

Assembly Bill No. 209

CHAPTER 251

An act to amend Sections 2950, 2951, and 2954 of the Fish and Game Code, to amend Sections 6254.5, 7921.505, and 63048.93 of the Government Code, to add Section 18944.21 to the Health and Safety Code, to amend Sections 25545.7.4, 25545.10, 25792, 25794.2, 25794.3, 25794.5, 25794.6, and 26011.8 of, to add Section 25704.5 to, and to add Chapter 7.2 (commencing with Section 25625), Chapter 7.6 (commencing with Section 25660), Chapter 7.8 (commencing with Section 25685), and Chapter 15 (commencing with Section 25992) to Division 15 of, the Public Resources Code, to amend Sections 274, 314.5, 362, 379.6, 583, and 792.5 of, and to add Section 379.10 to, the Public Utilities Code, to amend Section 47100 of the Revenue and Taxation Code, and to amend Section 80710 of the Water Code, relating to energy, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor September 6, 2022. Filed with Secretary of State September 6, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

AB 209, Committee on Budget. Energy and climate change.

(1) Existing law creates the Lithium Subaccount within the Salton Sea Restoration Fund and continuously appropriates moneys in the subaccount to the Natural Resources Agency for restoration projects and grants for community engagement, public amenity, capital improvement, or community-benefit projects at or around the Salton Sea and those communities impacted by the Salton Sea's restoration and development.

This bill would rename the subaccount as the Salton Sea Lithium Fund, which the bill would establish in the State Treasury.

(2) Existing law establishes an Independent System Operator (ISO) as a nonprofit public benefit corporation and requires the ISO to ensure efficient use and reliable operation of the electrical transmission grid.

The California Public Records Act requires a public agency, defined to mean a state or local agency, to make its public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. The act makes specified records exempt from disclosure and provides that disclosure by a state or local agency of a public record that is otherwise exempt constitutes a waiver of the exemptions.

This bill would specify that a disclosure made through the sharing of information between the ISO and a state agency does not constitute a waiver of the exemptions.

Existing law prohibits information furnished to the Public Utilities Commission (PUC) by a public utility, a business that is a subsidiary or affiliate of a public utility, or a corporation that holds a controlling interest in a public utility from being open to public inspection or made public, except as specified.

This bill would authorize a present officer or employee of the PUC to share information with the ISO pursuant to an agreement to treat the shared information as confidential.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

(3) The Climate Catalyst Revolving Loan Fund Act of 2020 authorizes the Infrastructure and Economic Development Bank (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.

This bill would additionally specify that clean energy transmission projects are climate catalyst projects eligible for financial assistance under the Climate Catalyst Revolving Loan Fund Program. The bill would create the Clean Energy Transmission Financing Account in the Climate Catalyst Revolving Loan Fund for purposes of repayment of financing under the program for the clean energy transmission projects.

This bill would also specify that projects that avoid, reduce, use, or sequester air pollutants or anthropogenic emissions of greenhouse gases are climate catalyst projects eligible for financial assistance under the Climate Catalyst Revolving Loan Fund Program, as provided.

(4) The California Building Standards Law requires any building standard adopted or proposed by state agencies to be submitted to, and approved or adopted by, the California Building Standards Commission before codification in the California Building Standards Code.

This bill would require the commission, on or before July 1, 2023, to consider whether to adopt specified consensus safety standards. If the commission does not adopt the consensus safety standards, then the bill would prohibit a state or local building code from prohibiting the use of a refrigerant listed as acceptable under specified provisions of the federal Clean Air Act if the use is installed in accordance with specified standards, effective July 1, 2024.

(5) Existing law creates the Demand Side Grid Support Program and requires the State Energy Resources Conservation and Development Commission (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. Under existing law, all energy customers in the state are eligible to participate in the program, except those

customers that are eligible to participate in certain demand response or emergency load reduction programs.

This bill would instead make only those customers enrolled in those demand response or emergency load reduction programs ineligible for the program. The bill would authorize the Energy Commission, in consultation with the PUC, to adopt additional participation requirements or limitations.

Existing law prohibits the Energy Commission from certifying a site and related facility if, among other things, the site is in a park, wilderness, scenic or natural reserve, area for wildlife protection, recreation, historic preservation, natural preservation areas, or estuary in an essentially natural and undeveloped state, except where the commission finds that the use is not inconsistent with the primary uses of those lands and that there will be no substantial adverse environmental impact, or the site has not been previously disturbed.

This bill would delete that exception and would clarify that, for those purposes, “disturbed” includes site clearing, excavating, grading, or other manipulation of the terrain.

(6) Existing law requires the Energy Commission to undertake various actions in furtherance of meeting the state’s clean energy and pollution reduction objectives.

This bill would require the Energy Commission to establish and administer the Climate Innovation Program to provide financial incentives, as defined, to California-headquartered companies, as defined, for developing and commercializing technologies that can either help California meet its greenhouse gas reduction targets and achieve its climate goals, or enable the state to be more resilient to the impacts of climate change, as specified. The bill would require the program to include a term requiring the recipient to repay the full amount plus an additional 20% if there is a liquidity event, as defined, except as specified. The bill would also require recipients of a financial incentive to be a California-headquartered company for the entire term of the financial incentive and for 10 years after the financial incentive ends.

This bill would require the Energy Commission to establish the following clean energy programs: (A) the Industrial Grid Support and Decarbonization Program to provide financial incentives for the implementation of projects at industrial facilities to provide significant benefits to the electrical grid, reduce emissions of greenhouse gases, and achieve the state’s clean energy goals and to exceed compliance requirements; (B) the Food Production Investment Program to provide financial incentives for the implementation of projects to accelerate the adoption of advanced energy technologies and other decarbonization technologies at facilities to support electrical grid reliability and reduce the emissions of greenhouse gases from those facilities; (C) the Hydrogen Program to provide financial incentives to in-state hydrogen projects for the demonstration or scale-up of the production, processing, delivery, storage, or end use of hydrogen; (D) a direct install program to fund the installation of energy efficient electric appliances, energy efficiency measures, demand flexibility measures, wiring and panel

upgrades, building infrastructure upgrades, efficient air conditioning systems, ceiling fans, and other measures to protect against extreme heat, where appropriate, and remediation and safety measures to facilitate the installation of new technologies; (E) a statewide incentive program for low-carbon building technologies; (F) a program to support offshore wind infrastructure improvements to advance the capabilities of California waterfront facilities to support the buildout of offshore wind facilities and maximize the economic and environmental benefits of an offshore wind industry in California; and (G) the Carbon Removal Innovation Program to provide financial incentives for eligible projects that advance technologies for direct air capture of atmospheric carbon.

This bill would require the Energy Commission to administer the Voluntary Offshore Wind and Coastal Resources Protection Program to support state activities that complement, and are in furtherance of, federal laws related to the development of offshore wind facilities, as provided. The bill would create the Voluntary Offshore Wind and Coastal Resources Protection Fund and the Private Donations Account in the fund. The bill would continuously appropriate moneys in the fund and the account for purposes of the program, thereby making an appropriation. The bill would authorize the Energy Commission to require a form to be submitted and signed under penalty of perjury to carry out the purposes of the program. By expanding the scope of a crime, the bill would impose a state-mandated local program.

(7) Existing law prohibits a public utility, other than certain common carriers, from selling, leasing, assigning, mortgaging, or otherwise disposing of its property that is necessary or useful in the performance of its duties to the public without first having secured authorization or approval from the PUC to do so, as specified. The PUC, by order, authorized specified electrical corporations to convey operational control of designated transmission lines and associated facilities to the Independent System Operator. Under existing law, the final orders and decisions of the PUC are conclusive in all collateral actions or proceedings.

This bill would expressly require those specified electrical corporations to participate in the Independent System Operator and prohibit all electrical corporations from withdrawing their facilities from the operational control of the Independent System Operator without commission approval.

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

Because certain provisions of this bill are within the act and a violation of a commission action implementing the bill's requirements would be a crime, the bill would impose a state-mandated local program.

(8) Existing law requires the PUC to require the administration, until January 1, 2026, of a self-generation incentive program to increase the deployment of distributed generation resources and energy storage systems. Existing law authorizes the PUC, in consultation with the Energy Commission, to authorize an annual collection, not to exceed a specified

amount, for the self-generation incentive program through December 31, 2024. Existing law specifies that incentives available under the program are limited to distribution energy resources that the PUC, in consultation with the State Air Resources Board, determines will achieve reductions in emissions of greenhouse gases, as provided. Existing law requires the PUC to administer incentives for solar technologies separately, as provided.

This bill would delete the requirement that the PUC administers solar technologies separately from the program. The bill would specify that the limitation on the eligibility for incentives under the program to distributed energy resources applies to incentives that are funded by the authorized annual collection. The bill would require the PUC, in administering the program, to use funds that are appropriated by the Legislature, as provided, for the purposes of providing incentives to eligible residential customers who install behind-the-meter energy storage systems or solar photovoltaic systems paired with energy storage systems.

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

Because a violation of an order or decision of the commission implementing the above-described requirements would be a crime, this bill would impose a state-mandated local program.

(9) Existing law requires each local publicly owned electric utility serving end-use customers to meet the most recent minimum planning reserve and reliability criteria approved by the Board of Trustees of the Western Systems Coordinating Council or the Western Electricity Coordinating Council.

This bill would require the Energy Commission, on or before December 31, 2023, to develop recommendations about approaches to determine an appropriate minimum planning reserve margin for local publicly owned electric utilities within the ISO balancing authority area sufficient to ensure each local publicly owned electric utility is adequately accounting for its contribution to reliability in that balancing authority area, as provided. The bill would require local publicly owned electric utilities to use the recommendations in conformance with meeting the most recent minimum planning reserve and reliability criteria approved by the Board of Trustees of the Western Systems Coordinating Council or the Western Electricity Coordinating Council. By imposing additional duties on local publicly owned electric utilities, the bill would impose a state-mandated local program.

(10) Existing law requires the Department of Water Resources, from October 31, 2022, to October 31, 2026, inclusive, to submit to the Energy Commission applications for certification of sites on which specified facilities, including certain electrical generation facilities, energy storage systems, and points of interconnection, are located.

This bill would limit the applicability of that requirement to submit those applications to the Energy Commission to only those specified facilities and revise the descriptions of those facilities, as specified. The bill would require that those facilities that use any form of fossil fuel only operate as necessary to respond to extreme events, as defined.

(11) Existing law, the California Alternative Energy and Advanced Transportation Financing Authority Act, establishes the California Alternative Energy and Advanced Transportation Financing Authority. The act authorizes, until January 1, 2026, the authority to provide financial assistance in the form of a sales and use tax exclusion for projects, as defined, including those that promote California-based manufacturing, California-based jobs, advanced manufacturing, the reduction of greenhouse gases, or the reduction in air and water pollution or energy consumption. The act prohibits the sales and use tax exclusions from exceeding \$100,000,000 for each calendar year. The act requires the authority to evaluate a project application based on specified criteria, including, among others, the extent to which the project will create new, or result in the loss of, permanent jobs in the state.

This bill would, for the 2022, 2023, and 2024 calendar years, authorize the authority to provide an additional \$15,000,000 of sales and use tax exclusions for projects that manufacture, refine, extract, process, or recover lithium. In evaluating those project applications, the bill would authorize the authority to consider, in addition to the existing criteria described above, specific criteria relating to relocation of projects to California from states that have enacted certain legislation, as described.

Existing law requires a bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives the tax expenditure will achieve, detailed performance indicators, and data collection requirements.

