

CALIFORNIA COASTAL COMMISSION

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M-23

July 9, 2007

TO: Coastal Commissioners and Interested Public

FROM: Peter M. Douglas, Executive Director
 Sarah Christie, Legislative Coordinator

SUBJECT: LEGISLATIVE REPORT FOR JULY 2007

CONTENTS: This report provides summaries and status of bills that affect the Coastal Commission and California's Coastal Program as well as bills that staff has identified as coastal-related legislation.

Note: Information contained in this report is accurate as of 7/03/07. Changes in the status of some bills may have occurred between the date this report was prepared and the presentation date.¹ Current status of any bill may be checked by visiting the California Senate Homepage at www.senate.ca.gov. This report can also be accessed through the Commission's World Wide Web Homepage at www.coastal.ca.gov

Legislative Calendar

May 11	Last day for Policy Committees to hear and report fiscal bills for referral to fiscal committees
May 25	Last day for Policy Committees to meet prior to June 11
June 1	Last day for fiscal committees to hear and report bills to the Floor
June 8	Last day to pass bills from house of origin
June 11	Committee meetings may resume
June 15	Budget must be passed by midnight
July 13	Last day for policy committees to meet and report bills from second house
July 20	Summer Recess begins at the end of session if Budget Bill has been enacted
Aug. 20	Legislature reconvenes
Aug. 31	Last day for Fiscal Committees to meet and report bills to the Floor
Sept. 7	Last day to amend bills on the Floor
Sept. 14	Last day for any bill to be passed. Interim Recess begins on adjournment of session
Oct. 14	Last day for Governor to sign or veto bills passed by the Legislature before Sept. 14

¹ Terms used in this report relating to bill status. 1) "On Suspense" means bill is held in Appropriations because of potential costs to state agency. Bills usually heard by Appropriations near Fiscal Committee Deadline in June. 2) "Held in committee" means bill was not heard in the policy committee this year. 3) "Failed passage" means a bill was heard by policy committee but failed to get a majority vote. Reconsideration can be granted by the committee.

PRIORITY LEGISLATION

ACA 8 (De La Torre) Eminent domain

This Constitutional Amendment would prohibit the use of eminent domain by a government agency for seizing a private, owner-occupied residence or a small business with fewer than 25 employees, for private use. A constitutional amendment requires a 2/3 vote in each house to be placed on the ballot for a public vote.

Introduced 03/13/07
Status Referred to Assembly Budget Committee.

AB 120 (Laird) Budget 2007-2008

This bill would enact the California State Budget for fiscal year 2007-2008. No substantial changes are proposed to the Coastal Commission's budget.

Introduced 01/10/07
Status Referred to Assembly Budget Committee.

AB 141 (Saldaña) Water quality: California Baja-California border region

This bill would declare that it is the intent of the Legislature to enact legislation to improve water quality in the state's California-Baja California border region.

Introduced 01/17/07
Status Assembly First Reading

AB 258 (Krekorian) Environment; marine debris; plastic discharge

This bill would direct the state and regional water boards to implement a program to control the discharge of preproduction plastics from point and nonpoint sources. The program would include the development of best management practices to be used during the manufacturing, storing and transportation of those plastics. 06/01 amendments require consultation with plastics manufacturing facilities that have implemented measures voluntarily.

Introduced 02/05/07
Last Amended 06/01/07
Status Senate Environmental Quality Committee.

Commission position Support

AB 319 (Nava) Emergencies: Tsunami hazard preparedness and mitigation

This bill would establish the California Tsunami Steering Committee, including a representative from the Coastal Commission, to guide tsunami hazard preparation activities in the state. It would require the Office of Emergency Services to establish a statewide tsunami hazard mitigation program to maintain consistent planning efforts regarding preparation, communication, response, and mitigation in the event of a tsunami. 06/01 amendments specify that the program shall only become operable to the extent federal funds become available.

Introduced 02/13/07
Last Amended 06/01/07
Status Senate Appropriations Committee.

AB 350 (Blakeslee) Vegetation Mapping

This bill would require the Department of Fish and Game (DFG) to develop a fine-scale multiple-attribute statewide vegetation layer map for habitat and wildland corridor identification.

Introduced 02/14/07
Last Amended 04/10/07
Status Senate Environmental Quality Committee.

AB 719 (Devore) Energy: electrical generation: zero carbon dioxide emissions

This bill would repeal the ban on new nuclear power generating facilities in California.

Introduced 02/22/07
Status Failed passage in Assembly Natural Resources Committee.

AB 739 (Laird) Stormwater discharge

This bill would require the State Water Resources Control Board to develop a framework for assessing the effectiveness of current stormwater management programs. It would establish grant criteria for Proposition 84 stormwater funding and develops a framework for assessing the effectiveness of municipal stormwater management programs. 06/01 amendments specify that projects which plan for and/or construct wastewater systems that include treatment of nonpoint source runoff shall be eligible for funding.

Introduced 02/22/07
Last Amended 06/19/07
Status Senate Environmental Quality Committee.

AB 740 (Laird) Vessels: Invasive species

This bill would require inwater cleaning and record keeping for vessels that visit a California port. It directs the State Lands Commission to develop regulations by January 1, 2012 that would govern the management of hull fouling on vessels.

Introduced 02/22/07
Last Amended 06/14/07
Status Senate Environmental Quality Committee.

AB 828 (Ruskin) Wildlife Conservation

This bill would require the Wildlife Conservation Board, in consultation with DFG, to investigate, study and recognize what areas in the state are most essential as wildlife corridors and habitat linkages, and to make that information available to the public. The bill requires consultation with other state agencies and private landowners.

Introduced 02/22/07
Last Amended 07/02/07
Status Senate NR&W Committee.

AB 992 (Brownley) Roads: stormwater containment

This bill would require the Regional Water Quality Control Boards (RWQCBs) to issue a clean water certificate to a project proponent proposing to construct a new road or repair any portion of an existing road if the project proposes to install post construction onsite controls that prevent the flow of stormwater into local water bodies from the surface of the road to the maximum extent feasible.

Introduced 02/23/07
Last Amended 04/10/07
Status In Assembly Transportation Committee, hearing cancelled at request of author.

