to read:*

1 399.11. The Legislature finds and declares all of the following:

2 (a) In order to attain a target of generating 20 percent of total
3 retail sales of electricity in California from eligible renewable
4 energy resources by December 31, 2013, 33 percent by December
5 31, 2020, and 50 percent by December 31, 2030, it is the intent of
6 the Legislature that the commission and the Energy Commission
7 implement the California Renewables Portfolio Standard Program
8 described in this article.

9 (b) Achieving the renewables portfolio standard through the
10 procurement of various electricity products from eligible renewable
11 energy resources is intended to provide unique benefits to
12 California, including all of the following, each of which
13 independently justifies the program:

14 (1) Displacing fossil fuel consumption within the state.

15 (2) Adding new electrical generating facilities in the
16 transmission network within the Western Electricity Coordinating
17 Council service area.

18 (3) Reducing ~~air-pollution~~ *pollution, particularly criteria*
19 *pollutant emissions and toxic air contaminants*, in the state.

20 (4) Meeting the state's climate change goals by reducing
21 emissions of greenhouse gases associated with electrical generation.

22 (5) Promoting stable retail rates for electric service.

23 (6) Meeting the state's need for a diversified and balanced
24 energy generation portfolio.

25 (7) Assistance with meeting the state's resource adequacy
26 requirements.

27 (8) Contributing to the safe and reliable operation of the
28 electrical grid, including providing predictable electrical supply,
29 voltage support, lower line losses, and congestion relief.

30 (9) Implementing the state's transmission and land use planning
31 activities related to development of eligible renewable energy
32 resources.

33 (c) The California Renewables Portfolio Standard Program is
34 intended to complement the Renewable Energy Resources Program
35 administered by the Energy Commission and established pursuant
36 to Chapter 8.6 (commencing with Section 25740) of Division 15
37 of the Public Resources Code.

38 (d) New and modified electric transmission facilities may be
39 necessary to facilitate the state achieving its renewables portfolio
40 standard targets.

1 (e) (1) Supplying electricity to California end-use customers
2 that is generated by eligible renewable energy resources is
3 necessary to improve California’s air quality and public health,
4 *particularly in disadvantaged communities identified pursuant to*
5 *Section 39711 of the Health and Safety Code*, and the commission
6 shall ensure rates are just and reasonable, and are not significantly
7 affected by the procurement requirements of this article. This
8 electricity may be generated anywhere in the interconnected grid
9 that includes many states, and areas of both Canada and Mexico.

10 (2) This article requires generating resources located outside of
11 California that are able to supply that electricity to California
12 end-use customers to be treated identically to generating resources
13 located within the state, without discrimination.

14 (3) California electrical corporations have already executed,
15 and the commission has approved, power purchase agreements
16 with eligible renewable energy resources located outside of
17 California that will supply electricity to California end-use
18 customers. These resources will fully count toward meeting the
19 renewables portfolio standard procurement requirements.

20 *SEC. 5. Section 400 of the Public Utilities Code is amended*
21 *to read:*

22 400. The commission and the Energy Commission shall do all
23 of the following in furtherance of meeting the state’s clean energy
24 and pollution reduction objectives:

25 (a) Take into account the use of distributed generation to the
26 extent that it provides economic and environmental benefits in
27 disadvantaged communities as identified pursuant to Section 39711
28 of the Health and Safety Code.

29 (b) Take into account the opportunities to decrease costs and
30 increase benefits, including pollution reduction and grid integration,
31 using renewable and nonrenewable technologies with zero or
32 lowest feasible emissions of greenhouse gases, criteria pollutants,
33 and toxic air contaminants onsite in proceedings associated with
34 meeting the objectives.

35 (c) Where feasible, authorize procurement of resources to
36 provide grid reliability services that minimize reliance on system
37 power and fossil fuel resources and, where feasible, cost effective,
38 and consistent with other state policy objectives, increase the use
39 of large- and small-scale energy storage with a variety of
40 technologies, targeted energy efficiency, demand response,

1 including, but not limited to, automated demand response, eligible
2 renewable energy resources, or other renewable and nonrenewable
3 technologies with zero or lowest feasible emissions of greenhouse
4 gases, criteria pollutants, and toxic air contaminants onsite to
5 protect system reliability.

6 (d) Review technology incentive, research, development,
7 deployment, and market facilitation programs overseen by the
8 ~~commission and~~ *commission*, the Energy-~~Commission~~ *Commission*,
9 *academia, and the private and nonprofit sectors* and make
10 recommendations to advance state clean energy and pollution
11 reduction objectives and provide benefits to disadvantaged
12 communities as identified pursuant to Section 39711 of the Health
13 and Safety Code.

14 (e) To the extent ~~feasible~~, *feasible and consistent with the state*
15 *and federal constitutions*, give first priority to the manufacture and
16 deployment of clean energy and pollution reduction technologies
17 that create employment opportunities, *opportunities in California*,
18 including high wage, highly skilled employment opportunities,
19 and increased investment in the state.

20 (f) Establish a publicly available tracking system to provide
21 up-to-date information *at least once annually* on progress toward
22 meeting the clean energy and pollution reduction goals of the Clean
23 Energy and Pollution Reduction Act of 2015.

24 (g) Establish an advisory group consisting of representatives
25 from disadvantaged communities identified ~~in~~ *pursuant to* Section
26 39711 of the Health and Safety Code. The advisory group shall
27 review and provide advice on programs proposed to achieve clean
28 energy and pollution reduction and determine whether those
29 proposed programs will be effective and useful in disadvantaged
30 communities.

31 *SEC. 6. Section 9621 of the Public Utilities Code is amended*
32 *to read:*

33 9621. (a) This section shall apply to a local publicly owned
34 electric utility with an annual electrical demand exceeding 700
35 gigawatthours, as determined on a three-year average commencing
36 January 1, 2013.

