SB-124 Energy. (2023-2024)

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Senate Bill No. 124

CHAPTER 53

An act to amend Sections 63048.93 and 63048.95 of the Government Code, to amend Sections 25355.5, 25371.3, 25373, and 25792 of the Public Resources Code, to amend Sections 454.53, 712, 712.1, and 712.8 of, and to add Section 913.20 to, the Public Utilities Code, and to amend Sections 80400, 80710, and 80720 of, and to add Sections 12935.5 and 80700.5 to, the Water Code, relating to energy, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor July 10, 2023. Filed with Secretary of State July 10, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

SB 124, Committee on Budget and Fiscal Review. Energy.

(1) The Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the California Infrastructure and Economic Development Bank (I-Bank) in the Governor's Office of Business and Economic Development. The act, among other things, authorizes the I-Bank to make loans, issue bonds, and provide financial assistance for various types of projects that qualify as economic development or public development facilities.

The Climate Catalyst Revolving Loan Fund Act of 2020 authorizes the I-Bank, under the Climate Catalyst Revolving Loan Fund Program, to provide financial assistance to any eligible sponsor or participating party for eligible climate catalyst projects, as defined, either directly to the sponsor or participating party or to a lending or financial institution, as specified. The act, beginning in the 2021–22 fiscal year, requires the I-Bank to adopt a climate catalyst financing plan, as specified, after meeting and conferring with authorized consulting agencies concerning specific categories of climate catalyst projects. The act establishes the Climate Catalyst Revolving Loan Fund, a continuously appropriated fund, in the state treasury for the purpose of implementing the objectives and provisions of act.

This bill, beginning in the 2023–24 fiscal year, would require a climate catalyst financing plan to authorize the I-Bank to provide financial assistance and to use all financing authorities provided under the Bergeson-Peace Infrastructure and Economic Development Bank Act in its implementation of a climate catalyst financing plan. The bill would additionally authorize specified state agencies to provide consultation on climate catalyst projects to leverage federal funding available under the United States Environmental Protection Agency's Greenhouse Gas Reduction Fund, as provided, and would authorize the Climate Catalyst Revolving Loan Fund to receive moneys from the federal government and funds sourced from federal appropriations, as specified. The bill would require use of the moneys and funds to comply with specified criteria.

(2) Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) and the State Air Resources Board, on or before December 31, 2024, to prepare a Transportation Fuels Transition Plan and requires the Energy Commission and the state board to prepare the plan in consultation with the state's fuel producers and refiners and a

multistakeholder, multiagency workgroup, which includes the California Environmental Protection Agency and the Natural Resources Agency, that is convened by the Energy Commission and the state board, as specified.

This bill would instead require the Energy Commission, the state board, the California Environmental Protection Agency, and the Natural Resources Agency to convene the multistakeholder, multiagency workgroup and would require the workgroup to consist of members representing specified interests and groups, including the state's fuel producers and refiners.

Existing law establishes the Independent Consumer Fuels Advisory Committee within the Energy Commission to advise the Energy Commission and the Division of Petroleum Market Oversight. Existing law specifies that the committee has access to all information submitted to the Energy Commission or to the division necessary to fulfill its duties.

This bill would instead specify that the committee has access to aggregated or otherwise anonymized information submitted to the Energy Commission or to the division necessary to fulfill its duties under conditions as the Energy Commission determines necessary to ensure that public disclosure of specific information does not result in an unfair competitive disadvantage to the person supplying the information or adversely affect market competition.

(3) Existing law creates the Demand Side Grid Support Program, and requires the Energy Commission to implement and administer the program to incentivize dispatchable customer load reduction and backup generation operation as on-call emergency supply and load reduction for the state's electrical grid during extreme events. Existing law requires entities with generation or load reduction assets that are incentivized pursuant to the Distributed Electricity Backup Assets Program to participate in the program, and requires all energy produced as a result of the program to be settled at a relevant reference energy price.

This bill would delete the requirements that those entities participate in the program and the produced energy be settled at a relevant reference energy price.

(4) Existing law requires the Public Utilities Commission (PUC) 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, as specified. Existing law also establishes the Independent Safety Committee for Diablo Canyon until, at least, the United States Nuclear Regulatory Commission operating permit for the Diablo Canyon powerplant has ceased.

This bill would require that the independent peer review panel continue until August 26, 2030. The bill would require that the Independent Safety Committee for Diablo Canyon continue until the Diablo Canyon powerplant has ceased operations and make other changes related to that committee.

(5) Existing law establishes the California Water Resources Development Bond Fund and continuously appropriates moneys in the fund to the Department of Water Resources to provide for the acquisition, construction, and completion of certain state water facilities and for additions to the State Water Resources Development System, as specified. Existing law requires the department to procure eligible renewable energy resources and zero-carbon resources to satisfy the state agency obligations imposed on the system, as specified.

The federal Inflation Reduction Act of 2022, among other things, authorizes specified entities, including the state and any political subdivision of the state, to elect to receive direct payments, rather than credits, for their participation in, or actions related to, certain federal incentives.

This bill would establish the California Water Resources Development Bond Account within the fund, and would continuously appropriate all moneys in the account to the department to provide for the acquisition, construction, and completion of certain state water facilities and for additions to the State Water Resources Development System, as specified. By establishing a continuously appropriated account, the bill would make an appropriation. The bill would require the department, if it elects to receive a direct payment, rather than a credit, pursuant to the federal Inflation Reduction Act in connection with its procurement of eligible renewable energy resources and zero-carbon resources, as described above, to deposit those payments directly into the account, as specified. The bill would require use of the payments to comply with specified criteria.

(6) Existing law establishes the Department of Water Resources Electricity Supply Reliability Reserve Fund and continuously appropriates moneys in the fund to the department for purposes of implementing projects, purchases, and contracts to carry out specified purposes, constructing, owning, and operating, or contracting for the construction and operation of, contracting for the purchase of electricity from, or financing actions to secure resources for summer reliability or to preserve the option to extend the life of specified facilities, and reimbursing electrical corporations for the value of imported energy or import capacity products that were delivered or capable of being delivered between July 1, 2022, and on or before September 30, 2022, and were procured at above-market costs or in excess of procurement authorizations set by the PUC and above the requirements needed to serve the electrical corporation's bundled customers in support of summer electric service reliability.

This bill would authorize the department, for activities it undertakes for the purposes described above, to obtain applicable credits pursuant to the federal Inflation Reduction Act of 2022. If the department elects for direct payment of those applicable credits, the bill would require that those payments be deposited directly into the Department of Water Resources Electricity Supply Reliability Reserve Fund, as specified, thereby making an appropriation. The bill would require use of the payments to comply with specified criteria. The bill would additionally authorize the department to reimburse an electrical corporation for the value of imported energy or import capacity products delivered or capable of being delivered between October 1, 2022, and on or before October 31, 2023, and procured as described above. By expanding the purposes for which moneys in a continuously appropriated fund may be used, the bill would make an appropriation.

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

(8) 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 above provisions would be part of the act and a violation of a PUC action implementing this bill's requirements would be a crime, 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 a specified reason.

(9) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.
Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: yes

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

SECTION 1. Section 63048.93 of the Government Code is amended to read:

63048.93. (a) The bank is hereby authorized and empowered to provide financial assistance under the Climate Catalyst Revolving Loan Fund Program to any eligible sponsor or participating party either directly or to a lending or financial institution, in connection with the financing or refinancing of a climate catalyst project, in accordance with an agreement or agreements, between the bank and the sponsor or participating party, including, but not limited to, tribes, either as a sole lender or in participation or syndication with other lenders.

(b) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 does not apply to any climate catalyst financing plan or any criteria, priorities, and guidelines adopted by the bank in connection with the Climate Catalyst Revolving Loan Fund Program or any other program of the bank. However, any climate catalyst financing plan shall be posted on the bank's internet website in a conspicuous location at least 30 calendar days before a bank board meeting at which the climate catalyst financing plan will be considered for approval.

(c) (1) Repayments of financing made under the Climate Catalyst Revolving Loan Fund Program shall be deposited into the appropriate account created within the Climate Catalyst Revolving Loan Fund.

(2) The bank shall establish a separate account for each category of climate catalyst projects identified by each paragraph of subdivision (f). For purposes of paragraph (3) of subdivision (f), the Clean Energy Transmission Financing Account is hereby created in the Climate Catalyst Revolving Loan Fund.

(d) (1) (A) Beginning in the 2021–22 fiscal year, the bank shall meet and confer with the consulting agencies concerning the specific categories of climate catalyst project corresponding to each agency as provided in subdivision (f). Thereafter, the bank board shall adopt, by majority vote of the bank board, a climate catalyst financing plan. Before the bank board meeting in which the bank board will first consider adoption of the financing plan, each consulting agency shall submit a letter to the bank board discussing any areas of support and any areas of disagreement with the financing plan under consideration.

(B) Beginning in the 2023–24 fiscal year, adoption of a climate catalyst financing plan by the bank board shall authorize the bank to provide financial assistance and to use all financing authorities provided under this division in its implementation of a climate catalyst financing plan.

(2) Following bank board approval, the climate catalyst financing plan shall be posted on the bank's internet website.

(3) If the bank board has not approved a climate catalyst financing plan, then a climate catalyst financing plan shall not be in effect until approved by the bank board.

