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AB-3187 Biomethane: gas corporations: rates: interconnection. (2017-2018)

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Assembly Bill No. 3187

CHAPTER 598

An act to amend Section 784.2 of the Public Utilities Code, relating to gas corporations.

[Approved by Governor September 20, 2018. Filed with Secretary of State September 20, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

AB 3187, Grayson. Biomethane: gas corporations: rates: interconnection.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations. Existing law authorizes the commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. Existing law requires the commission to adopt policies and programs that promote the in-state production and distribution of biomethane, as defined, and that facilitate the development of a variety of sources of in-state biomethane. The commission has adopted 2 decisions implementing these requirements, the 2nd of which adopted a 5-year monetary incentive program effective June 11, 2015, for biomethane projects. Existing law requires the commission to modify the monetary incentive program in specified respects and to extend the program, as modified, until December 31, 2021. Existing law additionally requires the commission, before exhaustion of the funds available pursuant to the biomethane monetary incentive program, and before the expiration of the program, 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.

With respect to the requirement that the commission consider options to promote the in-state production and distribution of biomethane, including consideration of recovery in rates of the costs of investments for the 3 purposes described above, the bill would additionally require the commission to open a proceeding to consider those options by no later than July 1, 2019.

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

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

SECTION 1. Section 784.2 of the Public Utilities Code is amended 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 no later than July 1, 2019, the commission shall open a

proceeding to 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 reducing emissions of greenhouse gases, to all classes of ratepayers 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.