

BOARD MEETING DATE: March 4, 2016

AGENDA NO. 31

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, February 12, 2016. The next Legislative Committee meeting is scheduled for Friday, March 11, 2016 at 9 a.m. in Conference Room CC8.

The Committee deliberated on agenda items for Board consideration and recommended the following actions:

Agenda Item	Recommendation
Aliso Canyon Natural Gas Leak Amendments to the Federal Energy Bill	Support
SB 886 / SB 380 ¹ (Pavley) Natural Gas Storage: Moratorium	Support and continue to work with author on details involving air quality and SCAQMD operations
SB 887 (Pavley) Natural Gas Storage Wells	Support and continue to work with author on details involving air quality and SCAQMD operations
SB 888 (Allen) Gas Corporations: Emergency Management	Support and continue to work with author on details involving air quality and SCAQMD operations
State and Federal Legislative Proposals Providing for Additional Cost Considerations in SCAQMD's Regulatory Program	Approve for staff to prepare bill language for next meeting

¹ The bill language of SB 886 (Pavley) was gutted and amended into SB 380 (Pavley).

RECOMMENDED ACTION:

Receive, file this report, and approve agenda items as specified in this letter.

Michael D. Antonovich
Acting Chair
Legislative Committee

LBS:GSA:PFC:jf

Attendance [Attachment 1]

The Legislative Committee met on February 12, 2016. Committee Members Michael D. Antonovich (Acting Chair), Joe Buscaino, Dr. William A. Burke, Dr. Clark E. Parker, Sr. and Janice Rutherford attended via videoconference. Committee Chair Judith Mitchell was absent.

Report on Federal Legislative Issues

Gary Hoitsma, SCAQMD's federal legislative consultant of the Carmen Group, reported that the President released his annual budget proposal for what the Administration proposes to spend in the coming year. This budget plan includes a number of provisions dealing with transportation, clean energy and environmental matters that should be of special interest to SCAQMD.

Mr. Hoitsma reported that the overall reaction to the budget proposal from the Republican leadership in the House of Representatives has been universally negative. He informed the Committee that the House Budget Committee Chairman Tom Price went so far as to break with 40 years of precedent by saying his Committee would not even invite the President's budget director to testify on the budget.

Mr. Hoitsma also gave an update on the U.S. House appropriations process. He reported that the House is moving forward on an aggressive plan to craft individual spending bills this year on an accelerated schedule. This will include budget oversight hearings which have started, followed by committee markups beginning in April and floor action soon thereafter on all 12 bills, in the hopes of getting them done by mid-June.

Mr. Hoitsma added that House Republican leaders say they will stay within the higher discretionary spending caps agreed to on a bipartisan basis at the end of last year. But right now they are fighting internally on the Republican side with a group of rank-and-file conservatives who want to restrain spending even further. Tom Dennis and Kaleb Froehlich of Cassidy & Associates, SCAQMD's federal consultants, also reported on issues relating to Washington, D.C.

Mr. Froehlich reported that the U.S. Senate continues to consider the Energy Policy Modernization Act (EPMA). The bill is comprised of five sections on energy efficiency, infrastructure, supply, accountability and conservation. The bill, which has been on the

Senate floor for about two weeks, has bipartisan support and passed out of Committee by an 18-4 vote. It was expected to receive similar bipartisan support on the floor; however, there is an ongoing debate regarding an amendment to provide aid to Flint, Michigan for the water crisis. The Senate is working to find a solution on this issue, but at this time, agreement has yet to be reached.

Mr. Froehlich stated that to date, of the 338 amendments introduced, 38 amendments have been accepted to the overall package, including Amendment 3194 by Senators Boxer and Feinstein creating the Aliso Canyon Natural Gas Leak Task Force. This Amendment was adopted by a voice vote. The Senate is on a recess for Presidents' Day week and is expected to address the overall bill when they return. During this break, Congressional staff will be meeting to try and work out a compromise.

Mr. Dennis provided the Committee with an outlook for Congressional activity in 2016. He reported that since 2016 is a Presidential election year, it is widely anticipated that the legislative calendar will be brief and focus primarily on completion of various items, including: the reauthorization of the Federal Aviation Administration (FAA) and the National Defense Authorization Act (NDAA), immigration reform and sanctions against North Korea as a result of their nuclear testing and recent missile launch.

Both the House and Senate are likely to continue oversight of President Obama's Clean Energy Plan and other environmental initiatives from the U.S. EPA. There may also be a public lands package to address a number of outstanding items that have languished for several years. Finally, if the Energy bill does not pass, the Boxer/Feinstein amendment dealing with Aliso Canyon could be attached to other legislation that is moving through the Senate.

Mr. Dennis informed the Committee that the U.S. Supreme Court issued an order recently, staying U.S. EPA's Clean Power Plan (CPP). The Supreme Court's stay was unexpected and is considered a major near-term blow to the Obama Administration's climate agenda. The decision to stay the rule was on a 5-4 vote. The order reverses a January 21 decision of the U.S. Court of Appeals for the District of Columbia denying a request for a stay by Petitioners. Twenty-seven states and numerous industry groups have challenged the CPP's legality in the D.C. Circuit. Many of those petitioners sought to stay the rule until the legal proceedings are complete. The stay will remain in effect until the D.C. Circuit resolves the legal challenges to the CPP and either the Supreme Court decides not to review the D.C. Circuit's decision, or the high court issues its own opinion.

The timing of the stay is notable because states are required under U.S. EPA's rule to submit implementation plans by September 2016. With the stay in place, states will not have an obligation to submit plans to U.S. EPA or request an extension. The action by the Supreme Court is unprecedented. It is the first time that the Supreme Court has issued a stay of a circuit court case while the case is being considered by that lower

court. The result of this action is seen as potentially pushing back the implementation of the CPP by almost three years.

Mark Kadesh of Kadesh & Associates, SCAQMD's federal legislative consultant reported that the President recently released his FY 2017 budget. U.S. EPA's FY 2017 budget request of \$8.267 billion is \$127 million above the agency's enacted level for FY 2016. This includes significant funding to help states implement the CPP strategies but he noted that, as discussed, this week the Supreme Court issued a stay regarding the CPP and it is not expected that this will be resolved before the election. So the state of those funds remains unclear.

Mr. Kadesh informed the Committee that as part of the President's 21st Century Clean Transportation Plan included in the Budget, the President proposes to establish a new mandatory Fund at U.S. EPA funded by his proposed \$10/barrel tax on oil. To protect the health of the most vulnerable populations and reduce childhood exposure to harmful exhaust, U.S. EPA will provide a total of \$1.65 billion through the Fund over the course of 10 years to retrofit, replace, or repower diesel equipment. The proposed funding, which is separate from the Agency's discretionary funding request, will provide up to \$300 million in FY 2017 to renew and increase funding for the DERA Grant Program, which is set to expire in 2016.

Additionally, the President's budget has U.S. EPA working with the National Highway Transportation Safety Administration, to continue to address greenhouse gas and fuel efficiency standards for mobile sources. An additional \$1 million is included in the President's request for this work. The budget also includes a \$4.2M increase to enhance vehicle, engine and fuel compliance programs, including critical testing capabilities, to ensure compliance with emission standards.

Mr. Kadesh stated that the release of the President's proposed budget is the first step in the funding process. The next important step is the appropriations process. The Senate appropriation subcommittees are just beginning to hold the hearings which are the precursors to the bill markups this spring. It is expected that some or all of the bills will get marked up quickly and go to the Senate floor, but because of the nature of the Senate and the ability to stall legislation, it is not expected that the appropriations bills will be completed prior to the July recess and the elections. It is possible that there could be a lame duck session after the election in November that addresses these funding bills.

Finally, Senator Feinstein's staff requested and received a briefing from SCAQMD staff regarding the Aliso Canyon gas leak situation on February 11.

Update on State Legislative Issues

SCAQMD's state legislative consultant Paul Gonsalves of Joe A. Gonsalves & Son provided the Committee with an update on various key Sacramento issues.

Mr. Gonsalves shared key legislative deadlines that would be impacting the Capitol Building process and timelines:

- January 22 was the deadline to submit to Leg. Counsel
- February 19 is the last day for bills to be introduced
- March 17-28 is Spring Recess

As all bills are subject to a 30-day in-print rule before they are set to be heard by a committee, the committee hearings for most bills will not begin until late March. In the meantime, the legislators are engaging in several informational hearings. On February 22, the Assembly Transportation Committee and the Senate Transportation and Housing Committee will be holding a joint informational hearing on how the California Air Resources Board's (CARB) air quality and emission reductions programs relate to the transportation sector. Also, the Senate Environmental Quality Committee is planning an informational hearing on the oversight of the SCAQMD's Regional Clean Air Incentives Market (RECLAIM) Program.

In addition, Mr. Gonsalves highlighted two of the many recently introduced bills. AB 1550 (Gomez, D-Los Angeles) requires the Greenhouse Gas Reduction Fund Investment Plan to allocate a minimum 25% of the available funding to projects located within disadvantaged communities and a separate and additional 25% to projects that benefit low-income households. AB 1710 (Calderon, D-Whittier) builds on the Charge Ahead California Initiative and requires that CARB in coordination with other state agencies develop and implement a comprehensive program to promote advanced-technology light-duty vehicle deployment in the state and meet the goals established by the Governor and the Legislature, such as the Zero-Emission Vehicles Action Plan and the Charge Ahead California Initiative.

Mr. Gonsalves expects over 1,000 bills to be introduced - many of those will be spot bills to be developed over the 30-days in-print rule. His firm will continue to closely monitor all bills of interest to the SCAQMD and keep staff apprised.

SCAQMD's state legislative consultant Will Gonzalez of Gonzalez, Quintana, Hunter & Cruz provided the Committee with an update on various key Sacramento issues.