(e) (1) A climate catalyst financing plan shall remain in effect until superseded by a revised climate catalyst financing plan. Commencing the first fiscal year following adoption of the initial climate catalyst financing plan, and in each fiscal year thereafter, the bank shall contact each consulting agency to discuss potential revisions to the climate catalyst financing plan last approved by the bank board. Following each consultation, the bank board shall consider adopting, by majority vote, a revised climate catalyst financing plan reflecting any material revisions to the prior climate catalyst financing plan.

(2) A modified climate catalyst financing plan shall only be considered for approval if no consulting agencies propose material revisions to the financing plan then in effect.

(3) If the bank board does not adopt a proposed revised climate catalyst financing plan, the existing climate catalyst financing plan shall remain in effect.

(f) Beginning with the 2021–22 fiscal year, the consulting agencies and corresponding areas of climate catalyst projects they will provide consultation on shall be as follows:

(1) The Natural Resources Agency for climate catalyst projects that relate to sustainable vegetation management, forestry practices, and timber harvesting products. Eligible climate catalyst project categories include, but are not limited to, all of the following:

(A) Clean energy production, except combustion biomass conversion.

(B) Advanced construction materials.

(C) Forestry equipment needed to achieve the state's goals for forest and vegetation management treatments.

(2) The Department of Food and Agriculture for climate catalyst projects that relate to agricultural improvements that enhance the climate or lessen impacts to the climate resulting from in-force agricultural practices. Eligible climate catalyst project categories include, but are not limited to, all of the following:

(A) Onfarm and food processing renewable energy, including both electricity and fuels, and bioenergy, to be used or distributed onsite.

(B) Energy, water, and materials efficiency.

(C) Methane reduction projects, using best practice approaches consistent with state policy goals, excluding dairy digesters and biogas unless used or distributed onsite.

(D) Energy storage or microgrids.

(E) Equipment replacement.

(3) (A) The State Energy Resources Conservation and Development Commission and the Public Utilities Commission for climate catalyst projects that are clean energy transmission projects. If multiple projects seek funding, the consulting agencies shall prioritize, based on state policy, potential projects that meet the conditions in subparagraph (B), and on financial considerations as determined by the bank. Eligible climate catalyst project categories in this paragraph shall comply with the conditions set forth in this paragraph, and include, but are not limited to, both of the following:

(i) Clean energy transmission project infrastructure that is necessary to connect the transmission project into the applicable California balancing authority area.

(ii) Other necessary technical elements of transmission infrastructure, including but not limited to, environmental planning, permitting, and preconstruction costs for a project.

(B) The initial climate catalyst project or projects funded under this paragraph shall support the development of a new transmission line or transmission lines to deliver to the system operated by the Independent System Operator zero-carbon, firm electricity from new resources located in the Salton Sea region.

(C) Eligible projects shall meet all of the following conditions:

(i) Have at least one interconnection point within a California balancing authority area.

(ii) The applicant or its affiliates have previously completed a transmission project in California.

(iii) Will primarily deliver electricity to the Independent System Operator balancing authority area from clean resources located in identified resource areas that do not have adequate deliverability to a California balancing authority area.

(iv) Support new high voltage, defined as 200 kilovolts or higher, transmission projects or upgrades of existing transmission lines and substations to high voltage that are consistent with the state's reliability and greenhouse gas policy objectives.

(v) Priority shall be given to transmission projects that have not already been approved through the Independent System Operator's transmission planning process or projects that have not been recently studied in the Independent System Operator's transmission planning process and found to be unneeded or uneconomical.

(vi) Financial considerations as determined by the bank.

(vii) Consistency with state policy as determined by the consulting agencies.

(D) The bank shall not finance a project unless the entity completing the transmission project has entered into a project labor agreement that, at a minimum, meets the requirements of Section 2500 of the Public Contract Code and includes all of the following:

(i) Provisions requiring payment of prevailing wages, in accordance with Article 1 (commencing with Section 1720) of Chapter 1 of Part 7 of Division 2 of the Labor Code, to all construction workers employed in the construction of the project and for enforcement of that obligation through an arbitration procedure.

(ii) Targeted hiring provisions, including a targeted hiring plan, on a craft-by-craft basis to address job access for local, disadvantaged, or underrepresented workers, as defined by a relevant local agency.

(iii) Apprenticeship utilization provisions that commit all parties to increasing the share of work performed by state-registered apprentices above the state-mandated minimum ratio required in Section 1777.5 of the Labor Code.

(iv) Apprenticeship utilization provisions that commit all parties to hiring and retaining a certain percentage of state-registered apprentices that have completed the Multi-Craft Core preapprenticeship training curriculum referenced in subdivision (t) of Section 14005 of the Unemployment Insurance Code.

(E) Consultation on a potential transmission project does not constitute approval of that project by the Public Utilities Commission or the State Energy Resources Conservation and Development Commission under their decisionmaking authority, if that authority exists.

(F) Consultation on, or evaluation of, a transmission project by the bank does not indicate the bank's approval. The bank shall consider the credit and financial aspects of the project before determining whether to approve and finance the project.

(4) (A) The State Energy Resources Conservation and Development Commission or the Public Utilities Commission for climate catalyst projects to leverage federal financing funds that relate to projects that avoid, reduce, use, or sequester air pollutants or anthropogenic emissions of greenhouse gases as defined in Section 16513 of Title 42 of the United States Code, as amended.

(B) Projects described in subparagraph (A) shall not be funded until the United States Department of Energy is able to finance projects that do not meet the criteria in Section 16513(a)(2) of Title 42 of the United States Code. This subparagraph shall become inoperative on July 1, 2024.

(5) (A) The Governor's Office of Business and Economic Development, Treasurer's Office, State Energy Resources Conservation and Development Commission, California Environmental Protection Agency, State Air Resources Board, Public Utilities Commission, Natural Resources Agency, Department of Conservation, Department of Resources Recycling and Recovery, and other relevant agencies, as determined by these agencies, for climate catalyst projects to leverage federal funding available under the United States Environmental Protection Agency's Greenhouse Gas Reduction Fund (Section 7434 of Title 42 of the United States Code) and related implementing statutes and regulations.

(B) Eligible climate catalyst project categories shall comply with the climate and equity goals in the state's climate change scoping plan developed pursuant to Section 38561 of the Health and Safety Code.

(g) (1) The bank may engage in outreach activities to inform disadvantaged participating parties and disadvantaged sponsors of the categories of financial assistance potentially available within the Climate Catalyst Revolving Loan Fund Program. The outreach efforts may include, but are not limited to, all of the following:

(A) Conferring with the consulting agencies.

(B) Conferring with the Governor's Office of Business and Economic Development.

(C) Direct contact with existing bank clients and customers that operate within the boundaries of a disadvantaged community.

(D) Consulting with governmental entities, individuals, and business entities engaged in providing, or assisting the obtaining of, financial assistance for disadvantaged sponsors or participating parties, including, but not limited to, business and industrial development corporations and minority enterprise small business investment companies. The executive director, on behalf of the bank, may enter into service contracts for this purpose. Section 10295 and Article 4 (commencing with Section 10335) of Chapter 2 of Part 2 of Division 2 of the Public Contract Code do not apply to those service contracts.

(2) The criteria, priorities, and guidelines adopted for the Climate Catalyst Revolving Loan Fund Program may include potential options for applying interest rate or fee subsidies for disadvantaged participating parties or disadvantaged sponsors seeking financial assistance from the bank under the Climate Catalyst Revolving Loan Fund Program. The bank may offer reduced application fees to disadvantaged sponsors or participating parties seeking financial assistance under the Climate Catalyst Revolving Loan Fund Program.

(3) The bank may offer technical assistance to disadvantaged sponsors or participating parties potentially seeking financial assistance under the Climate Catalyst Revolving Loan Fund Program. The executive director, on behalf of the bank, may enter into service contracts to provide, or assist with the provision of, the technical assistance. Section 10295 and Article 4 (commencing with Section 10335) of Chapter 2 of Part 2 of Division 2 of the Public Contract Code do not apply to those service contracts.

(h) All financial assistance under the Climate Catalyst Revolving Loan Fund Program approved by the bank board shall be consistent with the climate catalyst financing plan then in effect.

(i) (1) The bank shall prepare, and the bank board shall approve by majority vote of the board, criteria, priorities, and guidelines for the provision of financial assistance under the Climate Catalyst Revolving Loan Fund Program. The bank board's approval of any financial assistance for a climate catalyst project shall take into consideration those criteria, priorities, and guidelines together with the climate catalyst financing plan currently in effect. The criteria, priorities, and guidelines shall include, as factors for determining whether to approve the provision of financial assistance, the ability of the sponsor or participating party potentially receiving financial assistance to satisfy any obligation incurred and the return of capital to the Climate Catalyst Revolving Loan Fund.

(2) The bank board may consider additional factors when determining whether to approve financial assistance for a climate catalyst project, taking into consideration the climate catalyst financing plan.

(3) The bank shall consider applications for financial assistance as they are received, on an ongoing basis, if there are available moneys remaining within the Climate Catalyst Revolving Loan Fund to provide that financial assistance. The bank board's determination of whether to approve applications for financial assistance shall be based on the climate catalyst financing plan in effect at the time the bank received the application.

(j) The bank shall provide financial assistance only for climate catalyst projects that the bank board approved before July 1, 2025.

(k) The bank is hereby authorized and empowered to enter into an agreement with the consulting agencies, or any other state agency as approved by the bank's board, to operate a program to provide financial assistance to any eligible sponsor or participating party either directly or to a lending or financial institution, in connection with the financing or refinancing of an eligible project, in accordance with such agreement or agreements. Information shared among consulting agencies and the bank, or between any consulting agency and the bank, does not constitute the waiver of any Public Records Act exemption applicable to each entity.

