

AMENDED IN ASSEMBLY JUNE 14, 2016

AMENDED IN ASSEMBLY MAY 25, 2016

SENATE BILL

No. 840

Introduced by Committee on Budget and Fiscal Review

January 7, 2016

~~An act relating to the Budget Act of 2016. An act to amend Section 51013.1 of, and to add Section 51015.6 to, the Government Code, to amend Section 44273 of the Health and Safety Code, to amend Section 1546.1 of the Penal Code, to amend Sections 3401 and 25751 of the Public Resources Code, and to amend Sections 388 and 399.20 of, to add Section 784.1 to, to add and repeal Section 388.2 of, and to repeal Section 2834 of, the Public Utilities Code, relating to energy, and making an appropriation therefor, to take effect immediately, bill related to the budget.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 840, as amended, Committee on Budget and Fiscal Review.
~~Budget Act of 2016. Public resources: energy.~~

(1) Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities. Existing law authorizes the PUC to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. Existing law authorizes certain public utilities, including gas corporations, to propose research and development programs and authorizes the PUC to allow inclusion of expenses for research and development in the public utility's rates. Existing law requires the PUC to consider specified guidelines in evaluating the research, development, and demonstration programs proposed by gas corporations.

The California Renewables Portfolio Standard Program requires the PUC to adopt policies and programs that promote the in-state production and distribution of biomethane. Existing law requires the PUC to adopt, by rule or order, standards for biomethane that specify the concentrations of constituents of concern that are reasonably necessary to protect public health and ensure pipeline integrity and safety, as specified, and requirements for monitoring, testing, reporting, and recordkeeping, as specified. Existing law requires a gas corporation to comply with those standards and requirements and requires that gas corporation tariffs condition access to common carrier pipelines on the applicable customer meeting those standards and requirements. Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the PUC is a crime.

This bill would request the California Council on Science and Technology to undertake and complete a study analyzing the regional and gas corporation specific issues relating to minimum heating value and maximum siloxane specifications adopted by the PUC for biomethane before it can be injected into common carrier gas pipelines. If the California Council on Science and Technology agrees to undertake and complete the study, the bill would require each gas corporation operating common carrier pipelines in California to proportionately contribute to the expenses to undertake the study with the cost recoverable in rates. The bill would authorize the PUC to modify certain available monetary incentives to allocate some of the incentive moneys to pay for the costs of the study so as to not further burden ratepayers with additional expense. If the California Council on Science and Technology agrees to undertake and complete the study, the bill would require the PUC, within 6 months of its completion, to reevaluate requirements and standards adopted for injection of biomethane into common carrier pipelines and, if appropriate, change those requirements and standards or adopt new requirements and standards, giving due deference to the conclusions and recommendations made in the study. Because certain provisions of the bill would be a part of the act and a violation of an order or decision of the PUC implementing its requirements would be a crime, this bill would impose a state-mandated local program by creating a new crime.

Existing law requires the PUC to direct the electrical corporations to collectively procure at least 250 megawatts of cumulative rated generating capacity from developers of bioenergy projects that commence operation on or after June 1, 2013. Existing law requires

the PUC, for each electrical corporation, to allocate shares of the 250 megawatts based on the ratio of each electrical corporation's peak demand compared to the total statewide peak demand. Existing law requires the PUC to allocate those 250 megawatts to electrical corporations from specified categories of bioenergy project types, with specified portions of that 250 megawatts to be allocated from each category. Existing law requires the PUC to encourage gas and electrical corporations to develop and offer programs and services to facilitate development of in-state biogas for a broad range of purposes. Existing law authorizes the PUC, in consultation with specified state agencies, if it finds that the categorical allocations of those 250 megawatts are not appropriate, to reallocate those 250 megawatts among those categories.

This bill would establish interconnection requirements for certain bioenergy projects from which generation capacity is to be procured pursuant to the above requirement. Because the above requirements would be codified in the act, this bill would impose a state-mandated local program by creating a new crime.

The Green Tariff Shared Renewables Program requires a participating utility, defined as being an electrical corporation with 100,000 or more customers in California, to file with the PUC an application requesting approval of a tariff to implement a program enabling ratepayers to participate directly in offsite electrical generation facilities that use eligible renewable energy resources, consistent with certain legislative findings and statements of intent. Existing law requires the PUC, by July 1, 2014, to issue a decision concerning the participating utility's application, determining whether to approve or disapprove the application, with or without modifications. Existing law requires the PUC, after notice and opportunity for public comment, to approve the application if the PUC determines that the proposed program is reasonable and consistent with the legislative findings and statements of intent and requires the PUC to require that a participating utility's Green Tariff shared renewables program be administered in accordance with specified provisions. Existing law repeals the program on January 1, 2019.

This bill would extend the operation of the program indefinitely. By extending the requirements of the Green Tariff Shared Renewables Program the bill would impose a state-mandated local program by extending the application of a crime.

Decisions of the PUC adopted the California Solar Initiative administered by electrical corporations and subject to the PUC's supervision. Existing law requires the PUC and the State Energy Resources Conservation and Development Commission (Energy Commission) to undertake certain steps in implementing the California Solar Initiative and requires the PUC to ensure that the total cost over the duration of the program does not exceed \$3,550,800,000. Existing law specifies that the financial components of the California Solar Initiative include the New Solar Homes Partnership Program, which is administered by the Energy Commission. Existing law requires the program to be funded by charges in the amount of \$400,000,000 collected from customers of the state's 3 largest electrical corporations. If moneys from the Renewable Resource Trust Fund for the program are exhausted, existing law authorizes the PUC, upon notification by the Energy Commission, to require those electrical corporations to continue the administration of the program pursuant to the guidelines established by the Energy Commission for the program until the \$400,000,000 monetary limit is reached. Existing law authorizes the PUC to determine whether a 3rd party, including the Energy Commission, should administer the electrical corporation's continuation of the program. Existing law establishes the Renewable Resource Trust Fund as a fund that is continuously appropriated, with certain exceptions for administrative expenses, in the State Treasury.

This bill would require, if the PUC orders a continuation of the New Solar Homes Partnership Program and determines that the Energy Commission should be the 3rd party administrator for the program, that any funding made available for the program be deposited into the Emerging Renewable Resources Account of the Renewable Resource Trust Fund and used for the program.

(2) The Public Utilities Act requires the PUC to submit various reports to the Legislature relative to the actions of the PUC.

This bill would require the PUC to submit 2 reports to the relevant policy and fiscal committees of the Legislature by March 1, 2017. The first report would pertain to the PUC's business process inventory efforts. The 2nd report would concern options to locate operations and staff outside of the PUC's San Francisco headquarters and would explore options to allow the PUC to collaborate with other state entities and provide staff more opportunities for training, career development, and exchange placements with other state entities.

Existing law, with exceptions, prohibits a government entity from compelling the production of or access to electronic communication information or electronic device information without a search warrant, wiretap order, order for electronic reader records, or subpoena.

This bill would provide that the above provisions do not limit the authority of the PUC or the Energy Commission to obtain energy or water supply and consumption information pursuant to the powers granted to them under the Public Utilities Code or the Public Resources Code and other applicable state laws.

(3) Existing law authorizes the Department of General Services or any other state or local agency intending to enter into an energy savings contract to establish a pool of qualified energy service companies, as specified. Existing law authorizes energy service contracts for individual projects undertaken by any state or local agency to be awarded through a competitive selection process to those companies identified in the pool.

