

BOARD MEETING DATE: July 7, 2017

AGENDA NO. 27B

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, June 9, 2017. The next Legislative Committee meeting is scheduled for Friday, July 14, 2017, at 9 a.m.

Agenda Item	Recommendation/Action
AB 739 (Chau) State vehicle fleet: purchases	Support
AB 797 (Irwin) Solar thermal systems	Support
AB 1239 (Holden) Building standards: electric vehicle charging infrastructure	Support
SB 100 (De León) California Renewables Portfolio Standard Program: emissions of greenhouse gases	Support
SB 518 (De León) Clean Energy Job Creation Program and citizen oversight board	Support
SCAQMD Policy Regarding the Reauthorization of the California Greenhouse Gas Cap & Trade Program	Support

RECOMMENDED ACTION:

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

Judith Mitchell, Chair
Legislative Committee

DJA:MC:MJK:jns

Attendance [Attachment 1]

The Legislative Committee met on June 9, 2017. Committee Chair Judith Mitchell and Committee Members Larry McCallon, Dr. Clark E. Parker, Sr. and Janice Rutherford (arrived at 9:45 a.m.) attended via videoconference. Committee Member Joe Buscaino attended via teleconference. Committee Member Shawn Nelson was absent.

Update on Federal Legislative Issues [Attachment 2]

SCAQMD's federal legislative consultants (Carmen Group, Cassidy & Associates, and Kadesh & Associates) each provided a written report on various key Washington, D.C. issues. Mr. Gary Hoitsma of the Carmen Group, Mr. Kaleb Froehlich of Cassidy and Associates and Mr. Mark Kadesh of Kadesh & Associates gave a verbal update as well.

Mr. Hoitsma briefly updated the committee on the board member and staff trip to Washington, D.C. in May, and noted that the Carmen Group arranged meetings with various federal agencies and congressional staff members, including the White House, Council on Environmental Quality (CEQ), Office of Management & Budget (OMB), U.S. EPA, Department of Transportation (DOT) and Department of Energy (DOE). Mr. Hoitsma noted that the White House is currently holding an "infrastructure summit" with many mayors and governors in attendance. Mr. Hoitsma also stated that President Trump is at the DOT to discuss infrastructure. Mr. Hoitsma also gave an update on U.S. EPA and the status of the ozone rule; EPA will extend the implementation of the ozone rule for one year, and it is expected that they will review the rule and have another rulemaking in a year reflecting their final decisions.

Mr. Froehlich also updated the committee on the board member and staff trip to D.C. in May; he stated that Cassidy & Associates scheduled meetings primarily on the House side with Senate meetings as well, and that the most notable meeting was with the House Appropriations Energy and Water Development Appropriations Subcommittee Chairman, U.S. Representative Mike Simpson from Idaho. Congressman Simpson expressed interest in coming to visit SCAQMD's headquarters to meet with Board Members and staff. Cassidy and Associates will follow up with the Congressman's office. In addition, Mr. Froehlich reported that Cassidy & Associates was closely monitoring President Trump's proposed budget and highlighted concerns to the proposed cuts in the U.S. EPA budget. Mr. Froehlich stated that the first hearing with U.S. EPA Administrator Scott Pruitt has been scheduled for June 15, in the House Appropriations Interior, Environment, and Related Agencies Subcommittee and that the firm would make sure SCAQMD's concerns are made known.

Mr. Kadesh stated that the Board Member and staff trip to D.C. in May was productive; he stated that Kadesh & Associates will continue to follow up on the points that were raised during the meetings. Mr. Kadesh also updated the committee on the results of the special election for the 34th congressional district seat, and stated that Kadesh & Associates would work to discuss SCAQMD's federal agenda with Member-elect Jimmy Gomez. Mr. Kadesh also reported that the appropriations hearing process has started, which is the precursor to marking up bills. Finally, the U.S. EPA hearings in the House and Senate have been scheduled for June 15 and June 28; Mr. Kadesh stated that Kadesh & Associates would follow issues regarding the President's proposed budget and that they would work to make sure SCAQMD's priorities are addressed.

Mr. Wayne Nastri, Executive Officer, stated that he received a call from Mr. Taylor Jordan on the House Science, Space, and Technology Committee, inquiring whether SCAQMD would be interested in testifying before the House committee on June 21. Mr. Nastri noted that they shared with him that they would be cutting back funding and looking more at basic development, and that SCAQMD emphasized the need for increased funding to accelerate deployment.

Update on State Legislative Issues [Attachment 3]

SCAQMD's state legislative consultants (Joe A. Gonsalves & Son and Gonzalez, Quintana, Hunter & Cruz, LLC) provided written reports on various key issues in Sacramento. Mr. Paul Gonsalves of Joe A. Gonsalves & Son and Mr. Jacob Moss of Gonzalez, Quintana, Hunter & Cruz, LLC gave a verbal update as well.

Mr. Gonsalves updated the committee on the California Legislature's house of origin deadline and stated that the deadline applies to all bills except urgency bills. Bills that did not meet the house of origin deadline are now considered two-year bills. Mr. Gonsalves also gave an update on the state's main budget bill, which is due by June 15. Mr. Gonsalves stated that budget trailer bills can be passed until the end of the session, but that legislators must adopt the main budget bill in order to be paid. In addition, July 21 is the last day for policy committee meetings to pass bills onto the floor, and that summer recess would start shortly thereafter. The Legislature will be back into session on August 21, with September 1 being the last day for fiscal committee meetings and that there would likely be a rush to meet the September 15 deadline. In response to an inquiry from Dr. Parker, Mr. Gonsalves reported that there are no bills currently that have passed both houses and would affect the District significantly.

Dr. Parker inquired about the status of cap and trade. In response to his question, a brief discussion ensued regarding cap and trade.

Mr. Gonzalez gave an update on the status of cap and trade and noted that while AB 378 did fail in the Assembly, the Senate's version, SB 775, has an urgency clause, exempting it from the same deadlines. Mr. Gonzalez stated that the final version of the cap and trade bill would likely have two parts; the first part would be an extension of the existing cap and trade program with some possible changes, and the second part would be a companion to the cap and trade trailer bill that would focus more on criteria pollutants and air toxics. Mr. Gonzalez noted that the components of these bills were still being negotiated, and that his firm and the SCAQMD are participating in those conversations and trying to stay engaged with these discussions. Mr. Gonzalez stated that it would be unlikely that the cap and trade deal would be struck before summer break. The final versions of the cap and trade bill would be a trailer bill, with no existing language currently, and that all of the houses and stakeholders are participating.

In response to an inquiry from Dr. Parker, Mr. Gonzalez responded that in spite of AB 378's failure to pass, the ideas and comments submitted by SCAQMD are still part of the conversation.

Mr. Gonzalez also gave an update on AB 1132 (regarding authority for orders for abatement) and AB 1274 (regarding smog check exemption). Mr. Gonzalez stated that AB 1132 will be heard on June 21 by the Senate Environmental Quality Committee, and that he is working with committee staff to keep the bill in its current form with as few changes as possible. Mr. Gonzalez noted that this is due to a successful negotiation process. Mr. Gonzalez reported that AB 1274 has not yet been referred or heard, but that he anticipates a date will be set very soon, either in mid or late June.

In response to an inquiry from Council Member Buscaino, Mr. Gonzalez responded that AB 1274 requires a 2/3 vote due to the fact that Legislative Counsel views the smog abatement fees in years 7 and 8 to be a new fee. A brief discussion regarding AB 1274 and the smog abatement fee ensued.

Mr. Gonzalez also reported that the amendment to AB 1274 directing \$3 to the Bureau of Automotive Repair (BAR) was an Assembly appropriations amendment, and that while they do not agree with the change and will work on reversing it, it could help get additional supporters.

This item was taken out of order.

SCAQMD Policy Regarding the Reauthorization of the California Greenhouse Gas Cap and Trade Program [Attachment 5]

Ms. Baird reported that the California Greenhouse Gas Cap and Trade Program, which is administered by the California Air Resources Board, is currently only authorized through 2020. This program improves air quality and provides a potential source of increased funding for the further reduction of emissions from mobile and stationary sources of air pollution within the South Coast region. Ms. Baird recommended adoption of the policy regarding reauthorization of the California Greenhouse Gas Cap and Trade Program beyond the year 2020.

In response to an inquiry from Dr. Parker, Ms. Baird and Mr. Alatorre responded that they had not heard from trade organizations regarding the proposed Greenhouse Gas Reduction Fund (GGRF) funding allocation and the cap and trade program. A discussion ensued regarding the support and opposition to the cap and trade program.

Dr. Parker requested that Mr. Nastri and Mr. Alatorre keep a close watch on cap and trade reauthorization.

Mr. Nastri stated that the SCAQMD is very engaged on cap and trade reauthorization and is aggressively working on obtaining funding.

Staff recommended that the Committee ADOPT the Proposed Policy Regarding the Reauthorization of the California Greenhouse Gas Cap and Trade Program

Moved by McCallon; seconded by Buscaino; unanimously approved.

Ayes: Buscaino, McCallon, Parker, Mitchell

Noes: None

Abstain: None

Absent: Nelson, Rutherford

Recommend Positions on State Bills [Attachment 4]

AB 739 (Chau) State vehicle fleet: purchases

Ms. Monika Kim, Legislative Assistant, presented AB 739 to the Committee. Ms. Kim stated that the bill would require at least 15% of specified heavy-duty vehicles purchased by state agencies to be zero-emission (ZEV) by 2025 and at least 30% of those vehicles to be ZEV by 2030.

Mayor Pro Tem McCallon inquired what the opposition's argument was for this bill. Mr. Nastri responded that the opposition would likely oppose this bill unless near-zero would also qualify.

In response to an inquiry from Dr. Parker, Mr. Nastri clarified that this bill would only affect heavy-duty vehicles purchased by state agencies.

Council Member Mitchell stated that this bill is worthy of support and stimulates the zero-emission market.

Staff recommended a position of SUPPORT on this bill.

Moved by Parker; seconded by Buscaino; approved as recommended by the following vote.

Ayes: Buscaino, Parker, Mitchell

Noes: McCallon

Abstain: None

Absent: Nelson, Rutherford

AB 797 (Irwin) Solar thermal systems

Mr. Marc Carrel, Program Supervisor, presented AB 797 to the Committee. Mr. Carrel reported that this bill seeks to extend, from August 1, 2018 to August 1, 2020, and modify an existing incentive program for solar water heating systems administered by investor-owned utilities under the supervision of the California Public Utilities Commission (CPUC).

Staff recommended a position of SUPPORT on this bill.

Moved by Buscaino; seconded by Dr. Parker; unanimously approved.

Ayes: Buscaino, McCallon, Parker, Mitchell

Noes: None

Abstain: None

Absent: Nelson, Rutherford

AB 1239 (Holden) Building standards: electric vehicle charging infrastructure

Mr. Derrick Alatorre, Deputy Executive Officer/Legislative, Public Affairs & Media, presented AB 1239 to the Committee. Mr. Alatorre stated that the bill would require the Department of Housing and Community Development (HCD) and the California Building Standards Commission (CBSC) to research, propose and adopt mandatory building standards regarding electric vehicle (EV) capable parking spaces. Supervisor Rutherford joined the meeting [at 9:45 a.m.] while this item was in progress.

Staff recommended a position of SUPPORT on this bill.

Moved by McCallon; seconded by Buscaino; approved as recommended by the following vote.

Ayes: Buscaino, McCallon, Parker, Mitchell

Noes: None

Abstain: Rutherford

Absent: Nelson

SB 100 (De León) California Renewables Portfolio Standard Program: emissions of greenhouse gases

Mr. Carrel explained that the bill would establish a target of generating 100% of California's retail sales of electricity from renewable energy resources by 2045. In addition, the bill would accelerate and expand the existing Renewable Portfolio Standard (RPS) and require state agencies to incorporate into existing climate programs the planning goal and regulatory requirement of achieving 100-percent reliance on renewable energy resources or zero-carbon resources by the end of 2045.

Mayor Pro Tem McCallon inquired whether any analysis had been conducted for the bill's potential economic impact. Mr. Carrel responded that he would look into assessed impacts.

Mayor Pro Tem McCallon also inquired about the support and opposition for the bill and requested that for future analyses, the declared support and opposition be included on a consistent basis. Mr. Nastri said that this will be done

In response to an inquiry from Council Member Mitchell, Mr. Carrel responded that the bill would outline goals rather than a mandate. Mr. Jacob Moss of Gonzalez, Quintana, Hunter & Cruz clarified why the bill does not issue a mandate and instead focuses on reaching goals.

Dr. Parker stated that California's goal to reach 100% clean energy is largely dependent on technology and reasonable costs.

Ms. Barbara Baird, Chief Deputy Counsel, stated that the bill has a provision that would waive the requirements for meeting the mandatory RPS standards in the event that a retail seller of electricity is unable to meet the exact standard required.

Staff recommended a position of SUPPORT on this bill.

Moved by Parker; seconded by Buscaino; approved as recommended by the following vote.

Ayes: Buscaino, McCallon, Parker, Mitchell

Noes: None

Abstain: Rutherford

Absent: Nelson

SB 518 (De León) Clean Energy Job Creation Program and citizen oversight board

Mr. Carrel presented SB 518 to the Committee. Mr. Carrel reported to the committee that SB 518 would establish the Clean Energy Job Creation Program to fund, through annual budget appropriations, energy efficiency and clean energy projects in public schools and community colleges (K-14). The bill would also appropriate unallocated Proposition 39 monies, including \$75 million for school bus retrofit and replacements, to improve energy efficiency in K-14 schools, and would extend the existing Citizens Oversight Board (COB) indefinitely.

Staff recommended a position of SUPPORT on this bill.

Moved by Buscaino, seconded by McCallon; unanimously approved.

Ayes: Buscaino, McCallon, Parker, Rutherford, Mitchell

Noes: None

Abstain: None

Absent: Nelson

Other Business:

There was no other business.

Public Comment Period:

There were no public comments.

The committee adjourned until Friday, July 14, 2017.

Attachments

1. Attendance Roster
2. Update on Federal Legislative Issues – Written Reports
3. Update on State Legislative Issues – Written Reports
4. Recommended Positions on State Bills
5. SCAQMD Policy Regarding the Reauthorization of the California Greenhouse Gas Cap & Trade Program

ATTACHMENT 1
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
LEGISLATIVE COMMITTEE MEETING
ATTENDANCE RECORD – June 9, 2017

Councilmember Buscaino (Teleconference).....	SCAQMD Board Member
Councilmember Judith Mitchell (Videoconference).....	SCAQMD Board Member
Supervisor Janice Rutherford (Videoconference)	SCAQMD Board Member
Mayor Pro-Tem McCallon (Videoconference).....	SCAQMD Board Member
Dr. Clark E. Parker, Sr. (Videoconference).....	SCAQMD Board Member
Mark Abramowitz.....	Board Consultant (Lyou)
Ron Ketcham	Board Consultant (McCallon)
David Czamanske	Board Consultant (Cacciotti)
Andy Silva	Board Consultant (Rutherford)
Gary Hoitsma (teleconference)	The Carmen Group
Dal Harper (teleconference).....	The Carmen Group
Kaleb Froehlich.....	Cassidy & Associates
Jesse Barba.....	Cassidy & Associates
Ryan Mulvenon (teleconference).....	Cassidy & Associates
Mark Kadesh (teleconference).....	Kadesh & Associates
Chris Kierig (teleconference).....	Kadesh & Associates
Dave Ramey (teleconference).....	Kadesh & Associates
Paul Gonsalves (teleconference).....	Joe A. Gonsalves & Son
Will Gonzalez (teleconference)	Gonzalez, Quintana, Hunter & Cruz
Jacob Moss (teleconference).....	Gonzalez, Quintana, Hunter & Cruz
Bill LaMarr	California Small Business Alliance
Rita Loof	RadTech
Bridget McCann.....	WSPA
Noel Muyco	Southern California Gas Company
David Rothbart.....	Los Angeles County Sanitation Districts
Derrick Alatorre	SCAQMD Staff
Leeor Alpern	SCAQMD Staff
Sam Atwood.....	SCAQMD Staff
Debra Ashby	SCAQMD Staff
Barbara Baird.....	SCAQMD Staff
Marc Carrel	SCAQMD Staff
Tina Cox	SCAQMD Staff
Philip Fine.....	SCAQMD Staff
Monika Kim.....	SCAQMD Staff
Fred Minassian.....	SCAQMD Staff
Matt Miyasato	SCAQMD Staff
Wayne Nastri	SCAQMD Staff
Robert Paud.....	SCAQMD Staff
Mary Reichert	SCAQMD Staff
Jeanette Short.....	SCAQMD Staff
Laki Tisopulos	SCAQMD Staff
Todd Warden	SCAQMD Staff
Fabian Wesson	SCAQMD Staff
Jill Whynot.....	SCAQMD Staff
Daniel Wong.....	SCAQMD Staff
Clea Lerner.....	SCAQMD Student Intern
Mitchell McMahon	SCAQMD Student Intern
Kendall Langrell	SCAQMD Student Intern

ATTACHMENT 2



Carmen Group
I N C O R P O R A T E D

MEMORANDUM

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: May 26, 2017

Re: Federal Update -- Executive Branch

Trump Administration Budget Notes: On May 23, the Administration formally released its longer-form federal budget proposal for Fiscal Year 2018, staking out numerous positions on issues and programs that are in stark contrast to the previous administration. In usual Beltway parlance, the President's budget as a whole is immediately declared to be "dead-on-arrival" in the Congress. All of its particulars will be up for grabs in the appropriations process and the negotiations that will go on in the coming months between Members of both political parties, the various Congressional committees, the federal agencies, outside interest groups and other stakeholders involved. Keeping that in mind, as well as that Congress has consistently restored clean air programs cut in past presidential budgets, here are a few of the relevant highlights of special interest:

Environmental Protection Agency

- **DERA:** Cut from \$60 million to \$10 million.
(Administration explanatory note: "*The VW settlement includes an option to use trust funds for DERA projects. These resources, in addition to the EPA's appropriated funding for diesel retrofits and replacements, will provide robust support for diesel emissions reduction projects.*")
- **Targeted Airshed Grants:** Cut from \$30 million to \$0.
(*"This program is regional in nature, and affected states can continue to fund work through the EPA's core air grant programs and statutes."*)
- **Clean Power Plan, Various Climate Programs:** Cut from \$100 million to \$0.

Department of Energy

- **Advanced Research Projects Agency-Energy (ARPA-E):** Eliminated.
- **Title 17 Technology Loan Guarantee Program:** Eliminated.
- **Advanced Technology Vehicle Manufacturing Program:** Eliminated.
(*"because the private sector is better positioned to finance disruptive energy research and development and to commercialize innovative technologies."*)
- **Office of Energy Efficiency and Renewable Energy (EERE):** Refocused to
"limited, early-stage applied energy research and development activities where the Federal role is stronger."

Proven Process. Proven Results.™

Department of Transportation

- TIGER Grant Program: Cut from \$500 million to \$0.
- FASTLANE Freight and Highway Grants: Maintained at \$900 million (authorized level).
- FTA Capital Investment Grants (New Starts): Bars funding for new major rail and BRT transit projects that do not currently have a signed Full Funding Grant Agreement (FFGA).

Trump Infrastructure Initiative “Principles”: In conjunction with the release of its Federal budget proposal, the Administration put out a six-page Fact Sheet containing its first generalized outline and “Key Principles” for what it will be looking for in negotiations with Congress on crafting a final bill later into the year. From this and from our recent discussions with key Administration officials, here a few points to highlight:

- *“The President’s target of at least \$1 trillion in infrastructure investment will be funded through a combination of (\$200 billion in) new Federal funding, incentivized non-federal funding, and newly prioritized and expedited projects.”*
- Targeted infrastructure improvements will cover up to 12 categories, including *“surface transportation, airports, waterways, ports, drinking and waste water, broadband and key Federal facilities.”*
- The Administration’s emerging vision foresees something which one official described to us as being on the order of a *“TIGER on steroids,”* referring to the DOT’s TIGER grant program, and implying that state, regional and local entities would be able to get projects funded much more easily and directly, especially to the extent they align with much more broadly defined key principles.
- The Administration wants to focus on project proposals that are:
 - ✓ High priority regionally or nationally, or can be considered to be “transformative” in terms of leading to long-term changes in how infrastructure is designed, built and maintained while stretching the use and benefit of taxpayer funds.
 - ✓ Structured to assist states and localities that have raised their own dedicated revenues for infrastructure.
 - ✓ *“Align(ing) infrastructure investment with entities best suited to provide sustained and efficient investment,”* while having the Federal government *“divest from certain functions, which will provide better services for citizens, and potentially generate budgetary savings.”*
 - ✓ Public-private partnerships.

