



**BOARD OF DIRECTORS  
EAST BAY MUNICIPAL UTILITY DISTRICT**

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375 - 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

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**Notice of Time Change**

**LEGISLATIVE/HUMAN RESOURCES  
COMMITTEE MEETING**

**9:15 a.m.  
Tuesday, April 14, 2015**

Notice is hereby given that on Tuesday, April 14, 2015 the Legislative/Human Resources Committee Meeting of the Board of Directors has been rescheduled from 10:15 a.m. to 9:15 a.m. The meeting will be held in the Training Resource Center of the Administration Building, 375 - 11th Street, Oakland, California.

Dated: April 9, 2015

A handwritten signature in cursive script, reading 'Lynelle M. Lewis', is written over a horizontal line.

Lynelle M. Lewis  
Secretary of the District

## EAST BAY MUNICIPAL UTILITY DISTRICT

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DATE: April 9, 2015

MEMO TO: Board of Directors

FROM: Alexander R. Coate, General Manager *ARC*

SUBJECT: Legislative Report No. 04-15

The following issues are being referred to the Legislative/Human Resources Committee for review and recommendation to the Board of Directors for action, as appropriate.

### **RECOMMENDED ACTION**

Approve positions on the following bills: 1) Support AB 142 (Bigelow) Wild and Scenic Rivers: Mokelumne River, 2) Support AB 356 (Williams) Oil and Gas: Groundwater Monitoring, 3) Support and Amend AB 577 (Bonilla) Biomethane: Grant Program, 4) Support AB 1144 (Rendon) California Renewables Portfolio Standards Program: Unbundled Renewable Energy Credits, 5) Support SB 208 (Lara) Integrated Regional Water Management Plans: Grants: Advanced Payments, 6) Support and Amend SB 664 (Hertzberg) Water: Integrated Regional Water Management Planning, 7) Support SB 687 (Allen) Renewable Gas Standard and 8) Support SCA 5 (Hancock) Local Government: Special Taxes: Voter Approval.

### **STATE LEGISLATION**

### **RECOMMENDED POSITION**

**AB 142  
(Bigelow)**

**WILD AND SCENIC RIVERS:  
MOKELUMNE RIVER**

**SUPPORT**

Existing law, the California Wild and Scenic Rivers Act (Act), designates certain rivers and river segments as components of the state wild and scenic river system and generally prohibits the construction of new dams, reservoirs, diversions, other impoundments or water diversion facilities along the specified river segments. Designated rivers are classified as wild, scenic or recreational depending upon the level of development along the river; however, the rivers are commonly referred to as "wild and scenic."

Under existing law, classification of a river or river segment requires legislative action. The Secretary of the Natural Resources Agency (Secretary) may, but is not required to, "recommend legislation to classify or reclassify rivers or segments of rivers within the system." In addition, the Secretary is required to study and submit to the governor and the legislature a report analyzing the suitability or unsuitability of a river or river segments designated by the legislature as potential additions to the "wild and scenic" river system. The report must include specified information as well as the Secretary's recommendations with respect to the proposed designation. Prior designations have occurred both with and without the completion of a study. AB 142 (Bigelow), as introduced on January 12, 2015, would have required that prior to any designation of the Mokelumne River as a "wild and scenic" river, the Secretary must study and

submit to the governor and the legislature a report that analyzes the suitability or unsuitability of a “wild and scenic” designation (designation) for the Mokelumne River. In addition to the specified information required by existing law, AB 142 would have required the report to: (1) consider the potential effects of the proposed designation on the ability of public agencies and utilities within the Mokelumne River watershed to meet current and projected future water requirements through the development of new and more reliable water supplies from the Mokelumne River, (2) consider any effects of climate change, and (3) include the Secretary’s recommendations and proposals with respect to the proposed designation of the Mokelumne River.

At the March 10<sup>th</sup> meeting, EBMUD’s Board adopted an “oppose unless amended” position on AB 142 and requested six amendments. AB 142 was heard at the March 23<sup>rd</sup> Assembly Natural Resources Committee hearing where the author accepted four of the six amendments requested by EBMUD, as well as several additional amendments requested by others. Based on the author’s acceptance of these amendments, the Foothill Conservancy and Friends of the River stated to the Assembly Natural Resources Committee that they would remove their opposition to the bill. The amendments are described below and are in the April 6<sup>th</sup> version of AB 142.

Amendment #1 - Protect EBMUD facilities and operations

Language was added to clarify that the subject area is upstream from the upper extent of Pardee Reservoir at the elevation of not less than 580 feet above mean sea level. This amendment was requested by EBMUD.

Amendment #2- Include a deadline and explicit legislative recommendation

A report deadline of December 31, 2016 and specific language directing the Secretary to make a legislative recommendation was added. This amendment was requested by EBMUD.

Amendment #3 - Stakeholder input

Language was added to provide for public input from a broad range of stakeholders. This amendment was requested by EBMUD.

Amendment #4 - Interim protections

Language was added to provide interim wild and scenic protections for those stretches of the river under study. This amendment was requested by EBMUD. Language was also included to preclude state funding or assistance for projects during the study and implementation period that could affect the nature of the study area.

Amendment #5 - Expanded study requirements

Four changes to the study requirements were added:

1. When considering future water requirements, the Secretary shall only consider “feasible projects to meet foreseeable demands.”
2. The effects of climate change language shall be considered with regard to effects on “river values and water supply.”
3. The Secretary shall consider “the instances when the Secretary has determined that a water diversion facility may be constructed on a river or segment of a river that is part of the system.”

4. The Secretary shall consider the instances when the State Water Resources Control Board has approved an application to appropriate water from a river or a segment of a river that is part of the system and what restrictions, if any, were placed on that appropriation of water.

Amendment #6 - Protection of Amador Water Agency's pending water rights application  
The interim protections language includes provisions to protect Amador Water Agency's pending water rights application.

EBMUD requested amendments in two additional areas that were not recommended by the committee or accepted by the author. First, EBMUD requested that flexibility be provided to the Secretary to amend existing studies. This is not critical as the Secretary is not precluded from utilizing existing studies to facilitate the completion of the AB 142 study. Second, EBMUD requested that AB 142 allow a designation to move forward in the absence of a study. This is contrary to the intent of the bill and thus was not accepted.

In summary, AB 142, as amended April 6, 2015, would provide interim wild and scenic protections for the Mokelumne River that could be in place as soon as January 2016 and would remain in place during the study and implementation period, and a clear path to achieving a final designation through a rigorous, structured, and time certain official study process. This measure is protective of EBMUD's facilities and operations and ensures opportunities for broad stakeholder input.

EBMUD has previously taken positions on state legislation to designate the Mokelumne River as a "wild and scenic" river. EBMUD's position on the January 12, 2015 version of AB 142 was "oppose unless amended." In 2014, EBMUD adopted an initial position of "oppose unless amended" on SB 1199 (Hancock) with subsequent positions of "support if amended" and then "support if amended and, when amended, support and amend" to encourage continued discussions with upcountry stakeholders.

A support/opposition list for the current version of the bill is not yet available from the legislature.

**AB 356**  
**(Williams)**

**OIL AND GAS: GROUNDWATER**  
**MONITORING**

**SUPPORT**

Under the federal Safe Drinking Water Act, the U.S. Environmental Protection Agency (U.S. EPA) is responsible for regulating underground injections to protect underground sources of drinking water, aquifers or portions of aquifers that are currently used for drinking water or may be needed as a drinking water source, and may delegate this authority to states. In California, U.S. EPA has delegated the regulation of Class II wells (wells that inject fluids associated with oil and natural gas production) to the Division of Oil, Gas and Geothermal Resources (DOGGR), which regulates the drilling, operation, maintenance, and abandonment of oil and gas wells in California. Oil and gas well operators must obtain approval for projects, including injection wells using a Class II well, from DOGGR. In addition, federal law allows oil and gas related well

injection to take place in exempted aquifers, which are aquifers that are not being used and will not be used for drinking water in the future. However, states may propose that an aquifer or a portion of an aquifer be exempt and U.S. EPA may approve the exemption if certain criteria are met.

AB 356 (Williams), as amended on March 17, 2015, is intended to protect groundwater resources by enhancing oversight and accountability for oil and gas related injection wells. AB 356's language narrowly applies to Class II oil and gas wells and does not pertain to other types of injection wells, such as water supply, groundwater recharge or salt water intrusion barrier wells.

AB 356 would primarily do three things: (1) require DOGGR to annually review underground injection or disposal projects using a Class II well, defined in the bill as "a well that injects brine and other fluids associated with oil and gas production or a well that injects hydrocarbons for the purposes of storage"; (2) require the operator of an underground injection or disposal project using a Class II well to submit, as a part of its application to operate or the annual review process, a groundwater monitoring plan to the State Water Resources Control Board (SWRCB) or appropriate regional water quality control board for its review and concurrence; and (3) ensure that aquifer exemption proposals are vetted by DOGGR and the SWRCB with public input prior to submittal to U.S. EPA.

Oil and gas injection wells place fluid deep underground and have a range of uses including waste disposal, enhancing oil production and mining. U.S. EPA categorizes injection wells into six "classes" based on various criteria, including similarity in the fluids injected. In 1982, U.S. EPA and DOGGR signed an agreement delegating the regulation of Class II wells in California to DOGGR. This agreement included a list of exempt aquifers, where injection wells were allowed, however, it was recently discovered that there were two versions of the agreement and the two have different lists of exempted aquifers. As a result of the discrepancy, DOGGR was allowing injection wells to operate in 11 aquifers that it had considered as exempt but U.S. EPA had not considered as exempt.

Following the discovery of discrepancy and findings from a 2011 U.S. EPA audit that showed DOGGR's regulation of Class II wells was not compliant with federal law and regulations, U.S. EPA directed California to submit, by February 6, 2015, a plan to bring California's regulation of Class II wells into compliance with federal law by February 2017. Earlier this year, DOGGR and the SWRCB submitted a plan for compliance, which included phasing out well injections in non-exempt aquifers and seeking new aquifer exemptions where appropriate.

According to the author's office, prior legislation that required groundwater monitoring plans for oil and gas well stimulation operations, SB 4 (Pavley), which was signed into law in 2013, does not apply to Class II injection wells. AB 356 is intended to build on SB 4 and the state's plan for bringing regulation of Class II wells into compliance with federal law by providing additional oversight of Class II wells to specifically protect groundwater resources.

While there are no known oil and gas exploration activities undertaken on EBMUD's land or in the watersheds of EBMUD's water supply sources, the protection of water resources, including

groundwater, is important to the long term water supply reliability in the state. In addition, local groundwater resources are a key component of EBMUD's future supplemental water supply strategy. EBMUD led the effort to develop the South East Bay Plain Basin Groundwater Management Plan to safeguard this valuable basin that underlies a portion of EBMUD's service territory. Within the South East Bay Plain Basin, EBMUD has constructed the first phase of the Bayside Groundwater Project, which will provide drought supplies to EBMUD customers by storing wet year water underground for use in dry years.

EBMUD has previously supported measures to facilitate groundwater management and the protection of groundwater resources. In 2014, EBMUD's Board adopted "support if amended" positions on AB 1739 (Dickinson) and SB 1168 (Pavley), companion measures to provide for the sustainable management of groundwater basins. Upon securing amendments to require the reprioritization of basins when basin boundaries are revised, EBMUD updated its position to "support." AB 1739 and SB 1168 were signed into law (Chapter 347 and Chapter 346, respectively).

There are currently no entities listed in support or opposition to AB 356.

**AB 577  
(Bonilla)**

**BIOMETHANE: GRANT PROGRAM**

**SUPPORT  
AND AMEND**

Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to identify impediments that limit procurement of biomethane, a renewable natural gas produced from biogas, including but not limited to impediments to interconnection and to offer solutions to those impediments as part of its integrated energy policy report.

AB 577 (Bonilla), as amended on April 6, 2015, would require the Energy Commission to develop a grant program for biomethane-related projects that build or develop collection and purification technology and infrastructure or upgrade existing biomethane facilities and would, upon appropriation by the legislature, allocate an as yet to be determined amount of cap and trade revenue to the grant program. Under AB 577, in granting an award, the Energy Commission must consider the following: (1) opportunities to collocate biomethane producers with vehicle fleets to generate biomethane and convert it to transportation fuel in the same location, and (2) the proximity of biomethane sources to natural gas pipeline injection sites, as well as prioritize projects that maximize the reduction of greenhouse gas (GHG) emissions achieved by a project for each dollar awarded.

The Bioenergy Association notes that "California uses more than 2 trillion cubic feet of natural gas per year," most of which is imported and which is responsible for "more than one-quarter of greenhouse gas emissions in California." According to the bill, biomethane, gas generated from organic waste, "provides a more sustainable and cleaner alternative to natural gas. If 10 percent of California's natural gas use were to be replaced with biomethane, GHG emissions would be reduced by tens of millions of metric tons of carbon dioxide equivalent every year." SB 577 also states that "almost 300 billion cubic feet of biomethane could be produced in California each

year. This biomethane could power 2-3 million homes or generate over 2.4 billion gallons of clean, ultralow carbon transportation fuels.” However, “the biomethane market has been slow to develop in California because the collection and purification of biomethane can be costly.”