This bill would authorize the department or another state or local agency intending to enter into contracts for energy retrofit projects, as defined, to establish one of those pools. The bill would, until January 1, 2020, authorize the department and other state agencies to establish one or more pools of qualified energy service companies, as defined, that have provided the department or state agency with a specific enforceable commitment regarding the use of a skilled and trained workforce. The bill would authorize the department or state agency to select a qualified energy service company from that pool for a specific energy retrofit project on a rotational basis. The bill would require those qualified energy service companies working on a contract or project to submit a monthly report to the department or state agency, as appropriate, demonstrating their compliance with the commitment regarding the use of a skilled and trained workforce.

Under existing law, a violation of the Public Utilities Act is a crime.

Because the above provisions would be codified in the act, a violation of which would be a crime, this bill would impose a state-mandated local program.

(4) The Elder California Pipeline Safety Act of 1981, among other things, by January 1, 2018, requires any new or replacement pipeline that is near environmentally or ecological by sensitive areas to use the best technology available to reduce the amount of oil released in a spill, as specified. Existing law requires operators of existing pipelines near these areas to submit a plans by January 1, 2018, to retrofit those

pipelines for these purposes using the best available technology by January 1, 2020. A violation of these provisions is a crime.

This bill would define “oil” for these provisions of the act concerning pipeline safety, by reference to a specified federal regulation, to mean petroleum, petroleum products, anhydrous ammonia, and ethanol. By expanding the scope of a crime, the bill would impose a state-mandated local program.

Under the Elder California Pipeline Safety Act of 1981, the State Fire Marshal administers provisions regulating the inspection of intrastate pipelines that transport hazardous liquids.

This bill would require the State Fire Marshal, on or before January 31, 2017, and on or before January 31 annually thereafter until January 31, 2021, to submit a report to the Legislature containing specified information regarding the inspection of those pipelines, shutoff systems in those pipelines, and the status of 2 specified pipelines.

(5) Existing law imposes, among other things, an annual charge upon each person operating or owning an interest in an oil or gas well, with respect to the production of the well, which charge is payable to the Treasurer for deposit into the Oil, Gas, and Geothermal Administrative Fund. Existing law requires that moneys from charges levied, assessed, and collected upon the properties of every person operating or owning an interest in the production of a well be used exclusively, upon appropriation, for the support and maintenance of the Department of Conservation, which is charged with the supervision of oil and gas operations, and for the support of the State Water Resources Control Board and the regional water quality control boards for their activities related to oil and gas operations that may affect water resources.

This bill would additionally authorize the use of those moneys for the support of the State Air Resources Board and the Office of Environmental Health Hazard Assessment for their activities related to oil and gas operations that may affect air quality, public health, or public safety.

(6) Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the Energy Commission, to provide to specified entities, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures for the development and deployment of innovative technologies that transform California’s fuel and vehicle types to help attain the state’s climate change goals. Existing law establishes the Alternative

and Renewable Fuel and Vehicle Technology Fund, moneys in which are to be expended by the Energy Commission, upon appropriation, to implement the program. Existing law creates the Public Interest Research, Development, and Demonstration Fund in the State Treasury and required that specified moneys collected by the state's 3 largest electrical corporations, until January 1, 2012, be paid into the Public Interest Research, Development, and Demonstration Fund. Existing law requires \$10,000,000 to be transferred annually from the Public Interest Research, Development, and Demonstration Fund to the Alternative and Renewable Fuel and Vehicle Technology Fund.

This bill would repeal the requirement that \$10,000,000 be transferred annually from the Public Interest Research, Development, and Demonstration Fund to the Alternative and Renewable Fuel and Vehicle Technology Fund.

(7) Existing law vests with the Energy Commission jurisdiction over specified matters related to energy. Existing law requires the Attorney General, upon the request of the Energy Commission, to petition a court of competent jurisdiction to enjoin violations of law that are within the subject matter of the Energy Commission. Existing law requires the Energy Commission to prescribe, by regulation, building design and construction standards, energy and water efficiency design standards for new residential and nonresidential buildings, and appliance efficiency standards. Existing law authorizes the Energy Commission to establish an administrative enforcement process to enforce the appliance efficiency standards. Existing law establishes the Appliance Efficiency Enforcement Subaccount in the Energy Resources Program Account for the deposition of the penalties collected. Existing law authorizes the moneys subaccount to be expended by the Energy Commission, upon appropriation by the Legislature, for the education of the public regarding appliance energy efficiency and for the enforcement of specified regulations.

This bill would appropriate \$275,000 from the Appliance Efficiency Enforcement Subaccount in the Energy Resources Programs Account to the Energy Commission to support the Title 20 Appliance Efficiency Standards Compliance Assistance and Enforcement Program.

(8) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(9) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2016.~~

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

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

1 SECTION 1. Section 51013.1 of the Government Code is
2 amended to read:

3 51013.1. (a) By January 1, 2018, any new or replacement
4 pipeline near environmentally and ecologically sensitive areas in
5 the coastal zone shall use best available technology, including, but
6 not limited to, the installation of leak detection technology,
7 automatic shutoff systems, or remote controlled sectionalized block
8 valves, or any combination of these technologies, based on a risk
9 analysis conducted by the operator, to reduce the amount of oil
10 released in an oil spill to protect state waters and wildlife.

11 (b) (1) By July 1, 2018, an operator of an existing pipeline near
12 environmentally and ecologically sensitive areas in the coastal
13 zone shall submit a plan to retrofit, by January 1, 2020, existing
14 pipelines near environmentally and ecologically sensitive areas in
15 the coastal zone with the best available technology, including, but
16 not limited to, installation of leak detection technologies, automatic
17 shutoff systems, or remote controlled sectionalized block valves,
18 or any combination of these technologies, based on a risk analysis
19 conducted by the operator to reduce the amount of oil released in
20 an oil spill to protect state waters and wildlife.

21 (2) An operator may request confidential treatment of
22 information submitted in the plan required by paragraph (1) or
23 contained in any documents associated with the risk analysis
24 described in this section, including, but not limited to, information
25 regarding the proposed location of automatic shutoff valves or
26 remote controlled sectionalized block valves.

27 (c) The State Fire Marshal shall adopt regulations pursuant to
28 this section by July 1, 2017. The regulations shall include, but not
29 be limited to, all of the following:

1 (1) A definition of automatic shutoff systems.

2 (2) A process to assess the adequacy of the operator's risk
3 analysis.

4 (3) A process by which an operator may request confidential
5 treatment of information submitted in the plan required by
6 paragraph (1) of subdivision (b) or contained in any documents
7 associated with the risk analysis described in this section.

8 (4) A determination of how near to an environmentally and
9 ecologically sensitive area a pipeline must be to be subject to the
10 requirements of this section based on the likelihood of the pipeline
11 impacting those areas.

12 (d) An operator of a pipeline near environmentally and
13 ecologically sensitive areas in the coastal zone shall notify the
14 Office of the State Fire Marshal of any new construction or retrofit
15 of pipeline in these waters.

16 (e) For purposes of implementing this section, the State Fire
17 Marshal shall consult with the Office of Spill Prevention and
18 Response about the potential impacts to state water and wildlife.

19 (f) For purposes of this section, "environmentally and
20 ecologically sensitive areas" is the same term as described in
21 subdivision (d) of Section 8574.7.

22 (g) (1) For purposes of this section, "best available technology"
23 means technology that provides the greatest degree of protection
24 by limiting the quantity of release in the event of a spill, taking
25 into consideration whether the processes are currently in use and
26 could be purchased anywhere in the world.

27 (2) The State Fire Marshal shall determine what is the best
28 available technology and shall consider the effectiveness and
29 engineering feasibility of the technology when making this
30 determination.

