

AMENDED IN SENATE APRIL 29, 2009

AMENDED IN SENATE APRIL 1, 2009

SENATE BILL

No. 376

Introduced by Senator Simitian

February 26, 2009

An act to add Section 21090.2 to, and to add Chapter 3.5 (commencing with Section 25250) to Division 15 of, the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 376, as amended, Simitian. Energy: State Energy Resources Conservation and Development Commission: natural gas.

(1) The Warren-Alquist State Energy Resources Conservation and Development Act (act) establishes the State Energy Resources Conservation and Development Commission (Energy Commission) and requires the commission to prepare a biennial integrated energy policy report containing specified information related to major energy trends and issues facing the state, as well as a biennial energy policy review. The act requires the commission to certify sufficient sites and related facilities that are required to provide a supply of electricity sufficient to accommodate projected demand for power statewide.

This bill would enact the Liquefied Natural Gas Market Assessment Act and would require the Energy Commission, as a component of the integrated energy policy report, to conduct a study of the need for liquefied natural gas imports to meet the state's energy demand. ~~The bill would also require the Energy Commission, prior to a permit being issued by the State Lands Commission or the California Coastal Commission to license a liquefied natural gas facility on the California~~

coast, to complete a liquefied natural gas assessment report as part of the integrated energy policy report, containing specified information.

The bill would require a liquefied natural gas terminal project applicant to include in the application evidence that it has consulted with the United States Department of Defense and its impacted service components. For a project involving the construction or operation of a liquefied natural gas terminal for which an application submitted to the Federal Energy Regulatory Commission (FERC) or the United States Maritime Administration has not been deemed data adequate on or before January 1, 2010, and the application is being processed for further action by the FERC or the United States Maritime Administration, an environmental impact report prepared for that project by a lead agency would be required to contain specified information. By requiring a local agency to prepare an environmental impact report that contains specified information, the bill would increase the level of service provided by a local agency, thereby imposing a state-mandated local program.

The Energy Commission would be required on or before July 1, 2010, to create a matrix on its Internet Web site containing information related to the construction and operation of a liquefied natural gas terminal project, and quarterly updates would be required.

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

3 (a) The state has a critical role in decisions regarding the siting
4 and design of new onshore and offshore infrastructure for the
5 importation of liquefied natural gas with regard to public health,
6 safety, and the environment.

7 (b) California has a rich history of innovative and strong
8 environmental laws and should continue to strive for the best
9 protections possible.

1 (c) Utilities in California are required to meet new demand
2 through energy efficiency programs before acquiring other sources
3 of electricity.

4 (d) Accelerating the use of renewable energy resources wherever
5 feasible and ensuring a diverse and affordable portfolio of fuel
6 sources may minimize supply interruptions and increase reliability.

7 (e) Decisions regarding the importation of liquefied natural gas
8 should be based on a comprehensive review of current and
9 projected natural gas supply and demand in California.

10 (f) The possible importation of liquefied natural gas should be
11 reviewed as part of the state's integrated energy policy report,
12 which contains an overview of major energy trends and issues
13 facing the state, including supply, demand, and price.

14 SEC. 2. Section 21090.2 is added to the Public Resources Code,
15 to read:

16 21090.2. (a) In addition to any other requirements under this
17 division, for a project involving the construction or operation of
18 an onshore or offshore liquefied natural gas terminal in California
19 for which an application submitted to the Federal Energy
20 Regulatory Commission or the United States Maritime
21 Administration has not been deemed data adequate on or before
22 January 1, 2010, and the application is being processed for further
23 action by the Federal Energy Regulatory Commission or the United
24 States Maritime Administration, an environmental impact report
25 shall include all of the following:

26 (1) A comparative analysis of feasible alternative project
27 technologies pursuant to Section 15126.6 of Title 14 of the
28 California Code of Regulations.

29 (2) An analysis of potential disproportionately high and adverse
30 human health or environmental effects on minority and low-income
31 populations.