EBMUD produces renewable energy at its wastewater treatment plant through the anaerobic digestion of biodegradable wastes and capture of methane gas. The wastewater treatment plant is a net producer of renewable energy, selling energy back to the electrical grid after meeting all the plant’s power demands. While EBMUD does not currently have plans to produce and sell biomethane from the methane gas it captures, EBMUD continues to consider ways to increase the production of methane gas and may look into additional uses for methane gas in the future, such as the production of biomethane.

AB 577 is intended to assist the development of biomethane projects in California by providing grants for biomethane-related projects and help the state achieve its GHG emission reduction goals. However, it is not clear whether AB 577 would allow for grants to projects that produce biomethane in addition to projects that collect and purify biomethane. AB 577 would be strengthened by the addition of language that would specifically include projects that produce biomethane.

AB 577 is consistent with EBMUD’s energy policy (Policy 7.07), which includes a goal to be carbon free for indirect GHG emissions and reduce direct emissions by 50 percent compared to 2000 levels by 2040, and its efforts to increase renewable energy generation as well as EBMUD’s sustainability efforts. In addition, the measure would potentially provide future opportunities for grant funding if EBMUD chooses to expand the resource recovery program to include collection and purification of biomethane.

EBMUD has previously supported legislation to encourage the use of renewable energy sources and reduction of GHG emissions. In 2014, EBMUD supported AB 1970 (Gordon), to provide grants to local entities to develop and implement GHG emission reduction projects. AB 1970 failed to advance out of the legislature. In 2012, EBMUD supported SB 1122 (Rubio) to provide small renewable biomass and biogas projects with options for the sale of their renewable energy. SB 1122 was signed into law (Chapter 612).

There are currently no entities listed in support or opposition to AB 577.

**AB 1144  
(Rendon)**

**CALIFORNIA RENEWABLES PORTFOLIO SUPPORT  
STANDARD PROGRAM: UNBUNDLED  
RENEWABLE ENERGY CREDITS**

Existing law establishes a renewable portfolio standard (RPS) target of 33 percent by December 31, 2020 and requires energy providers to procure a minimum quantity of electricity from eligible renewable energy resources to achieve the target. Energy providers can purchase renewable energy credits (RECs) from eligible renewable energy generators to assist in meeting their RPS requirements.

AB 1144 (Rendon), as introduced on February 27, 2015, would clarify that RECs generated and sold by California wastewater treatment agencies that utilize their renewable energy on-site are placed in the Renewable Portfolio Standard content Category 1 (bucket 1) which are considered bundled RECs, rather than in Category 3 (bucket 3) which are unbundled RECs.

RECs represent the environmental and renewable attributes associated with the production of renewable energy and can be sold either bundled with the underlying energy or unbundled, as a separate commodity from the energy, and are placed in categories, commonly referred to as buckets that have different market values. RECs sold bundled with renewable energy delivered to the California electrical grid are categorized as bucket 1. RECs for renewable energy that are not delivered to the electrical grid are categorized as bucket 3 and have a lower market value than bucket 1 RECs.

The California Public Utilities Commission has determined that RECs generated by wastewater agencies that use their renewable energy on-site are unbundled and categorizes them as bucket 3 RECs, the same as RECs for out of state renewable energy. According to the California Association of Sanitation Agencies, the RECs associated with the generation of energy at wastewater treatment facilities should be categorized as bucket 1 since the energy generated “reduces the amount of electricity that would otherwise be imported from the grid and provides comparable greenhouse gas reduction benefits to other types of renewable energy categorized as bucket 1.”

EBMUD currently produces renewable energy at its main wastewater treatment plant through the anaerobic digestion of biodegradable wastes and capture of methane gas and the RECs associated with the energy generated fall into both bucket 1 and bucket 3. RECs sold to the Port of Oakland bundled with electricity are considered bucket 1 RECs. RECs retained by EBMUD to assist with meeting EBMUD’s greenhouse gas emissions goal are considered unbundled and categorized as bucket 3 RECs.

By increasing the value of RECs, AB 1144 would encourage the development of new renewable energy projects at in-state wastewater facilities, as well as the expansion of existing infrastructure to increase generation capacity, which would assist California in meeting its greenhouse gas emission reduction goals.

AB 1144 is consistent with EBMUD’s energy policy (Policy 7.07), which includes a goal to be carbon free for indirect greenhouse gas emissions and reduce direct emissions by 50 percent compared to 2000 levels by 2040, and its efforts to increase renewable energy generation as well as EBMUD’s sustainability efforts. In addition, the measure would increase the value of RECs generated at EBMUD’s wastewater treatment plant and could maximize the benefit to EBMUD’s ratepayers if, in the future, EBMUD chooses to sell its unbundled RECs in instances where it has met its sustainability goals.

EBMUD has previously supported legislation to encourage the use of renewable energy sources and reduction in greenhouse gas emissions. In 2014, EBMUD supported SB 1125 (Pavley) to require the California Air Resources Board to develop greenhouse gas emission and short-lived climate pollutant reduction targets for 2030. SB 1125 failed to advance out of the legislature.



Also in 2014, EBMUD supported AB 1970 (Gordon), to provide grants to local entities to develop and implement greenhouse gas emission reduction projects. AB 1970 failed to advance out of the legislature.

There are currently no entities listed in support or opposition to AB 1144.

**SB 208  
(Lara)**

**INTEGRATED REGIONAL WATER  
MANAGEMENT PLANS: GRANTS:  
ADVANCED PAYMENTS**

**SUPPORT**

Existing law, the Integrated Regional Water Management Planning Act, encourages local agencies to work cooperatively to manage local and imported water supplies by authorizing a regional water management group, which can include stakeholders such as non-profit organizations, to prepare and adopt an integrated regional water management plan (IRWMP) with specified components relating to water supply and water quality.

SB 208 (Lara), as introduced on February 11, 2015, would establish a process by which a state entity administering an Integrated Regional Water Management (IRWM) grant, typically the Department of Water Resources (DWR), could provide advanced payment of 50 percent of an IRWM grant if the project meets the following criteria: (1) the project proponent is a non-profit organization or a disadvantaged community or the project benefits a disadvantaged community, and (2) the total grant award is less than \$1 million. SB 208 also includes provisions for how the advanced funds shall be administered and the bill includes a sunset date of January 1, 2025, at which time the provisions of the bill would be repealed.

DWR administers a number of IRWM grant funding opportunities, including planning grants to foster development or completion of IRWMPs, implementation grants to assist local agencies with meeting long term water needs, and stormwater flood management grants to manage storm runoff and reduce flooding. Historically, funding for IRWM grants has come from general obligation bonds including most recently Proposition 1, which included \$810 million for competitive grants and loans for projects included in and implemented in an IRWMP.

The IRWM grant application and funding process can be quite lengthy and cumbersome. It can take over a year to move from initial application to having an approved and signed DWR grant agreement in place. Grant funding is typically provided as a reimbursement after the project costs have been incurred and invoices submitted to DWR. The lengthy reimbursement process can be a disincentive or barrier for some interested stakeholders, such as non-profit organizations, to participate in IRWM groups if they cannot afford to pay for a project up front and be reimbursed. SB 208 is intended to remove funding barriers for non-profit organizations and disadvantaged communities that participate in IRWMPs by providing these entities half of an IRWM grant award up front.

It is fairly common for non-profit organizations to participate in the development of IRWMPs. For example, multiple non-profit organizations were involved in the development of the Bay Area IRWMP, which EBMUD participated in, and the IRWMP included various watershed and

ecosystem projects, as well as projects benefiting disadvantaged communities, advanced by non-profit organizations. While it is unclear whether SB 208 would provide a direct benefit to EBMUD, SB 208 could enhance EBMUD's regional partnership efforts by allowing a more efficient and timely expenditure of grant funds for entities participating in IRWMPs, including non-profit organizations participating in the Bay Area IRWMP.

EBMUD has previously supported legislation to facilitate access to IRWM grant funding. In 2014, EBMUD's Board adopted a "support" position on AB 1874 (Gonzalez), which would have required the development of a streamlined IRWM grant application process for IRWM groups meeting specified criteria. AB 1874 failed to advance out of the legislature.

The current list of support and opposition to SB 208 is shown below.

Support

California Municipal Utilities Association  
Clean Water Action  
Coachella Valley Regional Water Management Group  
Coachella Valley Water District  
Community Water Center  
Environmental Justice Coalition for Water  
Leadership Counsel for Justice and Accountability  
Pueblo Unido Community Development Corporation  
San Diego County Water Authority  
San Jeardo Cooperative, Inc

Opposition

None Listed

**SB 664  
(Hertzberg)**

**WATER: INTEGRATED REGIONAL  
WATER MANAGEMENT PLANNING**

**SUPPORT  
AND AMEND**

Existing law, the Integrated Regional Water Management Planning Act, encourages local agencies to work cooperatively to manage local and imported water supplies by authorizing a regional water management group to prepare and adopt an integrated regional water management plan (IRWMP) with specified components relating to water supply and water quality. SB 664 (Hertzberg), as amended on April 6, 2015, would require IRWMPs to identify and consider the seismic vulnerability of water infrastructure within the boundaries of the IRWMP thereby providing Integrated Regional Water Management (IRWM) funding eligibility for seismic safety related projects included in an IRWMP.

The Uniform California Earthquake Rupture Forecast indicates that there is a greater than 99 percent chance of a 6.7 magnitude or larger earthquake during the next 30 years. According to the author's office, though California has addressed seismic safety in various ways, including "mandatory retrofits for schools and hospitals, voluntary upgrades, mapping hazardous faults,

and cataloguing unsafe buildings, much of California's infrastructure – including key water delivery systems – remains seismically unsafe and extremely vulnerable.”

Earthquakes are a significant concern in EBMUD's service area, as well as in the area around its water supply system. The most significant seismic risk to the East Bay, the Hayward Fault, crosses beneath major EBMUD water distribution facilities. Additional seismic risks threaten EBMUD's water transmission lines in the Delta and there is some risk of damage to EBMUD water supply and flood control reservoirs located in the central Sierra. Since the last major earthquake to hit the Bay Area, the Loma Prieta earthquake in 1989, EBMUD has invested more than \$350 million in seismic safety. In addition, over the last decade EBMUD's water system has been connected to other water providers through interties which allow water to be moved around the Bay Area to where it is needed in emergencies.

SB 664's requirement that IRWMPs include a seismic vulnerability assessment of water infrastructure is intended to assist water agencies, the public and the state in understanding the impact an earthquake may have on water supply to inform seismic safety and emergency preparedness decisions is consistent with EBMUD's emergency preparedness efforts, which include its seismic retrofit program and the interties with neighboring water providers. In addition, under SB 664 seismic related projects, such as those undertaken by EBMUD, could be included in IRWMPs and be eligible to compete for IRWM funding.

It is not clear whether SB 664 would require that IRWMPs be updated immediately upon passage of the bill or whether the seismic vulnerability assessment could be included the next time an IRWMP is updated to comply with Department of Water Resources' (DWR) IRWMP standards. The development of an IRWMP is a multi-year effort with a significant cost. For example, the Bay Area IRWMP, which EBMUD participated in, was updated in 2013 at an approximate cost of \$1.4 million. SB 664 would be strengthened with the inclusion of language to clarify that the seismic vulnerability assessment must be included in IRWMPs upon the next formal update undertaken to comply with DWR's IRWMP standards.

EBMUD has previously supported legislation to promote earthquake readiness. In 2013, EBMUD supported SB 1065 (Alquist), which would have required the Seismic Safety Commission to create a joint fire-water agency task force to develop post-earthquake firefighting and water supply guidelines and an implementation plan. Subsequent to EBMUD's Board adopting a “support” position, SB 1065 was amended to deal with a different subject matter.

There are currently no entities listed in support or opposition to SB 664.

**SB 687**  
**(Allen)**

**RENEWABLE GAS STANDARD**

**SUPPORT**

Under existing law, the California Air Resources Board (CARB) is responsible for monitoring and regulating sources emitting greenhouse gases. The California Public Utilities Commission (PUC) is responsible for regulating gas corporations and is required to adopt policies and programs that promote the in-state production and distribution of biomethane, renewable natural

gas produced from biogas, that facilitate the development of a variety of sources of in-state biomethane. Existing law also requires the State Energy Resources Conservation and Development Commission (Energy Commission) 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. SB 687 (Allen), as introduced on February 27, 2015, would primarily require CARB, on or before June 30, 2016, in consultation with the PUC and the Energy Commission, to adopt a carbon-based renewable gas standard that requires all gas sellers to provide certain percentages of renewable gas, gas that is generated from “organic waste or other renewable sources,” to retail end-use customers by set timeframes, specifically one percent by December 31, 2019; three percent by December 31, 2022; five percent by December 31, 2014; and 10 percent by December 31, 2029.