SEC. 2. Section 63048.95 of the Government Code is amended to read:

63048.95. (a) (1) There is hereby created in the State Treasury the Climate Catalyst Revolving Loan Fund for the purpose of implementing the objectives and provisions of this article. The Climate Catalyst Revolving Loan Fund shall be separate from any other fund or account created under this division.

(2) Obligations of the bank incurred in connection with the activities authorized under this article shall be payable solely from moneys within the Climate Catalyst Revolving Loan Fund. No other fund or account of the bank shall be available or shall be used for the payment of obligations incurred in connection with this article.

(3) Within the Climate Catalyst Revolving Loan Fund there shall also be established a Climate Catalyst Revolving Loan Account, a Climate Catalyst Guarantee and Credit Enhancement Account, a Climate Catalyst Securities Acquisition Account, and additional accounts and subaccounts that the bank may establish.

(b) (1) (A) Notwithstanding Section 13340, moneys, except as provided in subparagraphs (B) and (C), in the Climate Catalyst Revolving Loan Fund are continuously appropriated, without regard to fiscal year, for the support of the bank and shall be available for expenditure for the purposes as stated in this article.

(B) Moneys in the Climate Catalyst Revolving Loan Fund received pursuant to a federal appropriation are available for expenditure only upon appropriation by the Legislature.

(C) Moneys in the Climate Catalyst Revolving Loan Fund shall be available for expenditure to support administrative costs only upon appropriation by the Legislature.

(2) This subdivision shall not limit the authority of the bank to expend funds directly related to the servicing of approved debt, payments on credit enhancements or guarantees, acquisition of securities of any sponsor or participating party in connection with a climate catalyst project, or any other purpose in connection with providing financial assistance to a sponsor or participating party in connection with a climate catalyst project as set forth in this article.

(c) Not more than 5 percent of any bond proceeds administered by the bank in connection with the activities of the bank authorized under this article may be expended to cover the costs of issuance, as that terminology is defined under Section 147(g) of the Internal Revenue Code (26 U.S.C. Sec. 147(g)).

(d) (1) (A) Notwithstanding any other provision of this division, the Climate Catalyst Revolving Loan Fund may receive moneys from the federal government and funds sourced from federal appropriations.

(B) Use of the moneys and funds described in subparagraph (A) shall be consistent with all of the following:

(i) The money and funds shall be expended for a purpose that is consistent with state law.

(ii) Acceptance of the moneys and funds does not impose on the state any requirement to commit or expend new state funds for any program or purpose.

(iii) The use of the moneys and funds shall be consistent with the priorities described in subdivision (a) of Section 38590.1 of the Health and Safety Code.

(2) Within 10 days of any nonstate moneys and funds being deposited in the Climate Catalyst Revolving Loan Fund, the bank shall provide written notice to the Joint Legislative Budget Committee, who shall provide a copy of the notice to the relevant policy committees. The notice shall include the source, purpose, timeliness, and other relevant information as determined by the bank.

SEC. 3. Section 25355.5 of the Public Resources Code, as added by Section 5 of Chapter 1 of the Statutes of 2023, First Extraordinary Session, is amended to read:

25355.5. (a) For purposes of this section, the following definitions apply:

(1) “Gross gasoline refining margin excluding state program costs” means the amount, expressed in dollars per barrel and calculated by the commission on a monthly basis, equal to the volume-weighted average rack price of wholesale gasoline sold by a refiner in the state, less the volume-weighted fees or estimated valuations of costs embedded in all of the refiner’s wholesale gasoline sales associated with the low carbon fuel standard and the cap and trade cap-at-the-rack program, less the refiner’s volume-weighted average acquisition cost.

(2) “Maximum gross gasoline refining margin” means the maximum amount of gross gasoline refining margin excluding state program costs established under subdivision (b).

(3) “Volume-weighted average acquisition cost” means the combined volume-weighted average of the refiner’s volume-weighted average crude oil acquisition cost and the refiner’s volume-weighted cost of acquiring refined gasoline imported to California or received from an entity other than the refiner.

(4) “Volume-weighted average rack price of wholesale gasoline” means the combined volume-weighted average of the refiner’s rack price of the branded and unbranded rack sales reported under paragraph (5) of subdivision (b) of Section 25355.

(5) “Volume-weighted average crude oil acquisition cost” means the amount reported as required by paragraph (2) of subdivision (b) of Section 25355.

(b) The commission may, by regulation or order at a business meeting, subject to the requirements of subdivision (f), set a maximum gross gasoline refining margin.

(c) (1) If the commission sets a maximum gross gasoline refining margin under subdivision (b), it shall also establish a penalty for exceeding that maximum margin, by regulation or order at a business meeting, subject to the requirements of subdivision (f), that may be the same meeting described in subdivision (b).

(2) The penalty shall be a percentage of the amount by which the refiner’s gross gasoline refining margin excluding state program costs exceeds the maximum gross gasoline refining margin, converted from dollars per barrel to dollars per gallon,

multiplied by the number of gallons sold by the refiner during the calendar month for all transactions described in paragraph (6) of subdivision (b) of Section 25355.

(3) Subject to subdivision (j), the penalty shall be tiered, such that the penalty percentage shall increase with the amount by which the refiner's gross gasoline refining margin excluding state program costs exceeds the maximum gross gasoline refining margin, as follows:

(A) Amounts earned by a refiner that exceed the maximum gross gasoline refining margin by less than ten cents ($0.10) per gallon shall be subject to the base penalty percentage set by the commission.

(B) Amounts earned by a refiner that exceed the maximum gross gasoline refining margin by ten cents ($0.10) to twenty cents ($0.20), inclusive, per gallon shall be subject to a penalty percentage higher than the base penalty percentage.

(C) Amounts earned by a refiner that exceed the maximum gross gasoline refining margin by more than twenty cents ($0.20) per gallon shall be subject to a penalty percentage higher than the penalty percentage set under subparagraph (B).

(d) In establishing a maximum gross gasoline refining margin and penalty, the commission shall consider information reported under subdivision (b) of Section 25355 and any other public data and reports that it determines will assist its analysis. The commission shall also consider confidential information submitted pursuant to Sections 25354 and 25355. A refiner may submit additional information and facts for the commission to consider under an application for confidential designation pursuant to Section 25364.

(e) The commission shall not set a maximum gross gasoline refining margin or accompanying penalty under subdivisions (b) and (c), respectively, unless it finds that the likely benefits to consumers outweigh the potential costs to consumers. In making that determination, the commission shall consider all factors that in its discretion it deems relevant, including at a minimum all of the following factors, although no one factor shall be determinative:

(1) Whether it is likely that the maximum gross gasoline refining margin and penalty will lead to a greater imbalance between supply and demand in the California transportation fuels market than would exist without the maximum margin and penalty.

(2) Whether it is likely that the maximum gross gasoline refining margin and penalty will lead to higher average prices at the pump on an annual basis than would exist without the maximum margin and penalty.

(3) Whether case-by-case exemptions from the gross gasoline refining maximum margin will be sufficient to ensure that individual refiners have an opportunity to demonstrate the need for a greater margin before they make decisions about production.

(f) Decisions of the commission under subdivision (b) to adopt a regulation or order setting a maximum gross gasoline refining margin, under subdivision (c) to adopt a regulation or order establishing a penalty for exceeding the maximum gross gasoline refining margin, under subdivision (e) regarding the benefits and costs to consumers, and under subdivision (k) regarding adjustments to, or rescission of, the maximum gross gasoline refining margin or penalty, shall be made in accordance with all of the following procedures:

(1) A notice and draft decision, regulation, or order shall be posted publicly at least 30 days before the business meeting at which adoption of the decision, regulation, or order will be considered.

(2) The commission shall receive written comments on the draft decision, regulation, or order.

(3) The commission shall hear public comment on the draft decision, regulation, or order at its business meeting.

(g) If the commission has set a maximum gross gasoline refining margin and penalty, the margin and penalty shall take effect 60 days following the commission's regulation or order establishing the margin and penalty pursuant to subdivisions (b) and (c), respectively. Within 15 days of the regulation or order establishing a maximum gross gasoline refining margin and penalty, the commission shall notify refiners by a means determined by the commission that may include, but is not limited to, mail, email, or internet website posting.

(h) If the commission has set a maximum gross gasoline refining margin under subdivision (b), it shall be a violation of this section for a refiner to exceed the maximum gross gasoline refining margin.

(i) In addition to any other remedy that may be available, the commission may petition a court to enjoin a refiner from violating this section.

(j) The commission may impose an administrative civil penalty for a violation of this section in the amounts established pursuant to subdivision (c).

(k) The commission may, by regulation or order, at a business meeting, subject to the requirements of subdivision (f), rescind or adjust the maximum gross gasoline refining margin and the penalty percentages and amounts specified in subdivisions (b) and (c) to ensure that a sufficient, affordable, and fairly priced supply of gasoline is available to Californians. A refiner may submit information and facts for the commission to consider in support of any rescission or adjustment under an application for confidential designation pursuant to Section 25364. Rescission of, or adjustments to, the maximum gross gasoline refining margin and the penalty percentages and amounts specified in subdivisions (b) and (c), respectively, pursuant to this subdivision shall be effective on the first day of the calendar month at least 15 days after the commission gives public notice of the rescission or adjustment, unless the commission orders otherwise.