Mr. Gonzalez briefed the Committee on two newly introduced bills. AB 1657 (O'Donnell, D-Long Beach) creates zero-and near-zero emissions program through CARB focusing on intermodal terminals and a port energy efficiency program to be administered by the California Energy Commission. AB 1691 (Gipson, D-Carson) sets a goal for CARB to replace 10,000 vehicles in disadvantaged communities through the Enhanced Fleet Modernization Program. The new program is subject to Appropriation, but the Author's staff has had positive discussions with Budget Committee.

In regards to the Greenhouse Gas Reduction Fund (GGRF) there are mounting pressures to spend the funding on a variety of programs. At stake is the funding subject to the Legislature's discretion - \$1.6 billion left over from last year and the anticipated \$2 billion in revenues in the current fiscal year. In addition to calls for the Governor to restore funds to social service programs, several other programs are close to running out of funds, and there have been numerous bills allocating GGRF funds to new programs or purposes.

The legislative session has begun with a variety of oversight informational hearings, including:

- Assembly Transportation Committee: Sustainable Freight Action Plan Hearing where Deputy Executive Officer Matt Miyasato testified on behalf of SCAQMD. Other witnesses testified on behalf of CARB, Caltrans, GoBiz, CEC, as well as the Ports of Los Angeles and Long Beach, SoCal Assoc. of Governments, truckers and shippers.
- Assembly Environmental Safety and Toxic Materials Committee: Waste Facility Closure (Exide): The committee held an oversight hearing, generally reviewing the closure and remediation plans. SCAQMD Executive Officer Barry Wallerstein testified during this hearing where community members emphasized the need for more state funding for a clean-up as well as the need to complete it quickly.

Assembly Utilities and Commerce Committee: Committee Chair Gatto held an informational hearing in the Porter Ranch community that outlined natural gas storage and usage throughout the state. Various state agencies and SoCalGas provided testimony. Mr. Gonzalez concluded his report to the Committee by noting that Senators De León, Huff, Pavley and Allen held a press conference at the entrance to the Aliso Canyon Natural Gas Storage Facility to announce their legislative package in response to the massive methane leak there. (Specific bills are presented by staff later during this Committee meeting.)

Report on the Aliso Canyon Natural Gas Leak Amendments to the Federal Energy Bill [Attachment 2]

Marc Carrel, Program Supervisor, reported on the federal legislative amendment (Amendment No. 3194) to the bipartisan energy bill that was offered by California Senators Barbara Boxer and Dianne Feinstein to address the Aliso Canyon natural gas leak. The energy bill is currently being considered on the Senate floor. Amendment No. 3194 directs Energy Secretary Ernest Moniz to lead a federal task force which would undertake a broad federal review of the cause of and the response to the natural gas leak at the SoCalGas Aliso Canyon Natural Gas Storage Facility in Porter Ranch and make recommendations to prevent or better respond to future similar incidents. The

amendment was approved by voice vote of the U.S. Senate and adopted into the bill on February 2, 2016.

Staff Recommended Position/Action: Since the amendment was approved (though the bill is stalled in the Senate), staff recommends that the Legislative Committee on behalf of the SCAQMD Board send letters to Senators Boxer and Feinstein:

- (1) Thanking them for putting forward legislative language addressing this issue;
- (2) Expressing the District's support of this legislative amendment language;
- (3) Requesting that the amendment be included in other relevant bills should the energy bill not pass;
- (4) Offering to provide testimony to the task force as needed; and
- (5) Offering our staff as a resource to the Secretary and the task force as they address this issue.

The recommendation also includes sending letters to the entire California delegation, seeking their support of the Amendment.

Chair Antonovich inquired as to whether SCAQMD representatives have reached out to U.S. House Majority Leader Kevin McCarthy regarding this issue. Mr. Carrel responded in the negative but stated that a letter would be sent to his office requesting his support for the amendment. Chair Antonovich requested that SCAQMD representatives make a personal visit to Majority Leader McCarthy's office regarding this issue. Dr. Barry Wallerstein, Executive Officer, stated that this request would be incorporated into the staff recommendations on this item.

Moved by Buscaino; seconded by Parker; passed by a 4-0 vote, with 1 abstention.

Ayes: Antonovich, Burke, Buscaino, Parker

Noes: None

*Abstention: Rutherford**

Absent: Mitchell

**Due to technical difficulties with the VT location site the Committee member was unable to hear the complete presentation.*

Recommend Position on Porter Ranch/Aliso Canyon Related State Bills **[Attachment 3]**

Lisha Smith, Deputy Executive Officer presented on the following two bills:

SB 886 (Pavley) Natural Gas Storage: Moratorium

SB 886 requires a moratorium on injections of natural gas into any wells located at the Aliso Canyon Natural Gas Storage Facility until an extensive well audit has been performed. It also requires the CPUC to evaluate the possible minimization or elimination of the facility.

Staff recommended a position of SUPPORT AND CONTINUE TO WORK WITH AUTHOR ON DETAILS INVOLVING AIR QUALITY.

Moved by Buscaino; seconded by Antonovich; passed by a 4-0 vote, with 1 abstention.

Ayes: Antonovich, Burke, Buscaino, Parker

Noes: None

*Abstention: Rutherford**

Absent: Mitchell

**Due to technical difficulties with the VT location site the Committee member was unable to hear the complete presentation.*

[PLEASE NOTE: The bill language of SB 886 (Pavley) was gutted and amended into SB 380 (Pavley) which was already further along the bicameral legislative process. SB 380 (Pavley) was heard in the Assembly Utilities and Commerce Committee on February 22, 2016 at which time Deputy Executive Officer Lisha B. Smith testified in support on behalf of SCAQMD.]

SB 887 (Pavley) Natural Gas Storage Wells

To prevent incidents such as the one that occurred at the Aliso Canyon Natural Gas Storage Facility and provide better public transparency in the operation of such facilities, SB 887 creates a comprehensive framework for DOGGR's oversight of natural gas storage wells.

Staff recommended a position of SUPPORT AND CONTINUE TO WORK WITH AUTHOR ON DETAILS INVOLVING AIR QUALITY.

Moved by Buscaino; seconded by Burke; unanimously approved.

Ayes: Antonovich, Burke, Buscaino, Parker, Rutherford

Noes: None

Absent: Mitchell

Guillermo Sanchez, Sr. Public Affairs Manager reported on:

SB 888 (Allen) Gas Corporations: Emergency Management)

SB 888 designates the Office of Emergency Services as the lead agency for emergency response for leaks of natural gas from storage facilities like Aliso Canyon. It would be required to coordinate the emergency response, public health and environmental assessment, monitoring, and control of the leak among other state agencies. In addition, the bill requires that any monies paid for fines, penalties, mitigation costs, or damages be paid by the corporation and its shareholders, not recoverable from ratepayers.

Staff recommended a position of SUPPORT AND CONTINUE TO WORK WITH AUTHOR ON DETAILS INVOLVING AIR QUALITY.

Moved by Parker; seconded by Burke; unanimously approved.

Ayes: Antonovich, Burke, Buscaino, Parker, Rutherford

Noes: None

Absent: Mitchell

State and Federal Legislative Proposals Providing for Additional Cost Considerations in SCAQMD's Regulatory Programs

Kurt Wiese, SCAQMD General Counsel, reported on the efforts of the SCAQMD Ad Hoc Committee on Large Compliance Investments and Future Regulatory Certainty. That Committee has focused on two related issues: 1) Protecting business investments in large equipment purchases, and; 2) Enabling business to recover investments in large equipment by operating it to the end of its useful life. As shared by Supervisor Rutherford, there is a concern that providing for additional cost considerations in SCAQMD's regulatory program are being stymied by limitations in existing state and federal law. Consequently, staff sought direction from the Legislative Committee on whether to prepare state and federal legislative proposals allowing further consideration of costs for the Legislative Committee's future consideration.

Moved by Rutherford to have staff return with both state and federal bill language; seconded by Burke; unanimously approved.

Ayes: Antonovich, Burke, Buscaino, Parker, Rutherford

Noes: None

Absent: Mitchell

Reports from SCAQMD Home Rule Advisory Group [Attachment 4]

Please refer to Attachment 4 for written reports.

Other Business:

None

Public Comment Period:

No public comment.

Attachments

1. Attendance Record
2. Report on Aliso Canyon Natural Gas Leak Amendments to the Federal Energy Bill
3. Recommend Position on Porter Ranch/Aliso Canyon Related State Bills
4. SCAQMD Home Rule Advisory Group Report

ATTACHMENT 1

ATTENDANCE RECORD –February 12, 2016

SCAQMD BOARD MEMBERS:

Supervisor Michael Antonovich, Acting Chair (Videoconference)
Dr. William A., Burke (Videoconference)
Councilmember Joe Buscaino (Videoconference)
Dr. Clark E. Parker (Videoconference)
Supervisor Janice Rutherford (Videoconference)

STAFF TO COMMITTEE:

Lisha B. Smith, Deputy Executive Officer
Guillermo Sanchez, Senior Public Affairs Manager
Julie Franco, Senior Administrative Secretary

SCAQMD STAFF:

Leeor Alpern, Senior Public Information Specialist (Videoconference)
Naveen Berry, Planning & Rules Manager
Barbara Baird, Chief Deputy Counsel
Marc Carrel, Program Supervisor
Philip Crabbe, Community Relations Manager
Tina Cox, Senior Public Information Specialist
Matt Miyasato, Deputy Executive Officer
Robert Paud Telecommunications Supervisor
Barbara Radlein, AQ Specialist
Laki Tisopolous, Assistant Deputy Executive Officer
Todd Warden, Senior Public Information Specialist (Videoconference)
Kim White, Public Affairs Specialist
Rainbow Yeung, Senior Public Information Specialist (Videoconference)
Barry R. Wallerstein, Executive Officer

OTHERS PRESENT:

Tricia Almiron, SANBAG
David Czamanske, Governing Board Consultant (Cacciotti)
Tom Dennis, Cassidy & Associates (teleconference)
Kaleb Froehlich, Cassidy & Associates (teleconference)
Jason Gonsalves, Joe A. Gonsalves & Son (teleconference)
Paul Gonsalves, Joe A. Gonsalves & Son (teleconference)
Will Gonzalez, Gonzalez, Quintana, Hunter & Cruz (teleconference)
Stewart Harris, The Carmen Group (teleconference)
Gary Hoitsma, The Carmen Group (teleconference)
Mark Kadesh, Kadesh & Associates (teleconference)
Chris Kierig, Kadesh & Associates (teleconference)
Bill LaMarr, California Small Business Alliance
Rita Loof, RadTech
Margot Malarkey, Association of American Railroads
Debra Mendelsohn, Governing Board Consultant (Antonovich)
Clayton Miller, Construction Industry Air Quality Coalition
Noel Muyco, SoCalGas
David Rothbart, Los Angeles County Sanitation District
Susan Stark, Tesoro
Warren Weinstein, Kadesh & Associates (teleconference)
Peter Whittingham, CP & A

ATTACHMENT 2

Senators Boxer and Feinstein Amendment No. 3194 – “Aliso Canyon Natural Gas Leak Task Force” to S. 2012 (Murkowski) – Energy Policy Modernization Act of 2015

Summary: Amendment No. 3194 directs Energy Secretary Ernest Moniz to lead a federal task force which would undertake a broad federal review of the cause of and the response to the natural gas leak at the SoCalGas Aliso Canyon Natural Gas Storage Facility in Porter Ranch and make recommendations to prevent or better respond to future similar incidents.