The bill would also include additional information required for a bill authorizing a new tax expenditure.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing laws authorize districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which generally conforms to the Sales and Use Tax Law. Amendments to the Sales and Use Tax Law are automatically incorporated into the local tax laws.

Existing law requires the state to reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse any local agencies for sales and use tax revenues lost by them pursuant to certain sections of this bill.

(12) 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 specified reasons.

(13) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

(14) This bill would take effect immediately as a tax levy.

Appropriation: yes.

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

SECTION 1. (a) The Legislature finds and declares both of the following:

(1) The transfer of control of an electrical corporation's property is generally prohibited without prior approval by the Public Utilities Commission pursuant to Section 851 of the Public Utilities Code.

(2) The amendments of Section 362 of the Public Utilities Code made by this act do not constitute a change in, but are declaratory of, existing law established in Public Utilities Commission Decision 98-01-053 (January 21, 1998), Joint Application of Pacific Gas and Electric Company (U 39-E), San Diego Gas and Electric Company (U 902-E), and Southern California Edison Company (U 388-E) for an Order under Public Utilities Code Section 853 Exempting Them from the Provisions of Section 851 or in the Alternative for Authority to Convey Operational Control of Designated Transmission Lines and Associated Facilities to an Independent System Operator, consistent with Section 1709 of the Public Utilities Code.

(b) It is the intent of the Legislature to do both of the following:

(1) To reaffirm that an electrical corporation currently participating in the Independent System Operator is not a voluntary participant.

(2) To reaffirm that, pursuant to Section 1709 of the Public Utilities Code, a final order or decision of the Public Utilities Commission, such as Decision 98-01-053, is conclusive in all collateral actions or proceedings.

SEC. 2. Section 2950 of the Fish and Game Code is amended to read:

2950. For purposes of this article, the following definitions apply:

(a) "Agency" means the Natural Resources Agency.

(b) "Disadvantaged community" has the same meaning as defined in Section 80002 of the Public Resources Code.

(c) "Nonprofit corporation" means a nonprofit corporation qualified to do business in California and exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

(d) "Salton Sea Management Plan" means the Salton Sea Management Program Phase I: 10-Year Plan published in August 2018, or revised thereafter.

(e) "Secretary" means the Secretary of the Natural Resources Agency.

(f) "Severely disadvantaged community" has the same meaning as defined in Section 80002 of the Public Resources Code.

SEC. 3. Section 2951 of the Fish and Game Code is amended to read:

2951. (a) There is hereby created the Salton Sea Lithium Fund within the State Treasury to be administered by the Natural Resources Agency.

(b) Pursuant to Section 47100 of the Revenue and Taxation Code, moneys generated by the lithium extraction excise tax imposed pursuant to Section 47010 of the Revenue and Taxation Code, and any other moneys as directed by the Legislature, are deposited into the Salton Sea Lithium Fund.

(c) Notwithstanding Section 13340 of the Government Code, the Salton Sea Lithium Fund is hereby continuously appropriated without regard to fiscal years to the agency for purposes of this article.

(d) The agency shall allocate the moneys in the Salton Sea Lithium Fund for the following purposes, except as specified in subdivision (f):

(1) Operations and maintenance of restoration projects, or other public works projects, that are in existence on January 1, 2023, or are developed by the state pursuant to the Salton Sea Management Plan or an applicable State Water Resources Control Board order, including Orders WRO 2002-0013 and WR 2017-0134 and orders issued on or after January 1, 2023.

(2) Restoration projects required to meet the state's obligations as identified in any state plan or order related to the management of the Salton Sea, including the Salton Sea Management Plan or an applicable State Water Resources Control Board order, including Orders WRO 2002-0013 and WR 2017-0134 and orders issued on or after January 1, 2023.

(3) Grants for community engagement, public amenity, capital improvement, or community-benefit projects, including projects to help build capacity for meaningful public participation and outreach, at or around the Salton Sea and those communities impacted by the Salton Sea's restoration and development, as found by the secretary to be necessary and consistent with the state management objectives in the Salton Sea Management Plan. Entities eligible for these grants include, but are not limited to, tribal governments, nonprofit corporations, and local governments that serve disadvantaged communities or severely disadvantaged communities, as found by the secretary to be necessary and consistent with the state management objectives in the Salton Sea Management Plan.

(e) When awarding a grant pursuant to paragraph (3) of subdivision (d) to a nonprofit corporation, the agency shall give preference to a nonprofit corporation that meets all of the following criteria:

(1) The nonprofit corporation is in good standing by having complied with all state and federal requirements applicable to nonprofit corporations and having not been subject to any form of sanction, suspension, or disciplinary censure.

(2) The nonprofit corporation has a demonstrated presence in the Salton Sea region and experience working across different sectors, including, but not limited to, community stakeholders, local and state agencies, academia, independent contractors, and researchers, and the nonprofit corporation's staff implementing the grant will be located in or near disadvantaged communities located near the Salton Sea.

(3) The nonprofit corporation possesses experience relating to environmental justice initiatives, health intervention programs, direct assistance services, and civic education and engagement with community stakeholders across disadvantaged communities in the Salton Sea region.

(f) Notwithstanding subdivision (d), the agency shall not allocate moneys pursuant to this article for purposes of funding an otherwise legally required mitigation project by a third party under any other existing agreement.

(g) (1) When allocating moneys pursuant to this article, the agency shall prioritize allocations immediately necessary for operations and maintenance, but may allocate those moneys for any of the purposes described in subdivision (d) based on expected revenue.

(2) Each fiscal year, the agency shall allocate a portion of the revenues deposited into the Salton Sea Lithium Fund for the purposes described in paragraph (3) of subdivision (d).

(3) The agency may maintain a prudent reserve in the Salton Sea Lithium Fund.

SEC. 4. Section 2954 of the Fish and Game Code is amended to read:

2954. On or before June 30 of each fiscal year, the agency shall report on its internet website the projected operating and maintenance costs of state-developed or -managed public works or restoration projects at the Salton Sea for the following fiscal year that will be funded through the Salton Sea Lithium Fund.

SEC. 5. Section 6254.5 of the Government Code is amended to read:

6254.5. Notwithstanding any other law, if a state or local agency discloses a public record that is otherwise exempt from this chapter, to a member of the public, this disclosure shall constitute a waiver of the exemptions specified in Section 6254 or 6254.7, or other similar provisions of law. For purposes of this section, “agency” includes a member, agent, officer, or employee of the agency acting within the scope of that membership, agency, office, or employment.

This section, however, shall not apply to disclosures:

(a) Made pursuant to the Information Practices Act (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code) or discovery proceedings.

(b) Made through other legal proceedings or as otherwise required by law.

(c) Within the scope of disclosure of a statute that limits disclosure of specified writings to certain purposes.

(d) Not required by law, and prohibited by formal action of an elected legislative body of the local agency that retains the writings.

(e) Made to a governmental agency that agrees to treat the disclosed material as confidential. Only persons authorized in writing by the person in charge of the agency shall be permitted to obtain the information. Any information obtained by the agency shall only be used for purposes that are consistent with existing law.

(f) Of records relating to a financial institution or an affiliate thereof, if the disclosures are made to the financial institution or affiliate by a state agency responsible for the regulation or supervision of the financial institution or affiliate.

(g) Of records relating to a person who is subject to the jurisdiction of the Department of Business Oversight, if the disclosures are made to the person who is the subject of the records for the purpose of corrective action by that person, or, if a corporation, to an officer, director, or other key personnel of the corporation for the purpose of corrective action, or to any

other person to the extent necessary to obtain information from that person for the purpose of an investigation by the Department of Business Oversight.

(h) Made by the Commissioner of Business Oversight under Section 450, 452, 8009, or 18396 of the Financial Code.

(i) Of records relating to a person who is subject to the jurisdiction of the Department of Managed Health Care, if the disclosures are made to the person who is the subject of the records for the purpose of corrective action by that person, or, if a corporation, to an officer, director, or other key personnel of the corporation for the purpose of corrective action, or to any other person to the extent necessary to obtain information from that person for the purpose of an investigation by the Department of Managed Health Care.

(j) A disclosure made through the sharing of information between the Independent System Operator and a state agency.

SEC. 6. Section 7921.505 of the Government Code is amended to read:

7921.505. (a) As used in this section, “agency” includes a member, agent, officer, or employee of the agency acting within the scope of that membership, agency, office, or employment.

(b) Notwithstanding any other law, if a state or local agency discloses to a member of the public a public record that is otherwise exempt from this division, this disclosure constitutes a waiver of the exemptions specified in:

(1) The provisions listed in Section 7920.505.

(2) Sections 7924.510 and 7924.700.

(3) Other similar provisions of law.

(c) This section, however, does not apply to any of the following disclosures:

(1) A disclosure made pursuant to the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code) or a discovery proceeding.

(2) A disclosure made through other legal proceedings or as otherwise required by law.

(3) A disclosure within the scope of disclosure of a statute that limits disclosure of specified writings to certain purposes.

(4) A disclosure not required by law, and prohibited by formal action of an elected legislative body of the local agency that retains the writing.

(5) A disclosure made to a governmental agency that agrees to treat the disclosed material as confidential. Only persons authorized in writing by the person in charge of the agency shall be permitted to obtain the information. Any information obtained by the agency shall only be used for purposes that are consistent with existing law.

(6) A disclosure of records relating to a financial institution or an affiliate thereof, if the disclosure is made to the financial institution or affiliate by a state agency responsible for regulation or supervision of the financial institution or affiliate.

(7) A disclosure of records relating to a person who is subject to the jurisdiction of the Department of Business Oversight, if the disclosure is

made to the person who is the subject of the records for the purpose of corrective action by that person, or, if a corporation, to an officer, director, or other key personnel of the corporation for the purpose of corrective action, or to any other person to the extent necessary to obtain information from that person for the purpose of an investigation by the Department of Business Oversight.

(8) A disclosure made by the Commissioner of Business Oversight under Section 450, 452, 8009, or 18396 of the Financial Code.

(9) A disclosure of records relating to a person who is subject to the jurisdiction of the Department of Managed Health Care, if the disclosure is made to the person who is the subject of the records for the purpose of corrective action by that person, or, if a corporation, to an officer, director, or other key personnel of the corporation for the purpose of corrective action, or to any other person to the extent necessary to obtain information from that person for the purpose of an investigation by the Department of Managed Health Care.

(10) A disclosure made through the sharing of information between the Independent System Operator and a state agency.

SEC. 7. 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) Beginning in the 2021–2022 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.

(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 2021–2022 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.

(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. 8. Section 18944.21 is added to the Health and Safety Code, to read:

18944.21. (a) Not later than July 1, 2023, the commission shall consider whether to adopt the most recent versions of the following consensus safety standards, to be codified and published in the California Building Standards Code: American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Standard 15-2019; ASHRAE Standard 34-2019; Underwriters Laboratories (UL) 60335-2-89 2nd edition; and UL 60335-2-40 3rd edition.

(b) If the commission does not adopt all of the consensus safety standards listed in subdivision (a), then effective July 1, 2024, no state or local building code provision shall prohibit the use of a refrigerant listed as acceptable under Section 7671k of the federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.), provided each use is installed in accordance with the most recent version of ASHRAE Standard 15 and the applicable listing standard, such as UL 60335-2-89 or UL 60335-2-40.