Sub-Cabinet Appointments of Note: The following are among recent Trump Administration sub-cabinet appointments of special interest:

Environment Protection Agency

- **Susan Bodine to be Assistant Administrator for Enforcement and Compliance Assurance.** Previously served as Chief Counsel of the Senate Environment & Public Works Committee, Assistant EPA Administrator for Solid Waste and Emergency Response during the George W. Bush Administration, and staff director and counsel for the Subcommittee on Water Resources and Environment at the House Committee on Transportation and Infrastructure.

Department of Transportation

- **Jeffrey Rosen to be Deputy Secretary. Also named to be DOT's Regulatory Reform Officer and Chairman of the Department's Regulatory Reform Task Force.** Previously served as senior partner at Kirkland & Ellis LLP and as General Counsel at the Office of Management and Budget and General Counsel at DOT during the George W. Bush Administration.
- **James Ray to be Special Advisor to the Secretary for Infrastructure.** Previously served as a principal in KPMG's infrastructure consulting practice and in various roles at the Department of Transportation, the Office of Management & Budget, and on Capitol Hill during the George W. Bush administration.
- **Derek Kan to be Under Secretary of Transportation for Policy.** Previously served as General Manager of Lyft in Southern California, on the board of Amtrak and as a policy advisory to Sen. Mitch McConnell (R-KY).
- **Thomas 'Finch' Fulton to be Deputy Assistant Secretary for Transportation Policy.** Previously served with VOX Global in Dallas, Texas, and an aide to Rep. Jim McCrery, Rep. John Fleming, and Sen. Jeff Sessions.
- **Anthony Bedell to be Deputy Assistant Secretary for Intergovernmental Affairs.** Previously served as Associate Administrator for Congressional Affairs at the Small Business Administration and Senior Legislative Officer at the Department of Labor during the George W. Bush administration.
- **Sean McMaster to be Deputy Assistant Secretary for Congressional Affairs.** Previously served as professional staff for the House Committee on Transportation and Infrastructure and as Deputy Chief of Staff to Rep John Mica (R-FL).

Department of Energy

- **David Jonas to be General Counsel:** Previously served as General Counsel of the National Nuclear Security Administration and the Defense Nuclear Facilities Safety Board. Prior to that served 20 years in the US. Marine Corps.

To: South Coast Air Quality Management District

From: Cassidy & Associates

Date: May 26, 2017

Re: Federal Update – House of Representatives

Issues of Interest to SCAQMD

House Budget Committee Update

The House Budget Committee held its inaugural hearing on President Trump's Fiscal Year 2018 budget request on May 24, 2017. The hearing provides the jumping off point for Congress to not only begin its consideration of the President's budget request, but also its Fiscal Year 2018 budget resolution which provides the broad contours for the spending levels to the Fiscal Year 2018 appropriation bills. This hearing covers the entirety of the federal budget (everything from Social Security and Medicare to the Appalachian Regional Commission) so in depth questioning on individual spending accounts is uncommon, but OMB Director Mulvaney was questioned about the large budget request cuts for the Environmental Protection Agency.

NACAA Testimony to House and Senate Interior Appropriations Committees

In preparation for anticipated appropriations hearings in the House and Senate Interior, Environment and Related Agencies hearings with EPA Administrator Scott Pruitt, the National Association of Clean Air Agencies (NACAA) submitted testimony that outline the issues facing air regulators if the President's Budget moved forward in Congress. Most notably, NACAA states that the plan to slash the EPA grants next year could force state and local regulators to hand back some Clean Air Act implementation work to the federal government and that the return of state and local responsibilities to the Federal Government would be a tremendous loss. NACAA further stated that if Congress goes along with the administration's blueprint, "we fear more people will die prematurely and get sick unnecessarily."

Neither the House nor Senate appropriations subcommittees have scheduled their hearing on the EPA draft budget, but those will likely be in early June, once Congress returns from the Memorial Day Congressional recess period.

Compliance Dates Extended for EPA Coal Plant Rule

EPA Administrator Scott Pruitt signed a proposed regulation on Thursday, May 25 to suspend compliance dates for an Obama administration regulation limiting toxic discharges from coal-fired power plants. EPA will accept public comment for 30 days on its plan to suspend compliance dates implementing two aspects of the rule, which

limits waterborne pollutants like arsenic and lead. Those requirements would be indefinitely suspended “until EPA promulgates a final rule specifying compliance dates.”

SCAQMD Board May Trip Report

For the Governing Board visit to Washington, D.C. in mid-May, Cassidy arranged nine Congressional office meetings as well as a House Congressional staff briefing on the Clean Air Act Waiver process for Section 177 states which follow the California standards. Most notably, Cassidy arranged for meetings with House Appropriations Energy and Water Subcommittee Chairman Mike Simpson (R-ID), one of the most senior Republican appropriators. Chairman Simpson expressed interest in arranging a visit and tour of South Coast at an upcoming time. Additionally, the meeting with Transportation and Infrastructure Ranking Member Peter DeFazio (D-OR) provided another important educational relationship building opportunity with a Member who was not previously familiar with SCAQMD.

The Congressional staff briefing included remarks by Matt Solomon from NESCAUM, Chris Miller from AESI, Bill Becker of NACAA and Judy Mitchell representing SCAQMD. The briefing was attended by approximately 20 offices on both the Republican and Democratic side and was a great way to get South Coast’s message out to a diverse audience from across the country.

The list of the additional offices Cassidy arranges meetings with is below:

- Office of Senator John Cornyn (R-TX), Senate Majority Whip
- Office of Senate Energy and Natural Resources Committee Chairwoman, Lisa Murkowski (R-AK)
- Office of Senator Ed Markey (D-MA)
- Office of Senator Kirstin Gillibrand (D-NY)
- Office of House Minority Whip, Steny Hoyer (D-MD)
- Office of Senate Energy and Natural Resources Committee Ranking Member, Maria Cantwell (D-WA)
- Office of House Energy and Commerce Ranking Member, Frank Pallone (D-NJ)

House Democrats Release Report Detailing Impact of EPA Budget Cuts

House Democrats are warning in a report that the Trump administration proposed FY 2018 budget cuts would decimate federal assistance to states for environmental protection and cleanup programs. The report is an attempt to show lawmakers the impact that the budget’s proposed 31 percent cut to the EPA would have on individual states. It is the most detailed Capitol Hill review so far of the EPA reductions that were proposed in the budget.

According to the report, the EPA budget would be cut by \$2.4 billion for fiscal 2018, leading to the elimination of 3,784 jobs and cutting 46 programs. The report does not specify which 46 programs, but suggests sharp cuts for all climate related work and regulatory efforts aimed at enforcing pollution. Notably, the report says that the cuts would cut EPA grants to state environmental and regulatory agencies by \$597 million. The largest states would take the hardest hits, including California, proposed to be cut by \$30 million. It is worth noting, however, that few Republican appropriators have embraced President Trump’s budget, with many saying that it will be rewritten by Congress and many of the cuts reversed or scaled back.

KADESH & ASSOCIATES, LLC

MEMORANDUM

To: South Coast AQMD Legislative Committee
From: Kadesh & Associates
Date: May 30, 2017
Re: Federal Legislative Update – June 2017 Legislative Committee

May featured two large events: the release of the Trump Administration's Fiscal Year 2018 budget and the SCAQMD Board trip to Washington, DC. The Congress was in session for four of the five weeks in May.

Budget and Appropriations

The House and Senate passed the FY2017 Omnibus Appropriations bill to fund the government through September 30, 2017. It was signed into law on May 5, 2017 (Public Law No. 115-31). EPA's overall FY17 budget suffered a 1% reduction in the House-Senate Omnibus package, far better than the 30% cut suggested by the Trump Administration in its so-called "skinny budget" released in mid-March.

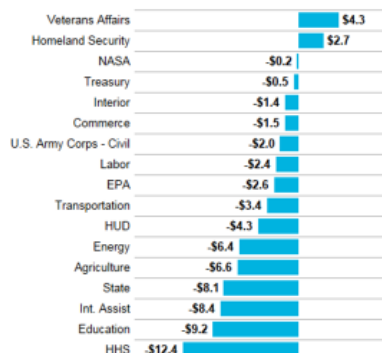
In the President's formal FY18 Budget submission (summarized in the Bloomberg chart below), EPA is targeted for a 31.4% cut. While past may not always be prologue, the FY17 Omnibus experience gives some hope that the Congress, on a bicameral and bipartisan basis, does not agree with this depth of cutting or the specifics in regard to DERA and Targeted Airshed Grants.

The charts below explain how the proposed cuts would affect each agency.\

BIGGEST NON-DOD CHANGES IN DOLLAR AND PERCENTAGE TERMS

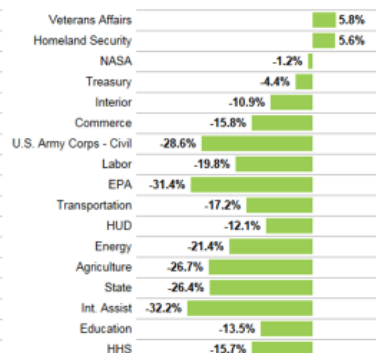
Fiscal 2018 discretionary base budget request – changes in dollars

Fiscal 2018 request versus fiscal 2017 enacted
Budget authority in billions of dollars



Fiscal 2018 discretionary base budget request – percentage change

Fiscal 2018 versus fiscal 2017 enacted



Notes: NASA – National Aeronautics and Space Administration; EPA – Environmental Protection Agency; HUD – Housing and Urban Development; HHS – Health and Human Services
Source: President's Fiscal 2018 Budget Request
© 2017 Bloomberg Finance L.P.

13

Bloomberg
GOVERNMENT
PRESIDENT TRUMP'S FISCAL 2018 BUDGET REQUEST

DERA and Targeted Airshed Grants

Funding for the Diesel Emissions Reduction Act (DERA) program rose to \$60 million in FY17, an increase of \$10 million from the 2016 figure of \$50 million. The Targeted Airshed Grant Program, which received \$20 million last year, will receive \$30 million. These two programs rely upon Congressional support from both the House and Senate. In its final budget request released early last year, the Obama White House had planned to slash DERA to \$10 million. Targeted Airshed grants would have been zeroed out. For Fiscal Year 2018, the Trump Administration has also proposed to eliminate money for the Targeted Air Shed Grant Program and to cut DERA to \$10 million.

EPA Operating Plan

Division G, Title II of the Omnibus directs: “Within 30 days of enactment of this Act, [EPA] is directed to submit to the House and Senate Committees on Appropriations its annual operating plan for fiscal year 2017, which shall detail how the Agency plans to allocate funds at the program project level.” That report, if delivered on time, is due to the Congress by June 5.

Next Steps

The House and Senate Appropriations Committees will commence a highly compressed and earnest schedule of hearings and mark ups in June and July in the hope of concluding FY2018 with their legislation at least in good enough shape to forge another omnibus or “CRomnibus,” (a part-continuing resolution/part-Omnibus) with perhaps some bills passing in regular order (i.e. Defense Appropriations and/or VA-HUD Appropriations).

SCAQMD Board Trip to DC

A successful DC fly-in provided the focal point of the month with three days of agency, administration and Congressional meetings. Kadesh & Associates was pleased to arrange and staff 14 Congressional meetings as well as host the group for a morning organizational briefing. Headway was made in securing expressions of support for DERA, and other programs of importance. The concept of a Clean Air Fund was more broadly introduced to the Congressional audience, with the suggestion made that perhaps 5% of a potential \$1 trillion stimulus be set aside for clean air technologies across the nation.

###

ATTACHMENT 3



Joe A. Gonsalves & Son

Anthony D. Gonsalves

Jason A. Gonsalves

Paul A. Gonsalves

PROFESSIONAL LEGISLATIVE REPRESENTATION

925 L ST. • SUITE 250 • SACRAMENTO, CA 95814-3766

916 441-0597 • FAX 916 441-5061

Email: gonsalves@gonsalvi.com

TO: SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

FROM: ANTHONY, JASON, AND PAUL GONSALVES

SUBJECT: JUNE LEGISLATIVE UPDATE

DATE: FRIDAY, MAY 26, 2017

During the month of May, the Legislative focus has shifted toward the May Revision of the Governor's Proposed Budget. This includes an extension of the cap & trade program that is currently set to expire in 2020, and Senate President Pro Tem De León's push for a 100% Renewable Portfolio Standard (RPS). Conference Committees will gear up to finalize the budget differences between the two houses in an effort to reach the June 15 constitutional deadline to adopt a budget. Only the main budget bill must be adopted by June 15, 2017. All budget trailer bills have until the end of session to be adopted.

Additionally, May 12th was the deadline for bills to pass out of policy committees. The fiscal committee's deadline to pass bills to the floor of their house was May 26, 2017. Policy committee hearings can resume on June 5th.

MAY REVISE

On May 11, 2017, Governor Brown released his May Revision to the State Budget. The revised state budget continues to plan for tougher times ahead, recognizing the state economic recovery is stretching into its 8th year (2 years short of the longest on record) coupled with increasing uncertainty at the Federal level.

The May Revision reflects higher capital gains than projected, reducing the \$5.8 billion revenue shortfall forecast in January to \$3.3 billion. Some cuts from the January Budget

remain, but the improved fiscal outlook allows the May Revision to advance several key priorities of the Administration, including:

- **Increasing Funding for Schools** - \$1.4 billion in 2017-18 to continue implementation of the Local Control Funding Formula to 97% complete. For higher education, the May Revision continues to provide each university system and the community colleges with annual General Fund growth. The May Revision sequesters \$50 million in UC funding until the State Auditor's recommendations and other UC commitments are implemented.
- **Improving California's Transportation System** – Building on the recently adopted transportation funding package, the May Revision enhances oversight of Caltrans and allows the state and local governments to implement the SB 1 plan in a cost-effective manner without delay. The May Revision reflects the first \$2.8 billion of new funding to:
 - Focus on "fix-it-first" investments to repair neighborhood roads and state highways and bridges.
 - Make key investments in trade and commute corridors to support continued economic growth and implement a sustainable freight strategy.
 - Match locally generated funds for high-priority transportation projects.
 - Invest in passenger rail and public transit modernization and improvement.
- **Recognizing Budget Pressures and Threats** - The May Revision reflects the Governor's plan to save for tougher budget times ahead. Proposition 2 establishes a constitutional goal of having 10% of tax revenues in the Rainy Day Fund. By the end of 2017-18, the state's Rainy Day Fund will have a total balance of \$8.5 billion (66% of the constitutional target). While a full Rainy Day Fund will not eliminate the need for further spending reductions in case of a recession or major federal policy changes that trigger a budget crisis, saving now will allow the state to spend from its Rainy Day Fund later to soften the magnitude and length of any necessary cuts.

The Legislature has until June 15, 2017 to adopt the State budget otherwise they will not receive their pay. We will continue to keep you apprised as the budget progresses.

SB 100 (DE LEON)

California already has the most ambitious climate targets in the world and the most aggressive renewable energy targets of any economy of its size. We lead the nation in renewable energy generation, clean tech venture capital investment, patent creation and clean car technology.

In 2015, The Legislature passed SB 350, The Clean Energy and Pollution Reduction Act (De Leon et al), which set a 50% clean energy standard by 2030. That bill also set

new requirements for doubling energy efficiency and for wide scale transportation electrification deployment. Senate Bill 32, the Global Warming Solutions Act of 2016 (Pavley), requires the state to reduce overall greenhouse gas emissions by 40% by 2030.

On Tuesday, May 02, 2017, California Senate President pro Tempore Kevin de León introduced Senate Bill 100, The California Clean Energy Act of 2017, which puts the state on the path to 100% clean, renewable energy by 2045.

SB 100 establishes an overall state target of 100% clean energy for California by 2045 by directing the CA Public Utilities Commission, CA Energy Commission, and Air Resources Board to adopt policies and requirements to achieve total reliance on renewable energy and zero carbon resources by that date.

Further, SB 100 proposes to accelerate SB 350's 50% mandate for clean renewable energy from 2030 to 2026 and establishes a new RPS benchmark of 60% by 2030 to ensure more clean energy in the California grid sooner. In addition, the bill would establish new policies for energy companies to capture uncontrolled methane emissions from dairies, landfills and waste water treatment plants and use these clean renewable fuels to replace natural gas.

LEGISLATIVE CALENDAR

The following will provide you with the upcoming Legislative deadlines for the 2017-18 legislative session:

May 26, 2017 – Last Day for Fiscal Committees to Meet.
May 30-June 2, 2017 – Floor Session Only
June 2, 2017 – Last Day to Pass Bills out of Their House of Origin.
June 15, 2017 – Budget Bill Must be Adopted
July 14, 2017 – Last day for Policy Committees to Hear Fiscal Bills
July 21, 2017 – Last day for Policy Committees to Hear Bills.
July 21-August 21, 2017 – Summer Recess
September 1, 2017 – Last Day for Fiscal Committees to Hear Bills
September 5-15, 2017 – Floor Session Only
September 8, 2017 – Last Day to Amend on the Floor
September 15, 2017 – Last Day of Session

LEGISLATION

AB 1073 (E. Garcia)

The California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program funds zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies and related projects. Existing law requires the state board, when funding a specified class of projects, to allocate, until January 1, 2018, no less

than 20% of that available funding to support the early commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology.

This bill proposes to require the state board, when funding a specified class of projects, to allocate, until January 1, 2023, no less than 20% of that available funding to support the early commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology.

This bill has passed out of the Assembly and is now waiting to be heard in the Senate Environmental Quality Committee.

AB 1082 (Burke)

This bill would require a large electrical corporation (100,000 or more service connections) to file with the PUC, by July 30, 2018, a program proposal for the installation of vehicle charging stations at school facilities. Allows an electrical corporation with 100,000 service connections or less the same ability to file with the PUC. The bill would require the PUC to review and approve, or modify and approve, the program proposal filed by the electrical corporation by December 31, 2018.

The bill would also authorize the use of these charging stations by faculty, students, and parents before, during, and after school hours at those times that the school facilities are operated for purposes of providing education or school-related activities. The bill would require the electrical corporation to install, own, operate, and maintain the charging equipment and would require that the approved program include a reasonable mechanism for cost recovery by the electrical corporation.

Lastly, the bill would require that schools receiving charging stations pursuant to the approved program participate in a time-variant rate approved by the commission.

This bill is double-referred was heard first in the Assembly Communications and Conveyance Committee on April 5, 2017 and passed on a 10-3 vote. The bill was heard next in the Assembly Education Committee on April 26, 2017 and passed on a 6-0 vote. The bill was heard in the Assembly Appropriations Committee and passed off the suspense file on May 26, 2017. The bill will be heard next on the Assembly Floor.

AB 1083 (Burke)

This bill proposes to require large electrical corporations (100,000 or more service connections) to file with, and the California Public Utilities Commission (CPUC) to approve, a program proposal for the installation of electric charging stations at state parks and beaches. The bill allows an electrical corporation with 100,000 service connections or less the same ability to file with the PUC.

Specifically, the bill would require electrical corporations to file with the CPUC a program proposal for the installation of electrical grid integrated level-two charging stations at state parks and beaches, by September 30, 2018.

Additionally, the electrical corporations would be required to work in consultation with the CPUC, the California Energy Commission, and the California Air Resources Board (CARB), to develop a plan to create a robust charging network at all state parks and beaches within its service territory, by July 31, 2018 with the CPUC to review and approve, or modify and approve, the program by December 31, 2018.

The electrical corporations would be required to install, own, operate, and maintain the electric vehicle charging equipment. The approved program would include a mechanism for reasonable cost recovery by the electrical corporation.

This bill is double-referred was heard first in the Assembly Communications and Conveyance Committee on April 5, 2017 and passed on a 10-3 vote. The bill was then heard in the Assembly Education Committee on April 26, 2017 and passed on a 9-4 vote. The bill was heard in the Assembly Appropriations Committee, where the bill was amended to include consultation with the Department of Parks and targeting beaches that will have the best utilization of the program. The bill passed out of the Assembly Appropriations Suspense file and will be heard on the floor of the Assembly next.