Background: This amendment is now included as part of a broader federal energy bill that is still under negotiation in the U.S. Senate. The actions being recommended by staff for consideration by the SCAQMD Legislative Committee only relate to the specific amendment language, and not the larger bill.

Status: On February 2, 2016, the U.S. Senate approved by a voice vote an amendment offered by California Senators Barbara Boxer and Dianne Feinstein to address the Aliso Canyon natural gas leak in the bipartisan energy bill. This bill is currently being considered on the Senate floor.

Specific Provisions: Specifically, this amendment language would:

- (1) Direct Energy Secretary Ernest Moniz to lead a federal task force which would undertake a broad federal review of the cause and the response to the natural gas leak at the SoCalGas Aliso Canyon Natural Gas Storage Facility in Porter Ranch as well as an analysis of:
 - Measures taken to stop the natural gas leak
 - Its impact on the health, safety, environment, and economy of the residents and property surrounding Aliso Canyon
 - How federal and State agencies responded
 - Impacts on wholesale and retail electricity prices
 - Recommendations as to other data needed and other measures to prevent future such incidents.
- (2) Direct that in addition to the Energy Department, the seven-member task force would include representatives from the Pipeline and Hazardous Materials Safety Administration, the Department of Health and Human Services, the Environmental Protection Agency, the Department of the Interior, the Department of Commerce, and the Federal Energy Regulatory Commission;

(3) Direct the task force to issue findings within six months. In addition, the task force is required to immediately issue findings if it finds methods to solve the natural gas leak, better protect the affected communities, or finds methods to prevent other leaks.

(4) Direct the task force to review and issue recommendations on whether to continue operations at Aliso Canyon and other facilities in close proximity to residential populations based on an assessment of the risk of a future natural gas leak.

Impacts on SCAQMD's Mission, Operations or Initiatives: This legislative amendment language would help benefit the safety and public health of residents of the South Coast region by addressing air pollution issues of the SoCalGas Aliso Canyon Natural Gas Storage Facility in Porter Ranch and seeking to prevent future similar large scale natural gas leaks.

Recommended Position/Action: Since the amendment was approved (though the bill is stalled in the Senate), staff recommends that the Legislative Committee on behalf of the SCAQMD Board send letters to Senator Boxer and Feinstein:

- (1) Thanking them for putting forward legislative language addressing this issue;
- (2) Expressing the District's support of this legislative amendment language;
- (3) Requesting that the amendment be included in other relevant bills should the energy bill not pass;
- (4) Offering to provide testimony to the task force as needed; and
- (5) Offering our staff as a resource to the Secretary and the task force as they address this issue.

The recommendation also includes sending letters to the entire California delegation, seeking their support of the Amendment.

Amendment No. 3194, as modified

(Purpose: To direct the Secretary of Energy to establish a task force to analyze and assess the Aliso Canyon natural gas leak)

At the appropriate place, insert the following:

SEC. _____. ALISO CANYON NATURAL GAS LEAK TASK FORCE.

(a) FINDINGS.----- Congress finds that--

-- (1) on October 23, 2015, a natural gas leak was discovered at a well within the Aliso Canyon Natural Gas Storage Facility in Los Angeles County in the State of California, and as of January 27, 2016, attempts by the Southern California Gas Company (referred to in this section as the ``Company") to stop the leak have not been successful; (2) the leak appears to be caused by damage to the well casing at approximately 500 feet underground; (3) the Company has attempted several times to plug the well, but as of January 28, 2016, those efforts have been unsuccessful; (4) many residents in the nearby community have reported adverse physical symptoms including dizziness, nausea, and nosebleeds as a result of the natural gas leak, and the continuing emissions from the leak have resulted in the relocation of thousands of people away from their homes and livelihoods; (5) local schools have temporarily closed, many businesses have been negatively impacted, and regular public services such as mail delivery have also been disrupted; (6) more than 86,500,000 kilograms of methane, a powerful greenhouse gas, have been emitted into the atmosphere, which is---- (A) the equivalent of 2,200,000 metric tons of carbon dioxide; or (B) more greenhouse gas than 468,000 cars emit in 1 year; (7) agencies of the State of California issued an emergency order on December 10, 2015, prohibiting injection of natural gas into the Aliso Canyon Storage Facility until further authorization; and

(b) Establishment of Task Force.--Not later than 15 days after the date of enactment of this Act, the Secretary shall lead and establish an Aliso Canyon Task Force (referred to in this section as the ``task force").

(c) Membership of Task Force.--In addition to the Secretary, the task force shall be composed of--

- (1) 1 representative from the Pipeline and Hazardous Materials Safety Administration;
- (2) 1 representative from the Department of Health and Human Services;
- (3) 1 representative from the Environmental Protection Agency;
- (4) 1 representative from the Department of the Interior;
- (5) 1 representative from the Department of Commerce; and
- (6) 1 representative from the Federal Energy Regulatory Commission.

(d) Report.--

(1) Final report.--

(A) In general.--Not later than 180 days after the date of enactment of this Act, the task force shall submit a final report that contains the information described in subparagraph (B) to--

- (i) the Committee on Energy and Natural Resources of the Senate;
- (ii) the Committee on Natural Resources of the House of Representatives;
- (iii) the Committee on Environment and Public Works of the Senate;
- (iv) the Committee on Transportation and Infrastructure of the House of Representatives;
- (v) the Committee on Commerce, Science, and Transportation

of the Senate;

(vi) the Committee on Energy and Commerce of the House of Representatives;

(vii) the Committee on Health, Education, Labor, and Pensions of the Senate;

(viii) the Committee on Education and the Workforce of the House of Representatives;

(ix) the President; and

(x) relevant Federal and State agencies.

(B) Information included.--The report submitted under subparagraph (A) shall include, at a minimum--

(i) an analysis and conclusion of the cause of the Aliso Canyon natural gas leak;

(ii) an analysis of measures taken to stop the natural gas leak, with an immediate focus on other, more effective measures that could be taken;

(iii) an assessment of the impact of the natural gas leak on health, safety, the environment, and the economy of the residents and property surrounding Aliso Canyon;

(iv) an analysis of how Federal and State agencies responded to the natural gas leak;

(v) in order to lessen the negative impacts of natural gas leaks, recommendations on how to improve--

(I) the response to a future leak; and

(II) coordination between all appropriate Federal, State, and local agencies in the response to the Aliso Canyon natural gas leak and future natural gas leaks;

(vi) an analysis of the potential for a similar natural gas leak to occur at other underground natural gas storage facilities in the United States;

(vii) recommendations on how to prevent any future natural

gas leaks;

(viii) recommendations on whether to continue operations at Aliso Canyon and other facilities in close proximity to residential populations based on an assessment of the risk of a future natural gas leak;

(ix) a recommendation on information that is not currently collected but that would be in the public interest to collect and distribute to agencies and institutions for the continued study and monitoring of natural gas infrastructure in the United States;

(x) an analysis of the impact of the Aliso Canyon natural gas leak on wholesale and retail electricity prices; and

(xi) an analysis of the impact of the Aliso Canyon natural gas leak on the reliability of the bulk-power system.

(2) Publication.--The final report under paragraph (1) shall be made available to the public in an electronically accessible format.

(3) If, before the final report is submitted under paragraph (1) the task force finds methods to solve the natural gas leak at Aliso Canyon; better protect the affected communities; or finds methods to help prevent other leaks, they must immediately issue such findings to the same entities that are to receive the final report.

(e) Authorization of Appropriations.--There are authorized to be appropriated to carry out this section such sums as may be necessary.

ATTACHMENT 3

SB 886 (Pavley) Aliso Canyon Natural Gas Storage Facility Moratorium

Summary: SB 886 requires a moratorium on injections of natural gas into any wells located at the Aliso Canyon storage facility until an extensive well audit has been performed to DOGGR’s satisfaction, and the minimization or elimination of the Aliso Canyon storage facility shall be evaluated by the CPUC.

Background: Southern California Gas Company (SoCalGas) operates the Aliso Canyon Storage Facility in Porter Ranch in Northwest Los Angeles County. That reservoir has the capacity to store over 160 billion cubic feet of natural gas and SoCalGas operates about 115 injection and withdrawal wells throughout the site. It injects natural gas into the underground reservoir when the demand for natural gas is low and withdraws it when the demand for natural gas is high.