SEC. 9. Section 25545.7.4 of the Public Resources Code is amended to read:

25545.7.4. (a) Within five days after the application is deemed complete pursuant to Section 25545.4, the commission shall submit the application to all California Native American tribes that are culturally and traditionally associated with the geographic area of the proposed site and initiate consultation, as defined in Section 65352.4 of the Government Code, with those tribes pursuant to Sections 21080.3.1, 21080.3.2, and 21082.3. In order to expedite compliance with this subdivision, the commission shall contact the Native American Heritage Commission for assistance in identifying any California Native American tribe that is traditionally and culturally affiliated with the geographic area of the proposed development.

(b) Treatment of tribal cultural resources shall comply with Section 21084.3.

(c) During the consultation process, the commission shall invite California Native American tribes to contribute their expertise and knowledge. The commission shall, where feasible, incorporate the California Native American tribes' expertise and knowledge into an environmental impact report or other environmental document.

(d) If the commission concludes that tribal cultural resources would be adversely affected by ground disturbing activities, the commission shall include in any license granted a requirement that tribal monitors monitor

any archaeological, earthwork, and ground disturbing activities associated with the facility if monitors have been designated pursuant to this subdivision. Tribal monitors shall be designated by the California Native American tribes that are culturally or traditionally associated with the geographic area of the proposed site to observe and monitor activities at the site and may include tribal historic preservation officers and additional technically appropriate experts, as needed.

(e) It is the intent of the Legislature that this section does not conflict with the tribal cultural resource baseline standards established in Chapter 532 of the Statutes of 2014.

SEC. 10. Section 25545.10 of the Public Resources Code is amended to read:

25545.10. (a) The commission shall not certify a site and related facility under this chapter unless the commission finds that the applicant has entered into one or more legally binding and enforceable agreements with, or that benefit, a coalition of one or more community-based organizations, such as workforce development and training organizations, labor unions, social justice advocates, local governmental entities, California Native American tribes, or other organizations that represent community interests, where there is mutual benefit to the parties to the agreement. The topics and specific terms in the community benefits agreements may vary and may include workforce development, job quality, and job access provisions that include, but are not limited to, any of the following:

(1) Terms of employment, such as wages and benefits, employment status, workplace health and safety, scheduling, and career advancement opportunities.

(2) Worker recruitment, screening, and hiring strategies and practices, targeted hiring planning and execution, investment in workforce training and education, and worker voice and representation in decisionmaking affecting employment and training.

(3) Establishing a high road training partnership, as defined in Section 14005 of the Unemployment Insurance Code.

(b) The topics and specific terms in the community benefits agreement may also include, but not be limited to, funding for or providing specific community improvements or amenities such as park and playground equipment, urban greening, enhanced safety crossings, paving roads and bike paths, and annual contributions to a nonprofit or community-based organization that awards grants to organizations delivering community-based services and amenities.

(c) The topics and specific terms in agreements with California Native American tribes may include, but not be limited to, cultural preservation and revitalization programs, joint management and stewardship agreements, open-space preservation agreements, repatriation and reparations agreements, and other compensatory mitigation programs.

SEC. 11. Chapter 7.2 (commencing with Section 25625) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 7.2. CLIMATE INNOVATION PROGRAM

25625. This chapter shall be known, and may be cited, as the Climate Innovation Program.

25625.1. For purposes of this chapter, the following definitions apply:

(a) “California-headquartered company” means a corporation or other business form organized for the transaction of business that has its headquarters in California. For multinational corporations, the term means the United States-based headquarters is in California. For purposes of this definition, headquarters means the location where the corporation’s executive management and key managerial and support staff are located, and from where the corporation is managed.

(b) “Climate Innovation Program” means the activities described in this chapter.

(c) “Financial incentive” includes, but is not limited to, a contract, grant, or other appropriate funding measure.

(d) (1) “Liquidity Event” means an event during the term of a financial incentive under this program, or within 10 years after the financial incentive ends for any reason, in which the recipient has an Initial Public Offering.

(2) If the recipient has a change in ownership that results in a greater than 50- percent change in the company’s capitalization table the commission, at its sole discretion, may determine that the particular change in ownership constitutes a “Liquidity Event”. The change in ownership that results in greater than 50-percent change in the company’s capitalization table includes both single-event changes or cumulative changes greater than 50-percent.

(3) In the case of a recipient whose stock is publicly traded before receiving the financial incentive, the commission may determine alternate conditions that would constitute a “liquidity event.”

(e) “Regenerative agriculture” means agricultural practices that focus on the health of the ecological system as a whole and not solely on high-production yields.

25625.2. (a) The commission shall establish and administer the Climate Innovation Program to provide financial incentives to California-headquartered companies for developing and commercializing technologies that provide technological advancements that either help California meet its greenhouse gas reduction targets and achieve its climate goals on an accelerated timeline and at a lower cost, or enable the state to be more resilient to the impacts of climate change such as drought and wildfire.

(b) In administering the Climate Innovation Program, the commission shall do all of the following:

(1) Award funds to California-headquartered companies.

(2) (A) Award funds to research teams consisting of California-headquartered companies working jointly with California public university students, faculty, or researchers at a University of California or a California State University facility, including innovation hubs, Innovation

and Entrepreneurship Centers, or California Institutes for Sciences and Innovation, as provided through a memorandum of understanding or contract between the California-headquartered company and these public entities.

(B) Notwithstanding subdivision (a), eligible applicants may include corporations or other business entities that enter into written agreements with the commission that the company will relocate its headquarters to California and comply with the requirements of this chapter if granted an incentive, from a state that has enacted a law that does any of the following:

(i) Voids or repeals, or has the effect of voiding or repealing, existing state protections against discrimination on the basis of sexual orientation, gender identity, or gender expression.

(ii) Authorizes or requires discrimination against same-sex couples or their families, or discrimination on the basis of sexual orientation, gender identity, or gender expression.

(iii) Creates an exemption to antidiscrimination laws in order to permit discrimination against same-sex couples or their families, or permit discrimination on the basis of sexual orientation, gender identity, or gender expression.

(iv) Denies or interferes with, or has the effect of denying or interfering with, a woman's right to choose to bear a child or to choose and obtain an abortion, as provided by Article 2.5 (commencing with Section 123460) of Chapter 2 of Part 2 of Division 106 of the Health and Safety Code.

(3) Conduct a stakeholder-driven process to identify and prioritize investments in technological advancements for the Climate Innovation Program that:

(A) Provide the greatest potential benefits to the state's climate goals, including, but not limited to, zero-emission transportation, lithium processing, manufacturing, and recovery, regenerative agriculture, and drought and wildfire prevention.

(B) Are not sufficiently addressed by other funding programs.

(C) May leverage and attract significant federal funding to California.

(4) Negotiate with an eligible applicant the terms and conditions of proposed written agreements that provide the financial incentives allowed pursuant to this chapter. The written agreement may include such terms and conditions as required by the commission, including, but not limited to, requiring repayment of some or all of the financial incentive over a period of time determined in the written agreement.

(5) Provide the negotiated written agreement to the commission for its approval at a duly noticed public meeting held in accordance with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code), including the proposed terms and conditions from paragraph (4).

(6) Post on its internet website all of the following information:

(A) The name of each applicant granted a financial incentive under this chapter.

(B) The estimated amount of the investment by each applicant.

(C) The estimated number of jobs created or retained.

(D) The amount of the financial incentive granted to the funding recipient.

(E) The amount of the financial incentive recaptured from the funding recipient, if applicable.

(7) (A) Include a term requiring the recipient, if there is a liquidity event, to repay the full amount of the financial incentive plus an additional percentage. The additional percentage shall be set at 20 percent. The commission and recipient may enter into a repayment plan for the recipient to make the repayment over time instead of the recipient making a one-time payment. The percentage may be increased to the extent the recipient fails to meet the performance metrics it agrees upon with the commission.

(B) Each financial incentive shall include performance metrics, including jobs created and environmental benefits, and may include other metrics, including, but not limited to, follow-on investment, patents filed, and estimated benefits to California based on a reasonable estimate of market adoption.

(C) The commission shall exempt from the repayment term in subparagraph (A) a “producer,” as defined in Section 47002 of the Revenue and Taxation Code, that pays a lithium extraction excise tax pursuant to Section 47010 of the Revenue and Taxation Code.

(D) The commission may exempt projects from the repayment term in subparagraph (A) if it is prohibited by a recipient’s existing or announced federal award.

(8) (A) Establish a process for selecting and overseeing projects funded through the Climate Innovation Program to ensure financial incentives are used to advance technologies that help meet the state’s climate goals.

(B) The process described in subparagraph (A) shall include developing criteria for awarding financial incentives and providing oversight over funded projects.

(9) Require each recipient to report on the number of jobs created and the project’s measurable environmental benefits. The commission may require each recipient to report on other specific, measurable performance metrics, including, but not limited to, follow-on investment, patents filed, and estimated benefits to California based on a reasonable estimate of market adoption, as determined by the commission.

(10) Maintain an online database that includes, but is not limited to, a brief description of each project for which funding was awarded, including the name of the recipient, the amount of the award, and the outcomes of the funded project.

(11) (A) Solicit applicants and award financial incentives using a competitive award process. The commission may noncompetitively award follow-on financial incentives to awardees of a prior competitive award process.

(B) The commission may use the competitive award process of another organization to award funds or provide follow-on funding for a company previously selected through a competitive process for the purpose of attracting significant federal or private funding for the projects or for the purpose of accelerating the delivery of program benefits.

(C) Notwithstanding any other law, in its discretion, advance up to 25 percent of the financial incentive awarded pursuant to this chapter, in a manner consistent with Section 11019 of the Government Code.

(12) (A) Without limiting any other rights and remedies available to the commission, the commission may include the following repayment term:

“Without limiting any of its other remedies, the commission may, for recipient’s noncompliance of any financial incentive requirement, withhold future payments, demand and be entitled to repayment of past reimbursements, or suspend or terminate this financial incentive. The tasks in the scope of work are not severable, and completion of all of them is material to this financial incentive. Another material aspect of this financial incentive is that the recipient shall be a California-headquartered company for the entire term of the financial incentive and an additional 10 years. Thus, the commission, without limiting its other remedies, is entitled to repayment of all funds paid to recipient if the recipient does not timely complete all tasks in the scope of work or is not a California-headquartered company at any time during the financial incentive period and an additional 10 years.”

(B) If both the repayment term described in subparagraph (A) and the repayment term in paragraph (4) apply, the repayment term of paragraph (4) has priority, but the repayment term of subparagraph (A) also applies.

(C) The commission may exempt projects from the repayment term described in subparagraph (A) if it is prohibited by a recipient’s existing or announced federal award.

(13) Include a term requiring all funds awarded in the financial incentive to be spent on projects located in California.

25625.3. The commission may propose contingent financial incentives under the Climate Innovation Program to corporations or other business forms organized for the transaction of business that are not California-headquartered companies contingent upon a requirement that the entity become a California-headquartered company before the commission executes the financial incentive.

25625.4. Recipients of a financial incentive awarded pursuant to this chapter shall be a California-headquartered company for the entire term of the financial incentive and for 10 years after the financial incentive ends.

25625.5. To support the activities of this chapter, the commission may noncompetitively obtain assistance for technical, scientific, or administrative services or expertise, including, but not limited to, through contract or interagency agreement, to help with the commission’s implementation of the Climate Innovation Program or to provide assistance to project applicants for technical, scientific, or administrative services or expertise. Up to 10 percent of programs funds shall be used for this administrative purpose.