AB 1647 (Muratsuchi)

This bill proposes to require an air district to require the owner or operator of a petroleum refinery to install a community air monitoring system on or before January 1, 2020, and to install a fence-line monitoring system on or before January 1, 2019.

The bill would also require the owner or operator of a refinery to collect real-time data from these monitoring systems, to make that data available to the public at the time of collection in a publicly accessible format, and to maintain records of that data.

This bill was heard in the Assembly Natural Resources Committee on April 17, 2017 and passed on an 8-2 vote. The bill was heard next in the Assembly Appropriations Committee on May 3, 2017 and passed on a 11-5 vote. The bill will be heard next on the Assembly Floor.

SB 57 (Stern)

This bill would change the law (SB 380) specific to the Aliso Canyon natural gas storage facility to require the third-party root cause analysis of the SS-25 well leak be completed and released to the public prior to the supervisor determining the facility is safe to re-start injections of natural gas. In addition, the bill would require the proceeding initiated by the CPUC to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas facility be completed by December 31, 2017.

SB 57 is an urgency bill, which requires 2/3 vote. The bill was recently amended to add Senator Hertzberg as a principal co-author. In addition, the bill added Assemblymember Costa and Senator's Allen, Wilk and Weiner as co-author's.

The bill was heard in the Senate Energy, Utilities and Communications Committee on April 4, 2017 and passed on a 9-1 vote. The was heard next in the Senate

Appropriations Committee, where they amended the bill to authorize the Governor to order incremental injections at the facility, but only if the Governor determines it is necessary to avoid, or respond to, an emergency situation. The bill passed off of the Senate Appropriations Suspense file and will be heard next on the Senate Floor.



SCAQMD Report
Gonzalez, Quintana, Hunter & Cruz, LLC
June 9, 2017

General Update

Both Senate and Assembly Appropriations suspense hearings were completed by May 26, 2017. Policy committee hearings can resume on June 5th. Between now and then, only fiscal committees will hear bills.

Cap & Trade

Cap and trade negotiations are underway. The Governor's office, the Senate, and the Assembly are each working on developing plans to extend, modify, or expand the existing cap and trade program that is currently set to sunset in 2020.

There is a lot of interest in somehow incorporating air toxics and criteria pollution reductions into a final cap and trade deal. However, how this will occur has yet to be decided.

While the Governor has expressed an interest in finalizing a plan by June 15, 2017, final versions of a plan have not been released.

Sponsored Legislation

AB 1132 (C. Garcia) Non-vehicular air pollution: order of abatement.

This bill would authorize the air pollution control officer, if he or she determines that a person has violated those requirements and the violation presents an imminent and substantial endangerment to the public health or welfare, or the environment, to issue an order for abatement pending a hearing before the hearing board of the air district.

Update

AB 1132 amendments were accepted by the groups that had expressed opposition to the original version of the bill. In addition to shortening some of the timelines included in the bill, the amendments state that the air pollution control officer shall make reasonable efforts to meet and confer with the person regarding the imminent and substantial

endangerment findings prior to issuance of the order. The person may offer for the air pollution control officer's consideration proposed alternative measures which will prevent further imminent and substantial endangerment in an attempt to agree on a stipulated order.

Currently the bill is in Senate Rules committee where they will determine to which policy committee the bill will be referred in the Senate. No policy committees can meet until after June 5th so it is likely that the bill won't be heard in its first Senate policy committee until mid-June.

Because we are amending the bill after the bill has moved out of its first house, the Assembly, the bill will need to come back to the Assembly after passing through the Senate for a final concurrence vote prior to heading to the Governor. If no serious new opposition shows up we have a good chance of moving this bill fairly quickly and smoothly but anything can happen so we will need to remain vigilant.

AB 1274 (O'Donnell) Carl Moyer Memorial Air Quality Standards Attainment Program. Smog Abatement Fee.

Would, except as provided, exempt motor vehicles that are 8 or less model-years old from being inspected biennially upon renewal of registration. The bill would assess an annual smog abatement fee of \$24 on motor vehicles that are 7 or 8 model-years old. The bill would require the fee be deposited into the Air Pollution Control Fund and be available for expenditure, upon appropriation by the Legislature, to fund the Carl Moyer Memorial Air Quality Standards Attainment Program.

This bill requires a 2/3 vote for passage.

Update

This bill passed out of the May 26, 2017 Assembly Appropriations suspense hearing with an amendment that directs \$3.00 of the new fee to BAR. As of the time that this report was prepared the bill had not yet been taken up for a vote on the Assembly Floor.

ATTACHMENT 4

AB 739 (Chau) State Vehicle Fleet: purchases

Summary: This bill would require at least 15% of specified heavy-duty (HD) vehicles purchased by state agencies to be zero-emission (ZEV) by 2025 and at least 30% of those vehicles to be ZEV by 2030.

Background: Existing law requires all new state fleet purchases made by the Department of General Services (DGS) and other state entities of certain passenger vehicles and light-duty trucks to meet the fuel economy standard established by DGS, in consultation with the State Energy Resources Conservation and Development Commission. Specifically, Executive Order B-16-2012 requires 10% of state light-duty fleet purchases to be ZEVs by 2015 and 25% to be ZEVs by 2020.

Existing law requires the Secretary of the Government Operations Agency, in consultation with DGS and other state agencies, to develop and implement a plan to improve the overall state fleet's use of alternative fuels, synthetic lubricants, and fuel-efficient vehicles by reducing or displacing the consumption of petroleum products by the state fleet.

Existing law also establishes the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), administered by the California Air Resources Board, to provide vouchers to help California fleet owners purchase hybrid and ZEV trucks and buses.

Status: 5/26/2017 - From Assembly APPR. committee: Do pass. (Ayes 11. Noes 5.) (May 26).

Specific Provisions: Specifically, this bill would:

- 1) Mandate that at least 15% of vehicles with a gross vehicle weight rating (GVWR) of 19,000 pounds or more purchased by state agencies must be ZEV by December 31, 2025, and at least 30% of those vehicles must be ZEV by December 31, 2030;
- 2) Exempt vehicles that have special performance requirements necessary for the protection of public safety, as defined by DGS, from this bill; and
- 3) Require DGS, if it finds in a public hearing that it cannot meet the needs of the state while meeting the requirements of this bill, to disclose this finding at the hearing and to the Legislature. The requirements would become inoperative on the date DGS notifies the Legislature of this finding and are repealed on January 1 of the following year.

Impacts on AQMD's mission, operations or initiatives: This bill would help the South Coast region by reducing emissions, cleaning up polluted transportation corridors, improving public health in impacted communities, and protecting the changing climate from

powerful super pollutants like black carbon. Further, reducing harmful diesel particulate matter and NOx emissions would help facilitate attainment of federal air quality standards in the South Coast region.

This bill establishes phased-in targets for incorporating more ZEVs into the state's HD fleet. ZEVs include plug-in electric vehicles and hydrogen fuel cell electric vehicles. The author states that this bill "will help create jobs and a market that fosters heavy-duty ZEV development, provide for more fuel efficient vehicles, help the State meet its greenhouse gas emissions reduction goals, and ensure the State is doing its part to meet those goals."

DGS reports that, currently, 38% of the state's vehicle fleet is comprised of HD vehicles. DGS considers any vehicle with a GVWR of 8,500 pounds to be HD. This bill would apply a phased-in state fleet mandate of 15% HD ZEVs by 2025 and 30% by 2030 to vehicles with a GVWR of at least 19,000 pounds. Examples of these types of vehicles include various delivery and storage trucks, buses, garbage trucks, and cement or dump trucks.

Currently, no mandates are in place for HD ZEVs. However, in June 2016, DGS reports that it executed statewide contracts for HD ZEV trucks for state entities to purchase. To date, no state departments have utilized these contracts due to the high cost and limited mileage range and battery life associated with these vehicles. DGS estimates these ZEVs range in price from \$165,000 to \$254,000 per vehicle, compared to costs ranging from \$41,000 to \$81,000 for a conventional HD. These factors could make it potentially cost prohibitive and operationally difficult for state entities to purchase these types of ZEVs, even with the pricing offset by HVIP vouchers.

The statewide ZEV Action Plan identifies specific actions for state government to take to build the state's ZEV market. It recognizes that "advancing the full range of electric-drive technologies rather than concentrating on one particular technology provides the state with the greatest opportunity to meet its ZEV goals.

Recommended Position: Support

Support

American Lung Association in California
BYD America
California Electric Transportation Coalition
California Environmental Justice Alliance
Coalition for Clean Air
Sierra Club California
Union of Concerned Scientists

Opposition

Bioenergy Association of California

South Coast Air Quality Management District
Legislative Analysis Summary – AB 739 (Chau)
Bill Version: As amended May 3, 2017
DA/PC – May 23, 2017

California Natural Gas Vehicle Coalition
Clean Energy
Coalition for Renewable Natural Gas
Los Angeles Area Chamber of Commerce
Natural Gas Vehicles for America
North American Renewable Natural Gas Industry

AMENDED IN ASSEMBLY MAY 3, 2017

AMENDED IN ASSEMBLY APRIL 17, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 739

Introduced by Assembly Member Chau

February 15, 2017

An act to add *and repeal* Section 25722.11 ~~to~~ of the Public Resources Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 739, as amended, Chau. State vehicle fleet: purchases.

Existing law requires all new state fleet purchases made by the Department of General Services and other state entities of certain passenger vehicles and light-duty trucks to meet the fuel economy standard established by the department, in consultation with the State Energy Resources Conservation and Development Commission. Existing law requires the Secretary of the Government Operations Agency, in consultation with the department and other state agencies, to develop and implement a plan to improve the overall state fleet's use of alternative fuels, synthetic lubricants, and fuel-efficient vehicles by reducing or displacing the consumption of petroleum products by the state fleet.

This bill would, except as provided, require, by December 31, 2025, at least 15% of vehicles with a gross vehicle weight rating of 19,000 pounds or more purchased by the department and other state entities for the state fleet to be zero-emission and by December 31, 2030, at least 30% of those vehicles to be zero-emission. *The bill would require, if the department finds, in a public hearing, that it cannot meet the needs*

of the state while meeting this requirement, the department to disclose this finding at the hearing and to the Legislature. The bill would provide that the requirement would be inoperative on the date on which the department notifies the Legislature.

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

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

1 SECTION 1. Section 25722.11 is added to the Public Resources
2 Code, to read:
3 25722.11. (a) By December 31, 2025, at least 15 percent of
4 vehicles with a gross vehicle weight rating of 19,000 pounds or
5 more purchased by the Department of General Services and other
6 state entities for the state fleet shall be zero-emission. By December
7 31, 2030, at least 30 percent of vehicles with a gross vehicle weight
8 rating of 19,000 pounds or more purchased by the Department of
9 General Services and other state entities for the state fleet shall be
10 zero-emission.
11 (b) This section does not apply to vehicles that have special
12 performance requirements necessary for the protection of public
13 safety, as defined by the Department of General Services.
14 (c) (1) *If the Department of General Services, in a public*
15 *hearing, finds that it cannot meet the needs of the state while*
16 *meeting the requirements of this section, the department shall*
17 *disclose that finding at the hearing and shall notify the Legislature*
18 *of the finding in compliance with Section 9795 of the Government*
19 *Code.*
20 (2) *This section is inoperative on the date on which the*
21 *department notifies the Legislature pursuant to paragraph (1) and*
22 *is repealed on January 1 of the following year.*

AB 797 (Irwin)
Solar thermal systems.

Summary: This bill extends, from August 1, 2018 to August 1, 2020, and modifies an existing incentive program for solar water heating systems administered by investor-owned utilities under the supervision of the California Public Utilities Commission (CPUC).

Background: AB 1470 (Huffman), Chapter 536, Statutes of 2007, created the California Solar Initiative (CSI) Thermal rebate program to reduce the use of natural gas in buildings through solar heating technologies. CSI Thermal rebates were made available in 2010.

According to the CSI Thermal statistics web site, as of 2017 the annual energy savings for this program is more than 4.5 million therms, almost 1 million kilowatt hours, and nearly 25 metric tons of greenhouse gas (GHG) emission reductions. The program was authorized in 2007 and capped at \$250 million. However, demand has been limited and only \$72 million in water heating systems have been installed even as program eligibility has expanded.

Cost Effectiveness Considerations. In the establishment of the CSI Thermal program, the CPUC was required to determine if the program would be cost effective to customers. The CPUC assumed natural gas prices would increase and installation costs for solar water heaters would decrease, making the program cost effective. However in the near decade since the original study, the cost of natural gas in California has remained lower while the costs of system installations have remained high. This bill mandates the CPUC perform an updated assessment of the cost effectiveness of the program before the program sunset in 2020.

Status: 5/24/2017 - Referred to Sen. Com. on E., U. & C.

Specific Provisions: This bill extends and modifies an existing incentive program for solar water heating systems administered by investor-owned utilities under the supervision of the CPUC. Specifically, this bill:

- 1) Extends the incentive program from August 1, 2018 to August 1, 2020.
- 2) Requires the CPUC to perform a cost-effectiveness assessment of the entire program to be completed no later than December 31, 2019.
- 3) Expands the program from solar water and space heating systems to "solar thermal" systems which includes water and space heating as well as cooling systems, along with systems to replace natural gas to meet industrial needs like sterilizing, pasteurizing, or drying.
- 4) Reserves 50% of the total program budget for installation of solar thermal systems in low-income residential housing or in buildings in disadvantaged communities as defined by CalEnviroscreen. Also reserves 10% of the total program budget for installation of solar thermal systems in industrial applications. Authorizes the CPUC to revise these percentages if the budget for other customers becomes depleted.

- 5) Exempts from the program any solar thermal system where the cost of monitoring the system is likely to exceed two percent of the system cost. The CPUC may reconsider the percentage amount of this exemption after a stakeholder process is completed.
- 6) Prohibits tenants from contracting for this program.

Impacts on SCAQMD’s mission, operations or initiatives: This bill extends the CSI Thermal Program funding for two years, and targets significant resources for solar thermal to low-income housing and buildings in disadvantaged communities.

The Program has paid out about \$45 million in incentives between 2010 and 2016. The majority of these funds were used to fund commercial multifamily housing and low income multifamily housing projects (\$35 million). Solar thermal can be used to meet the needs of food, beverage, textiles, paper and pulp industries. Processes like sterilizing, pasteurizing, drying, hydrolyzing, distillation and evaporation, and washing and cleaning do not require high temperatures and could benefit from the use of solar thermal technologies.

According to the author’s office, “In 2007, AB 1470 (Huffman) created the CSI Thermal rebate program, but rebates were not available until 2010. Shortly after, natural gas prices plummeted and the CPUC was reluctant to make the necessary adjustments to the program. Effective rebate levels were finally put in place in May 2015. Since then, program activity has increased, with some of the greatest growth seen within the multifamily housing sector. However, while the program is starting to see success the program is scheduled to end in August 2017.

AB 797 will target significant resources for solar thermal on low-income housing and buildings in disadvantaged communities. The bill will also improve the effectiveness of the incentives by providing the CPUC the flexibility to review and revise the incentive levels to adjust for natural gas price fluctuations.”

This bill is in line with the District’s policy priorities regarding reducing criteria pollutant emissions from stationary sources and specifically supporting the development of efficient, low nitrogen oxide emission solar equipment. This bill also supports SCAQMD’s environmental justice priorities by facilitating greater access to incentives for such equipment by members of disadvantaged communities within the South Coast region.

Recommended Position: SUPPORT

AMENDED IN ASSEMBLY APRIL 26, 2017

AMENDED IN ASSEMBLY MARCH 22, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 797

Introduced by Assembly Member Irwin

February 15, 2017

An act to amend Sections 2861, 2863, 2864, 2865, 2866, 2867, and 2867.3 of, *to amend the heading of Article 2 (commencing with Section 2860) of Chapter 9 of Part 2 of Division 1 of*, to amend and renumber Section 2862 of, to repeal Sections 2860 and 2867.2 of, and to repeal and add Section 2867.4 of, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 797, as amended, Irwin. Solar thermal systems.

The Solar Water Heating and Efficiency Act of 2007, until August 1, 2018, requires the Public Utilities Commission, if it determines that a solar water heating program is cost effective for ratepayers and in the public interest, to implement a program to promote the installation of 200,000 solar water heating systems in homes, businesses, and buildings or facilities of eligible customer classes receiving natural gas service throughout the state by 2017. The act establishes the maximum funding for the program, for the collective service territories of all gas corporations, at \$250,000,000. The act, until August 1, 2017, requires the governing body of each publicly owned utility providing gas service to retail end-use customers to adopt, implement, and finance a solar water heating system incentive program to encourage the installation of 200,000 solar water heating systems by 2017.

This bill would revise the program to, among other things, promote the installation of solar thermal systems throughout the state, ~~set the maximum funding for the program between January 1, 2018, and July 31, 2023, at \$250,000,000,~~ reserve 50% of the total program budget for the installation of solar thermal systems in low-income residential housing or in buildings in disadvantaged communities, *require an assessment of the cost-effectiveness of the entire program through July 31, 2019, to be completed by December 31, 2019,* and extend ~~the~~ operation of the program through July 31, ~~2023; 2020~~. Because a violation of any order, decision, rule, direction, demand, or requirement of the commission implementing these revisions would be a crime, this bill would impose a state-mandated local program. The bill would also require the governing body of each local publicly owned utility providing gas service, until August 1, ~~2023; 2020~~, to adopt, implement, and finance a solar thermal system incentive program. Because the bill would extend the obligations of a local publicly owned utility to adopt, implement, and finance the program, this bill would impose a state-mandated local program.

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 specified reasons.

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 heading of Article 2 (commencing with
- 2 Section 2860) of Chapter 9 of Part 2 of Division 1 of the Public
- 3 Utilities Code is amended to read:
- 4
- 5 Article 2. Solar ~~Water Heating~~ Thermal Systems
- 6
- 7 SECTION 1.
- 8 SEC. 2. Section 2860 of the Public Utilities Code is repealed.
- 9 ~~SEC. 2.~~
- 10 SEC. 3. Section 2861 of the Public Utilities Code is amended
- 11 to read:

1 2861. As used in this article, the following terms have the
2 following meanings:

3 (a) “Disadvantaged community” means a community identified
4 by the California Environmental Protection Agency pursuant to
5 Section 39711 of the Health and Safety Code.

6 (b) “Gas customer” includes both “core” and “noncore”
7 customers, as those terms are used in Chapter 2.2 (commencing
8 with Section 328) of Part 1, that receive retail end-use gas service
9 within the service territory of a gas corporation.

10 (c) “kW_{th}” or “kilowatts thermal” means the unit of measure of
11 the equivalent thermal capacity of a solar thermal system that is
12 calculated by multiplying the aperture area of the solar collector
13 area of the system, expressed in square meters, by a conversion
14 factor of 0.7.

15 (d) “kWh_{th}” means kilowatthours thermal as measured by the
16 number of kilowatts thermal generated, or displaced, in an hour.

17 (e) “Low-income residential housing” means either of the
18 following:

19 (1) Residential housing financed with low-income housing tax
20 credits, tax-exempt mortgage revenue bonds, general obligation
21 bonds, or local, state, or federal loans or grants, and for which the
22 rents of the occupants who are lower income households, as defined
23 in Section 50079.5 of the Health and Safety Code, do not exceed
24 those prescribed by deed restrictions or regulatory agreements
25 pursuant to the terms of the financing or financial assistance.

26 (2) A residential complex in which at least 20 percent of the
27 total units are rented to lower income households, as defined in
28 Section 50079.5 of the Health and Safety Code, and the housing
29 units targeted for lower income households are already, at the time
30 of the funding commitment pursuant to this article, subject to a
31 deed restriction or affordability covenant with a public entity that
32 ensures that the units will be available at an affordable housing
33 cost meeting the requirements of Section 50052.5 of the Health
34 and Safety Code, or at an affordable rent meeting the requirements
35 of Section 50053 of the Health and Safety Code.

36 (f) “New Solar Homes Partnership” means the 10-year program,
37 administered by the Energy Commission, encouraging solar energy
38 systems in new home construction.

