

AMENDED IN SENATE APRIL 23, 2009

SENATE BILL

No. 721

Introduced by Senator Steinberg

February 27, 2009

An act to amend Sections 12891 and 12892 of, and to add Section 14033 to, the Government Code, *and* to amend Sections 25620 and 25620.1 of, and to add Part 5 (commencing with Section 71400) to Division 34 of, the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 721, as amended, Steinberg. Energy: greenhouse gas emissions.

(1) The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of emissions of greenhouse gases and to monitor and enforce compliance with the reporting and verification program, and requires the state board to adopt a statewide greenhouse gas (GHG) emissions limit equivalent to the statewide GHG emissions levels in 1990 to be achieved by 2020. The act requires the state board to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective GHG emission reductions. The act requires all state agencies to consider and implement strategies to reduce their GHG emissions.

This bill would create the Climate Action Team (CAT), consisting of representatives from specified state agencies, that would be responsible for coordinating the state's overall climate policy. The CAT, on or before January 1, 2011, and annually thereafter, would be required to prepare, adopt, and present to the Legislature, a strategic research, development, demonstration, and deployment plan that establishes priorities and identifies key expenditure categories for research,

development, demonstration, and deployment funds to be expended by the state agencies represented on the CAT for the following fiscal year. The bill would require a state agency that is represented on the CAT to expend research, development, demonstration, and deployment funds, which would be administered by the Department of Transportation and allocated for clean technology, environmental protection, and public interest energy research, consistent with this plan. The CAT, on or before January 1, 2011, and biennially thereafter, would also be required to prepare and adopt a climate change impact mitigation and adaptation plan that includes specified information.

(2) Existing law requires specified state agencies to prepare and submit to the Secretary for Environmental Protection, in a standardized format as determined by the California Environmental Protection Agency, specified information relating to the state agency's GHG emissions, including a list of measures adopted and implemented by the agency to meet GHG emission reduction targets, as defined, and a status report on GHG emissions reduced as a result of these measures. The California Environmental Protection Agency, on or before March 1, 2008, and January 1, annually thereafter, is required to provide that information on its Internet Web site in the form of a state agency greenhouse gas emission reduction report card.

This bill would, instead, require the specified state agencies to prepare and submit to the CAT, the information in a standardized format as determined by the Secretary for Environmental Protection. The CAT would compile and organize the information submitted. The bill would additionally require the specified state agencies to submit information on other technologically feasible and cost-effective measures related to operations and programs managed by the state agencies that require statutory or regulatory changes for their adoption, and an estimate of potential GHG emission reductions from those measures.

Existing law requires the State Energy Resources Conservation and Development Commission to develop, implement, and administer the Public Interest, Development, and Demonstration Program to include a full range of research, development, and demonstration projects that are not adequately provided for by competitive and regulated energy technology markets.

This bill would provide that demonstration, for purposes of this program, includes, but is not limited to, grants and loans to entities to commercialize new, cost-effective technologies in the California marketplace.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. Section 12891 of the Government Code is
2 amended to read:
3 12891. For the purposes of this chapter, the following terms
4 have the following meanings:
5 (a) “Agency” means the California Environmental Protection
6 Agency.
7 (b) “Climate Action Team” means the Climate Action Team
8 established pursuant to Section 71401 of the Public Resources
9 Code.
10 (c) “Climate Action Team Report” means the report prepared
11 pursuant to Executive Order S-3-05 and submitted to the Governor
12 and the Legislature in March 2006.
13 (d) “GHG” means greenhouse gas as defined in subdivision (g)
14 of Section 38505 of the Health and Safety Code.
15 (e) “GHG emission reduction target” means a target established
16 for a state agency in the Climate Action Team Report, or a
17 requirement made applicable to that state agency by an action
18 taken by the State Air Resources Board pursuant to Division 25.5
19 (commencing with Section 38500) of the Health and Safety Code.
20 (f) “Secretary” means the Secretary for Environmental
21 Protection.
22 (g) “State agency” means a state agency listed in the Climate
23 Action Team Report, a state office, department, division, bureau,
24 board, or commission whose operations or programs result in
25 greenhouse gas emissions that are subject to Division 25.5
26 (commencing with Section 38500) of the Health and Safety Code,
27 and any other state agency listed in Section 12800, as determined
28 by the secretary.
29 SEC. 2. Section 12892 of the Government Code is amended
30 to read:
31 12892. (a) On or before October 1 of each year, each state
32 agency shall prepare and submit to the Climate Action Team in a
33 standardized format as determined by the secretary all of the
34 following:

1 (1) A list of those measures that have been adopted and
2 implemented by the state agency to meet GHG emission reduction
3 targets and a status report on actual GHG emissions reduced as a
4 result of these measures.