SEC. 12. Chapter 7.6 (commencing with Section 25660) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 7.6. CLEAN ENERGY PROGRAMS

Article 1. General Provisions

25660. For purposes of this chapter, the following definitions apply:

(a) “Clean energy programs” means the programs described in Section 25660.4.

(b) “Emergency Load Reduction Program” means the Emergency Load Reduction Program established by the Public Utilities Commission in Decision 21-03-056 (March 25, 2021), Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2021 and 2022.

(c) “Financial incentive” includes a contract, grant, loan, rebate, block grant, or other appropriate funding mechanism.

(d) “Under-resourced community” has the same meaning as defined in Section 71130.

25660.2. On or before March 1, 2024, and annually thereafter by that date until all funds appropriated for purposes of this chapter have been encumbered, the commission shall publish on its internet website and report, as applicable, to the budget and relevant policy committees of the Legislature all of the following for each clean energy program:

(a) The amount of moneys expended for the program and balance of moneys remaining to be spent, including geographic distribution of those moneys.

(b) The amount of moneys expended on administrative, technical, or scientific services for the program.

(c) Quantitative estimates and qualitative information on how moneys expended by the program are achieving the specific purposes of that program.

(d) Estimates of additional electrical generation or storage capacity at net peak hours or during critical grid conditions created, expanded, or otherwise made available as a direct result of the program.

(e) Estimated onsite reductions of the emissions of greenhouse gases and criteria air pollutants that occurred as a direct result of the program.

(f) A description of how the appropriated moneys were used for the program and industries receiving program funding.

25660.4. This chapter only applies to the following programs or activities:

(a) The Industrial Grid Support and Decarbonization Program established pursuant to Section 25662.

(b) The Food Production Investment Program established pursuant to Section 25663.

(c) The Hydrogen Program established pursuant to Section 25664.2.

(d) The Equitable Building Decarbonization Program established pursuant to Section 25665.1.

(e) The program to support offshore wind infrastructure improvements established pursuant to Section 25666.

25661. In implementing the clean energy programs, the commission may do both of the following:

(a) Contract for or use an interagency agreement to obtain technical, scientific, outreach, and administrative services. Administrative services may include, but are not limited to, providing outreach to eligible industries, identifying promising technologies, assessing market conditions needed to accelerate commercial traction of the technology, assisting with technical review of proposals and deliverables, identifying opportunities that provide significant benefits to the electrical grid, and performing benefits analysis. No more than 15 percent of the moneys appropriated for each program may be used for technical, scientific, outreach, or administrative services.

(b) Notwithstanding any other law, in its discretion, advance up to 25 percent of the clean energy program moneys allocated pursuant to this chapter to recipients of a financial incentive.

25661.5. Of the moneys appropriated for the clean energy programs, the Climate Innovation Program established pursuant to Section 25625.2, the Carbon Removal Innovation Program established pursuant to Section 25688, and the Long-Duration Energy Storage Program established pursuant to Section 25641, the commission may use up to a total of twenty-five million dollars (\$25,000,000) for projects consistent with subdivision (f) of Section 63048.93 of the Government Code. The commission, in its sole discretion, shall determine how to allocate those moneys for those programs. The commission may transfer moneys, if necessary, from the source fund of the appropriation to the Climate Catalyst Revolving Loan Fund created pursuant to Section 63048.95 of the Government Code.

Article 2. Industrial Grid Support and Decarbonization Program

25662. The commission shall establish and administer the Industrial Grid Support and Decarbonization Program to provide financial incentives for the implementation of eligible projects at eligible industrial facilities to provide significant benefits to the electrical grid, reduce emissions of greenhouse gases, achieve the state’s clean energy goals, and exceed compliance requirements.

25662.2. (a) The commission may establish project and industrial facility eligibility guidelines for purposes of this article.

(b) The eligibility guidelines established pursuant to subdivision (a) shall be consistent with all of the following requirements:

(1) “Eligible industrial facility” shall include, but not be limited to, a facility involved with manufacturing, production, and processing of materials, such as chemicals, metals, food and beverages, and nonmetallic minerals, including cement, glass, electronics, and pharmaceuticals, and related support facilities.

(2) (A) “Eligible project” shall include, but not be limited to, the purchase and deployment of advanced technologies and equipment that is capable of doing at least one of the following:

(i) Enhance electrical grid reliability and enable industrial facility participation in utility load reduction programs, such as an emergency load reduction program.

(ii) Electrify processes that use gas or other fossil fuels.

(iii) Incorporate energy storage or renewable energy resources.

(iv) Increase energy efficiency.

(v) Develop and deploy novel decarbonization technologies and strategies, including carbon capture for use in products, such as carbonate mineralization and carbon curing of concrete that reduces or eliminates the emissions of greenhouse gases, except geologic storage.

(B) “Eligible project” shall not include a project to benefit an oil production, processing, or refining facility, to benefit a fossil gas production, processing, or refining facility, or to use captured carbon for enhanced oil and gas recovery.

(C) A project shall only be eligible for a financial incentive pursuant to this article if the project will use technologies that exceed the best available control technology, as defined in Section 40405 of the Health and Safety Code, if applicable.

25662.4. (a) In providing financial incentives pursuant to this article, the commission shall give preference to an eligible project that does one or more of the following:

(1) Provides significant benefits to the electrical grid, especially during net peak periods.

(2) Maximizes the reduction of the emissions of greenhouse gases.

(3) Reduces air pollution in under-resourced communities.

(b) In providing financial incentives pursuant to this article, the commission shall prioritize an eligible project that reduces demand during net peak periods.

(c) (1) The commission shall consult with the State Air Resources Board to ensure that financial incentives provided pursuant to this article reduce the emissions of greenhouse gases under the statewide greenhouse gas emission limits in furtherance of the state’s greenhouse gas reduction targets, to the extent feasible under the State Air Resources Board’s regulatory programs.

(2) To comply with the requirements of this subdivision, the commission may require a recipient of a financial incentive to surrender to the State Air Resources Board the number of annual allowances allocated at no cost to the eligible industrial facility pursuant to the market-based compliance mechanism developed pursuant to Part 5 (commencing with Section 38570) of Division 25.5 of the Health and Safety Code equivalent to the greenhouse gas emissions reduced by the eligible project.

(d) A recipient of a financial incentive pursuant to this article shall not receive more than 20 percent of the moneys allocated pursuant to this article.

25662.6. An eligible project that receives a financial incentive pursuant to this article is ineligible for a financial incentive pursuant to the Food Production Investment Program (Article 3 (commencing with Section 25663)).

Article 3. Food Production Investment Program

25663. The commission shall establish and administer the Food Production Investment Program to provide financial incentives for the implementation of eligible projects to accelerate the adoption of advanced energy technologies and other decarbonization technologies at eligible facilities to support electrical grid reliability and reduce the emissions of greenhouse gases from those eligible facilities.

25663.2. (a) The commission may establish project and facility eligibility guidelines for purposes of this article.

(b) The eligibility guidelines established pursuant to subdivision (a) shall be consistent with both of the following requirements:

(1) “Eligible facility” shall include, but not be limited to, a facility that is directly involved in food production and processing, and related support facilities.

(2) “Eligible project” shall include, but not be limited to, both of the following:

(A) The purchase and deployment of advanced technologies and equipment that exceed the best available control technologies, as defined in Section 40405 of the Health and Safety Code, if applicable.

(B) A project that does at least one of the following:

(i) Enhances electrical grid reliability and enables an eligible facility to participate in a utility load reduction program, such as an emergency load reduction program.

(ii) Electrifies processes that use gas or other fossil fuels.

(iii) Incorporates photovoltaics, energy storage, or other renewable energy sources.

(iv) Increases energy efficiency.

(v) Develops and deploys novel decarbonization technologies and strategies, except carbon capture or utilization technologies.

25663.4. (a) In providing financial incentives pursuant to this article, the commission shall give preference to an eligible project that does one or more of the following:

(1) Provides significant benefits to the electrical grid, especially during net peak periods.

(2) Maximizes the reduction of the emissions of greenhouse gases.

(3) Reduces air pollution in under-resourced communities.

(b) In providing financial incentives pursuant to this article, the commission shall prioritize an eligible project that reduces demand during net peak periods.

(c) (1) The commission shall consult with the State Air Resources Board to ensure that financial incentives provided pursuant to this article reduce the emissions of greenhouse gases under the statewide greenhouse gas emission limits in furtherance of the state's greenhouse gas reduction targets, to the extent feasible under the State Air Resources Board's regulatory programs.

(2) To comply with the requirements of this subdivision, the commission may require a recipient of a financial incentive to surrender to the State Air Resources Board the number of annual allowances allocated at no cost to the facility pursuant to the market-based compliance mechanism developed pursuant to Part 5 (commencing with Section 38570) of Division 25.5 of the Health and Safety Code equivalent to the greenhouse gas emissions reduced by the project.

(d) A recipient of a financial incentive pursuant to this article shall not receive more than 20 percent of the moneys allocated pursuant to this article.

25663.6. An eligible project that receives a financial incentive pursuant to this article is ineligible for a financial incentive pursuant to the Industrial Grid Support and Decarbonization Program (Article 2 (commencing with Section 25662)).

Article 4. Hydrogen Program

25664. For purposes of this article, hydrogen projects that produce, process, deliver, store, or use hydrogen derived from water using eligible renewable energy resources, as defined in Section 399.12 of the Public Utilities Code, or produced from these eligible renewable energy resources, shall be eligible for financial incentives pursuant to this article.

25664.1. (a) The commission shall establish and administer the Hydrogen Program pursuant to this article to provide financial incentives to eligible in-state hydrogen projects for the demonstration or scale-up of the production, processing, delivery, storage, or end use of hydrogen consistent with Section 25664.1.

(b) Financial incentives provided pursuant to this article may be used as matching funds by selected entities that have received a grant pursuant to Section 16161 of Title 42 of the United States Code.

(c) The commission may establish project eligibility and other guidelines for purposes of this article.

(d) The commission shall include in the guidelines or project requirements that the financial incentives received pursuant to this article do not supplant or result in duplicative offset credits, renewable energy credits, or other forms of compliance credits.

(e) The commission shall only provide financial incentives to eligible projects that help reduce sector-wide emissions, as determined by the commission.

(f) The commission shall prioritize eligible projects that benefit geographically diverse areas of the state.

(g) The commission shall prioritize eligible projects that maximize air quality, equity, health, and workforce benefits.

Article 5. Equitable Building Decarbonization Program

25665. For purposes of this article, the following definitions apply:

(a) “California Native American tribe” has the same meaning as defined in Section 21073.

(b) “California tribal organization” means a corporation, association, or group controlled, sanctioned, or chartered by a California Native American tribe that is subject to its laws, the laws of the State of California, or the laws of the United States.

(c) “Direct install” means an energy efficiency, decarbonization, or load flexible solution provided directly to a consumer at minimal or no cost through a third-party implementer.

(d) “Low-carbon building technology” means a technology that reduces a building’s direct emissions of greenhouse gases.

(e) “Low-to-moderate income” has the same meaning as “persons and families of low or moderate income” as defined in Section 50093 of the Health and Safety Code.

(f) “Residential dwelling” means any of the following:

- (1) A multifamily residential building of at least two housing units.
- (2) An individual or single-family residence.
- (3) A mobilehome unit.

(g) “Statewide incentive program” means a first come, first served incentive program for specified equipment serving the residents of California.

(h) “Third-party implementer” means noncommission personnel under contract to the commission who propose, design, implement, or deliver Equitable Building Decarbonization Program activities.

(i) “Under-resourced community” has the same meaning as defined in Section 71130.