SB 687 also requires CARB to maintain and publicize a list of eligible gas providers, adopt a compliance mechanism, such as tradable renewable gas credits, and adopt a coordinated investment plan, in consultation with the PUC and the Energy Commission, to ensure moneys available from a compliance mechanism are used to reduce costs to implement the renewable gas standard.

According to the Bioenergy Association, “California uses more than 2 trillion cubic feet of natural gas per year and that amount is going up. Natural gas provides more than half of the state’s electricity, heating and cooling, and a growing share of transportation fuels. Although cleaner and cheaper than other fossil fuels, natural gas is a major source of greenhouse gas emissions, air and water pollution.” SB 687 states that “capturing and using methane gas from renewable sources (renewable gas) can significantly reduce emissions of greenhouse gases from fossil fuel use, organic waste, wildfires, and petroleum based fertilizers. Using renewable gas in place of just 10 percent of California’s fossil fuel derived gas supply would reduce emissions of greenhouse gases by tens of millions of metric tons of carbon dioxide equivalent emissions per year. Renewable gas generated from organic waste provides the lowest carbon transportation fuels in existence and can provide low carbon, flexible fuel for the generation of electricity.”

EBMUD produces renewable energy at its main wastewater treatment plant through the anaerobic digestion of biodegradable wastes and capture of methane gas. The plant is a net producer of renewable energy, selling energy back to the electrical grid after meeting the plant’s power demands. While EBMUD does not currently have plans to produce and sell renewable natural gas from the methane gas it captures, EBMUD continues to consider ways to increase the production of methane gas and may look into additional uses for methane gas in the future, such as the conversion of methane gas into renewable natural gas.

By requiring a percentage of the state’s natural gas to be renewable, SB 687 would provide methane gas generators, such as EBMUD, with additional and potentially favorable options for uses and/or sale of methane gas while at the same time assisting the state in achieving its greenhouse gas emission reduction goals and is consistent with EBMUD’s efforts to increase renewable energy generation pursuant to its energy policy (Policy 7.07), as well as EBMUD’s sustainability efforts.

EBMUD has previously supported legislation to encourage the use of renewable energy sources and reduction in greenhouse gas emissions. In 2014, EBMUD supported AB 1970 (Gordon), to provide grants to local entities to develop and implement greenhouse gas emission reduction projects. AB 1970 failed to advance out of the legislature. In 2012, EBMUD supported SB 1122 (Rubio) to provide small renewable biomass and biogas projects with options for the sale of their renewable energy. SB 1122 was signed into law (Chapter 612)

There current list of support and opposition to SB 687 is shown below.

Support

American Biogas Council  
Bioenergy Association of California  
Biosynthetic Technologies  
Clean Energy and Clean Energy Renewable Fuels  
Eisenmann Corporation  
Harvest Power, Inc.  
Hitachi Zosen Inova U.S.A. LLC  
Las Gallinas Valley Sanitary District  
Organic Waste Systems  
Phoenix Energy  
TSS Consultants

Opposition

Agricultural Council of California  
Agricultural Energy Consumers Association  
California Citrus Mutual  
California Cotton Ginners and Growers Associations  
California Dairies Inc.  
California Farm Bureau Federation  
California Fresh Fruit Association  
California League of Food Processors  
California Municipal Utilities Association  
California Poultry Federation  
California Tomato Growers Association  
Milk Producers Council  
Nisei Farmers League  
Western Agricultural Processors Association  
Western Growers Association

**SCA 5      LOCAL GOVERNMENT: SPECIAL  
(Hancock)   TAXES: VOTER APPROVAL**

**SUPPORT**

The California Constitution prohibits the ad valorem tax rate on real property from exceeding one percent of the full cash value of the property, subject to certain exceptions. The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of 2/3 of the voters of the city, county or special district voting on that tax, except that certain school entities may levy an ad valorem property tax for specified purposes with the approval of 55 percent of the voters within the jurisdiction of these entities. In addition, the California Constitution deems any tax levied by a special district to be a special tax.

SCA 5 (Hancock), as introduced on March 26, 2015, is a constitutional amendment that, pending voter approval, would change the 2/3 voter-approval requirement for special taxes to instead authorize a city, county or special district to impose a special tax with the approval of 55 percent of its voters voting on the tax.

Special taxes are a form of parcel tax based on characteristics of the parcel, not the property value. Special districts use revenues from both special taxes and local property taxes to fund public improvements and vital public services. For example, in November 2012, voters in the Santa Clara Valley Water District approved Measure B to renew an existing special parcel tax for 15 years in order to fund specified projects within the district, such as those to reduce pollution in waterways or to provide flood protection. Passage of Measure B required approval of 2/3 of the voters.

SCA 5's special tax provision to lower the voter threshold to 55 percent would apply to special districts, including EBMUD. Thus, SCA 5 would enable EBMUD, if it so chooses in the future, to gain voter approval of special taxes by the lower voter threshold of 55 percent rather than the now-required 2/3 vote. This would provide a more viable avenue for EBMUD to obtain revenue than currently exists.

EBMUD has previously supported similar legislation to lower the vote threshold for approval of special taxes. In 2011, EBMUD supported ACA 11 (Hancock), which was substantially similar to ACA 5. ACA 11 failed to advance out of the legislature. In 2009, EBMUD supported ACA 9 (Huffman), which among other things, would have lowered the vote threshold for approval of special taxes. ACA 9 failed to advance out of the legislature.

There are currently no entities listed in support or opposition to SCA 5.

ARC:MD:JF



AMENDED IN ASSEMBLY APRIL 6, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 142**

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**Introduced by Assembly Member Bigelow**  
(Principal coauthor: Senator Berryhill)

January 12, 2015

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An act to *amend Section 5093.56 of, and to add ~~Section~~ Sections 5093.548 and 5093.549* to, the Public Resources Code, relating to wild and scenic rivers.

LEGISLATIVE COUNSEL'S DIGEST

AB 142, as amended, Bigelow. Wild and scenic rivers: Mokelumne River.

(1) Existing law, the California Wild and Scenic Rivers Act, provides for a system of classification of those rivers or segments of rivers in the state that are designated as wild, scenic, or recreational rivers, for purposes of preserving the highest and most beneficial use of those rivers. The act requires the Secretary of the Natural Resources Agency to study and submit to the Governor and the Legislature a report that analyzes the suitability or nonsuitability for addition to the system of rivers or segments of rivers that are designated by the Legislature as potential additions to the system, and requires that each report contain specified information and recommendations with respect to the proposed designation.

This bill would require the secretary, in a report analyzing the ~~suitability~~ *suitability* or nonsuitability of a proposed designation of the Mokelumne River, its tributaries, or portions thereof as additions to the system, to consider the potential effects of the proposed designation on future water requirements, as specified, and the effects of climate



~~change~~ change on river values and water supply, and to consider other factors. The bill would include any portion of the Mokelumne River designated for potential addition within certain protections afforded to wild and scenic rivers during the study period and implementation of any recommendation to add the portion of the Mokelumne River to the system.

The bill would also designate a specified portion of the Mokelumne River, or any segments of that portion, for potential addition to the system. The bill would require the secretary to submit a report pursuant to the above-described requirements to the Legislature and Governor no later than December 31, 2016 and would require the report to include a clear recommendation whether the Legislature should enact legislation to add the portion of the Mokelumne River, or any segments of that portion, to the system.

(2) The bill would declare that due to the unique geographical features of the Mokelumne River and its tributaries, a general statute within the meaning of specified provisions of the California Constitution cannot be made applicable and a special statute is necessary.

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

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

- 1 SECTION 1. Section 5093.548 is added to the Public Resources
- 2 Code, to read:
- 3 5093.548. (a) Notwithstanding Section 5093.547, prior to the
- 4 designation of the Mokelumne River, its tributaries, or portions
- 5 thereof as additions to the system, the secretary shall study and
- 6 submit to the Governor and the Legislature a report that analyzes
- 7 the suitability or unsuitability of the proposed designation. The
- 8 suitability analysis contained in the report shall consider ~~the~~ all of
- 9 the following:
- 10 (1) The potential effects of the proposed designation on the
- 11 ability of public agencies and utilities within the Mokelumne River
- 12 watershed to meet current and projected future water requirements
- 13 through the development of new and more reliable water supplies
- 14 from the Mokelumne River, ~~and any River~~. When considering
- 15 projected future water requirements, the secretary shall only
- 16 consider feasible projects to meet foreseeable demands.

1     (2) *Any effects of climate change. The change on river values*  
2     *and water supply.*

3     (3) *The instances when the secretary has determined pursuant*  
4     *to Section 5093.55 that a water diversion facility may be*  
5     *constructed on a river or segment of a river that is part of the*  
6     *system.*

7     (4) *The instances when the State Water Resources Control Board*  
8     *has approved an application to appropriate water from a river or*  
9     *a segment of a river that is part of the system and what restrictions,*  
10    *if any, were placed on the appropriation of water as a result of*  
11    *the river or segment of a river's inclusion in the system.*

12    (b) *The report shall also include the information required in*  
13    *subdivision (b) of Section 5093.547 and the secretary's*  
14    *recommendations and proposals with respect to the proposed*  
15    *designation.*

16    (c) *The report required for the portion of the Mokelumne River*  
17    *designated for potential addition to the system pursuant to Section*  
18    *5093.549 shall be submitted to the Legislature and Governor no*  
19    *later than December 31, 2016, and shall include a clear*  
20    *recommendation whether the Legislature should enact legislation*  
21    *to add the portion or any segment of that portion of the Mokelumne*  
22    *River to the system.*

23    (d) *The study undertaken by the secretary pursuant to*  
24    *subdivision (a) shall provide for public input from a broad range*  
25    *of stakeholders.*

26    ~~(b)~~

27    (e) *A report required to be submitted pursuant to subdivision*  
28    (i) *shall be submitted in compliance with Section 9795 of the*  
29    *Government Code.*

30    (f) *During the study period and implementation of any*  
31    *recommendation to add segments to the system, no dam, reservoir,*  
32    *diversion, or other water impoundment facility may be constructed*  
33    *on any segment designated for study by the secretary as a potential*  
34    *addition to the system unless the secretary determines that the*  
35    *facility is needed to supply domestic water to the residents of the*  
36    *county or counties through which the river and segment flows and*  
37    *the secretary determines that the facility will not adversely affect*  
38    *the free-flowing condition and natural character of the river and*  
39    *segment. This subdivision shall not apply to, and shall not in any*

1 way affect, Amador Water Agency's water rights application  
2 5647X03 pending before the State Water Resources Control Board.

3 SEC. 2. Section 5093.549 is added to the Public Resources  
4 Code, to read:

5 5093.549. *The portion of the Mokelumne River, or any segment*  
6 *of that portion, located upstream from the upper extent of the*  
7 *Pardee Reservoir at the elevation of not less than 580 feet above*  
8 *mean sea level is hereby designated for potential addition to the*  
9 *system.*

10 SEC. 3. Section 5093.56 of the Public Resources Code is  
11 amended to read:

12 5093.56. No department or agency of the state may assist or  
13 cooperate, whether by loan, grant, license, or otherwise, with any  
14 department or agency of the federal, state, or local government,  
15 in the planning or construction of a dam, reservoir, diversion, or  
16 other water impoundment facility that could have an adverse effect  
17 on the free-flowing condition and natural character of ~~the river~~  
18 *either of the following:*

19 (a) *The rivers and segments thereof designated in Section*  
20 *5093.54 as included in the system.*

21 (b) *The portion of the Mokelumne River designated in Section*  
22 *5093.549 for study by the secretary as a potential addition to the*  
23 *system until after the study period and implementation of any*  
24 *recommendations have been completed. This subdivision shall not*  
25 *apply to, and shall not in any way affect, Amador Water Agency's*  
26 *water rights application 5647X03 pending before the State Water*  
27 *Resources Control Board.*

28 ~~SEC. 2.~~

29 SEC. 4. Due to the unique geographical features of the  
30 Mokelumne River and its tributaries, the Legislature hereby finds  
31 and declares that a general cannot be made applicable within the  
32 measuring of Section 16 of Article IV of the California  
33 Constitution. Therefore, the special legislation contained in Section  
34 1 of this act is necessarily applicable to the Mokelumne River and  
35 its tributaries.

AMENDED IN ASSEMBLY MARCH 17, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 356**

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**Introduced by Assembly Member Williams  
(Coauthors: Assembly Members Nazarian and Mark Stone)**

February 17, 2015

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An act to amend ~~Section 3106~~ *Sections 3106 and 3401* of, and to add ~~Section 3106.1 to~~, *Article 2.5 (commencing with Section 3130) to Chapter 1 of Division 3 of*, the Public ~~Utilities~~ *Resources* Code, and to add Section 13227.5 to the Water Code, relating to oil and gas.

LEGISLATIVE COUNSEL'S DIGEST

AB 356, as amended, Williams. Oil and gas: groundwater monitoring.