On October 23, 2015 SoCalGas discovered that a well (known as Well SS-25) used to inject and withdraw natural gas from the underground storage reservoir at their Aliso Canyon facility was leaking. Over three months later, the well continues to be a major source of methane emissions – likely the single largest point source of greenhouse gas emissions in the state during this time period – with cumulative emissions to date estimated to be on the order of the annual emissions from 450,000 cars or over 6% of the total annual emissions from all of California’s oil refineries. The leak has caused major and unprecedented upheaval in the Porter Ranch community. There are numerous reports of local residents, including children, experiencing health problems. The Los Angeles Unified School District temporarily closed two schools and relocated the students. In addition to health concerns, community members have additionally raised business losses, environmental impacts and damage to property values, among other concerns. Over 4,500 households have relocated (at SoCal Gas’ expense) and an additional 1,100 have been offered opportunities to relocate.

Seven efforts to “kill” the leaking well have failed and the Division of Oil, Gas and Geothermal Resources (DOGGR) ordered that a relief well be drilled. Current estimates are that the leak will be controlled using this relief well by March 2016. The leaking well was originally drilled in 1953 and numerous concerns have been raised about the age, maintenance practices and safety of the Aliso Canyon facility.

From October 23, 2015 through February 9, 2016 the SCAQMD has received nearly 2,300 odor complaints from the public regarding Aliso Canyon. From the onset, SCAQMD staff has participated in daily calls with SoCalGas and other government agencies to coordinate a response to the leak. SCAQMD staff has also participated in hearings regarding the SoCalGas Aliso Canyon leak before the Los Angeles County Board of Supervisors and Los Angeles City Council. SCAQMD staff has also participated in a number of community meetings, including with the Porter Ranch Neighborhood Council. In addition, SCAQMD staff has reviewed and

commented on the odor mitigation and air monitoring plans proposed by SoCalGas and has participated in daily conference calls with SoCalGas and other first-responding and environmental and public health agencies at the state and local level about the status of well repair and odor abatement activities.

On November 5, 2015, the SCAQMD issued a Notice to Comply to SoCalGas and on November 23, 2015, SCAQMD issued a Notice of Violation (NOV) alleging an ongoing public nuisance pursuant to H&S Code §41700 and District Rule 402. After lengthy testimony and in response to a petition filed by the SCAQMD on December 10, 2015, the SCAQMD Hearing Board on January 23rd ordered SoCalGas to take immediate action to minimize odors and air pollution from the massive gas leak near Porter Ranch. Further, on January 26, SCAQMD filed a complaint with the Los Angeles County Superior Court against SoCaGas for creating a public nuisance.

As proposed by Supervisor Antonovich, the SCAQMD Governing Board passed Resolution 16-1 on January 8, 2016. It urges that Governor Edmund G. Brown, Jr. request that funds obtained from the Southern California Gas Company for a greenhouse gas program to mitigate methane emissions be spent on measures to benefit the Porter Ranch community adversely impacted by those emissions, and the Southern California region to the extent that it is infeasible to conduct projects in Porter Ranch.

On January 11, Senators DeLeon, Pavley, Allen and Huff announced their legislative package in response to this incident, intending to address the state and region's public safety needs while recognizing the need for energy reliability.

Status: 1/28/2016 Referred to Committee on Natural Resources & Water and the Committee on Environmental Quality.

Specific Provisions: SB 886 is an urgency measure and would go into effect immediately after passage and signature by the Governor. Specifically, the bill would:

- Require an immediate moratorium on natural gas injection into any wells located at the Aliso Canyon reservoir.
- Restrict production of gas through wells drilled prior to 1954 at Aliso Canyon until those wells have been inspected and determined to meet the conditions listed below.
- The moratorium and restrictions will stay in effect until the following conditions are met:
 - The integrity of the gas storage wells have been “quantitatively and objectively evaluated using state-of-the-art technology.” The methods used will be determined with input from experts and the community in a public process.
 - Any well posing an enhanced risk of failure is repaired.
 - DOGGR determines that the overall risk from well failure to the community from the facility is low and the California Public Utilities Commission (CPUC) and the California Energy Commission agree.

- Additionally, the CPUC will evaluate whether the Aliso Canyon storage facility can be shut-down or its use minimized without affecting regional energy reliability.

Impacts on SCAQMD’s mission, operations or initiatives:

SB 886 builds upon DOGGR’s orders to SoCalGas and its recently proposed emergency regulations, the Governor’s January 6, 2016 State of Emergency Declaration and the Order for Abatement issued by the SCAQMD hearing Board on January 23, 2016. SB 886 is consistent with SCAQMD’s efforts to protect the public, the region’s need for energy reliability, and SCAQMD’s Order of Abatement which includes requirements to:

- Immediately cease and desist from operating the Aliso Canyon storage facility in a manner that violates H&S Code §41700¹ and District Rule 402²;
- Permanently seal the well;
- Implement an enhanced well inspection, maintenance, leak detection and reporting program;
- Conduct a health study on the potential impacts of the exposure that may potentially affect the nearby communities; and
- Publish and enact an air quality notification plan.

Recommended Position: SUPPORT AND CONTINUE TO WORK WITH AUTHOR ON DETAILS INVOLVING AIR QUALITY AND SCAQMD OPERATIONS.

¹ Health and Safety Code § 41700.

(a) Except as otherwise provided in Section 41705, a person shall not discharge from any source whatsoever quantities of air contaminants or other material that cause injury, detriment, nuisance, or annoyance to any considerable number of persons or to the public, or that endanger the comfort, repose, health, or safety of any of those persons or the public, or that cause, or have a natural tendency to cause, injury or damage to business or property.

² SCAQMD Rule 402 Nuisance

A person shall not discharge from any source whatsoever such quantities of air contaminants or other material which cause injury, detriment, nuisance, or annoyance to any considerable number of persons or to the public, or which endanger the comfort, repose, health or safety of any such persons or the public, or which cause, or have a natural tendency to cause, injury or damage to business or property.

Introduced by Senator Pavley
(Principal coauthors: Senators De León and Huff)
(Coauthor: Senator Allen)
(Coauthor: Assembly Member Wilk)

January 20, 2016

An act to add Section 3217 to the Public Resources Code, and to add Section 713 to the Public Utilities Code, relating to natural gas, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 886, as introduced, Pavley. Natural gas storage: moratorium.

(1) Under existing law, the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation regulates the drilling, operation, maintenance, and abandonment of oil and gas wells in the state. 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 related to oil and gas production within an oil and gas field, so as to prevent damage to life, health, property, and natural resources, as provided; to permit owners and operators of wells to utilize all known methods and practices to increase the ultimate recovery of hydrocarbons; and to perform the supervisor's duties in a manner that encourages the wise development of oil and gas resources to best meet oil and gas needs in this state. Under existing law, a person who fails to comply with certain requirements relating to the regulation of oil or gas operations is guilty of a misdemeanor.

This bill would require the supervisor to immediately institute a moratorium on injections of natural gas into any wells located within and serving the Aliso Canyon storage facility located in the County of

Los Angeles until specified conditions are met. The bill would also require the supervisor to prohibit the production of natural gas by any well originally drilled earlier than 1954 at the Aliso Canyon storage facility located in the County of Los Angeles until specified conditions are met, except as specified. Because a violation of these requirements would be a crime, the bill would impose a state-mandated local program.

(2) Under existing law, the Public Utilities Commission is authorized to supervise and regulate every public utility in the state.

This bill would require the commission to determine the feasibility of minimizing or eliminating use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy reliability for the region, and to consult with specified entities in making its determination.

(3) 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.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. 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 3217 is added to the Public Resources
2 Code, to read:

3 3217. (a) The supervisor shall immediately institute a
4 moratorium on injections of natural gas into any wells located
5 within and serving the Aliso Canyon storage facility located in the
6 County of Los Angeles until all of the following conditions are
7 met:

8 (1) The integrity of each well has been quantitatively and
9 objectively evaluated using state-of-art technology and the risks
10 posed by well failure have been evaluated.

11 (A) The age, history, and condition of each well shall be
12 specifically addressed, with particular emphasis on wells drilled
13 prior to 2006.

14 (B) The technical methods and equipment used to evaluate well
15 integrity and the risks posed by well failure shall be determined

1 by the supervisor with input from independent experts and the
2 public through a public process.

3 (2) Any well posing an enhanced risk of failure has been
4 repaired to mitigate the enhanced risk or plugged and abandoned.

5 (3) The supervisor determines that the overall risk from well
6 failure satisfies the supervisor's duty pursuant to Section 3106 to
7 prevent damage to life, health, property, and natural resources and
8 other requirements.

9 (4) The Public Utilities Commission and the State Energy
10 Resources Conservation and Development Commission concur
11 with the supervisor's determination in paragraph (3).

12 (b) The supervisor shall prohibit the production of natural gas
13 by any well originally drilled earlier than 1954 at the Aliso Canyon
14 storage facility located in the County of Los Angeles until after
15 the integrity of and the risks associated with any of these wells
16 have been evaluated and determinations by the supervisor, with
17 the concurrence of the commissions, have been made pursuant to
18 the process described in subdivision (a), except when necessary
19 to do either of the following:

20 (1) Respond to the uncontrolled leak of natural gas from the
21 "Standard Sesnon 25" well (American Petroleum Institute
22 identification number 03700776).

23 (2) Maintain regional energy reliability, at the written direction
24 of the commissions.

25 SEC. 2. Section 713 is added to the Public Utilities Code, to
26 read:

27 713. The commission shall determine the feasibility of
28 minimizing or eliminating use of the Aliso Canyon natural gas
29 storage facility located in the County of Los Angeles while still
30 maintaining energy reliability for the region. The commission shall
31 consult with the State Energy Resources Conservation and
32 Development Commission, the Independent System Operator, the
33 Division of Oil, Gas, and Geothermal Resources in the Department
34 of Conservation, and other relevant government entities, in making
35 its determination.

36 SEC. 3. No reimbursement is required by this act pursuant to
37 Section 6 of Article XIII B of the California Constitution because
38 the only costs that may be incurred by a local agency or school
39 district will be incurred because this act creates a new crime or
40 infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section 17556 of
2 the Government Code, or changes the definition of a crime within
3 the meaning of Section 6 of Article XIII B of the California
4 Constitution.

