

AMENDED IN SENATE JULY 6, 2015
AMENDED IN SENATE JUNE 17, 2015
AMENDED IN ASSEMBLY MAY 28, 2015
AMENDED IN ASSEMBLY MAY 5, 2015
AMENDED IN ASSEMBLY APRIL 6, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 577

Introduced by Assembly Member Bonilla

February 24, 2015

An act to add Chapter 7.8 (commencing with Section 25680) to Division 15 of the Public Resources Code, relating to biomethane.

LEGISLATIVE COUNSEL’S DIGEST

AB 577, as amended, Bonilla. Biomethane: grant program.

Existing law establishes the State Energy Resources Conservation and Development Commission and requires the commission to administer various programs to award grants and other financial assistance for energy-related projects. 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 a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale

of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation.

This bill would require the commission to develop and implement a grant program to award grants for projects that produce biomethane, that build or develop collection and purification technology or infrastructure, or that upgrade or expand existing biomethane facilities. The bill would, upon appropriation, authorize moneys in the fund to be used to fund grants awarded pursuant to the program.

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

3 (a) California imports 91 percent of its natural gas, which is
4 responsible for 25 percent of all greenhouse gas (GHG) emissions.
5 This costs California billions of dollars in lost revenues and jobs.

6 (b) California made a commitment to address climate change
7 with the California Global Warming Solutions Act of 2006
8 (Division 25.5 (commencing with Section 38500) of the Health
9 and Safety Code). For California to meet its GHG reductions goals,
10 the GHG emissions from the natural gas sector must be reduced.

11 (c) Biomethane is gas generated from organic waste through
12 anaerobic digestion, gasification, pyrolysis, or other conversion
13 technology that converts organic matter to gas. Biomethane may
14 be produced from sources such as agricultural waste, forest waste,
15 landfill gas, wastewater treatment byproducts, and diverted organic
16 waste.

17 (d) Biomethane provides a more sustainable and cleaner
18 alternative to natural gas. If 10 percent of California's natural gas
19 use were to be replaced with biomethane, GHG emissions would
20 be reduced by tens of millions of metric tons of carbon dioxide
21 equivalent every year.

22 (e) Almost 300 billion cubic feet of biomethane could be
23 produced in California each year. This biomethane could power
24 2 to 3 million homes or generate 2.4 billion gallons of clean,
25 ultralow carbon transportation fuels.

1 (f) Investing in biomethane would create cobenefits, such as
2 renewable power available 24 hours a day, seven days a week,
3 reduction of fossil fuel use, reduction of air and water pollution,
4 and new jobs.

5 (g) Biomethane could be used for things such as transportation
6 fuel or injected into the natural gas pipeline for other uses. The
7 most appropriate use of biomethane varies depending on the source,
8 proximity to existing natural gas pipeline injection points or large
9 vehicle fleets, and the circumstances of existing facilities.

10 (h) The biomethane market has been slow to develop in
11 California because the collection and purification of biomethane
12 can be costly. Investing in biomethane purification equipment and
13 infrastructure is necessary for companies to meet existing
14 biomethane safety and purity standards. Alternative funding for
15 compliance with standards established pursuant to Section 25421
16 of the Health and Safety Code must be found so that biomethane
17 can be transmitted via California's vast natural gas pipeline
18 infrastructure.

19 (i) Biomethane is poised to play a key role in future natural gas
20 and hydrogen fuel markets as a blendstock that can significantly
21 reduce the carbon footprint of these two fossil-based alternative
22 fuels.

23 SEC. 2. Chapter 7.8 (commencing with Section 25680) is added
24 to Division 15 of the Public Resources Code, to read:

25
26 CHAPTER 7.8. BIOMETHANE PRODUCTION, COLLECTION, AND
27 PURIFICATION GRANT PROGRAM
28

29 25680. (a) (1) The commission shall develop and implement
30 a grant program to award moneys appropriated pursuant to Section
31 39718.5 of the Health and Safety Code for projects that do any of
32 the following:

- 33 (A) Produce biomethane.
34 (B) Upgrade or expand existing biomethane production facilities.
35 (C) Develop collection and purification technology or
36 infrastructure for biomethane.

37 (2) Biomethane produced from those projects shall meet the
38 requirements established pursuant to Section 25421 of the Health
39 and Safety Code.

1 (b) In granting an award, the commission shall consider both
2 of the following:

3 ~~(1) Opportunities to colocate biomethane producers with vehicle~~
4 ~~fleets to generate biomethane and convert it to transportation fuel~~
5 ~~in the same location.~~

6 *(1) The highest and best use of local biomethane projects.*

7 (2) Location of biomethane sources and their proximity to
8 natural gas pipeline injection sites.

9 (c) In prioritizing projects eligible for grants pursuant to this
10 section, the commission shall maximize the reduction of
11 greenhouse gas emissions achieved by a project for each dollar
12 awarded.

13 (d) Grants awarded pursuant to this section may be funded, upon
14 appropriation by the Legislature, from the Greenhouse Gas
15 Reduction Fund established pursuant to Section 16428.8 of the
16 Government Code.