25665.1. (a) (1) The commission shall establish the Equitable Building Decarbonization Program.

(2) The Equitable Building Decarbonization Program includes the direct install program established pursuant to Section 25665.3 and the statewide incentive program for low-carbon building technologies established pursuant to section 25665.5.

(b) If moneys made available for the Equitable Building Decarbonization Program remain unspent after two years, the commission shall evaluate potential changes to the Equitable Building Decarbonization Program to increase participation and may make those unspent funds, or a portion of those unspent funds, available for other purposes consistent with the Equitable Building Decarbonization Program.

25665.3. The commission shall establish the direct install program consistent with all of the following:

(a) Participation in the direct install program shall be at minimal or no cost for low-to-moderate income residents, with preference given where the building meets one or more of the following criteria:

- (1) The building is located in a under-resourced community.
- (2) The building is owned or managed by a California Native American tribe or a California tribal organization.
- (3) The building is owned by a member of a California Native American tribe.

(b) The commission may administer the direct install program through regional direct install third-party implementers selected through a competitive solicitation process. In selecting third-party implementers, the commission shall prioritize applications from entities that include at least one community-based organization in order to ensure for the provision of culturally-appropriate outreach, education, and support to households participating in the direct install program, and from entities that employ workers from local communities.

(c) The direct install program shall reduce the emissions of greenhouse gases, and shall encourage, where feasible, resiliency to extreme heat, indoor air quality improvements, energy affordability, and grid reliability support.

(d) Projects eligible to be funded through the direct install program include installation of energy efficient electric appliances, energy efficiency measures, demand flexibility measures, wiring and panel upgrades, building infrastructure upgrades, efficient air conditioning systems, ceiling fans, and other measures to protect against extreme heat, where appropriate, and remediation and safety measures to facilitate the installation of new technologies.

(e) The direct install program may include tenant protections for participating rental properties. These protections may include requiring the consent of tenants impacted by the work, tenant education provided by community-based organizations, protections against short-term and long-term displacement, and limits on increases in rent after completion of a project funded pursuant to the direct install program.

(f) Projects funded pursuant the direct install program shall be performed by workers paid prevailing wage where possible and when applicable.

(g) The commission may establish project and eligibility guidelines for purposes of the direct install program.

25665.5. The commission shall establish and administer a statewide incentive program for low-carbon building technologies, consistent with all of the following:

(a) The commission shall coordinate with other program administrators, such as the Public Utilities Commission, the Department of Community Services and Development, and the Strategic Growth Council, and may integrate with or enhance other incentive programs.

(b) The commission shall establish eligibility requirements for the statewide incentive program for low-carbon building technologies.

(c) Measures eligible for funding pursuant to the statewide incentive program for low-carbon building technologies include, but are not limited

to, low-carbon building technologies, such as heat pumps, space and water heaters, and other efficient electric technologies.

(d) A minimum of 50 percent of the moneys allocated pursuant to the statewide incentive program for low-carbon building technologies shall benefit residents living in an under-resourced community.

(e) The guidelines for the statewide incentive program for low-carbon building technologies may be developed with input from stakeholders, including, but not limited to, residential dwelling owners, manufacturers, building contractors, utilities, and other agencies through public workshops.

(f) The commission may establish guidelines for purposes of the statewide incentive program for low-carbon building technologies.

25665.6. The commission may adopt guidelines or other standards at a commission business meeting to implement this article. 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 the adoption of the guidelines or other standards adopted by the commission to implement this article. Before adopting or revising the guidelines or other standards, the commission shall provide an opportunity for public comment and at least one public workshop.

Article 6. Program to Support Offshore Wind Infrastructure Improvements

25666. (a) The commission shall establish and administer a program to support offshore wind infrastructure improvements in order to advance the capabilities of California ports, harbors, and other waterfront facilities to support the buildout of offshore wind facilities and maximize the economic and environmental benefits of an offshore wind industry in California.

(b) The commission may develop guidelines for purposes of this article. Eligible applicants shall include California port authorities, port operators, port commissions, and their respective authorized agents, other California waterfront facilities, and other entities that demonstrate a commitment to California offshore wind energy investments and are partnered with a California waterfront facility.

(c) Moneys allocated pursuant to this article may be used for any of the following purposes:

(1) Category I activities. Category I activities support developing individual or regional retrofit concepts and investment plans. Category I activities may include planning, feasibility analysis, business case development, environmental analyses, engineering and design work, and other offshore wind energy related planning and development activities.

(2) Category II activities. Category II activities support final design, engineering, environmental studies and review, and construction of retrofits. Category II activities may support a range of retrofit activities to support deployment of offshore wind energy, including land expansion for component assembly, staging, and transportation, facility updates such as

adding laydown and storage areas, increasing heavy-lift crane weight and height capabilities, and other improvements to support the long-term operation and maintenance of offshore wind generation facilities, and other offshore wind energy related design and development activities.

(3) Providing cost share funding to an eligible applicant that receives a federal award for purposes consistent with Category I or Category II activities. Moneys allocated pursuant to this paragraph shall be known as Category III funds.

(4) Preliminary engineering and environmental review work, including taking actions and preparing material to comply with the California Environmental Quality Act (Division 13 (commencing with Section 21000)) or federal environmental laws.

(d) Moneys allocated pursuant to this article may be used for one or more purposes described in subdivision (c), to the extent it is consistent with the commission's guidelines and the scope of the allocation.

SEC. 13. Chapter 7.8 (commencing with Section 25685) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 7.8. CARBON REMOVAL INNOVATION PROGRAM

Article 1. General Provisions and Definitions

25685. This chapter shall be known, and may be cited, as the Carbon Removal Innovation Program.

25686. For purposes of this chapter, the following definitions apply:

(a) "Eligible projects" means projects that include, but are not limited to, technology research, development, and demonstrations and implementation of prototype and pilot research test centers.

(b) "Financial incentive" includes a contract, grant, loan, or other appropriate funding mechanism.

(c) "Program" means the Carbon Removal Innovation Program established pursuant to Article 2 (commencing with Section 25688).

Article 2. Program Establishment and Implementation

25688. (a) The commission shall establish and administer the Carbon Removal Innovation Program to provide financial incentives for eligible projects that advance technologies for direct air capture of atmospheric carbon.

(b) Eligible projects shall include, but not be limited to, technology research, development and demonstrations, and prototype and pilot research test centers to remove atmospheric carbon. Eligible projects shall not include a project to benefit a petroleum or gas production, processing, or refining facility, through enhanced oil or gas recovery.

25689. In implementing the program, the commission may do all of the following:

(a) In addition to any other authorized method of providing moneys to participants, use financial incentives.

(b) Adopt guidelines or other standards at a commission business meeting for the program, including guidelines to ensure that the program improves emission reductions and environmental performance of existing facilities and does not adversely impact local air quality.

(c) Notwithstanding any other law, noncompetitively award program moneys to an entity that will use the moneys as matching funds for federally awarded moneys.

(d) Notwithstanding any other law, advance up to 25 percent at a time of the program moneys awarded pursuant to this chapter to the awardee.

(e) Consult with the State Air Resources Board, State Water Resources Control Board, Department of Fish and Wildlife, State Lands Commission, local air quality management districts and local air pollution control districts, regional water quality control boards, and other relevant local, state, or federal agencies, to ensure program moneys support achieving the state's climate targets, to the extent feasible.

(f) On or before January 1, 2026, the commission shall publish on its internet website, at a minimum, the following information regarding the projects for which the commission awards program funds:

(1) A detailed description of the project, including how the project meets the goals and objectives established by the commission.

(2) A detailed update regarding the status of the construction, development, permitting, and operation of the project.

(3) If feasible, based on available data, an analysis of the effectiveness of the project, and the project's impact on criteria pollutants in the community in which the project is located or near.

SEC. 14. Section 25704.5 is added to the Public Resources Code, to read:

25704.5. (a) The Legislature finds and declares all of the following:

(1) Climate change has increased the frequency and intensity of extreme heat events and increasing levels of variable renewable energy resources necessitate planning for the net load, which is load minus variable renewables, peak in addition to peak load.

(2) There is a need to reassess how applicable authorities plan to have adequate resources to ensure reliability in all hours of the day. While certain capacity product requirements have been standardized through the Independent System Operator, such as local and flexible capacity obligations, and there have been discussions of increased or even minimum planning reserves margins, there is a need to consider modern metrics to assess the overall reliability performance of the Independent System Operator balancing authority area.

(b) On or before December 31, 2023, the commission shall, as part of a transparent public process that includes input from industry stakeholders, and in direct collaboration with representatives of local publicly owned electric utilities and the Independent System Operator, develop recommendations about approaches to determine an appropriate minimum

planning reserve margin for local publicly owned electric utilities within the Independent System Operator balancing authority area sufficient to ensure each local publicly owned electric utility is adequately accounting for its contribution to reliability in the Independent System Operator balancing authority area. The approaches shall take into consideration climate change, extreme weather events, cost effectiveness, and feasibility, and may vary by utility type. The recommendations shall include an implementation timeline taking into account potential impacts on resource needs and availability of clean energy resources. These recommendations shall be used by local publicly owned electric utilities in conformance with subdivision (b) of Section 9620 of the Public Utilities Code. The commission shall from time to time revise, as appropriate and in accordance with the process set forth in this subdivision, the planning reserve margin recommendations to ensure that each local publicly owned electric utility is adequately accounting for its contribution to reliability.

SEC. 15. 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) Entities with generation or load reduction assets that are incentivized pursuant to Article 2 (commencing with Section 25791) shall participate in the program under this article.

(d) 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.

(e) 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.

(f) 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.

(g) All energy produced as a result of the program shall be settled at a relevant reference energy price derived either through the Independent System Operator market tariff or similar mechanism established and documented for an applicable California balancing authority area.

SEC. 16. Section 25794.2 of the Public Resources Code is amended to read:

25794.2. (a) The commission shall establish a process to expedite review of an application submitted pursuant to this article. The process shall include guidance to the department on determining optimal locations for facilities based on the potential to improve reliability, reduce the occurrence of public safety power shutoffs, decrease the use of high-emission backup power, minimize air pollution, and avoid impacts on disadvantaged communities, as identified pursuant to Section 39711 of the Health and Safety Code.

(b) An application submitted pursuant to this article shall be in the form prescribed by the commission and shall contain all of the information required by Section 25520 and be further supported by other information as the commission may require to enable review of the site and related facilities, and issuance of a certification, including, at a minimum, all of the following:

(1) A description of the facility, including a showing that it is capable of delivering energy during net peak hours in response to a dispatch by the Independent System Operator during extreme events, and has access to the infrastructure and resources needed to operate.

(2) A description of the site, including surveys to demonstrate the baseline conditions of the site and the site’s zoning designation and the allowable uses within the zoning designation.

(3) A list of all properties and property owners within 1,000 feet of the site.

(4) A description of the potential impacts of the project on the environment and on public health and safety, including on the surrounding community, and project design measures proposed to mitigate those potential impacts. The description shall include the applicable local air district’s attainment status under the federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.).

(5) A description of all local, state, regional, and federal laws, ordinances, regulations, and standards that would otherwise apply to the facility in the absence of the commission’s exclusive jurisdiction pursuant to subdivision

(b) of Section 25794.1, and an analysis of the project's compliance with those local, state, regional, and federal laws, ordinances, regulations, and standards.

(c) An application submitted pursuant to this section shall be reviewed by commission staff. The executive director shall prepare a recommendation for the commission's consideration on whether to issue a certificate for a site and facility pursuant to this article.