(l) Notwithstanding Section 25901 and except as provided in subdivision (n), a petition for writ of mandate pursuant to Section 1085 of the Code of Civil Procedure shall be the exclusive remedy available to challenge any regulation, order, decision, rule, guideline, or adjudication of an exemption request adopted by the commission under this section. The court's review shall be limited exclusively to the record before the commission. Any petition shall be filed within 30 days of the commission's decision.

(m) (1) The commission shall consider a refiner's request for an exemption from the maximum gross gasoline refining margin and shall grant the exemption upon a showing by the refiner, based on competent and reliable evidence and subject to the commission's review, examination, and investigation of the evidence, that an application of the maximum gross gasoline refining margin would be unconstitutional as applied to the refiner. The commission may, in its discretion, grant a request for an exemption upon a showing by the refiner of good cause for an exemption, subject to alternative maximum margins or other conditions as the commission may set.

(2) Any refiner seeking an exemption shall, at a minimum, file a statement with the commission, signed under penalty of perjury, setting forth the facts that form the basis for the request for exemption. A refiner may submit information and facts under an application for confidential designation pursuant to Section 25364 to support its application for an exemption.

(n) (1) Before imposing the administrative civil penalty under subdivision (j), the executive director of the commission shall issue and serve a complaint on the refiner, and the commission shall hold a hearing, adopt a decision, and require payment of the penalty in accordance with the procedures described in subdivisions (a) to (d), inclusive, of Section 25534.1.

(2) Judicial review and enforcement of an order imposing an administrative civil penalty under subdivision (j) may be had in accordance with the procedures described in subdivisions (a) and (b) of Section 25534.2.

(3) Penalties collected under this section shall be deposited into the Price Gouging Penalty Fund, which is hereby created in the State Treasury and shall be used, upon appropriation by the Legislature, to address any consequences of price gouging on Californians.

(4) The commission shall make public, on a quarterly basis, the name and address of each refiner that has exceeded the maximum gross gasoline refining margin for any month during the previous quarter, and the amount of administrative civil penalty to be assessed.

(o) The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to any regulation, order, decision, rule, guideline, adjudication of an exemption request, or adjustment of the maximum gross gasoline margin, adopted by the commission under this section.

(p) The California State Auditor shall begin, no earlier than January 1, 2032, and complete, no later than March 1, 2033, an audit and performance review of the maximum gross gasoline refining margin and penalty set pursuant to this section. The California State Auditor shall make determinations in a report to the Legislature and the commission, by no later than June 1, 2033, as to whether this section is achieving the intended goal to reduce gasoline price spikes and stabilize the gasoline fuel supply market for California consumers. Within 60 days of the issuance of the report, the commission shall hear from the California State Auditor at a business meeting of the commission. If the California State Auditor concludes that the maximum gross gasoline refining margin and penalty should be terminated, then the commission shall cease implementing the maximum gross gasoline refining margin and penalty provisions no later than 180 days after the issuance of the report, unless the Legislature has enacted subsequent legislation to extend the maximum gross gasoline refining margin and penalty provisions in the meantime.

SEC. 4. Section 25371.3 of the Public Resources Code, as added by Section 10 of Chapter 1 of the Statutes of 2023, First Extraordinary Session, is amended to read:

25371.3. On or before December 31, 2024, the commission and the State Air Resources Board, taking into account findings of the assessment conducted under Section 25371, shall prepare a Transportation Fuels Transition Plan. The commission and the State Air Resources Board shall determine the contents of the report, but the report shall include, at a minimum, a discussion of how to ensure that the supply of petroleum and alternative transportation fuels is affordable, reliable, equitable, and adequate to meet the demand for those transportation fuels described in the most current scoping plan approved by the State Air Resources Board under Section 38561 of the Health and Safety Code. The report shall be prepared in consultation with a multistakeholder,

multiagency workgroup convened by the commission, the California Environmental Protection Agency, the Natural Resources Agency, and the State Air Resources Board to identify mechanisms to plan for and monitor progress toward the state's reliable, safe, equitable, and affordable transition away from petroleum fuels in line with declining instate petroleum demand. The workgroup shall consist of members representing interests that include, but are not limited to, environmental justice, labor, environmental protection, land use, and public health, members representing the state's fuel producers and refiners, and members representing relevant state, regional, and local agencies. The Division of Petroleum Market Oversight shall provide input to and otherwise support other divisions of the commission in preparation of the plan.

SEC. 5. Section 25373 of the Public Resources Code, as added by Section 10 of Chapter 1 of the Statutes of 2023, First Extraordinary Session, is amended to read:

25373. (a) The commission and division shall be advised by the Independent Consumer Fuels Advisory Committee which is hereby established within the commission. The committee shall consist of the following members:

(1) Six members appointed by the Governor as follows:

(A) A member who holds an academic appointment and has knowledge of economics or business operations of the transportation fuels market.

(B) A member representing the California petroleum fuels industry.

(C) A member representing consumers.

(D) A member representing labor.

(E) A member with expertise in community, environmental, or environmental justice issues.

(F) A member with expertise in antitrust law.

(2) One member appointed by the Speaker of the Assembly.

(3) One member appointed by the Senate Committee on Rules.

(b) (1) Except for the member described in subparagraph (B) of paragraph (1) of, or subparagraph (D) of paragraph (1) of, subdivision (a), no member of the committee shall have been employed by, contracted with, or received direct compensation from, a company that produces, refines, distributes, trades in, markets, or sells any petroleum product in the preceding 12 months.

(2) Except for the member described in subparagraph (B) of paragraph (1) of, or subparagraph (D) of paragraph (1) of, subdivision (a), before accepting appointment, members of the committee shall agree, in writing, not to be employed by, contract with, or receive direct compensation from companies described in paragraph (1) for the 12 months following the completion of their service on the committee.

(c) Each member of the committee shall receive a per diem of one hundred dollars ($100) for each day actually spent in the discharge of official duties, and shall be reimbursed for traveling and other expenses necessarily incurred in the performance of official duties.

(d) The duties, organization, and schedule of meetings of the Independent Consumer Fuels Advisory Committee shall be prescribed by the commission. The commission may delegate the authority under this subdivision to the executive director of the commission.

(e) The Independent Consumer Fuels Advisory Committee shall have access to aggregated or otherwise anonymized information submitted to the commission or to the division necessary to fulfill its duties under conditions as the commission determines necessary to ensure that any public disclosure of the specific information would not result in unfair competitive disadvantage to the person supplying the information or adversely affect market competition. The members of the committee shall also agree, in writing, to maintain the confidentiality of all information received.

(f) The executive director of the commission shall ensure that any confidential information shared with the members of the Independent Consumer Fuels Advisory Committee is subject to a nondisclosure agreement and is maintained in a way that protects it from inadvertent disclosure.

SEC. 6. Section 25792 of the Public Resources Code is amended to read:

25792. (a) The Demand Side Grid Support Program is hereby created. The commission shall implement and administer the program to incentivize dispatchable customer load reduction and backup generation operation as on-call emergency supply and

load reduction for the state's electrical grid during extreme events.

(b) The commission shall allocate moneys to develop a new statewide program that provides incentives to reduce customer net load during extreme events with upfront capacity commitments and for per-unit reductions in net load. Eligible recipients may include all energy customers in the state, except those enrolled in demand response or emergency load reduction programs offered by entities under the jurisdiction of the Public Utilities Commission. The commission, in consultation with the Public Utilities Commission, may adopt additional participation requirements or limitations. Payments shall be made to any of the following:

(1) Participating individual entities.

(2) Participating aggregators of multiple energy customers.

(3) Participating local publicly owned electric utilities and load-serving entities.

(c) Participants shall provide load reduction or backup generation service, or both, in response to a dispatch by an applicable California balancing authority of a California balancing authority area in which participants are located during extreme events.

(d) The commission, in consultation with California balancing authorities and the state board, shall adopt guidelines to determine when to implement the program, including which resources are dispatched first to minimize local pollution and emissions of greenhouse gases. The dispatch order of resources in the program shall follow a loading order that prioritizes, to the maximum extent feasible to ensure electricity reliability, cost-effective demand response and efficiency resources, then feasible, cost-effective renewable and zero-emission resources, and then feasible, cost-effective conventional resources. The guidelines shall also consider the anticipated useful life of the resources in relation to the state's climate and air quality requirements.

(e) The state board, in consultation with the commission, shall develop a plan, including determining the funding amounts allocated after the dispatch of resources participating in the program, to mitigate impacts from these resources.

SEC. 7. Section 454.53 of the Public Utilities Code is amended to read:

454.53. (a) It is the policy of the state that eligible renewable energy resources and zero-carbon resources supply 90 percent of all retail sales of electricity to California end-use customers by December 31, 2035, 95 percent of all retail sales of electricity to California end-use customers by December 31, 2040, 100 percent of all retail sales of electricity to California end-use customers by December 31, 2045, and 100 percent of electricity procured to serve all state agencies by December 31, 2035. The achievement of this policy for California shall not increase carbon emissions elsewhere in the western grid and shall not allow resource shuffling. The commission and Energy Commission, in consultation with the State Air Resources Board, shall take steps to ensure that a transition to a zero-carbon electric system for the State of California does not cause or contribute to greenhouse gas emissions increases elsewhere in the western grid, and is undertaken in a manner consistent with clause 3 of Section 8 of Article I of the United States Constitution. The commission, the Energy Commission, the State Air Resources Board, and all other state agencies shall incorporate this policy into all relevant planning.

