



June 2016

Overview of Aliso Canyon and Natural Gas Management Conference Issues



Governor's Proposals

- The Governor requested a total of 36 positions and \$13 million from various special funds for five state agencies (Air Resources Board, Department of Conservation [DOC], California Public Utilities Commission [CPUC], California Energy Commission [CEC], and the Office of Environmental Health Hazard Assessment) to carry out natural gas industry oversight functions.



Assembly Actions

- The Assembly approved the Governor's proposals but modified them by converting three permanent positions at CPUC and associated funding to three-year limited term.



Senate Actions

- The Senate approved the Governor's proposal subject to the passage of statute to provide accountability and reporting to the Legislature.
- Added \$2.1 million (Public Utilities Commission Utilities Reimbursement Account) and seven permanent positions at CPUC to implement Chapter 14 of 2016 (SB 380, Pavley) which, among other things, requires CPUC to open a proceeding to assess the ongoing level of natural gas storage needed at Aliso Canyon to maintain reliability.
- Adopted budget trailer language to (1) establish a single point of contact under the Secretary for Natural Resources to be responsible for natural gas safety, (2) provide mechanisms for state agencies to work together in order to ensure efficiency and coverage of all aspects of natural gas storage and transmission, and (3) provide for annual reporting on the administration's efforts to improve natural gas safety within the state.



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- Adopted budget trailer language directing CEC to establish a natural gas tracking and rating system that will enable natural gas purchasers to assess lifetime environmental impact of the vented and fugitive emission of the gas they procure.
- Adopted budget trailer language to require that on or before January 1, 2019, the Division of Oil, Gas, and Geothermal Resources (within DOC) shall develop, through a public process, with input from independent experts, stakeholders, and the public, “best practices” for the design, maintenance, monitoring, operation, data reporting, and plugging and abandonment of gas storage wells.
- Provided for a contract for the California Center for Science and Technology to study natural gas transmission and storage within the state and provide the Legislature with recommendations regarding (1) gaps in regulation that could impact public and environmental health and safety, (2) areas where market mechanisms are not sufficient to protect public health and safety, (3) how the state could require cradle-to-grave best practices in the natural gas system, and (4) where the state should focus increased enforcement of the system.