32 (3) A full life-cycle analysis of the impacts of greenhouse gases.

33 (b) This section shall not be construed as a limitation on the
34 power of a public agency to otherwise disapprove the project
35 pursuant to any other provision of law.

36 (c) This section shall not be construed as a limitation to comply
37 with any other requirements of this division or any other provision
38 of law.

39 SEC. 3. Chapter 3.5 (commencing with Section 25250) is added
40 to Division 15 of the Public Resources Code, to read:

1 CHAPTER 3.5. LIQUEFIED NATURAL GAS MARKET ASSESSMENT
2 ACT

3
4 25250. This chapter shall be known and may be cited as the
5 Liquefied Natural Gas Market Assessment Act.

6 25250.5. For purposes of this chapter, the following definitions
7 apply:

8 (a) “Liquefied natural gas” or “LNG” means natural gas cooled
9 to minus 259 degrees Fahrenheit so that it forms a liquid at
10 approximately atmospheric pressure.

11 (b) “Onshore or offshore liquefied natural gas terminal in
12 California” means facilities located onshore or offshore in
13 California, designed to receive liquefied natural gas from
14 oceangoing vessels, including those facilities required for storage
15 and regasification of the liquefied natural gas, the marine vessels
16 associated with these facilities, and any new pipelines, including,
17 but not limited to, all new pipelines from these offshore or onshore
18 terminals to shore and facilities necessary for the transmission of
19 the regasified natural gas from those facilities, to the point of
20 interconnection with any existing natural gas transportation or
21 distribution system.

22 25251. (a) As a component of the integrated energy policy
23 report, the commission shall conduct a study of the need for
24 liquefied natural gas imports to meet the state’s energy demand.

25 ~~(b) Prior to a permit being issued by the State Lands~~
26 ~~Commission or the California Coastal Commission to license a~~
27 ~~liquefied natural gas facility on the California coast, the~~
28 ~~commission shall complete a liquefied natural gas assessment~~
29 ~~report as part of the integrated energy policy report.~~

30 (c)

31 (b) The ~~report~~ study shall assess all of the following:

32 (1) The future demand for natural gas in California, including,
33 but not limited to, natural gas as an alternative transportation fuel.

34 (2) The future supply of natural gas in California available from
35 domestic production and imported into California through interstate
36 pipelines, the supply available from domestic production within
37 California, and the supply available from foreign production and
38 imported into California through international pipelines from
39 Mexico and Canada, including any liquefied natural gas terminal

1 proposed to be built outside the state and the nation that would be
2 the source of natural gas imported into the state.

3 (3) All supplemental sources of natural gas and natural gas
4 alternatives that can be reasonably expected to be available to meet
5 projected energy demand, including, but not limited to,
6 conservation, energy efficiency programs, and renewable energy
7 resources.

8 (4) Projections of the price for natural gas under reasonable
9 supply and demand circumstances.

10 (d)

11 (c) The report shall consider the impact of reducing electricity
12 derived from coal pursuant to Chapter 3 (commencing with Section
13 8340) of Division 4.1 of the Public Utilities Code, and the potential
14 of demand reduction opportunities, including, but not limited to,
15 the upgrading and retrofitting of energy infrastructure, the role of
16 renewable energy, and greater efficiency in building codes.

17 (e)

18 (d) The report shall include an analysis of what impact new
19 fossil fuel infrastructure will have on mandates on investor owned
20 utilities under any provision of law, including, but not limited to,
21 the California Renewables Portfolio Standard Program, Article 16
22 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of
23 Division 1 of the Public Utilities Code.