AB 1046 (Leno) Nuclear fission thermal power plants

This bill would prohibit the Public Utilities Commission from allowing an investor-owned utility to recover specified costs incurred in seeking renewal of certification to operate a nuclear fission thermal powerplant, unless the Energy Commission has completed its assessment prior to the investor-owned utility filing an application for license renewal with the Nuclear Regulatory Commission.

Introduced 02/22/07
Last Amended 06/07/07
Status Utilities and Commerce Committee

AB 1056 (Leno) Ocean Protection Council: Expenditures

This bill would authorize the Ocean Protection Council (OPC) to establish a scientific advisory panel in consultation with the California Ocean Science Trust (COST), a nonprofit created by statute to use public and private resources to promote coastal and ocean research, education and management. It also authorizes OPC to expend funds without Coastal Conservancy approval in some cases.

Introduced 02/23/07
Last Amended 04/18/07
Status Senate Appropriations Committee.

AB 1066 (Laird) Coastal resources; local coastal planning

This bill would require the Governor's Office of Planning and Research (OPR) to develop guidelines relating to planning for sea level rise for local governments to use when updating their general plans. The bill would require the Ocean Protection Council to convene and inter-agency task force, which would include the Coastal Commission, to gather existing information on sea level rise projections to inform the OPR guidelines.

Introduced 02/23/07
Last Amended 06/21/07
Status Senate Local Government Committee.

AB 1074 (Houston) California State Conservation Permit

This bill would require the Secretary of the Resources Agency to establish the California State Conservation Permit, with a permit specific to each of the 7 regions of the Department of Fish and Game. The permit would apply to projects by private landowners to implement conservation measures that enhance and restore wildlife habitat, improve water quality and quantity, or protect endangered or threatened species; that complies with the Natural Resources Conservation Service's Conservation Practice Standards and Specifications; and that uses funds from specified federal programs.

Introduced 02/23/07
Last Amended 05/08/07
Status Assembly Senate Rules Committee.

AB 1096 (Devore) CEQA: housing exemptions report

This bill would require the Office of Planning and Research (OPR) to report to the Legislature regarding the conditions in development of affordable housing projects affecting the use of existing statutory exemptions from CEQA.

Introduced 02/23/07
Last Amended 04/26/07
Status Assembly Appropriations Committee, suspense File.

AB 1280 (Laird) Ocean resources

This bill would authorize the expenditure of funds in the California Ocean Protection Trust Fund for the preparation of fisheries management plans pursuant to the Marine Life Management Act.

Introduced 02/23/07
Last Amended 06/25/07
Status Senate Local Government Committee

AB 1338 (Huffman) Public resources: local coastal programs: nonpoint source pollution

This bill would require local governments to include an element on reducing nonpoint source pollution, when preparing or amending an LCP for Commission certification.

Introduced 02/23/07
Last Amended 04/11/07
Status Senate Natural Resources and Water Committee.

Commission Position Support

AB 1396 (Laird) California Coastal Trail

This bill would require the California Department of Transportation to annually identify all excess property in the coastal zone, and provide that information to the State Coastal Conservancy, the Wildlife Conservation Board and the Department of Fish and Game, for the purpose of making those properties available for purchase or lease by a public agency to facilitate the development of the California Coastal Trail. It also would require Caltrans to consult with other state agencies re: trail implementation, and requires regional transportation planning agencies with jurisdiction in the coastal zone to coordinate with specified state agencies regarding development of the trail, and to include provisions for the Coastal Trail in their plans.

Introduced 02/23/07
Last Amended 07/02/07
Status Senate Transportation and Housing Committee.

AB 1457 (Huffman) State Parks and Roads

This bill would prohibit the construction of roads through State parks, unless the Director makes certain findings as specified. It also contains a provision for civil suits against any public agency that violates the requirements of the bill.

Introduced 02/23/07
Status Held in Assembly Water, Parks and Wildlife Committee.

AB 1459 (Levine) California Coastal Act: coastal development

This bill would prohibit the transfer, sale or conversion of a visitor serving facility, or any unit within a visitor serving facility, for full time or part time residential use.

Introduced 02/23/07
Status Failed passage in Assembly Natural Resource Committee.
Commission Position Oppose.

AB 1568 (Berg) Senator Wesley Chesbro Coastal Trail

This bill designates a portion of the Ma-le'l Dunes in Humboldt County that is part of the California Coastal Trail as the Senator Wesley Chesbro Coastal Trail.

Introduced 02/23/07
Last Amended 05/07/07
Status Senate Appropriations Committee.

SB 4 (Oropeza) State beaches: Smoking ban

This bill would prohibit smoking tobacco in any form on any state beach or state park, other than a parking lot.

Introduced 12/04/06
Status Held in Senate Natural Resources and Water Committee.

SB 10 (Kehoe) Airport land use commissions; San Diego County

This bill would transfer the authority for coordination of airport land use planning from the current authority, the San Diego Regional Airport Authority, to a consolidated agency comprised of the San Diego Association of Governments, the Metropolitan Transit Development Board, and the North County Transit District. It would dissolve the existing Board of Directors and replace it with a 7-member Board of Directors, appointed locally.

Introduced 12/04/06
Last Amended 07/02/07
Status Assembly Appropriations Committee.

SB 54 (Ducheny) Budget 2007-2008

This bill would enact the California State Budget for fiscal year 2007-2008. No substantial changes are proposed to the Coastal Commission's budget

Introduced 01/10/07
Status Referred to Budget & Fiscal Review Committee.

SB 157 (Wiggins) Tribal gaming; compact ratification

This bill would ratify a tribal gaming compact between the State of California, the Big Lagoon Rancheria and the Los Coyotes Band of Cahuilla and Cupena Indians to allow the transfer of rights to develop a casino at Big Lagoon in Humboldt County, to an urban site in the City of Barstow.

Introduced 01/30/07
Status Senate Rules Committee
Commission Position Support

SB 300 (Corbett) San Francisco Bay Conservation & Development Commission (BCDC) Penalties

This bill would have increased the amount of money in civil penalties the BCDC can impose on a person or entity from an amount not to exceed \$30,000 to an amount not to exceed \$100,000. This bill was amended to authorize the SWRCB to issue grants for project relating to litter reduction.

Introduced 02/15/07
Last Amended 6/18/07
Status Assembly Judiciary Committee.