31 (h) *For the purposes of this section, "oil" means hazardous*
32 *liquid as defined in Section 195.2 of Title 49 of the Code of Federal*
33 *Regulations.*

34 *SEC. 2. Section 51015.6 is added to the Government Code, to*
35 *read:*

36 *51015.6. (a) On or before January 31, 2017, and on or before*
37 *January 31 annually thereafter, the State Fire Marshal shall submit*
38 *a report to the Legislature containing information, including, but*
39 *not limited to, all of the following:*

1 (1) The number of annual inspections conducted pursuant to
2 Section 51015.1.

3 (2) The status of the installation of automatic shutoff systems
4 pursuant to Section 51013.1, including a summary of the types of
5 shutoff systems installed, and the number of miles of pipeline
6 covered by an automatic shutoff system.

7 (3) The status of Line 901 and Line 903 in the County of Santa
8 Barbara.

9 (b) (1) A report required to be submitted pursuant to subdivision
10 (a) shall be submitted in compliance with Section 9795.

11 (2) Pursuant to Section 10231.5, this section is inoperative on
12 January 31, 2021.

13 SEC. 3. Section 44273 of the Health and Safety Code is
14 amended to read:

15 44273. (a) The Alternative and Renewable Fuel and Vehicle
16 Technology Fund is hereby created in the State Treasury, to be
17 administered by the commission. The moneys in the fund, upon
18 appropriation by the Legislature, shall be expended by the
19 commission to implement the Alternative and Renewable Fuel and
20 Vehicle Technology Program in accordance with this chapter.

21 ~~(b) Notwithstanding any other provision of law, the sum of ten~~
22 ~~million dollars (\$10,000,000) shall be transferred annually from~~
23 ~~the Public Interest Research, Development, and Demonstration~~
24 ~~Fund created by Section 384 of the Public Utilities Code to the~~
25 ~~Alternative and Renewable Fuel and Vehicle Technology Fund.~~
26 ~~Prior to the award of any funds from this source, the commission~~
27 ~~shall make a determination that the proposed project will provide~~
28 ~~benefits to electric or natural gas ratepayers based upon the~~
29 ~~commission's adopted criteria.~~

30 (e)

31 (b) Beginning with the integrated energy policy report adopted
32 in 2011, and in the subsequent reports adopted thereafter, pursuant
33 to Section 25302 of the Public Resources Code, the commission
34 shall include an evaluation of research, development, and
35 deployment efforts funded by this chapter. The evaluation shall
36 include all of the following:

37 (1) A list of projects funded by the Alternative and Renewable
38 Fuel and Vehicle Technology Fund.

39 (2) The expected benefits of the projects in terms of air quality,
40 petroleum use reduction, greenhouse gas emissions reduction,

1 technology advancement, benefit-cost assessment, and progress
2 towards achieving these benefits.

3 (3) The overall contribution of the funded projects toward
4 promoting a transition to a diverse portfolio of clean, alternative
5 transportation fuels and reduced petroleum dependency in
6 California.

7 (4) Key obstacles and challenges to meeting these goals
8 identified through funded projects.

9 (5) Recommendations for future actions.

10 *SEC. 4. Section 1546.1 of the Penal Code is amended to read:*

11 1546.1. (a) Except as provided in this section, a government
12 entity shall not do any of the following:

13 (1) Compel the production of or access to electronic
14 communication information from a service provider.

15 (2) Compel the production of or access to electronic device
16 information from any person or entity other than the authorized
17 possessor of the device.

18 (3) Access electronic device information by means of physical
19 interaction or electronic communication with the electronic device.
20 This section does not prohibit the intended recipient of an electronic
21 communication from voluntarily disclosing electronic
22 communication information concerning that communication to a
23 government entity.

24 (b) A government entity may compel the production of or access
25 to electronic communication information from a service provider,
26 or compel the production of or access to electronic device
27 information from any person or entity other than the authorized
28 possessor of the device only under the following circumstances:

29 (1) Pursuant to a warrant issued pursuant to Chapter 3
30 (commencing with Section 1523) and subject to subdivision (d).

31 (2) Pursuant to a wiretap order issued pursuant to Chapter 1.4
32 (commencing with Section 629.50) of Title 15 of Part 1.

33 (3) Pursuant to an order for electronic reader records issued
34 pursuant to Section 1798.90 of the Civil Code.

35 (4) Pursuant to a subpoena issued pursuant to existing state law,
36 provided that the information is not sought for the purpose of
37 investigating or prosecuting a criminal offense, and compelling
38 the production of or access to the information via the subpoena is
39 not otherwise prohibited by state or federal law. Nothing in this

1 paragraph shall be construed to expand any authority under state
2 law to compel the production of or access to electronic information.

3 (c) A government entity may access electronic device
4 information by means of physical interaction or electronic
5 communication with the device only as follows:

6 (1) Pursuant to a warrant issued pursuant to Chapter 3
7 (commencing with Section 1523) and subject to subdivision (d).

8 (2) Pursuant to a wiretap order issued pursuant to Chapter 1.4
9 (commencing with Section 629.50) of Title 15 of Part 1.

10 (3) With the specific consent of the authorized possessor of the
11 device.

12 (4) With the specific consent of the owner of the device, only
13 when the device has been reported as lost or stolen.

14 (5) If the government entity, in good faith, believes that an
15 emergency involving danger of death or serious physical injury to
16 any person requires access to the electronic device information.

17 (6) If the government entity, in good faith, believes the device
18 to be lost, stolen, or abandoned, provided that the entity shall only
19 access electronic device information in order to attempt to identify,
20 verify, or contact the owner or authorized possessor of the device.

21 (7) Except where prohibited by state or federal law, if the device
22 is seized from an inmate's possession or found in an area of a
23 correctional facility under the jurisdiction of the Department of
24 Corrections and Rehabilitation where inmates have access and the
25 device is not in the possession of an individual and the device is
26 not known or believed to be the possession of an authorized visitor.
27 Nothing in this paragraph shall be construed to supersede or
28 override Section 4576.

29 (d) Any warrant for electronic information shall comply with
30 the following:

31 (1) The warrant shall describe with particularity the information
32 to be seized by specifying the time periods covered and, as
33 appropriate and reasonable, the target individuals or accounts, the
34 applications or services covered, and the types of information
35 sought.

36 (2) The warrant shall require that any information obtained
37 through the execution of the warrant that is unrelated to the
38 objective of the warrant shall be sealed and not subject to further
39 review, use, or disclosure without a court order. A court shall issue
40 such an order upon a finding that there is probable cause to believe

1 that the information is relevant to an active investigation, or review,
2 use, or disclosure is required by state or federal law.

3 (3) The warrant shall comply with all other provisions of
4 California and federal law, including any provisions prohibiting,
5 limiting, or imposing additional requirements on the use of search
6 warrants. If directed to a service provider, the warrant shall be
7 accompanied by an order requiring the service provider to verify
8 the authenticity of electronic information that it produces by
9 providing an affidavit that complies with the requirements set forth
10 in Section 1561 of the Evidence Code. Admission of that
11 information into evidence shall be subject to Section 1562 of the
12 Evidence Code.

13 (e) When issuing any warrant or order for electronic information,
14 or upon the petition from the target or recipient of the warrant or
15 order, a court may, at its discretion, do any or all of the following:

16 (1) Appoint a special master, as described in subdivision (d) of
17 Section 1524, charged with ensuring that only information
18 necessary to achieve the objective of the warrant or order is
19 produced or accessed.

20 (2) Require that any information obtained through the execution
21 of the warrant or order that is unrelated to the objective of the
22 warrant be destroyed as soon as feasible after the termination of
23 the current investigation and any related investigations or
24 proceedings.