5 SEC. 4. This act is an urgency statute necessary for the
6 immediate preservation of the public peace, health, or safety within
7 the meaning of Article IV of the Constitution and shall go into
8 immediate effect. The facts constituting the necessity are:

9 In order to mitigate, at the earliest possible time, ongoing harm
10 from the gas leak at the Aliso Canyon storage facility, and to
11 evaluate the integrity of and the risks associated with older wells
12 at that facility, it is necessary that this act take effect immediately.

SB 887 (Pavley) Natural Gas Storage Wells

Summary: SB 887 creates a comprehensive framework for DOGGR’s oversight of natural gas storage wells.

Background: Southern California Gas Company (SoCalGas) operates the Aliso Canyon Storage Facility in Porter Ranch in northwest Los Angeles County. That reservoir has the capacity to store over 160 billion cubic feet of natural gas and SoCal Gas operates about 115 injection and withdrawal wells throughout the site. It injects natural gas into the underground reservoir when the demand for natural gas is low and withdraws it when the demand for natural gas is high.

On October 23, 2015 SoCalGas discovered that a well (known as Well SS-25) used to inject and withdraw natural gas from the underground storage reservoir at their Aliso Canyon facility was leaking. Over three months later, the well continues to be a major source of methane emissions – likely the single largest point source of greenhouse gas emissions in the state during this time period – with cumulative emissions to date estimated to be on the order of the annual emissions from 450,000 cars or over 6% of the total annual emissions from all of California’s oil refineries. The leak has caused major and unprecedented upheaval in the Porter Ranch community. There are numerous reports of local residents, including children, experiencing health problems. The Los Angeles Unified School District temporarily closed two schools and relocated the students. In addition to health concerns, community members have additionally raised business losses, environmental impacts and damage to property values, among other concerns. Over 4500 households have relocated (at SoCalGas’ expense) and an additional 1,100 have been offered opportunities to relocate.

Seven efforts to “kill” the leaking well have failed and the Division of Oil, Gas and Geothermal Resources (DOGGR) ordered that a relief well be drilled. Current estimates are that the leak will be controlled using this relief well by March 2016. The leaking well was originally drilled in 1953 and numerous concerns have been raised about the age, maintenance practices and safety of the Aliso Canyon facility.

From October 23, 2015 through February 9, 2016 the SCAQMD has received nearly 2,300 odor complaints from the public regarding Aliso Canyon. From the onset, SCAQMD staff has participated in daily calls with SoCalGas and other government agencies to coordinate a response to the leak. SCAQMD staff has also participated in hearings regarding the SoCalGas Aliso Canyon leak before the Los Angeles County Board of Supervisors and Los Angeles City Council. SCAQMD staff has also participated in a number of community meetings, including with the Porter Ranch Neighborhood Council. In addition, SCAQMD staff has reviewed and commented on the odor mitigation and air monitoring plans proposed by SoCalGas and has participated in daily conference calls with SoCalGas and other first-responding and environmental and public health agencies at the state and local level about the status of well repair and odor abatement activities.

On November 5, 2015, the SCAQMD issued a Notice to Comply to SoCalGas and on November 23, 2015, SCAQMD issued a Notice of Violation (NOV) alleging an ongoing public nuisance pursuant to H&S Code §41700 and District Rule 402. After lengthy testimony and in response to a petition filed by the SCAQMD on December 10, 2015, the SCAQMD Hearing Board on January 23rd ordered SoCalGas to take immediate action to minimize odors and air pollution from the massive gas leak near Porter Ranch. Further, on January 26, SCAQMD filed a complaint with the Los Angeles County Superior Court against SoCalGas for creating a public nuisance.

As proposed by Supervisor Antonovich, the SCAQMD Governing Board passed Resolution 16-1 on January 8, 2016. It urges that Governor Edmund G. Brown, Jr. request that funds obtained from the Southern California Gas Company for a greenhouse gas program to mitigate methane emissions be spent on measures to benefit the Porter Ranch community adversely impacted by those emissions, and the Southern California region to the extent that it is infeasible to conduct projects in Porter Ranch.

On January 11, Senators DeLeon, Pavley, Allen and Huff announced their legislative package in response to this incident, intending to address the state and region's public safety needs and need for energy reliability.

Status: 1/28/2016 Referred to Committee on Natural Resources & Water and the Committee on Environmental Quality.

Specific Provisions:

SB 887 will:

- Set new minimum standards for natural gas storage wells including annual inspections, mandatory setbacks from homes and schools, stricter requirements near homes and schools, automatic downhole shutoff systems (i.e. subsurface safety valves), regular proactive and quantitative evaluations of well integrity, continuous well operation and air quality monitoring, and limiting production and injection to well tubing only, among others.
- Require the phase-out of old wells and require existing wells to be brought in compliance with SB 887's requirements.
- Require operators of natural gas storage wells to submit the following plans for DOGGR's approval by a date to be determined: well maintenance; operating parameters and conditions; air quality monitoring; and leak prevention and response prior to approving or reworking gas storage wells. The leak prevention and response plan shall include at a minimum protocol for public notification of any leak, training, and pre-positioning of response equipment. Preparations for drilling a relief well must start within 24 hours of a significant leak.
- Provide for an independent panel of experts to develop "best practices" for natural gas storage wells that DOGGR shall review and incorporate into its regulations.
- Require all natural gas storage well operators to disclose all well-related operations and activities to DOGGR.

To provide **public transparency** in response to public concerns, SB 887 additionally requires:

- Public review of the location of a natural gas well or conversion of an existing well to a natural gas storage well.
- Immediate notification to DOGGR of leaking wells.
- Adds the new SB 887 provisions to DOGGR's civil penalty authority and subjects violators to a penalty not to exceed \$25,000 for each violation.
- DOGGR shall post leaking well information on its website and provide regular updates to the public.

SB 887 further:

- Provides the public standing to force enforcement of SB 887's provisions through a writ of mandate.
- Requires the California Air Resources Board (CARB) with local air districts and others to develop a comprehensive and continuous monitoring program for the ambient concentration of natural gas, including spectral imaging, at natural gas storage facilities.
- Requires DOGGR, in consultation with health regulators, to perform a risk assessment of natural gas storage wells that includes addressing well age and the potential impact of a leak on the public and environment.

Impacts on SCAQMD's mission, operations or initiatives:

SB 887 builds upon DOGGR's orders to SoCalGas and its recently proposed emergency regulations, the Governor's January 6, 2016 State of Emergency Declaration, and the SCAQMD Order for Abatement. SB 887's proposed Health and Safety Code Section 42710 and Public Resources Code Section 3136 may create costs for the SCAQMD related to monitoring and enforcement. These proposed statutes require CARB to consult with local air districts and DOGGR to develop continuous air quality monitoring prior to a natural gas storage well being drilled or reworked. SB 887 mandates new requirements for notice of well drilling and reworking to DOGGR and the public. SCAQMD Rule 1148.2(d) currently requires oil and gas well operators to provide at least 10 days' notice, but not less than 48 hours, prior to reworking or drilling a well.

Recommended Position: SUPPORT AND CONTINUE TO WORK WITH AUTHOR ON DETAILS INVOLVING AIR QUALITY AND SCAQMD OPERATIONS.

Introduced by Senator Pavley
(Coauthors: Senators Allen and De León)
(Coauthor: Assembly Member Wilk)

January 20, 2016

An act to add Chapter 6 (commencing with Section 42710) to Part 4 of Division 26 of the Health and Safety Code, and to amend Section 3236.5 of, and to add Sections 3133, 3134, 3135, 3136, 3137, 3138, 3139, 3140, 3141, 3142, 3143, and 3144 to, the Public Resources Code, relating to natural gas.

LEGISLATIVE COUNSEL'S DIGEST

SB 887, as introduced, Pavley. Natural gas storage wells.

Under existing law, the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation regulates the drilling, operation, maintenance, and abandonment of oil and gas wells in the state. Existing law provides that a person who fails to comply with specific laws relating to the regulation of oil or gas operations is guilty of a misdemeanor.

This bill would require, before January 1, 2018, and annually thereafter, the division to inspect all natural gas storage wells serving or located in a natural gas storage facility and would prescribe standards for a natural gas storage well. This bill would require a natural gas storage well in existence on December 31, 2016, to be brought into compliance with the provisions of this bill by an unspecified date and the use of wells older than an unspecified age to be phased out by an unspecified date. This bill would prohibit the division from issuing a permit for a new natural gas storage well located within an unspecified distance of a sensitive receptor, as defined, and would require the division to order operators to cease the use of, and plug and abandon,

an existing natural gas storage well that is within an unspecified distance of a sensitive receptor by an unspecified date. This bill would require, in the event of a loss of the integrity of a natural gas storage well, well casing, or cementing resulting in a significant, uncontrolled leak of natural gas, that preparations for the drilling of a relief well begin within 24 hours of the discovery of the leak. This bill would require the operator, in the event of a leak of any size from a natural gas storage well, to notify the division immediately and would require the division to post information about the leak on its Internet Web site, as prescribed. This bill would require the division to convene an independent panel of recognized experts to develop best practices for natural gas storage facilities and to review and incorporate the best practices developed by the panel into its regulations for natural gas storage wells, as appropriate, and for other wells under the division's jurisdiction, as applicable. This bill would require the division, in consultation with the Office of Environmental Health Hazard Assessment, the State Department of Public Health, and the Department of Industrial Relations, to perform a risk assessment of natural gas storage wells and to report the findings of the risk assessment to the Legislature. This bill would require the State Air Resources Board, in consultation with any local air district and the division, to develop guidelines for a monitoring program that includes continuous monitoring of the ambient concentration of natural gas at sufficient locations throughout a natural gas storage facility or planned natural gas storage facility to identify natural gas leaks. This bill would require all materials provided to the division to comply with these provisions to be posted and available to the public on its Internet Web site. Because a violation of these requirements would be a crime, the bill would impose a state-mandated local program.