(b) The commission, Energy Commission, State Air Resources Board, and all other state agencies shall ensure that actions taken in furtherance of subdivision (a) do all of the following:

(1) Maintain and protect the safety, reliable operation, and balancing of the electric system.

(2) Prevent unreasonable impacts to electricity, gas, and water customer rates and bills resulting from implementation of this section, taking into full consideration the economic and environmental costs and benefits of renewable energy and zero-carbon resources.

(3) To the extent feasible and authorized under law, lead to the adoption of policies and taking of actions in other sectors to obtain greenhouse gas emission reductions that ensure equity between other sectors and the electricity sector.

(4) Not affect in any manner the rules and requirements for the oversight of, and enforcement against, retail sellers and local publicly owned utilities pursuant to the California Renewables Portfolio Standard Program (Article 16 (commencing with Section 399.11) of Chapter 2.3) and Sections 454.51, 454.52, 9621, and 9622.

(5) Not consider the energy, capacity, or any attribute from the Diablo Canyon Unit 1 or Unit 2 powerplant after August 26, 2025, in achieving the policy described in subdivision (a).

(c) This section does not affect a retail seller's obligation to comply with the federal Public Utility Regulatory Policies Act of 1978 (16 U.S.C. Sec. 2601 et seq.).

(d) The commission, Energy Commission, and State Air Resources Board shall do all of the following:

(1) Use programs authorized under existing statutes to achieve the policy described in subdivision (a).

(2) In consultation with all California balancing authorities, as defined in subdivision (d) of Section 399.12, as part of a public process, issue a joint report to the Legislature by January 1, 2021, and at least every four years thereafter. The joint report shall include all of the following:

(A) A review of the policy described in subdivision (a) focused on technologies, forecasts, then-existing transmission, and maintaining safety, environmental and public safety protection, affordability, and system and local reliability.

(B) An evaluation identifying the potential benefits and impacts on system and local reliability associated with achieving the policy described in subdivision (a).

(C) An evaluation identifying the nature of any anticipated financial costs and benefits to electric, gas, and water utilities, including customer rate impacts and benefits.

(D) The barriers to, and benefits of, achieving the policy described in subdivision (a).

(E) Alternative scenarios in which the policy described in subdivision (a) can be achieved and the estimated costs and benefits of each scenario.

(3) On or before December 1, 2023, and annually thereafter, in consultation with California balancing authorities, as defined in subdivision (d) of Section 399.12, and as part of, or an interim addendum to, the quadrennial joint report required by paragraph (2), as applicable, issue a joint reliability progress report that reviews system and local reliability within the context of the policy described in subdivision (a), with a particular focus on summer reliability. The joint reliability progress report shall identify challenges and gaps, if any, to achieving system and local reliability and identify the amount and cause of any delays to achieving compliance with all energy and capacity procurement requirements set by the commission.

(e) This section does not authorize the commission to establish any requirements on a nonmobile self-cogeneration or cogeneration facility that served onsite load, or that served load pursuant to an over-the-fence arrangement if that arrangement existed on or before December 20, 1995.

(f) This section does not limit any entity, including local governments, from accelerating their achievement of the state's electric sector decarbonization targets.

SEC. 8. Section 712 of the Public Utilities Code is amended to read:

712. (a) The commission shall convene, and continue until August 26, 2030, 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.

(b) The independent peer review panel shall contract with the Energy Commission, the California Geological Survey of the Department of Conservation, the California Coastal Commission, the Alfred E. Alquist Seismic Safety Commission, the Office of Emergency Services, and the County of San Luis Obispo to participate on the panel and provide expertise.

(c) The independent peer review panel shall review the seismic studies and hold public meetings.

(d) The commission shall make reports by the independent peer review panel publicly available on the internet website maintained by the commission.

SEC. 9. Section 712.1 of the Public Utilities Code is amended to read:

712.1. (a) The Legislature finds and declares that in commission Decision 88-12-083 (December 19, 1988) Re Pacific Gas and Electric Company (30 CPUC.2d 189), the commission created the Independent Safety Committee for Diablo Canyon to make recommendations appropriate to enhance the safety of the operation of the Diablo Canyon powerplant.

(b) The Independent Safety Committee for Diablo Canyon shall continue to have the rights established pursuant to commission Decision 88-12-083, as amended by Decisions 07-01-028 and 21-09-003, to conduct annual examinations of the Diablo Canyon powerplant and make additional site visits. The committee shall cease operations no sooner than when the Diablo Canyon powerplant has ceased operations and all spent nuclear fuel has been moved to dry storage at the Diablo Canyon Independent Spent Fuel Storage Installation.

(c) The Independent Safety Committee for Diablo Canyon shall be composed of three experts, one each shall be appointed by the Governor, the Attorney General, and the Chair of the Energy Commission, from a list of candidates nominated by the President of the commission that shall include not more than three qualified candidates as alternatives to the reappointment of the appointing authority's designated committee member whose term is expiring, and which shall also include the incumbent

committee member if the member consents to being an additional candidate. The incumbent as of August 1, 2022, may continue to serve their current term until it expires.

(d) The commission shall ensure the funding of the Independent Safety Committee for Diablo Canyon to attract qualified experts during the period of extended Diablo Canyon powerplant operations, as defined by Section 712.8.

(e) In addition to the duties and responsibilities set forth in commission decisions, the Independent Safety Committee for Diablo Canyon shall do both of the following:

(1) Consult with and incorporate into its assessments and recommendations the independent peer review panel established pursuant to Section 712.

(2) Transmit annually its findings and recommendations for improved safety, and any response required pursuant to subdivision (f), to the Legislature, the Governor, the commission, the Energy Commission, the United States Nuclear Regulatory Commission, and the company licensed to operate the Diablo Canyon Units 1 and 2 powerplant. The report transmitted to the Legislature shall be in accordance with Section 9795 of the Government Code.

(f) The company licensed to operate the Diablo Canyon Units 1 and 2 powerplant shall annually respond to the annual report provided for in paragraph (2) of subdivision (e) and distribute its response to the governmental entities specified in that paragraph.

SEC. 10. Section 712.8 of the Public Utilities Code is amended to read:

712.8. (a) For purposes of this section, the following definitions apply:

(1) “Current expiration dates” has the same meaning as defined in Section 25548.1 of the Public Resources Code.

(2) “Diablo Canyon powerplant operations” has the same meaning as defined in Section 25548.1 of the Public Resources Code.

(3) “Load-serving entity” has the same meaning as defined in Section 380.

(4) “Operator” has the same meaning as defined in Section 25548.1 of the Public Resources Code.

(b) (1) Ordering paragraphs (1) and (14) of commission Decision 18-01-022 (January 11, 2018) Decision Approving Retirement of Diablo Canyon Nuclear Power Plant, are hereby invalidated.

(2) The commission shall reopen commission Application 16-08-006 and take other actions as are necessary to implement this section.

(c) (1) (A) Notwithstanding any other law, within 120 days of September 2, 2022, the commission shall direct and authorize the operator of the Diablo Canyon Units 1 and 2 to take all actions that would be necessary to operate the powerplant beyond the current expiration dates, so as to preserve the option of extended operations, until the following retirement dates, conditional upon continued authorization to operate by the United States Nuclear Regulatory Commission:

(i) For Unit 1, October 31, 2029.

(ii) For Unit 2, October 31, 2030.

(B) If the loan provided for by Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code is terminated under that chapter, the commission shall modify its order under this paragraph and direct an earlier retirement date.

(C) Actions taken by the operator pursuant to the commission’s actions under this paragraph, including in preparation for extended operations, shall not be funded by ratepayers of any load-serving entities, but may be funded by the loan provided for by Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code or other nonratepayer funds available to the operator. The commission shall not allow the recovery from ratepayers of costs incurred by the operator to prepare for, seek, or receive any extended license to operate by the United States Nuclear Regulatory Commission.

(2) (A) No later than December 31, 2023, and notwithstanding the 180-day time limitation in subdivision (a) of Section 25548.2 of the Public Resources Code, the commission shall direct and authorize extended operations at the Diablo Canyon powerplant until the new retirement dates specified in subparagraph (A) of paragraph (1).

(B) The commission shall review the reports and recommendations of the Independent Safety Committee for Diablo Canyon described in Section 712.1. If the Independent Safety Committee for Diablo Canyon’s reports or recommendations cause

the commission to determine, in its discretion, that the costs of any upgrades necessary to address seismic safety or issues of deferred maintenance that may have arisen due to the expectation of the plant closing sooner are too high to justify incurring, or if the United States Nuclear Regulatory Commission's conditions of license renewal require expenditures that are too high to justify incurring, the commission may issue an order that reestablishes the current expiration dates as the retirement date, or that establishes new retirement dates that are earlier than provided in subparagraph (A) of paragraph (1), to the extent allowable under federal law, and shall provide sufficient time for orderly shutdown and authorize recovery of any outstanding uncollected costs and fees.

(C) If the loan provided for by Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code is terminated under that chapter, the commission may issue an order that reestablishes the current expiration dates as the retirement date, or that establishes new retirement dates that are earlier than provided in subparagraph (A) of paragraph (1), and shall provide sufficient time for orderly shutdown and authorize recovery of any outstanding uncollected costs and fees.