5 (2) A list and timetable for adoption of any additional measures
6 needed to meet GHG emission reduction targets.

7 (3) An estimate of the department's own greenhouse gas
8 emissions, as well as an explanation of any increase or decrease
9 compared to the previous year's emissions.

10 (4) A list of other technologically feasible and cost-effective
11 measures related to the operations or programs managed by the
12 state agency that require statutory or regulatory changes for their
13 adoption, and an estimate of potential GHG emission reductions
14 from those measures.

15 (b) In order to reduce paperwork and workload, information
16 required to be submitted pursuant to this section may be submitted
17 in a standardized electronic format as determined by the agency.

18 (c) On or before January 1 of each year, the Climate Action
19 Team shall compile and organize the information submitted
20 pursuant to this section into a clear, standardized format, and shall
21 provide that information on the agency's Internet Web site in the
22 form of a state agency greenhouse gas emission reduction report
23 card.

24 (d) The report card shall compare the actions taken and proposed
25 to be taken by individual state agencies and their projected annual
26 GHG emission reductions against the state agency GHG emission
27 reduction targets and statewide GHG emission reduction limits.

28 (e) Where appropriate, the report card shall include a statement
29 regarding the independent audits required by Section 12893.

30 (f) In conjunction with the Governor's Budget submitted
31 pursuant to subdivision (a) of Section 12 of Article IV of the
32 California Constitution, on or before January 10 of each year, the
33 agency shall submit to the Legislature a comprehensive budget
34 display that includes both of the following:

35 (1) Funding proposals and base funding in the proposed
36 Governor's Budget for state agencies implementing climate
37 solutions to meet the greenhouse gas emissions reduction targets
38 as specified in the California Global Warming Solutions Act of
39 2006 (Division 25.5 (commencing with Section 38500) of the
40 Health and Safety Code).

1 (2) A five-year work plan summary for each department
2 included in the comprehensive budget display that shows how staff
3 and contracting resources will be allocated to achieve specified
4 climate solution deliverables.

5 SEC. 3. Section 14033 is added to the Government Code, to
6 read:

7 14033. The research, development, and demonstration funds
8 allocated for clean technology, environmental protection, and
9 public interest energy research administered by the department
10 shall be expended in accordance with the plan adopted pursuant
11 to Section 71403 of the Public Resources Code.

12 SEC. 4. Section 25620 of the Public Resources Code is
13 amended to read:

14 25620. The Legislature hereby finds and declares all of the
15 following:

16 (a) It is in the best interests of the people of this state that the
17 quality of life of its citizens be improved by providing
18 environmentally sound, safe, reliable, and affordable energy
19 services and products.

20 (b) To improve the quality of life of this state's citizens, it is
21 proper and appropriate for the state to undertake public interest
22 energy research, development, and demonstration projects that are
23 not adequately provided for by competitive and regulated energy
24 markets.

25 (c) Public interest energy research, demonstration, and
26 development projects should advance energy science or
27 technologies of value to California citizens and should be consistent
28 with the policies of this chapter.

29 (d) Public interest energy research, demonstration, and
30 development projects should be coordinated with other related
31 state programs and research needs to meet overall state policy
32 objectives related to energy efficiency, environmental protection,
33 greenhouse gas emission reduction, clean technology job creation,
34 and climate change adaptation in the most efficient manner
35 possible.

36 (e) It is in the best interest of the people of California for the
37 commission to positively contribute to the overall economic climate
38 of the state within the roles and responsibilities of the commission
39 as defined by statute, regulation, and other official government

1 authority, including, but not limited to, providing economic benefits
2 to California-based entities.

3 SEC. 5. Section 25620.1 of the Public Resources Code is
4 amended to read:

5 25620.1. (a) The commission shall develop, implement, and
6 administer the Public Interest Research, Development, and
7 Demonstration Program that is hereby created. The program shall
8 include a full range of research, development, and demonstration
9 activities that, as determined by the commission, are not adequately
10 provided for by competitive and regulated markets. The
11 commission shall administer the program consistent with the
12 policies of this chapter.

13 (b) The general goal of the program is to develop, and help bring
14 to market, energy technologies that provide increased
15 environmental benefits, greater system reliability, and lower system
16 costs, and that provide tangible benefits to electric utility customers
17 through the following investments:

18 (1) Advanced transportation technologies that reduce air
19 pollution and greenhouse gas emissions beyond applicable
20 standards, and that benefit electricity and natural gas ratepayers.

21 (2) Increased energy efficiency in buildings, appliances, lighting,
22 and other applications beyond applicable standards, and that benefit
23 electric utility customers.