Existing law requires the operator of a well to file a written notice of intention to commence drilling with, and prohibits any drilling until approval is given by, the supervisor or district deputy. Under existing law, the notice is deemed approved if the supervisor or district deputy fails to respond to the notice in writing within 10 working days from receipt and is deemed canceled if operations have not commenced within one year of receipt. Existing law provides that these provisions also apply to the deepening or redrilling of the well, any operation involving the plugging of the well, or any operations permanently altering in any manner the casing of the well.

This bill would require certain materials, relating to wells serving or located in a natural gas storage facility, to be submitted by the operator

and approved at the supervisor's discretion before approval of the notice. This bill would provide that the public has a right to review the location of all new natural gas storage wells or existing wells converting to a natural gas storage well before the approval of the notice.

Existing law requires the owner or operator of any well to keep, or cause to be kept, a careful and accurate log, core record, and history of the drilling of the well.

This bill would require the well history to include all operations, injection, production, and emplacement of any materials into a natural gas storage well, and to be disclosed to the division by the operator, as specified.

Under existing law, a person who violates certain statutes or regulations relating to oil and gas well operations is subject to a civil penalty not to exceed \$25,000 for each violation. Existing law provides that the unreasonable waste of natural gas by act, omission, sufferance, or insistence is opposed to the public interest and is unlawful.

This bill would provide that a violation of the prohibition against the unreasonable waste of natural gas is subject to the civil penalty not to exceed \$25,000 for each violation.

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. The Legislature finds and declares as follows:
- 2 (a) Public transparency regarding regulations and regulatory
- 3 activity to protect public health and welfare and natural resources
- 4 is essential.
- 5 (b) On October 23, 2015, a significant, uncontrolled leak from
- 6 a natural gas storage well that was originally drilled over 60 years
- 7 ago was discovered in the Aliso Canyon natural gas storage facility
- 8 located in the County of Los Angeles. Initial efforts to stop the
- 9 leak failed.
- 10 (c) The Division of Oil, Gas, and Geothermal Resources in the
- 11 Department of Conservation responded swiftly to the leak,

1 including by issuing two orders that, among other things, require
2 the use of relief wells. The division has been working around the
3 clock overseeing efforts to stop the leak.

4 (d) It was several days before the community was notified of
5 the leak, although numerous residents started reporting odor
6 concerns almost immediately. The leaking well is up the hill and
7 approximately one and one-quarter miles away from the nearest
8 home. Other natural gas storage wells serving this facility are
9 located closer to homes.

10 (e) The Governor declared a state of emergency on January 6,
11 2016, in order to facilitate the ongoing state response and efforts
12 to stop the leak.

13 (f) The standards for natural gas storage wells need to be
14 improved in order to reflect 21st century technology, recognize
15 that these facilities may be in locations near population centers,
16 and ensure a disaster like the Aliso Canyon leak does not happen
17 again.

18 SEC. 2. Chapter 6 (commencing with Section 42710) is added
19 to Part 4 of Division 26 of the Health and Safety Code, to read:

20
21 CHAPTER 6. NATURAL GAS STORAGE FACILITY MONITORING
22

23 42710. (a) The state board, in consultation with any local air
24 district and the Division of Oil, Gas, and Geothermal Resources
25 in the Department of Conservation, shall develop a natural gas
26 storage facility monitoring program that includes continuous
27 monitoring of the ambient concentration of natural gas at sufficient
28 locations throughout a natural gas storage facility or planned
29 natural gas storage facility to identify natural gas leaks.

30 (b) The program shall include guidelines for the continuous
31 monitoring which shall include, at minimum, spectral visual
32 imaging and quantitative chemical analytical monitoring.

33 (c) All materials provided to comply with this section shall be
34 posted and available to the public on the Internet Web site of the
35 Division of Oil, Gas, and Geothermal Resources.

36 SEC. 3. Section 3133 is added to the Public Resources Code,
37 to read:

38 3133. (a) As used in this article, “natural gas storage well”
39 means an active or idle natural gas storage well serving or located
40 in a natural gas storage facility.

1 (b) Before January 1, 2018, and annually thereafter, the division
2 shall inspect all natural gas storage wells.

3 (c) A natural gas storage well in existence on December 31,
4 2016, shall be brought into compliance with this article by ____.
5 The use of a natural gas storage well older than ____ shall be
6 phased out by ____.

7 SEC. 4. Section 3134 is added to the Public Resources Code,
8 to read:

9 3134. A natural gas storage well shall meet all of the following
10 standards:

11 (a) The well shall have an automatic downhole shutoff system,
12 including, but not limited to, subsurface safety valves, deployed
13 in order to limit leaks associated with a loss of the integrity of a
14 well, well casing, or cementing. The shutoff system shall be tested
15 and the results of the test shall be reported to the division no less
16 than annually.

17 (b) Proactive evaluation of the integrity of the well, well casing,
18 or cementing across the entire length of the well shall be conducted
19 in order to quantitatively assess the risks posed by erosion,
20 corrosion, aging, scaling, cracking, and any other process that may
21 produce natural gas leaks. This evaluation shall include visual
22 imaging along the entire length of the well. A natural gas storage
23 well shall be evaluated pursuant to the measures in this subdivision
24 at least annually if the well was originally drilled more than 20
25 years ago.

26 (c) Natural gas injection and production shall be through tubing
27 only and isolated from contact with the well casing.

28 (d) Annular pressure and production or injection flow rate shall
29 be continuously monitored.

30 SEC. 5. Section 3135 is added to the Public Resources Code,
31 to read:

32 3135. (a) For the purposes of this section, “sensitive receptor”
33 includes, but is not limited to, a school, hospital, and residential
34 housing.

35 (b) In addition to the requirements of Section 3134, a natural
36 gas storage well that is within 10,000 feet of a sensitive receptor
37 shall meet both of the following requirements:

38 (1) Have continuous air quality monitoring for natural gas leaks
39 at the wellhead.

(2) Be evaluated pursuant to the measures in subdivision (b) of Section 3134 at least annually.

(c) The division shall not issue a permit for a new natural gas storage well located within ____ feet of a sensitive receptor, and the division shall order operators to cease the use of, and plug and abandon, an existing natural gas storage well within _____ feet of a sensitive receptor by ____.

SEC. 6. Section 3136 is added to the Public Resources Code, to read:

3136. (a) The operator of a natural gas storage well shall submit for the supervisor's approval the following materials:

(1) A regular maintenance program for the well and the portion of the facility within the division's jurisdiction.

(2) Operating conditions and parameters for the well and the portion of the facility within the division's jurisdiction.

(3) A monitoring program for the well and the portion of the facility within the division's jurisdiction that includes air quality monitoring pursuant to Chapter 6 (commencing with Section 42710) of Part 4 of Division 26 of the Health and Safety Code. Air quality monitoring sufficient to include a new or reworked well shall be in operation before a new well is drilled or reworked.

(4) A natural gas leak prevention and response program that addresses the full range of natural gas leaks possible at the facility with specific response plans that provide for immediate control of the leak. The prevention and response program shall include, but is not limited to, all of the following:

(A) A protocol for public notice of the leak to the community by the operator.

(B) Prepositioning and identification of materials and personnel necessary to respond to leaks. This shall include materials, including equipment to capture leaked gas, to respond to the leak itself as well as to protect public health.

(C) A training program to ensure site personnel are prepared to respond to a leak.

(b) All of the materials described in subdivision (a) shall be approved by the supervisor, at his or her discretion, and in the possession of the division before the supervisor or district deputy approves a notice required pursuant to Section 3203.

(c) All of the materials described in subdivision (a) shall be reported to the division annually. The operator shall not deviate

1 from the programs and other conditions and protocols contained
2 in the materials without prior written approval by the supervisor.

3 SEC. 7. Section 3137 is added to the Public Resources Code,
4 to read:

5 3137. The public has a right to review the location of a natural
6 gas storage well or conversion of an existing well to a natural gas
7 storage well before the approval of any notice required pursuant
8 to Section 3203.

9 SEC. 8. Section 3138 is added to the Public Resources Code,
10 to read:

11 3138. In the event of a loss of the integrity of a natural gas
12 storage well, well casing, or cementing resulting in a significant,
13 uncontrolled leak of natural gas, preparations for the drilling of a
14 relief well shall begin within 24 hours of the discovery of the leak
15 regardless of any other activities undertaken to stop the leak.

16 SEC. 9. Section 3139 is added to the Public Resources Code,
17 to read:

18 3139. In the event of a leak of any size from a natural gas
19 storage well, the operator shall notify the division immediately.
20 Within 24 hours of notification, the division shall post information
21 about the leak on its Internet Web site and provide regular updates
22 to the public until the leak is stopped.

23 SEC. 10. Section 3140 is added to the Public Resources Code,
24 to read:

25 3140. (a) The division shall convene an independent panel of
26 recognized experts to develop best practices for natural gas storage
27 facilities. The panel shall consider at least of all the following:

28 (1) The proximity of a natural gas storage facility and wells to
29 population.

30 (2) The age when a well should be plugged and abandoned, and
31 what standards the plugging and abandonment should meet.

32 (3) The range of proactive methods to assess the integrity of a
33 well, well casing, and cementing.

34 (4) A thorough analysis of the risks associated with the
35 conversion of a well for use as a natural gas storage well.

36 (5) Natural gas storage well operating, maintenance, and
37 monitoring standards.

38 (b) Upon completion of the panel's work pursuant to subdivision
39 (a), the division shall review and incorporate best practices
40 developed by the panel into its regulations for natural gas storage

1 wells, as appropriate, and for other wells under the division's
2 jurisdiction, as applicable.

3 SEC. 11. Section 3141 is added to the Public Resources Code,
4 to read:

5 3141. (a) The division, in consultation with the Office of
6 Environmental Health Hazard Assessment, the State Department
7 of Public Health, and the Department of Industrial Relations, shall
8 perform a risk assessment of natural gas storage wells. The risk
9 assessment shall include, but is not limited to, all of the following
10 information:

11 (1) The age of a well.