SB 333 (Ackerman) Marine resources; Marine Life Protection Act

This bill would make technical, non-substantive changes to the Marine Life Protection Act.

Introduced 2/20/07
Status Referred to Rules Committee for assignment.

SB 412 (Simitian) State Energy Resources Conservation and Development Commission: LNG terminals

This bill would require the CEC to conduct an LNG Needs Assessment Study to be completed by November 1, 2008. The study shall include an assessment of future demand and supply, as well as a determination whether it is feasible to meet California's future natural gas needs without construction LNG terminals. It directs the CEC, in consultation with relevant state and federal agencies (including the CCC) to evaluate every proposed LNG project.

Introduced 02/21/07
Last Amended 05/24/07
Status Assembly Natural Resource Committee.

Commission Position Recommend Support (analysis attached)

SB 634 (Wiggins) Williamson Act: contracts

This bill would require a local government to make specific findings of agricultural viability before approving any application to subdivide land subject to a Williamson Act contract.

Introduced 02/22/07
Last Amended 05/15/07
Status Assembly Agriculture Committee.

Commission Position Support

SB 670 (Correa)

This bill would cap the amount of private real estate transfer fees at 1% of the home sales price, for no longer than 30 years in duration, for expenditure only on projects "within the region." Real estate transfer fees are increasingly being used by local governments and developers to raise funds for open space acquisitions and conservation/restoration project to offset the impacts of new development.

Introduced 02/23/07
Last Amended 05/01/07
Status Held in Senate Transportation and Housing Committee. Double referred to Judiciary.

SB 742 (Steinberg) Off highway motor vehicle recreation

This bill would extend the sunset date on the Off Highway Vehicle Program from January 1, 2008, to 2013; increase the minimum OHV fee collected by DPR for every vehicle to \$10; increase the number of appointees to the OHV Commission and require Senate confirmation for all gubernatorial appointees; add specification regarding how OHV Trust Fund monies can be expended, and make other reforms to the program..

Introduced 02/23/07
Last Amended 05/21/07
Status Assembly Water Parks and Wildlife Committee.

SB 821 (Kuehl) Land use: water supply planning

This bill would require the California Research Bureau, by July 1, 2008, to provide a report to the Legislature covering the 2004, 2005, and 2006 calendar years that includes information relating to how existing water subdivision planning law is addressing the provision of adequate water supplies for proposed residential developments.

Introduced 02/23/07
Last Amended 05/01/07
Status Assembly Water Parks and Wildlife.

SB 884 (Lowenthal) California Coastal Commission; gift or gratuity

This bill would prohibit a Commission member from accepting a gift or gratuity from any person, or his hired representative, who has an application or business pending before the Commission. It would establish a civil fine not to exceed \$500, and prohibit any practice before the Commission for the period of one year for violating this section.

Introduced 02/23/07
Last Amended 06/27/07
Status Assembly Appropriations

SB 898 (Simitian)

This relevant section of this bill would direct the Department of Boating and Waterways to work with various agencies, including the Coastal Commission, to establish guidelines and incentives for the removal of derelict fishing gear.

Introduced 02/23/07
Last Amended 05/08/07
Status Assembly Water Parks and Wildlife Committee.

Commission Position Support

SB 911 (Wiggins) Emergency call boxes: public beaches

This bill states that it is the intent of the Legislature to place emergency call boxes at regular intervals along public beaches.

Introduced 02/23/07
Status Senate Rules Committee

SB 965 (Lowenthal) Oil spills; CalPORTS

This bill would establish the California Physical Oceanographic Real Time System (CalPorts). It would also authorize the administrator of the Oil Spill Prevention and Response program to establish, operate and maintain a CalPorts information network linking existing and proposed technologies that provide critical environmental information for the purpose of increased navigational safety and efficiency.

Introduced 02/23/07
Last Amended 04/19/07
Status Senate Appropriations, Suspense File

Commission Position Support

SCA 1 (McClintock) Eminent Domain

This bill would amend the state constitution to prohibit the use of eminent domain by a public agency unless it is for a stated public use. The bill would require the consent of the land owner in most cases.

Introduced 12/04/06
Last Amended 02/05/07
Status Senate Judiciary and Elections, Reapportionment & CA Committees

Please contact Sarah Christie at (916) 445-6067 with any questions on material contained in this report.

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**BILL ANALYSIS
SB 412 (Simitian)****SUMMARY**

This bill would amend Sections 25302 and 25303, and to add Chapter 6.5 to Division 15 of the Public Resources Code, to require the California Energy Commission (CEC) to conduct a Market Assessment Report for the purpose of determining the state's ability to meet its future needs for additional Liquefied Natural Gas (LNG). The report would also analyze the state's ability to meet those energy needs through conservation, efficiency and development of renewable technologies. The report would be provided to the Legislature by July 1, 2008.

The bill would prohibit the Public Utilities Commission from approving any contract for the provision of LNG, and prevent the state or any local government from issuing any permits to construct or operate a new LNG facility, until the report has been adopted.

The bill would also require the CEC to develop and post a matrix of all proposed and existing LNG projects, and compare them with respect to their relative environmental, supply constraints and consumer protection policies.

PURPOSE OF THE BILL

The purpose of this bill is to provide an objective, transparent analysis of California's projected long-term need for LNG, and to provide relevant information to decision makers regarding the relative merits of various alternatives and proposals before taking any regulatory or contractual actions.

EXISTING LAW

The Coastal Commission is the only state agency with regulatory authority over all of the currently proposed LNG projects, whether through its CDP authority or federal consistency review authority. Other agencies with regulatory authority over various proposals or aspects of those proposals may include local governments, State Lands Commission, California Air Resources Board, California Energy Commission, California Public Utilities Commission, US Coast Guard, US Environmental Protection Agency, US Maritime Administration, US Mineral Management Service, US Fish and Wildlife Service, and the US National Marine Fisheries Service.

The Warren-Alquist Act requires the CEC to assess electricity infrastructure trends and issues facing California and develop and recommend energy policies for the state to address and resolve such issues as part of its biennial Integrated Energy Policy Report (IEPR). This bill would add an additional requirement that the 2008 IEPR include an assessment of the state's LNG needs, and how many terminals, if any, would be required to meet this need.