25 (f) A service provider may voluntarily disclose electronic
26 communication information or subscriber information when that
27 disclosure is not otherwise prohibited by state or federal law.

28 (g) If a government entity receives electronic communication
29 information voluntarily provided pursuant to subdivision (f), it
30 shall destroy that information within 90 days unless one or more
31 of the following circumstances apply:

32 (1) The entity has or obtains the specific consent of the sender
33 or recipient of the electronic communications about which
34 information was disclosed.

35 (2) The entity obtains a court order authorizing the retention of
36 the information. A court shall issue a retention order upon a finding
37 that the conditions justifying the initial voluntary disclosure persist,
38 in which case the court shall authorize the retention of the
39 information only for so long as those conditions persist, or there

1 is probable cause to believe that the information constitutes
2 evidence that a crime has been committed.

3 (3) The entity reasonably believes that the information relates
4 to child pornography and the information is retained as part of a
5 multiagency database used in the investigation of child
6 pornography and related crimes.

7 (h) If a government entity obtains electronic information
8 pursuant to an emergency involving danger of death or serious
9 physical injury to a person, that requires access to the electronic
10 information without delay, the entity shall, within three days after
11 obtaining the electronic information, file with the appropriate court
12 an application for a warrant or order authorizing obtaining the
13 electronic information or a motion seeking approval of the
14 emergency disclosures that shall set forth the facts giving rise to
15 the emergency, and if applicable, a request supported by a sworn
16 affidavit for an order delaying notification under paragraph (1) of
17 subdivision (b) of Section 1546.2. The court shall promptly rule
18 on the application or motion and shall order the immediate
19 destruction of all information obtained, and immediate notification
20 pursuant to subdivision (a) of Section 1546.2 if such notice has
21 not already been given, upon a finding that the facts did not give
22 rise to an emergency or upon rejecting the warrant or order
23 application on any other ground.

24 (i) This section does not limit the authority of a government
25 entity to use an administrative, grand jury, trial, or civil discovery
26 subpoena to do any of the following:

27 (1) Require an originator, addressee, or intended recipient of
28 an electronic communication to disclose any electronic
29 communication information associated with that communication.

30 (2) Require an entity that provides electronic communications
31 services to its officers, directors, employees, or agents for the
32 purpose of carrying out their duties, to disclose electronic
33 communication information associated with an electronic
34 communication to or from an officer, director, employee, or agent
35 of the entity.

36 (3) Require a service provider to provide subscriber information.

37 (j) *This section does not limit the authority of the Public Utilities*
38 *Commission or the State Energy Resources Conservation and*
39 *Development Commission to obtain energy or water supply and*
40 *consumption information pursuant to the powers granted to them*

1 *under the Public Utilities Code or the Public Resources Code and*
2 *other applicable state laws.*

3 *SEC. 5. Section 3401 of the Public Resources Code is amended*
4 *to read:*

5 3401. (a) The proceeds of charges levied, assessed, and
6 collected pursuant to this article upon the properties of every person
7 operating or owning an interest in the production of a well shall
8 be used exclusively for the support and maintenance of the
9 department charged with the supervision of oil and gas ~~operations~~
10 ~~and operations~~, for the State Water Resources Control Board and
11 the regional water quality control boards for their activities related
12 to oil and gas operations that may affect water ~~resources~~. *resources*,
13 *and for the support of the State Air Resources Board and the Office*
14 *of Environmental Health Hazard Assessment for their activities*
15 *related to oil and gas operations that may affect air quality, public*
16 *health, or public safety.*

17 (b) Notwithstanding subdivision (a), the proceeds of charges
18 levied, assessed, and collected pursuant to this article upon the
19 properties of every person operating or owning an interest in the
20 production of a well undergoing a well stimulation treatment, may
21 be used by public entities, subject to appropriation by the
22 Legislature, for all costs associated with both of the following:

23 (1) Well stimulation treatments, including rulemaking and
24 scientific studies required to evaluate the treatment, inspections,
25 any air and water quality sampling, monitoring, and testing
26 performed by public entities.

27 (2) The costs of the State Water Resources Control Board and
28 the regional water quality control boards in carrying out their
29 responsibilities pursuant to Section 3160 and Section 10783 of the
30 Water Code.

31 *SEC. 6. Section 25751 of the Public Resources Code is*
32 *amended to read:*

33 25751. (a) The Renewable Resource Trust Fund is hereby
34 created in the State Treasury.

35 (b) The Emerging Renewable Resources Account is hereby
36 established within the Renewable Resources Trust Fund.
37 Notwithstanding Section 13340 of the Government Code, the
38 moneys in the account are hereby continuously appropriated to
39 the commission without regard to fiscal years for the following
40 purposes:

1 (1) To close out the award of incentives for emerging
2 technologies in accordance with former Section 25744, as this law
3 existed prior to the enactment of the Budget Act of 2012, for which
4 applications had been approved before the enactment of the Budget
5 Act of 2012.

6 (2) To close out consumer education activities in accordance
7 with former Section 25746, as this law existed prior to the
8 enactment of the Budget Act of 2012.

9 (3) To provide funding for the New Solar Homes Partnership
10 pursuant to paragraph (3) of subdivision (e) of Section 2851 of the
11 Public Utilities Code.

12 (c) The Controller shall provide to the commission funds
13 pursuant to the continuous appropriation in, and for purposes
14 specified in, subdivision (b).

15 (d) The Controller shall provide to the commission moneys
16 from the fund sufficient to satisfy all contract and grant awards
17 that were made by the commission pursuant to former Sections
18 25744 and 25746, and Chapter 8.8 (commencing with Section
19 25780), as these laws existed prior to the enactment of the Budget
20 Act of 2012.

21 *(e) If the Public Utilities Commission determines that the*
22 *commission should be the third-party administrator for the New*
23 *Solar Homes Partnership Program pursuant to subparagraph (A)*
24 *of paragraph (3) of subdivision (e) of Section 2851 of the Public*
25 *Utilities Code, any moneys made available to fund the New Solar*
26 *Homes Partnership Program shall be deposited into the Emerging*
27 *Renewable Resources Account of the Renewable Resource Trust*
28 *Fund and used for this purpose.*

29 SEC. 7. Section 388 of the Public Utilities Code is amended
30 to read:

31 388. (a) Notwithstanding any other provision of law, ~~any a~~
32 state agency may enter into an energy savings contract with a
33 qualified energy service company for the purchase or exchange of
34 thermal or electrical energy or water, or to acquire energy
35 efficiency ~~and/or or~~ water conservation ~~services, services, or both~~
36 *energy efficiency and water conservation services* for a term not
37 exceeding 35 years, at ~~those~~ rates and upon those terms ~~that are~~
38 approved by the agency.

39 (b) The Department of General Services or any other state or
40 local agency intending to enter into an energy savings contract *or*

1 a contract for an energy retrofit project may establish a pool of
2 qualified energy service companies based on qualifications,
3 experience, ~~pricing~~ pricing, or other pertinent factors. Energy
4 service contracts for individual projects undertaken by any state
5 or local agency may be awarded through a competitive selection
6 process to individuals or firms identified in ~~such a~~ the pool. The
7 pool of qualified energy service companies and contractors shall
8 be reestablished at least every two years or shall expire.

9 (c) For purposes of this section, the following definitions apply:

10 (1) (A) “Energy retrofit project” means a project for which the
11 state or local agency works with a qualified energy service
12 company to identify, develop, design, and implement energy
13 conservation measures in existing facilities to reduce energy or
14 water use or make more efficient use of energy or water.

15 (B) “Energy retrofit project” does not include the erection or
16 installation of a power generation system, a power purchase
17 agreement, or a project utilizing a site license or lease agreement.

