

AMENDED IN SENATE APRIL 23, 2001

SENATE BILL

No. 625

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Introduced by Senator Costa

February 22, 2001

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~~An act to add Chapter 7.6 (commencing with Section 25660) to Division 15 of the Public Resources Code, relating to energy resources, and making an appropriation therefor. An act relating to energy resources.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 625, as amended, Costa. Agricultural waste: energy.

Existing law ~~provides for grants by~~ *authorizes* the Department of Food and Agriculture to *provide grants to* persons ~~utilizing~~ *using* agricultural biomass to avoid landfill use, prevent air pollution, and enhance environmental quality.

~~This bill would, additionally, create the Agricultural Waste to Energy Financing Authority in the State Energy Resources Conservation and Development Commission to assist in the development and financing of agricultural waste to energy facilities, as specified. The bill would require the authority to establish a process for the sale of surplus electricity generated by the facilities and would require utilities operating the electrical transmission grid to only charge fees based on the costs of transmission of the electricity. The bill would require approval for interconnection of an agricultural waste to energy facility to the electrical transmission grid to be made by the Independent System Operator, as specified, and not by the utility responsible for transmission. The bill would create the Agricultural Waste to Energy Financing Account in the General Fund.~~

The bill would appropriate an unspecified amount from the General Fund for allocation (1) to the State Energy Resources Conservation and Development Commission to fund an existing grant program for liquid fuels fermented from biomass and biomass derived resources, (2) for no-interest loans pursuant to the bill, and (3) to the existing grant fund for grants by the Department of Food and Agriculture to persons utilizing agricultural biomass to avoid landfill use, prevent air pollution, and enhance environmental quality.

*Chapter 7 of the Statutes of 2001, among other things, appropriated \$10,000,000 to the State Energy Resources Conservation and Development Commission for grants to be used for the purpose of encouraging the development of manure methane power production projects on California dairies.*

*This bill would clarify the above provision.*

Vote:  $\frac{2}{3}$  majority. Appropriation: ~~yes~~ no. Fiscal committee: ~~yes~~ no. State-mandated local program: no.

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

1 SECTION 1. The Legislature finds and declares that  
2 renewable energy has multiple benefits for the citizens of  
3 California, including assisting California in becoming more  
4 self-sufficient for energy generation, improving environmental  
5 challenges by turning waste products into useable energy,  
6 reducing dependence on fossil fuels, creating in-state jobs, and  
7 assisting in strengthening local economies.

8 SEC. 2. The Legislature further finds and declares that  
9 California is home to over 9 million acres of irrigated cropland and  
10 over 150 million acres of forest and wildlands that are available to  
11 create indigineous resources for use as renewable energy.

12 ~~SEC. 3.—Chapter 7.6 (commencing with Section 25660) is~~

13 *SEC. 3. The State Energy Resources Conservation and*  
14 *Development Commission shall use the funds allocated by clause*  
15 *(i) of subparagraph (C) of paragraph (5) of subdivision (b) of*  
16 *Section 5 of Chapter 7 of the Statutes of 2001, to provide grants to*  
17 *maximize, in a cost-effective manner, the development of manure*  
18 *methane power production projects on California dairies.*

19 ~~added to Division 15 of the Public Resources Code, to read:~~

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~~CHAPTER 7.6.—AGRICULTURAL WASTE TO ENERGY FINANCING AUTHORITY~~

~~25660. The Agricultural Waste to Energy Financing Authority is hereby created within the State Energy Resources Conservation and Development Commission.~~

~~25661. For purposes of this chapter, the following terms have the following meanings:~~

~~(a) “Account” means the Agricultural Waste to Energy Financing Account created by subdivision (b) of Section 25662.~~

~~(b) “Authority” means the Agricultural Waste to Energy Financing Authority created by Section 25660.~~

~~25662. (a) The authority shall assist in the development and financing of agricultural waste to energy facilities that result in a net pollution reduction for air and water pollution or a net increase in electricity production, including, but not limited to, biomass to ethanol facilities, manure digesters, and biomass power plants.~~

~~(b) The Agricultural Waste to Energy Financing Account is hereby created in the General Fund. Moneys in the account shall be expended by the authority, upon appropriation by the Legislature, to make no-interest loans for the purposes of subdivision (a). Loans shall be repaid to the account at the rate of \_\_\_\_\_ percent of the avoided costs of the electricity generated at each facility.~~

~~(c) The authority shall make loan guarantees for projects meeting the goals of this chapter.~~

~~25663. The authority shall establish a process for the sale of surplus electricity generated by the facilities to utilities operating the electrical transmission grid and those utilities shall charge fees based only on the costs for transmission of the electricity.~~

~~25664. Any approval for interconnection of an agricultural waste to energy facility to the electrical transmission grid shall be made by the Independent System Operator, as described in Chapter 2.3 (commencing with Section 330) of Part 1 of Division 4 of the Public Utilities Code, and not by the utility responsible for the transmission.~~

~~SEC. 4. The sum of \_\_\_\_\_ million dollars (\$\_\_\_\_\_) is hereby appropriated from the General Fund for allocation as follows:~~

~~(a) To the State Energy Resources Conservation and Development Commission, the sum of \_\_\_\_\_ million dollars (\$\_\_\_\_\_)~~



1 for the purpose of funding the grant program that provides a  
 2 production incentive for liquid fuels fermented in this state from  
 3 biomass and biomass-derived resources pursuant to Section 25678  
 4 of the Public Resources Code. Payments pursuant to this  
 5 subdivision shall not exceed the amount of the payment authorized  
 6 by Section 25678 for 10 million gallons per year for the first five  
 7 years that the payments are made for production at that facility. No  
 8 payment shall be made by the commission pursuant to this  
 9 subdivision for any production on or after January 1, 2006, and any  
 10 unencumbered portion of the allocation made to the commission  
 11 pursuant to this subdivision shall revert to the General Fund on that  
 12 date.

13 (b) To the Agricultural Waste to Energy Financing Account in  
 14 the General Fund, the sum of \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the  
 15 following purposes:

16 (1) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for no-interest loans pursuant  
 17 to subdivision (b) of Section 25662.

18 (2) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for transfer to the Agricultural  
 19 Biomass Utilization Account in the Department of Food and  
 20 Agriculture Fund for use consistent with subdivisions (b) and (c)  
 21 of Section 39762 of the Health and Safety Code. Of the amount  
 22 allocated pursuant to this paragraph, \_\_\_\_\_ million dollars (\$\_\_\_\_\_) shall be expended to fund a technology development and demonstration program for collection, densification, transportation, and storage of agricultural biomass used for food or feed products. \_\_\_\_\_ million dollars (\$\_\_\_\_\_) shall be expended for other technology development efforts to support future ethanol markets, including, but not limited to, oxydiesel, E-85 refueling infrastructure, and fuel cells.