LEGISLATIVE HISTORY

SB 426 (Simitian), introduced in the 2005-2006 legislative session, would have required the CEC to evaluate and rank every proposed LNG project with a completed application received after January 1, 2007, and set forth criteria to be used in the ranking process. The Commission supported SB 426. SB 426 failed to meet its final legislative deadline and was not brought to a vote on the Senate Floor before the Senate adjourned the 2005 legislative session.

ANALYSIS

Bill Analysis
SB 412 (Simitian)

In May of 2007, the Commission considered and unanimously rejected a proposal by BHP Billiton to construct a LNG terminal offshore from Ventura County. Numerous environmental concerns led to the findings for denial of that project, but among the issues raised by commissioners and members of the public was the question of whether or not an offshore LNG facility was truly needed to meet California's demand for natural gas. One month prior, the State Lands Commission refused to certify the EIR for the project, based on inadequate demonstration of need.

While it is possible that BHP may submit a substantially revised proposal in the future, the Commission is aware of at least three other LNG projects currently in the development stage. Some or all of these projects may culminate in an application before the Commission. When and if that occurs, the Commission and the public would benefit from the additional information contained in the Market Assessment Report, and the comparative matrix.

SUPPORT/OPPOSITION

Support:

California Coastal Protection Network
California League of Conservation Voters
San Luis Obispo Coast Keeper
Sierra Club California
Planning and Conservation League
Pacific Environment
Vote the Coast

Opposition:

Alhambra Chamber of Commerce
American International Engineering and
Manufacturing, Inc.
Anaheim Chamber of Commerce
Antelope Valley Board of Trade
Asian Pacific Islander Small Business Program
Azusa Chamber of Commerce
Bell Gardens Association of Merchants and
Commerce
Black Chamber of Commerce of Orange
County
Boyle Heights Chamber of Commerce
Burbank Chamber of Commerce
California AMFORGE Corporation
California Association for Local Economic
Development
California Chamber of Commerce
California Cogeneration Council
California Food Processors Association
California Hispanic Chamber of Commerce
California Large Energy Consumers
Association
California Manufacturers and Technology
Association
California Public Utilities Commission (PUC)

Calpine
Catholic Charities Diocese of San Diego
Chemical Industry Council of California
Chula Vista Chamber of Commerce
Cloud 9 Shuttle, Inc.
Duarte Chamber of Commerce
El Monte/South El Monte Chamber of
Commerce
Future Ports
Garden Grove Chamber of Commerce
Gold Coast Hispanic Chamber of Commerce
Greater Bakersfield Chamber of Commerce
Greater Lakewood Chamber of Commerce
Greater Riverside Chambers of Commerce
Grossmont Shopping Center
Hearts & Hands
Hemet/San Jacinto Valley Chamber of
Commerce
Hispanic Lifestyle
Hollywood Chamber of Commerce
Independent Energy Producers Association
Indio Chamber of Commerce
Industry Manufacturers Council
Irvine Chamber of Commerce
KPR (Holdings) Ltd. LLC
LA Works
Lake Elsinore Valley Chamber of Commerce
Latino Builders Industry Association
Lincoln Training Center
Los Angeles Chamber of Commerce
Manhattan Beach Chamber of Commerce
Meals-on-Wheels Greater San Diego, Inc.
Mexican American Opportunity Foundation

Bill Analysis
SB 412 (Simitian)

Mike Maggard, Supervisor 3rd District, Kern
County
Murrieta Chamber of Commerce
Murrieta Temecula Group (MTG)
New Horizons Family Center
North Orange County Legislative Alliance
On The Border Mexican Grill & Cantina
Orange County Hispanic Chamber of
Commerce
Pacific Gas & Electric Company (PG&E)
Pomona Chamber of Commerce
Project Amiga
Rosemead Chamber of Commerce
San Diego East County Chamber of Commerce
San Diego Regional Chamber of Commerce
San Diego Regional Economic Development
Corporation
San Diego Water Authority
San Dimas Chamber of Commerce
San Gabriel Valley Economic Partnership
San Ysidro Chamber of Commerce
Santa Clarita Community College District
Facilities Planning,
Operations and Construction
Santa Clarita Valley Chamber of Commerce

Santa Monica Chamber of Commerce
Santee Chamber of Commerce
Sempra Energy
Sound Energy Solutions
South Bay Association of Chambers of
Commerce
South Orange County Regional Chamber of
Commerce
South Pasadena Chamber of Commerce
Southwest California Legislative Council
Southwest Gas Corporation
St. Madeleine Sophie's Center
Temecula Valley Chamber of Commerce
Tulare County Economic Development
Corporation
Tulare Kings Hispanic Chamber of Commerce
Legislative Committee
Ventura County Economic Development
Association
Ventura County Taxpayers Association
Visalia Chamber of Commerce
Western States Petroleum Association
Westminster Chamber of Commerce
Woodside Natural Gas
Yorba Linda Chamber of Commerce

RECOMMENDED POSITION

Staff recommends the Commission **Support** SB 412.

LEGISLATIVE STAFF CONTACT

Sarah Christie
Legislative Coordinator
(916) 445-6067

AMENDED IN ASSEMBLY JUNE 28, 2007

AMENDED IN SENATE MAY 24, 2007

AMENDED IN SENATE APRIL 16, 2007

SENATE BILL

No. 412

Introduced by Senator Simitian

February 21, 2007

An act to amend, repeal, and add Sections 25302 and Section 25303 of, and to add Chapter 6.5 (commencing with Section 25571) 3.5 (commencing with Section 25250) to Division 15 of the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 412, as amended, Simitian. State Energy Resources Conservation and Development Commission: natural gas.

(1) The Warren-Alquist State Energy Resources Conservation and Development Act (*act*) establishes the State Energy Resources Conservation and Development Commission (Energy Commission) and requires the commission to prepare a biennial integrated energy policy report containing specified information related to major energy trends and issues facing the state, as well as a biennial energy policy review. The act requires the commission to certify sufficient sites and related facilities that are required to provide a supply of electricity sufficient to accommodate projected demand for power statewide.

