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SB-968 Diablo Canyon Units 1 and 2 powerplant. (2015-2016)

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Senate Bill No. 968

CHAPTER 674

An act to add Section 712.5 to the Public Utilities Code, relating to electricity, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 26, 2016. Filed with Secretary of State September 26, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

SB 968, Monning. Diablo Canyon Units 1 and 2 powerplant.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. The Diablo Canyon nuclear powerplant, composed of reactor Units 1 and 2, is operated by the Pacific Gas and Electric Company in the County of San Luis Obispo. Existing law requires the commission to convene, or continue, until August 26, 2025, an independent peer review panel to conduct an independent review of enhanced seismic studies and surveys of the Diablo Canyon Units 1 and 2 powerplant, including the surrounding areas of the facility and areas of nuclear waste storage. The Nuclear Facility Decommissioning Act of 1985 requires each electrical corporation owning or operating nuclear facilities to establish an externally managed, segregated fund for payment of decommissioning costs of those facilities, establishes requirements for collection of moneys for decommissioning costs in the utility's rates and charges, and requires that the expenses associated with decommissioning of nuclear facilities be paid from those funds. Pursuant to the act, the commission ordered 2 nuclear decommissioning funds be established for the Diablo Canyon Units 1 and 2 powerplant.

This bill would require the commission to cause an assessment to be completed by no later than July 1, 2018, conducted by an independent 3rd party, selected as specified, of the adverse and beneficial economic impacts, and net economic effects, that could occur, and of potential ways for the state and local jurisdictions to mitigate the adverse economic impact, if the Diablo Canyon Units 1 and 2 powerplant were to temporarily or permanently shut down before the powerplant's current operating licenses expire or when the Pacific Gas and Electric Company closes the powerplant upon the expiration of its current licenses. The bill would require the commission to approve the withdrawal of \$400,000 from the nuclear decommissioning funds established for the Diablo Canyon Units 1 and 2 powerplant for use by the commission for additional staffing to urgently effectuate the 3rd-party assessment.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Pacific Gas and Electric Company.

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

Vote: 2/3 Appropriation: yes Fiscal Committee: yes Local Program: no

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

SECTION 1. Section 712.5 is added to the Public Utilities Code, to read:

712.5. (a) (1) The commission shall cause an assessment to be completed by no later than July 1, 2018, of the adverse and beneficial economic impacts, and the net economic effects, for the County of San Luis Obispo and the surrounding regions, that could occur if the Diablo Canyon Units 1 and 2 powerplant were to temporarily or permanently shut down before the powerplant's current operating licenses from the Nuclear Regulatory Commission expire or when the Pacific Gas and Electric Company closes the powerplant upon the expiration of its current licenses. The assessment shall include a review, as described in paragraph (4) of subdivision (b), of potential actions for the state and local jurisdictions to consider in order to mitigate the adverse economic impact of a shutdown.

(2) The assessment shall be conducted by an independent third party, selected in accordance with paragraph (1) of subdivision (c).

(b) The assessment shall consist of, but not be limited to, all of the following:

(1) Estimates of any changes in local tax revenues, changes in workforce populations, changes in indirect or induced economies, and potential impacts to ratepayers from a shutdown.

(2) A review of the economic impacts that affected the region surrounding the San Onofre Nuclear Generating Station after it was decommissioned by the Southern California Edison Company and of the relevant decommissioning plans of the San Onofre Nuclear Generating Station.

(3) A review of regions in the United States similar to the County of San Luis Obispo and the surrounding regions that have experienced the decommissioning of a nuclear powerplant and of the resulting economic impacts of the decommissioning on those regions.

(4) Identification of any contingency plans that could mitigate the adverse economic impact of a shutdown to state and local jurisdictions, the local workforce, and entities receiving enhanced tax revenue.

(c) (1) The commission shall issue a request for proposal for the independent third party that will ensure that the selected party is able to make an independent review and analysis of the data described in subdivision (b).

(2) The independent third party shall consult with the Board of Supervisors of the County of San Luis Obispo, the governing board of the San Luis Coastal Unified School District, the Center for Labor Research and Education at the University of California at Berkeley, the regional economic development group of the County of San Luis Obispo, and other relevant governmental entities or community-based organizations to assist in an accurate assessment of the economic and workforce impacts of a shutdown.

(d) The commission shall make the assessment publicly available on its Internet Web site, distribute copies to relevant state and local jurisdictions, and convene a public forum in the County of San Luis Obispo on the findings and recommendations of the assessment.

SEC. 2. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because, currently, the Diablo Canyon Units 1 and 2 powerplant, owned and operated by the Pacific Gas and Electric Company, is the last operating nuclear powerplant in California, and, on June 21, 2016, the Pacific Gas and Electric Company announced that it would not renew its licenses for Diablo Canyon Units 1 and 2, which are set to expire in 2024 and 2025, respectively. In addition, a joint proposal governing the closure of the Diablo Canyon Units 1 and 2, which included an orderly replacement of electricity from generating resources that do not emit greenhouse gases and an employee retention severance program, was signed by interested parties. Local communities were ill-prepared and given no notice after the sudden closure of the San Onofre Nuclear Generating Station was announced on June 7, 2013, and the state is still responding, at significant cost, to the sudden, permanent, and unexpected loss of baseline electricity. Therefore, an assessment is needed on the economic impact specific to a shutdown of the Diablo Canyon Units 1 and 2 powerplant to provide the state, and local communities, with valuable and necessary information to plan and prepare for that circumstance. The findings and recommendations made are not intended to interfere with or invalidate the joint proposal and can be used by local communities and parties to the joint proposal to provide further information and recommendations to minimize the local economic and other impacts that the planned closure may cause.

SEC. 3. The Public Utilities Commission shall approve the withdrawal of four hundred thousand dollars (\$400,000) from the nuclear decommissioning trust funds established by Pacific Gas and Electric Company pursuant to the Nuclear Facility Decommissioning Act of 1985 (Chapter 2 (commencing with Section 8321) of Division 4.1 of the Public Utilities Code) for the Diablo Canyon Units 1 and 2 powerplant. The commission shall use the moneys for additional staffing to urgently effectuate the third-party assessment pursuant to Section 712.5 of the Public Utilities Code.

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

The Pacific Gas and Electric Company announced on June 21, 2016, that it would not renew its licenses for Diablo Canyon Units 1 and 2 and it is necessary for the Public Utilities Commission to immediately start the process of selecting an independent third party to conduct an economic assessment and to provide the independent third party with as much time as possible to conduct a thorough assessment.