

AMENDED IN ASSEMBLY APRIL 21, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 590

**Introduced by ~~Assembly Member Dahle~~ Assembly Members Dahle
and Salas**
**(Coauthors: Assembly Members Brough, Chávez, Gordon, Olsen,
Mark Stone, and Wood)**

February 24, 2015

An act to add Section 16428.81 to the Government Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 590, as amended, Dahle. Greenhouse Gas Reduction Fund.

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 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.

This bill would create the Biomass State Cost Share Account within the Greenhouse Gas Reduction Fund. The bill would require ~~an unspecified amount of moneys~~ *certain amounts* to be transferred from the Greenhouse Gas Reduction Fund to the Biomass State Cost Share Account *for the 2015–16 through 2019–20 fiscal years.* ~~Moneys~~ *The moneys* in the account, upon appropriation, would be available for expenditure by the State Energy Resources Conservation and Development Commission for the purposes of maintaining the current

level of biomass power generation in the state and revitalizing currently idle facilities in strategically located regions. *The bill would establish requirements for an applicant to receive funding from the account for a facility's eligible electrical generation.*

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 leads the nation in bioenergy production, with
4 one-half of the industry located in this state, which has an abundant
5 supply of bioenergy resources.

6 (b) Biomass power generation provides electric ratepayers with
7 clean, renewable energy that supplies the grid 24 hours a day,
8 seven days a week regardless of atmospheric conditions. These
9 benefits are paid for through contracts with the state's electric
10 utilities.

11 (c) Biomass power generation also provides valuable,
12 environmentally preferred wood waste disposal service for the
13 disposal of 7.5 to 8 million tons of California's annual solid waste
14 stream and the avoidance of 1.5 to 3.5 million tons annually of
15 biogenic CO₂ emissions. By diverting biomass residues away from
16 open burning, landfill burial, and accumulation in forests, the state
17 benefits from reduced criteria air pollutants and greenhouse gas
18 emissions, landfill capacity use, forest and watershed improvement,
19 rural employment and economic development, and energy diversity
20 and security. These services have been provided without
21 compensation in the past, as the electricity market was able to fully
22 underwrite the cost.

23 (d) *Numerous studies have shown a link between particulate*
24 *matter (PM) exposure and asthma morbidity outcomes in children,*
25 *and between exposure to ambient PM and increased heart and*
26 *lung disease and death and health effects on the central nervous*
27 *system. The latest study was provided by scientists at the California*
28 *Environmental Protection Agency's Office of Environmental Health*
29 *Hazard Assessment. Diverting wood material from open burning*
30 *to biomass power production is an essential PM reduction strategy*
31 *for many air districts around the state.*

1 ~~(d)~~

2 (e) The environmental services provided by biomass power
3 production are clearly valuable to society and therefore provide
4 the rationale for a state policy to pay for biomass power generation
5 commensurate with its provision of waste disposal services.

6 ~~(e) Protecting these existing resources will help the state meet~~
7 ~~its goals to reduce greenhouse gas emissions, protect existing jobs,~~
8 ~~and provide waste disposal benefits.~~

9 (f) Biomass power generation fits in the Cap and Trade Auction
10 Proceeds Investment Plan in the categories of forest and ecosystem
11 management, agricultural management, and waste diversion, and
12 is identified as a recommended investment.

13 SEC. 2. Section 16428.81 is added to the Government Code,
14 to read:

15 16428.81. (a) There is hereby created the Biomass State Cost
16 Share Account within the Greenhouse Gas Reduction Fund
17 established pursuant to Section 16428.8. ~~Moneys in the amount~~
18 ~~of _____ dollars (\$ _____) shall be transferred annually from the fund~~
19 ~~to the account. Moneys in the account, upon appropriation, shall~~
20 ~~be available for expenditure by the State Energy Resources~~
21 ~~Conservation and Development Commission for the purposes of~~
22 ~~maintaining the current level of biomass power generation in the~~
23 ~~state and revitalizing currently idle facilities in strategically located~~
24 ~~regions.~~

25 (b) The following amounts shall be transferred from the
26 Greenhouse Gas Reduction Fund to the Biomass State Cost Share
27 Account:

28 (1) In the 2015–16 fiscal year, seventy-four million dollars
29 (\$74,000,000).

30 (2) In the 2016–17 fiscal year, one hundred eighteen million
31 dollars (\$118,000,000).

32 (3) In the 2017–18, 2018–19, and 2019–20 fiscal years, one
33 hundred twenty million dollars (\$120,000,000) in each of those
34 fiscal years.

35 (c) The moneys in the Biomass State Cost Share Account, upon
36 appropriation by the Legislature, shall be available to the State
37 Energy Resources Conservation and Development Commission
38 for expenditure for the purposes of maintaining the current level
39 of biomass power generation in the state and revitalizing currently
40 idle facilities in strategically located regions. Protecting these

1 existing resources will help the state meet its goals to reduce
2 greenhouse gas emissions, protect existing jobs, and provide waste
3 disposal benefits.

4 (d) To be eligible for funding from the Biomass State Cost Share
5 Account, a facility's solid fuel biomass electrical generation shall
6 satisfy all of the following requirements:

7 (1) The energy is generated on and after January 1, 2016.

8 (2) The energy is generated within the state and sold to
9 customers within the state.

10 (3) The energy is net-metered generation. "Net-metered
11 generation" for purposes of this section means energy that is sold
12 to the grid and is not used onsite for the facility's own electrical
13 demand.

14 (e) A facility seeking funding from the Biomass State Cost Share
15 Account shall submit an application to the commission that
16 demonstrates that it is a solid fuel biomass facility and is California
17 Renewables Portfolio Standard (RPS) Program certified. An
18 applicant shall submit monthly invoices to the commission to
19 document eligible generation and the fuel used for that generation.
20 The commission shall review the submitted invoices and make
21 monthly incentive payments to each applicant based on the eligible
22 generation and the applicable production incentive rate.