This bill would enact the Liquefied Natural Gas ~~Project Evaluation Market Assessment~~ Act and would require, ~~upon the adoption of the integrated energy policy report on November 1, 2007,~~ the Energy Commission, in consultation with *affected state agencies, including, but not limited to,* the Public Utilities Commission ~~and,~~ the State Air

Resources Board, *the State Lands Commission, the Department of Water Resources, and the California Coastal Commission*, to adopt and submit to the Legislature and the Governor, on or before July 1, 2008, the ~~LNG Needs Evaluation~~ *Liquefied Natural Gas Market Assessment Report* of 2008 that is to be an addendum to that would be incorporated into the integrated energy policy of 2007 and would contain an assessment of natural gas supplies that includes, a greenhouse gas emission evaluation, a finding on whether California's projected natural gas demand through the year 2017 can be met without the importation of liquefied natural gas (LNG) from a terminal or facility, the impact of reducing electricity derived from coal, and the impacts of new fossil fuel infrastructures specified information. ~~The commission~~ *Energy Commission* would be required to prepare a draft report, on or before April 1, 2008, to solicit public comments in the preparation of the report, and to hold 2 public hearings, one in Los Angeles and other in the San Francisco Bay area to consider the results of the LNG needs assessment study and to provide an opportunity for public comment. ~~The commission would be required to provide a notice of hearing to the Public Utilities Commission, the State Air Resources Board, and the chairpersons of the specified committees of the Legislature.~~ *The Energy Commission would be required to include a Liquefied Natural Gas Market Assessment Report in every integrated energy policy report adopted after January 1, 2009.*

~~The bill would prohibit the Public Utilities Commission from authorizing an entity under its jurisdiction to enter into a contract with an entity to supply LNG to the state. The~~

~~The Governor and, or a state and or local officials entity would be prohibited from issuing a permit to construct or operate, or both construct and operate, approving a LNG facility within in the state or a pipeline from a LNG facility outside the state to an existing in-state natural gas pipeline until the LNG Needs Evaluation Liquefied Natural Gas Market Assessment Report of 2008 has been adopted issued and becomes final and all appeals have been exhausted, or November 1, 2008, whichever is earlier.~~ By requiring a local official to determine whether the LNG Needs Evaluation Report of 2008 has been adopted, the bill would increase the level of service provided by a local agency, thereby imposing a state-mandated local program.

The bill would prohibit a state or local entity from approving a project to construct or operate a facility to import LNG to the state unless the project applicant files with the Energy Commission a specified memorandum of understanding between the project applicant and the

United States Department of Defense. ~~On or after January 1, 2008, a state or local agency would be prohibited from approving or carrying out~~ For a project involving the construction or operation of an onshore or offshore facility or terminal to import natural gas into the state ~~if either of the~~ *that has not received a permit to operate on or before January 1, 2008, an environmental impact report prepared for that project by a lead agency would be required to contain certain specified conditions is met information.* By requiring a local agency to ~~determine whether a specified condition is met before approving these projects~~ *prepare an environmental impact report to contain specified information,* the bill would increase the level of service provided by a local agency, thereby imposing a state-mandated local program.

The Energy Commission would be ~~required by February 1, 2008, on or before March 31, 2008,~~ to create a matrix on its Internet Web site containing specified information related to the construction and operation of an LNG facility project and would require quarterly updates.

~~This bill would establish, on September 1, 2008, the Renewable Energy and Fossil Fuel Assessment Council consisting of specified members. The council, instead of the Energy Commission, would be required to compile and adopt the biennial integrated energy policy report and biennial energy policy review. The council, in its adoption of the integrated energy policy report, would be required to include an LNG need evaluation report containing specified information. The council would be required to solicit public comments in the preparation of the report and to hold 2 public hearings, one in Los Angeles and the other in the San Francisco Bay area to consider the results of the report and to provide an opportunity for public comment.~~

(2) The act requires the Energy Commission, as a part of the integrated energy policy report, to conduct electricity and natural gas forecasting assessment activities.

This bill would, in addition, require the Energy Commission to include an assessment of California meeting its conservation, energy efficiency, and renewable energy goals and an evaluation of the global energy markets.

~~(2)~~

(3) 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.

State-mandated local program: yes.

The people of the State of California do enact as follows:

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

3 *(a) It is the policy of the state to meet California’s energy growth*
4 *by optimizing energy conservation, and resource efficiency and*
5 *by reducing per capita demand to ensure a clean, safe, and reliable*
6 *supply of energy for California.*

7 *(b) It is the policy of the state to be sensitive to the impact of*
8 *the state’s energy policy on global climate change and to conduct*
9 *life-cycle energy analyses in determining the composition of the*
10 *state’s energy portfolio.*

11 *(c) It is the policy of the state to accelerate the use of renewable*
12 *energy resources wherever feasible and to ensure a diverse and*
13 *affordable portfolio of fuel sources to minimize the opportunity*
14 *for supply interruptions.*

15 *(d) The state has a critical role in decisions regarding the siting*
16 *and design of new onshore and offshore infrastructure for the*
17 *importation of liquefied natural gas that results in impacts to public*
18 *health, safety, and the environment.*

19 *(e) Laws and regulations enacted by the state to address*
20 *consumer, community, public health, safety, and environmental*
21 *impacts of new onshore and offshore imported liquefied natural*
22 *gas infrastructure, where more protective, should not be preempted*
23 *by weaker, less protective federal laws and regulations.*

24 *(f) Decisions regarding the importation of liquefied natural gas*
25 *should be based on a comprehensive review of current and*
26 *projected natural gas supply and demand in California with*
27 *emphasis on current law prioritizing loading orders for demand*
28 *reduction, energy conservation and efficiency, as well as*
29 *developing renewable sources of energy.*

30 *(g) The possible importation of liquefied natural gas should be*
31 *reviewed as part of the state’s integrated energy policy report,*
32 *which contains an overview of major energy trends and issues*
33 *facing the state, including, but not limited to, supply, demand,*

1 pricing, reliability, efficiency, conservation, and renewable energy
2 supplies, and impacts on public health and safety, the economy,
3 resources, and the environment.

4 (h) When determining energy sources to meet California’s
5 energy needs, siting decisions for projects with impacts on human
6 health and the environment shall consider disproportionate impacts
7 on environmental justice communities.

8 (i) It is the policy of the state to maximize opportunities for
9 energy independence.

