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SB-1090 Diablo Canyon nuclear powerplant. (2017-2018)

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Senate Bill No. 1090

CHAPTER 561

An act to add Section 712.7 to the Public Utilities Code, relating to electricity.

[Approved by Governor September 19, 2018. Filed with Secretary of State September 19, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1090, Monning. Diablo Canyon nuclear 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 (PG&E) in the County of San Luis Obispo. 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 the collection of moneys for decommissioning costs in the utility's rates and charges, and requires that the expenses associated with decommissioning nuclear facilities be paid from those funds. Pursuant to the act, the commission ordered that 2 nuclear decommissioning funds be established for the Diablo Canyon Units 1 and 2 powerplant. Existing law requires 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 PG&E closes the powerplant upon the expiration of its current licenses. Existing law requires 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. Pursuant to existing law, PG&E has filed an application with the commission seeking the commission's approval for the retirement of the Diablo Canyon nuclear powerplant.

This bill would require the commission to approve the full funding for the community impact mitigation settlement, and for the employee retention program, proposed by PG&E in a specified application submitted to the commission. The bill would require the commission to ensure that integrated resource plans avoid any increase in emissions of greenhouse gases as a result of the retirement of the Diablo Canyon nuclear powerplant.

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 this bill would amend the Public Utilities Act, and the commission would be required to issue an order, decision, rule, direction, demand, or requirement to implement the bill's provisions, a violation of any of which would be a crime, this bill would impose a state-mandated local program.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Diablo Canyon nuclear powerplant.

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. The Legislature finds and declares the following:

(a) The joint proposal entered into between PG&E and interested parties governing the retirement of the Diablo Canyon Units 1 and 2 powerplant at the expiration of its current operating license period, the replacement of electrical generation capacity lost due to the closure with a portfolio of greenhouse-gas-free resources, the retention of highly skilled nuclear powerplant workers prior to the retirement, and the mitigation of the impacts of the closure on local communities, as modified by the community impact mitigation settlement, is in the interest of utility customers.

(b) The Public Utilities Commission has invited guidance from the Legislature on the question of whether it has the legal authority to approve the community impact mitigation settlement proposed by the parties in Application 16-08-006.

(c) Operation of the powerplant through the planned retirement date of Diablo Canyon Units 1 and 2 in a safe and reliable manner requires retaining existing members of the trained workforce and for this reason the employee retention program as agreed upon in the joint proposal in Application 16-08-006 should be approved by the Public Utilities Commission without modification.

SEC. 2. Section 712.7 is added to the Public Utilities Code, to read:

712.7. (a) The commission shall approve both of the following:

(1) The full funding for the community impact mitigation settlement proposed in Application 16-08-006.

(2) The full funding for the employee retention program proposed in Application 16-08-006.

(b) The commission shall ensure that integrated resource plans are designed to avoid any increase in emissions of greenhouse gases as a result of the retirement of the Diablo Canyon Units 1 and 2 powerplant.

(c) The commission shall establish an expedited advice letter process for the approval and implementation pursuant to subdivision (a) of the community impact mitigation settlement and the employee retention program.

SEC. 3. 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 a joint proposal governing the retirement of 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, and which 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 greenhouse-gas-free electricity. Therefore, it is necessary to ensure: (a) that the replacement electricity for the electricity lost due to the retirement of the Diablo Canyon Units 1 and 2 powerplant does not result in an increase in the emissions of greenhouse gases and (b) that a community impact mitigation settlement and an employee retention program are approved by the Public Utilities Commission and implemented expeditiously to ensure sustainable levels of host community support, emergency preparedness, and skilled employee retention necessary to the safe operation of the powerplant through the planned retirement date.

SEC. 4. 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.