(1) Existing law requires the State Oil and Gas Supervisor to supervise the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities attendant to oil and gas production. Existing law authorizes the supervisor to require a well operator to implement a monitoring program, designed to detect releases to the soil and water, for aboveground oil production tanks and facilities. Under existing law, a person who fails to comply with specified requirements relating to the regulation of oil or gas operation is guilty of a misdemeanor.

This bill would additionally authorize the supervisor to require a well operator to implement a monitoring program for belowground oil production tanks and facilities, and disposal and injection ~~wells,~~ *wells*. Because a failure to comply with this requirement would be a crime, this bill would impose a state-mandated local program.

(2) The federal Safe Drinking Water Act regulates certain wells as Class II ~~injection~~ wells. Under existing federal law, the authority to

regulate Class II ~~injection~~ wells in California is delegated to the Division of Oil, Gas, and Geothermal Resources. Under existing regulations, a well operator is required to obtain approval from the supervisor or a district deputy for a subsurface injection or disposal project, including Class II ~~injection~~ wells, or any change in a project, as provided.

This bill would *require the division to annually review underground injection or disposal projects approved by the division that use Class II wells. The bill would require* ~~an~~ the operator of a Class II ~~injection well; the project,~~ as a part of its application or ~~notice of change the~~ annual review process, to submit to ~~an~~ the State Water Resources Control Board or appropriate regional water quality control board for its review a groundwater monitoring plan containing certain information, including, among other things, a schedule for monitoring and reporting groundwater quality ~~data; data,~~ as provided. The bill would require the data be submitted to the ~~State Water Resources Control Board~~ state board for inclusion in the state board's geotracker database. Because a violation of this requirement would be a crime, this bill would impose a state-mandated local program. The bill would require the *state board* or regional water quality control board to review and ~~approve~~ authorize them to provide a written concurrence for the plan.

(3) *Existing federal law prohibits certain well activities that affect underground sources of drinking water unless those sources are located in an exempt aquifer. Existing federal law authorizes a state delegated with the responsibility of regulating Class II wells to propose that an aquifer or a portion of an aquifer be an exempt aquifer and authorizes the United States Environmental Protection Agency to approve the proposal if the aquifer or a portion of the aquifer meets certain criteria.*

*This bill would require the division, prior to proposing to the United States Environmental Protection Agency an aquifer for exemption, to hold a public hearing on the proposal and to submit the proposal to the state board for review and written concurrence. The bill would authorize the state board to concur with the proposal if certain conditions are met.*

(3)

(4) 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.

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

1 SECTION 1. Section 3106 of the Public Resources Code is  
2 amended to read:

3 3106. (a) The supervisor shall so supervise the drilling,  
4 operation, maintenance, and abandonment of wells and the  
5 operation, maintenance, and removal or abandonment of tanks and  
6 facilities attendant to oil and gas production, including pipelines  
7 not subject to regulation pursuant to Chapter 5.5 (commencing  
8 with Section 51010) of Part 1 of Division 1 of Title 5 of the  
9 Government Code that are within an oil and gas field, so as to  
10 prevent, as far as possible, damage to life, health, property, and  
11 natural resources; damage to underground oil and gas deposits  
12 from infiltrating water and other causes; loss of oil, gas, or reservoir  
13 energy; and damage to underground and surface waters suitable  
14 for irrigation or domestic purposes by the infiltration of, or the  
15 addition of, detrimental substances.

16 (b) The supervisor shall also supervise the drilling, operation,  
17 maintenance, and abandonment of wells so as to permit the owners  
18 or operators of the wells to utilize all methods and practices known  
19 to the oil industry for the purpose of increasing the ultimate  
20 recovery of underground hydrocarbons and which, in the opinion  
21 of the supervisor, are suitable for this purpose in each proposed  
22 case. To further the elimination of waste by increasing the recovery  
23 of underground hydrocarbons, it is hereby declared as a policy of  
24 this state that the grant in an oil and gas lease or contract to a lessee  
25 or operator of the right or power, in substance, to explore for and  
26 remove all hydrocarbons from any lands in the state, in the absence  
27 of an express provision to the contrary contained in the lease or  
28 contract, is deemed to allow the lessee or contractor, or the lessee's  
29 or contractor's successors or assigns, to do what a prudent operator  
30 using reasonable diligence would do, having in mind the best  
31 interests of the lessor, lessee, and the state in producing and  
32 removing hydrocarbons, including, but not limited to, the injection  
33 of air, gas, water, or other fluids into the productive strata, the  
34 application of pressure heat or other means for the reduction of  
35 viscosity of the hydrocarbons, the supplying of additional motive

1 force, or the creating of enlarged or new channels for the  
2 underground movement of hydrocarbons into production wells,  
3 when these methods or processes employed have been approved  
4 by the supervisor, except that nothing in this section imposes a  
5 legal duty upon the lessee or contractor, or the lessee's or  
6 contractor's successors or assigns, to conduct these operations.

7 (c) The supervisor may require an operator to implement a  
8 monitoring program, designed to detect releases to the soil and  
9 water, including both groundwater and surface water, for  
10 aboveground and belowground oil production tanks and facilities,  
11 and disposal and injection wells.

12 (d) To best meet the oil and gas needs in this state, the supervisor  
13 shall administer this division so as to encourage the wise  
14 development of oil and gas resources.

15 ~~SEC. 2. Section 3106.1 is added to the Public Resources Code,~~  
16 ~~to read:~~

17 ~~3106.1. (a) Notwithstanding subdivision (c) of Section 3106,~~  
18 ~~for a well that is a Class II injection well pursuant to the federal~~  
19 ~~Safe Drinking Water Act (42 U.S.C. Sec. 311f et seq.), an operator~~  
20 ~~submitting an application for approval pursuant to Section 1724.6~~  
21 ~~of Title 14 of the California Code of Regulations or a notice of~~  
22 ~~intent pursuant to Section 1724.10 of Title 14 of the California~~  
23 ~~Code of Regulations shall provide, as a part of the application or~~  
24 ~~notice, a groundwater monitoring plan for review and approval by~~  
25 ~~an appropriate regional water quality control board. The~~  
26 ~~groundwater monitoring plan shall include, at a minimum, all of~~  
27 ~~the following information:~~

28 ~~(1) The current water quality of the groundwater basin through~~  
29 ~~which the well passes, that is sufficient to characterize the quality~~  
30 ~~of the aquifer.~~

31 ~~(2) The current water quality of the injection zone sufficient to~~  
32 ~~demonstrate that the injection zone is not suitable to be used as a~~  
33 ~~source of drinking or irrigation water based on treatment~~  
34 ~~technologies existing at the time of application or notice.~~

35 ~~(3) The identification of both public supply and domestic water~~  
36 ~~wells located within one mile of the boundaries of the injection~~  
37 ~~zone.~~

38 ~~(4) A demonstration that the proposed injection well is located~~  
39 ~~in an area that is geologically suitable, including an appropriate~~  
40 ~~confining and injection zone.~~

1 ~~(5) Chemical and physical analyses of, and data regarding,~~  
2 ~~identities and concentrations of all constituents present in the~~  
3 ~~injected fluid or gas. Subdivision (j) of Section 3160 shall apply~~  
4 ~~to a claim of trade secret for information described in this~~  
5 ~~paragraph.~~

6 ~~(6) Sites for monitoring wells that will allow for the detection~~  
7 ~~of contamination or degradation associated with injection well~~  
8 ~~operations during and after the period of its active use.~~

9 ~~(7) (A) A schedule for monitoring and reporting data that~~  
10 ~~provides groundwater quality data on a quarterly basis, at a~~  
11 ~~minimum, during the active life of a well and at least annually~~  
12 ~~after the well has been closed and abandoned.~~

13 ~~(B) The data shall be submitted electronically to the State Water~~  
14 ~~Resources Control Board for inclusion in the state board's~~  
15 ~~geotracker database.~~

16 ~~(8) An emergency plan that will be implemented in the case of~~  
17 ~~a well failure or other event that has the potential to degrade~~  
18 ~~groundwater.~~

19 ~~(b) This section does not apply to a well if the appropriate~~  
20 ~~regional water quality board has determined that the well meets~~  
21 ~~both of the following:~~

22 ~~(1) The well does not inject into, or pass through, an aquifer~~  
23 ~~with a beneficial use.~~

24 ~~(2) There are no public supply or domestic water wells located~~  
25 ~~within one mile of the injection zone.~~

26 *SEC. 2. Article 2.5 (commencing with Section 3130) is added*  
27 *to Chapter 1 of Division 3 of the Public Resources Code, to read:*  
28

29 *Article 2.5. Underground Injection Control*  
30

31 *3130. For purposes of this article, the following terms mean*  
32 *the following:*

33 *(a) "Class II well" means a well that injects brine and other*  
34 *fluids associated with oil and gas production or a well that injects*  
35 *hydrocarbons for the purposes of storage.*

36 *(b) "Exempt aquifer" means an aquifer that has been proposed*  
37 *by the division and approved by the United States Environmental*  
38 *Protection Agency for exemption from the UIC program and meets*  
39 *the criteria for an aquifer exemption determination pursuant to*



1 the federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.)  
2 and regulations implementing that act.

3 (c) "Project" means an underground injection or disposal  
4 project that uses a Class II well.

5 (d) "State board" means the State Water Resources Control  
6 Board.

7 (e) "UIC program" means a program covering Class II wells  
8 for which the division has received primacy from the United States  
9 Environmental Protection Agency pursuant to Section 1425 of the  
10 federal Safe Drinking Water Act (42 U.S.C. Sec. 300h-4).

11 3131. (a) Prior to proposing to the United States  
12 Environmental Protection Agency an aquifer as an exempt aquifer,  
13 the division shall do both of the following:

14 (1) Conduct a public hearing on the proposal.

15 (2) Submit the proposal to the state board for written  
16 concurrence.

17 (b) The state board may concur on the proposal if all of the  
18 following conditions are met:

19 (1) The division has included in the proposal all data necessary  
20 to meet the aquifer exemption criteria set forth in Section 146.4  
21 of Title 40 of the Code of Federal Regulations.

22 (2) The state board determines that the proposed aquifer cannot  
23 now, or will not in the future, serve as a source of drinking water  
24 or for other beneficial uses.

25 (3) The state board determines that injection into the proposed  
26 aquifer will stay in the proposed area and will not impact the  
27 ability of nearby nonexempt aquifers to be a source of drinking  
28 water or for other beneficial uses.

29 3132. The division shall review annually all projects approved  
30 pursuant to this chapter for compliance with applicable law.

31 3133. As a part of an application for approval of a project or  
32 as a part of the annual review conducted pursuant to Section 3132,  
33 the operator of the project shall submit to the state board or  
34 appropriate regional water quality control board for review and  
35 concurrence a groundwater monitoring plan meeting the  
36 requirements of Section 3134.

37 3134. (a) The groundwater monitoring plan required pursuant  
38 to Section 3133 shall include, at a minimum, all of the following:

1     (1) Information demonstrating that the aquifer into which the  
2 injection occurs or the proposed injection will occur is an exempt  
3 aquifer.

4     (2) Information regarding the current water quality of the  
5 groundwater basin through which the well passes sufficient to  
6 characterize the quality of the aquifer.

7     (3) Information regarding the current water quality of the  
8 injection zone sufficient to demonstrate that the injection zone is  
9 not suitable to be used as a source of drinking or irrigation water  
10 based on treatment technologies existing at the time of submission  
11 of the plan.

12     (4) The identification of both public supply and domestic water  
13 wells located within one mile of the boundaries of the injection  
14 zone or evidence showing that there are no public supply or  
15 domestic water wells located within the one mile zone.

16     (5) A demonstration that the proposed injection well is located  
17 in an area that is geologically suitable, including an appropriate  
18 confining and injection zone.

19     (6) Chemical and physical analyses of, and data regarding,  
20 identities and concentrations of all constituents present in the  
21 injected fluid or gas. Subdivision (j) of Section 3160 shall apply  
22 to a claim of trade secret for information described in this  
23 paragraph.

24     (7) (A) Sites for monitoring wells that will allow for the  
25 detection of contamination or degradation associated with  
26 underground injection projects during and after the period of its  
27 active use.

28     (B) Sites for monitoring wells that demonstrate that the injection  
29 fluid is confined to the intended injection zone or zones of injection.

30     (8) (A) A schedule for monitoring and reporting data that  
31 provides, at a minimum, groundwater quality data on a quarterly  
32 basis during the active life of the well and at least annually after  
33 the well has been closed and abandoned.

34     (B) The data shall be submitted electronically to the state board  
35 for inclusion in the state board's geotracker database.

36     (9) An emergency plan that will be implemented in the case of  
37 a well failure or other event that has the potential to degrade  
38 groundwater.

39     (b) Subparagraph (A) of paragraph (7) of subdivision (a) does  
40 not apply to a well if the state board or appropriate regional water

1 quality board has determined that the well meets both of the  
2 following:

3 (1) The well does not inject into, or pass through, an aquifer  
4 with a beneficial use.