10 SEC. 2. Chapter 3.5 (commencing with Section 25250) is added
11 to Division 15 of the Public Resources Code, to read:

12
13 CHAPTER 3.5. LIQUEFIED NATURAL GAS MARKET ASSESSMENT
14 ACT

15
16 25250. This chapter shall be known and may be cited as the
17 Liquefied Natural Gas Market Assessment Act.

18 25250.5. For purposes of this chapter, the following definitions
19 apply:

20 (a) “Applicant” means a person who files a request for
21 certification, pursuant to Chapter 6 (commencing with Section
22 25500) to build and operate a facility to import natural gas from
23 nondomestic or Canadian sources into this state.

24 (b) “Feasible” means capable of being accomplished in a
25 successful manner within a reasonable period of time, taking into
26 account all of the following:

27 (1) Economic, environmental, social, technological, safety, and
28 reliability factors.

29 (2) Gas supply and demand forecasts.

30 (3) Alternative sources of energy.

31 (c) “Liquefied natural gas” or “LNG” means natural gas cooled
32 to minus 259 degrees Fahrenheit so that it forms a liquid at
33 approximately atmospheric pressure.

34 (d) “Liquefied natural gas terminal,” “terminal,” or “LNG
35 terminal,” means facilities designed to receive liquefied natural
36 gas from oceangoing vessels, including those facilities required
37 for storage and regasification of the liquefied natural gas, marine
38 vessels associated with these facilities, and those pipelines and
39 facilities necessary for the transmission of the regasified natural
40 gas to the point of interconnection with existing pipelines.

1 (e) “Person” means an individual, organization, partnership,
2 or other business association or corporation, the federal
3 government, the state government, any local government, and any
4 agency or instrumentality of any of those entities.

5 (f) “Life-cycle emissions analysis” means assessment of
6 greenhouse gas emissions of energy fuel sources that affect global
7 climate change under regulations adopted pursuant to the
8 California Global Warming Solutions Act of 2006, Division 25.5
9 (commencing with Section 38500) of the Health and Safety Code.

10 25251. (a) As a component of the integrated energy policy
11 report of 2007 adopted pursuant to subdivision (a) of Section
12 25302, the commission shall conduct a study of the need for
13 liquefied natural gas imports to meet the state’s energy demand
14 and shall be known as the Liquefied Natural Gas Market
15 Assessment Report of 2008.

16 (b) On or before July 1, 2008, the commission shall complete
17 and submit to the Governor and the Legislature the Liquefied
18 Natural Gas Market Assessment Report of 2008, and shall
19 incorporate the report into the integrated energy policy report of
20 2007 adopted pursuant to subdivision (a) of Section 25302.

21 (c) In the preparation of the report, the commission shall consult
22 with affected state agencies including, but not limited to, the State
23 Air Resources Board, the Public Utilities Commission, the State
24 Lands Commission, the Department of Water Resources, and the
25 California Coastal Commission.

26 (d) The report shall assess all of the following:

27 (1) The future demand for natural gas in California.

28 (2) The future supply of natural gas in California available from
29 domestic production and imported into California through
30 interstate pipelines, supply available from domestic production
31 within California, and supply available from foreign production
32 and imported into California through international pipelines from
33 Mexico and Canada, including any liquefied natural gas terminal
34 proposed to be built outside the state and the nation that would
35 be the source of natural gas imported into the state.

36 (3) All supplemental sources of natural gas and natural gas
37 alternatives that can be reasonably expected to be available to
38 meet projected energy demand, including but not limited to
39 conservation, energy efficiency programs, and renewable energy
40 resources.

1 (e) The report shall consider the impact of reducing electricity
2 derived from coal pursuant to Chapter 3 (commencing with Section
3 8340) of Division 4.1 of the Public Utilities Code, and the potential
4 of demand reduction opportunities, including, but not limited to,
5 the upgrading and retrofitting of energy infrastructure, the role
6 of renewable energy, and greater efficiency in building codes.

7 (f) The report shall include an analysis of what impact new
8 fossil fuel infrastructure will have on investor owned utilities'
9 mandates under any provision of law, including, but not limited
10 to, the California Renewables Portfolio Standard Program, Article
11 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of
12 Division 1 of the Public Utilities Code.

13 (g) (1) On or before April 1, 2008, the commission shall prepare
14 a draft of the report and shall circulate the draft report to the
15 public.

16 (2) Between April 15 and May 15, 2008, the commission shall
17 hold two public hearings, one in southern California and one in
18 the San Francisco Bay area. During the public hearings, the
19 commission shall accept public comment, testimony, and evidence
20 on the draft report for the purpose of creating a public record.
21 The public may submit written evidence to the commission on or
22 before May 15, 2008.

23 (h) (1) The final report shall include a finding based on the
24 entirety of the testimony and evidence submitted pursuant to
25 paragraph (2) of subdivision (g) as to whether natural gas supplies
26 projected as necessary to meet California's energy requirement
27 pursuant to the integrated energy policy report of 2007 can be
28 attained without importing natural gas to a terminal or facility
29 sited onshore or offshore of the California coast.

30 (2) The finding shall include an analysis of market price, market
31 transparency, projected suppliers, location of facilities, and quality
32 of the natural gas provided, as well as alternative scenarios for
33 supplying domestic natural gas through existing and planned
34 pipelines, including opportunities for conservation, efficiency, and
35 renewable energy.

36 (3) In reaching a finding that supplies of natural gas for
37 California markets will be sufficient, the commission shall
38 conclude, utilizing a substantial evidence standard that energy
39 supplies will be adequate to meet California's energy needs in an
40 economically feasible manner.

1 (i) A party that has submitted evidence or testimony may
2 challenge the findings of the report within 30 days of the issuance
3 of the final report by filing a petition for a writ of mandate for
4 relief pursuant to Section 1085 of the Code of Civil Procedure in
5 the Superior Court of Sacramento County.

6 (2) For purposes of this section, “report” means the Liquified
7 Natural Gass Market Assessment Report of 2008.

8 25252. (a) For an integrated energy policy report adopted
9 pursuant to subdivision (a) of Section 25302 after January 1, 2009,
10 the commission shall include a Liquified Natural Gas Market
11 Assessment Report as a part of the integrated energy policy report
12 that contains all of the following:

13 (1) The assessments specified in subdivision (d) of Section
14 25251.

