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AB-1436 Public Utilities Commission: outreach. (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1436

Introduced by Assembly Member Ávila Farías

February 21, 2025

An act to amend ~~Sections 651 and 784.2~~ *Section 1711* of the Public Utilities Code, relating to ~~energy~~ *the Public Utilities Commission*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1436, as amended, Ávila Farías. ~~Biomethane procurement targets~~ *Public Utilities Commission: outreach*.

Existing law, in effect until January 1, 2020, required the Policy and Planning Division of the Public Utilities Commission to undertake one or more studies of outreach efforts undertaken by other state and federal utility regulatory bodies and make recommendations to the commission to promote effective outreach, including metrics for use in evaluating success.

This bill would repeal that obsolete provision.

~~Existing law vests the Public Utilities Commission with regulatory authority over public utilities, including gas corporations. Existing law requires the commission, in consultation with the State Air Resources Board, to consider adopting specific biomethane procurement targets or goals for each gas corporation and core transport agent, as specified. Existing law requires, if the commission adopts specific biomethane procurement targets or goals for each gas corporation and core transport agent, the commission to, among other things, ensure that the biomethane available for any procurement program is either delivered to California through a dedicated pipeline, or through a common carrier pipeline and meets 2 specified requirements related to the injection of the biomethane and specified environmental benefits, as prescribed.~~

~~This bill would instead require that biomethane delivered to California through a common carrier pipeline meet either of the specified requirements, rather than both. The bill would also add the displacement of conventional natural gas that results in a reduction in greenhouse gas emissions as one of the specified environmental benefits, as specified.~~

~~Existing law requires the commission to consider options to promote the in-state production and distribution of biomethane, including whether to allow recovery in rates of the costs of investments to (1) facilitate direct investment in the procurement and~~

~~installation of utility infrastructure necessary to achieve interconnection between the natural gas transmission and distribution pipeline network and biomethane generation and collection equipment and of gathering lines for a dairy cluster biomethane project; (2) provide for the installation of utility infrastructure to achieve interconnection with facilities that generate biomethane; and (3) ensure that these investments for infrastructure are prudent and reasonable and provide a direct benefit to, and are in the interests of, all classes of ratepayers.~~

~~This bill would require, on or before June 1, 2026, the commission to allow recovery in rates of the costs of those investments.~~

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

~~Because the provisions of this bill would be part of the act and because a violation of a commission action implementing its 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.~~

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

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

SECTION 1. *Section 1711 of the Public Utilities Code is amended to read:*

1711. ~~(a)~~Where feasible and appropriate, except for adjudication cases, before determining the scope of the proceeding, the commission shall seek the participation of those who are likely to be affected, including those who are likely to benefit from, and those who are potentially subject to, a decision in that proceeding. The commission shall demonstrate its efforts to comply with this section in the text of the initial scoping memo of the proceeding.

~~(b)(1)The Policy and Planning Division of the commission shall undertake one or more studies of outreach efforts undertaken by other state and federal utility regulatory bodies and make recommendations to the commission to promote effective outreach, including metrics for use in evaluating success.~~

~~(2)This subdivision shall remain in effect only until January 1, 2020, and shall have no force or effect on or after that date, unless a later enacted statute that is chaptered before January 1, 2020, deletes or extends that date.~~

SECTION 1. The Legislature finds and declares all of the following:

~~(a)Climate change is affecting California's communities and economy with impacts including wildfires, sea level rise, extreme weather events, extreme droughts, and associated impacts to the global economy.~~

~~(b)California must continue to be a global leader in addressing climate change through effective state policy, while ensuring energy costs remain affordable for citizens.~~

~~(c)To displace fossil gas in our pipelines and save ratepayers money, we must remove cost barriers and reduce overall project timelines and costs for utilities.~~

~~(d)Authorizing California's gas corporations to include renewable natural gas interconnection in their rate base investments will reduce interconnection costs for in-state renewable natural gas projects, reduce the cost for ratepayers, and help gas corporations meet their climate goals.~~

~~(e)Currently, renewable natural gas projects are subject to a 24 percent tax factor under the Income Tax Component of Contributions and Advances (ITCCA). The ITCCA does not apply to utility investments. Therefore, rate basing interconnections would result in a lower biomethane procurement price for utilities and save ratepayers money.~~