5 (2) There are no public supply or domestic water wells located  
6 within one mile of the injection zone.

7 (c) (1) The state board or appropriate regional water quality  
8 control board may revise the monitoring plan to avoid duplication  
9 and assist with regional monitoring plans associated with oil and  
10 gas activities.

11 (2) The state board or appropriate regional water quality board  
12 may authorize the well operator to rely on a regional monitoring  
13 plan in lieu of the requirements of paragraphs (7) and (8) of  
14 subdivision (a).

15 SEC. 3. Section 3401 of the Public Resources Code is amended  
16 to read:

17 3401. (a) The proceeds of charges levied, assessed, and  
18 collected pursuant to this article upon the properties of every person  
19 operating or owning an interest in the production of a well shall  
20 be used exclusively for the support and maintenance of the  
21 department charged with the supervision of oil and gas operations.

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

28 (1) Well stimulation treatments, including rulemaking and  
29 scientific studies required to evaluate the treatment, inspections,  
30 any air and water quality sampling, monitoring, and testing  
31 performed by public entities.

32 (2) The costs of the State Water Resources Control Board and  
33 the regional water quality control boards in carrying out their  
34 responsibilities pursuant to Section 3160 and Section 10783 of the  
35 Water Code.

36 (c) Notwithstanding subdivision (a), the proceeds of charges  
37 levied, assessed, and collected pursuant to this article upon the  
38 properties of every person operating or owning an interest in an  
39 injection or disposal well subject to Article 2.5 (commencing with  
40 Section 3130), may be used, subject to appropriation by the

1 *Legislature, for all costs of the State Water Resources Control*  
2 *Board or appropriate regional water quality control board in*  
3 *carrying out their responsibilities pursuant to that article and*  
4 *Section 13227.5 of the Water Code.*

5 ~~SEC. 3.~~

6 SEC. 4. Section 13227.5 is added to the Water Code, to read:

7 13227.5. ~~A—The state board or appropriate regional board,~~  
8 ~~with respect to its region, board~~ shall review and ~~approve~~ *may*  
9 *provide a written concurrence for* a groundwater monitoring plan  
10 submitted pursuant to Section ~~3106.1~~ 3133 of the Public Resources  
11 Code to ensure that groundwater quality is protected.

12 ~~SEC. 4.~~

13 SEC. 5. No reimbursement is required by this act pursuant to  
14 Section 6 of Article XIII B of the California Constitution because  
15 the only costs that may be incurred by a local agency or school  
16 district will be incurred because this act creates a new crime or  
17 infraction, eliminates a crime or infraction, or changes the penalty  
18 for a crime or infraction, within the meaning of Section 17556 of  
19 the Government Code, or changes the definition of a crime within  
20 the meaning of Section 6 of Article XIII B of the California  
21 Constitution.



AMENDED IN ASSEMBLY APRIL 6, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 577**

**Introduced by Assembly Member Bonilla**

February 24, 2015

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~~An act to amend Section 399.20 of the Public Utilities Code, relating to public utilities. An act to add Section 39718.5 to the Health and Safety Code, and to add Chapter 7.8 (commencing with Section 25680) to Division 15 of the Public Resources Code, relating to biomethane.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 577, as amended, Bonilla. ~~Public utilities: biogas. Biomethane:~~ grant program.

*The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation.*

*This bill would, upon appropriation, require the State Air Resources Board to allocate an unspecified percentage of the moneys in the fund to the State Energy Resources Conservation and Development Commission for the implementation of a biomethane collection and purification grant program. The bill would require the commission to*

*develop and implement the grant program to award moneys for projects that build or develop collection and purification technology, infrastructure, and projects that upgrade existing biomethane facilities to meet certain requirements.*

~~Under the Public Utilities Act, electrical corporations are required to file with the Public Utilities Commission a standard tariff for electricity purchased from certain electric generation facilities. The act requires the commission to direct the electrical corporations to collectively purchase 250 megawatts of cumulative rated generating capacity from developers of bioenergy projects. The act requires the commission to encourage electrical and gas corporations to develop and offer programs and services to facilitate development of in-state biogas for a broad range of purposes.~~

~~This bill would limit that range of purposes to 3 specified purposes.~~

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

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

1     SECTION 1. *The Legislature finds and declares all of the*  
2     *following:*

3     (a) *California imports 91 percent of its natural gas, which is*  
4     *responsible for 25 percent of all greenhouse gas (GHG) emissions.*  
5     *This costs California billions of dollars in lost revenues and jobs.*

6     (b) *California made a commitment to address climate change*  
7     *with the California Global Warming Solutions Act of 2006*  
8     *(Division 25.5 (commencing with Section 38500) of the Health*  
9     *and Safety Code). For California to meet its GHG reductions*  
10    *goals, the GHG emissions from the natural gas sector must be*  
11    *reduced.*

12    (c) *Biomethane is gas generated from organic waste through*  
13    *anaerobic digestion, gasification, pyrolysis, or other conversion*  
14    *technology that converts organic matter to gas. Biomethane may*  
15    *be produced from sources such as agricultural waste, forest waste,*  
16    *landfill gas, wastewater treatment byproducts, and diverted organic*  
17    *waste.*

18    (d) *Biomethane provides a more sustainable and cleaner*  
19    *alternative to natural gas. If 10 percent of California's natural*  
20    *gas use were to be replaced with biomethane, GHG emissions*

1 would be reduced by tens of millions of metric tons of carbon  
2 dioxide equivalent every year.

3 (e) Almost 300 billion cubic feet of biomethane could be  
4 produced in California each year. This biomethane could power  
5 2 to 3 million homes or generate 2.4 billion gallons of clean,  
6 ultralow carbon transportation fuels.

7 (f) Investing in biomethane would create cobenefits, such as  
8 renewable power available 24 hours a day, seven days a week,  
9 reduction of fossil fuel use, reduction of air and water pollution,  
10 and new jobs.

11 (g) Biomethane could be used for things such as transportation  
12 fuel or injected into the natural gas pipeline for other uses. The  
13 most appropriate use of biomethane varies depending on the  
14 source, proximity to existing natural gas pipeline injection points  
15 or large vehicle fleets, and the circumstances of existing facilities.

16 (h) The biomethane market has been slow to develop in  
17 California because the collection and purification of biomethane  
18 can be costly. Investing in biomethane purification equipment and  
19 infrastructure is necessary for companies to meet existing  
20 biomethane safety and purity standards. Alternative funding for  
21 compliance with standards established pursuant to Section 25421  
22 of the Health and Safety Code must be found so that biomethane  
23 can be transmitted via California's vast natural gas pipeline  
24 infrastructure.

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

29 SEC. 2. Section 39718.5 is added to the Health and Safety  
30 Code, to read:

31 39718.5. Upon appropriation by the Legislature, the state  
32 board shall allocate \_\_\_\_\_ percent of the moneys from the fund to  
33 the State Energy Resources Conservation and Development  
34 Commission for the purposes of Chapter 7.8 (commencing with  
35 Section 25680) of Division 15 of the Public Resources Code.

36 SEC. 3. Chapter 7.8 (commencing with Section 25680) is added  
37 to Division 15 of the Public Resources Code, to read:



CHAPTER 7.8. BIOMETHANE COLLECTION AND PURIFICATION  
GRANT PROGRAM

25680. (a) The commission shall develop and implement a grant program to award moneys appropriated pursuant to Section 39718.5 of the Health and Safety Code for projects that build or develop collection and purification technology, infrastructure, and projects that upgrade existing biomethane facilities to meet the requirements established pursuant to Section 25421 of the Health and Safety Code.

(b) In granting an award, the commission shall consider both of the following:

(1) Opportunities to colocate biomethane producers with vehicle fleets to generate biomethane and convert it to transportation fuel in the same location.

(2) Location of biomethane sources and their proximity to natural gas pipeline injection sites.

(c) In prioritizing projects eligible for grants pursuant to this section, the commission shall maximize the reduction of greenhouse gas emissions achieved by a project for each dollar awarded.

~~SECTION 1. Section 399.20 of the Public Utilities Code is amended to read:~~

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

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

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

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

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

~~(4) Is an eligible renewable energy resource.~~

~~(c) Every electrical corporation shall file with the commission a standard tariff for electricity purchased from an electric generation facility. The commission may modify or adjust the~~

1 requirements of this section for any electrical corporation with less  
2 than 100,000 service connections, as individual circumstances  
3 merit.

4 ~~(d) (1) The tariff shall provide for payment for every~~  
5 ~~kilowatthour of electricity purchased from an electric generation~~  
6 ~~facility for a period of 10, 15, or 20 years, as authorized by the~~  
7 ~~commission. The payment shall be the market price determined~~  
8 ~~by the commission pursuant to paragraph (2) and shall include all~~  
9 ~~current and anticipated environmental compliance costs, including,~~  
10 ~~but not limited to, mitigation of emissions of greenhouse gases~~  
11 ~~and air pollution offsets associated with the operation of new~~  
12 ~~generating facilities in the local air pollution control or air quality~~  
13 ~~management district where the electric generation facility is~~  
14 ~~located.~~

15 ~~(2) The commission shall establish a methodology to determine~~  
16 ~~the market price of electricity for terms corresponding to the length~~  
17 ~~of contracts with an electric generation facility, in consideration~~  
18 ~~of the following:~~

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

22 ~~(B) The long-term ownership, operating, and fixed-price fuel~~  
23 ~~costs associated with fixed-price electricity from new generating~~  
24 ~~facilities.~~

25 ~~(C) The value of different electricity products including~~  
26 ~~baseload, peaking, and as-available electricity.~~

27 ~~(3) The commission may adjust the payment rate to reflect the~~  
28 ~~value of every kilowatthour of electricity generated on a~~  
29 ~~time-of-delivery basis.~~

30 ~~(4) The commission shall ensure, with respect to rates and~~  
31 ~~charges, that ratepayers that do not receive service pursuant to the~~  
32 ~~tariff are indifferent to whether a ratepayer with an electric~~  
33 ~~generation facility receives service pursuant to the tariff.~~

34 ~~(e) An electrical corporation shall provide expedited~~  
35 ~~interconnection procedures to an electric generation facility located~~  
36 ~~on a distribution circuit that generates electricity at a time and in~~  
37 ~~a manner so as to offset the peak demand on the distribution circuit,~~  
38 ~~if the electrical corporation determines that the electric generation~~  
39 ~~facility will not adversely affect the distribution grid. The~~  
40 ~~commission shall consider and may establish a value for an electric~~

1 generation facility located on a distribution circuit that generates  
2 electricity at a time and in a manner so as to offset the peak demand  
3 on the distribution circuit.

4 ~~(f) (1) An electrical corporation shall make the tariff available~~  
5 ~~to the owner or operator of an electric generation facility within~~  
6 ~~the service territory of the electrical corporation, upon request, on~~  
7 ~~a first-come-first-served basis, until the electrical corporation meets~~  
8 ~~its proportionate share of a statewide cap of 750 megawatts~~  
9 ~~cumulative rated generation capacity served under this section and~~  
10 ~~Section 399.32. The proportionate share shall be calculated based~~  
11 ~~on the ratio of the electrical corporation's peak demand compared~~  
12 ~~to the total statewide peak demand.~~

13 ~~(2) By June 1, 2013, the commission shall, in addition to the~~  
14 ~~750 megawatts identified in paragraph (1), direct the electrical~~  
15 ~~corporations to collectively procure at least 250 megawatts of~~  
16 ~~cumulative rated generating capacity from developers of bioenergy~~  
17 ~~projects that commence operation on or after June 1, 2013. The~~  
18 ~~commission shall, for each electrical corporation, allocate shares~~  
19 ~~of the additional 250 megawatts based on the ratio of each electrical~~  
20 ~~corporation's peak demand compared to the total statewide peak~~  
21 ~~demand. In implementing this paragraph, the commission shall do~~  
22 ~~all of the following:~~

23 ~~(A) Allocate the 250 megawatts identified in this paragraph~~  
24 ~~among the electrical corporations based on the following~~  
25 ~~categories:~~

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

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

29 ~~(iii) For bioenergy using byproducts of sustainable forest~~  
30 ~~management, 50 megawatts. Allocations under this category shall~~  
31 ~~be determined based on the proportion of bioenergy that sustainable~~  
32 ~~forest management providers derive from sustainable forest~~  
33 ~~management in fire threat treatment areas, as designated by the~~  
34 ~~Department of Forestry and Fire Protection.~~

35 ~~(B) Direct the electrical corporations to develop standard~~  
36 ~~contract terms and conditions that reflect the operational~~  
37 ~~characteristics of the projects, and to provide a streamlined~~  
38 ~~contracting process.~~

39 ~~(C) Coordinate, to the maximum extent feasible, any incentive~~  
40 ~~or subsidy programs for bioenergy with the agencies listed in~~

1 subparagraph (A) of paragraph (3) in order to provide maximum  
2 benefits to ratepayers and to ensure that incentives are used to  
3 reduce contract prices.