1 (g) “Solar heating collector” means a device that is used to
2 collect or capture heat from the sun and that is generally, but need
3 not be, located on a roof.

4 (h) “Solar thermal system” means a solar energy device that
5 ~~has the primary purpose of reducing~~ *reduces* demand for natural
6 gas through water heating, space heating or cooling, or other
7 methods of capturing heat energy from the sun to reduce natural
8 gas consumption in a home, business, or any building or facility
9 receiving natural gas that is subject to the surcharge established
10 pursuant to paragraph (2) of subdivision (b) of Section 2863, or
11 exempt from the surcharge pursuant to paragraph (4) of subdivision
12 (b) of Section 2863, and that meets or exceeds the eligibility criteria
13 established pursuant to Section 2864. “Solar thermal systems”
14 include multifamily residential, industrial, agricultural,
15 governmental, educational, and nonprofit solar pool heating
16 systems, but do not include single-family residential solar pool
17 heating systems.

18 ~~SEC. 3.~~

19 *SEC. 4.* Section 2862 of the Public Utilities Code is amended
20 and renumbered to read:

21 2860. (a) The Legislature finds and declares all of the
22 following:

23 (1) California is heavily dependent on natural gas.

24 (2) California’s growing population and economy will put a
25 strain on energy supplies and threaten the ability of the state to
26 meet its global warming goals unless specific steps are taken to
27 reduce demand and generate energy cleanly and efficiently.

28 (3) Water heating for domestic and industrial use relies almost
29 entirely on natural gas and accounts for a significant percentage
30 of the state’s natural gas consumption.

31 (4) Solar thermal systems represent the major untapped natural
32 gas saving potential in California.

33 (5) In addition to financial and energy savings, solar water
34 heating systems can help protect against future gas and electricity
35 shortages and reduce our dependence on foreign sources of energy.

36 (6) Solar thermal systems can also help preserve the environment
37 and protect public health by reducing air pollution, including
38 carbon dioxide, a leading global warming gas, and nitrogen oxide,
39 a precursor to smog.

(7) Growing demand for these technologies will create jobs in California as well as promote greater energy independence, protect consumers from rising energy costs, and result in cleaner air.

(8) Installing solar thermal systems in disadvantaged communities can provide local economic benefits while advancing the state's clean energy goals and policies to reduce the emissions of greenhouse gases.

(9) It is in the interest of the State of California to promote solar thermal systems and other technologies that directly reduce demand for natural gas in homes and businesses.

(b) It is the intent of the Legislature to build a mainstream market for solar thermal systems that directly reduces demand for natural gas in homes, businesses, schools, industrial, agricultural, and government buildings, and buildings occupied by nonprofit organizations.

(c) It is the intent of the Legislature that the solar thermal system incentives created by this article should lead to be a cost-effective investments investment by gas customers. ~~Gas customers will recoup the cost of these investments through lower energy bills as a result of avoiding purchases of natural gas.~~

(d) *It is the intent of the Legislature that this article will encourage the cost-effective deployment of solar thermal systems in residential, commercial, industrial, and agricultural markets and in each end-use application sector in a balanced manner. It is the intent of the Legislature that the commission monitor and adjust incentives made available pursuant to this article so that they are cost-effective investments sufficient to significantly increase markets and promote market transformation. It is the additional intent of the Legislature that the commission ensure that increased, uniform growth in each market sector is achieved through program incentives or structure adjustments that prevent overutilization of program resources by any single sector.*

SEC. 4.

SEC. 5. Section 2863 of the Public Utilities Code is amended to read:

2863. (a) ~~By July 31, 2018, the~~ *The* commission shall do all of the following:

(1) Implement changes to the program as authorized pursuant to this section as it read on December 31, 2017, applicable to the service territories of a gas corporation to promote the installation

1 of solar thermal systems in homes, businesses, and buildings or
2 facilities of eligible customer classes receiving natural gas service
3 throughout the state. Eligible customer classes shall include
4 single-family and multifamily residential, commercial, industrial,
5 agricultural, governmental, nonprofit, and primary, secondary, and
6 postsecondary educational customers. The commission shall
7 implement program changes in phases, if necessary, to enable
8 seamless continuation of the availability of rebates, and the
9 administration and promotion of the program, as of January 1,
10 2018.

11 (2) The program shall be administered by gas corporations or
12 third-party administrators, as determined by the commission, and
13 subject to the supervision of the commission.

14 (3) The commission shall coordinate the program with the
15 Energy Commission's programs and initiatives, including, but not
16 limited to, the New Solar Homes Partnership, to achieve the goal
17 of building zero-energy homes.

18 *(4) The commission shall perform an assessment of the*
19 *cost-effectiveness of the entire program through July 31, 2019, to*
20 *be completed by no later than December 31, 2019.*

21 (b) (1) The commission shall fund the program through the use
22 of a surcharge applied to gas customers based upon the amount of
23 natural gas consumed. The surcharge shall be in addition to any
24 other charges for natural gas sold or transported for consumption
25 in this state.

26 (2) Funding for the program established by this article shall not,
27 for the collective service territories of all gas corporations, exceed
28 two hundred fifty million dollars (\$250,000,000) over the course
29 of the ~~period from January 1, 2018, to July 31, 2023, inclusive.~~
30 *program to July 31, 2020.*

31 (3) Fifty percent of the total program budget shall be reserved
32 for the installation of solar thermal systems in low-income
33 residential housing or in buildings in disadvantaged communities.
34 The commission may revise the percentage if the budget for other
35 types of customers becomes depleted.

36 (4) Ten percent of the total program budget shall be reserved
37 for the installation of solar thermal systems for industrial
38 applications. The commission may revise the percentage if the
39 budget for other types of customers becomes depleted.

1 (5) The commission shall annually establish a surcharge rate
2 for each class of gas customers. Any gas customer participating
3 in the California Alternate Rates for Energy (CARE) or Family
4 Electric Rate Assistance (FERA) programs shall be exempt from
5 paying any surcharge imposed to fund the program designed and
6 implemented pursuant to this article.

7 (6) Any surcharge imposed to fund the program designed and
8 implemented pursuant to this article shall not be imposed upon the
9 portion of any gas customer's procurement of natural gas that is
10 used or employed for a purpose that Section 896 excludes from
11 being categorized as the consumption of natural gas.

12 (7) The gas corporation or other person or entity providing
13 revenue cycle services, as defined in Section 328.1, shall be
14 responsible for collecting the surcharge.

15 (c) Funds shall be allocated in the form of customer rebates to
16 promote utilization of solar thermal systems.

17 ~~(1) To enable seamless continuation of the rebates, and the~~
18 ~~administration and promotion of the program, as of January 1,~~
19 ~~2018, on and after January 1, 2018, the rebate amounts and the~~
20 ~~amounts for administration and promotion of the program shall be~~
21 ~~consistent with the amounts in effect on December 31, 2017, until~~
22 ~~revised by the commission pursuant to paragraph (2).~~

23 ~~(2) Beginning January 1, 2018, the commission may consider~~
24 ~~revisions to the rebate amount, taking into account the cost of~~
25 ~~installing solar thermal systems and the price of natural gas to~~
26 ~~end-use customers.~~

27 ~~(3) The commission shall ensure that a cap on the maximum~~
28 ~~rebate amount does not unreasonably impair the ability of industrial~~
29 ~~customers to participate in the program.~~

30 (d) In designing and implementing the program required by this
31 article, no moneys shall be diverted from any existing programs
32 for low-income ratepayers or cost-effective energy efficiency
33 programs.

34 ~~SEC. 5.~~

35 *SEC. 6.* Section 2864 of the Public Utilities Code is amended
36 to read:

37 2864. (a) The commission, in consultation with the Energy
38 Commission and interested members of the public, shall establish
39 eligibility criteria for solar thermal systems receiving gas customer

1 funded incentives pursuant to this article. The criteria should
2 specify and include all of the following:

3 (1) Design, installation, and energy output or displacement
4 standards. To be eligible for rebate funding, a residential solar
5 thermal system shall be certified by an accredited listing agency
6 in accordance with standards adopted by the commission. Solar
7 collectors used in systems for multifamily residential, commercial,
8 government, nonprofit, educational, agricultural, or industrial
9 applications shall be certified by an accredited listing agency in
10 accordance with standards adopted by the commission. Energy
11 output of collectors and systems shall be determined in accordance
12 with procedures set forth by the listing agency, and shall be based
13 on testing results from accredited testing laboratories.

14 (2) A requirement that solar thermal system components are
15 new and unused, and have not previously been placed in service
16 in any other location or for any other application.

17 (3) A requirement that solar thermal collectors have a warranty
18 of not less than 10 years to protect against defects and undue
19 degradation.

20 (4) A requirement that solar thermal systems are in buildings
21 or facilities connected to a natural gas utility's distribution system
22 within the state.

23 (5) (A) A requirement that solar thermal systems have meters
24 or other kWh_{th} measuring devices in place to monitor and measure
25 the system's performance and the quantity of energy generated or
26 displaced by the system.

27 (B) The commission shall exempt from this requirement system
28 types for which the cost of monitoring a system is likely to exceed
29 2 percent of the system cost. After a public stakeholder process,
30 the commission may adjust this percentage to ensure reasonable
31 balance between customer cost and value received, taking into
32 account factors including, but not limited to, customer class, system
33 type, system size, or changes in the market.

34 (6) A requirement that solar thermal systems are installed in
35 conformity with the manufacturer's specifications and all
36 applicable codes and standards.

37 (7) A requirement that, when the property is not owner-occupied,
38 the tenant shall not contract for the installation of a solar thermal
39 system. The tenant may request that the owner participate in such
40 a program.

1 (b) Gas customer funded incentives shall not be made for a solar
2 thermal system that does not meet the eligibility criteria.

3 (c) The commission may adopt consensus solar standards
4 applicable to products or systems as developed by accredited
5 standards developers.

6 ~~SEC. 6.~~

7 *SEC. 7.* Section 2865 of the Public Utilities Code is amended
8 to read:

9 2865. (a) The commission shall establish conditions on gas
10 customer funded incentives pursuant to this article. The conditions
11 shall require both of the following:

12 (1) Appropriate siting and high-quality installation of the solar
13 thermal system based on installation guidelines that maximize the
14 performance of the system and prevent qualified systems from
15 being inefficiently or inappropriately installed. The conditions
16 shall not impact housing designs or densities presently authorized
17 by a city, county, or city and county. The goal of this paragraph
18 is to achieve efficient installation of solar thermal systems and
19 promote the greatest energy production or displacement per gas
20 customer dollar.

21 (2) Appropriate energy efficiency improvements in the new or
22 existing home or facility where the solar thermal system is
23 installed.

24 (b) The commission shall set rating standards for equipment,
25 components, and systems to ensure reasonable performance and
26 shall develop procedures that provide for compliance with the
27 minimum ratings.

28 ~~SEC. 7.~~

29 *SEC. 8.* Section 2866 of the Public Utilities Code is amended
30 to read:

31 2866. (a) The commission may establish a grant program or
32 a revolving loan or loan guarantee program for low-income
33 residential housing consistent with the requirements of Chapter
34 5.3 (commencing with Section 25425) of Division 15 of the Public
35 Resources Code. Notwithstanding Section 2867.4, all loans
36 outstanding as of August 1, 2023, 2020, shall continue to be repaid
37 in a manner that is consistent with the terms and conditions of the
38 program adopted and implemented by the commission pursuant
39 to this subdivision, until repaid in full.

(b) The commission may extend eligibility for funding pursuant to this section and paragraph (3) of subdivision (b) of Section 2863 to include residential housing occupied by ratepayers participating in a commission approved and supervised gas corporation Low-Income Energy Efficiency (LIEE) program and who either:

- (1) Occupy a single-family home.
- (2) Occupy at least 50 percent of all units in a multifamily dwelling structure.

(c) The commission shall ensure that lower income households, as defined in Section 50079.5 of the Health and Safety Code, and, if the commission expands the program pursuant to subdivision (b), ratepayers participating in a LIEE program, that receive gas service at residential housing with a solar thermal system receiving incentives pursuant to subdivision (a) benefit from the installation of the solar thermal systems through reduced or lowered energy costs.

(d) The commission shall do all of the following to implement the requirements of this section:

(1) Maximize incentives to properties that are committed to continuously serving the needs of lower income households, as defined in Section 50079.5 of the Health and Safety Code, and, if the commission expands the program pursuant to subdivision (b), ratepayers participating in a LIEE program.

(2) Establish conditions on the installation of solar thermal systems that ensure properties on which solar thermal systems are installed under subdivision (a) remain low-income residential properties for at least 10 years from the time of installation, including property ownership restrictions and income rental protections, and appropriate enforcement of these conditions.

~~SEC. 8.~~

SEC. 9. Section 2867 of the Public Utilities Code is amended to read:

2867. (a) Consistent with subdivision (c) of Section 2863, the commission shall consider reductions over time in rebates provided through the program. The rebates shall be structured so as to drive down the cost of the solar thermal technologies, and be paid out on a performance-based incentive basis so that incentives are earned based on the actual energy savings, or on predicted energy savings as established by the commission.

1 (b) The commission shall consider federal tax credits and other
2 incentives available for this technology when determining the
3 appropriate rebate amount.

4 (c) The commission shall consider the impact of rebates for
5 solar thermal systems pursuant to this article on existing incentive
6 programs for energy efficiency technology.

7 (d) In coordination with the commission, the Energy
8 Commission shall consider, when appropriate, coupling rebates
9 for solar thermal systems with complementary energy efficiency
10 technologies, including, but not limited to, efficient hot water
11 heating tanks and tankless or on demand hot water systems that
12 can be installed in addition to the solar thermal system.

13 ~~SEC. 9.~~

14 *SEC. 10.* Section 2867.2 of the Public Utilities Code is repealed.

15 ~~SEC. 10.~~

16 *SEC. 11.* Section 2867.3 of the Public Utilities Code is amended
17 to read:

18 2867.3. The governing body of each local publicly owned
19 utility providing gas service to retail end-use gas customers shall,
20 after a public proceeding, adopt, implement, and finance a solar
21 thermal system incentive program that does all the following:

22 (a) Ensures that any solar thermal system receiving monetary
23 incentives complies with eligibility criteria adopted by the
24 governing body. The eligibility criteria shall include those elements
25 contained in paragraphs (1) to (7), inclusive, of subdivision (a) of
26 Section 2864.

27 (b) Includes minimum ratings and standards for equipment,
28 components, and systems to ensure reasonable performance and
29 compliance with the minimum ratings and standards.

30 (c) Includes an element that addresses the installation of solar
31 thermal systems on low-income residential housing. If deemed
32 appropriate in consultation with the California Tax Credit
33 Allocation Committee, the governing board may establish a grant
34 program or a revolving loan or loan guarantee program for
35 low-income residential housing consistent with the requirements
36 of Chapter 5.3 (commencing with Section 25425) of Division 15
37 of the Public Resources Code.

38 ~~SEC. 11.~~

39 *SEC. 12.* Section 2867.4 of the Public Utilities Code is repealed.

1 ~~SEC. 12.~~

2 ~~SEC. 13.~~ Section 2867.4 is added to the Public Utilities Code,
3 to read:

4 2867.4. This article shall become inoperative on August 1,
5 2023, 2020, and, as of January 1, ~~2024~~, 2021, is repealed, unless
6 a later enacted statute, that becomes operative on or before January
7 1, ~~2024~~, 2021, deletes or extends the dates on which it becomes
8 inoperative and is repealed.

9 ~~SEC. 13.~~

10 ~~SEC. 14.~~ No reimbursement is required by this act pursuant
11 to Section 6 of Article XIII B of the California Constitution because
12 a local agency or school district has the authority to levy service
13 charges, fees, or assessments sufficient to pay for the program or
14 level of service mandated by this act or because costs that may be
15 incurred by a local agency or school district will be incurred
16 because this act creates a new crime or infraction, eliminates a
17 crime or infraction, or changes the penalty for a crime or infraction,
18 within the meaning of Section 17556 of the Government Code, or
19 changes the definition of a crime within the meaning of Section 6
20 of Article XIII B of the California Constitution.

AB 1239 (Holden)
Building standards: electric vehicle charging infrastructure.

Summary: This bill requires the Department of Housing and Community Development (HCD) and the California Building Standards Commission (CBSC) to research, propose and adopt mandatory building standards regarding electric vehicle (EV) capable parking spaces.

Background: 55 percent of California drivers “are likely to consider an electric vehicle (EV) in their next vehicle purchase or lease,” according to a recent survey conducted by the Union of Concerned Scientists. In 2016, EV sales within the U.S. increased by 37%, with more than half of all EVs purchased in the state of California. This is a result of California’s goal of having 1.5 million zero-emission vehicles on the road by 2025.

Incentive programs were developed to encourage the purchase of EVs and installation of EV charging stations. However, the ratio of cars to charging stations is 10 to 1; thus, there is a need to develop infrastructure to accommodate the growing demand for EV charging stations.

According to the author, aggressively advancing building standards for EV charging stations would solidify California’s stance on climate change and allow greater access to the charging stations.

Status: 5/26/2017 - From Assembly APPR. committee: Amend, and do pass as amended. (Ayes 16. Noes 0.) (May 26). Read second time and amended. Ordered returned to second reading.

Specific Provisions: This bill would require the HCD and the CBSC to research, propose and adopt mandatory building standards regarding EV capable parking spaces. Specifically, this bill would:

- 1) Require HCD and CBSC to research, develop and propose building standards regarding EV capable parking spaces that require existing multifamily housing and parking structures to meet building standard codes for EV capable parking spaces during any additions, significant repairs, or alterations involving existing parking spaces.
- 2) Require CBSC to research, develop, and propose mandatory building standards regarding EV capable parking spaces for commercial buildings in the next triennial edition of the CA Building Standards Code adopted after January 1, 2018.
- 3) Require HCD and CBSC to consider revising EV capable building standards every 18 months.
- 4) In proposing and adopting mandatory building standards regarding electric vehicle capable parking spaces under this section, the HCD and the CBSC shall actively consult with interested parties, including the California Air Resources Board and the

California Energy Commission.

Impacts on AQMD's Mission, Operations or Initiatives: According to the author, residents of multifamily housing face great difficulty installing electric charging stations. Although landlords are required to approve a tenant's written request to install an electric vehicle charging station, at the tenant's expense, tenants cannot cover the expense of installing a station on their own. The author states "factors impacting the cost of the installation including the need to upgrade transformers or electrical panels, charge stations power requirements, and the size of the construction project to route electricity underground. Therefore, installing the electric charging station could cost the tenant up to \$15,000. If the infrastructure is already in place the tenant could save \$20,000."

This bill is in line with SCAQMD's long-term initiative to enhance EV charging infrastructure in the region. This bill would likely assist in getting more zero-emission vehicles on California roads, therefore facilitating the reduction of mobile source emissions, and would help SCAQMD meet its goals in meeting attainment of federal air quality standards in the South Coast region.

Recommended Position: SUPPORT

AMENDED IN ASSEMBLY MAY 26, 2017

AMENDED IN ASSEMBLY MAY 1, 2017

AMENDED IN ASSEMBLY APRIL 17, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 1239

Introduced by Assembly Member Holden

February 17, 2017

An act to amend Section 18941.10 of the Health and Safety Code, relating to building standards.

LEGISLATIVE COUNSEL'S DIGEST

AB 1239, as amended, Holden. Building standards: electric vehicle charging infrastructure.

The California Building Standards Law provides for the adoption of building standards by state agencies by requiring all state agencies that adopt or propose adoption of any building standard to submit the building standard to the California Building Standards Commission for approval and adoption. That law requires the Department of Housing and Community Development to propose mandatory building standards for the installation of future electric vehicle charging infrastructure for parking spaces in multifamily dwellings. That law also requires the department and the commission to use specified provisions of the California Green Building Standards Code as a starting point for those mandatory building standards.

This bill would require the department and the commission to research, propose, and adopt mandatory building standards regarding electric vehicle capable parking spaces for multifamily housing, commercial, and parking structure construction and renovation, as specified. The

bill would require the department and the commission to consider revising electric vehicle capable building standards every 18 months.

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

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

1 SECTION 1. Section 18941.10 of the Health and Safety Code
2 is amended to read:

3 18941.10. (a) (1) The commission shall, commencing with
4 the next triennial edition of the California Building Standards Code
5 (Title 24 of the California Code of Regulations) adopted after
6 January 1, 2014, adopt, approve, codify, and publish mandatory
7 building standards for the installation of future electric vehicle
8 charging infrastructure for parking spaces in multifamily dwellings
9 and nonresidential development.