18 ~~(1)~~

19 (2) “Energy savings” means a measured and verified reduction
20 in fuel, ~~energy~~ energy, or water consumption when compared to
21 an established baseline of consumption.

22 ~~(2)~~

23 (3) “Qualified energy service company” means a company with
24 a demonstrated ability to provide or arrange for building or facility
25 energy auditors, selection and design of appropriate energy savings
26 measures, project financing, implementation of these measures,
27 and maintenance and ongoing measurement of these measures as
28 to ensure and verify energy savings.

29 SEC. 8. Section 388.2 is added to the Public Utilities Code, to
30 read:

31 388.2. (a) For purposes of this section, the following
32 definitions apply:

33 (1) “Apprenticeable occupation” means an occupation for
34 which the chief has approved an apprenticeship program pursuant
35 to Section 3075 of the Labor Code before January 1, 2014.

36 (2) “Chief” means the Chief of the Division of Apprenticeship
37 Standards of the Department of Industrial Relations.

38 (3) “Department” means the Department of General Services.

39 (4) (A) “Energy retrofit project” means a project for which the
40 state works with a qualified energy service company to identify,

1 *develop, design, and implement energy conservation measures in*
2 *existing facilities to reduce energy or water use or make more*
3 *efficient use of energy or water.*

4 (B) *“Energy retrofit project” does not include the erection or*
5 *installation of a power generation system, a power purchase*
6 *agreement, or a project utilizing a site license or lease agreement.*

7 (5) *“Energy savings” means a measured and verified reduction*
8 *in fuel, energy, or water consumption when compared to an*
9 *established baseline of consumption.*

10 (6) *“Enforceable commitment” means an enforceable agreement*
11 *with the department or state agency that the entity and its*
12 *subcontractors at every tier will comply with this section.*

13 (7) (A) *“Qualified energy service company” means a company*
14 *with a demonstrated ability to provide or arrange for building or*
15 *facility energy auditors, selection and design of appropriate energy*
16 *savings measures, project financing, implementation of these*
17 *measures, and maintenance and ongoing measurement of these*
18 *measures as to ensure and verify energy savings.*

19 (B) *An entity is not a qualified energy service company unless*
20 *the entity has provided to the agency an enforceable commitment*
21 *that the entity and its subcontractors at every tier will use a skilled*
22 *and trained workforce to perform all work on the project or*
23 *contract that falls within an apprenticeable occupation in the*
24 *building and construction trades.*

25 (8) *“Skilled and trained workforce” means a workforce that*
26 *meets all of the following conditions:*

27 (A) *All workers performing work in an apprenticeable*
28 *occupation in the building and construction trades are either*
29 *skilled journeypersons or apprentices in an apprenticeship*
30 *program approved by the chief.*

31 (B) (i) *Except as provided in clause (ii), at least 60 percent of*
32 *the skilled journeypersons employed to perform work on a contract*
33 *or project by every contractor and each of its subcontractors at*
34 *every tier are graduates of an apprenticeship program that was*
35 *either approved by the chief pursuant to Section 3075 of the Labor*
36 *Code, or an apprenticeship program located outside the state that*
37 *is approved pursuant to the apprenticeship regulations adopted*
38 *by the United States Secretary of Labor, for the applicable*
39 *occupation.*

1 (ii) For an apprenticeable occupation in which no
2 apprenticeship program had been approved by the chief before
3 January 1, 1995, up to one-half of the requirement in clause (i)
4 may be satisfied by skilled journeypersons who commenced
5 working in an apprenticeable occupation before the chief's
6 approval of an apprenticeship program in the county in which the
7 project is located.

8 (iii) The requirements of this subparagraph are satisfied if, in
9 a particular calendar month, either of the following is true:

10 (I) The percentage of the skilled journeypersons employed by
11 the contractor or subcontractor to perform work on the contract
12 or project is at least equal to 60 percent.

13 (II) For the hours of work performed by skilled journeypersons
14 employed by the contractor or subcontractor on the contract or
15 project, the percentage of hours performed by skilled
16 journeypersons is at least equal to 60 percent.

17 (iv) This subparagraph does not apply to a contractor or
18 subcontractor if, during the calendar month, the contractor or
19 subcontractor employs skilled journeypersons to perform fewer
20 than 10 hours of work on the contract or project.

21 (v) This subparagraph does not apply to a subcontractor if both
22 of the following are true:

23 (I) The subcontractor is not a listed subcontractor in the
24 investment grade audit or a substitute for a listed subcontractor.

25 (II) The subcontract does not exceed $\frac{1}{2}$ of 1 percent of the price
26 of the prime contract.

27 (9) "Skilled journeyperson" means a worker who is being paid
28 at least the prevailing rate or per diem wages published by the
29 Department of Industrial Relations for the occupation and
30 geographic area and who either:

31 (A) Graduated from an apprenticeship program that was either
32 approved by the chief pursuant to Section 3075 of the Labor Code,
33 or an apprenticeship program located outside the state that is
34 approved pursuant to the apprenticeship regulations adopted by
35 the United States Secretary of Labor, for the applicable occupation.

36 (B) Has at least as many hours of on-the-job training experience
37 in the applicable occupation as would be required to graduate
38 from an apprenticeship program for the applicable occupation
39 that is approved by the chief.

1 (b) (1) *The department or any other state agency intending to*
2 *enter into an energy savings contract for an energy retrofit project*
3 *may establish one or more pools of qualified energy services*
4 *companies based on qualification, experience, pricing, or other*
5 *pertinent factors. The department or state agency may select a*
6 *qualified energy service company identified in the pool for a*
7 *contract for a specific energy retrofit project on a rotational basis.*

8 (2) *The department or state agency has the exclusive authority*
9 *to reject the plan or proposal of a qualified energy service company*
10 *selected for an energy retrofit project pursuant to paragraph (1)*
11 *and may continue the selection process until a satisfactory proposal*
12 *is identified.*

13 (c) (1) *A qualified energy service company working on an*
14 *energy retrofit project shall submit to the department or state*
15 *agency, as appropriate, on a monthly basis, a report demonstrating*
16 *compliance with this section.*

17 (2) *If the qualified energy service company fails to submit the*
18 *monthly report or submits a report that is incomplete, the*
19 *department or state agency, as appropriate, shall withhold further*
20 *payments until a complete report is submitted.*

21 (3) *The monthly report is a public record under the California*
22 *Public Records Act (Chapter 3.5 (commencing with Section 6250)*
23 *of Division 7 of Title 1 of the Government Code) and shall be*
24 *available for public inspection.*

25 (d) *Prior to performing an investment grade audit, the*
26 *department or other state agency shall provide a public notification*
27 *that includes the project location, assigned energy services*
28 *company, and the appropriate contact information on the*
29 *department's Internet Web site.*

30 (e) *Subparagraph (B) of paragraph (7) of subdivision (a) and*
31 *subdivision (c) do not apply if either of the following applies:*

32 (1) *The department or state agency, as appropriate, has entered*
33 *into a project labor agreement, as defined in paragraph (1) of*
34 *subdivision (b) of Section 2500 of the Public Contract Code, that*
35 *will bind all contractors and subcontractors performing work on*
36 *the project or contract and the entity agrees to be bound by that*
37 *project labor agreement.*

38 (2) *The entity has entered into a project labor agreement, as*
39 *defined in paragraph (1) of subdivision (b) of Section 2500 of the*

1 *Public Contract Code, that will bind the entity and all contractors*
2 *and subcontractors at every tier performing the project or contract.*

3 *(f) Subparagraph (B) of paragraph (7) of subdivision (a) and*
4 *subdivision (c) do not apply to work performed by the California*
5 *Conservation Corps that is nontrades and nonconstruction related.*

6 *(g) This section is not intended to waive other terms and*
7 *conditions applicable to a state contract for an energy retrofit*
8 *project.*

9 *(h) This section shall remain in effect only until January 1, 2020,*
10 *and as of that date is repealed, unless a later enacted statute, that*
11 *is enacted before January 1, 2020, deletes or extends that date.*

12 *SEC. 9. Section 399.20 of the Public Utilities Code is amended*
13 *to read:*

14 399.20. (a) It is the policy of this state and the intent of the
15 Legislature to encourage electrical generation from eligible
16 renewable energy resources.