SEC. 17. Section 25794.3 of the Public Resources Code is amended to read:

25794.3. Upon receipt of an application pursuant to this article, commission staff shall establish a docket for the proceeding and publish a notice of receipt and shall mail the notice to all property owners within 1,000 feet of the proposed site. The commission shall establish a notification system for interested parties to receive notice of applications filed pursuant to this article. The notice shall also be sent to all local, state, and regional agencies that would have had jurisdiction over the site in the absence of the commission's exclusive jurisdiction under subdivision (b) of Section 25794.1, federal agencies with jurisdiction over the project, and any California Native American tribe that is traditionally and culturally affiliated with the geographic area of the proposed site.

SEC. 18. Section 25794.5 of the Public Resources Code is amended to read:

25794.5. Upon an application being deemed complete, the commission shall do all of the following:

(a) (1) Comply with subdivisions (d) to (g), inclusive, of, and subdivision (k) of, Section 25519.

(2) Notwithstanding subdivision (f) of Section 25519, local agencies may review an application submitted by the commission under paragraph (1) and may submit comments on, among other things, the design of the facility, architectural and aesthetic features of the facility, access to highways, landscaping and grading, public use of lands in the area of the facility, proximity to sensitive receptors and other incompatible land uses, and other appropriate aspects of the design, construction, or operation of the proposed site and related facility.

(b) Provide the application to all California Native American tribes that are culturally and traditionally associated with the geographic area of the site and initiate consultation with those tribes in a manner consistent with Sections 21080.3.1 and 21080.3.2.

(c) (1) If the commission does not receive a California Native American tribe's request for consultation pursuant to subdivision (b), the commission, within 60 days after the application has been deemed complete, shall complete a preliminary analysis for the facility's potential impacts to environment and public health and safety and the facility's compliance with applicable laws, ordinances, regulations, and standards that would have applied in absence of the commission's exclusive jurisdiction under subdivision (b) of Section 25794.1.

(2) If the commission receives a California Native American tribe’s request for consultation pursuant to subdivision (b), the commission shall complete a preliminary analysis within 30 days after the commission concludes the consultation process with the California Native American tribe pursuant to subdivision (b).

(d) Consult with local jurisdictions and state agencies in conducting the analysis to resolve any potential noncompliance with applicable laws, ordinances, regulations, and standards.

(e) Propose conditions and verification and monitoring requirements for certification to mitigate any potential impacts to the maximum extent feasible.

(f) Require the department to fully mitigate all air emissions in the surrounding community. The department may use the Climate Heat Impact Response Program (CHIRP) administered by the state board for compliance with this subdivision.

(g) Publish the preliminary analysis for a minimum of 30 days before a 30-day public and agency comment period.

(h) Prepare a final analysis responding to public and agency comments and making any changes at least 10 days before the commission considers whether to approve certification of the site and related facility.

SEC. 19. Section 25794.6 of the Public Resources Code is amended to read:

25794.6. The commission shall not certify a site and related facility if any of the following applies:

(a) The site is a site described in Section 25527.

(b) The site has not been previously disturbed, including, but not limited to, site clearing, excavating, grading, or other manipulation of the terrain.

(c) The site does not have access to the infrastructure and resources with the necessary existing capacity and in the proximity needed to operate the facility, including, but not limited to, a natural gas line and a water line, as applicable.

(d) After July 31, 2023, the facility will use diesel fuel.

SEC. 20. Chapter 15 (commencing with Section 25992) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 15. VOLUNTARY OFFSHORE WIND PROGRAM

Article 1. General Provisions and Definitions

25992. The Legislature finds and declares all of the following:

(a) The state is committed to the responsible development of wind energy in federal ocean waters off the coast of California and supporting state agencies’ and other entities’ capacity needs in the time period between wind energy areas being leased and lessees submitting construction and operation plans. Under the Federal Coastal Zone Management Act of 1972 (16 U.S.C. Sec. 1451 et seq.), the California Coastal Commission reviews the federal

Bureau of Ocean Energy Management consistency determinations for proposed lease sales in federal waters, and consistency certifications for proposed wind development projects, to determine if those activities are consistent with the federally approved California Coastal Management Program.

(b) Offshore wind should be developed in a manner that protects coastal and marine ecosystems. The state should use its authority to ensure, as feasible, both of the following:

(1) Avoidance, minimization, and mitigation of significant adverse impacts.

(2) Monitoring and adaptive management for offshore wind projects and their associated infrastructure.

(c) Offshore wind lessees should be encouraged, and required when appropriate, to coordinate and provide relevant survey and monitoring data, implement any relevant best practices or guidelines, assist with identification of research gaps, and develop strategies for monitoring and adaptive management.

(d) Offshore wind lessees engagement with tribal governments and potentially affected communities ensures those governments and communities are part of planning and project-specific decisionmaking related to offshore wind activities, and impacts affecting those governments and communities caused by offshore wind activities are identified and addressed.

(e) Investment in offshore wind energy development can offer career pathways and workforce training in clean energy development. Offshore wind energy will provide additional industrial work opportunities and should provide apprenticeship opportunities for a diverse labor pool, including for local communities experiencing high unemployment, through prioritization of local hiring.

(f) Funding would help accelerate the ability of state agencies to coordinate, conduct needed studies, and otherwise prepare for future permitting and review activities related to offshore wind development, including ancillary permitting, such as port and waterfront facility upgrades and other associated infrastructure.

25992.5. For purposes of this chapter, the following definitions apply:

(a) “Account” means the Private Donations Account created pursuant to Section 25992.20.

(b) “Bureau” means the federal Bureau of Ocean Energy Management.

(c) “Fund” means the Voluntary Offshore Wind and Coastal Resources Protection Fund created pursuant to Section 25992.20.

(d) “Program” means the Voluntary Offshore Wind and Coastal Resources Protection Program established pursuant to Section 25992.10.

Article 2. Voluntary Offshore Wind and Coastal Resources Protection Program

25992.10. (a) (1) The Voluntary Offshore Wind and Coastal Resources Protection Program is hereby established to be administered by the commission for the purpose of supporting state activities that complement and are in furtherance of federal laws related to the development of offshore wind facilities, including federal laws providing for offshore wind lease conditions of the bureau. The program shall award moneys to public and private entities, including, but not limited to, state agencies, tribal entities, local governmental agencies, research institutions, and nonprofit entities, through various mechanisms, including, but not limited to, grants.

(2) Moneys from the fund and account shall be available for allocation by the commission for purposes of this chapter.

(b) The commission may allocate moneys for any of the following:

(1) Increasing the ability of state agencies to engage in postlease assessments and studies of impacts, including surveys and plans, and ongoing review of project compliance and monitoring, including administrative costs.

(2) Research facilitation and coordination, including, but not limited to, funding to support state agencies to work collaboratively with the bureau and other federal, state, and tribal entities to ensure that lessees' construction and operations plans incorporate strategies and specific plans for comprehensive monitoring and adaptive management, and to ensure that the strategies and plans are implemented appropriately, including funding to contract with technical experts to be retained by state agencies to consult and collaborate on strategies and specific plans for comprehensive monitoring and adaptive management.

(3) (A) Contracts with technical experts to assist the bureau and the state in their review of survey and sampling and analysis plans, survey data and analysis, construction and operation plans, and other planning, project development, and project implementation activities and documents.

(B) The purpose of the technical experts is to review current research on survey methodologies, monitoring approaches and technologies, adaptive management strategies, and other relevant topics for floating offshore wind and to provide the bureau and the state with recommendations, suggested guidelines, and best practices, and to fulfill additional research needs, during all phases of floating offshore wind development and implementation with the overall goal of avoiding and minimizing impacts to coastal resources.

(4) Environmental impacts monitoring including, but not limited to, any of the following:

(A) Collecting, analyzing, and reporting baseline and postdevelopment environmental data to assess large-scale changes and cumulative impacts to marine species, habitats, and uses from floating offshore wind development and related activities with a goal of enabling the bureau and the state to accurately assess, mitigate, and adaptively manage those impacts.

(B) Data collection at a regional scale that integrates data with information and data provided by lessees or the bureau and other relevant data to provide

a comprehensive understanding of how floating offshore wind development is affecting the marine environment and coastal uses.

(5) Infrastructure readiness commitments, including, but not limited to, activities associated with the bureau's lease requirements for lessees to support infrastructure readiness, such as ports, waterfront facilities, and transmission for floating offshore wind generation facilities.

(c) Moneys in the fund and the account shall not be allocated by the commission to another state or local agency for that agency's costs that are otherwise recoverable from project proponents in administering a regulatory or entitlement program.

25992.11. (a) The commission may adopt guidelines or other standards at a commission business meeting to implement this chapter. 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 the adoption of the guidelines or other standards adopted by the commission to implement this chapter. Before adopting or revising the guidelines or other standards, the commission must provide an opportunity for public comment and at least one public workshop.

(b) The commission may require a form to be submitted and signed under penalty of perjury to carry out the purposes of this chapter. A form shall be adopted in the format and manner prescribed by the commission.

Article 3. Voluntary Offshore Wind and Coastal Resources Protection Fund

25992.20. (a) The Voluntary Offshore Wind and Coastal Resources Protection Fund is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, the moneys in the fund are hereby continuously appropriated without regard to fiscal year to the commission for purposes of this chapter.

(b) The Private Donations Account is hereby created in the fund. Notwithstanding Section 13340 of the Government Code, the moneys in the account are hereby continuously appropriated without regard to fiscal year to the commission for purposes of this chapter.

25992.21. (a) The commission may accept federal and private sector moneys, including for purposes of financial commitments made to fulfill a lessee's bidding credits in a bureau lease sale auction, for purposes of this chapter. The private sector moneys shall be deposited into the account. The federal moneys shall be deposited into the fund.

(b) Records of the donations received and allocations made pursuant to this chapter shall be subject to public disclosure.

(c) For each donation received pursuant to this section, the commission shall post a report on its internet website within 30 days of receiving that donation. The report shall contain all of the following information:

- (1) The name and address of the donor.
- (2) The amount of the donation.

- (3) The date the donation was made.
- (4) A brief description of the goods or services donated or purchased, if any.
- (5) A description of the specific purpose or event for which the donation was made, if any.
- (d) The commission may enter into an agreement with a donor for the purposes for which the donation may be used consistent with this chapter.
- (e) Notwithstanding Section 11005 of the Government Code, the Director of Finance’s approval of the donations accepted by the commission under this section is not required.

25992.22. (a) Notwithstanding Section 10231.5 of the Government Code, on or before March 15, 2024, and each January thereafter concurrent with the submission of the Governor’s Budget, the commission shall submit a report to the Legislature and the relevant policy and fiscal committees of the Legislature on the moneys received and allocated pursuant to this chapter. The report shall include, but not be limited to, a description and information on the use of funds, geographic distribution of fund allocation, program activities, and awardees.

(b) The report submitted to the Legislature pursuant to subdivision (a) shall be submitted in accordance with Section 9795 of the Government Code.

SEC. 21. Section 26011.8 of the Public Resources Code, as amended by Section 241 of Chapter 370 of the Statutes of 2020, is amended to read:

26011.8. (a) The purpose of this section is to promote the creation of California-based manufacturing, California-based jobs, advanced manufacturing, the reduction of greenhouse gases, or reductions in air and water pollution or energy consumption. In furtherance of this purpose, the authority may approve a project for financial assistance in the form of the sales and use tax exclusion established in Section 6010.8 of the Revenue and Taxation Code.