10 (2) For purposes of paragraph (1), the Department of Housing
11 and Community Development shall propose mandatory building
12 standards for the installation of future electric vehicle charging
13 infrastructure for parking spaces in multifamily dwellings and
14 submit the proposed mandatory building standards to the
15 commission for consideration.

16 (b) (1) In proposing and adopting mandatory building standards
17 under this section, the Department of Housing and Community
18 Development and the commission shall use Sections A4.106.6,
19 A4.106.6.1, A4.106.6.2, A5.106.5.1, and A5.106.5.3 of the
20 California Green Building Standards Code (Part 11 of Title 24 of
21 the California Code of Regulations) as the starting point for the
22 mandatory building standards and amend those standards as
23 necessary.

24 (2) In proposing and adopting mandatory building standards
25 under this section, the Department of Housing and Community
26 Development and the commission shall actively consult with
27 interested parties, including, but not limited to, investor-owned
28 utilities, municipal utilities, manufacturers, local building officials,
29 commercial building and apartment owners, and the building
30 industry.

31 (3) In proposing and adopting mandatory building standards
32 under this section, the Department of Housing and Community
33 Development and the commission shall research, develop, and

1 propose building standards regarding electric vehicle capable
2 parking spaces that require existing multifamily housing and
3 parking structures to meet building standard codes, regarding
4 electric vehicle capable parking spaces during any additions,
5 significant repairs, or alterations involving existing parking areas.

6 *(4) In proposing and adopting mandatory building standards*
7 *regarding electric vehicle capable parking spaces under this*
8 *section, the Department of Housing and Community Development*
9 *and the commission shall actively consult with interested parties,*
10 *including the State Air Resources Board and the California Energy*
11 *Commission.*

12 ~~(4)~~

13 (5) The commission shall research, develop, and propose
14 mandatory building standards regarding electric vehicle capable
15 parking spaces for commercial buildings in the next triennial
16 edition of the California Building Standards Code (Title 24 of the
17 California Code of Regulations) adopted after January 1, 2018.

18 ~~(5)~~

19 (6) In proposing and adopting mandatory building standards
20 under this section, the Department of Housing and Community
21 Development and the commission shall consider revising electric
22 vehicle capable building standards every 18 months.

SB 100 (De Leon)

California Renewables Portfolio Standard Program: emissions of greenhouse gases.

Summary: This bill would establish a target of generating 100% of California’s retail sales of electricity from renewable energy resources by 2045, accelerates and expands the existing Renewable Portfolio Standard (RPS), and requires state agencies to incorporate into existing climate programs the planning goal and regulatory requirement of achieving 100-percent reliance on renewable energy resources or zero-carbon resources by the end of 2045.

Background:

Renewable Portfolio Standard - Existing law establishes the California RPS, which calls for the amount of electricity generated per year from renewable energy resources to be increased to at least 33% of the total electricity sold to retail customers in California by December 31, 2020. According to the International Renewable Energy Agency, renewable power generation costs in 2014 were either equal to or less than the cost of coal, oil, and gas-fired power plants.

Most energy utilities have bought or have built enough energy resources to meet the 33% RPS before the target year. According to numerous studies, California’s RPS standard has created hundreds of thousands of new jobs, millions of new investment and tax dollars, and significant clean air and climate benefits.

Additionally, the RPS requires retail sellers of electricity—investor-owned utilities (IOUs), community choice aggregators (CCAs), and energy service providers (ESPs)—and publicly-owned utilities (POU) to increase purchases of renewable energy such that at least 50 percent of retail sales are procured from renewable energy resources by December 31, 2030. (Public Utilities Code §399.11 et seq.)

Further, existing law defines a “renewable electrical generation facility” as one that, among other requirements, uses biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current, and any additions or enhancements to the facility using that technology. (Public Resources Code §25741)

Reduction in Petroleum Use - According to CARB, production, refining, and the use of petroleum accounts for nearly half of greenhouse gas (GHG) emissions, 80% of smog-forming pollution, and over 95% of cancer-causing diesel particulate matter. CARB also notes that oil dependence costs the state \$33-55 billion annually, and that reducing petroleum use and improving vehicle efficiency will cut costs and improve California’s economic productivity and competitiveness.

According to the author, California is the number one state when it comes to clean and renewable energy, as it has the most ambitious climate targets in the world and the most aggressive renewable energy targets of any economy of its size. In 2015, SB 350 (De Leon) set a 50% clean energy standard by 2030. It also set new requirements for doubling energy efficiency and for wide scale transportation electrification deployment. The author states that SB 350, in addition to other similar laws, have made the state one of the cleanest in the world in energy generation, while lowering energy bills, and creating thousands of new, high wage jobs in the clean energy sector.

Status: 5/26/2017 - From Senate APPR. committee: Do pass as amended. (Ayes 5. Noes 2.) (May 25). Read second time and amended. Ordered to third reading.

Specific Provisions: Specifically, this bill would:

- 1) Direct the CPUC, CEC, and ARB to incorporate the “planning goal and regulatory requirement” of achieving 100 percent reliance on renewable energy resources or “zero-carbon” electric generating facilities to supply all electricity procured to serve California customers by the end of 2045.
- 2) Accelerate and expand existing targets, according to which the Legislature intends the CPUC and CEC implement the RPS, as follows:
 - a) Accelerate by four years, to 2026, the existing target of generating 50 percent of retail electricity sales from eligible renewable resources by 2030.
 - b) Establishes two new targets (60 percent by 2030 and 100 percent by 2045).
- 3) Revise RPS compliance periods and mandatory procurement amounts, as follows:
 - a) 45 percent by 2023.
 - b) 50 percent by 2026.
 - c) 60 percent by 2030 and thereafter.

Impacts on AQMD’s Mission, Operations or Initiatives: According to the author, this bill, in addition to similar laws, creates jobs, grows the state’s economy, and improves public health by setting new standards for California’s RPS, by reducing petroleum use, and by increasing energy efficiency in existing buildings.

This bill is in line with SCAQMD’s priorities regarding reducing criteria pollutant, toxic and GHG emissions within the South Coast region. Through this bill’s multi-faceted efforts, there will be co-benefit reductions in criteria and toxic emissions that will help protect the health of South Coast residents and meet state and federal ambient air quality standards.

Recommended Position: SUPPORT

AMENDED IN SENATE MAY 26, 2017

AMENDED IN SENATE MAY 17, 2017

AMENDED IN SENATE MAY 1, 2017

SENATE BILL

No. 100

Introduced by Senator De León

January 11, 2017

An act to amend Sections 25420 and 39730.8 of the Health and Safety Code, to amend Section 40106 of the Public Resources Code, and to amend Sections 399.11, 399.15, and 399.30 of, and to add Sections *Section* 454.53 and 740.15 to, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 100, as amended, De León. California Renewables Portfolio Standard Program: ~~biomethane~~; emissions of greenhouse gases; ~~vehicles~~; *gases*.

(1) Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, while local publicly owned electric utilities, as defined, are under the direction of their governing boards. The California Renewables Portfolio Standard Program requires the PUC to establish a renewables portfolio standard requiring all retail sellers, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources, as defined, so that the total kilowatthours of those products sold to their retail end-use customers achieves 25% of retail sales by December 31, 2016, 33% by December 31, 2020, 40% by December 31, 2024, 45% by December 31, 2027, and 50% by December 31, 2030. The program additionally requires each local

publicly owned electric utility, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources to achieve the procurement requirements established by the program. The Legislature has found and declared that its intent in implementing the program is to attain, among other targets for sale of eligible renewable resources, the target of 50% of total retail sales of electricity by December 31, 2030.

This bill would revise the above-described legislative findings and declarations to state that the goal of the program is to achieve that 50% renewable resources target by December 31, 2026, to achieve a 60% target by December 31, 2030, and for all electricity sold at retail to be generated by eligible renewable energy resources by December 31, 2045. The bill would require that retail sellers and local publicly owned electric utilities procure a minimum quantity of electricity products from eligible renewable energy resources so that the total kilowatthours of those products sold to their retail end-use customers achieve 45% of retail sales by December 31, 2023, 50% by December 31, 2026, and 60% by December 31, 2030.

~~(2) Existing law requires the PUC to adopt policies and programs that promote the in-state production and distribution of biomethane, as defined, that facilitate the development of a variety of sources of in-state biomethane.~~

~~This bill would authorize the PUC to establish a requirement that gas sellers, as defined, procure a minimum percentage of biomethane or renewable gas, as defined, from sources that reduce emissions of short-lived climate pollutants in the state. The bill would require gas corporations to deliver biomethane or renewable gas from producers to the pipeline system.~~

~~(3)~~

(2) Existing law establishes the California Environmental Protection Agency, establishes the State Air Resources Board within the agency as the entity with responsibility for control of emissions from motor vehicles, and designates the state board as the air pollution control agency for all purposes set forth in federal law. The California Global Warming Solutions Act of 2006 establishes the state board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases that cause global warming.

The Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission (Energy Commission) and requires it

to conduct an ongoing assessment of the opportunities and constraints presented by all forms of energy, to encourage the balanced use of all sources of energy to meet the state's needs, and to seek to avoid possible undesirable consequences of reliance on a single source of energy.

This bill would require the PUC, Energy Commission, and state board to incorporate the planning goal and regulatory requirement that eligible renewable energy resources and zero-carbon electric generating facilities supply all electricity procured to serve California end-use customers no later than December 31, 2045, into all the energy and climate programs subject to their jurisdiction. The bill would require those entities to utilize programs authorized under existing statutes to achieve that planning goal and regulatory requirement and to provide a joint report to the Legislature no later than February 1, 2019, and every 2 years thereafter, that identifies progress and describes remaining barriers to the full realization of that planning goal and regulatory requirement.

~~(4) Existing law requires the PUC, in cooperation with the Energy Commission, the state board, air quality management districts and air pollution control districts, electrical and gas corporations, and the motor vehicle industry, to evaluate and implement policies to promote the development of equipment and infrastructure needed to facilitate the use of electric power and natural gas to fuel low-emission vehicles.~~

~~This bill would require the PUC, in consultation with the state board and the Energy Commission, to direct gas corporations to file applications to implement programs to facilitate fueling with renewable gas to replace diesel-fueled heavy-duty trucks with near-zero-emission vehicles.~~

~~(5) Existing law requires the Office of Environmental Health Hazard Assessment (OEHHHA), in consultation with the state board, the Department of Toxic Substances Control, the Department of Resources Recycling and Recovery, and the California Environmental Protection Agency, to compile a list of constituents of concern that could pose risks to human health and that are found in biogas, as defined, at concentrations that significantly exceed the concentrations of those constituents in natural gas. Existing law requires OEHHHA to determine the health protective levels for that list, as specified, and requires the state board to identify realistic exposure scenarios and the health risks associated with those scenarios, as specified. Existing law requires the state board to determine the appropriate concentrations of those constituents, as specified. Existing law requires the PUC to adopt, by rule or order, (A) standards for biomethane, as defined, that specify the~~

concentrations of constituents of concern that are reasonably necessary to protect public health and ensure pipeline integrity and safety, as specified, and (B) requirements for monitoring, testing, reporting, and recordkeeping relative to those constituents of concern. Existing law requires a gas corporation to comply with those standards and requirements and requires the PUC to require gas corporation tariffs to condition access to common carrier pipelines on the applicable customer meeting those standards and requirements.

This bill would revise the definition of biogas and biomethane for these purposes, would revise the definition of biomass conversion for certain waste management purposes, and would incorporate these revised definitions into the bill's provisions.

(6)

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

Because certain of the provisions of this bill would be a part of the act and because a violation of an order or decision of the PUC implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime. By expanding the requirements placed upon a local publicly owned electric utility, the bill would impose a state-mandated local program.

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 specified reasons.

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 25420 of the Health and Safety Code is~~
- 2 ~~amended to read:~~
- 3 ~~25420. For purposes of this chapter, the following definitions~~
- 4 ~~apply:~~
- 5 ~~(a) "Biogas" means gas that is produced from the anaerobic~~
- 6 ~~decomposition of organic materials or the noncombustion thermal~~
- 7 ~~conversion of eligible biomass feedstock consistent with Section~~
- 8 ~~40106 of the Public Resources Code.~~

1 ~~(b) “Biomethane” means the methane derived from biogas.~~

2 ~~(c) “Board” means the State Air Resources Board.~~

3 ~~(d) “CalRecycle” means the Department of Resources Recycling~~
4 ~~and Recovery.~~

5 ~~(e) “Commission” means the Public Utilities Commission.~~

6 ~~(f) “Common carrier pipeline” means a gas conveyance pipeline,~~
7 ~~located in California, that is owned or operated by a utility or gas~~
8 ~~corporation, excluding a dedicated pipeline.~~

9 ~~(g) “Dedicated pipeline” means a conveyance of biogas or~~
10 ~~biomethane that is not part of a common carrier pipeline system,~~
11 ~~and which conveys biogas from a biogas producer to a conditioning~~
12 ~~facility or an electrical generation facility.~~

13 ~~(h) “Department” means the Department of Toxic Substances~~
14 ~~Control.~~

15 ~~(i) “Gas corporation” has the same meaning as defined in Section~~
16 ~~222 of the Public Utilities Code and is subject to rate regulation~~
17 ~~by the commission.~~

18 ~~(j) “Hazardous waste landfill” means a landfill that is a~~
19 ~~hazardous waste facility, as defined in Section 25117.1.~~

20 ~~(k) “Office” means the Office of Environmental Health Hazard~~
21 ~~Assessment.~~

22 ~~(l) “Person” means an individual, trust, firm, joint stock~~
23 ~~company, partnership, association, business concern, limited~~
24 ~~liability company, or corporation. “Person” also includes any city,~~
25 ~~county, district, and the state or any department or agency thereof,~~
26 ~~or the federal government or any department or agency thereof to~~
27 ~~the extent permitted by law.~~

28 ~~SEC. 2. Section 39730.8 of the Health and Safety Code is~~
29 ~~amended to read:~~

30 ~~39730.8. (a) For purposes of this section, the following terms~~
31 ~~have the following meanings:~~

32 ~~(1) “Biogas” and “biomethane” have the same meaning as~~
33 ~~defined in Section 25420 and, when used to produce electricity,~~
34 ~~shall satisfy the definition of an eligible renewable energy resource~~
35 ~~pursuant to the California Renewables Portfolio Standard Program~~
36 ~~(Article 16 (commencing with Section 399.11) of Chapter 2.3 of~~
37 ~~Part 1 of Division 1 of the Public Utilities Code). Any biomethane~~
38 ~~delivered to an electrical generating facility or end user through a~~
39 ~~common carrier or interstate pipeline shall meet the requirements~~
40 ~~of Section 399.12.6 of the Public Utilities Code.~~

1 ~~(2) “Commission” means the Public Utilities Commission.~~

2 ~~(3) “Energy Commission” means the State Energy Resources~~
3 ~~Conservation and Development Commission.~~

4 ~~(4) “Gas seller” means a gas corporation, as defined in Section~~
5 ~~222 of the Public Utilities Code, or another entity authorized to~~
6 ~~sell natural gas pursuant to natural gas restructuring (Chapter 2.2~~
7 ~~(commencing with Section 328) of Part 1 of Division 1 of the~~
8 ~~Public Utilities Code), including sales to core and noncore~~
9 ~~customers pursuant to natural gas restructuring.~~

10 ~~(5) “Renewable gas” means biogas, biomethane, or any gas that~~
11 ~~is produced by a process using electricity from an eligible~~
12 ~~renewable energy resource, including the renewable fraction of~~
13 ~~grid electricity, or produced directly using solar energy. For this~~
14 ~~purpose, “electricity from an eligible renewable energy resource”~~
15 ~~means electricity that is generated by a facility that qualifies for~~
16 ~~the procurement requirements of the California Renewables~~
17 ~~Portfolio Standard Program (Article 16 (commencing with Section~~
18 ~~399.11) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities~~
19 ~~Code), irrespective of whether the electricity is delivered to the~~
20 ~~electrical grid, used onsite, delivered directly, or any combination~~
21 ~~thereof.~~

22 ~~(6) “Strategy” means the strategy to reduce short-lived climate~~
23 ~~pollutants developed pursuant to Section 39730.~~

24 ~~(b) The Energy Commission, in consultation with the state board~~
25 ~~and the commission, shall develop recommendations for the~~
26 ~~development and use of renewable gas, including biomethane and~~
27 ~~biogas, as a part of its 2017 Integrated Energy Policy Report~~
28 ~~prepared pursuant to Section 25302 of the Public Resources Code.~~
29 ~~In developing the recommendations, the energy commission shall~~
30 ~~identify cost-effective strategies that are consistent with existing~~
31 ~~state policies and climate change goals by considering priority end~~
32 ~~uses of renewable gas, including biomethane and biogas, and their~~
33 ~~interactions with state policies, including biomethane and all of~~
34 ~~the following:~~

35 ~~(1) The California Renewables Portfolio Standard Program~~
36 ~~(Article 16 (commencing with Section 399.11) of Chapter 2.3 of~~
37 ~~Part 1 of Division 1 of the Public Utilities Code).~~

38 ~~(2) The Low-Carbon Fuel Standard regulations (Subarticle 7~~
39 ~~(commencing with Section 95480) of Article 4 of Subchapter 10~~

1 of Chapter 1 of Division 3 of Title 17 of the California Code of
2 Regulations).

3 (3) ~~Waste diversion goals established pursuant to Division 30~~
4 ~~(commencing with Section 40000) of the Public Resources Code.~~

5 (4) ~~The market-based compliance mechanism developed~~
6 ~~pursuant to Part 5 (commencing with Section 38570) of Division~~
7 ~~25.5.~~

8 (5) ~~The strategy.~~

9 (e) ~~Based on the recommendations developed pursuant to~~
10 ~~subdivision (b), and to meet the state's climate change, renewable~~
11 ~~energy, low-carbon fuel, and short-lived climate pollutants goals,~~
12 ~~including black carbon, landfill diversion, and dairy methane~~
13 ~~targets identified in the strategy, state agencies shall consider and,~~
14 ~~as appropriate, adopt policies and incentives to significantly~~
15 ~~increase the sustainable production and use of renewable gas,~~
16 ~~including biomethane and biogas.~~

17 (d) (1) ~~Based on the recommendations developed pursuant to~~
18 ~~subdivision (b), the commission, in consultation with the energy~~
19 ~~commission and the state board, shall consider and, as appropriate,~~
20 ~~adopt additional policies and incentives to support the development~~
21 ~~and use in the state of renewable gas, including biomethane and~~
22 ~~biogas, that reduce short-lived climate pollutants in the state.~~

23 (2) ~~The commission may establish a requirement that gas sellers~~
24 ~~procure a minimum percentage of biomethane or renewable gas~~
25 ~~from sources that reduce emissions of short-lived climate pollutants~~
26 ~~in the state. The commission shall require gas corporations to~~
27 ~~deliver biomethane or renewable gas from the producers to the~~
28 ~~pipeline system.~~

29 (e) ~~In implementing this section, priority shall be given to fuels~~
30 ~~with the greatest greenhouse gas emissions benefits, including the~~
31 ~~consideration of carbon intensity and reduction in short-lived~~
32 ~~climate pollutants, as appropriate.~~

33 SEC. 3. ~~Section 40106 of the Public Resources Code is~~
34 ~~amended to read:~~

35 40106. (a) ~~"Biomass conversion" means the production of~~
36 ~~heat, fuels, or electricity by the controlled combustion of, or the~~
37 ~~use of other nonecombustion thermal conversion technologies on,~~
38 ~~the following materials, when separated from other solid waste:~~

39 (1) ~~Agricultural crop residues.~~

40 (2) ~~Bark, lawn, yard, and garden clippings.~~

~~(3) Leaves, silvicultural residue, and tree and brush pruning.~~

~~(4) Wood, wood chips, and wood waste.~~

~~(5) Nonrecyclable pulp or nonrecyclable paper materials.~~

~~(6) The noncombustion thermal conversion of the organic byproducts of anaerobic digestion.~~

~~(b) “Biomass conversion” does not include the controlled combustion of recyclable pulp or recyclable paper materials, or materials that contain sewage sludge, industrial sludge, medical waste, hazardous waste, or either high-level or low-level radioactive waste.~~

~~(c) For purposes of this section, “nonrecyclable pulp or nonrecyclable paper materials” means either of the following, as determined by the department:~~

~~(1) Paper products or fibrous materials that cannot be technically, feasibly, or legally recycled because of the manner in which the product or material has been manufactured, treated, coated, or constructed.~~

~~(2) Paper products or fibrous materials that have become soiled or contaminated and as a result cannot be technically, feasibly, or legally recycled.~~

~~SEC. 4.~~

~~SECTION 1.~~ Section 399.11 of the Public Utilities Code is amended to read:

~~399.11. The Legislature finds and declares all of the following:~~

~~(a) In order to attain a target of generating 20 percent of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2013, 33 percent by December 31, 2020, 50 percent by December 31, 2026, 60 percent by December 31, 2030, and 100 percent by December 31, 2045, it is the intent of the Legislature that the commission and the Energy Commission implement the California Renewables Portfolio Standard Program described in this article.~~

~~(b) Achieving the renewables portfolio standard through the procurement of various electricity products from eligible renewable energy resources is intended to provide unique benefits to California, including all of the following, each of which independently justifies the program:~~

~~(1) Displacing fossil fuel consumption within the state.~~

1 (2) Adding new electrical generating facilities in the
2 transmission network within the Western Electricity Coordinating
3 Council service area.