17 (b) As used in this section, “electric generation facility” means
18 an electric generation facility located within the service territory
19 of, and developed to sell electricity to, an electrical corporation
20 that meets all of the following criteria:

21 (1) Has an effective capacity of not more than three megawatts.

22 (2) Is interconnected and operates in parallel with the electrical
23 transmission and distribution grid.

24 (3) Is strategically located and interconnected to the electrical
25 transmission and distribution grid in a manner that optimizes the
26 deliverability of electricity generated at the facility to load centers.

27 (4) Is an eligible renewable energy resource.

28 (c) Every electrical corporation shall file with the commission
29 a standard tariff for electricity purchased from an electric
30 generation facility. The commission may modify or adjust the
31 requirements of this section for any electrical corporation with less
32 than 100,000 service connections, as individual circumstances
33 merit.

34 (d) (1) The tariff shall provide for payment for every
35 kilowatthour of electricity purchased from an electric generation
36 facility for a period of 10, 15, or 20 years, as authorized by the
37 commission. The payment shall be the market price determined
38 by the commission pursuant to paragraph (2) and shall include all
39 current and anticipated environmental compliance costs, including,
40 but not limited to, mitigation of emissions of greenhouse gases

1 and air pollution offsets associated with the operation of new
2 generating facilities in the local air pollution control or air quality
3 management district where the electric generation facility is
4 located.

5 (2) The commission shall establish a methodology to determine
6 the market price of electricity for terms corresponding to the length
7 of contracts with an electric generation facility, in consideration
8 of the following:

9 (A) The long-term market price of electricity for fixed price
10 contracts, determined pursuant to an electrical corporation's general
11 procurement activities as authorized by the commission.

12 (B) The long-term ownership, operating, and fixed-price fuel
13 costs associated with fixed-price electricity from new generating
14 facilities.

15 (C) The value of different electricity products including
16 baseload, peaking, and as-available electricity.

17 (3) The commission may adjust the payment rate to reflect the
18 value of every kilowatthour of electricity generated on a
19 time-of-delivery basis.

20 (4) The commission shall ensure, with respect to rates and
21 charges, that ratepayers that do not receive service pursuant to the
22 tariff are indifferent to whether a ratepayer with an electric
23 generation facility receives service pursuant to the tariff.

24 (e) An electrical corporation shall provide expedited
25 interconnection procedures to an electric generation facility located
26 on a distribution circuit that generates electricity at a time and in
27 a manner so as to offset the peak demand on the distribution circuit,
28 if the electrical corporation determines that the electric generation
29 facility will not adversely affect the distribution grid. The
30 commission shall consider and may establish a value for an electric
31 generation facility located on a distribution circuit that generates
32 electricity at a time and in a manner so as to offset the peak demand
33 on the distribution circuit.

34 (f) (1) An electrical corporation shall make the tariff available
35 to the owner or operator of an electric generation facility within
36 the service territory of the electrical corporation, upon request, on
37 a first-come-first-served basis, until the electrical corporation meets
38 its proportionate share of a statewide cap of 750 megawatts
39 cumulative rated generation capacity served under this section and
40 Section 387.6. The proportionate share shall be calculated based

1 on the ratio of the electrical corporation's peak demand compared
2 to the total statewide peak demand.

3 (2) By June 1, 2013, the commission shall, in addition to the
4 750 megawatts identified in paragraph (1), direct the electrical
5 corporations to collectively procure at least 250 megawatts of
6 cumulative rated generating capacity from developers of bioenergy
7 projects that commence operation on or after June 1, 2013. The
8 commission shall, for each electrical corporation, allocate shares
9 of the additional 250 megawatts based on the ratio of each electrical
10 corporation's peak demand compared to the total statewide peak
11 demand. In implementing this paragraph, the commission shall do
12 all of the following:

13 (A) Allocate the 250 megawatts identified in this paragraph
14 among the electrical corporations based on the following
15 categories:

16 (i) For biogas from wastewater treatment, municipal organic
17 waste diversion, food processing, and codigestion, 110 megawatts.

18 (ii) For dairy and other agricultural bioenergy, 90 megawatts.

19 (iii) For bioenergy using byproducts of sustainable forest
20 management, 50 megawatts. Allocations under this category shall
21 be determined based on the proportion of bioenergy that sustainable
22 forest management providers derive from sustainable forest
23 management in fire threat treatment areas, as designated by the
24 Department of Forestry and Fire Protection.

25 (B) Direct the electrical corporations to develop standard
26 contract terms and conditions that reflect the operational
27 characteristics of the projects, and to provide a streamlined
28 contracting process.

29 (C) Coordinate, to the maximum extent feasible, any incentive
30 or subsidy programs for bioenergy with the agencies listed in
31 subparagraph (A) of paragraph (3) in order to provide maximum
32 benefits to ratepayers and to ensure that incentives are used to
33 reduce contract prices.

34 (D) The commission shall encourage gas and electrical
35 corporations to develop and offer programs and services to facilitate
36 development of in-state biogas for a broad range of purposes.

37 (3) (A) The commission, in consultation with the State Energy
38 Resources Conservation and Development Commission, the State
39 Air Resources Board, the Department of Forestry and Fire
40 Protection, the Department of Food and Agriculture, and the

1 Department of Resources Recycling and Recovery, may review
2 the allocations of the 250 additional megawatts identified in
3 paragraph (2) to determine if those allocations are appropriate.

4 (B) If the commission finds that the allocations of the 250
5 additional megawatts identified in paragraph (2) are not
6 appropriate, the commission may reallocate the 250 megawatts
7 among the categories established in subparagraph (A) of paragraph
8 (2).

9 (4) (A) *A project identified in clause (iii) of subparagraph (A)*
10 *of paragraph (2) is eligible, in regards to interconnection, for the*
11 *tariff established to implement paragraph (2) or to participate in*
12 *any program or auction established to implement paragraph (2),*
13 *if it meets at least one of the following requirements:*

14 (i) *The project is already interconnected.*

15 (ii) *The project has been found to be eligible for interconnection*
16 *pursuant to the fast track process under the relevant tariff.*

17 (iii) *A system impact study or other interconnection study has*
18 *been completed for the project under the relevant tariff, and there*
19 *was no determination in the study that, with the identified*
20 *interconnection upgrades, if any, a condition specified in*
21 *paragraph (2), (3), or (4) of subdivision (n) would exist. Such a*
22 *project is not required to have a pending, active interconnection*
23 *application to be eligible.*

24 (B) *For a project meeting the eligibility requirements pursuant*
25 *to clause (iii) of subparagraph (A) of this paragraph, both of the*
26 *following apply:*

27 (i) *The project is hereby deemed to be able to interconnect*
28 *within the required time limits for the purpose of determining*
29 *eligibility for the tariff.*

30 (ii) *The project shall submit a new application for*
31 *interconnection within 30 days of execution of a standard contract*
32 *pursuant to the tariff if it does not have a pending, active*
33 *interconnection application or a completed interconnection. For*
34 *those projects, the time to achieve commercial operation shall*
35 *begin to run from the date when the new system impact study or*
36 *other interconnection study is completed rather than from the date*
37 *of execution of the standard contract.*

38 ~~(4)~~

39 (5) For the purposes of this subdivision, “bioenergy” means
40 biogas and biomass.