4 ~~(D) The commission shall encourage gas and electrical~~  
5 ~~corporations to develop and offer programs and services to facilitate~~  
6 ~~development of in-state biogas for purposes of encouraging the~~  
7 ~~diversion of landfill waste, the development of ultralow carbon~~  
8 ~~transportation fuel, and the generation of electricity through~~  
9 ~~bioenergy resources.~~

10 ~~(3) (A) The commission, in consultation with the State Energy~~  
11 ~~Resources Conservation and Development Commission, the State~~  
12 ~~Air Resources Board, the Department of Forestry and Fire~~  
13 ~~Protection, the Department of Food and Agriculture, and the~~  
14 ~~Department of Resources Recycling and Recovery, may review~~  
15 ~~the allocations of the 250 additional megawatts identified in~~  
16 ~~paragraph (2) to determine if those allocations are appropriate.~~

17 ~~(B) If the commission finds that the allocations of the 250~~  
18 ~~additional megawatts identified in paragraph (2) are not~~  
19 ~~appropriate, the commission may reallocate the 250 megawatts~~  
20 ~~among the categories established in subparagraph (A) of paragraph~~  
21 ~~(2).~~

22 ~~(4) For the purposes of this subdivision, "bioenergy" means~~  
23 ~~biogas and biomass.~~

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

27 ~~(h) Every kilowatthour of electricity purchased from an electric~~  
28 ~~generation facility shall count toward meeting the electrical~~  
29 ~~corporation's renewables portfolio standard annual procurement~~  
30 ~~targets for purposes of paragraph (1) of subdivision (b) of Section~~  
31 ~~399.15.~~

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

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

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

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

~~(2) In establishing the tariffs or standard contracts pursuant to this section, the commission shall consider ratepayer-funded incentive payments previously received by the generation facility pursuant to Section 379.6 of this code or Section 25782 of the Public Resources Code. The commission shall require reimbursement of any funds received from these incentive programs to an electric generation facility, in order for that facility to be eligible for a tariff or standard contract filed by an electrical corporation pursuant to this section, unless the commission determines ratepayers have received sufficient value from the incentives provided to the facility based on how long the project has been in operation and the amount of renewable electricity previously generated by the facility.~~

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

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

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

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

~~(m) Within 10 days of receipt of a request for a tariff pursuant to this section from an owner or operator of an electric generation facility, the electrical corporation that receives the request shall~~

1 post a copy of the request on its Internet Web site. The information  
2 posted on the Internet Web site shall include the name of the city  
3 in which the facility is located, but information that is proprietary  
4 and confidential, including, but not limited to, address information  
5 beyond the name of the city in which the facility is located, shall  
6 be redacted.

7 (n) ~~An electrical corporation may deny a tariff request pursuant~~  
8 ~~to this section if the electrical corporation makes any of the~~  
9 ~~following findings:~~

10 (1) ~~The electric generation facility does not meet the~~  
11 ~~requirements of this section.~~

12 (2) ~~The transmission or distribution grid that would serve as the~~  
13 ~~point of interconnection is inadequate.~~

14 (3) ~~The electric generation facility does not meet all applicable~~  
15 ~~state and local laws and building standards and utility~~  
16 ~~interconnection requirements.~~

17 (4) ~~The aggregate of all electric generating facilities on a~~  
18 ~~distribution circuit would adversely impact utility operation and~~  
19 ~~load restoration efforts of the distribution system.~~

20 (o) ~~Upon receiving a notice of denial from an electrical~~  
21 ~~corporation, the owner or operator of the electric generation facility~~  
22 ~~denied a tariff pursuant to this section shall have the right to appeal~~  
23 ~~that decision to the commission.~~

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

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

39 (r) (1) ~~All construction and installation of facilities of the~~  
40 ~~electrical corporation, including at the point of the output meter~~

1 or at the transmission or distribution grid, shall be performed only  
2 by that electrical corporation.  
3 (2) All interconnection facilities installed on the electrical  
4 corporation's side of the transfer point for electricity between the  
5 electrical corporation and the electrical conductors of the electric  
6 generation facility shall be owned, operated, and maintained only  
7 by the electrical corporation. The ownership, installation, operation,  
8 reading, and testing of revenue metering equipment for electric  
9 generating facilities shall only be performed by the electrical  
10 corporation.

**ASSEMBLY BILL**

**No. 1144**

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**Introduced by Assembly Member Rendon**

February 27, 2015

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An act to amend Section 399.16 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1144, as introduced, Rendon. California Renewables Portfolio Standard Program: unbundled renewable energy credits.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. The existing definition of an electrical corporation excludes from that definition a corporation or person employing landfill gas technology or digester gas technology for the generation of electricity for (1) its own use or the use of not more than 2 of its tenants located on the real property on which the electricity is generated, (2) the use of or sale to not more than 2 other corporations or persons solely for use on the real property on which the electricity is generated, or (3) the sale or transmission to an electrical corporation or state or local public agency, if the sale or transmission of the electricity service to a retail customer is provided through the transmission system of the existing local publicly owned electric utility or electrical corporation of that retail customer.

The California Renewables Portfolio Standard Program requires the Public Utilities Commission to establish a renewables portfolio standard requiring all retail sellers, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources, as defined, at specified percentages of the total kilowatthours sold to their retail end-customers during specified compliance periods. The program



additionally requires each local publicly owned electric utility, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources to achieve the targets established by the program. The program, consistent with the goals of procuring the least-cost and best-fit eligible renewable energy resources that meet project viability principles, requires that all retail sellers procure a balanced portfolio of electricity products from eligible renewable energy resources, as specified, referred to as the portfolio content requirements.

This bill would provide that unbundled renewable energy credits may be used to meet the first category of the portfolio content requirements if (1) the credits are earned by electricity that is generated by an entity that, if it were a person or corporation, would be excluded from the definition of an electrical corporation by operation of the exclusions for a corporation or person employing landfill gas technology or digester gas technology, (2) the entity employing the landfill gas technology or digester gas technology has a first point of interconnection with a California balancing authority, a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source, and (3) where the electricity generated that earned the credit is used at a facility owned by a public entity.

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

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

- 1 SECTION 1. Section 399.16 of the Public Utilities Code is
- 2 amended to read:
- 3 399.16. (a) Various electricity products from eligible renewable
- 4 energy resources located within the WECC transmission network
- 5 service area shall be eligible to comply with the renewables
- 6 portfolio standard procurement requirements in Section 399.15.
- 7 These electricity products may be differentiated by their impacts
- 8 on the operation of the grid in supplying electricity, as well as,
- 9 meeting the requirements of this article.
- 10 (b) Consistent with the goals of procuring the least-cost and
- 11 best-fit electricity products from eligible renewable energy
- 12 resources that meet project viability principles adopted by the
- 13 commission pursuant to paragraph (4) of subdivision (a) of Section

1 399.13 and that provide the benefits set forth in Section 399.11, a  
2 balanced portfolio of eligible renewable energy resources shall be  
3 procured consisting of the following portfolio content categories:

4 (1) Eligible renewable energy resource electricity products that  
5 meet ~~either~~ any of the following criteria:

6 (A) Have a first point of interconnection with a California  
7 balancing authority, have a first point of interconnection with  
8 distribution facilities used to serve end users within a California  
9 balancing authority area, or are scheduled from the eligible  
10 renewable energy resource into a California balancing authority  
11 without substituting electricity from another source. The use of  
12 another source to provide real-time ancillary services required to  
13 maintain an hourly or subhourly import schedule into a California  
14 balancing authority shall be permitted, but only the fraction of the  
15 schedule actually generated by the eligible renewable energy  
16 resource shall count toward this portfolio content category.

17 (B) Have an agreement to dynamically transfer electricity to a  
18 California balancing authority.

19 (C) *Unbundled renewable energy credits that are earned by*  
20 *electricity that is generated by an entity that, if it were a person*  
21 *or corporation, would be excluded from the definition of an*  
22 *electrical corporation by operation of subdivision (c) or (d) of*  
23 *Section 218, that meets the criteria of subparagraph (A), and where*  
24 *the electricity generated that earned the credit is used at a facility*  
25 *owned by a public entity.*

26 (2) Firmed and shaped eligible renewable energy resource  
27 electricity products providing incremental electricity and scheduled  
28 into a California balancing authority.

29 (3) Eligible renewable energy resource electricity products, or  
30 any fraction of the electricity generated, including unbundled  
31 renewable energy credits, that do not qualify under the criteria of  
32 paragraph (1) or (2).

33 (c) In order to achieve a balanced portfolio, all retail sellers  
34 shall meet the following requirements for all procurement credited  
35 toward each compliance period:

36 (1) Not less than 50 percent for the compliance period ending  
37 December 31, 2013, 65 percent for the compliance period ending  
38 December 31, 2016, and 75 percent thereafter of the eligible  
39 renewable energy resource electricity products associated with

1 contracts executed after June 1, 2010, shall meet the product  
2 content requirements of paragraph (1) of subdivision (b).

3 (2) Not more than 25 percent for the compliance period ending  
4 December 31, 2013, 15 percent for the compliance period ending  
5 December 31, 2016, and 10 percent thereafter of the eligible  
6 renewable energy resource electricity products associated with  
7 contracts executed after June 1, 2010, shall meet the product  
8 content requirements of paragraph (3) of subdivision (b).

9 (3) Any renewable energy resources contracts executed on or  
10 after June 1, 2010, not subject to the limitations of paragraph (1)  
11 or (2), shall meet the product content requirements of paragraph  
12 (2) of subdivision (b).

13 (4) For purposes of electric service providers only, the  
14 restrictions in this subdivision on crediting eligible renewable  
15 energy resource electricity products to each compliance period  
16 shall apply to contracts executed after January 13, 2011.

17 (d) Any contract or ownership agreement originally executed  
18 prior to June 1, 2010, shall count in full toward the procurement  
19 requirements established pursuant to this article, if all of the  
20 following conditions are met:

21 (1) The renewable energy resource was eligible under the rules  
22 in place as of the date when the contract was executed.

23 (2) For an electrical corporation, the contract has been approved  
24 by the commission, even if that approval occurs after June 1, 2010.

25 (3) Any contract amendments or modifications occurring after  
26 June 1, 2010, do not increase the nameplate capacity or expected  
27 quantities of annual generation, or substitute a different renewable  
28 energy resource. The duration of the contract may be extended if  
29 the original contract specified a procurement commitment of 15  
30 or more years.

31 (e) A retail seller may apply to the commission for a reduction  
32 of a procurement content requirement of subdivision (c). The  
33 commission may reduce a procurement content requirement of  
34 subdivision (c) to the extent the retail seller demonstrates that it  
35 cannot comply with that subdivision because of conditions beyond  
36 the control of the retail seller as provided in paragraph (5) of  
37 subdivision (b) of Section 399.15. The commission shall not, under  
38 any circumstance, reduce the obligation specified in paragraph (1)

1 of subdivision (c) below 65 percent for any compliance obligation  
2 after December 31, 2016.

O



**Introduced by Senator Lara**February 11, 2015

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An act to add and repeal Chapter 7 (commencing with Section 10551) of Part 2.2 of Division 6 of the Water Code, relating to water.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 208, as introduced, Lara. Integrated regional water management plans: grants: advanced payment.

Existing law, the Integrated Regional Water Management Planning Act, authorizes a regional water management group to prepare and adopt an integrated regional water management plan with specified components relating to water supply and water quality. Existing law provides that an integrated regional water management plan is eligible for funding allocated specifically for implementation of integrated regional water management.

Existing law, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, approved by the voters as Proposition 1 at the November 4, 2014, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$7,545,000,000 to finance a water quality, supply, and infrastructure improvement program. The act provides that the sum of \$810,000,000 is to be available, upon appropriation by the Legislature, for expenditures on, and competitive grants and loans to, projects that are included in and implemented in an adopted integrated regional water management plan and respond to climate change and contribute to regional water security.

This bill would require a regional water management group, within 90 days of notice that a grant has been awarded, to provide the state entity administering the grant with a list of projects to be funded by the grant funds where the project proponent is a nonprofit organization, as

defined, or a disadvantaged community, as defined, or the project benefits a disadvantaged community. This bill would require the state entity administering the grant, within 60 days of receiving the project information, to provide advanced payment of 50% of the grant award for those projects that satisfy specified criteria and would require the advanced funds to be handled, as prescribed. This bill would repeal these provisions on January 1, 2025.

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

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

1 SECTION 1. Chapter 7 (commencing with Section 10551) is  
2 added to Part 2.2 of Division 6 of the Water Code, to read:

3

4 CHAPTER 7. ADVANCED PAYMENT OF GRANT FUNDS

5

6 10551. (a) Within 90 days of notice that a grant for projects  
7 included and implemented in an integrated regional water  
8 management plan has been awarded, the regional water  
9 management group shall provide the state entity administering the  
10 grant with a list of projects to be funded by the grant funds where  
11 the project proponent is a nonprofit organization or a disadvantaged  
12 community, or the project benefits a disadvantaged community.  
13 The list shall specify how the projects are consistent with the  
14 adopted integrated regional water management plan and shall  
15 include all of the following information:

16 (1) Descriptive information concerning each project identified.