15 (2) The impacts specified in subdivision (e) of Section 25251.

16 (3) The analysis specified in subdivision (f) of Section 25251.

17 (b) In the preparation of the Natural Gas Market Assessment
18 Report, the commission shall consult with affected state agencies,
19 including, but not limited to, the State Air Resources Board, the
20 Public Utilities Commission, the State Lands Commission, the
21 Department of Water Resources, and the California Coastal
22 Commission.

23 (c) (1) On or before August 1 of the year in which the
24 commission is required to adopted an integrated energy policy
25 report pursuant to subdivision (a) of Section 25302, the commission
26 shall prepare a draft of the Natural Gas Market Assessment Report
27 and shall circulate the draft report to the public.

28 (2) Between August 15 and September 15 of the year in which
29 the commission is required to adopted an integrated energy policy
30 report pursuant to subdivision (a) of Section 25302, the commission
31 shall hold two public hearings, one in southern California and
32 one in the San Francisco Bay area. During the public hearings,
33 the commission shall accept public comment, testimony, and
34 evidence on the draft of the Liquified Natural Gas Market
35 Assessment Report for the purpose of creating a public record.
36 The public may submit written evidence to the commission on or
37 before September 15 of that year.

38 (d) (1) The final Liquified Natural Gass Market Report shall
39 include a finding based on the entirety of the testimony and
40 evidence submitted pursuant to paragraph (2) of subdivision (c)

1 *as to whether natural gas supplies projected as necessary to meet*
2 *California's energy requirement pursuant to the integrated energy*
3 *policy report can be attained without importing natural gas to a*
4 *terminal or facility sited onshore or offshore of the California*
5 *coast.*

6 *(2) The finding shall include an analysis of market price, market*
7 *transparency, projected suppliers, location of facilities, and quality*
8 *of the natural gas provided, as well as alternative scenarios for*
9 *supplying domestic natural gas through existing and planned*
10 *pipelines, including opportunities for conservation, efficiency, and*
11 *renewable energy.*

12 *(3) In reaching a finding that supplies of natural gas for*
13 *California markets will be sufficient, the commission shall*
14 *conclude, utilizing a substantial evidence standard that energy*
15 *supplies will be adequate to meet California's energy needs in an*
16 *economically feasible manner.*

17 *(e) A party that has submitted evidence or testimony may*
18 *challenge the findings of the report within 30 days of the issuance*
19 *of the final report by filing a petition for a writ of mandate for*
20 *relief pursuant to Section 1085 of the Code of Civil Procedure in*
21 *the Superior Court of Sacramento County.*

22 *25253. (a) The Governor, or a state or local entity shall not*
23 *approve the construction or operation of a liquefied natural gas*
24 *facility in the state until the Liquefied Natural Gas Market*
25 *Assessment Report of 2008 is issued and becomes final and all*
26 *appeals have been exhausted, or November 1, 2008, whichever is*
27 *earlier.*

28 *(b) Notwithstanding any other provision of law, nothing in this*
29 *chapter shall be construed as a limitation on the acceptance,*
30 *review, or processing of applications for state and local approvals*
31 *for a liquefied natural gas terminal while the Liquefied Natural*
32 *Gas Market Assessment Report is pending.*

33 *25254. On or before March 31, 2008, the commission shall*
34 *create a matrix on its Internet Web site that meets all of the*
35 *following requirements:*

36 *(a) The matrix shall be in a format that allows the public to*
37 *contrast and compare each LNG terminal either existing or*
38 *proposed that is located onshore or offshore anywhere from Alaska,*
39 *Canada, the west coast of the continental United States and the*

1 west coast of Mexico including Baja California that may provide
2 natural gas to California.

3 (b) It shall include a summary of environmental impacts,
4 mitigation measures, and alternatives discussed in the
5 Environmental Impact Report (EIR) completed for the project,
6 along with an online link to the EIR. For projects outside the state
7 and nation a link to an equivalent environmental review document.

8 (c) For each existing and proposed land-based or offshore
9 liquefied natural gas terminal project, the matrix shall include the
10 following information: project location, project owner, project
11 Web site, project contact, project description, average natural gas
12 production capacity in cubic feet per day, the peak natural gas
13 production capacity in cubic feet per day, LNG and natural gas
14 storage capacity, if any, the approximate project cost, projected
15 online date, and the siting process applicable to the project.

16 (d) It shall include a life-cycle emissions analysis of each project
17 included in the matrix.

18 (e) The matrix shall be updated as information becomes
19 available and no less than quarterly and shall include the major
20 project components and the potential environmental impacts
21 associated with each land-based and offshore natural gas import
22 terminal project proposal that has filed an application or has
23 publicly announced plans to build a land-based or offshore
24 terminal.

25 (f) The commission shall post a new application for approval
26 to build and operate a natural gas import terminal in the state to
27 the matrix within 30 days after the filing of the application.

28 25255. A state or local entity shall not approve a project to
29 construct or operate a facility to import LNG into California unless
30 the applicant files with the commission a memorandum of
31 understanding with the United States Department of Defense
32 indicating that the applicant has consulted with the United States
33 Department of Defense and has reached agreement with the United
34 States Department of Defense on means to mitigate impacts on
35 United States Department of Defense operations with regard to
36 impacts upon national security, including potential impacts on the
37 land, sea, and airspace identified by the Department of Defense,
38 any of its component armed services, or the United States Coast
39 Guard, for conducting operations, training, or for the development
40 and testing of weapons, sensors, and tactics.

1 25256. (a) For a project involving construction or operation
2 of an onshore or offshore facility or terminal to import natural
3 gas into the state that has not received a permit to operate by a
4 local, state, or federal agency on or before January 1, 2008, an
5 environment impact report prepared pursuant to the California
6 Environmental Quality Act, Division 13 (commencing with Section
7 21000), shall contain all of the following:

8 (1) An analysis of feasible alternatives or mitigation measures
9 available that would substantially lessen the significant
10 environmental effects of the project.

11 (2) A liquefied natural gas project technology review.

12 (3) An analysis of alternatives, including, but not limited to,
13 other known LNG technologies and other proposals to provide
14 natural gas to the state.

15 (4) (A) An analysis of potential disproportionate human health
16 or environmental impacts upon a county, city, community, or
17 neighborhood.