4 (3) Reducing air pollution, particularly criteria pollutant
5 emissions and toxic air contaminants, in the state.

6 (4) Meeting the state's climate change goals by reducing
7 emissions of greenhouse gases associated with electrical generation.

8 (5) Promoting stable retail rates for electric service.

9 (6) Meeting the state's need for a diversified and balanced
10 energy generation portfolio.

11 (7) Assistance with meeting the state's resource adequacy
12 requirements.

13 (8) Contributing to the safe and reliable operation of the
14 electrical grid, including providing predictable electrical supply,
15 voltage support, lower line losses, and congestion relief.

16 (9) Implementing the state's transmission and land use planning
17 activities related to development of eligible renewable energy
18 resources.

19 (c) The California Renewables Portfolio Standard Program is
20 intended to complement the Renewable Energy Resources Program
21 administered by the Energy Commission and established pursuant
22 to Chapter 8.6 (commencing with Section 25740) of Division 15
23 of the Public Resources Code.

24 (d) New and modified electric transmission facilities may be
25 necessary to facilitate the state achieving its renewables portfolio
26 standard targets.

27 (e) (1) Supplying electricity to California end-use customers
28 that is generated by eligible renewable energy resources is
29 necessary to improve California's air quality and public health,
30 particularly in disadvantaged communities identified pursuant to
31 Section 39711 of the Health and Safety Code, and the commission
32 shall ensure rates are just and reasonable, and are not significantly
33 affected by the procurement requirements of this article. This
34 electricity may be generated anywhere in the interconnected grid
35 that includes many states, and areas of both Canada and Mexico.

36 (2) This article requires generating resources located outside of
37 California that are able to supply that electricity to California
38 end-use customers to be treated identically to generating resources
39 located within the state, without discrimination.

(3) California electrical corporations have already executed, and the commission has approved, power purchase agreements with eligible renewable energy resources located outside of California that will supply electricity to California end-use customers. These resources will fully count toward meeting the renewables portfolio standard procurement requirements.

~~SEC. 5.~~

SEC. 2. Section 399.15 of the Public Utilities Code is amended to read:

399.15. (a) In order to fulfill unmet long-term resource needs, the commission shall establish a renewables portfolio standard requiring all retail sellers to procure a minimum quantity of electricity products from eligible renewable energy resources as a specified percentage of total kilowatthours sold to their retail end-use customers each compliance period to achieve the targets established under this article. For any retail seller procuring at least 14 percent of retail sales from eligible renewable energy resources in 2010, the deficits associated with any previous renewables portfolio standard shall not be added to any procurement requirement pursuant to this article.

(b) The commission shall implement renewables portfolio standard procurement requirements only as follows:

(1) Each retail seller shall procure a minimum quantity of eligible renewable energy resources for each of the following compliance periods:

(A) January 1, 2011, to December 31, 2013, inclusive.

(B) January 1, 2014, to December 31, 2016, inclusive.

(C) January 1, 2017, to December 31, 2020, inclusive.

(D) January 1, 2021, to December 31, 2023, inclusive.

(E) January 1, 2024, to December 31, 2026, inclusive.

(F) January 1, 2027, to December 31, 2030, inclusive.

(2) (A) No later than January 1, 2017, the commission shall establish the quantity of electricity products from eligible renewable energy resources to be procured by the retail seller for each compliance period. These quantities shall be established in the same manner for all retail sellers and result in the same percentages used to establish compliance period quantities for all retail sellers.

(B) In establishing quantities for the compliance period from January 1, 2011, to December 31, 2013, inclusive, the commission

1 shall require procurement for each retail seller equal to an average
2 of 20 percent of retail sales. For the following compliance periods,
3 the quantities shall reflect reasonable progress in each of the
4 intervening years sufficient to ensure that the procurement of
5 electricity products from eligible renewable energy resources
6 achieves 25 percent of retail sales by December 31, 2016, 33
7 percent by December 31, 2020, 45 percent by December 31, 2023,
8 50 percent by December 31, 2026, and 60 percent by December
9 31, 2030. The commission shall establish appropriate three-year
10 compliance periods for all subsequent years that require retail
11 sellers to procure not less than 60 percent of retail sales of
12 electricity products from eligible renewable energy resources.

13 (C) Retail sellers shall be obligated to procure no less than the
14 quantities associated with all intervening years by the end of each
15 compliance period. Retail sellers shall not be required to
16 demonstrate a specific quantity of procurement for any individual
17 intervening year.

18 (3) The commission may require the procurement of eligible
19 renewable energy resources in excess of the quantities specified
20 in paragraph (2).

21 (4) Only for purposes of establishing the renewables portfolio
22 standard procurement requirements of paragraph (1) and
23 determining the quantities pursuant to paragraph (2), the
24 commission shall include all electricity sold to retail customers by
25 the Department of Water Resources pursuant to Division 27
26 (commencing with Section 80000) of the Water Code in the
27 calculation of retail sales by an electrical corporation.

28 (5) The commission shall waive enforcement of this section if
29 it finds that the retail seller has demonstrated any of the following
30 conditions are beyond the control of the retail seller and will
31 prevent compliance:

32 (A) There is inadequate transmission capacity to allow for
33 sufficient electricity to be delivered from proposed eligible
34 renewable energy resource projects using the current operational
35 protocols of the Independent System Operator. In making its
36 findings relative to the existence of this condition with respect to
37 a retail seller that owns transmission lines, the commission shall
38 consider both of the following:

39 (i) Whether the retail seller has undertaken, in a timely fashion,
40 reasonable measures under its control and consistent with its

1 obligations under local, state, and federal laws and regulations, to
2 develop and construct new transmission lines or upgrades to
3 existing lines intended to transmit electricity generated by eligible
4 renewable energy resources. In determining the reasonableness of
5 a retail seller's actions, the commission shall consider the retail
6 seller's expectations for full-cost recovery for these transmission
7 lines and upgrades.

8 (ii) Whether the retail seller has taken all reasonable operational
9 measures to maximize cost-effective deliveries of electricity from
10 eligible renewable energy resources in advance of transmission
11 availability.

12 (B) Permitting, interconnection, or other circumstances that
13 delay procured eligible renewable energy resource projects, or
14 there is an insufficient supply of eligible renewable energy
15 resources available to the retail seller. In making a finding that this
16 condition prevents timely compliance, the commission shall
17 consider whether the retail seller has done all of the following:

18 (i) Prudently managed portfolio risks, including relying on a
19 sufficient number of viable projects.

20 (ii) Sought to develop one of the following: its own eligible
21 renewable energy resources, transmission to interconnect to eligible
22 renewable energy resources, or energy storage used to integrate
23 eligible renewable energy resources. This clause shall not require
24 an electrical corporation to pursue development of eligible
25 renewable energy resources pursuant to Section 399.14.

26 (iii) Procured an appropriate minimum margin of procurement
27 above the minimum procurement level necessary to comply with
28 the renewables portfolio standard to compensate for foreseeable
29 delays or insufficient supply.

30 (iv) Taken reasonable measures, under the control of the retail
31 seller, to procure cost-effective distributed generation and allowable
32 unbundled renewable energy credits.

33 (C) Unanticipated curtailment of eligible renewable energy
34 resources if the waiver would not result in an increase in
35 greenhouse gas emissions.

36 (D) Unanticipated increase in retail sales due to transportation
37 electrification. In making a finding that this condition prevents
38 timely compliance, the commission shall consider all of the
39 following:

1 (i) Whether transportation electrification significantly exceeded
2 forecasts in that retail seller's service territory based on the best
3 and most recently available information filed with the State Air
4 Resources Board, the Energy Commission, or other state agency.

5 (ii) Whether the retail seller has taken reasonable measures to
6 procure sufficient resources to account for unanticipated increases
7 in retail sales due to transportation electrification.

8 (6) If the commission waives the compliance requirements of
9 this section, the commission shall establish additional reporting
10 requirements on the retail seller to demonstrate that all reasonable
11 actions under the control of the retail seller are taken in each of
12 the intervening years sufficient to satisfy future procurement
13 requirements.

14 (7) The commission shall not waive enforcement pursuant to
15 this section, unless the retail seller demonstrates that it has taken
16 all reasonable actions under its control, as set forth in paragraph
17 (5), to achieve full compliance.

18 (8) If a retail seller fails to procure sufficient eligible renewable
19 energy resources to comply with a procurement requirement
20 pursuant to paragraphs (1) and (2) and fails to obtain an order from
21 the commission waiving enforcement pursuant to paragraph (5),
22 the commission shall assess penalties for noncompliance. A
23 schedule of penalties shall be adopted by the commission that shall
24 be comparable for electrical corporations and other retail sellers.
25 For electrical corporations, the cost of any penalties shall not be
26 collected in rates. Any penalties collected under this article shall
27 be deposited into the Electric Program Investment Charge Fund
28 and used for the purposes described in Chapter 8.1 (commencing
29 with Section 25710) of Division 15 of the Public Resources Code.

30 (9) Deficits associated with the compliance period shall not be
31 added to a future compliance period.

32 (c) The commission shall establish a limitation for each electrical
33 corporation on the procurement expenditures for all eligible
34 renewable energy resources used to comply with the renewables
35 portfolio standard. This limitation shall be set at a level that
36 prevents disproportionate rate impacts.

37 (d) If the cost limitation for an electrical corporation is
38 insufficient to support the projected costs of meeting the
39 renewables portfolio standard procurement requirements, the
40 electrical corporation may refrain from entering into new contracts

1 or constructing facilities beyond the quantity that can be procured
2 within the limitation, unless eligible renewable energy resources
3 can be procured without exceeding a de minimis increase in rates,
4 consistent with the long-term procurement plan established for the
5 electrical corporation pursuant to Section 454.5.

6 (e) (1) The commission shall monitor the status of the cost
7 limitation for each electrical corporation in order to ensure
8 compliance with this article.

9 (2) If the commission determines that an electrical corporation
10 may exceed its cost limitation prior to achieving the renewables
11 portfolio standard procurement requirements, the commission shall
12 do both of the following within 60 days of making that
13 determination:

14 (A) Investigate and identify the reasons why the electrical
15 corporation may exceed its annual cost limitation.

16 (B) Notify the appropriate policy and fiscal committees of the
17 Legislature that the electrical corporation may exceed its cost
18 limitation, and include the reasons why the electrical corporation
19 may exceed its cost limitation.

20 (f) The establishment of a renewables portfolio standard shall
21 not constitute implementation by the commission of the federal
22 Public Utility Regulatory Policies Act of 1978 (Public Law
23 95-617).

24 ~~SEC. 6.~~

25 *SEC. 3.* Section 399.30 of the Public Utilities Code is amended
26 to read:

27 399.30. (a) (1) To fulfill unmet long-term generation resource
28 needs, each local publicly owned electric utility shall adopt and
29 implement a renewable energy resources procurement plan that
30 requires the utility to procure a minimum quantity of electricity
31 products from eligible renewable energy resources, including
32 renewable energy credits, as a specified percentage of total
33 kilowatthours sold to the utility's retail end-use customers, each
34 compliance period, to achieve the targets of subdivision (c).

35 (2) Beginning January 1, 2019, a local publicly owned electric
36 utility subject to Section 9621 shall incorporate the renewable
37 energy resources procurement plan required by this section as part
38 of a broader integrated resource plan developed and adopted
39 pursuant to Section 9621.

1 (b) The governing board shall implement procurement targets
2 for a local publicly owned electric utility that require the utility to
3 procure a minimum quantity of eligible renewable energy resources
4 for each of the following compliance periods:

5 (1) January 1, 2011, to December 31, 2013, inclusive.

6 (2) January 1, 2014, to December 31, 2016, inclusive.

7 (3) January 1, 2017, to December 31, 2020, inclusive.

8 (4) January 1, 2021, to December 31, 2023, inclusive.

9 (5) January 1, 2024, to December 31, 2026, inclusive.

10 (6) January 1, 2027, to December 31, 2030, inclusive.

11 (c) The governing board of a local publicly owned electric utility
12 shall ensure all of the following:

13 (1) The quantities of eligible renewable energy resources to be
14 procured for the compliance period from January 1, 2011, to
15 December 31, 2013, inclusive, are equal to an average of 20 percent
16 of retail sales.

17 (2) The quantities of eligible renewable energy resources to be
18 procured for all other compliance periods reflect reasonable
19 progress in each of the intervening years sufficient to ensure that
20 the procurement of electricity products from eligible renewable
21 energy resources achieves 25 percent of retail sales by December
22 31, 2016, 33 percent by December 31, 2020, 45 percent by
23 December 31, 2023, 50 percent by December 31, 2026, and 60
24 percent by December 31, 2030. The Energy Commission shall
25 establish appropriate multiyear compliance periods for all
26 subsequent years that require the local publicly owned electric
27 utility to procure not less than 60 percent of retail sales of
28 electricity products from eligible renewable energy resources.

29 (3) A local publicly owned electric utility shall adopt
30 procurement requirements consistent with Section 399.16.

31 (4) Beginning January 1, 2014, in calculating the procurement
32 requirements under this article, a local publicly owned electric
33 utility may exclude from its total retail sales the kilowatthours
34 generated by an eligible renewable energy resource that is credited
35 to a participating customer pursuant to a voluntary green pricing
36 or shared renewable generation program. Any exclusion shall be
37 limited to electricity products that do not meet the portfolio content
38 criteria set forth in paragraph (2) or (3) of subdivision (b) of Section
39 399.16. Any renewable energy credits associated with electricity
40 credited to a participating customer shall not be used for

1 compliance with procurement requirements under this article, shall
2 be retired on behalf of the participating customer, and shall not be
3 further sold, transferred, or otherwise monetized for any purpose.
4 To the extent possible for generation that is excluded from retail
5 sales under this subdivision, a local publicly owned electric utility
6 shall seek to procure those eligible renewable energy resources
7 that are located in reasonable proximity to program participants.

8 (d) (1) The governing board of a local publicly owned electric
9 utility shall adopt procurement requirements consistent with
10 subparagraph (B) of paragraph (4) of subdivision (a) of, and
11 subdivision (b) of, Section 399.13.

12 (2) The governing board of a local publicly owned electric utility
13 may adopt the following measures:

14 (A) Conditions that allow for delaying timely compliance
15 consistent with subdivision (b) of Section 399.15.

16 (B) Cost limitations for procurement expenditures consistent
17 with subdivision (c) of Section 399.15.

18 (e) The governing board of the local publicly owned electric
19 utility shall adopt a program for the enforcement of this article.
20 The program shall be adopted at a publicly noticed meeting offering
21 all interested parties an opportunity to comment. Not less than 30
22 days' notice shall be given to the public of any meeting held for
23 purposes of adopting the program. Not less than 10 days' notice
24 shall be given to the public before any meeting is held to make a
25 substantive change to the program.

26 (f) Each local publicly owned electric utility shall annually post
27 notice, in accordance with Chapter 9 (commencing with Section
28 54950) of Part 1 of Division 2 of Title 5 of the Government Code,
29 whenever its governing body will deliberate in public on its
30 renewable energy resources procurement plan.

31 (g) A public utility district that receives all of its electricity
32 pursuant to a preference right adopted and authorized by the United
33 States Congress pursuant to Section 4 of the Trinity River Division
34 Act of August 12, 1955 (Public Law 84-386) shall be in compliance
35 with the renewable energy procurement requirements of this article.

36 (h) For a local publicly owned electric utility that was in
37 existence on or before January 1, 2009, that provides retail electric
38 service to 15,000 or fewer customer accounts in California, and is
39 interconnected to a balancing authority located outside this state
40 but within the WECC, an eligible renewable energy resource

1 includes a facility that is located outside California that is
2 connected to the WECC transmission system, if all of the following
3 conditions are met:

4 (1) The electricity generated by the facility is procured by the
5 local publicly owned electric utility, is delivered to the balancing
6 authority area in which the local publicly owned electric utility is
7 located, and is not used to fulfill renewable energy procurement
8 requirements of other states.

9 (2) The local publicly owned electric utility participates in, and
10 complies with, the accounting system administered by the Energy
11 Commission pursuant to this article.

12 (3) The Energy Commission verifies that the electricity
13 generated by the facility is eligible to meet the renewables portfolio
14 standard procurement requirements.

15 (i) Notwithstanding subdivision (a), for a local publicly owned
16 electric utility that is a joint powers authority of districts established
17 pursuant to state law on or before January 1, 2005, that furnish
18 electric services other than to residential customers, and is formed
19 pursuant to the Irrigation District Law (Division 11 (commencing
20 with Section 20500) of the Water Code), the percentage of total
21 kilowatthours sold to the district's retail end-use customers, upon
22 which the renewables portfolio standard procurement requirements
23 in subdivision (b) are calculated, shall be based on the authority's
24 average retail sales over the previous seven years. If the authority
25 has not furnished electric service for seven years, then the
26 calculation shall be based on average retail sales over the number
27 of completed years during which the authority has provided electric
28 service.

29 (j) A local publicly owned electric utility in a city and county
30 that only receives greater than 67 percent of its electricity sources
31 from hydroelectric generation located within the state that it owns
32 and operates, and that does not meet the definition of a "renewable
33 electrical generation facility" pursuant to Section 25741 of the
34 Public Resources Code, shall be required to procure eligible
35 renewable energy resources, including renewable energy credits,
36 to meet only the electricity demands unsatisfied by its hydroelectric
37 generation in any given year, in order to satisfy its renewable
38 energy procurement requirements.

1 (k) (1) For the purposes of this subdivision, “hydroelectric
2 generation” means electricity generated from a hydroelectric
3 facility that satisfies all of the following:

4 (A) Is owned solely and operated by the local publicly owned
5 electric utility as of 1967.

6 (B) Serves a local publicly owned electric utility with a
7 distribution system demand of less than 150 megawatts.

8 (C) Involves a contract in which an electrical corporation
9 receives the benefit of the electric generation through June of 2014,
10 at which time the benefit reverts back to the ownership and control
11 of the local publicly owned electric utility.

12 (D) Has a maximum penstock flow capacity of no more than
13 3,200 cubic feet per second and includes a regulating reservoir
14 with a small hydroelectric generation facility producing fewer than
15 20 megawatts with a maximum penstock flow capacity of no more
16 than 3,000 cubic feet per second.

17 (2) If, during a year within a compliance period set forth in
18 subdivision (b), a local publicly owned electric utility receives
19 greater than 50 percent of its retail sales from its own hydroelectric
20 generation, it is not required to procure eligible renewable energy
21 resources that exceed the lesser of the following for that year:

22 (A) The portion of the local publicly owned electric utility’s
23 retail sales unsatisfied by the local publicly owned electric utility’s
24 hydroelectric generation. For these purposes, retail sales supplied
25 by an increase in hydroelectric generation resulting from an
26 increase in the amount of water stored by a dam because the dam
27 is enlarged or otherwise modified after December 31, 2012, shall
28 not count as being retail sales supplied by the utility’s own
29 hydroelectric generation.