12 (2) The service history and operating conditions of the well.

13 (3) The potential impact of a leak on public, occupational, and
14 environmental health.

15 (b) The risk assessment shall be subjected to peer review by
16 independent experts.

17 (c) The findings of the risk assessment shall be reported to the
18 Legislature in accordance with Section 9795 of the Government
19 Code.

20 SEC. 12. Section 3142 is added to the Public Resources Code,
21 to read:

22 3142. To ensure that the division has all the records it needs
23 to evaluate natural gas storage wells, the well history maintained
24 pursuant to Section 3213 shall include all operations, injection,
25 production, and emplacement of any materials into the well. The
26 operator shall disclose the well history to the division for each
27 operation, injection, production, and emplacement of any material
28 into the well.

29 SEC. 13. Section 3143 is added to the Public Resources Code,
30 to read:

31 3143. All materials provided to the division to comply with
32 Section 3133 to 3142, inclusive, shall be posted and available to
33 the public on the Internet Web site of the division.

34 SEC. 14. Section 3144 is added to the Public Resources Code,
35 to read:

36 3144. A member of the public may bring suit for writ of
37 mandate against the division for failure to enforce Sections 3133
38 to 3143, inclusive.

39 SEC. 15. Section 3236.5 of the Public Resources Code is
40 amended to read:

3236.5. (a) A person who violates this chapter or a regulation implementing this chapter is subject to a civil penalty not to exceed twenty-five thousand dollars (\$25,000) for each violation. A person who commits a violation of Article 3 (commencing with Section 3150) or *Section 3300* is subject to a civil penalty of not less than ten thousand dollars (\$10,000) and not to exceed twenty-five thousand dollars (\$25,000) per day per violation. An act of God and an act of vandalism beyond the reasonable control of the operator shall not be considered a violation. The civil penalty shall be imposed by an order of the supervisor pursuant to Section 3225 upon a determination that a violation has been committed by the person charged. The imposition of a civil penalty under this section shall be in addition to any other penalty provided by law for the violation. When establishing the amount of the civil penalty pursuant to this section, the supervisor shall consider, in addition to other relevant circumstances, all of the following:

- (1) The extent of harm caused by the violation.
- (2) The persistence of the violation.
- (3) The pervasiveness of the violation.
- (4) The number of prior violations by the same violator.

(b) An order of the supervisor imposing a civil penalty shall be reviewable pursuant to Article 6 (commencing with Section 3350). When the order of the supervisor has become final and the penalty has not been paid, the supervisor may apply to the appropriate superior court for an order directing payment of the civil penalty. The supervisor may also seek from the court an order directing that production from the well or use of the production facility that is the subject of the civil penalty order be discontinued until the violation has been remedied to the satisfaction of the supervisor and the civil penalty has been paid.

(c) Any amount collected under this section shall be deposited in the Oil, Gas, and Geothermal Administrative Fund.

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

- 1 the meaning of Section 6 of Article XIII B of the California
- 2 Constitution.

O

SB 888 (Allen) Gas Corporations: Emergency Management

Summary: SB 888 designates the Office of Emergency Services as the lead agency for emergency response for leaks of natural gas from storage facilities like Aliso Canyon. The Office of Emergency Services would be required to coordinate the emergency response, public health and environmental assessment, monitoring, and control of the leak among other state agencies. In addition, the bill requires that any monies paid for fines, penalties, or damages be paid by the corporation and its shareholders, not recoverable from ratepayers.

Background: Southern California Gas Company (SoCalGas) operates the Aliso Canyon Storage Facility in Porter Ranch in northwest Los Angeles County. That reservoir has the capacity to store over 160 billion cubic feet of natural gas and SoCal Gas operates about 115 injection and withdrawal wells throughout the site. It injects natural gas into the underground reservoir when the demand for natural gas is low and withdraws it when the demand for natural gas is high.

On October 23, 2015 SoCalGas discovered that a well (known as Well SS-25) used to inject and withdraw natural gas from the underground storage reservoir at their Aliso Canyon facility was leaking. Over three months later, the well continues to be a major source of methane emissions – likely the single largest point source of greenhouse gas emissions in the state during this time period – with cumulative emissions to date estimated to be on the order of the annual emissions from 450,000 cars or over 6% of the total annual emissions from all of California’s oil refineries. The leak has caused major and unprecedented upheaval in the Porter Ranch community. There are numerous reports of local residents, including children, experiencing health problems. The Los Angeles Unified School District temporarily closed two schools and relocated the students. In addition to health concerns, community members have additionally raised business losses, environmental impacts and damage to property values, among other concerns. Over 4,500 households have relocated (at SoCalGas’ expense) and an additional 1,100 have been offered opportunities to relocate.

Seven efforts to “kill” the leaking well have failed and the Division of Oil, Gas and Geothermal Resources (DOGGR) ordered that a relief well be drilled. Current estimates are that the leak will be controlled using this relief well by March 2016. The leaking well was originally drilled in 1953 and numerous concerns have been raised about the age, maintenance practices and safety of the Aliso Canyon facility.

From October 23, 2015 through February 9, 2016 the SCAQMD has received nearly 2,300 odor complaints from the public regarding Aliso Canyon. From the onset, staff of the South Coast Air Quality Management District (SCAQMD) has participated in daily calls with SoCalGas and other government agencies to coordinate a response to the leak. SCAQMD staff has also participated in hearings regarding the SoCalGas Aliso Canyon leak before the Los Angeles County Board of Supervisors and Los Angeles City Council. SCAQMD staff has also participated in a number of community meetings, including with the Porter Ranch Neighborhood Council. In addition, SCAQMD staff has reviewed and commented on the odor mitigation and air monitoring plans proposed by SoCalGas and has participated in daily conference calls with SoCalGas and other first-responding and

environmental and public health agencies at the state and local level about the status of well repair and odor abatement activities.

On November 5, 2015, the SCAQMD issued a Notice to Comply to SoCalGas and on November 23, 2015, SCAQMD issued a Notice of Violation (NOV) alleging an ongoing public nuisance pursuant to H&S Code §41700 and District Rule 402. After lengthy testimony and in response to a petition filed by the SCAQMD on December 10, 2015, the SCAQMD Hearing Board on January 23rd ordered SoCalGas to take immediate action to minimize odors and air pollution from the massive gas leak near Porter Ranch. Further, on January 26, SCAQMD filed a complaint with the Los Angeles County Superior Court against the SoCalGas for creating a public nuisance.

As proposed by Supervisor Antonovich, the SCAQMD Governing Board passed Resolution 16-1 on January 8, 2016. It urges that Governor Edmund G. Brown, Jr. request that funds obtained from the Southern California Gas Company for a greenhouse gas program to mitigate methane emissions be spent on measures to benefit the Porter Ranch community adversely impacted by those emissions, and the Southern California region to the extent that it is infeasible to conduct projects in Porter Ranch.

On January 11, Senators DeLeon, Pavley, Allen and Huff announced their legislative package in response to this incident, intending to address the state and region's public safety needs while recognizing the need for energy reliability.

Status: 1/28/2016 Referred to Committee on Governmental Organization and the Committee on Energy, Utilities, and Communications.

Specific Provisions:

- Would establish the Office of Emergency Services as the lead agency for emergency response to a leak of natural gas from a natural gas storage facility.
- Requires the Office of Emergency Services to coordinate among other state agencies the emergency response, public health and environmental assessment, monitoring, and long-term management and control of the leak.
- Requires the commission to deposit moneys from penalties assessed against a gas corporation in regards to a gas storage facility leak into the Gas Storage Facility Leak Mitigation Account.
- Moneys in this account shall be expended, upon appropriation by the Legislature, solely for direct emissions reductions in furtherance of the achievement of the greenhouse gas emissions limit.
- Prohibits a gas corporation from recovering any moneys paid for fines, penalties, or damages to residents, businesses, and other parties adversely affected by a gas storage facility leak through any rate increase approved by the CPUC. Require that those costs and expenses be paid for by the gas corporation and its shareholders.

Impacts on SCAQMD's mission, operations or initiatives:

SB 888 is intended to ensure accountability and, should an incident similar to the Aliso Canyon Storage Facility leak happen again, provide for a coordinated and effective governmental response. To fully achieve the bills intended purpose to provide for a coordinated and effective emergency response, the bill should also require coordination with the local air districts. In addition, to maximize the benefit of expenditures from the Gas Storage Facility Leak Mitigation Account, expenditures should be prioritized to maximize criteria and toxic pollutant emission cobenefits.

Recommended Position: SUPPORT AND CONTINUE TO WORK WITH AUTHOR ON DETAILS INVOLVING AIR QUALITY AND SCAQMD OPERATIONS.

Introduced by Senator Allen
(Coauthors: Senators De León and Pavley)
(Coauthor: Assembly Member Wilk)

January 20, 2016

An act to add Section 8585.01 to the Government Code, and to add Section 972 to the Public Utilities Code, relating to gas corporations.

LEGISLATIVE COUNSEL'S DIGEST

SB 888, as introduced, Allen. Gas corporations: emergency management.

(1) Existing law creates, within the office of the Governor, the Office of Emergency Services which, under the Director of Emergency Services, coordinates disaster response, emergency planning, emergency preparedness, disaster recovery, disaster mitigation, and homeland security activities.

This bill would establish the Office of Emergency Services as the lead agency for emergency response to a leak of natural gas from a natural gas storage facility. The bill would require the Office of Emergency Services to coordinate among other state agencies the emergency response, public health and environmental assessment, monitoring, and long-term management and control of the leak.