(D) If the commission determines that new renewable energy and zero-carbon resources that are adequate to substitute for the Diablo Canyon powerplant and that meet the state's planning standards for energy reliability have already been constructed and interconnected by the time of its decision, the commission may issue an order that reestablishes the current expiration dates as the retirement date, or that establishes new retirement dates that are earlier than provided in subparagraph (A) of paragraph (1), and shall provide sufficient time for orderly shutdown and authorize recovery of any outstanding uncollected costs and fees.

(E) Any retirement date established under this paragraph shall be conditioned upon continued authorization to operate by the United States Nuclear Regulatory Commission. If the United States Nuclear Regulatory Commission does not extend the current expiration dates or renews the licenses for Diablo Canyon Units 1 or 2 for a period shorter than the extended operations authorized by the commission, the commission shall modify any orders issued under this paragraph to direct a retirement date that is the same as the United States Nuclear Regulatory Commission license expiration date.

(3) The commission shall do all things necessary and appropriate to implement this section, including, but not limited to, allocating financial responsibility for the extended operations of the Diablo Canyon powerplant to customers of all load-serving entities and ensuring completion of funding of the community impacts mitigation settlement described in Section 712.7. The commission shall not require any funds already disbursed or committed under the community impacts mitigation settlement described in Section 712.7 to be returned because of extended operations of the Diablo Canyon powerplant.

(4) Except as authorized by this section, customers of load-serving entities shall have no other financial responsibility for the costs of the extended operations of the Diablo Canyon powerplant. In no event shall load-serving entities other than the operator and their customers have any liability for the operations of the Diablo Canyon powerplant.

(5) Consistent with Section 25548.4 of the Public Resources Code, the commission shall collaborate with the Department of Water Resources to oversee the operator's actions that are funded by the loan provided for by Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code.

(d) The commission shall not increase cost recovery from ratepayers for operations and maintenance expenses incurred by the operator during the period from August 1, 2022, to November 2, 2024, for Diablo Canyon Unit 1 and from August 1, 2022, to August 26, 2025, for Diablo Canyon Unit 2, above the amounts approved in the most recent general rate case for the operator pursuant to commission proceeding A.21-06-021 (June 30, 2021) Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2023.

(e) The commission shall order the operator to track all costs associated with continued and extended operations of Diablo Canyon Units 1 and 2. The commission shall authorize the operator to establish accounts as necessary to track all costs incurred under paragraph (1) of subdivision (c), all costs incurred under the loan provided for by Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code, all costs to be borne only by the operator's ratepayers, all costs to be borne by ratepayers of all load-serving entities, consistent with this section, and any other costs as determined by the commission. Among these accounts shall be a Diablo Canyon Extended Operations liquidated damages balancing account, described in subdivisions (g) and (i).

(f) (1) Notwithstanding any approval of extended operations, the commission shall continue to authorize the operator to recover in rates all of the reasonable costs incurred to prepare for the retirement of Diablo Canyon Units 1 and 2, including any reasonable additional costs associated with decommissioning planning resulting from the license renewal applications or license renewals. The reasonable costs incurred to prepare for the retirement of Diablo Canyon Power Plant Units 1 and 2 shall be recovered on a fully nonbypassable basis from customers of all load-serving entities subject to the commission's jurisdiction in the operator's service territory, as determined by the commission, except that the reasonable additional costs associated with decommissioning

planning resulting from the license renewal applications or license renewals shall be recovered on a fully nonbypassable basis from customers of all load-serving entities subject to the commission's jurisdiction in the state.

(2) The commission shall continue to fund the employee retention program approved in Decision 18-11-024 (December 2, 2018) Decision Implementing Senate Bill 1090 and Modifying Decision 18-01-022, as modified to incorporate 2024, 2025, and additional years of extended operations, on an ongoing basis until the end of operations of both units with program costs tracked under subdivision (e) and fully recovered in rates. Any additional funding for the employee retention program beyond what was already approved in commission Decision 18-11-024 shall be submitted by the operator in an application for review by the commission.

(3) The commission shall determine the amount or allocation that the customers of all load-serving entities subject to the commission's jurisdiction shall contribute towards the reasonable additional costs of decommissioning planning resulting from the license renewal applications or license renewals and shall authorize the operator to recover in rates those costs through a nonbypassable charge applicable to the customers of all load-serving entities subject to the commission's jurisdiction in the state as set forth in paragraph (1) of subdivision (l).

(4) The commission shall authorize the operator to recover in rates all of the reasonable costs incurred to prepare for, respond to, provide information to, or otherwise participate in or engage the independent peer review panel under Section 712.

(5) In lieu of a rate-based return on investment and in acknowledgment of the greater risk of outages in an older plant that the operator could be held liable for, the commission shall authorize the operator to recover in rates a volumetric payment equal to six dollars and fifty cents ($6.50), in 2022 dollars, for each megawatthour generated by the Diablo Canyon powerplant during the period of extended operations beyond the current expiration dates, to be borne by customers of all load-serving entities, and an additional volumetric payment equal to six dollars and fifty cents ($6.50), in 2022 dollars, to be borne by customers in the service territory of the operator. The amount of the operating risk payment shall be adjusted annually by the commission using commission-approved escalation methodologies and adjustment factors.

(6) (A) In lieu of a rate-based return on investment and in acknowledgment of the greater risk of outages in an older plant that the operator could be held liable for, the commission shall authorize the operator to recover in rates a fixed payment of fifty million dollars ($50,000,000), in 2022 dollars, for each unit for each year of extended operations, subject to adjustment in subparagraphs (B) to (D), inclusive. The amount of the fixed payment shall be adjusted annually by the commission using commission-approved escalation methodologies and adjustment factors.

(B) In the first year of extended operations for each unit, the operator shall continue to receive the full fixed payment during periods in which a unit is out of service due to an unplanned outage for nine months or less, and shall receive 50 percent of the payment for months in excess of nine months that a unit is down.

(C) In the second year of extended operations, the operator shall continue to receive the fixed payment during periods in which a unit is out of service due to an unplanned outage for eight months or less, and shall receive 50 percent of the payment for months in excess of eight months that a unit is down.

(D) In each subsequent year of extended operations, the period in which the full fixed payment is received during periods when a unit is out of service due to an unplanned outage shall decline by one additional month.

(g) The commission shall authorize and fund as part of the charge under paragraph (1) of subdivision (l), the Diablo Canyon Extended Operations liquidated damages balancing account in the amount of twelve million five hundred thousand dollars ($12,500,000) each month for each unit until the liquidated damages balancing account has a balance of three hundred million dollars ($300,000,000).

(h) (1) The commission shall authorize the operator to recover all reasonable costs and expenses necessary to operate Diablo Canyon Units 1 and 2 beyond the current expiration dates, including those in subdivisions (f) and (g), net of market revenues for those operations and any production tax credits of the operator, on a forecast basis in a new proceeding structured similarly to its annual Energy Resource Recovery Account forecast proceeding with a subsequent true-up to actual costs and market revenues for the prior calendar year via an expedited Tier 3 advice letter process, provided that there shall be no further review of the reasonableness of costs incurred if actual costs are below 115 percent of the forecasted costs. All costs shall be recovered as an operating expense and shall not be eligible for inclusion in the operator's rate base.

(2) As the result of any significant one-time capital expenditures during the extended operation period, the commission may authorize, and the operator may propose, cost recovery of these expenditures as operating expenses amortized over more than one year for the purpose of reducing rate volatility, at an amortization interest rate determined by the commission. The commission shall allow cost recovery if the costs and expenses are just and reasonable. Those costs and expenses are just and reasonable if the operator's conduct is consistent with the actions that a reasonable utility would have undertaken in good

faith under similar circumstances, at the relevant point in time and with information that the operator should have known at the relevant point in time.

(3) If, as a result of the annual true-up for extended operations in paragraph (1), the commission determines that market revenues for the prior year exceeded the annual costs and expenses, including those in subdivisions (f) and (g), the commission shall direct that any available surplus revenues in an account created under subdivision (e) be credited solely to customers in the operator's service territory. For customers outside the operator's service territory, market revenues may be credited up to, but not to exceed, their respective annual costs and expenses. If excess funds remain in an account created under subdivision (e) as a result of market revenues exceeding costs and expenses in the final year of the extended operating period, after truing up the final operating year's market revenues against costs and expenses, the remaining funds shall be the sole source of loan repayment per the requirements provided under Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code, except that any federal funds received as described in paragraph (1) of subdivision (c) of Section 25548.3 of the Public Resources Code shall also be used to repay the loan. Ratepayer funds shall not otherwise be used in any manner to repay the loan provided for under Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code.

(i) (1) During any unplanned outage periods, the commission shall authorize the operator to recover reasonable replacement power costs, if incurred, associated with Diablo Canyon powerplant operations. If the commission finds that replacement power costs incurred when a unit is out of service due to an unplanned outage are the result of a failure of the operator to meet the reasonable manager standard, then the commission shall authorize payment of the replacement power costs from the Diablo Canyon Extended Operations liquidated damages balancing account described in subdivision (g).

(2) After commencing payments from the Diablo Canyon Extended Operations liquidated damages balancing account under the conditions described in paragraph (1), the commission shall authorize the replenishment of the Diablo Canyon Extended Operations liquidated damages balancing account in the amount of twelve million five hundred thousand dollars ($12,500,000) for each unit for each month up to a maximum account balance of three hundred million dollars ($300,000,000).

(j) If the commission finds that the operator is requesting recovery of costs that were previously authorized by the commission or other state or federal agency or paid to the operator for cost recovery, the commission may fine the operator an amount up to three times the amount of the penalty provided in Section 2107 for each violation.