17 (2) The names of the entities that will receive the funding for  
18 each project, including, but not limited to, an identification as to  
19 whether the project proponent or proponents are nonprofit  
20 organizations or a disadvantaged community.

21 (3) The budget of each project.

22 (4) The anticipated schedule for each project.

23 (b) Within 60 days of receiving the project information pursuant  
24 to subdivision (a), the state entity administering the grant shall  
25 provide advanced payment of 50 percent of the grant award for  
26 those projects that satisfy both of the following criteria:

1 (1) The project proponent is a nonprofit organization or a  
2 disadvantaged community, or the project benefits a disadvantaged  
3 community.

4 (2) The grant award for the project is less than one million  
5 dollars (\$1,000,000).

6 (c) Funds advanced pursuant to subdivision (b) shall be handled  
7 as follows:

8 (1) The recipient shall place the funds in a noninterest-bearing  
9 account until expended.

10 (2) The funds shall be spent within six months of the date of  
11 receipt, unless the state entity administering the grant waives this  
12 requirement.

13 (3) The recipient shall periodically, but not more frequently  
14 than quarterly, provide an accountability report to the state entity  
15 administering the grant regarding the expenditure and use of any  
16 advanced grant funds in a format as determined by that state entity.

17 (4) If funds are not expended, the unused portion of the grant  
18 shall be returned to the state entity administering the grant within  
19 60 days after project completion or the end of the grant  
20 performance period, whichever is earlier.

21 (d) As used in this section:

22 (1) "Disadvantaged community" has the same meaning as  
23 defined in subdivision (j) of Section 79702.

24 (2) "Nonprofit organization" has the same meaning as defined  
25 in subdivision (p) of Section 79702.

26 10552. This chapter shall remain in effect only until January  
27 1, 2025, and as of that date is repealed, unless a later enacted  
28 statute, that is enacted before January 1, 2025, deletes or extends  
29 that date.





AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 664

Introduced by Senator Hertzberg

February 27, 2015

An act to amend Section ~~120~~ 10540 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 664, as amended, Hertzberg. Water: ~~Department of Water Resources~~. *integrated regional water management planning.*

*Existing law, the Integrated Regional Water Management Planning Act, authorizes a regional water management group to prepare and adopt an integrated regional water management plan. The act requires an integrated regional water management plan to address specified water quality and water supply matters.*

*This bill would require an integrated regional water management plan to additionally address identification and consideration of the seismic vulnerability of water infrastructure within the boundaries of the plan.*

~~Existing law establishes in the Natural Resources Agency the Department of Water Resources, which is under the control of the Director of Water Resources. Existing law provides for the appointment of the director by the Governor, subject to confirmation by the Senate.~~

~~This bill would make technical, nonsubstantive changes to that provision.~~

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

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

1     SECTION 1. Section 10540 of the Water Code is amended to  
2     read:

3     10540. (a) A regional water management group may prepare  
4     and adopt an integrated regional water management plan in  
5     accordance with this part.

6     (b) A regional water management group may coordinate its  
7     planning activities to address or incorporate all or part of any of  
8     the following actions of its members into its plan:

9     (1) Groundwater management planning pursuant to Part 2.75  
10    (commencing with Section 10750) or other specific groundwater  
11    management authority.

12    (2) Urban water management planning pursuant to Part 2.6  
13    (commencing with Section 10610).

14    (3) The preparation of a water supply assessment required  
15    pursuant to Part 2.10 (commencing with Section 10910).

16    (4) Agricultural water management planning pursuant to Part  
17    2.8 (commencing with Section 10800).

18    (5) City and county general planning pursuant to Section 65350  
19    of the Government Code.

20    (6) Stormwater resource planning that is undertaken pursuant  
21    to Part 2.3 (commencing with Section 10560).

22    (7) Other water resource management planning, including flood  
23    protection, watershed management planning, and multipurpose  
24    program planning.

25    (c) At a minimum, all plans shall address all of the following:

26    (1) Protection and improvement of water supply reliability,  
27    including identification of feasible agricultural and urban water  
28    use efficiency strategies.

29    (2) Identification and consideration of the drinking water quality  
30    of communities within the area of the plan.

31    (3) Protection and improvement of water quality within the area  
32    of the plan, consistent with the relevant basin plan.

33    (4) Identification of any significant threats to groundwater  
34    resources from overdrafting.

35    (5) Protection, restoration, and improvement of stewardship of  
36    aquatic, riparian, and watershed resources within the region.

37    (6) Protection of groundwater resources from contamination.

1 (7) Identification and consideration of the water-related needs  
2 of disadvantaged communities in the area within the boundaries  
3 of the plan.

4 (8) *Identification and consideration of the seismic vulnerability*  
5 *of water infrastructure within the boundaries of the plan.*

6 (d) This section does not obligate a local agency to fund the  
7 implementation of any project or program.

8 SECTION 1. ~~Section 120 of the Water Code is amended to~~  
9 ~~read:~~

10 ~~120. (a) There is in the Natural Resources Agency the~~  
11 ~~Department of Water Resources, which is under the control of an~~  
12 ~~executive officer known as the Director of Water Resources.~~

13 ~~(b) The director is appointed by the Governor, and holds office~~  
14 ~~at the pleasure of the Governor. The appointment of the director~~  
15 ~~is subject to confirmation by the Senate at the next regular or~~  
16 ~~special session of the Legislature, and the refusal or failure of the~~  
17 ~~Senate to confirm the appointment shall create a vacancy in the~~  
18 ~~office.~~

19 ~~(c) The director shall receive an annual salary as provided for~~  
20 ~~by Chapter 6 (commencing with Section 11550) of Part 1 of~~  
21 ~~Division 3 of Title 2 of the Government Code.~~



**Introduced by Senator Allen**February 27, 2015

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An act to add Section 39735 to the Health and Safety Code, relating to energy.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 687, as introduced, Allen. Renewable gas standard.

The California Global Warming Solutions Act of 2006, establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. The act requires the state board to adopt regulations to require the reporting and verification of statewide greenhouse gas emissions and to monitor and enforce compliance with this program. The act requires the state board to adopt a statewide greenhouse gas emissions limit, as defined, to be achieved by 2020, equivalent to the statewide greenhouse gas emissions level in 1990. The state board is required to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions. The act authorizes the state board to adopt market-based compliance mechanisms, as defined, meeting specified requirements. Existing law requires the state board to complete a comprehensive strategy to reduce emissions of short-lived climate pollutants, as defined, in the state.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations. Existing law requires the commission to adopt policies and programs that promote the in-state production and distribution of biomethane, as defined, that facilitate the development of a variety of sources of in-state biomethane. Existing law requires the commission to adopt pipeline access rules that ensure that each gas corporation provides nondiscriminatory open

access to its gas pipeline system to any party for the purposes of physically interconnecting with the gas pipeline system and effectuating the delivery of gas.

The Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission and requires it to prepare an integrated energy policy report on or before November 1, 2003, and every 2 years thereafter. The act requires the report to contain an overview of major energy trends and issues facing the state, including, but not limited to, supply, demand, pricing, reliability, efficiency, and impacts on public health and safety, the economy, resources, and the environment. Existing law requires the State Energy Resources Conservation and Development 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 the integrated energy policy report.

This bill would require the state board, on or before June 30, 2016, in consultation with the State Energy Resources Conservation and Development Commission and the Public Utilities Commission, to adopt a carbon-based renewable gas standard, as defined and specified, that requires all gas sellers, as defined, to provide specified percentages of renewable gas meeting certain deliverability requirements, to retail end-use customers for use in California, that increases over specified compliance periods. The bill would require the state board, on or before January 1, 2017, to issue an analysis of the lifecycle emissions of greenhouse gases and reductions for different biogas types and end uses.

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

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) California has enacted numerous policies to reduce emissions
- 4 of greenhouse gases and to increase the use of renewable energy
- 5 resources and renewable fuels, including the California Global
- 6 Warming Solutions Act of 2006 (Division 25.5 (commencing with
- 7 Section 38500) of the Health and Safety Code), the California
- 8 Renewables Portfolio Standard Program (Article 16 (commencing

1 with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of the  
2 Public Utilities Code), the low carbon fuel standard (Executive  
3 Order S-01-07 (January 19, 2007); Title 17 California Code of  
4 Regulations Sections 95480 to 95490, inclusive), and the state's  
5 comprehensive strategy to reduce emissions of short-lived climate  
6 pollutants (Section 39730 of the Health and Safety Code).

7 (b) Use of natural gas causes more than one-quarter of all  
8 emissions of greenhouse gases in California. Wildfires cause more  
9 than one-half of all black carbon emissions, and organic waste is  
10 responsible for three of the state's five largest sources of methane  
11 emissions.

12 (c) Capturing and using methane gas from renewable sources  
13 (renewable gas) can significantly reduce emissions of greenhouse  
14 gases from fossil fuel use, organic waste, wildfires, and  
15 petroleum-based fertilizers. Using renewable gas in place of just  
16 10 percent of California's fossil fuel derived gas supply would  
17 reduce emissions of greenhouse gases by tens of millions of metric  
18 tons of carbon dioxide equivalent emissions per year. Renewable  
19 gas generated from organic waste provides the lowest carbon  
20 transportation fuels in existence and can provide low carbon,  
21 flexible fuel for the generation of electricity.

22 (d) Increasing use of renewable gas in California will protect  
23 disadvantaged communities by reducing air and water pollution  
24 from fossil fuel refining and combustion. Renewable gas used in  
25 place of diesel in heavy-duty vehicles will protect public health  
26 by reducing toxic air contaminants.

27 (e) Renewable gas provides significant economic benefits to  
28 California, including job creation, an in-state source of gas,  
29 increased energy security, revenue and energy for public agencies,  
30 and revenue for dairies, farms, rural forest communities, and other  
31 areas.

32 (f) It is in the interest of the state to establish a renewable gas  
33 standard that will diversify and decarbonize California's gas  
34 supply, to provide lower carbon gas for electricity generation,  
35 transportation fuels, heating, and industrial purposes.

36 (g) A renewable gas standard will reduce emissions of  
37 greenhouse gases from the oil and gas sector and from the solid  
38 waste, food and agriculture, water and wastewater, and forestry  
39 sectors. It will increase in-state gas supplies and provide jobs and  
40 increased energy security for California.



1 (h) A renewable gas standard will help California to meet the  
2 waste diversion requirements of Section 41781.3, Article 1  
3 (commencing with Section 41780) of Chapter 6 of Part 2 of, and  
4 Chapter 12.9 (commencing with Section 42649.8) of Part 3 of,  
5 Division 30 of the Public Resources Code, by using diverted  
6 organic waste to produce renewable gas.

7 SEC. 2. Section 39735 is added to the Health and Safety Code,  
8 to read:

9 39735. (a) For purposes of this section, the following terms  
10 have the following meanings:

11 (1) "Biogas" means gas that is generated from organic waste or  
12 other organic materials, through anaerobic digestion, gasification,  
13 pyrolysis, or other technology that converts organic waste to gas.  
14 Biogas may be produced from, but not limited to, any of the  
15 following sources:

16 (A) Agricultural waste remaining after all reasonably usable  
17 food content is extracted.

18 (B) Forest waste produced from sustainable forest management  
19 practices.

20 (C) Landfill gas.

21 (D) Wastewater treatment gas and biosolids.

22 (E) Diverted organic waste, if the waste is separated and  
23 processed to (i) enhance the recovery of recyclable materials and  
24 (ii) minimize air emissions and residual wastes in accordance with  
25 applicable standards.

26 (2) "Eligible feedstock" means organic waste or other  
27 sustainably produced organic material and electricity generated  
28 by an eligible renewable energy resource meeting the requirements  
29 of the California Renewables Portfolio Standard Program (Article  
30 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of  
31 Division 1 of the Public Utilities Code).

32 (3) "Gas seller" means a gas corporation, as defined by Section  
33 222 of the Public Utilities Code, or another entity authorized to  
34 sell natural gas pursuant to natural gas restructuring (Chapter 2.2  
35 (commencing with Section 328) of Part 1 of Division 1 of the  
36 Public Utilities Code), including sales to core and noncore  
37 customers pursuant to natural gas restructuring.

38 (4) "Renewable gas" means gas that is generated from organic  
39 waste or other renewable sources, including electricity generated  
40 by an eligible renewable energy resource meeting the requirements

1 of the California Renewables Portfolio Standard Program (Article  
2 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of  
3 Division 1 of the Public Utilities Code). Renewable gas includes  
4 biogas and synthetic natural gas generated from an eligible  
5 feedstock.

6 (5) "Renewable gas standard" means the quantity of renewable  
7 gas that a gas seller is required to provide to retail end-use  
8 customers for use in California for each compliance period set  
9 forth in subdivision (b).