(b) For purposes of this section, the following terms have the following meanings:

(1) “Project” means tangible personal property if at least 50 percent of its use is either to process recycled feedstock that is intended to be reused in the production of another product or using recycled feedstock in the production of another product or soil amendment, or tangible personal property that is used in the state for the design, manufacture, production, or assembly of advanced manufacturing, advanced transportation technologies, or alternative source products, components, or systems, as defined in Section 26003. “Project” does not include tangible personal property that processes or uses recycled feedstock in a manner that would constitute disposal as defined in subdivision (b) of Section 40192.

(2) “Recycled feedstock” means materials that would otherwise be destined for disposal, having completed their intended end use and product lifecycle.

(3) “Soil amendments” may include “compost,” as defined in Section 14525 of the Food and Agricultural Code, “fertilizing material,” as defined

in Section 14533 of the Food and Agricultural Code, “gypsum” or “phosphatic sulfate gypsum,” as those terms are defined in Section 14537 of the Food and Agricultural Code, or a substance distributed for the purpose of promoting plant growth or improving the quality of crops by conditioning soils through physical means.

(c) The authority shall publish notice of the availability of project applications and deadlines for submission of project applications to the authority.

(d) The authority shall evaluate a project application based on all of the following criteria:

(1) The extent to which the project develops manufacturing facilities, or purchases equipment for manufacturing facilities, located in California.

(2) The extent to which the anticipated benefit to the state from the project equals or exceeds the projected benefit to the participating party from the sales and use tax exclusion.

(3) The extent to which the project will create new, or result in the loss of, permanent, full-time jobs in California, including the average and minimum wage for each classification of full-time employees proposed to be hired or not retained.

(4) To the extent feasible, the extent to which the project, or the product produced by the project, results in a reduction of greenhouse gases, a reduction in air or water pollution, an increase in energy efficiency, or a reduction in energy consumption, beyond what is required by federal or state law or regulation.

(5) The extent of unemployment in the area in which the project is proposed to be located.

(6) Any other factors the authority deems appropriate in accordance with this section.

(e) At a duly noticed public hearing, the authority shall approve, by resolution, project applications for financial assistance.

(f) Notwithstanding subdivision (j), and without regard to the actual date of any transaction between a participating party and the authority, any project approved by the authority by resolution for the sales and use tax exclusion pursuant to Section 6010.8 of the Revenue and Taxation Code before March 24, 2010, shall not be subject to this section.

(g) The Legislative Analyst’s Office shall report to the Joint Legislative Budget Committee on the effectiveness of this program, on or before January 1, 2019, by evaluating factors, including, but not limited to, the following:

(1) The number of jobs created by the program in California.

(2) The number of businesses that have remained in California or relocated to California as a result of this program.

(3) The amount of state and local revenue and economic activity generated by the program.

(4) The types of advanced manufacturing, as defined in paragraph (1) of subdivision (a) of Section 26003, utilized.

(5) The amount of reduction in greenhouse gases, air pollution, water pollution, or energy consumption.

(h) (1) Except as provided in paragraph (2), the exclusions granted pursuant to Section 6010.8 of the Revenue and Taxation Code for projects approved by the authority pursuant to this section shall not exceed one hundred million dollars (\$100,000,000) for each calendar year.

(2) For the 2022, 2023, and 2024 calendar years, the exclusions granted pursuant to Section 6010.8 of the Revenue and Taxation Code for projects approved by the authority pursuant to this section shall not exceed one hundred fifteen million dollars (\$115,000,000), of which fifteen million dollars (\$15,000,000) shall be made available only to projects that manufacture, refine, extract, process, or recover lithium. In evaluating applications for projects that manufacture, refine, extract, process, or recover lithium, the authority, in addition to the criteria in subdivision (d), may consider other factors, including, but not limited to, the grantee's willingness to relocate projects into California from a state that has enacted a law that does any of the following:

(A) Has the effect of voiding or repealing existing state protections against discrimination on the basis of sexual orientation, gender identity, or gender expression.

(B) Authorizes or requires discrimination against same-sex couples or their families or on the basis of sexual orientation, gender identity, or gender expression.

(C) Creates an exemption to antidiscrimination laws in order to permit discrimination against same-sex couples or their families or on the basis of sexual orientation, gender identity, or gender expression.

(D) Has the effect of denying or interfering with a woman's right to choose to bear a child or to choose and obtain an abortion, as provided by Article 2.5 (commencing with Section 123460) of Chapter 2 of Part 2 of Division 106 of the Health and Safety Code.

(i) (1) The authority shall study the efficacy and cost benefit of the sales and use tax exemption as it relates to advanced manufacturing projects. The study shall include the number of jobs created, the costs of each job, and the annual salary of each job. The study shall also consider a dynamic analysis of the economic output to the state that would occur without the sales and use tax exemption. Before January 1, 2017, the authority shall submit to the Legislature, consistent with Section 9795 of the Government Code, the result of the study.

(2) Before January 1, 2015, the authority shall, consistent with Section 9795 of the Government Code, submit to the Legislature an interim report on the efficacy of the program conducted pursuant to this section. The study shall include recommendations on program changes that would increase the program's efficacy in creating permanent and temporary jobs, and whether eligibility for the program should be narrowed or extended to other manufacturing types. The authority may work with the Legislative Analyst's Office in preparing the report and its recommendations.

(j) This section shall remain in effect only until January 1, 2026, and as of that date is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2026, deletes or extends that date. The sale or

purchase of tangible personal property of a project approved before January 1, 2026, shall continue to be excluded from sales and use taxes pursuant to Section 6010.8 of the Revenue and Taxation Code for the period of time set forth in the authority's resolution approving the project pursuant to this section.

SEC. 22. Section 274 of the Public Utilities Code is amended to read:

274. The commission may on its own order, whenever it determines it to be necessary, conduct audits or reviews of the revenues required to be collected and submitted to the commission for each of the funds specified in Section 270. The commission may on its own order, whenever it determines it to be necessary, conduct audits or reviews on the compliance with commission orders with regard to each program subject to this chapter. The commission shall apply a risk-based methodology to conduct audits or reviews of program-related costs and activities. This section does not limit the commission's authority to initiate an audit or review when circumstances warrant doing so. The commission may contract with the California State Auditor's Office, the Department of Finance, or another qualified audit or consulting firm for any necessary auditing or review services if the commission's own auditing services are not available. All costs for audits or reviews shall be paid from the fund that supports the activities of the board audited or reviewed and shall be subject to the availability of money in that fund.

SEC. 23. Section 314.5 of the Public Utilities Code is amended to read:

314.5. (a) (1) The commission shall apply a risk-based methodology to conduct audits or reviews of the books and records of electrical, gas, telephone, water, and sewer corporations.

(2) The commission shall conduct a review or audit of the books and records of every electrical or gas corporation at least once every five years.

(3) The commission shall conduct an audit or review of the books and records of every high-risk telephone, water, or sewer corporation, as determined by the commission, during the regular regulatory review of those entities, at least once every 10 years.

(b) An audit or review conducted pursuant to Section 274 or 792.5 shall be deemed to fulfill the requirements of subdivision (a).

(c) The commission shall post reports of reviews and audits and other pertinent information on its internet website.

SEC. 24. Section 362 of the Public Utilities Code is amended to read:

362. (a) In proceedings pursuant to Section 455.5, 851, or 854, the commission shall ensure that facilities needed to maintain the reliability of the electric supply remain available and operational, consistent with maintaining open competition and avoiding an overconcentration of market power. In order to determine whether the facility needs to remain available and operational, the commission shall use standards that are no less stringent than the Western Electricity Coordinating Council and North American Electric Reliability Council standards for planning reserve criteria.

(b) The commission shall require that generation facilities located in the state that have been disposed of in proceedings pursuant to Section 851 are

operated by the persons or corporations who own or control them in a manner that ensures their availability to maintain the reliability of the electric supply system.

(c) Consistent with Section 851 and the commission's regulation of transfers of operational control of electrical corporation facilities, an electrical corporation subject to commission Decision 98-01-053 (January 21, 1998), Joint Application of Pacific Gas and Electric Company (U 39-E), San Diego Gas and Electric Company (U 902-E), and Southern California Edison Company (U 388-E) for an Order under Public Utilities Code Section 853 Exempting Them from the Provisions of Section 851 or in the Alternative for Authority to Convey Operational Control of Designated Transmission Lines and Associated Facilities to an Independent System Operator, shall participate in the Independent System Operator.

(d) An electrical corporation shall not withdraw a facility from the operational control of the Independent System Operator without commission approval pursuant to Section 851.

SEC. 25. Section 379.6 of the Public Utilities Code is amended to read:

379.6. (a) (1) It is the intent of the Legislature that the self-generation incentive program increase deployment of distributed generation and energy storage systems to facilitate the integration of those resources into the electrical grid, improve efficiency and reliability of the distribution and transmission system, and reduce emissions of greenhouse gases, peak demand, and ratepayer costs. It is the further intent of the Legislature that the commission, in future proceedings, provide for an equitable distribution of the costs and benefits of the program.

(2) The commission, in consultation with the Energy Commission, may authorize the annual collection of not more than double the amount authorized for the self-generation incentive program in the 2008 calendar year, through December 31, 2024. The commission shall require the administration of the program for distributed energy resources originally established pursuant to Chapter 329 of the Statutes of 2000 until January 1, 2026. On January 1, 2026, the commission shall provide repayment of all unallocated funds collected pursuant to this section to reduce ratepayer costs.

(b) (1) Eligibility for incentives under the self-generation incentive program that are funded through the annual collection authorized pursuant to paragraph (2) of subdivision (a) shall be limited to distributed energy resources that the commission, in consultation with the State Air Resources Board, determines will achieve reductions in emissions of 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) On or before July 1, 2015, the commission shall update the factor for avoided greenhouse gas emissions based on both the most recent data available to the State Air Resources Board for greenhouse gas emissions from electricity sales in the self-generation incentive program administrators' service areas and current estimates of greenhouse gas emissions over the

useful life of the distributed energy resource, including consideration of the effects of the California Renewables Portfolio Standard.

(3) The commission shall adopt requirements for energy storage systems to ensure that eligible energy storage systems reduce the emissions of greenhouse gases.

(c) Eligibility for the funding of any combustion-operated distributed generation projects using fossil fuel is subject to all of the following conditions:

(1) An oxides of nitrogen (NO_x) emissions rate standard of 0.07 pounds per megawatthour and a minimum efficiency of 60 percent, or any other NO_x emissions rate and minimum efficiency standard adopted by the State Air Resources Board. A minimum efficiency of 60 percent shall be measured as useful energy output divided by fuel input. The efficiency determination shall be based on 100-percent load.

(2) Combined heat and power units that meet the 60-percent efficiency standard may take a credit to meet the applicable NO_x emissions standard of 0.07 pounds per megawatthour. Credit shall be at the rate of one megawatthour for each 3,400,000 British thermal units (Btus) of heat recovered.

(3) The customer receiving incentives shall adequately maintain and service the combined heat and power units so that during operation the system continues to meet or exceed the efficiency and emissions standards established pursuant to paragraphs (1) and (2).

(4) Notwithstanding paragraph (1), a project that does not meet the applicable NO_x emissions standard is eligible if it meets both of the following requirements:

(A) The project operates solely on waste gas. The commission shall require a customer that applies for an incentive pursuant to this paragraph to provide an affidavit or other form of proof that specifies that the project shall be operated solely on waste gas. Incentives awarded pursuant to this paragraph shall be subject to refund and shall be refunded by the recipient to the extent the project does not operate on waste gas. As used in this paragraph, “waste gas” means natural gas that is generated as a byproduct of petroleum production operations and is not eligible for delivery to the utility pipeline system.

