

AMENDED IN ASSEMBLY MARCH 14, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1989

Introduced by Assembly Member Jones

February 16, 2016

An act to amend Section 39719 of the Health and Safety Code, and to add Section ~~1061~~ 189.7 to the Water Code, relating to ~~water~~ water, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1989, as amended, Jones. ~~Drought-water supply.~~ Water, energy, and reduction of greenhouse gas emissions.

Existing law, 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. Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to the reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund and to be used, upon appropriation by the Legislature, for specified purposes, including the reduction of greenhouse gas emissions associated with water use and supply.

This bill would require the State Water Resources Control Board, in coordination with the State Energy Resources Conservation and Development Commission, the Public Utilities Commission, and the Department of Water Resources, to develop and implement a grant and low-interest loan program for water projects that result in the net reduction of water-related greenhouse gas emissions. The bill would continuously appropriate \$200,000,000 annually from the Greenhouse

Gas Reduction Fund to the State Water Resources Control Board to develop and implement the grant and low-interest loan program.

~~The California Constitution requires the reasonable and beneficial use of water. Existing law requires the Department of Water Resources and the State Water Resources Control Board to take all appropriate proceedings or actions to prevent waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of water in this state. Existing law authorizes any public entity, as defined, that supplies water at retail or wholesale for the benefit of persons within the service area or area of jurisdiction of the public entity to, by ordinance or resolution, adopt and enforce a water conservation program to reduce the quantity of water used for the purpose of conserving the water supplies of the public entity.~~

~~This bill would require the department and the board, by _____, to prepare and submit to the Legislature a report that includes recommendations relating to drought preparedness. The bill would require the department and the board to conduct an annual survey of public and private water suppliers relating to water supply reliability in the event of a drought.~~

Vote: majority. Appropriation: ~~no~~ yes. 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) (1) Water and energy resources are inextricably connected.*
- 4 *This relationship is known as the water-energy nexus.*
- 5 *(2) The energy used to drive California's water system,*
- 6 *including, but not limited to, the fuels used to power groundwater*
- 7 *pumps, transportation, treatment and disposal systems for water*
- 8 *and wastewater, heating and cooling of water in buildings and*
- 9 *other facilities, the delivery of water, and end uses, accounts for*
- 10 *nearly 20 percent of the total electricity usage and 30 percent of*
- 11 *nonpower-related natural gas consumed, and there are known*
- 12 *gaps in quantifying greenhouse gas emissions associated with that*
- 13 *energy use.*
- 14 *(3) Consequently, saving water saves energy and vice versa.*

1 (4) *Because the production of energy often results in the*
2 *emissions of greenhouse gases, there is substantial potential for*
3 *emission reductions in the water system.*

4 (b) *While energy use has historically been a fundamental*
5 *element in the planning and development of California's water*
6 *supply systems, there are new opportunities for improving this*
7 *linkage to reduce water-related greenhouse gas emissions. New*
8 *projects that best serve water and energy investments can maximize*
9 *greenhouse gas emissions reductions.*

10 SEC. 2. *Section 39719 of the Health and Safety Code is*
11 *amended to read:*

12 39719. (a) The Legislature shall appropriate the annual
13 proceeds of the fund for the purpose of reducing greenhouse gas
14 emissions in this state in accordance with the requirements of
15 Section 39712.

16 (b) To carry out a portion of the requirements of subdivision
17 (a), annual proceeds are continuously appropriated for the
18 following:

19 (1) Beginning in the 2015–16 fiscal year, and notwithstanding
20 Section 13340 of the Government Code, 35 percent of annual
21 proceeds are continuously appropriated, without regard to fiscal
22 years, for transit, affordable housing, and sustainable communities
23 programs as following:

24 (A) Ten percent of the annual proceeds of the fund is hereby
25 continuously appropriated to the Transportation Agency for the
26 Transit and Intercity Rail Capital Program created by Part 2
27 (commencing with Section 75220) of Division 44 of the Public
28 Resources Code.

29 (B) Five percent of the annual proceeds of the fund is hereby
30 continuously appropriated to the Low Carbon Transit Operations
31 Program created by Part 3 (commencing with Section 75230) of
32 Division 44 of the Public Resources Code. Funds shall be allocated
33 by the Controller, according to requirements of the program, and
34 pursuant to the distribution formula in subdivision (b) or (c) of
35 Section 99312 of, and Sections 99313 and 99314 of, the Public
36 Utilities Code.