18 (B) The lead agency shall consult with the California
19 Environmental Protection Agency in conducting the analysis
20 specified in subparagraph (A).

21 (C) If the lead agency determines that there is a disproportionate
22 human health or environmental impact, a project proponent shall
23 eliminate or fully mitigate that impact or, if elimination or full
24 mitigation of the impact is infeasible, shall mitigate the impact to
25 the greatest extent feasible.

26 (b) This section shall not be construed as a limitation on the
27 power of a public agency to otherwise disapprove the project
28 pursuant to any other provision of law.

29 SEC. 3. Section 25303 of the Public Resources Code is
30 amended to read:

31 25303. (a) The commission shall conduct electricity and natural
32 gas forecasting and assessment activities to meet the requirements
33 of paragraph (1) of subdivision (a) of Section 25302, including,
34 but not limited to, all of the following:

35 (1) Assessment of trends in electricity and natural gas supply
36 and demand, and the outlook for wholesale and retail prices for
37 commodity electricity and natural gas under current market
38 structures and expected market conditions, including an assessment
39 of California meeting its conservation, energy efficiency, and
40 renewable energy goals.

1 (2) Forecasts of statewide and regional electricity and natural
2 gas demand including annual, seasonal, and peak demand, and the
3 factors leading to projected demand growth including, but not
4 limited to, projected population growth, urban development,
5 industrial expansion and energy intensity of industries, energy
6 demand for different building types, energy efficiency, and other
7 factors influencing demand for electricity. With respect to
8 long-range forecasts of the demand for natural gas, the report shall
9 include an evaluation of average conditions, as well as best and
10 worst case scenarios, and an evaluation of the impact of the
11 increasing use of renewable resources on natural gas demand.

12 (3) Evaluation of the adequacy of electricity and natural gas
13 supplies to meet forecasted demand growth. Assessment of the
14 availability, reliability, and efficiency of the electricity and natural
15 gas infrastructure and systems including, but not limited to, natural
16 gas production capability both in and out of state, natural gas
17 interstate and intrastate pipeline capacity, storage and use, and
18 western regional and California electricity and transmission system
19 capacity and use.

20 (4) Evaluation of potential impacts of electricity and natural gas
21 supply, demand, and infrastructure and resource additions on the
22 electricity and natural gas systems, public health and safety, the
23 economy, resources, and the environment.

24 (5) Evaluation of the potential impacts of electricity and natural
25 gas load management efforts, including end-user response to
26 market price signals, as a means to ensure reliable operation of
27 electricity and natural gas systems.

28 (6) Evaluation of whether electricity and natural gas markets
29 are adequately meeting public interest objectives including the
30 provision of all of the following: economic benefits; competitive,
31 low-cost reliable services; customer information and protection;
32 and environmentally sensitive electricity and natural gas supplies.
33 This evaluation may consider the extent to which California is an
34 element within western energy markets, *global energy markets*,
35 the existence of appropriate incentives for market participants to
36 provide supplies and for consumers to respond to energy prices,
37 appropriate identification of responsibilities of various market
38 participants, and an assessment of long-term versus short-term
39 market performance. To the extent this evaluation identifies market

1 shortcomings, the commission shall propose market structure
2 changes to improve performance.

3 (7) Identification of impending or potential problems or
4 uncertainties in the electricity and natural gas markets, potential
5 options and solutions, and recommendations.

6 (8) (A) Compilation and assessment of existing scientific studies
7 that have been performed by persons or entities with expertise and
8 qualifications in the subject of the studies, to determine the
9 potential vulnerability, to a major disruption due to aging or a
10 major seismic event, of large baseload generation facilities, of
11 1,700 megawatts or greater.

12 (B) The assessment specified in subparagraph (A) shall include
13 an analysis of the impact of a major disruption on system reliability,
14 public safety, and the economy.

15 (C) The commission may work with other public entities and
16 public agencies, including, but not limited to, the California
17 Independent System Operator, the Public Utilities Commission,
18 the Department of Conservation, and the Seismic Safety
19 Commission as necessary, to gather and analyze the information
20 required by this paragraph.

21 (D) Upon completion and publication of the initial review of
22 the information required pursuant to this paragraph, the commission
23 shall perform subsequent updates as new data or new understanding
24 of potential seismic hazards emerge.

25 (b) Commencing November 1, 2003, and every two years
26 thereafter, to be included in the integrated energy policy report
27 prepared pursuant to Section 25302, the commission shall assess
28 the current status of the following:

29 (1) The environmental performance of the electric generation
30 facilities of the state, to include all of the following:

31 (A) Generation facility efficiency.

32 (B) Air emission control technologies in use in operating plants.

33 (C) The extent to which recent resource additions have, and
34 expected resource additions are likely to, displace or reduce the
35 operation of existing facilities, including the environmental
36 consequences of these changes.

37 (2) The geographic distribution of statewide environmental,
38 efficiency, and socioeconomic benefits and drawbacks of existing
39 generation facilities, including, but not limited to, the impacts on
40 natural resources including wildlife habitat, air quality, and water

1 resources, and the relationship to demographic factors. The
 2 assessment shall describe the socioeconomic and demographic
 3 factors that existed when the facilities were constructed and the
 4 current status of these factors. In addition, the report shall include
 5 how expected or recent resource additions could change the
 6 assessment through displaced or reduced operation of existing
 7 facilities.

8 (c) In the absence of a long-term nuclear waste storage facility,
 9 the commission shall assess the potential state and local costs and
 10 impacts associated with accumulating waste at California’s nuclear
 11 powerplants. The commission shall further assess other key policy
 12 and planning issues that will affect the future role of nuclear
 13 powerplants in the state. The commission’s assessment shall be
 14 adopted on or before November 1, 2008, and included in the 2008
 15 energy policy review adopted pursuant to subdivision (d) of Section
 16 25302.

17 *SEC. 4. No reimbursement is required by this act pursuant to*
 18 *Section 6 of Article XIII B of the California Constitution because*
 19 *this act provides for offsetting savings to local agencies or school*
 20 *districts that result in no net costs to the local agencies or school*
 21 *districts, within the meaning of Section 17556 of the Government*
 22 *Code.*

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**All matter omitted in this version of the bill
 appears in the bill as amended in the
 Senate, May 24, 2007. (JR11)**