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AB-2313 Renewable natural gas: monetary incentive program for biomethane projects: pipeline infrastructure. (2015-2016)

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Assembly Bill No. 2313

CHAPTER 571

An act to add Section 784.2 to, and add and repeal Section 399.19 of, the Public Utilities Code, relating to renewable energy resources.

[Approved by Governor September 24, 2016. Filed with Secretary of State September 24, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2313, Williams. Renewable natural gas: monetary incentive program for biomethane projects: pipeline infrastructure.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations. Existing law requires the commission to adopt, by rule or order, (1) standards for biomethane that specify the concentrations of constituents of concern that are reasonably necessary to protect public health and ensure pipeline integrity and safety, as specified, and (2) requirements for monitoring, testing, reporting, and recordkeeping relative to those constituents of concern. Existing law requires the commission to require gas corporation tariffs to condition access to common carrier pipelines on the applicable customer meeting those standards and requirements. Existing law requires the commission to adopt policies and programs that promote the in-state production and distribution of biomethane, as defined, and requires that these policies and programs facilitate the development of a variety of sources of in-state biomethane. The commission has adopted two decisions implementing these requirements, the 2nd of which adopted a 5-year monetary incentive program effective June 11, 2015, for biomethane projects pursuant to which a qualifying project is entitled to a one-time payment of 50% of the interconnection costs incurred by the biomethane producer, up to a total payment of \$1,500,000. Total cost of the monetary incentive program for biomethane projects is limited to \$40,000,000 over the 5-year life of the program.

This bill would require the commission to modify the monetary incentive program for biomethane projects so that the total available incentive limitation for a project, other than a dairy cluster biomethane project, as defined, is increased from \$1,500,000 to \$3,000,000. The bill would require the commission to increase the total available incentive limitation for a dairy cluster biomethane project to \$5,000,000 and would authorize the use of incentive payments subject to this limitation for interconnection costs and costs incurred for gathering lines for transport of biogas to a centralized processing facility for the project. The bill would require the commission to extend the program, as modified, until December 31, 2021. Before the exhaustion of the funds available pursuant to the monetary incentive program, and before the expiration of the program, the bill would require the commission to consider options to promote the in-state production and distribution of biomethane, including whether to allow recovery in rates of the costs of investments to (1) facilitate direct investment in the procurement and installation of utility infrastructure necessary to achieve interconnection between the natural gas transmission and distribution pipeline network and biomethane generation and collection equipment and of gathering lines for a dairy cluster biomethane project, (2) provide for the installation of utility infrastructure to achieve interconnection with facilities that generate biomethane, and (3) ensure that these investments for infrastructure are prudent and reasonable and provide a direct benefit to, and are in the interests of, all classes of ratepayers.

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

Because the bill extends the monetary incentive program and requires action by the commission to implement certain of its requirements, and because failure to comply with these commission actions would be a crime, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

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

SECTION 1. Section 399.19 is added to the Public Utilities Code, to read:

399.19. The commission shall modify, and extend until December 31, 2021, the monetary incentive program for biomethane projects adopted in Decision 15-06-029 (June 11, 2015), Decision Regarding the Costs of Compliance with Decision 14-01-034 and Adoption of Biomethane Promotion Policies and Program, as follows:

(a) Except for a dairy cluster biomethane project, the total available incentive limitation for a project shall be increased from one million five hundred thousand dollars (\$1,500,000) to three million dollars (\$3,000,000).

(b) For a dairy cluster biomethane project, the total available incentive limitation shall be raised to five million dollars (\$5,000,000), which may be used for interconnection costs and costs incurred for gathering lines to help reduce emissions of short-lived climate pollutants pursuant to Section 39730 of the Health and Safety Code. For purposes of this subdivision, a dairy cluster biomethane project means a biomethane project of three or more dairies in close proximity to one another employing multiple facilities for the capture of biogas that is transported by multiple gathering lines to a centralized processing facility where the biogas is processed to meet the biomethane standards adopted by the commission pursuant to subdivisions (c) and (d) of Section 25421 of the Health and Safety Code and injected into the pipeline of the gas corporation through a single interconnection.

(c) This section shall remain in effect only until January 1, 2022, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2022, deletes or extends that date.

SEC. 2. Section 784.2 is added to the Public Utilities Code, to read:

784.2. Before the exhaustion of the funds made available pursuant to the monetary incentive program for biomethane projects adopted in Decision 15-06-029 (June 11, 2015), Decision Regarding the Costs of Compliance with Decision 14-01-034 and Adoption of Biomethane Promotion Policies and Program, and before the expiration of that program, the commission shall consider options to further the goals of Section 399.24, including consideration of whether to allow recovery in rates of the costs of investments to do each of the following:

(a) Ensure that prudent and reasonable investments for infrastructure pursuant to subdivisions (b) and (c) provide a direct benefit, such as safety, reliability, affordability, or greenhouse gas reduction, to, and are in the interests of, all classes of ratepayers.

(b) Facilitate direct investment in the procurement and installation of utility infrastructure necessary to achieve interconnection between the natural gas transmission and distribution pipeline network and biomethane generation and collection equipment, and of gathering lines for a dairy cluster biomethane project.

(c) Provide for the installation of utility infrastructure to achieve interconnection with facilities that generate biomethane.

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