(k) If at any point during the license renewal process or extended operations period the operator believes that, as a result of an unplanned outage, an emergent operating risk, or a new compliance requirement, the cost of performing upgrades needed to continue operations of one or both units exceed the benefits to ratepayers of the continued operation of doing so, the operator shall promptly notify the commission. The commission shall promptly review and determine whether expending funds to continue operations is reasonable, will remain beneficial to ratepayers, and is in the public interest or direct the operator to cease operations. The operator shall take all actions necessary to safely operate or maintain the Diablo Canyon powerplant pending the commission determination.

(l) (1) Any costs the commission authorizes the operator to recover in rates under this section shall be recovered on a fully nonbypassable basis from customers of all load-serving entities subject to the commissions's jurisdiction, as determined by the commission, except as otherwise provided in this section. The recovery of these nonbypassable costs by the load-serving entities shall be based on each customer's gross consumption of electricity regardless of a customer's net metering status or purchase of electric energy and service from an electric service provider, community choice aggregator, or other third-party source of electric energy or electricity service.

(2) The commission shall establish mechanisms, including authorizing balancing and memorandum accounts and, as needed, agreements with, or orders with respect to, electrical corporations, community choice aggregators, and electric service providers, to ensure that the revenues received to pay a charge or cost payable pursuant to this section are recovered in rates from those entities and promptly remitted to the entity entitled to those revenues.

(m) This section does not alter the recovery of costs, including those previously approved by the commission, to operate Diablo Canyon Units 1 and 2 until the current expiration dates.

(n) The commission shall halt disbursements from the Diablo Canyon Nuclear Decommissioning Non-Qualified Trust, excluding refunds to ratepayers.

(o) The commission, in consultation with the relevant federal and state agencies and appropriate California Native American tribes, shall, in a new or existing proceeding, determine the disposition of the Diablo Canyon powerplant real property and its surrounding real properties owned by the applicable public utility or any legally related, affiliated, or associated companies, in a manner that best serves the interests of the local community, ratepayers, California Native America tribes, and the state. It is the

intent of the Legislature that the existing efforts to transfer lands owned by the operator and Eureka Energy shall not be impeded by the extension of the Diablo Canyon powerplant.

(p) Except as otherwise provided in this section, this section does not alter or limit any proceeding of the commission relating to the decommissioning of the Diablo Canyon powerplant.

(q) The Legislature finds and declares that the purpose of the extension of the Diablo Canyon powerplant operations is to protect the state against significant uncertainty in future demand resulting from the state's greenhouse gas reduction efforts involving electrification of transportation and building energy end uses and regional climate-related weather phenomenon, and to address the risk that currently ordered procurement will be insufficient to meet this supply or that there may be delays in bringing the ordered resources online on schedule. Consequently, the continued operation of Diablo Canyon Units 1 and 2 beyond their current expiration dates shall not be factored into the analyses used by the commission or by load-serving entities not subject to the commission's jurisdiction when determining future generation and transmission needs to ensure electrical grid reliability and to meet the state's greenhouse gas emissions reduction goals. To the extent the commission decides to allocate any benefits or attributes from extended operations of the Diablo Canyon powerplant, the commission may consider the higher cost to customers in the operator's service area.

(r) Any sale, mortgage, transfer of operational control, or any other encumbrance of disposition of the Diablo Canyon powerplant shall continue to be subject to Article 6 (commencing with Section 851).

(s) (1) The operator shall submit to the commission for its review, on an annual basis the amount of compensation earned under paragraph (5) of subdivision (f), how it was spent, and a plan for prioritizing the uses of such compensation the next year. Such compensation shall not be paid out to shareholders. Such compensation, to the extent it is not needed for Diablo Canyon, shall be spent to accelerate, or increase spending on, the following critical public purpose priorities:

(A) Accelerating customer and generator interconnections.

(B) Accelerating actions needed to bring renewable and zero-carbon energy online and modernize the electrical grid.

(C) Accelerating building decarbonization.

(D) Workforce and customer safety.

(E) Communications and education.

(F) Increasing resiliency and reducing operational and system risk.

(2) The operator shall not earn a rate of return for any of the expenditures described in paragraph (1) so that no profit shall be realized by the operator's shareholders. Neither the operator nor any of its affiliates or holding company may increase existing public earning per share guidance as a result of compensation provided under this section. The commission shall ensure no double recovery in rates.

(t) The commission shall verify at the conclusion of extended operations that the operator's sole compensation during the period of extended operations is limited to and in accordance with paragraphs (5) and (6) of subdivision (f) and shall be in lieu of a rate-based return on investment in the Diablo Canyon powerplant. Any excess funds remaining in an account created under subdivision (e) as a result of market revenues exceeding costs and expenses across the extended operating period, after truing up the final operating year's market revenues against costs and expenses, following loan repayment under paragraph (3) of subdivision (h), shall not be paid out to shareholders. Instead, such excess funds shall be returned in full to customers in a manner to be determined by the commission, except that any funds remaining in the Diablo Canyon Extended Operations liquidated damages balancing account specified in subdivisions (g) and (i), shall be returned to customers in the operator's service territory in a manner to be determined by the commission.

(u) The efforts to transfer lands owned by the operator and Eureka Energy, including North Ranch, Parcel P, South Ranch, and Wild Cherry Canyon, shall not be impeded by the extension of the operation of the Diablo Canyon powerplant.

(v) In the event of a final determination by the United States Department of Energy that the Diablo Canyon powerplant is not eligible for the Civil Nuclear Credit Program established by Section 18753 of Title 42 of the United States Code, subdivisions (d) to (m), inclusive, (p), (q), (s), and (t) shall cease to be operative, and the commission shall instead undertake ordinary ratemaking with respect to the Diablo Canyon powerplant.

SEC. 11. Section 913.20 is added to the Public Utilities Code, to read:

913.20. Notwithstanding Section 10231.5 of the Government Code, in coordination with the Energy Commission, the Independent System Operator, and the Department of Water Resources, the commission shall submit a report to the Legislature each year on

the status of new resource additions and revisions to the state's electric demand forecast, and the impact of these updates on the need for keeping the Diablo Canyon powerplant online.

SEC. 12. Section 12935.5 is added to the Water Code, to read:

12935.5. (a) There is hereby established, within the California Water Resources Development Bond Fund, the California Water Resources Development Bond Account.

(b) Notwithstanding Section 13340 of the Government Code, all moneys in the account are continuously appropriated, without regard to fiscal year, to the department and shall be available for the purposes provided in Section 12935.

(c) Pursuant to Section 80400, payments of certain credits received by the department are required to be deposited into the account. The use of the payments shall be consistent with all of the following:

(1) The payments shall be expended for a purpose that is consistent with state law.

(2) Acceptance of the payments does not impose on the state any requirement to commit or expend new state funds for any program or purpose.

(3) The need exists to expend the payments during the 2023–24 fiscal year.

(4) The use of the payments shall be consistent with the priorities described in subdivision (a) of Section 38590.1 of the Health and Safety Code.

SEC. 13. Section 80400 of the Water Code is amended to read:

80400. (a) (1) The department shall procure eligible renewable energy resources and zero-carbon resources to satisfy the state agency obligations imposed on the State Water Resources Development System, commonly known as the State Water Project, pursuant to subdivision (a) of Section 454.53 of the Public Utilities Code.

(2) If the department determines that the full achievement of the state agency obligations imposed on the State Water Resources Development System would require the early termination of an existing contract to procure fossil generation entered before January 1, 2010, and that early termination would result in significant uneconomic costs, the department may defer procuring zero-carbon electricity resource quantities equal to the amount of electricity provided under the existing contract until no later than December 31, 2040.

(3) In the event that extraordinary circumstances, catastrophic events, considerable supply chain disruptions and equipment shortages, or threats of significant economic harm render full achievement of the obligations imposed on the State Water Resources Development System pursuant to subdivision (a) of Section 454.53 of the Public Utilities Code infeasible, the Governor may adjust the applicable deadline for the department's compliance to the earliest feasible date, but that date shall be no later than December 31, 2040.

(b) The department may satisfy all or a portion of the obligation on the State Water Resources Development System pursuant to subdivision (a) of Section 454.53 of the Public Utilities Code by installing or connecting zero-carbon resources or eligible renewable energy resources behind the meter on State Water Resources Development System property or properties to service its load.

(c) All resources procured pursuant to subdivision (a) after February 1, 2022, shall satisfy both of the following criteria:

(1) The eligible renewable energy resources and zero-carbon resources shall either be newly developed as a result of contracting by the department or constitute incremental production from existing resources and reach initial commercial operations on or after January 1, 2023. This requirement may be satisfied if the resource is newly developed by a local publicly owned electric utility with the expectation that the output would be sold to the department in support of the State Water Resources Development System.

(2) The eligible renewable energy resources and zero-carbon resources shall be located within California or have a first point of interconnection to a California balancing authority.

(d) In conducting procurement pursuant to subdivision (a), the department shall consider all of the following:

(1) Procurement commitments that may yield maximum long-term employment, stimulate new economic activity, generate local and state tax revenues, and assist with the development of new industries.

(2) Attributes, including resource adequacy, flexibility, and integration value, the ability to provide firm clean electricity, and local air quality benefits.

(3) The results of integrated resource planning modeling conducted by the Public Utilities Commission pursuant to Section 454.52 of the Public Utilities Code.

(e) The department shall consider doing all of the following to reduce the costs of any procurement made pursuant to this section:

(1) Coordinate with the California Infrastructure and Economic Development Bank to make low-cost financing assistance available to new projects included in any procurement commitments.

