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**SENATE COMMITTEE ON ENERGY, UTILITIES AND  
COMMUNICATIONS**  
**Senator Ben Hueso, Chair**  
**2021 - 2022 Regular**

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**Bill No:** SB 1119 **Hearing Date:** 4/26/2022  
**Author:** Limón  
**Version:** 3/31/2022 Amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Nidia Bautista

**SUBJECT:** Public utilities: gas corporations: gas plants: new construction or substantial modification

**DIGEST:** This bill authorizes the California Public Utilities Commission (CPUC) when issuing a certificate for the construction of a new gas plant, or a substantial modification of an existing gas plant, to take into consideration specified information.

**ANALYSIS:**

Existing law:

- 1) Establishes and vests the CPUC with regulatory authority over public utilities, including gas corporations. (Article II of the California Constitution)
- 2) Prohibits a gas corporation from constructing a gas plant, as defined, or an extension of a gas plant without having first obtained from the CPUC a certificate that the present or future public convenience and necessity requires or will require that construction. (Public Utilities Code §1001 *et seq.*)
- 3) Requires the California Air Resources Board (CARB) to ensure that statewide greenhouse gas(GHG) emissions are reduced to at least 40 percent below the statewide GHG emissions limit no later than December 31, 2030. (Health and Safety Code §38566)

This bill authorizes the CPUC when issuing a certificate for the construction of a new gas plant, or a substantial modification of an existing gas plant, to take into consideration:

- a) the need for the new gas plant or substantially modified gas plant as it relates to the provision of safe, reliable, and affordable electrical or gas service,
- b) the state's GHG emissions reduction target, and

- c) the environmental impact of the new or substantially modified gas plant, including impacts on surrounding communities.

## Background

*Southern California Gas Company (SoCalGas) Ventura Compressor Station modernization project.* Last year, SoCal Gas attempted to upgrade a 40 year old gas compressor station along its gas system (the compressor helps to move the gas in the pipelines) located at an over 100 year old facility in Ventura.

According to the SoCalGas website on the project:

The Ventura Compressor Station is the only compressor station on the SoCalGas coastal transmission system and has been operating safely and reliably for decades. SoCalGas plans to replace and modernize the 40-year-old compressors at the Ventura Compressor Station with new units that can accommodate day-to-day changes in the use of the station. As more renewable energy comes online, the need for this system increases to help support reliability and resiliency, along with an integrated electric and gas system. The facility currently supplies natural gas for heat, hot water, and other uses to over a quarter of a million customers in Ventura and the Central Coast of the state, including residential, business, industrial, and agricultural customers.

*CPUC sends SoCalGas letter memorializing commitments.* The Ventura Compressor Station project was included among many other projects and activities as part of SoCalGas' General Rate Case (GRC) approved by the CPUC. However, as the community learned about the specifics of project, there were growing community concerns about the pending project and the impacts of the gas system to the local community. While the utility noted the project was intended to modernize an older compressor station, some in the community sought to terminate the project. As community concerns grew, including by local and state elected officials, in August 2021, the CPUC sent SoCalGas a letter to memorialize commitments by the utility to meaningfully engage the public by more fully discussing plans for the Ventura Compressor Station and conducting a more detailed feasibility analysis of potential alternative sites and equipment configurations. Additionally, the CPUC requested the utility halt further planning and procurement for the Ventura Compressor Station. SoCalGas has proceeded with the feasibility analysis and a CPUC decision is likely to ensue sometime this year.

*Gas plant upgrades, modifications, and expansions.* Current statutory authority provides the CPUC with the ability to conduct an environmental review and needs assessment of gas infrastructure projects (Public Utilities Code §§1001, 1002, 1002.5, 1003.5 and 1004 *et seq.* and the California Environmental Quality Act (CEQA) in Public Resources Code §21000 *et seq.*). However, according to the CPUC, the authority for an environmental review and needs assessment in practice is only activated when a gas investor-owned utility (IOU) voluntarily submits a project application to the CPUC. Such an application is usually limited to large and new gas plant projects (including those that fall outside the existing footprint of the utility) that necessitate the issuance of a new Certificate of Public Convenience and Necessity (CPCN). Unlike electric IOUs, which, generally, have CPUC rules regarding environmental review and needs assessment of plant projects (including those in General Order (GO) 131-D), the CPUC notes it does not have comparable oversight rules for gas infrastructure. As the Ventura Compressor Station project illustrates, in many cases a gas utility will incorporate the costs of specific gas plant projects within their GRC for ratepayer cost recovery and then proceed with construction during the four years of implementing the GRC.