24 ~~(f) (1) The commission shall issue a revised integrated energy~~
25 ~~policy report at least 30 days prior to the hearing conducted by the~~
26 ~~State Lands Commission or the California Coastal Commission~~
27 ~~prior to issuing a permit. The report shall include a finding as to~~
28 ~~whether California and North American natural gas supplies~~
29 ~~projected as necessary to meet California's energy requirement~~
30 ~~can be attained at a reasonable price without the purchase of~~
31 ~~additional supplies obtained by importing natural gas to an onshore~~
32 ~~or offshore liquefied natural gas terminal in California.~~

33 ~~(2) The finding shall include an analysis of market price, retail~~
34 ~~rates, market transparency, projected suppliers, location of~~
35 ~~California and North American facilities, and quality of the natural~~
36 ~~gas provided, as well as alternative scenarios for supplying~~
37 ~~domestic natural gas through existing and planned pipelines,~~
38 ~~including opportunities for conservation, efficiency, and renewable~~
39 ~~energy.~~

~~(3) In reaching a finding that California and North American supplies of natural gas for California markets will be sufficient, the commission shall conclude, utilizing a substantial evidence standard and a consideration of price, that energy supplies will be adequate to meet California's energy needs in an economically feasible manner.~~

(e) The commission shall update its study of the need for liquefied natural gas imports at least 60 days prior to the hearing conducted by the State Lands Commission or the California Coastal Commission prior to issuing a permit to license a liquefied natural gas facility on the California coast, if the commission has not issued an integrated energy policy report within 180 days of the hearing.

~~(g)~~

(f) (1) A person who complies with paragraph (2) may challenge the findings of the liquefied natural gas market assessment report by filing a writ of mandate for review pursuant to Section 25901.

(2) To file a writ of mandate pursuant to paragraph (1), an aggrieved person shall have appeared, in person or through a representative, at one of the commission's public hearings, in person or in writing, and informed the commission of his or her concerns, or for good cause have been unable to do either.

25252. On or before July 1, 2010, the commission shall create a matrix on its Internet Web site that meets, to the extent that data are publicly available, all of the following requirements:

(a) The matrix shall be in a format that allows the public to contrast and compare each liquefied natural gas terminal, either existing or proposed, that is located onshore or offshore anywhere in California. The matrix shall also include information from facilities located in Alaska, Canada, the west coast of the continental United States, and the west coast of Mexico including Baja California that may provide natural gas to California.

(b) It shall include a summary of environmental impacts, mitigation measures, and alternatives discussed in the environmental impact report (EIR) completed for the project, along with an online link to the EIR. For projects outside the state and nation a link to an equivalent environmental review document.

(c) For each existing and proposed land-based or offshore liquefied natural gas terminal project, the matrix shall include the following information: project location, project owner, project

1 Web site, project contact, project description, average natural gas
2 production capacity in cubic feet per day, the peak natural gas
3 production capacity in cubic feet per day, liquefied natural gas and
4 natural gas storage capacity, if any, the approximate project cost,
5 projected online date, and the siting process applicable to the
6 project.

7 (d) The matrix shall be updated as information becomes
8 available and no less than quarterly and shall include the major
9 project components and the potential environmental impacts
10 associated with each land-based and offshore natural gas import
11 terminal project proposal that has filed an application or has
12 publicly announced plans to build a land-based or offshore
13 terminal.

14 (e) The commission shall post a new application for approval
15 to build and operate a natural gas import terminal in the state to
16 the matrix within 30 days after the filing of the application.

17 25253. An applicant for the construction or operation of a
18 liquefied natural gas terminal project shall provide evidence in its
19 application that it has consulted with the United States Department
20 of Defense and its impacted service components, and include within
21 the application a description of the consultation with regard to
22 potential impacts upon national security, including potential
23 impacts on the land, sea, and airspace identified by the Department
24 of Defense and its impacted service components, for conducting
25 operations or training, or for the research, development, testing,
26 and evaluation of weapons, sensors, and tactics.

27 SEC. 4. No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 this act provides for offsetting savings to local agencies or school
30 districts that result in no net costs to the local agencies or school
31 districts, within the meaning of Section 17556 of the Government
32 Code.