24 (3) Advanced electricity generation technologies that exceed
25 applicable standards to increase reductions in greenhouse gas
26 emissions from electricity generation, and that benefit electric
27 utility customers.

28 (4) Advanced electricity technologies that reduce or eliminate
29 consumption of water or other finite resources, increase use of
30 renewable energy resources, or improve transmission or distribution
31 of electricity generated from renewable energy resources.

32 (c) To achieve the goals established in subdivision (b), the
33 commission shall adopt a portfolio approach for the program that
34 does all of the following:

35 (1) Effectively balances the risks, benefits, and time horizons
36 for various activities and investments that will provide tangible
37 energy or environmental benefits for California electricity
38 customers.

(2) Emphasizes innovative energy supply and end-use technologies, focusing on their reliability, affordability, and environmental attributes.

(3) Includes projects that have the potential to enhance transmission and distribution capabilities.

(4) Includes projects that have the potential to enhance the reliability, peaking power, and storage capabilities of renewable energy.

(5) Demonstrates a balance of benefits to all sectors that contribute to the funding under Section 399.8 of the Public Utilities Code.

(6) Addresses key technical and scientific barriers.

(7) Demonstrates a balance between short-term, mid-term, and long-term potential.

(8) Ensures that prior, current, and future research not be unnecessarily duplicated.

(9) Provides for the future market utilization of projects funded through the program.

(10) Ensures an open project selection process and encourages the awarding of research funding for a diverse type of research as well as a diverse award recipient base and equally considers research proposals from the public and private sectors.

(11) Coordinates with other related research programs.

(d) (1) The term “award,” as used in this chapter, may include, but is not limited to, contracts, grants, interagency agreements, loans, and other financial agreements designed to fund public interest research, demonstration, and development projects or programs.

(2) The term “demonstration,” as used in this chapter, may include, but is not limited to, grants and loans to entities to commercialize new, cost-effective technologies in the California marketplace.

SEC. 6. Part 5 (commencing with Section 71400) is added to Division 34 of the Public Resources Code, to read:

PART 5. CLIMATE CHANGE RESEARCH, MITIGATION,
ADAPTATION, AND ECONOMIC LEADERSHIP ACT OF
2009

71400. The Legislature finds and declares all of the following:

1 (a) California is a world leader in efforts to reduce greenhouse
2 gases, to assess and mitigate the effects of climate change, and to
3 promote clean alternative technologies to improve the state's
4 economy and the protection of public health and the environment.

5 (b) The California Global Warming Solutions Act of 2006,
6 ~~Division 2006~~ (*Division* 25.5 (commencing with Section 38500)
7 of the Health and Safety ~~Code~~; *Code*) provides a process for the
8 establishment of a statewide greenhouse gas emission limit and a
9 process for the adoption of regulations to achieve the maximum
10 technologically feasible and cost-effective greenhouse gas emission
11 reductions. That act also directs the Climate Action Team to
12 coordinate the overall climate policy actions as provided in
13 Executive Order S-3-05 and for all state agencies to consider and
14 implement strategies to reduce their greenhouse gas emissions.

15 (c) California currently invests hundreds of millions of dollars
16 in research funds for air quality, transportation, electricity, natural
17 gas, water, and other types of research, development,
18 demonstration, and deployment projects that could contribute to
19 the achievement of statewide greenhouse gas emission reductions,
20 or to the effective adaptation to unavoidable climate change.

21 (d) More effective coordination of existing programs and
22 funding by the state can improve the achievement of statewide
23 greenhouse gas emission reductions; the protection of the state's
24 infrastructure, communities, and natural resources from the impacts
25 of climate change; and provide economic and job growth through
26 the development and support of a strong clean technology industry.

27 71401. The Climate Action Team is hereby established and
28 shall consist of the following members:

29 (a) The Secretary for Environmental Protection, who shall serve
30 as the chair of the Climate Action Team, and who shall coordinate
31 oversight of the efforts made to meet the greenhouse gas emission
32 reduction targets established by the Global Warming Solutions
33 Act of 2006, ~~Division 2006~~ (*Division* 25.5 (commencing with
34 Section 38500) of the Health and Safety ~~Code~~ *Code*).

35 (b) The Secretary of the Natural Resources Agency.

36 (c) The Chairperson of the State Air Resources Board.

37 (d) The Chair of the State Energy Resources Conservation and
38 Development Commission.

39 (e) The President of the Public Utilities Commission.

40 (f) The Secretary of Business, Transportation and Housing.

1 (g) The Secretary of Food and Agriculture.

2 (h) The Secretary of the Department of Consumer Affairs.

3 (i) The Secretary of Labor and Workforce Development.