SEC. 2. ~~Section 651 of the Public Utilities Code is amended to read:~~

~~651.(a)The commission, in consultation with the State Air Resources Board, shall consider adopting specific biomethane procurement targets or goals for each gas corporation and core transport agent, as defined in Section 980, so that each gas corporation and core transport agent procures a proportionate share, as determined by the commission, of biomethane annually. Before establishing biomethane procurement targets or goals, the commission shall make both of the following findings:~~

~~(1)The targets or goals are cost effective means of achieving the forecast reduction in the emissions of short-lived climate pollutants pursuant to Section 39730.5 of the Health and Safety Code and other greenhouse gases pursuant to the California~~

~~Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code).~~

~~(2)The targets or goals comply with all applicable state and federal laws.~~

~~(b)If the commission adopts specific biomethane procurement targets or goals for each gas corporation and core transport agent pursuant to subdivision (a), the commission shall do all of the following:~~

~~(1)Consider the recommendations developed pursuant to Section 39730.8 of the Health and Safety Code.~~

~~(2)Ensure the targets or goals are consistent with the organic waste disposal reduction targets specified in Section 39730.6 of the Health and Safety Code and the regulations adopted pursuant to Section 42652.5 of the Public Resources Code to achieve those targets.~~

~~(3)Ensure that biomethane eligible for any procurement program meets one of the following conditions:~~

~~(A)The biomethane is delivered to California through a dedicated pipeline.~~

~~(B)The biomethane is delivered to California through a common carrier pipeline and meets either of the following requirements:~~

~~(i)The source of biomethane injects the biomethane into a common carrier pipeline that physically flows within California, or toward the end user in California for which the biomethane was produced.~~

~~(ii)The seller or purchaser of the biomethane demonstrates that the capture or production of biomethane directly results in at least one of the following environmental benefits to California:~~

~~(I)The reduction or avoidance of the emission of any criteria air pollutant, toxic air contaminant, or greenhouse gas in California.~~

~~(II)The reduction or avoidance of pollutants that could have an adverse impact on waters of the state.~~

~~(III)The alleviation of a local nuisance within California that is associated with the emission of odors.~~

~~(IV)The displacement of conventional natural gas that results in a reduction in greenhouse gas emissions. A project described in this subclause shall satisfy the prevailing wage and apprenticeship requirements for qualified biogas property under Sections 48(a)(10) and 48(a)(11) of Title 26 of the United States Code, as enacted in the federal Inflation Reduction Act of 2022 (Public Law 117-169) on August 16, 2022.~~

~~(4)Authorize a core transport agent to enter into an agreement with a gas corporation for the gas corporation to procure the core transport agent's proportionate share of biomethane in order to satisfy the specific biomethane procurement targets or goals adopted by the commission, with all costs paid for by the core transport agent and any environmental attributes allocated by the commission in a fair and transparent manner.~~

~~(c)The commission shall initially allocate each core transport agent their proportional share of the existing biomethane procurement targets established by commission Decision 22-02-025 (February 24, 2022) Decision Implementing Senate Bill 1440 Biomethane Procurement Program. This subdivision shall not prohibit the commission from establishing additional biomethane targets.~~

~~SEC. 3.Section 784.2 of the Public Utilities Code is amended to read:~~

~~784.2.(a)Before the exhaustion of the funds made available pursuant to the monetary incentive program for biomethane projects adopted in Decision 15-06-029 (June 11, 2015), Decision Regarding the Costs of Compliance with Decision 14-01-034 and Adoption of Biomethane Promotion Policies and Program, and no later than July 1, 2019, the commission shall open a proceeding to consider options to further the goals of Section 399.24, including consideration of whether to allow recovery in rates of the costs of investments to do each of the following:~~

~~(1)Ensure that prudent and reasonable investments for infrastructure pursuant to paragraphs (2) and (3) provide a direct benefit, such as safety, reliability, affordability, or reducing emissions of greenhouse gases, to all classes of ratepayers and are in the interests of all classes of ratepayers.~~

~~(2)Facilitate direct investment in the procurement and installation of utility infrastructure necessary to achieve interconnection between the natural gas transmission and distribution pipeline network and biomethane generation and collection equipment, and of gathering lines for a dairy cluster biomethane project.~~

~~(3)Provide for the installation of utility infrastructure to achieve interconnection with facilities that generate biomethane.~~

~~(b)On or before June 1, 2026, the commission shall allow recovery in rates of the costs of the investments identified in subdivision (a):~~

~~SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.~~