

LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Biomethane.

Existing law establishes the State Energy Resources Conservation and Development Commission, or Energy Commission, and requires the Energy Commission to hold public hearings to identify impediments that limit procurement of biomethane in California, including, but not limited to, impediments to interconnection, and to offer solutions to those impediments as part of its integrated energy policy report.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including gas corporations, as defined. Existing law authorizes the commission 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 electrical corporations and 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 and that facilitate the development of a variety of sources of in-state biomethane. Existing law requires the PUC to adopt, by rule or order, (1) 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 (2) requirements for monitoring, testing, reporting, and recordkeeping, as specified. Existing law requires a gas corporation to comply with those standards and requirements and requires the PUC to require gas corporation tariffs to condition access to common carrier pipelines on the applicable customer meeting those standards and requirements.

This bill would request that the California Council on Science and Technology undertake and complete a study analyzing the regional and gas corporation specific issues relating to the minimum heating value 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, but would authorize the commission to modify a specified decision to allocate moneys that would be made available for certain incentives to instead be



made available to pay for 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 commission, upon its completion, to reevaluate requirements adopted by the commission for injection of biomethane into common carrier pipelines and, if appropriate, change those requirements or adopt new requirements, giving due deference to the conclusions and recommendations made in the study by the California Council on Science and Technology.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because certain provisions of the bill would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, this bill would impose a state-mandated local program by creating a new crime.

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.

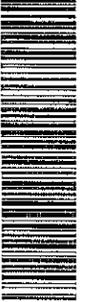
Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.



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An act to add Section 784.1 to the Public Utilities Code, relating to
biomethane.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 784.1 is added to the Public Utilities Code, to read:

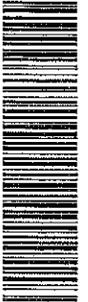
784.1. (a) The Legislature finds and declares all of the following:

(1) The California Council on Science and Technology was established by California academic research institutions, including the University of California, the University of Southern California, the California Institute of Technology, Stanford University, and the California State University, and was organized as a nonprofit corporation pursuant to Section 501(c)(3) of the Internal Revenue Code, in response to Assembly Concurrent Resolution No. 162 (Resolution Chapter 148 of the Statutes of 1988). The council was uniquely established at the request of the Legislature for the specific purpose of offering expert advice to state government on public policy issues significantly related to science and technology.

(2) As part of the California Renewables Portfolio Standard Program (Article 16 (commencing with Section 399.11) of Chapter 2.3), the commission is required to adopt policies and programs that promote the in-state production and distribution of biomethane and facilitate the development of a variety of sources of in-state biomethane.

(3) It is in the public's interests, and in the interest of ratepayers of the state's gas corporations, that the policies and programs adopted by the commission be guided by the best science reasonably available.

(b) The Legislature requests that the California Council on Science and Technology undertake and complete a study analyzing the regional and gas corporation specific issues relating to the minimum heating value specifications for biomethane before it can be injected into common carrier gas pipelines, including those



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specifications adopted in Section 4.4.4 of commission Decision 14-01-034 (January 16, 2014), Decision Regarding the Biomethane Implementation Tasks in Assembly Bill 1900. The study shall consider and evaluate the equipment and technology upgrades required to meet the minimum heating value specifications, including the impacts of those specifications on the cost and volume of biomethane sold, equipment operation, and safety. The study shall develop the best science reasonably available and not merely be a literature review.

(c) (1) If the California Council on Science and Technology agrees to undertake and complete the study pursuant to subdivision (b), the commission shall require each gas corporation operating common carrier pipelines in California to proportionately contribute to the expenses to undertake the study pursuant to Sections 740 and 740.1.

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

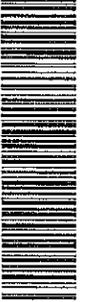
(3) The commission may modify the monetary incentives made available pursuant to commission Decision 15-06-029 (June 11, 2015), Decision Regarding the Costs of Compliance with Decision 14-01-034 and Adoption of Biomethane Promotion Policies and Program, to allocate some of the moneys that would be made available for incentives to instead be made available to pay for costs of the study so as to not further burden ratepayers with additional expense.

(d) If the California Council on Science and Technology agrees to undertake and complete the study pursuant to subdivision (b), upon its completion, the commission shall reevaluate its requirements adopted pursuant to Section 25421 of the Health and



Safety Code relative to the requirements for biomethane to be injected into common carrier pipelines and, if appropriate, change those requirements or adopt new requirements, giving due deference to the conclusions and recommendations made in the study by the California Council on Science and Technology.

SEC. 2. 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.



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