4 71402. Consistent with the California Global Warming
5 Solutions Act of 2006, ~~Division 2006~~ (*Division* 25.5 (commencing
6 with Section 38500) of the Health and Safety Code, and ~~Executive~~
7 ~~Order S-3-50~~ Code) and *Executive Order S-3-05*, the Climate
8 Action Team shall coordinate climate policy of the state to achieve
9 all of the following goals:

10 (a) The maximum feasible and cost-effective reduction of
11 greenhouse gas emissions through the implementation of the
12 California Global Warming Solutions Act of 2006, ~~Division 2006~~
13 (*Division* 25.5 (commencing with Section 38500) of the Health
14 and Safety Code Code).

15 (b) The promotion of economic and job growth in California
16 through workforce development and the encouragement and
17 support of clean technology development and deployment to meet
18 the state's climate change goals *targets and requirements*.

19 (c) The identification of unavoidable climate change impacts
20 to California's natural resources and infrastructure and the
21 development and implementation of mitigation and adaptation
22 plans to protect the resources and assets of California.

23 (d) The coordination and efficient use of existing state resources,
24 programs, and funds to ~~achieve the goals identified in~~ *meet the*
25 *requirements of* this section.

26 71403. On or before January 1, 2011, and annually thereafter,
27 the Climate Action Team shall prepare and adopt a strategic
28 research, development, demonstration, and deployment plan that
29 establishes priorities, and identifies key expenditure categories,
30 for research, development, demonstration, and deployment funds
31 to be expended by state agencies represented on the Climate Action
32 Team for the following fiscal year. The plan shall identify all of
33 the following categories:

34 (a) Funds that will be expended to assist in bringing California
35 clean technologies into the marketplace and that provide
36 quantifiable reductions in emissions of greenhouse gases in order
37 to assist the state in meeting the state's climate change goals *targets*
38 *and requirements*.

1 (b) Funds that will be expended to encourage behavior changes
2 or changes in consumer preferences that assist the state in meeting
3 the state's climate change ~~goals~~ *targets and requirements*.

4 (c) Funds that will be expended by state agencies to identify
5 and forecast impacts of climate change and to identify and research
6 methods to mitigate and adapt to those impacts consistent with
7 Section 71407.

8 71404. The Climate Action Team shall hold duly noticed public
9 meetings and workshops prior to adoption of the strategic research,
10 development, demonstration, and deployment plan in order to
11 solicit comments from the public on research priorities.

12 71405. The expenditure of funds by a state agency that is
13 represented on the Climate Action Team shall be consistent with
14 the strategic research, development, demonstration, and deployment
15 plan adopted pursuant to Section 71403 and authorized or
16 consistent with the annual Budget Act.

17 71406. The Climate Action Team shall present its annual
18 strategic research, development, demonstration, and deployment
19 plan to the appropriate policy *committees* and budget
20 subcommittees of the Legislature.

21 71407. On or before January 1, 2011, and biennially thereafter,
22 the Climate Action Team shall coordinate with the Natural
23 Resources Agency to prepare and adopt a climate change impact
24 mitigation and adaptation plan that includes all of the following:

25 (a) An assessment of the current state of climate change impact
26 analysis and an identification of potential climate change impacts
27 that should be included in decisionmaking related to the
28 management of natural resources or investment in infrastructure
29 including impacts on all of the following:

- 30 (1) Water resources, including wetlands.
- 31 (2) Wildlife and plants.
- 32 (3) Natural communities and ecosystems.
- 33 (4) Public health.
- 34 (5) Safety and emergency response.
- 35 (6) Ocean and coastal resources.
- 36 (7) Infrastructure.
- 37 (8) Agriculture.
- 38 (9) Other systems likely to be affected.

1 (b) A process for integrating climate change impact information
2 into the planning and decisionmaking of state agencies as
3 appropriate.

4 (c) The identification of additional research and research
5 priorities that could assist and improve state decisionmaking in
6 future years.

7 (d) (1) An evaluation of each sector's contribution toward
8 meeting the greenhouse gas emission reduction targets established
9 by the California Global Warming Solutions Act of 2006, ~~Division~~
10 2006 (*Division* 25.5 (commencing with Section 38500) of the
11 Health and Safety ~~Code~~ Code).

12 (2) *For the purposes of this subdivision, "sector" means a*
13 *subgroup within the Climate Action Team that addresses a specific*
14 *issue or multiple issues, including, but not limited to, agriculture,*
15 *cement, energy, forests, green buildings, land use, recycling and*
16 *waste management, state fleet, and water-energy.*

17 (e) A review of the best available scientific information
18 regarding projected climate change impacts, risk analysis, and best
19 management practices developed to date.