

**Senate Bill No. 919**

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Passed the Senate August 24, 2016

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*Secretary of the Senate*

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Passed the Assembly August 18, 2016

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2016, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to add Section 711 to the Public Utilities Code, relating to water supply.

## LEGISLATIVE COUNSEL'S DIGEST

SB 919, Hertzberg. Water supply: creation or augmentation of local water supplies.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The existing California Renewables Portfolio Standard Program requires a retail seller of electricity, as defined, and local publicly owned electric utilities to purchase specified minimum quantities of electricity products from eligible renewable energy resources, as defined, for specified compliance periods, sufficient to ensure that the level of procurement of electricity products from eligible renewable energy resources reaches a specified percentage of retail sales by a specified date.

This bill would require the commission, before January 1, 2018, in consultation with the Independent System Operator, to address the oversupply of renewable energy resources through a tariff or other economic incentive for electricity purchased by customers operating “facilities that create or augment local water supplies,” as defined, to reduce the cost of electricity to those facilities.

Because a violation of an order or a direction of the commission is a crime, this bill would impose a state-mandated local program.

(2) 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.

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

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) California’s drought has affected every region of the state. Scientists predict our changing climate will increase the frequency, length, and severity of droughts in the future. As a result, the state must prioritize local water security.

(2) Traditionally, California has relied on interregional water transfers and tapping groundwater sources.

(3) California’s water systems were developed in an era of plentiful water, delivering fresh water hundreds of miles away at little cost. Those systems allowed regions to develop without sufficient local supplies.

(4) During droughts, however, groundwater supplies are pumped faster than they can be replenished, and 2014 saw the lowest final calendar year allocation in the 54-year history of the state water project, just 5 percent allocated of that which was requested.

(5) This drought, coupled with forecasts of a changing climate featuring even more severe droughts, has forced Californians to prioritize local water security.

(6) There are several underutilized water resources that can be managed locally, including desalination, brackish water desalting, water recycling, and water reuse. One of the barriers to cost-effective desalination, brackish water desalting, water recycling, and water reuse is the cost of electricity because moving and treating water are energy intensive.

(7) Recent forecasts of California’s electrical grid show substantial challenges to integrating a high fraction of electricity from renewable resources, including curtailment of resources due to oversupply. Such excess electricity could be directed through regulatory signals, demand response, and appropriate tariffs to facilities that create or augment local water supplies in an effort to meet the needs for local water security and integration of generation from renewable energy resources.

(8) There is a clear public interest in maximizing the development and expansion of facilities that create or augment local water supplies. Given that water and energy are inextricably linked, it is also imperative that those facilities receive all available cost-effective energy efficiency, demand response, and regulatory assistance.

(b) It is the intent of the Legislature to expedite funding made available pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Division 26.7 (commencing with

Section 79700) of the Water Code) for projects that encourage the deployment of facilities that create or augment local water supplies, including, but not limited to, desalination, brackish water desalting, water recycling, water reuse, stormwater and dry weather runoff capture and use, or groundwater recharge facilities.

SEC. 2. Section 711 is added to the Public Utilities Code, to read:

711. (a) Before January 1, 2018, the commission, in consultation with the Independent System Operator, shall address the oversupply of renewable energy resources through a tariff or other economic incentive, such as time-variant rates, demand response, and dynamic pricing, for the electricity purchased by customers operating facilities that create or augment local water supplies to apply at the option of the customer, to reduce the cost of electricity to those facilities.

(b) The commission may consider implementing subdivision (a) in an existing proceeding.

(c) For purposes of this section, “facilities that create or augment local water supplies” include desalination, brackish water desalting, water recycling, water reuse, groundwater treatment and remediation activities, stormwater and dry weather runoff capture and use, and groundwater recharge facilities.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.







Approved \_\_\_\_\_, 2016

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*Governor*