(2) Coordinate with other state agencies to identify incentives from existing programs for new projects included in any procurement commitments.

(3) (A) If reasonably expected to provide incremental benefits, secure an ownership stake or royalties for any project or economic activity resulting from a contractual commitment.

(B) (i) Incremental benefits of ownership may include the election by the department of payment of applicable credits pursuant to the federal Inflation Reduction Act of 2022 (Public Law 117-169). If the department elects for direct payment of those applicable credits, those payments shall be deposited directly into the California Water Resources Development Bond Account created pursuant to Section 12935.5.

(ii) Within 10 days of any payments being deposited in the California Water Resources Development Bond Account, described in clause (i), the department shall provide written notice to the Joint Legislative Budget Committee, who shall provide a copy of the notice to the relevant policy committees. The notice shall include the source, purpose, timeliness, and other relevant information as determined by the department.

(f) All resources procured pursuant to this section shall be used first to meet the department's own electricity needs. A renewable energy credit, as defined in Section 399.12 of the Public Utilities Code, associated with the electricity used to satisfy the obligations of the department and the State Water Resources Development System under this section shall be retired and shall not be transferred or resold.

(g) The department shall enter into an agreement to procure energy from a new energy generation facility only if the seller requires its contractors to use a multicraft project labor agreement, as defined in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code, for construction of the facility. Those project labor agreements shall conform to the industry standard agreements recently used for other similar private projects, including side letters for high-voltage transmission and related work.

SEC. 14. Section 80700.5 is added to the Water Code, to read:

80700.5. This division shall be known, and may be cited, as the Electricity Supply Strategic Reliability Reserve Program.

SEC. 15. Section 80710 of the Water Code is amended to read:

80710. (a) The department, in consultation with the commission, shall implement projects, purchases, and contracts to carry out the purposes of Chapter 8.9 (commencing with Section 25790) of Division 15 of the Public Resources Code, including, but not limited to, the Distributed Electricity Backup Assets Program and the Demand Side Grid Support Program.

(b) (1) In furtherance of subdivision (a) and notwithstanding any other law, the department may construct, own and operate, or contract for the construction and operation of, contract for the purchase of electricity from, or finance through loans, reimbursement agreements, or other contracts actions to secure resources for summer reliability or to preserve the option to extend the life of only the following facilities:

(A) Extension of the operating life of existing nonnuclear generating facilities planned for retirement.

(B) New emergency and temporary power generators of five megawatts or more. If a generator is operated using diesel fuel, the department shall not operate it after July 31, 2023.

(C) New energy storage systems that are located outside of the coastal zone and the jurisdiction of the San Francisco Bay Conservation and Development Commission, of 20 megawatts or more, that are capable of discharging for at least two hours.

(D) Generation facilities that are located outside of the coastal zone and the jurisdiction of the San Francisco Bay Conservation and Development Commission and use clean, zero-emission fuel technology of any size to produce electricity.

(E) Supporting the development of zero-emission generation capacity with a point of interconnection at a California balancing authority, with the majority of its capacity contracted for by a load-serving entity that has a service area primarily in California, with an operational date no later than December 31, 2024. For purposes of this subparagraph, only a facility

with a net qualifying capacity of at least 50 percent of its nameplate capacity, as estimated at 8:00 p.m. on a date in September, shall be eligible.

(2) In furtherance of subdivision (a) of Section 80700, the department may reimburse electrical corporations, as defined in Section 218 of the Public Utilities Code, for the value of imported energy or import capacity products that are (A) delivered or capable of being delivered between July 1, 2022, and on or before October 31, 2023, and (B) are procured at above-market costs or in excess of procurement authorizations set by the Public Utilities Commission and above the requirements needed to serve its bundled customers in support of summer electric service reliability.

(c) Facilities, except those new energy storage systems described in subparagraph (C) of paragraph (1) of subdivision (b) that charge from the electrical grid but do not otherwise use any form of fossil fuel or fuel derived from fossil fuels, constructed by the department or under a contract with the department pursuant to this division that use any form of fossil fuel shall only operate as necessary to respond to extreme events, as defined in subdivision (b) of Section 25790.5 of the Public Resources Code, and shall not operate at any other time.

(d) Facilities constructed by the department or under a contract with the department pursuant to this division shall not constitute State Water Resources Development System facilities under Chapter 8 (commencing with Section 12930) of Part 6 of Division 6.

(e) (1) The department shall consult with the commission, the Public Utilities Commission, the Independent System Operator or other applicable California balancing authorities, and the State Air Resources Board in carrying out the purposes of this division.

(2) Beginning October 1, 2022, and at least every three months thereafter, the department shall provide an update on the investments made and being considered into the strategic reliability reserve at a commission business meeting. The President of the Public Utilities Commission or the president's designee and the President of the Independent System Operator or the president's designee shall attend the presentation.

(3) The department shall prioritize investments that do not compete with generating facilities already planned for development and disclosed by load-serving entities or local publicly owned electric utilities.

(4) In fulfilling the requirements of this division to achieve electricity reliability, the department shall prioritize investments in feasible, cost-effective zero-emission resources, and then feasible, cost-effective conventional resources.

(f) The department shall develop, execute, and implement contracts covering power generation, operation and maintenance, fuel management, site leases, power settlements, invoice verification, billing, and other associated items. The department shall also enter into contracts for external services to provide specialized expertise.

(g) (1) Contracts entered into pursuant to this division, amendments to those contracts during their terms, or contracts for services reasonably related to those contracts, and entered on or before December 31, 2023, shall not be subject to competitive bidding or any other state contracting requirements, shall not require the review, consent, or approval of the Department of General Services or any other state department or agency, and are not subject to the requirements of the State Contracting Manual, the Public Contract Code, or the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

(2) This subdivision shall not apply to any contract, grant, or loan entered into for purposes of this chapter that does not directly contribute to electrical grid reliability by October 31, 2027.

(3) This subdivision is inoperative December 1, 2026.

(h) For contracts entered into pursuant to this division, amendments to those contracts during their terms, or contracts for services reasonably related to those contracts, and executed after December 31, 2023, Sections 10295, 10297, and 10340 of the Public Contact Code do not apply to a contract that meets the conditions established by the department for those contracts.

(i) For contracts entered into pursuant to this division by the department after October 31, 2022, the department shall notify the commission through an investment plan of the terms, costs, and scope at a commission business meeting and the commission shall consider the investment plan for approval in a meeting held consistent with the terms of Chapter 3 (commencing with Section 25200) of Division 15 of the Public Resources Code. No less than 10 days after the commission approves the investment plan, the executive director of the commission shall give written notice to the Joint Legislative Budget Committee of the action.

(j) A contract entered into, or an approval granted by the department pursuant to this division is not subject to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) and regulations adopted pursuant to that act.

(k) The department may adopt guidelines to implement this division. The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to any regulation or guidelines

adopted by the department pursuant to this division.

SEC. 16. Section 80720 of the Water Code is amended to read:

80720. (a) There is hereby established in the State Treasury the Department of Water Resources Electricity Supply Reliability Reserve Fund.

(b) Notwithstanding Section 13340 of the Government Code, all moneys in the fund are continuously appropriated to the department, without regard to fiscal years, and shall be available for the purposes of Chapter 2 (commencing with Section 80710).

(c) Obligations authorized and expenses incurred by the department in administering this division shall be payable solely from the fund.

(d) All revenues payable to the department for activities undertaken by the department under Chapter 2 (commencing with Section 80710) shall be deposited into the fund.

(e) The fund shall be separate and distinct from any other fund and moneys administered by the department and any interest earned on the moneys in the fund shall be used solely for purposes of this division.

(f) When fixed assets procured under the authority of this division are sold or otherwise disposed of, the revenue from the sale or disposition, including any gain or loss, measured by the difference between book value and selling price, shall be deposited into the fund and available to the department for purposes of Chapter 2 (commencing with Section 80710). Any remaining revenue from the sale or other disposition of fixed assets procured under the authority of this division shall be returned to the General Fund once all obligations of the department are satisfied after the wind down of this division and the closure of the fund. While any obligation of the department incurred under this division remains outstanding and not fully performed or discharged, the rights, powers, duties, and existence of the department shall not be diminished or impaired in any manner that will adversely affect the interests and rights of the holders of or parties to those obligations.

(g) (1) For activities undertaken by the department pursuant to Chapter 2 (commencing with Section 80710), the department may obtain applicable credits pursuant to the federal Inflation Reduction Act of 2022 (Public Law 117-169). If the department elects for direct payment of those applicable credits, those payments shall be deposited directly into the fund.

(2) Within 10 days of any payments being deposited into the fund, described in paragraph (1), the department shall provide written notice to the Joint Legislative Budget Committee, who shall provide a copy of the notice to the relevant policy committees. The notice shall include the source, purpose, timeliness, and other relevant information as determined by the department.

(3) Use of the payments shall be consistent with all of the following:

(A) The payments shall be expended for a purpose that is consistent with state law.

(B) Acceptance of the payments does not impose on the state any requirement to commit or expend new state funds for any program or purpose.

(C) The need exists to expend the payments during the 2023–24 fiscal year.

(D) The use of the payments shall be consistent with the priorities described in subdivision (a) of Section 38590.1 of the Health and Safety Code.

SEC. 17. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances impacting the Diablo Canyon powerplant, as described in Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code.

SEC. 18. 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.

SEC. 19. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.