30 (B) The soft target adopted by the Energy Commission for the
31 intervening years of the relevant compliance period.

32 (C) The cost limitation adopted pursuant to this section.

33 (3) This subdivision does not reduce or eliminate any renewable
34 procurement requirement for any compliance period ending prior
35 to January 1, 2014.

36 (4) This subdivision does not require a local publicly owned
37 electric utility to purchase additional eligible renewable energy
38 resources in excess of the procurement requirements of subdivision
39 (c).

1 (5) The Energy Commission shall adjust the total quantities of
2 eligible renewable energy resources to be procured by a local
3 publicly owned electric utility for a compliance period to reflect
4 any reductions required pursuant to paragraph (2).

5 (l) (1) For purposes of this subdivision, “large hydroelectric
6 generation” means electricity generated from a hydroelectric
7 facility that is not an eligible renewable energy resource and
8 provides electricity to a local publicly owned electric utility from
9 facilities owned by the federal government as a part of the federal
10 Central Valley Project or a joint powers agency formed and created
11 pursuant to Chapter 5 (commencing with Section 6500) of Division
12 7 of Title 1 of the Government Code.

13 (2) If, during a year within a compliance period set forth in
14 subdivision (b), a local publicly owned electric utility receives
15 greater than 50 percent of its retail sales from large hydroelectric
16 generation, it is not required to procure eligible renewable energy
17 resources that exceed the lesser of the following for that year:

18 (A) The portion of the local publicly owned electric utility’s
19 retail sales unsatisfied by the local publicly owned electric utility’s
20 large hydroelectric generation.

21 (B) The soft target adopted by the Energy Commission for the
22 intervening years of the relevant compliance period.

23 (3) Except for an existing agreement effective as of January 1,
24 2015, or extension or renewal of that agreement, any new
25 procurement commitment shall not be eligible to count towards
26 the determination that the local publicly owned electric utility
27 receives more than 50 percent of its retail sales from large
28 hydroelectric generation in any year.

29 (4) The Energy Commission shall adjust the total quantities of
30 eligible renewable energy resources to be procured by a local
31 publicly owned electric utility for a compliance period to reflect
32 any reductions required pursuant to paragraph (2).

33 (5) This subdivision does not modify the compliance obligation
34 of a local publicly owned electric utility to satisfy the requirements
35 of subdivision (c) of Section 399.16.

36 (m) (1) (A) For purposes of this subdivision, “unavoidable
37 long-term contracts and ownership agreements” means
38 commitments for electricity from a coal-fired powerplant, located
39 outside the state, originally entered into by a local publicly owned
40 electric utility before June 1, 2010, that is not subsequently

1 modified to result in an extension of the duration of the agreement
2 or result in an increase in total quantities of energy delivered during
3 any compliance period set forth in subdivision (b).

4 (B) The governing board of a local publicly owned electric
5 utility shall demonstrate in its renewable energy resources
6 procurement plan required pursuant to subdivision (f) that any
7 cancellation or divestment of the commitment would result in
8 significant economic harm to its retail customers that cannot be
9 substantially mitigated through resale, transfer to another entity,
10 early closure of the facility, or other feasible measures.

11 (2) For the compliance period set forth in paragraph (4) of
12 subdivision (b), a local publicly owned electric utility meeting the
13 requirement of subparagraph (B) of paragraph (1) may adjust its
14 renewable energy procurement targets to ensure that the
15 procurement of additional electricity from eligible renewable
16 energy resources, in combination with the procurement of
17 electricity from unavoidable long-term contracts and ownership
18 agreements, does not exceed the total retail sales of the local
19 publicly owned electric utility during that compliance period. The
20 local publicly owned electric utility may limit its procurement of
21 eligible renewable energy resources for that compliance period to
22 no less than an average of 33 percent of its retail sales.

23 (3) The Energy Commission shall approve any reductions in
24 procurement targets proposed by a local publicly owned electric
25 utility if it determines that the requirements of this subdivision are
26 satisfied.

27 (n) A local publicly owned electric utility shall retain discretion
28 over both of the following:

29 (1) The mix of eligible renewable energy resources procured
30 by the utility and those additional generation resources procured
31 by the utility for purposes of ensuring resource adequacy and
32 reliability.

33 (2) The reasonable costs incurred by the utility for eligible
34 renewable energy resources owned by the utility.

35 (o) The Energy Commission shall adopt regulations specifying
36 procedures for enforcement of this article. The regulations shall
37 include a public process under which the Energy Commission may
38 issue a notice of violation and correction against a local publicly
39 owned electric utility for failure to comply with this article, and

1 for referral of violations to the State Air Resources Board for
2 penalties pursuant to subdivision (n).

3 (p) (1) Upon a determination by the Energy Commission that
4 a local publicly owned electric utility has failed to comply with
5 this article, the Energy Commission shall refer the failure to comply
6 with this article to the State Air Resources Board, which may
7 impose penalties to enforce this article consistent with Part 6
8 (commencing with Section 38580) of Division 25.5 of the Health
9 and Safety Code. Any penalties imposed shall be comparable to
10 those adopted by the commission for noncompliance by retail
11 sellers.

12 (2) Any penalties collected by the State Air Resources Board
13 pursuant to this article shall be deposited in the Air Pollution
14 Control Fund and, upon appropriation by the Legislature, shall be
15 expended for reducing emissions of air pollution or greenhouse
16 gases within the same geographic area as the local publicly owned
17 electric utility.

18 ~~SEC. 7.~~

19 *SEC. 4.* Section 454.53 is added to the Public Utilities Code,
20 to read:

21 454.53. (a) For all energy and climate programs subject to
22 their jurisdiction, the commission, the Energy Commission, and
23 the State Air Resources Board shall incorporate the planning goal
24 and regulatory requirement that eligible renewable energy resources
25 and zero-carbon electric generating facilities supply all electricity
26 procured to serve California end-use customers no later than
27 December 31, 2045.

28 (b) In developing and implementing the planning goal and
29 regulatory requirement required by subdivision (a), each
30 commission and the state board shall do all of the following:

31 (1) Emphasize the need for new and incremental zero-carbon
32 resources that displace fossil fuel usage within California.

33 (2) Exclude any generation from existing zero-carbon resources
34 not serving California customers as of January 1, 2018, from
35 satisfying that goal and regulatory requirement.

36 (3) Transition fossil fuel generating resources within the state
37 to zero-carbon fuels.

38 (c) Each commission and the state board shall utilize programs
39 authorized under existing statutes to achieve the goal and regulatory
40 requirement described in subdivision (a) and shall provide a joint

1 report to the Legislature no later than February 1, 2019, and every
2 two years thereafter, that identifies progress and describes
3 remaining barriers to the full realization of that planning goal and
4 regulatory requirement.

5 SEC. 8. ~~Section 740.15 is added to the Public Utilities Code,~~
6 ~~to read:~~

7 ~~740.15.—(a) The Legislature finds and declares all of the~~
8 ~~following:~~

9 ~~(1) Diesel exhaust from heavy-duty trucks is a major source of~~
10 ~~criteria, toxic, and carcinogenic pollutants.~~

11 ~~(2) Low-income communities suffer disproportionate impacts~~
12 ~~from heavy-duty trucks in industrial and port areas, and near~~
13 ~~freeways.~~

14 ~~(3) The South Coast Air Quality Management District recently~~
15 ~~adopted its 2016 Air Quality Management Plan. That plan relies~~
16 ~~on near-zero-emission engine technologies that use natural gas as~~
17 ~~fuel in heavy-duty vehicles.~~

18 ~~(4) Zero-emission vehicles are not available for all uses.~~

19 ~~(5) Where zero-emission vehicle types are not commercially~~
20 ~~available, replacing diesel-fueled trucks with near-zero-emission~~
21 ~~vehicles fueled with renewable gas will reduce the impacts from~~
22 ~~diesel exhaust.~~

23 ~~(b) For purposes of this section, the following terms have the~~
24 ~~following meaning:~~

25 ~~(1) “Near-zero-emission vehicle” means a heavy-duty vehicle~~
26 ~~with emissions of oxides of nitrogen that are no greater than an~~
27 ~~amount determined by the State Air Resources Board.~~

28 ~~(2) “Renewable gas” has the same meaning as defined in Section~~
29 ~~39730.8 of the Health and Safety Code.~~

30 ~~(c) The commission, in consultation with the State Air Resources~~
31 ~~Board and the Energy Commission, may direct gas corporations~~
32 ~~to file applications to implement programs to facilitate fueling to~~
33 ~~replace diesel-fueled heavy-duty trucks with near-zero-emission~~
34 ~~vehicles. If the commission acts pursuant to this authorization, it~~
35 ~~shall approve or modify and approve programs consistent with all~~
36 ~~of the following:~~

37 ~~(1) Fueling shall only be for vehicle types where zero-emission~~
38 ~~vehicles are not commercially available, as determined by the State~~
39 ~~Air Resources Board.~~

40 ~~(2) Fueling shall be with renewable gas.~~

1 ~~(3) The programs shall be coordinated with other agencies and~~
2 ~~private programs to replace diesel vehicles.~~

3 ~~(4) The programs shall seek to minimize overall costs and~~
4 ~~maximize overall benefits to ratepayers by ensuring the cost~~
5 ~~allocation principles are adhered to pursuant to Section 739.6.~~

6 ~~(d) In implementing this section, the commission shall ensure~~
7 ~~it gives thoughtful consideration to the proper role of a regulated~~
8 ~~utility, the effects of a regulated utility's interactions with the~~
9 ~~market and with nonregulated entities, and the best interests of~~
10 ~~ratepayers, while also ensuring its thoughtful consideration of the~~
11 ~~benefits of cleaner air to society.~~

12 ~~SEC. 9.~~

13 ~~SEC. 5.~~ No reimbursement is required by this act pursuant to
14 ~~Section 6 of Article XIII B of the California Constitution because~~
15 ~~a local agency or school district has the authority to levy service~~
16 ~~charges, fees, or assessments sufficient to pay for the program or~~
17 ~~level of service mandated by this act or because costs that may be~~
18 ~~incurred by a local agency or school district will be incurred~~
19 ~~because this act creates a new crime or infraction, eliminates a~~
20 ~~crime or infraction, or changes the penalty for a crime or infraction,~~
21 ~~within the meaning of Section 17556 of the Government Code, or~~
22 ~~changes the definition of a crime within the meaning of Section 6~~
23 ~~of Article XIII B of the California Constitution.~~

SB 518 (De Leon)
Clean Energy Job Creation Program and citizen oversight board.

Summary: SB 518 establishes the Clean Energy Job Creation Program (program) to fund, through annual budget appropriations, energy efficiency and clean energy projects in public schools and community colleges (K-14). The bill also appropriates unallocated Proposition 39 (Prop. 39) monies, including \$75 million for school bus retrofit and replacements, to improve energy efficiency in K-14 schools, and extends the Citizens Oversight Board (COB) indefinitely.

Background: In 2012, California voters passed Proposition 39: The Clean Energy Jobs Act, which closed a loophole in the corporate income tax code and allocates revenue to the General Fund and the Clean Energy Job Creation Fund, up to \$550 million for five fiscal years, beginning with fiscal year 2013-14. Under this initiative, funding is available annually for eligible energy projects such as energy efficiency upgrades and clean energy generation at public schools and community colleges.

Existing law requires 89% of Prop. 39 funds to be allocated to school districts, county offices of education, and charter schools for energy efficiency and clean energy projects, such as lighting, HVAC replacement, and solar generation. The remaining 11% is allocated to community colleges for similar purposes.

Between FY 2013-14 FY2016-17, the state provided \$1.4 billion in Prop. 39 revenue for K-12 energy efficiency projects and planning, \$165.4 million for community college energy projects, and \$56 million for a revolving loan program to fund similar types of projects in both segments.

Current law requires the California Energy Commission (CEC) to document the amount of energy savings derived from school districts, county offices of education, and charter schools. As of August 2016, CEC reports energy savings as follows: 251,525,783 kilowatt-hours of electricity, 1,607,127 therms of natural gas, 78,023 gallons of propane, and 67,046 gallons of fuel oil savings. This savings represents an estimated \$46.5 million in annual energy cost savings and a reduction of 192,275,820 (as measured in pounds of carbon dioxide emissions) in annual greenhouse gas emission reduction.

Likewise, community colleges report annual energy cost savings of approximately \$14.9 million; 78.3 million kilowatt-hours annual savings; and 1.5 million therms of natural gas.

Status: 5/26/2017 - Read second time and amended. Ordered to third reading in Senate.

Specific Provisions: Specifically, this bill:

- 1) Establishes, commencing with the 2018-19 fiscal year, the program, to fund energy efficiency and clean energy projects for K-12 Local Education Agencies (LEAs) and community colleges, consistent with the existing requirements of the Clean Energy Jobs Creation Fund, but subject to an annual appropriation and awarded on a competitive basis.
- 2) Redirects unallocated monies in the Fund, as of January 1, 2018, as follows:
 - a) \$75 million for school bus retrofit and replacements.
 - b) \$100 million deposited in the Energy Conservation Assistance Act–Education subaccount (ECAA–Ed) for low-interest and no-interest loans for energy retrofits and clean energy installs.
 - c) Remaining monies for a new program to fund LEAs for energy retrofit and clean energy projects, provided into specified categories based on the LEA’s ADA.
- 3) Extends the sunset of the ECAA–Ed for an additional five years and reallocates any funds remaining in the account as indicated above.
- 4) Specifies that priority be given to LEAs based on the percentage of students eligible for the reduced-price meals program in the prior year, energy savings, geographic diversity, and diversity in the size of the LEA’s student populations.
- 5) Authorizes the CEC to adopt regulations to implement the bill.
- 6) Repeals the sunset on the allocation of monies and requirements for the Citizens Oversight Board.

Impacts on SCAQMD’s Mission, Operations or Initiatives:

Polluting School Buses

This bill proposes to invest \$75 million for polluting school buses. California has a history of tackling pollution from diesel school buses in an effort to reduce children’s exposure to vehicle-related pollutants, particularly nitrogen oxides and particulate matter, during commutes to and from school by school buses. These pollutants have been known to reduce lung development which can have permanent adverse respiratory health effects later in life, contribute to smog-pollution and cause cancer. The California Air Resources Board (CARB), in particular, has instituted mitigation efforts to reduce this exposure, largely driven by concerns for the health exposure effects. CARB’s efforts have provided both incentives and regulations, including: requiring particulate matter exhaust filters (PM filter) or reduced mileage, as well as, a history of providing incentive funding to retrofit and replace these buses, including implementing the Lower Emission School Bus Program. According to CARB, “Over \$500 million has been used to clean up 10,000 school buses.”

However, CARB has noted that this funding is not enough to tackle the highest priority of polluting school buses. CARB board members and staff discussed the need for ongoing, sustainable funding to help clean up the school bus fleet in the state – pegged at 25,400 buses, the majority which runs on diesel fuel. While CARB’s inventory of the school bus fleet is still being developed, the agency notes that roughly five percent of the fleet that runs on diesel, is driven over 14,000 miles a year and has no PM filter. As such, this highest priority school buses would need roughly \$72 million to be retrofitted and replaced (the assumption is that half would need to be replaced) – roughly 590 school buses. The cost of eight retrofits equals one replacement. Whereas the cost of a PM filter runs \$20,000, a new school bus is roughly \$165,000 and much more for a battery electric zero-emission bus. However, in some cases a bus cannot be retrofitted and must be replaced. Additionally, there is a growing urgency regarding looming compliance deadlines late-summer and fall of this year under the Statewide Diesel Truck and Bus Rule that makes funding for this population of school buses even more urgent.

This bill would provide a valuable allocation of \$75 million for school bus retrofit and replacements to help reduce criteria pollutant and greenhouse gas emissions. Further, it will help improve energy efficiency and expand clean energy generation while creating jobs within the state. This bill is also in line with SCAQMD’s environmental justice program, as it prioritizes funding for educational agencies in lower income communities.

Recommended Position: SUPPORT

AMENDED IN SENATE MAY 26, 2017

AMENDED IN SENATE MAY 3, 2017

AMENDED IN SENATE APRIL 5, 2017

SENATE BILL

No. 518

**Introduced by Senator De León
(Principal coauthor: Senator Hueso)**

February 16, 2017

An act to amend Sections 26211, 26212, 26213, 26214, 26215, 26216, 26217, 26227, 26233, and 26240 of, and to add Sections 26205.5 and 26227.2 to, the Public Resources Code, relating to energy, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 518, as amended, De León. Clean Energy Job Creation Program and citizen oversight board.

The California Clean Energy Jobs Act, an initiative approved by the voters as Proposition 39 at the November 6, 2012, statewide general election, made changes to corporate income taxes and, except as specified, provides for the transfer of \$550,000,000 annually from the General Fund to the Clean Energy Job Creation Fund for 5 fiscal years beginning with the 2013–14 fiscal year. Moneys in the fund are available, upon appropriation by the Legislature, for purposes of funding eligible projects that create jobs in California improving energy efficiency and expanding clean energy generation.

Existing law, until fiscal year 2017–18, provides for the allocation of moneys in the Clean Energy Job Creation Fund to local educational agencies and community college districts, as specified, and requires that funds remaining after the 2017–18 fiscal year continue to be

available in future years for loans to local educational agencies and community college districts. Existing law, until July 1, 2019, prescribes the operation of the Citizens Oversight Board and establishes the authority and duties of the board, which relate to assessing the effectiveness of the expenditures from the fund in meeting the act's objectives.

This bill would appropriate otherwise unallocated moneys in the Job Creation Fund, as determined by the State Energy Resources Conservation and Development Commission as of March 1, 2018, for purposes relating to improving energy efficiency at public schools and community colleges, as specified.

This bill would, commencing with the 2018–19 fiscal year, establish the Clean Energy Job Creation Program with the purpose of funding specified projects in public schools, universities, and colleges that create jobs in California improving energy efficiency and expanding clean energy generation and would subject these projects to requirements similar to those imposed on projects under the California Clean Energy Jobs Act. The bill would extend the operation of the board and of its authority and duties indefinitely.

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

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

1 SECTION 1. Section 26205.5 is added to the Public Resources
2 Code, to read:
3 26205.5. (a) Of the moneys provided to the Job Creation Fund
4 for purposes of paragraph (1) of subdivision (a) of Section 26205,
5 the amount unallocated, which is the amount of moneys that are
6 not associated with an approved energy expenditure plan, as
7 determined by the Energy Commission as of March 1, 2018, shall
8 be appropriated as follows:
9 (1) The first seventy-five million dollars (\$75,000,000) shall be
10 provided to school districts and county offices of education for
11 grants or loans for schoolbus retrofit or replacement.
12 (A) Priority shall be given to school districts and county offices
13 of education operating the oldest schoolbuses or schoolbuses
14 operating in disadvantaged communities, as identified pursuant to
15 Section 39711 of the Health and Safety Code, as determined by
16 the State Air Resources Board, and to school districts or county

1 offices of education with a majority of students eligible for free
2 or reduced-price meals in the prior year.

3 (B) Any schoolbuses that have been replaced pursuant to this
4 paragraph shall be scrapped.

5 (C) A local air district may administer funding provided pursuant
6 to this paragraph, if authorized by the Energy Commission.

7 (2) The next one hundred million dollars (\$100,000,000) shall
8 be deposited into the Education Subaccount, created pursuant to
9 Section 26227, for the purpose of low-interest and no-interest
10 revolving loans and loan loss reserves for eligible projects and
11 technical assistance on a competitive basis. Priority shall be given
12 to local educational agencies based on the percentage of students
13 eligible for free or reduced-price meals in the prior year, energy
14 savings, geographic diversity, and diversity in the size of the local
15 educational agencies' student populations. If a local educational
16 agency has a project eligible for a loan under this paragraph, the
17 maximum loan amount for the project shall be the project cost
18 reduced by both of the following, as applicable:

19 (A) The amount of any grant awarded for the project pursuant
20 to paragraph (3).

21 (B) Any state, federal, or local incentives that have been
22 provided for the project.

23 (3) (A) (i) The remaining moneys, if any, shall be provided to
24 school districts, county offices of education, and charter schools
25 on a competitive basis in accordance with subdivision (b) of
26 Section 26227.2, as implemented by the Energy Commission, in
27 consultation with the State Department of Education, as follows:

28 (I) Ten percent shall be for applicants with an average daily
29 attendance of not more than 1,000.