(2) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, as defined. The Public Utilities Act requires the commission to investigate the cause of all accidents occurring upon the property of any public utility, or directly or indirectly arising from or connected with its maintenance or operation, resulting in loss of life or injury to person or property and requiring, in the judgment of the commission, investigation by it, and authorizes the commission to make any order or recommendation with respect to the

investigation that it determines to be just and reasonable. The act provides that any public utility that violates any provision of the California Constitution or the act, or that fails or neglects to comply with any order, decision, decree, rule, direction, demand, or requirement of the commission, where a penalty has not otherwise been provided, is subject to a penalty of not less than \$500 and not more than \$50,000 for each offense. Existing law requires that any fine or penalty imposed by the commission and collected from a public utility be paid to the State Treasury to the credit of the General Fund.

This bill would require the commission to deposit moneys from penalties assessed against a gas corporation in regards to a gas storage facility leak into the Gas Storage Facility Leak Mitigation Account, which the bill would establish in the State Treasury. The bill would provide that moneys in this account shall be expended, upon appropriation by the Legislature, solely for direct emissions reductions in furtherance of the achievement of the greenhouse gas emissions limit, as specified. The bill would prohibit a gas corporation from recovering any moneys paid for fines, penalties, or damages to residents, businesses, and other parties adversely affected by a gas storage facility leak in any rate approved by the commission, and would require that those costs and expenses be paid for by the gas corporation and its shareholders. Because this provision of this bill would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

(3) 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 8585.01 is added to the Government
- 2 Code, to read:
- 3 8585.01. The Office of Emergency Services shall be the lead
- 4 agency for emergency response to a leak of natural gas from a
- 5 natural gas storage facility. The Office of Emergency Services

1 shall coordinate among other state agencies the emergency
2 response, public health and environmental assessment, monitoring,
3 and long-term management and control of the leak.

4 SEC. 2. Section 972 is added to the Public Utilities Code, to
5 read:

6 972. (a) The commission shall deposit any penalties assessed
7 against a gas corporation pursuant to this chapter in regards to a
8 gas storage facility leak into the Gas Storage Facility Leak
9 Mitigation Account, which is hereby established in the State
10 Treasury.

11 (b) Moneys in the account shall be expended, upon appropriation
12 by the Legislature, subject to both of the following conditions:

13 (1) Moneys shall be expended solely for direct emissions
14 reductions in furtherance of the achievement of the greenhouse
15 gas emissions limit established pursuant to Part 3 (commencing
16 with Section 38550) of Division 25.5 the Health and Safety Code.
17 Moneys shall not be used for the purchase of allowances or offsets
18 otherwise authorized pursuant to Division 25.5 (commencing with
19 Section 38500) of the Health and Safety Code.

20 (2) Moneys from penalties assessed for a gas storage facility
21 leak shall be expended in a manner that, at a minimum, achieves
22 a reduction in greenhouse gases that exceeds the amount of those
23 gases emitted by that leak.

24 (c) A gas corporation shall not recover any moneys paid for
25 fines, penalties, or damages to residents, businesses, and other
26 parties adversely affected by a gas storage facility leak in any rate
27 approved by the commission. Those costs and expenses shall be
28 paid for by the gas corporation and its shareholders.

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

ATTACHMENT 4

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

LEGISLATIVE REPORT FROM HOME RULE ADVISORY GROUP MEETING OF DECEMBER 16, 2015

HRAG members present:

Dr. Joseph Lyou, Chairman

Jill Whynot, SCAQMD

Chris Gallenstein, CARB (participated by phone)

Curt Coleman, Southern California Air Quality Alliance

Sue Gornick, WSPA

Jayne Joy, Eastern Municipal Water District (participated by phone)

Bill LaMarr, California Small Business Alliance

Rongsheng Luo, SCAG (participated by phone)

Art Montez, AMA International

Diane Moss, Renewables 100 Policy Institute

Terry Roberts, American Lung Association of California

David Rothbart, Los Angeles County Sanitation Districts

Larry Rubio, Riverside Transit (participated by phone)

Larry Smith, Cal Portland Cement

TyRon Turner, WCAY

Others: Mark Abramowitz (Board Consultant to Dr. Lyou); Earl Elrod (Board Consultant to Mayor Yates); Rita Loof (RadTech); Noel Muyco (SoCalGas); and Susan Stark (Tesoro).

SCAQMD Staff: Philip Crabbe, Jill Whynot, Bill Wong, and Marilyn Traynor

LEGISLATIVE UPDATE

Philip Crabbe reported that there was no Legislative Committee meeting in December and that the Legislature will be back in session on January 4, 2016.

Discussion

In response to a question by Mr. Coleman, the HRAG had the following discussion on the Governor's Transportation Plan, which relates to the Special Legislative Session on Transportation: The Governor's plan included taxes, fees, and cap-and-trade funding amounting to approximately \$3.6 billion in total. Democrats want the total amount increased to \$6 billion, and the Republicans want the amount increased to \$6.6 billion. There is little likelihood that a deal will be reached in the near term.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

LEGISLATIVE REPORT FROM HOME RULE ADVISORY GROUP MEETING OF JANUARY 20, 2016

HRAG members present:

Dr. Joseph Lyou, Chairman

Jill Whynot on behalf of Dr. Philip Fine, SCAQMD

Elizabeth Adams, EPA (participated by phone)

Curt Coleman, Southern California Air Quality Alliance

Chris Gallenstein, CARB (participated by phone)

Sue Gornick, WSPA

Jayne Joy, Eastern Municipal Water District (participated by phone)

Bill LaMarr, California Small Business Alliance

Rongsheng Luo, SCAG (participated by phone)

Art Montez, AMA International

Terry Roberts, American Lung Association of California

David Rothbart, Los Angeles County Sanitation Districts

Larry Rubio, Riverside Transit (participated by phone)

Larry Smith, Cal Portland Company

TyRon Turner, Dakota Communications

Others: Mark Abramowitz (Board Consultant to Dr. Lyou); David Czamanske (Board Consultant to Councilmember Michael Cacciotti; Ron Ketcham (Board Consultant to Mayor Larry McCallon); Rita Loof (RadTech); and Susan Stark (Tesoro).

SCAQMD Staff: Philip Crabbe, Bill Wong, and Marilyn Traynor

LEGISLATIVE UPDATE

Philip Crabbe reported on the following items that were discussed at the Legislative Committee meeting on January 15, 2016.

Federal

SCAQMD staff and Governing Board member Judy Mitchell met with key members of Congress in Washington, D.C. to outline SCAQMD's needs and priorities. Meetings were held with various elected officials or their staff, including the following: U.S. Senator Dianne Feinstein and U.S. Representatives Tony Cardenas, Janice Hahn, Grace Napolitano, and Loretta Sanchez. It was reported that with the budget discussions about to begin and the nominating sessions in July there is little hope for a large agenda this Congressional session. Also as part of this trip, at the Transportation Research Board's annual meeting, SCAQMD hosted a panel on Zero Emission Freight. Meetings were also held with key House appropriations staff and other key environmental staff in the Administration.

State

In response to the Aliso Canyon Porter Ranch methane leak, Senate leadership announced a legislative package that would include: (1) a moratorium on new injections at the site pending a

determination that it would not pose a risk to the public; (2) ensuring that the polluters, not the public, pay for damages; (3) establishing a single state government point of accountability for future leaks; (4) prohibiting the California Public Utilities Commission from allocating any Aliso Canyon costs to rate payers; (5) increasing inspections and updating health and safety measures; and (6) establishing targets to achieve a 50% reduction in black carbon emissions and a 40% reduction in methane emissions.

The following new bills will be tracked by SCAQMD:

AB 742 (Gallagher)

This bill would prohibit CARB from enforcing a regulation that restricts emissions from in-use diesel-fueled vehicles until CARB receives a completed comprehensive study by an independent private firm of the safety of any particulate matter filters required to be installed on affected vehicles.

AB 550 (Waldron)

This bill would allow owners of certain motor vehicles that are subject to the Smog Check Program to pay a \$200 smog abatement fee in lieu of passing a smog test.

All two-year bills must be heard and must be passed out of their house of origin by January 31, 2016. The deadline for introducing new legislation for this session is February 19, 2016.

The newly elected Speaker, Anthony Rendon, will transition to the position in March. Speaker Rendon has nine years left in the Assembly, which gives him the opportunity to be the longest serving speaker since Willie Brown.

The 2016-17 proposed budget was released by Governor Brown on January 7, 2016. The proposal reflects his efforts to balance fiscal restraint while meeting California's growing needs of the state. Key elements of the proposal are:

- \$122.6 billion General Fund budget.
- \$36 billion over the next decade to improve the maintenance of highways and roads, expand public transit, and improve critical trade routes.
- A \$3.1 billion Greenhouse Gas Cap and Trade expenditure plan.
 - Includes this year's funding and the remaining funding from last year that was not allocated.
 - 10% of these funds to be spent within disadvantaged communities and 25% of the revenues to projects that benefit disadvantaged communities.
 - 60%, or \$1.2 billion, of the projected auction proceeds are continuously appropriated to support public transit, sustainable communities, and high-speed rail.
 - \$1 billion for the following programs that reduce emissions in the transportation sector:
 - \$500 million for the Low Carbon Transportation program
 - \$400 million for the intercity rail capital program
 - \$100 million for the Low Carbon Road Program
 - \$25 million for the Alternative and Renewable Fuel and Vehicle Technology Program

- \$100 million for the Transformational Climate Communities Program, which focuses on the top 5% of disadvantaged communities.
- \$100 million to expand waste management infrastructure
- \$150 million for water conservation and restoration of habitats.

Discussion

Mr. Smith asked about AB 550. Mr. Crabbe stated that it is unclear what the bill's chances are for moving forward. Mr. Montez had questions about the cap and trade investment fund and the budgetary proposal for expenditures. Dr. Lyou asked that staff at a future HRAG meeting provide a report/presentation that discusses how much money was collected by the state, how the money was spent, and how the Governor and Legislature propose to spend any remaining balance. Mr. LaMarr expressed concern that small businesses never receive any of these funds. Dr. Lyou noted that additional information on the cap and trade program can be found on ARB's website (<http://www.arb.ca.gov>).