1 (g) The electrical corporation may make the terms of the tariff
2 available to owners and operators of an electric generation facility
3 in the form of a standard contract subject to commission approval.

4 (h) Every kilowatthour of electricity purchased from an electric
5 generation facility shall count toward meeting the electrical
6 corporation's renewables portfolio standard annual procurement
7 targets for purposes of paragraph (1) of subdivision (b) of Section
8 399.15.

9 (i) The physical generating capacity of an electric generation
10 facility shall count toward the electrical corporation's resource
11 adequacy requirement for purposes of Section 380.

12 (j) (1) The commission shall establish performance standards
13 for any electric generation facility that has a capacity greater than
14 one megawatt to ensure that those facilities are constructed,
15 operated, and maintained to generate the expected annual net
16 production of electricity and do not impact system reliability.

17 (2) The commission may reduce the three megawatt capacity
18 limitation of paragraph (1) of subdivision (b) if the commission
19 finds that a reduced capacity limitation is necessary to maintain
20 system reliability within that electrical corporation's service
21 territory.

22 (k) (1) Any owner or operator of an electric generation facility
23 that received ratepayer-funded incentives in accordance with
24 Section 379.6 of this code, or with Section 25782 of the Public
25 Resources Code, and participated in a net metering program
26 pursuant to Sections 2827, 2827.9, and 2827.10 of this code prior
27 to January 1, 2010, shall be eligible for a tariff or standard contract
28 filed by an electrical corporation pursuant to this section.

29 (2) In establishing the tariffs or standard contracts pursuant to
30 this section, the commission shall consider ratepayer-funded
31 incentive payments previously received by the generation facility
32 pursuant to Section 379.6 of this code or Section 25782 of the
33 Public Resources Code. The commission shall require
34 reimbursement of any funds received from these incentive
35 programs to an electric generation facility, in order for that facility
36 to be eligible for a tariff or standard contract filed by an electrical
37 corporation pursuant to this section, unless the commission
38 determines ratepayers have received sufficient value from the
39 incentives provided to the facility based on how long the project

1 has been in operation and the amount of renewable electricity
2 previously generated by the facility.

3 (3) A customer that receives service under a tariff or contract
4 approved by the commission pursuant to this section is not eligible
5 to participate in any net metering program.

6 (l) An owner or operator of an electric generation facility
7 electing to receive service under a tariff or contract approved by
8 the commission shall continue to receive service under the tariff
9 or contract until either of the following occurs:

10 (1) The owner or operator of an electric generation facility no
11 longer meets the eligibility requirements for receiving service
12 pursuant to the tariff or contract.

13 (2) The period of service established by the commission pursuant
14 to subdivision (d) is completed.

15 (m) Within 10 days of receipt of a request for a tariff pursuant
16 to this section from an owner or operator of an electric generation
17 facility, the electrical corporation that receives the request shall
18 post a copy of the request on its Internet Web site. The information
19 posted on the Internet Web site shall include the name of the city
20 in which the facility is located, but information that is proprietary
21 and confidential, including, but not limited to, address information
22 beyond the name of the city in which the facility is located, shall
23 be redacted.

24 (n) An electrical corporation may deny a tariff request pursuant
25 to this section if the electrical corporation makes any of the
26 following findings:

27 (1) The electric generation facility does not meet the
28 requirements of this section.

29 (2) The transmission or distribution grid that would serve as the
30 point of interconnection is inadequate.

31 (3) The electric generation facility does not meet all applicable
32 state and local laws and building standards and utility
33 interconnection requirements.

34 (4) The aggregate of all electric generating facilities on a
35 distribution circuit would adversely impact utility operation and
36 load restoration efforts of the distribution system.

37 (o) Upon receiving a notice of denial from an electrical
38 corporation, the owner or operator of the electric generation facility
39 denied a tariff pursuant to this section shall have the right to appeal
40 that decision to the commission.

(p) In order to ensure the safety and reliability of electric generation facilities, the owner of an electric generation facility receiving a tariff pursuant to this section shall provide an inspection and maintenance report to the electrical corporation at least once every other year. The inspection and maintenance report shall be prepared at the owner's or operator's expense by a California-licensed contractor who is not the owner or operator of the electric generation facility. A California-licensed electrician shall perform the inspection of the electrical portion of the generation facility.

(q) The contract between the electric generation facility receiving the tariff and the electrical corporation shall contain provisions that ensure that construction of the electric generating facility complies with all applicable state and local laws and building standards, and utility interconnection requirements.

(r) (1) All construction and installation of facilities of the electrical corporation, including at the point of the output meter or at the transmission or distribution grid, shall be performed only by that electrical corporation.

(2) All interconnection facilities installed on the electrical corporation's side of the transfer point for electricity between the electrical corporation and the electrical conductors of the electric generation facility shall be owned, operated, and maintained only by the electrical corporation. The ownership, installation, operation, reading, and testing of revenue metering equipment for electric generating facilities shall only be performed by the electrical corporation.

SEC. 10. The Legislature finds and declares all of the following:

(a) California imports 91 percent of its natural gas, which is responsible for 25 percent of the state's emissions of greenhouse gases.

(b) California made a commitment to address climate change with the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) and the adoption of a comprehensive strategy to reduce emissions of short-lived climate pollutants (Chapter 4.2 (commencing with Section 39730) of Part 2 of Division 26 of the Health and Safety Code). For California to meet its goals for reducing emissions of greenhouse gases and short-lived climate

1 *pollutants, the state must reduce emissions from the natural gas*
2 *sector and increase the production and distribution of renewable*
3 *and low-carbon gas supplies.*

4 *(c) Biomethane is gas generated from organic waste through*
5 *anaerobic digestion, gasification, pyrolysis, or other conversion*
6 *technology that converts organic matter to gas. Biomethane may*
7 *be produced from multiple sources, including agricultural waste,*
8 *forest waste, landfill gas, wastewater treatment byproducts, and*
9 *diverted organic waste.*

10 *(d) Biomethane provides a sustainable and clean alternative to*
11 *natural gas. If 10 percent of California's natural gas use were to*
12 *be replaced with biomethane use, emissions of greenhouse gases*
13 *would be reduced by tens of millions of metric tons of carbon*
14 *dioxide equivalent every year.*

15 *(e) Investing in biomethane would create cobenefits, including*
16 *flexible generation of electricity from a renewable source that is*
17 *available 24 hours a day, reduction of fossil fuel use, reduction of*
18 *air and water pollution, and new jobs.*

19 *(f) Biomethane can also be used as transportation fuel or*
20 *injected into natural gas pipelines for other uses. The most*
21 *appropriate use of biomethane varies depending on the source,*
22 *proximity to existing natural gas pipeline injection points or large*
23 *vehicle fleets, and the circumstances of existing facilities.*

24 *(g) The biomethane market has been slow to develop in*
25 *California because the collection, purification, and pipeline*
26 *injection of biomethane can be costly.*

27 *(h) Biomethane is poised to play a key role in future natural*
28 *gas and hydrogen fuel markets as a blendstock that can*
29 *significantly reduce the carbon footprint of these two fossil-based*
30 *alternative fuels.*