30 (II) Ten percent shall be for applicants with an average daily
31 attendance of more than 1,000 and not more than 2,000.

32 (III) Eighty percent shall be for applicants with an average daily
33 attendance of more than 2,000.

34 (ii) The commission may adjust the funding allocations specified
35 in clause (i) and may add additional categories based on average
36 daily attendance to further the purposes of Section 26227.2.

37 (B) The Energy Commission shall facilitate local educational
38 agency pursuit of funding under this paragraph and from the State
39 Energy Conservation Assistance Account through coordinated

1 information, documentation, and review processes regarding the
2 project.

3 (C) For purposes of this paragraph, average daily attendance
4 shall be those numbers as reported in the prior year, as determined
5 by the State Department of Education.

6 (b) A local educational agency that receives moneys pursuant
7 to this section shall encumber those moneys within nine months
8 of allocation.

9 (c) The Energy Commission may adopt implementing
10 regulations that are consistent with the requirements of Chapter 3
11 (commencing with Section 26210).

12 (d) For purposes of this section, “a local educational agency”
13 means a school district, county office of education, charter school,
14 or community college district.

15 SEC. 2. Section 26211 of the Public Resources Code is
16 amended to read:

17 26211. Funding for the board shall be available, upon
18 appropriation by the Legislature, in the annual Budget Act.

19 SEC. 3. Section 26212 of the Public Resources Code is
20 amended to read:

21 26212. (a) Members of the board shall serve for a term of four
22 years and may be reappointed for up to two additional terms.

23 (b) A majority of board members shall constitute a quorum.

24 (c) The board’s principal office shall be located in the State
25 Energy Resources Conservation and Development Commission’s
26 office in Sacramento.

27 (d) Each board member shall be entitled to one vote. All votes
28 shall be recorded and reported in the minutes of the board.

29 (e) The board shall select from among its members a chair and
30 a vice chair, as provided in Section 26214.

31 (f) Members of the board shall not be compensated for their
32 service, but may be reimbursed for actual and necessary expenses
33 incurred in the performance of their duties.

34 (g) Requests for reimbursement for actual and necessary
35 expenses shall be submitted to the chair for approval and may be
36 paid in accordance with Section 26217.

37 SEC. 4. Section 26213 of the Public Resources Code is
38 amended to read:

1 26213. (a) The board shall meet at least four times per year
2 or as often as the chair or the board deems necessary to conduct
3 its business.

4 (b) The chair shall, with the assistance of staff, prepare the
5 agenda for each board meeting. Meeting agendas shall be prepared
6 in advance of each meeting based on input from board members,
7 staff, and the public.

8 (c) The board and any committees established by the board shall
9 comply with, and be subject to, the requirements of the
10 Bagley-Keene Open Meeting Act (Article 9 (commencing with
11 Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of
12 the Government Code).

13 (d) The board shall comply with, and be subject to, the
14 requirements of the California Public Records Act (Chapter 3.5
15 (commencing with Section 6250) of Division 7 of Title 1 of the
16 Government Code).

17 SEC. 5. Section 26214 of the Public Resources Code is
18 amended to read:

19 26214. (a) The first meeting of the board, at which a chair
20 shall be selected, may be held upon appointment of all nine
21 members of the board and shall be called jointly by the Treasurer,
22 the Controller, and the Attorney General.

23 (b) The board shall elect a chair and vice chair at the first
24 meeting of the board each year and each such individual shall hold
25 office for one year commencing on the following July 1 and ending
26 when his or her successor takes office. If there is a vacancy during
27 the year in the office of the chair or vice chair, a majority of the
28 active members of the board shall elect a replacement chair or vice
29 chair to serve the remainder of the year. If the interim vacancy is
30 in the office of the chair, then the vice chair shall perform the
31 duties of the chair until a successor is elected.

32 (c) The board shall establish rules of operation for the board
33 that are consistent with the rules and practices applicable to other
34 state boards.

35 (d) In the absence of the chair during a meeting, the vice chair
36 shall perform all of the functions of the chair.

37 (e) The chair shall oversee meetings, serve as an ex officio
38 member of all committees, work in partnership with staff to ensure
39 board resolutions are carried out, call special meetings if necessary,
40 appoint all committee chairs and recommend who will serve on

1 committees, prepare agendas for meetings, coordinate the hiring
2 and evaluations of staff and consultants, act as spokesperson for
3 the board, periodically consult with board members on their roles,
4 and ensure that the rules of procedure and decorum contained in
5 this chapter are observed and enforced.

6 (f) The vice chair shall carry out special assignments as
7 requested by the chair, understand the responsibilities of the chair,
8 and be able to perform the duties of the chair in the chair's absence.

9 (g) Board staff activities shall not be duplicative of ongoing
10 efforts by other state agencies, including, but not limited to, the
11 State Department of Education and the State Energy Resources
12 Conservation and Development Commission.

13 SEC. 6. Section 26215 of the Public Resources Code is
14 amended to read:

15 26215. (a) The board may establish committees as it deems
16 necessary and appropriate. The chair may, with board approval,
17 define and limit a committee's scope and authority, and establish
18 rules of operation for the committees.

19 (b) Each committee shall meet and shall make recommendations
20 and reports as deemed necessary or appropriate by the chair or the
21 board.

22 (c) In the absence of the committee chair, the vice chair shall
23 conduct routine business matters and meetings of the committee.

24 (d) The status, purpose, and authority of a committee shall be
25 determined by the chair and approved by the board at the time the
26 committee is established by the board. The board may modify a
27 committee's status, purpose, or authority at any time.

28 (e) A committee may act within its delegated authority without
29 further approval of the board. Committees and committee members
30 shall not make or issue policy statements, recommendations, or
31 media releases without prior approval of the board. A committee
32 activity that implies action by the board or is outside the
33 committee's delegated authority is prohibited without specific
34 board approval.

35 SEC. 7. Section 26216 of the Public Resources Code is
36 amended to read:

37 26216. (a) The board shall review and evaluate the progress
38 and status of projects and shall prepare, approve, and distribute
39 annual reports of its activities, findings, and recommendations to
40 the Governor, the Legislature, and the public, to the extent these

1 actions are consistent with subdivision (d) of Section 26210. Each
2 annual report shall concern the activities of the board and its
3 committees during the preceding calendar year and shall be
4 distributed within 90 days of the end of the calendar year to which
5 it pertains.

6 (b) The process for preparing, approving, and distributing the
7 annual reports shall be as follows:

8 (1) The chair shall be responsible for preparing a draft annual
9 report that shall be presented at a regularly scheduled meeting of
10 the board.

11 (2) The draft annual report shall be discussed and considered
12 by the board at the meeting and shall be approved as presented or
13 with amendments or changes following the opportunity for, and
14 receipt of, any public comment.

15 (3) After the meeting, the annual report shall be put into its final
16 approved form and shall be distributed and published on the board's
17 Internet Web site.

18 (c) The annual report distributed pursuant to this section shall
19 be submitted to the Legislature in accordance with Section 9795
20 of the Government Code.

21 SEC. 8. Section 26217 of the Public Resources Code is
22 amended to read:

23 26217. (a) Expenses of the board shall be accounted for and
24 paid in a manner that is consistent with the State Administrative
25 Manual and any related processes and procedures. The board may
26 delegate to the chair or staff the authority to approve expenses,
27 pay expenses, or both.

28 (b) Expenditure items exceeding the board's budget, or
29 expenditure items the chair deems worthy of further consideration,
30 shall be brought before the board for consideration at the next
31 meeting.

32 (c) The chair shall be responsible for tracking the board's budget
33 and regularly reporting to the board if expenditures are within the
34 amounts planned and what steps have been taken or are proposed
35 to be taken to ensure that the board has sufficient funds to
36 accomplish its annual mission.

37 (d) The chair may testify before a state authority and his or her
38 actual and necessary travel, meal, and lodging expenses shall be
39 reimbursed.

(e) The expenses of the board shall be published in the board's annual report required by Section 26216.

SEC. 9. Section 26227 of the Public Resources Code is amended to read:

26227. (a) (1) For the 2013–14 fiscal year, twenty-eight million dollars (\$28,000,000) shall be transferred from the Job Creation Fund to the Education Subaccount, which is hereby created in the State Energy Conservation Assistance Account created pursuant to Section 25416. The moneys in the Education Subaccount are appropriated to the Energy Commission for the purpose of low-interest and no-interest revolving loans and loan loss reserves for eligible projects and technical assistance.

(2) For the 2013–14 fiscal year, funds in the Education Subaccount shall be available for local educational agencies and community college districts. If a local educational agency or community college district has an eligible project, the amount of the funding resources gap that is to be considered a reasonable loan value from the Education Subaccount is the project cost less the amount of any grant awarded pursuant to Section 26233 and less any state, federal, or local incentives. A local educational agency or community college district may need to meet additional credit or other financial qualifying criteria applicable pursuant to the Energy Conservation Assistance Act of 1979 (Chapter 5.2 (commencing with Section 25410) of Division 15). The Energy Commission shall facilitate a local educational agency or community college district's participation in both the Job Creation Fund and Energy Conservation Assistance Account programs through coordinated information, documentation, and review processes regarding the project and the borrowing entity.

(b) For the 2014–15 through 2022–23 fiscal years, inclusive, the amount transferred from the Job Creation Fund to the Energy Conservation Assistance Account shall be determined in the annual budget.

(c) Funds remaining in the Education Subaccount after the 2017–18 fiscal year shall continue to be available in future years pursuant to Section 26205.5.

SEC. 10. Section 26227.2 is added to the Public Resources Code, to read:

26227.2. (a) Commencing with the 2018–19 fiscal year, the Clean Energy Job Creation Program is hereby established for the

1 purpose of funding projects described in paragraph (1) or (2) of
2 subdivision (a) of Section 26205 that create jobs in California
3 improving energy efficiency and expanding clean energy
4 generation.

5 (b) All of the following criteria shall apply to the Clean Energy
6 Job Creation Program:

7 (1) Project selection and oversight shall be managed by, and
8 funds shall be appropriated only to, existing state and local
9 government agencies with established expertise in managing energy
10 projects and programs.

11 (2) All projects shall be selected based on in-state job creation
12 and energy benefits for each project type.

13 (3) All projects shall be cost effective with the total benefits
14 being greater than the costs of the project over time. Project
15 selection may, in addition to energy benefits, include consideration
16 of nonenergy benefits, such as health and safety.

17 (4) All projects shall require contracts that identify the project
18 specifications, costs, and projected energy savings.

19 (5) All projects shall be subject to audit.

20 (6) Program overhead costs, including administrative costs
21 incurred by the Energy Commission, shall not exceed 4 percent
22 of the total funding.

23 (7) Agencies administering the program shall coordinate with
24 the Energy Commission and the Public Utilities Commission to
25 avoid duplication and to maximize leverage of existing energy
26 efficiency and clean energy efforts.

27 (8) Eligible expenditures include expenditures associated with
28 technical assistance and with reducing project costs and delays,
29 including the development and implementation of processes that
30 reduce the costs of design, permitting or financing, or other barriers
31 to project completion and job creation.

32 (c) Commencing with the 2018–19 fiscal year, funds
33 appropriated in the annual Budget Act or another statute for the
34 Clean Energy Job Creation Program shall be available as follows:

35 (1) Eleven percent of the funds shall be available to community
36 college districts, to be allocated by the Chancellor of the California
37 Community Colleges at his or her discretion for program purposes.

38 (2) (A) The remaining moneys shall be allocated to school
39 districts, county offices of education, and charter schools as
40 follows:

1 (i) Ten percent shall be for applicants with an average daily
2 attendance of not more than 1,000.

3 (ii) Ten percent shall be for applicants with an average daily
4 attendance of more than 1,000 and not more than 2,000.

5 (iii) Eighty percent shall be for applicants with an average daily
6 attendance of more than 2,000.

7 (B) The commission may adjust the funding allocations specified
8 in subparagraph (A) and may add additional categories based on
9 average daily attendance to further the purposes of this section.

10 (d) A local educational agency that receives moneys pursuant
11 to this section shall encumber those moneys within nine months
12 of allocation.

13 (e) The Energy Commission may adopt implementing
14 regulations that are consistent with the requirements of Chapter 3
15 (commencing with Section 26210).

16 (f) For purposes of this section, a local educational agency
17 means a school district, county office of education, charter school,
18 or community college district.

19 SEC. 11. Section 26233 of the Public Resources Code is
20 amended to read:

21 26233. (a) Commencing with the 2013–14 fiscal year and
22 through the 2017–18 fiscal year, inclusive, the funds deposited
23 annually in the Job Creation Fund and remaining after the transfer
24 pursuant to Section 26227 and the appropriation pursuant to Section
25 26230 shall be allocated, to the extent consistent with this division,
26 as follows:

27 (1) Eighty-nine percent of the funds shall be available to local
28 educational agencies and allocated by the Superintendent of Public
29 Instruction pursuant to subdivision (b).

30 (2) Eleven percent of the funds shall be available to community
31 college districts and allocated by the Chancellor of the California
32 Community Colleges at his or her discretion.

33 (b) The Superintendent of Public Instruction shall allocate the
34 funds provided in paragraph (1) of subdivision (a) as follows:

35 (1) Eighty-five percent on the basis of average daily attendance
36 reported as of the second principal apportionment for the prior
37 fiscal year. For purposes of this section, average daily attendance
38 for the state special schools shall be deemed to be 97 percent of
39 the prior year enrollment as reported in the California Longitudinal
40 Pupil Achievement Data System.

1 (A) For every local educational agency with average daily
2 attendance as reported pursuant to this subdivision of 100 or less,
3 the amount awarded shall be fifteen thousand dollars (\$15,000).

4 (B) For every local educational agency with average daily
5 attendance as reported pursuant to this subdivision in excess of
6 100, but 1,000 or less, the amount awarded shall be either that
7 local educational agency's proportional award on the basis of
8 average daily attendance or fifty thousand dollars (\$50,000),
9 whichever amount is larger.

10 (C) For every local educational agency with average daily
11 attendance as reported pursuant to this subdivision in excess of
12 1,000, but less than 2,000, the amount awarded shall be either that
13 local educational agency's proportional award on the basis of
14 average daily attendance or one hundred thousand dollars
15 (\$100,000), whichever amount is larger.

16 (D) For every local educational agency with average daily
17 attendance as reported pursuant to this subdivision of 2,000 or
18 more, the amount awarded shall be the local educational agency's
19 proportional award on the basis of average daily attendance.

20 (2) Fifteen percent on the basis of students eligible for free and
21 reduced-price meals in the prior year.

22 (3) For every local educational agency that receives over one
23 million dollars (\$1,000,000) pursuant to this subdivision, not less
24 than 50 percent of the funds shall be used for projects larger than
25 two hundred fifty thousand dollars (\$250,000) that achieve
26 substantial energy efficiency, clean energy, and jobs benefits.

27 (c) A local educational agency subject to subparagraph (A) or
28 (B) of paragraph (1) of subdivision (b) may submit a written
29 request to the Superintendent of Public Instruction, by September
30 1 of each year, to receive in the current year its funding allocation
31 for both the current year and the following year, both of which
32 would be based on the average daily attendance used in the current
33 year for determining funding pursuant to the applicable
34 subparagraph. A local educational agency requesting funding
35 pursuant to this subdivision shall not receive a funding allocation
36 in the year following the request. This election applies to the
37 funding available pursuant to paragraphs (1) and (2) of subdivision
38 (b).

39 (d) A local educational agency shall encumber funds received
40 pursuant to this section by ~~December 31, 2018~~. *March 31, 2019*.

SEC. 12. Section 26240 of the Public Resources Code is amended to read:

26240. (a) To later quantify the costs and benefits of funded projects, an entity that receives funds from the Job Creation Fund or pursuant to subdivision (c) of Section 26227.2 shall authorize its local electric and gas utilities to provide 12 months of past and ongoing usage and billing records at the school facility site level to the Energy Commission.

(b) As a condition of receiving funds from the Job Creation Fund or pursuant to subdivision (c) of Section 26227.2, not sooner than one year but no later than 15 months after an entity completes its first eligible project with a grant, loan, or other assistance from the Job Creation Fund or pursuant to subdivision (c) of Section 26227.2, the entity shall submit a report of its project expenditures to the Citizens Oversight Board created pursuant to Chapter 3 (commencing with Section 26210). To the extent practical, this report shall also contain information on any of the following:

(1) The total final gross project cost before deducting any incentives or other grants and the percentage of total project cost derived from the Job Creation Fund or pursuant to subdivision (c) of Section 26227.2.

(2) The estimated amount of energy saved, accompanied by specified energy consumption and utility bill cost data for the individual facility where the project is located, in a format to be specified by the Energy Commission.

(3) The nameplate rating of new clean energy generation installed.

(4) The number of trainees.

(5) The number of direct full-time equivalent employees and the average number of months or years of utilization of each of these employees.

(6) The amount of time between awarding of the financial assistance and the completion of the project or training activities.

(7) The entity's energy intensity before and after project completion, as determined from an energy rating or benchmark system, to be determined by the Energy Commission, such as the United States Environmental Protection Agency's Energy Star system or other acceptable benchmarking approach that may be available from local utilities, the American Society for Heating, Refrigerating, and Air-Conditioning Engineers, Inc., or a publicly

1 available building analysis software as is appropriate to the size,
2 budget, and expertise available to the school.

3 (c) If an LEA completes more than one project, the required
4 information for a second and any subsequent project shall be
5 submitted no later than the first full quarter following project
6 completion.

7 (d) To minimize the calculation burden on LEAs, the Energy
8 Commission shall develop a method to utilize the data submitted
9 by each recipient LEA in its project reports, such as utility
10 consumption data, building operating characteristics, and other
11 information, to calculate for each project, LEA, or the state as a
12 whole the actual or estimated energy and cost savings. This method
13 shall include a means to combine gas and electric savings into a
14 combined cost of saved energy factor and to report on other
15 economic and investment performance metrics. The Energy
16 Commission shall prepare an annual summary of the expenditures,
17 energy savings, effective cost of saved energy or return on
18 investment, and employment effects of each year's completed
19 projects, and shall provide this report to the Citizens Oversight
20 Board.

21 (e) The California Workforce Investment Board, in consultation
22 with the Energy Commission, shall utilize the reports filed with
23 the Citizens Oversight Board to quantify total employment
24 affiliated with funded projects, as well as to estimate new trainee,
25 apprentice, or full-time jobs resulting from Job Creation Fund
26 activity or from funds appropriated pursuant to subdivision (c) of
27 Section 26227.2. The California Workforce Investment Board
28 shall prepare a report with this information annually and submit
29 it to the Citizens Oversight Board.

30 (f) The Citizens Oversight Board shall report the information
31 it receives pursuant to subdivisions (a) to (e), inclusive, to the
32 Legislature as part of its responsibilities pursuant to subdivision
33 (d) of Section 26210. The Citizens Oversight Board's report shall
34 be submitted annually and posted on a publicly accessible Internet
35 Web site.

36 (g) Funding provided to LEAs pursuant to this chapter is subject
37 to annual audits required by Section 41020 of the Education Code.
38 Funding provided to community college districts pursuant to this
39 chapter is subject to annual audits required by Section 84040 of
40 the Education Code.

- 1 (h) (1) The Superintendent of Public Instruction shall require
2 local educational agencies to pay back funds if they are not used
3 in accordance with state statute or regulations, if a project is torn
4 down or remodeled, or if the property is deemed to be surplus and
5 sold prior to the payback of the project.
- 6 (2) The Chancellor of the California Community Colleges shall
7 require a community college to pay back funds if they are not used
8 in accordance with state statute or regulations, if a project is torn
9 down or remodeled, or if the property is deemed to be surplus and
10 sold prior to the payback of the project.

ATTACHMENT 5

DRAFT

SCAQMD Policy Regarding the Reauthorization of the California Greenhouse Gas Cap & Trade Program

- The California Greenhouse Gas Cap & Trade Program, administered by the California Air Resources Board, is currently only authorized through 2020.
- This program improves air quality and also provides a potential source of increased funding for the further reduction of emissions from mobile and stationary sources of air pollution within the South Coast Region.
- Thus, the South Coast Air Quality Management District supports the reauthorization of the California Greenhouse Gas Cap & Trade Program beyond the year 2020.

DRAFT