10 (b) (1) On or before June 30, 2016, the state board, in  
11 consultation with the State Energy Resources Conservation and  
12 Development Commission and the Public Utilities Commission,  
13 shall adopt a carbon-based renewable gas standard that requires  
14 all gas sellers to provide specified percentages of renewable gas  
15 to retail end-use customers for use in California. Each gas seller  
16 shall procure a minimum quantity of renewable gas for each of  
17 the following compliance periods:

18 (A) January 1, 2016, to December 31, 2019, inclusive. The state  
19 board shall require a gas seller to make reasonable progress  
20 sufficient to ensure that by the end of the compliance period not  
21 less than 1 percent of the gas supplied to retail end-use customers  
22 for use in California is renewable gas.

23 (B) January 1, 2020, to December 31, 2022, inclusive. The state  
24 board shall require a gas seller to make reasonable progress  
25 sufficient to ensure that by the end of the compliance period not  
26 less than 3 percent of the gas supplied to retail end-use customers  
27 for use in California is renewable gas.

28 (C) January 1, 2023, to December 31, 2024, inclusive. The state  
29 board shall require a gas seller to make reasonable progress  
30 sufficient to ensure that by the end of the compliance period not  
31 less than 5 percent of the gas supplied to retail end-use customers  
32 for use in California is renewable gas.

33 (D) January 1, 2025, to December 31, 2029, inclusive. The state  
34 board shall require a gas seller to make reasonable progress  
35 sufficient to ensure that by the end of the compliance period not  
36 less than 10 percent of the gas supplied to retail end-use customers  
37 for use in California is renewable gas.

38 (E) January 1, 2030, and thereafter. The state board shall require  
39 a gas seller to ensure that not less than 10 percent of the gas

1 supplied to retail end-use customers for use in California is  
2 renewable gas.

3 (2) Gas sellers shall be obligated to procure no less than the  
4 quantities associated with all intervening years by the end of each  
5 compliance period.

6 (c) Only renewable gas that meets any of the following  
7 conditions shall count toward meeting the procurement  
8 requirements of the renewable gas standard:

9 (1) The renewable gas is used onsite by an end-use customer in  
10 California.

11 (2) The renewable gas is used by an end-use customer in  
12 California and delivered through a dedicated pipeline.

13 (3) The renewable gas is delivered to end-use customers in  
14 California through a common carrier pipeline and meets all of the  
15 following requirements:

16 (A) The source of renewable gas injects the renewable gas into  
17 a common carrier pipeline that physically flows within California  
18 or toward the end-use customers for which the renewable gas was  
19 procured under the purchase contract.

20 (B) The source of renewable gas did not inject the renewable  
21 gas into a common carrier pipeline prior to March 29, 2012, or the  
22 source commenced injection of sufficient incremental quantities  
23 of renewable gas after March 29, 2012, to satisfy the purchase  
24 contract requirements.

25 (C) The seller or purchaser of the renewable gas demonstrates  
26 that the capture and injection of renewable gas into a common  
27 carrier pipeline directly results in at least one of the following  
28 environmental benefits to California:

29 (i) The reduction or avoidance of the emission of any criteria  
30 air pollutant in California.

31 (ii) The reduction or avoidance of pollutants that could have an  
32 adverse impact on waters of the state.

33 (iii) The alleviation of a local nuisance within California that  
34 is associated with the emission of odors.

35 (d) In adopting the renewable gas standard, the state board shall  
36 do all of the following:

37 (1) Notify all gas sellers in California of, and how to comply  
38 with, the renewable gas standard procurement requirements. The  
39 State Board of Equalization may supply the state board with  
40 information obtained as a result of its collection of the natural gas

1 surcharge pursuant to Article 10 (commencing with Section 890)  
2 of Chapter 4 of Part 1 of Division 1 of the Public Utilities Code,  
3 to assist the state board in identifying those gas sellers that are not  
4 gas corporations, as defined in Section 222 of the Public Utilities  
5 Code. The Public Utilities Commission shall notify the state board  
6 of each gas corporation that provides gas service to end-use  
7 customers in California.

8 (2) Maintain and publicize a list of eligible renewable gas  
9 providers. For these purposes, an eligible renewable gas provider  
10 means any person or corporation that is able to supply renewable  
11 gas meeting the deliverability requirements of subdivision (c).

12 (3) Adopt a flexible compliance mechanism, such as tradable  
13 renewable gas credits, to increase market flexibility and reduce  
14 costs of compliance. If the state board adopts tradable renewable  
15 gas credits, those credits shall be based on the carbon intensity of  
16 the renewable gas and shall give equal value to renewable gas that  
17 is used onsite and renewable gas that is injected into a common  
18 carrier pipeline. The flexible compliance mechanism shall also  
19 allow for credit banking and borrowing. The state board shall  
20 consult with the State Energy Resources Conservation and  
21 Development Commission in developing any system for tradeable  
22 renewable gas credits.

23 (4) The state board shall consult with the Public Utilities  
24 Commission in the development of regulations to implement the  
25 renewable gas standard as they affect gas corporations, subject to  
26 regulation as public utilities by the commission, in order to  
27 minimize duplicative reporting or regulatory requirements.

28 (5) In consultation with the State Energy Resources  
29 Conservation and Development Commission and the Public  
30 Utilities Commission, adopt a coordinated investment plan to  
31 ensure that moneys made available from revenues derived through  
32 adoption of a market-based compliance mechanism or through the  
33 Alternative and Renewable Fuel and Vehicle Technology Program  
34 or Air Quality Improvement Program, are used to reduce the costs  
35 to implement the renewable gas standard, including the costs of  
36 pipeline injection.

37 (e) On or before January 1, 2017, the state board shall issue an  
38 analysis of the lifecycle emissions of greenhouse gases and  
39 reductions for different biogas types and end uses, including, but  
40 not limited to, electricity generation, transportation fuels, heating

1 and industrial uses, and as a source of renewable hydrogen for fuel  
2 cells. The analysis shall include an assessment of other public  
3 health and environmental benefits, including benefits to  
4 disadvantaged communities, air and water quality, soil  
5 improvement, and wildfire reduction.

O

Introduced by Senator Hancock

March 26, 2015

Senate Constitutional Amendment No. 5—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 4 of Article XIII A thereof, by amending Section 2 of Article XIII C thereof, and by amending Section 3 of Article XIII D thereof, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SCA 5, as introduced, Hancock. Local government: special taxes: voter approval.

The California Constitution conditions the imposition of a special tax by a local government upon the approval of  $\frac{2}{3}$  of the voters of the local government voting on that tax, but authorizes the imposition of a local ad valorem tax for school facilities upon the approval of 55% of the voters voting on that tax.

This measure would condition the imposition, extension, or increase of a special tax by a local government upon the approval of 55% of the voters voting on the proposition, if the proposition proposing the tax contains specified requirements. The measure would also make conforming and technical, nonsubstantive changes.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

- 1 *Resolved by the Senate, the Assembly concurring, That the*
- 2 *Legislature of the State of California at its 2015–16 Regular*
- 3 *Session commencing on the first day of December 2014, two-thirds*
- 4 *of the membership of each house concurring, hereby proposes to*

1 the people of the State of California, that the Constitution of the  
2 State be amended as follows:

3 First— That Section 4 of Article XIII A thereof is amended to  
4 read:

5 Section 4. ~~Cities, Counties and special districts, by a two-thirds~~  
6 ~~vote of the qualified electors of such~~ *A city, county, or special*  
7 *district, upon the approval of 55 percent of its voters voting on the*  
8 *proposition, may impose a special tax within that city, county, or*  
9 *special district, may impose special taxes on such district, except*  
10 *ad valorem taxes on real property or a transaction transactions tax*  
11 *or sales tax on the sale of real property within such City, County*  
12 *that city, county, or special district.*

13 Second— That Section 2 of Article XIII C thereof is amended  
14 to read:

15 SEC. 2. ~~Local Government Tax Limitation.~~ Notwithstanding  
16 any other provision of this Constitution:

17 (a) ~~All taxes~~ *Any tax* imposed by any local government ~~shall be~~  
18 ~~deemed to be either general taxes or special taxes. Special purpose~~  
19 ~~districts or agencies, including school districts, shall have no power~~  
20 ~~to levy general taxes. is either a general tax or a special tax. A~~  
21 ~~special district or agency, including a school district, has no~~  
22 ~~authority to levy a general tax.~~

23 (b) ~~No~~ *A* local government ~~may~~ *shall not* impose, extend, or  
24 increase any general tax unless and until that tax is submitted to  
25 the electorate and approved by a majority vote. A general tax ~~shall~~  
26 ~~is not be~~ deemed to have been increased if it is imposed at a rate  
27 not higher than the maximum rate so approved. The election  
28 required by this subdivision shall be consolidated with a regularly  
29 scheduled general election for members of the governing body of  
30 the local government, except in cases of emergency declared by  
31 a unanimous vote of the governing body.

32 (c) Any general tax imposed, extended, or increased, without  
33 voter approval, by any local government on or after January 1,  
34 1995, and prior to the effective date of this article, ~~shall~~ *November*  
35 *6, 1996, may* continue to be imposed only if *that general tax is*  
36 *approved by a majority vote of the voters voting in an election on*  
37 *the issue of the imposition, which election shall be held within*  
38 ~~two years of the effective date of this article~~ *no later than*  
39 *November 6, 1998, and in compliance with subdivision (b).*

1 (d) (1) A local government shall not impose, extend, or increase  
2 any special tax unless and until that tax is submitted to the  
3 electorate and approved by 55 percent of the voters voting on the  
4 proposition, and all of the following requirements are met:

5 (A) The ballot proposition contains a specific list of programs  
6 and purposes to be funded, and a requirement that tax proceeds  
7 be spent solely for those programs and purposes.

8 (B) The ballot proposition includes a requirement for the annual  
9 independent audit of the amount of tax proceeds collected and the  
10 specified purposes and programs funded.

11 (C) The ballot proposition requires the governing board to  
12 create a citizens' oversight committee to review all expenditures  
13 of proceeds and financial audits, and report its findings to the  
14 governing board and public.

15 ~~(d) No local government may impose, extend, or increase any~~  
16 ~~special tax unless and until that tax is submitted to the electorate~~  
17 ~~and approved by a two-thirds vote. A~~

18 (2) A special tax shall not be deemed to have been increased if  
19 it is imposed at a rate not higher than the maximum rate so  
20 approved.

21 Third— That Section 3 of Article XIII D thereof is amended  
22 to read:

23 ~~SEC. 3. Property Taxes, Assessments, Fees and Charges~~  
24 ~~Limited.~~ (a) ~~No~~ An agency shall not assess a tax, assessment,  
25 fee, or charge shall be assessed by any agency upon any parcel of  
26 property or upon any person as an incident of property ownership  
27 except:

28 (1) The ad valorem property tax imposed pursuant to Article  
29 XIII and Article XIII A.

30 (2) Any special tax receiving a two-thirds vote pursuant to  
31 ~~Section 4 of Article XIII A~~ The approval of that percentage of  
32 voters on the proposition as required by this Constitution.

33 (3) Assessments as provided by this article.

34 (4) Fees or charges for property-related property-related services  
35 as provided by this article.

36 (b) For purposes of this article, fees for the provision of electrical  
37 or gas service shall are not be deemed charges or fees imposed as  
38 an incident of property ownership.









**BOARD OF DIRECTORS  
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 – 11<sup>th</sup> Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

## **AGENDA**

### **Legislative/Human Resources Committee**

**Tuesday, April 14, 2015**

**9:15 a.m.**

**Training Resource Center**

**(Committee Members: Directors Coleman {Chair}, McIntosh and Patterson)**

#### **ROLL CALL:**

**PUBLIC COMMENT:** The Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

#### **DETERMINATION AND DISCUSSION:**

##### **1. Legislative Update:**

- Receive Legislative Report No. 04-15 and consider positions on the following bills: AB 142 (Bigelow) Wild and Scenic Rivers: Mokelumne River; AB 356 (Williams) Oil and Gas: Groundwater Monitoring; AB 577 (Bonilla) Biomethane: Grant Program; AB 1144 (Rendon) California Renewables Portfolio Standard Program: Unbundled Renewable Energy Credits; SB 208 (Lara) Integrated Regional Water Management Plans: Grants: Advanced Payments; SB 664 (Hertzberg) Water: Integrated Regional Water Management Planning; SB 687 (Allen) Renewable Gas Standard; and SCA 5 (Hancock) Local Government: Special Taxes: Voter Approval
- Update on Legislative Issues of Interest to EBMUD.

#### **ADJOURNMENT:**

##### **Disability Notice**

*If you require a disability-related modification or accommodation to participate in an EBMUD public meeting please call the Office of the Secretary (510) 287-0404. We will make reasonable arrangements to ensure accessibility. Some special equipment arrangements may require 48 hours advance notice.*

##### **Document Availability**

*Materials related to an item on this Agenda that have been submitted to the EBMUD Board of Directors within 72 hours prior to this meeting are available for public inspection in EBMUD's Office of the Secretary at 375 11th Street, Oakland, California, during normal business hours.*