*CPUC proceeding on long-term gas system planning.* As part of its current rulemaking (R. 20-01-007) to *Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and perform Long-Term Gas System Planning*, a revised Scoping Memo was issued in January of this year, that includes explicit consideration for adopting a GO analogous to GO 131-D for electric infrastructure projects, that would require site-specific approvals for gas infrastructure projects that exceed a certain size or cost. While the proceeding remains open, comments from stakeholders are varied in the challenges and desires for such an approach.

## **Comments**

*SB 1119.* This bill would authorize the CPUC to take into consideration the need for the gas plant project, the state's GHG emissions reduction target, and the environmental impact of the project when issuing a certificate to a gas IOU.

*Need for environmental review of gas plant projects?* The proponents of this bill argue that an environmental review for new and substantially modified gas projects is appropriate to allow surrounding communities to provide input and become aware of any risks and proposed mitigation to any risks. Many of the proponents of this bill have raised concerns of the Ventura Compressor Station project and the dissatisfaction with the current regulatory oversight of such proposed projects.

They support this bill as an effort to better ensure that communities will have input on gas plant projects in their communities.

*Need to balance safety, reliability, and community input?* The essential services provided by utilities has afforded utility plant projects permit streamlining and limited (if not, categorical exemptions for) environmental review for most projects within the footprint of the utility. As concerns about electric infrastructure increased in the 1990s, policy was adjusted to institute CPUC rules governing the review and approval of various electric IOU plant projects, including what is characterized as a 10-year effort to develop GO 131-D. However, a desire for comparable rules and review for gas plants was never developed (and perhaps never urged). While comments have been filed in the rulemaking, there is no consensus, nor CPUC decision, regarding the need or determination for whether comparable rules are needed for gas infrastructure. The gas IOUs opposed to this bill express concerns that the permitting review authorized by this bill could hinder and delay necessary safety improvements and restrict the CPUC's ability to examine gas infrastructure more holistically.

*Is a bill needed?* CPUC regulatory authority is broad and far-reaching in ensuring safe, reliable service of the utilities it regulates, including gas IOUs. As noted by the Ventura Compressor Station project, the CPUC was able to direct (or request) SoCalGas to allow for meaningful community input and a feasibility assessment. Should a CPUC decision and plan move forward this year on the Ventura project, SB 1119 would not likely apply to the Ventura project as this bill would not take effect until January 2023. The CPUC also believes it has the current authority to develop rules, should the agency determine they are needed, without any new statutory authority.

*Amendments needed.* Should the committee wish to support this bill, *the author and committee may wish to amend the bill to delete the reference to the state's GHG emissions reduction targets (page 2, lines 8-9) as GHG emissions consideration is implicit and included as part of "environmental impacts" (line 10).*

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

**SUPPORT:**

California Environmental Voters  
City of Ventura  
County of Ventura

**OPPOSITION:**

San Diego Gas & Electric  
Southern California Gas Company

**ARGUMENTS IN SUPPORT:** According to the author:

Our communities deserve to be protected from the environmental impacts of gas infrastructure projects. SB 1119 gives the Public Utilities Commission the authority to consider environmental impact when permitting new or substantially modified gas plants. It also gives them the authority to consider the need for these projects as they relate to the state's goals to reduce greenhouse gas emissions. By authorizing more environmental oversight, we can better protect our communities and the environment.

**ARGUMENTS IN OPPOSITION:** In opposition to this bill, San Diego Gas & Electric and SoCalGas express concerns that this bill could: (1) hamper and delay needed safety and reliability upgrades, (2) restrict the CPUC's ability to examine gas infrastructure holistically, (3) result in gas infrastructure delays of approved projects through permit re-litigation.

**-- END --**