37 (b) On or before January 1, 2019, the governing board of a local
38 publicly owned electric utility shall adopt an integrated resource
39 plan and a process for updating the plan at least once every five
40 years to ensure the utility achieves all of the following:

1 (1) Meets the greenhouse gas emissions reduction targets
2 established by the State Air Resources Board, in coordination with
3 the commission and the Energy Commission, for the electricity
4 sector and each local publicly-owned electric utility that reflect
5 the electricity sector’s percentage in achieving the economywide
6 greenhouse gas emissions reductions of 40 percent from 1990
7 levels by 2030.

8 (2) Ensures procurement of at least 50 percent eligible renewable
9 energy resources by 2030 consistent with Article 16 (commencing
10 with Section 399.11) of Chapter ~~2.3~~ *2.3 of Part 1 of Division 1*.

11 (3) Meets the goals specified in subparagraphs ~~(C)~~ (D) to (H),
12 inclusive, of paragraph (1) of subdivision (a) of Section ~~454.52~~.
13 *454.52, and the goal specified in subparagraph (C) of paragraph*
14 *(1) of subdivision (a) of Section 454.52, as that goal is applicable*
15 *to each local publicly owned electric utility. A local publicly owned*
16 *electric utility shall not, solely by reason of this paragraph, be*
17 *subject to requirements otherwise imposed on electrical*
18 *corporations.*

19 (c) (1) The integrated resource plan shall address procurement
20 for the following:

21 (A) Energy efficiency and demand response resources pursuant
22 to Section 9615.

23 (B) Energy storage requirements pursuant to Chapter 7.7
24 (commencing with Section 2835) of Part 2 of Division 1.

25 (C) Transportation electrification.

26 (D) A diversified procurement portfolio consisting of both
27 short-term and long-term electricity, electricity-related, and demand
28 response products.

29 (E) The resource adequacy requirements established pursuant
30 to Section 9620.

31 (2) (A) The governing board of the local publicly owned electric
32 utility may authorize all source procurement that includes various
33 resource types, including demand-side resources, supply side
34 resources, and resources that may be either demand-side resources
35 or supply side resources, to ensure that the local publicly owned
36 electric utility procures the optimum resource mix that meets the
37 objectives of subdivision (b).

38 (B) The governing board may authorize procurement of resource
39 types that will reduce overall greenhouse gas emissions from the
40 electricity sector and meet the other goals specified in subdivision

1 (b), but due to the nature of the technology or fuel source may not
2 compete favorably in price against other resources over the time
3 period of the integrated resource plan.

4 (d) A local publicly owned electric utility shall satisfy the notice
5 and public disclosure requirements of subdivision (f) of Section
6 399.30 with respect to any integrated resource plan or plan update
7 it considers.

8 ~~SECTION 1. Section 957 of the Public Utilities Code is~~
9 ~~amended to read:~~

10 ~~957. (a) (1) Unless the commission determines that it is~~
11 ~~prohibited from doing so by subdivision (c) of Section 60104 of~~
12 ~~Title 49 of the United States Code, the commission shall require~~
13 ~~the installation of automatic shutoff or remote controlled~~
14 ~~sectionalized block valves on all of the following facilities, if it~~
15 ~~determines those valves are necessary for the protection of the~~
16 ~~public:~~

17 ~~(A) Intrastate transmission lines that are located in a high~~
18 ~~consequence area.~~

19 ~~(B) Intrastate transmission lines that traverse an active seismic~~
20 ~~earthquake fault.~~

21 ~~(C) Intrastate transmission lines that transport gas to or from a~~
22 ~~storage facility.~~

23 ~~(2) Each owner or operator of a commission-regulated gas~~
24 ~~pipeline facility that is an intrastate transmission line shall provide~~
25 ~~the commission with a valve location plan, along with any~~
26 ~~recommendations for valve locations. The commission may make~~
27 ~~modifications to the valve location plan or provide for variations~~
28 ~~from any location requirements adopted by the commission~~
29 ~~pursuant to this section that it deems necessary or appropriate and~~
30 ~~consistent with protection of the public.~~

31 ~~(3) The commission shall additionally establish action timelines,~~
32 ~~adopt standards for how to prioritize installation of automatic~~
33 ~~shutoff or remote controlled sectionalized block valves pursuant~~
34 ~~to paragraph (1), ensure that remote and automatic shutoff valves~~
35 ~~are installed as quickly as is reasonably possible, and establish~~
36 ~~ongoing procedures for monitoring progress in achieving the~~
37 ~~requirements of this section.~~

38 ~~(b) The commission shall authorize recovery in rates for all~~
39 ~~reasonably incurred costs incurred for implementation of the~~
40 ~~requirements of this section.~~

1 ~~(e) The commission, in consultation with the Pipeline and~~
2 ~~Hazardous Materials Safety Administration of the United States~~
3 ~~Department of Transportation, shall adopt and enforce compatible~~
4 ~~safety standards for commission-regulated gas pipeline facilities~~
5 ~~that the commission determines should be adopted to implement~~
6 ~~the requirements of this section.~~

7 ~~SEC. 2. No reimbursement is required by this act pursuant to~~
8 ~~Section 6 of Article XIII B of the California Constitution because~~
9 ~~the only costs that may be incurred by a local agency or school~~
10 ~~district will be incurred because this act creates a new crime or~~
11 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
12 ~~for a crime or infraction, within the meaning of Section 17556 of~~
13 ~~the Government Code, or changes the definition of a crime within~~
14 ~~the meaning of Section 6 of Article XIII B of the California~~
15 ~~Constitution.~~