31 *(i) Biomethane is one of the most promising alternative vehicle*
32 *fuels because it generates the least net emissions of greenhouse*
33 *gases. According to the low-carbon fuel standard regulations*
34 *(Subarticle 7 (commencing with Section 95480) of Article 4 of*
35 *Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the*
36 *California Code of Regulations) adopted by the State Air Resources*
37 *Board, vehicles running on biomethane generate significantly*
38 *lower emissions of greenhouse gases than vehicles running on*
39 *electricity or fossil fuel-derived hydrogen.*

1 (j) *The California Council on Science and Technology was*
2 *established by California academic research institutions, including*
3 *the University of California, the University of Southern California,*
4 *the California Institute of Technology, Stanford University, and*
5 *the California State University, and was organized as a nonprofit*
6 *corporation pursuant to Section 501(c)(3) of the Internal Revenue*
7 *Code, in response to Assembly Concurrent Resolution No. 162*
8 *(Resolution Chapter 148 of the Statutes of 1988).*

9 (k) *The California Council on Science and Technology was*
10 *uniquely established at the request of the Legislature for the*
11 *specific purpose of offering expert advice to state government on*
12 *public policy issues significantly related to science and technology.*

13 (l) *It is in the public's interests, and in the interest of ratepayers*
14 *of the state's gas corporations, that the policies and programs*
15 *adopted by the Public Utilities Commission be guided by the best*
16 *science reasonably available.*

17 SEC. 11. *Section 784.1 is added to the Public Utilities Code,*
18 *to read:*

19 784.1. (a) *The Legislature requests that the California Council*
20 *on Science and Technology undertake and complete a study*
21 *analyzing the regional and gas corporation specific issues relating*
22 *to minimum heating value and maximum siloxane specifications*
23 *for biomethane before it can be injected into common carrier gas*
24 *pipelines, including those specifications adopted in Sections 4.4.3.3*
25 *and 4.4.4 of commission Decision 14-01-034 (January 16, 2014),*
26 *Decision Regarding the Biomethane Implementation Tasks in*
27 *Assembly Bill 1900. The study shall consider and evaluate other*
28 *states' standards, the source of biomethane, the dilution of*
29 *biomethane after it is injected into the pipeline, the equipment and*
30 *technology upgrades required to meet the minimum heating value*
31 *specifications, including the impacts of those specifications on the*
32 *cost, volume of biomethane sold, equipment operation, and safety.*
33 *The study shall also consider whether different sources of biogas*
34 *should have different standards or if all sources should adhere to*
35 *one standard for the minimum heating value and maximum*
36 *permissible level of siloxanes. The study shall develop the best*
37 *science reasonably available and not merely be a literature review.*
38 *In order to meet the state's goals for reducing emissions of*
39 *greenhouse gases and short-lived climate pollutants and the state's*
40 *goals for promoting the use of renewable energy resources in place*

1 of burning fossil fuels, the California Council on Science and
2 Technology, if it agrees to undertake and complete the study, shall
3 complete the study within nine months of entering into a contract
4 to undertake and complete the study.

5 (b) (1) If the California Council on Science and Technology
6 agrees to undertake and complete the study pursuant to subdivision
7 (a), the commission shall require each gas corporation operating
8 common carrier pipelines in California to proportionately
9 contribute to the expenses to undertake the study pursuant to
10 Sections 740 and 740.1. The commission may modify the monetary
11 incentives made available pursuant to commission Decision
12 15-06-029 (June 11, 2015), Decision Regarding the Costs of
13 Compliance with Decision 14-01-034 and Adoption of Biomethane
14 Promotion Policies and Program, to allocate some of the moneys
15 that would be made available for incentives to instead be made
16 available to pay for the costs of the study so as to not further
17 burden ratepayers with additional expense.

18 (2) The commission's authority pursuant to paragraph (1) shall
19 apply notwithstanding whether the gas corporation has proposed
20 the program pursuant to Section 740.1.

21 (c) If the California Council on Science and Technology agrees
22 to undertake and complete the study pursuant to subdivision (a),
23 within six months of its completion, the commission shall reevaluate
24 its requirements and standards adopted pursuant to Section 25421
25 of the Health and Safety Code relative to the requirements and
26 standards for biomethane to be injected into common carrier
27 pipelines and, if appropriate, change those requirements and
28 standards or adopt new requirements and standards, giving due
29 deference to the conclusions and recommendations made in the
30 study by the California Council on Science and Technology.

31 SEC. 12. Section 2834 of the Public Utilities Code is repealed.

32 ~~2834. This chapter shall remain in effect only until January 1,~~
33 ~~2019, and as of that date is repealed, unless a later enacted statute,~~
34 ~~that is enacted before January 1, 2019, deletes or extends that date.~~

35 SEC. 13. (a) By March 31, 2017, the Public Utilities
36 Commission shall report to the relevant policy and fiscal
37 committees of the Legislature on its business process inventory
38 efforts. The report shall include documentation and measurement
39 of commission processes, including administrative and monitoring
40 processes shaped by law and judicial review, program performance

1 *and communications pursuant to the commission's rules and*
2 *procedures, and internal processes related to administration and*
3 *managing human resources.*

4 *(b) The report shall be submitted in compliance with Section*
5 *9795 of the Government Code.*

6 *(c) Pursuant to Section 10231.5 of the Government Code, this*
7 *section is repealed on April 1, 2021.*

8 *SEC. 14. (a) By March 31, 2017, the Public Utilities*
9 *Commission shall report to the relevant policy and fiscal*
10 *committees of the Legislature on options to locate operations and*
11 *staff outside of the commission's San Francisco headquarters. The*
12 *report shall explore options for leveraging additional facilities in*
13 *areas of the state, including Sacramento, that would allow the*
14 *commission to collaborate with other state entities and provide*
15 *staff more opportunities for training, career development, and*
16 *exchange placements with other state entities. The report shall do*
17 *both of the following:*

18 *(1) Consider categories of operations in different offices.*

19 *(2) Analyze recruitment and retention, salary disparities by*
20 *location based on duty statements, and costs associated with using*
21 *locations outside of San Francisco with no, or minimal, disruption*
22 *of current commission employees.*

23 *(b) The commission shall conduct one or more public workshops*
24 *to obtain suggestions, concerns, ideas, and comments from*
25 *stakeholders and interested members of the public in furtherance*
26 *of the purpose of the report.*

27 *(c) (1) The report shall be submitted in compliance with Section*
28 *9795 of the Government Code.*

29 *(2) Pursuant to Section 10231.5 of the Government Code, this*
30 *section is repealed on April 1, 2021.*

31 *SEC. 15. The sum of two hundred seventy-five thousand dollars*
32 *(\$275,000) is hereby appropriated from the Appliance Efficiency*
33 *Enforcement Subaccount in the Energy Resources Programs*
34 *Account to the State Energy Resources Conservation and*
35 *Development Commission to support the Title 20 Appliance*
36 *Efficiency Standards Compliance Assistance and Enforcement*
37 *Program.*

38 *SEC. 16. No reimbursement is required by this act pursuant*
39 *to Section 6 of Article XIII B of the California Constitution because*
40 *the only costs that may be incurred by a local agency or school*

1 *district will be incurred because this act creates a new crime or*
2 *infraction, eliminates a crime or infraction, or changes the penalty*
3 *for a crime or infraction, within the meaning of Section 17556 of*
4 *the Government Code, or changes the definition of a crime within*
5 *the meaning of Section 6 of Article XIII B of the California*
6 *Constitution.*

7 *SEC. 17. This act is a bill providing for appropriations related*
8 *to the Budget Bill within the meaning of subdivision (e) of Section*
9 *12 of Article IV of the California Constitution, has been identified*
10 *as related to the budget in the Budget Bill, and shall take effect*
11 *immediately.*

12 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
13 ~~changes, relating to the Budget Act of 2016.~~