(B) The air quality management district or air pollution control district, in issuing a permit to operate the project, determines that operation of the project will produce an onsite net air emissions benefit compared to permitted onsite emissions if the project does not operate. The commission shall require the customer to secure the permit before receiving incentives.

(d) In determining the eligibility for the self-generation incentive program, minimum system efficiency shall be determined either by calculating electrical and process heat efficiency as set forth in Section 216.6, or by calculating overall electrical efficiency.

(e) Eligibility for incentives under the self-generation incentive program shall be limited to distributed energy resource technologies that the commission determines meet all of the following requirements:

(1) The distributed energy resource technology shifts onsite energy use to off-peak time periods or reduces demand from the grid by offsetting some or all of the customer's onsite energy load, including, but not limited to, net peak electric load.

(2) The distributed energy resource technology is commercially available.

(3) The distributed energy resource technology safely uses the existing transmission and distribution system.

(4) The distributed energy resource technology improves air quality by reducing criteria air pollutants.

(f) Recipients of the self-generation incentive program funds shall provide relevant data to the commission and the State Air Resources Board, upon request, and shall be subject to onsite inspection to verify equipment operation and performance, including capacity, thermal output, and usage to verify criteria air pollutant and greenhouse gas emissions performance.

(g) In administering the self-generation incentive program, the commission shall determine a capacity factor for each distributed generation system energy resource technology in the program.

(h) (1) In administering the self-generation incentive program, the commission may adjust the amount of incentives and evaluate other public policy interests, including, but not limited to, ratepayers, energy efficiency, peak load reduction, load management, and environmental interests.

(2) The commission shall consider the relative amount and the cost of greenhouse gas emissions reductions, peak demand reductions, system reliability benefits, and other measurable factors when allocating program funds between eligible technologies.

(i) The commission shall ensure that distributed generation resources are made available in the self-generation incentive program for all ratepayers.

(j) In administering the self-generation incentive program, the commission shall provide an additional incentive of 20 percent from existing program funds for the installation of eligible distributed generation resources manufactured in California.

(k) The costs of the self-generation incentive program shall not be recovered from customers participating in the California Alternate Rates for Energy (CARE) program.

(l) The commission shall evaluate the overall success and impact of the self-generation incentive program based on the following performance measures:

(1) The amount of reductions of emissions of greenhouse gases.

(2) The amount of reductions of emissions of criteria air pollutants measured in terms of avoided emissions and reductions of criteria air pollutants represented by emissions credits secured for project approval.

(3) The amount of energy reductions measured in energy value.

(4) The amount of reductions of customer peak demand.

(5) The ratio of the electricity generated by distributed energy resource generation projects receiving incentives from the self-generation incentive program to the electricity capable of being produced by those projects, commonly known as a capacity factor.

(6) The value to the electrical transmission and distribution system measured in avoided costs of transmission and distribution upgrades and replacement.

(7) The ability to improve onsite electricity reliability as compared to onsite electricity reliability before the self-generation incentive program technology was placed in service.

(m) On and after January 1, 2020, generation technologies using nonrenewable fuels shall not be eligible for incentives under the self-generation incentive program.

SEC. 26. Section 379.10 is added to the Public Utilities Code, immediately following Section 379.9, to read:

379.10. (a) In administering the self-generation incentive program pursuant to Section 379.6, the commission shall use funds appropriated by the Legislature for the purpose of providing incentives to eligible residential customers, including those receiving service from a local publicly owned electric utility, as defined pursuant to Section 224.3, who install behind-the-meter energy storage systems or solar photovoltaic systems paired with energy storage systems, as an integrated approach to increase individual customer resiliency, to reduce the electrical grid's net peak demand, to reduce electric ratepayer costs, and to reduce emissions of greenhouse gases and localized air pollution. The commission shall allocate funding pursuant to this section as follows:

(1) Seventy percent for incentives to eligible low-income residential customers who install either new behind-the-meter solar photovoltaic systems paired with energy storage systems or new energy storage systems.

(2) Thirty percent for incentives to residential customers who install new behind-the-meter energy storage systems.

(b) The commission shall consider requiring customers installing solar photovoltaic systems paired with energy storage systems or new energy storage systems under this section and served on a standard contract or tariff pursuant Section 2827.1 to participate in a demand response or peak load reduction program offered through the customer's load-serving entity, including market-integrated supply-side demand response programs, to reduce net peak demand.

SEC. 27. Section 583 of the Public Utilities Code is amended to read:

583. (a) No information furnished to the commission by a public utility, a business that is a subsidiary or affiliate of a public utility, or a corporation that holds a controlling interest in a public utility, except those matters specifically required to be open to public inspection by this part, shall be open to public inspection or made public, except on order of the commission or by the commission or a commissioner in the course of a hearing or proceeding. A present or former officer or employee of the commission who divulges that information is guilty of a misdemeanor.

(b) Notwithstanding subdivision (a) or any other law, a present officer or employee of the commission may share information with the Independent System Operator pursuant to an agreement to treat the shared information as confidential.

SEC. 28. Section 792.5 of the Public Utilities Code is amended to read:

792.5. (a) Whenever the commission authorizes any change in rates reflecting and passing through to customers specific changes in costs, except rates set for common carriers, the commission shall require as a condition of the order that the public utility establish and maintain a balancing account reflecting the balance, whether positive or negative, between the related costs and revenues, and the commission shall take into account by appropriate adjustment or other action any positive or negative balance remaining in the balancing account at the time of any subsequent rate adjustment.

(b) The commission shall develop a risk-based approach for reviewing or auditing balancing accounts periodically to ensure that the transactions recorded in the balancing accounts are for allowable purposes and are supported by appropriate documentation.

(c) The commission shall maintain an inventory of the balancing accounts established pursuant to this section.

(d) The commission shall require the public utility to record all related costs and revenues in the balancing account, unless those costs or revenues are specifically exempted by the commission.

(e) The commission shall adopt balancing account review or audit procedures that are consistent with a risk-based approach.

(f) The commission may forgo the review or audit of a balancing account pursuant to this section if an independent auditor has reviewed or audited the balancing account in the preceding five years.

SEC. 29. Section 47100 of the Revenue and Taxation Code is amended to read:

47100. All revenues collected pursuant to this part, less refunds and reimbursement to the department for expenses incurred in the administration and collection of the taxes imposed by this part, shall be deposited into the Lithium Extraction Excise Tax Fund, which is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, moneys in the fund are continuously appropriated, without regard to fiscal year, as follows:

(a) (1) Eighty percent shall be disbursed by the Controller to all counties in proportion to the amounts of the taxes, interest, penalties, and other amounts collected for lithium extraction within each county. Each county shall establish for deposit of these revenues an account or fund separate from the other accounts and funds of the county.

(2) (A) Of the amount disbursed to the County of Imperial pursuant to this subdivision, the county shall establish a method to distribute an amount not less than 30 percent of that disbursed amount to the County of Imperial communities that are most directly and indirectly impacted by the lithium extraction activities, including, but not limited to, the following communities:

(i) The directly affected communities listed below:

(I) Bombay Beach.

(II) The City of Brawley.

(III) The City of Calipatria.

- (IV) Niland.
- (V) The City of Westmorland.
- (ii) The indirectly affected communities listed below:
 - (I) Bard.
 - (II) The City of Calexico.
 - (III) Desert Shores.
 - (IV) The City of El Centro.
 - (V) Heber.
 - (VI) The City of Holtville.
 - (VII) The City of Imperial.
 - (VIII) Ocotillo.
 - (IX) Palo Verde.
 - (X) Salton City.
 - (XI) Salton Sea Beach.
 - (XII) Seeley.
 - (XIII) Winterhaven.
 - (XIV) Vista Del Mar.

(B) The County of Imperial shall annually, on a date and in a manner determined by the department, report to the department the communities to which funding was distributed pursuant to this paragraph.

(b) Twenty percent shall be deposited into the Salton Sea Lithium Fund created in Section 2951 of the Fish and Game Code.

SEC. 30. 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, and with an operational date no later than December 31, 2024.

(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 was (A) delivered or capable of being delivered between July 1, 2022, and on or before September 30, 2022, and (B) was 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 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 Contract 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 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 contract, grant, investment, or loan, 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. 31. (a) On or before January 1, 2025, the Department of Housing and Community Development shall submit policy recommendations to the Legislature that are designed to ensure that residential dwelling units can maintain the recommended maximum safe indoor air temperature. The recommendations shall take into account state climate goals, the extreme heat plan, regional temperature differences, and various methods for reducing indoor air temperatures, including, but not limited to, technical feasibility, building and site electrical system limitations, cost barriers, electric utility

capacity limitations, state and federal statutory requirements, and other relevant factors.

(b) In developing the recommended maximum safe indoor air temperature and policy recommendations, the Department of Housing and Community Development shall consult with stakeholders, including, but not limited to, the State Air Resources Board, the State Energy Resources Conservation and Development Commission, the Office of Planning and Research, the California Building Standards Commission, the Office of the State Fire Marshal, the State Department of Public Health, local building officials, local code enforcement officers, and community-based organizations, including those working in the areas of housing and health, tenant rights, and environmental justice.

(c) The Department of Housing and Community Development may contract with a third party entity to assist in the development of the policy recommendations described in this section.

SEC. 32. (a) For purposes of complying with Section 41 of the Revenue and Taxation Code, the purpose of expanding the sales and use tax exemption allowed pursuant to Section 26011.8 of the Public Resources Code, as amended by Section 21 of this act, is to incentivize California-based projects that manufacture, refine, extract, process, or recover lithium.

(b) The performance indicators for the Legislature to use in determining whether the exclusion is achieving its stated purpose shall be the number of businesses receiving exclusions to manufacture, refine, extract, process, or recover lithium pursuant to Section 26011.8 of the Public Resources Code, and total value of exclusions granted.

(c) No later than March 31, 2023, and each March 31 thereafter through 2025, the California Alternative Energy and Advanced Transportation Financing Authority shall submit a report to the Legislature in compliance with Section 9795 of the Government Code detailing the following:

(1) The number of businesses receiving exclusions from sales and use tax pursuant to Section 26011.8 of the Public Resources Code to manufacture, refine, extract, process, or recover lithium.

(2) The total dollar value of exclusions granted pursuant to Section 26011.8 of the Public Resources Code to manufacture, process, or recover lithium.

SEC. 33. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 34. The Legislature finds and declares that Section 5 of this act, which amends Section 6254.5 of the Government Code, and Section 6 of this act, which amends Section 7921.505 of the Government Code, imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

This act protects market-sensitive procurement information from public disclosure to protect fair competition and prevent market manipulation, while enabling the Independent System Operator and a state agency to share with each other otherwise confidential information for purposes of ensuring electrical system reliability. Further, the Legislature endorses the Public Utilities Commission's findings and governing rules adopted after the 2000–01 energy crisis for protecting and accessing confidential market-sensitive information, as specified in Public Utilities Commission Decisions 06-06-66, 06-12-030, 07-05-032, 08-04-023, 09-12-020, 11-07-028, and 20-07-005.

SEC. 35. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or because 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. 36. Notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made by Sections 21 and 32 of this act and the state shall not reimburse any local agency for any sales and use tax revenues lost by it under this act.

SEC. 37. 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.

SEC. 38. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.