37 (C) Twenty percent of the annual proceeds of the fund is hereby
38 continuously appropriated to the Strategic Growth Council for the
39 Affordable Housing and Sustainable Communities Program created
40 by Part 1 (commencing with Section 75200) of Division 44 of the

Public Resources Code. Of the amount appropriated in this subparagraph, no less than 10 percent of the annual proceeds, shall be expended for affordable housing, consistent with the provisions of that program.

(2) Beginning in the 2015–16 fiscal year, notwithstanding Section 13340 of the Government Code, 25 percent of the annual proceeds of the fund is hereby continuously appropriated to the High-Speed Rail Authority for the following components of the initial operating segment and Phase I Blended System as described in the 2012 business plan adopted pursuant to Section 185033 of the Public Utilities Code:

(A) Acquisition and construction costs of the project.

(B) Environmental review and design costs of the project.

(C) Other capital costs of the project.

(D) Repayment of any loans made to the authority to fund the project.

(3) *Beginning in the 2017–18 fiscal year, notwithstanding Section 13340 of the Government Code, the sum of two hundred million dollars (\$200,000,000) annually is hereby continuously appropriated from the fund to the State Water Resources Control Board to develop and implement the grant and low-interest loan program for water projects that result in the net reduction of water-related greenhouse gas emissions pursuant to Section 189.7 of the Water Code.*

(c) In determining the amount of annual proceeds of the fund for purposes of the calculation in subdivision (b), the funds subject to Section 39719.1 shall not be included.

SEC. 3. *Section 189.7 is added to the Water Code, to read:*

189.7. (a) *The board, in coordination with the State Energy Resources Conservation and Development Commission, the Public Utilities Commission, and the department, shall develop and implement a grant and low-interest loan program for water projects that result in the net reduction of water-related greenhouse gas emissions.*

(b) *Project categories eligible for funding under the program include, but need not be limited to, the following:*

(1) *Local water projects, including, but not limited to, water recycling, stormwater capture and reuse, groundwater cleanup, seawater and brackish water desalination, and water conservation.*

1 (2) *Precision or water efficient irrigation and control*
2 *technologies.*

3 (3) *Clean energy generation by water and wastewater treatment*
4 *plants.*

5 (4) *Replacement of existing water pumps with more*
6 *energy-efficient water pumps.*

7 (5) *Leak detection in water distribution pipelines and associated*
8 *repairs.*

9 (6) *Water appliance efficiency.*

10 (c) *In order to be eligible for funding under the program,*
11 *projects shall result in the net reduction of water-related*
12 *greenhouse gas emissions, including, but not limited to, the*
13 *emissions associated with pumping or transporting water.*

14 (d) *In awarding grants or low-interest loans, the board shall*
15 *consider whether the proposed project helps achieve the state*
16 *policy established in Section 85021 by reducing reliance on the*
17 *Delta in meeting California's future water supply needs.*

18 (e) *Any public moneys made available for the program to private*
19 *water companies regulated by the Public Utilities Commission*
20 *shall be used for the benefit of the ratepayers or the public, and*
21 *not the investors of the companies, and shall be subject to oversight*
22 *by the Public Utilities Commission.*

23 (f) *The board may adopt guidelines it determines are necessary*
24 *to implement this section. A guideline adopted pursuant to this*
25 *subdivision is not subject to the rulemaking requirements of*
26 *Chapter 3.5 (commencing with Section 11340) of Part 1 of Division*
27 *3 of Title 2 of the Government Code.*

28 ~~SECTION 1. Section 1061 is added to the Water Code, to read:~~

29 ~~1061. (a) The department and the board, by _____, shall prepare~~
30 ~~and submit to the Legislature in accordance with Section 9795 of~~
31 ~~the Government Code a report that includes recommendations~~
32 ~~relating to drought preparedness.~~

33 ~~(b) The department and the board shall conduct an annual survey~~
34 ~~of public and private water suppliers relating to water supply~~
35 ~~reliability in the event of a drought.~~