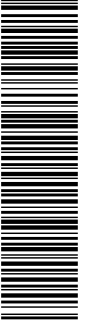


An act to amend Section 8610.5 of the Government Code, to amend Section 21080 of, to add Section 25233 to, to add Chapter 6.3 (commencing with Section 25548) to Division 15 of, to add and repeal Section 30264.5 of, and to repeal Section 25548.2 of, the Public Resources Code, to amend Section 454.52 of, and to add Sections 712.1 and 712.8 to, the Public Utilities Code, and to add Section 13193.5 to the Water Code, relating to energy, and making an appropriation therefor, to take effect immediately, bill related to the budget.

SECURED
COPY



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

SECTION 1. Section 8610.5 of the Government Code is amended to read:

8610.5. (a) For purposes of this section:

(1) "Office" means the Office of Emergency Services.

(2) "Previous fiscal year" means the fiscal year immediately ~~prior to~~ before the current fiscal year.

(3) "Utility" means an "electrical corporation" as defined in Section 218 of the Public Utilities Code.

(b) (1) State and local costs to carry out activities pursuant to this section and Chapter 4 (commencing with Section 114650) of Part 9 of Division 104 of the Health and Safety Code that are not reimbursed by federal funds shall be borne by a utility operating a nuclear powerplant with a generating capacity of 50 megawatts or more.

(2) The Public Utilities Commission shall develop and transmit to the office an equitable method of assessing a utility operating a powerplant for its reasonable share of state agency costs specified in paragraph (1).

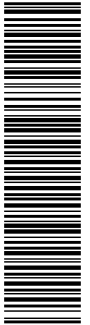
(3) Each local government involved shall submit a statement of its costs specified in paragraph (1), as required, to the office.

(4) Upon notification by the office, from time to time, of the amount of its share of the actual or anticipated state and local agency costs, a utility shall pay this amount to the Controller for deposit in the Nuclear Planning Assessment Special Account, which is continued in existence, for allocation by the Controller, upon appropriation by the Legislature, to carry out activities pursuant to this section and Chapter 4 (commencing with Section 114650) of Part 9 of Division 104 of the Health and Safety Code. The Controller shall pay from this account the state and local costs relative to carrying out this section and Chapter 4 (commencing with Section 114650) of Part 9 of Division 104 of the Health and Safety Code, upon certification of the costs by the office.

(5) Upon appropriation by the Legislature, the Controller may disburse up to 80 percent of a fiscal year allocation from the Nuclear Planning Assessment Special Account, in advance, for anticipated local expenses, as certified by the office pursuant to paragraph (4). The office shall review program expenditures related to the balance of funds in the account and the Controller shall pay the portion, or the entire balance, of the account, based upon those approved expenditures.

(c) (1) The total annual disbursement of state costs from a utility operating a nuclear powerplant within the state for activities pursuant to this section and Chapter 4 (commencing with Section 114650) of Part 9 of Division 104 of the Health and Safety Code, shall not exceed the lesser of the actual costs or the maximum funding levels established in this section, subject to subdivisions (e) and (f).

(2) Of the annual amount of two million forty-seven thousand dollars (\$2,047,000) for the 2009–10 fiscal year, the sum of one million ninety-four thousand dollars (\$1,094,000) shall be for support of the office for activities pursuant to this section and Chapter 4 (commencing with Section 114650) of Part 9 of Division 104 of the Health and Safety Code, and the sum of nine hundred fifty-three thousand dollars (\$953,000) shall be for support of the State Department of Public Health for activities pursuant to this section and Chapter 4 (commencing with Section 114650) of Part 9 of Division 104 of the Health and Safety Code.



(d) (1) The total annual disbursement for each fiscal year, commencing July 1, 2009, of local costs from a utility shall not exceed the lesser of the actual costs or the maximum funding levels established in this section, in support of activities pursuant to this section and Chapter 4 (commencing with Section 114650) of Part 9 of Division 104 of the Health and Safety Code. The maximum annual amount available for disbursement for local costs, subject to subdivisions (e) and (f), shall, for the fiscal year beginning July 1, 2009, be one million seven hundred thirty-two thousand dollars (\$1,732,000) for the Diablo Canyon site.

(2) The amounts paid by a utility under this section shall be allowed for ratemaking purposes by the Public Utilities Commission.

(e) The amounts available for disbursement for state and local costs as specified in this section shall be adjusted and compounded each fiscal year by the ~~larger~~ greater of the percentage change in the prevailing wage for County of San Luis Obispo County employees, not to exceed 5 percent, or the percentage increase in the California Consumer Price Index from the previous fiscal year.

(f) Through the inoperative date specified in subdivision (h), the amounts available for disbursement for state and local costs as specified in this section shall be cumulative biennially. Any unexpended funds from a year shall be carried over for one year. The funds carried over from the previous year may be expended when the current year's funding cap is exceeded.

(g) This section shall become operative on July 1, 2019.

(h) This section shall become inoperative ~~on August 26, 2025, and, as of January 1, 2026, is repealed.~~ 18 months after the permanent cessation of operations of both Diablo Canyon Units 1 and 2, and is repealed on the January 1 following the end of that 18-month period.

(i) When this section becomes inoperative, any amounts remaining in the special account shall be refunded to a utility contributing to it, to be credited to the utility's ratepayers.

SEC. 2. Section 21080 of the Public Resources Code is amended to read:

21080. (a) Except as otherwise provided in this division, this division shall apply to discretionary projects proposed to be carried out or approved by public agencies, including, but not limited to, the enactment and amendment of zoning ordinances, the issuance of zoning variances, the issuance of conditional use permits, and the approval of tentative subdivision maps unless the project is exempt from this division.

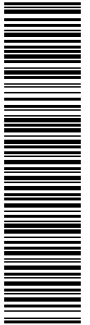
(b) This division does not apply to any of the following activities:

(1) Ministerial projects proposed to be carried out or approved by public agencies.
 (2) Emergency repairs to public service facilities necessary to maintain service.
 (3) Projects undertaken, carried out, or approved by a public agency to maintain, repair, restore, demolish, or replace property or facilities damaged or destroyed as a result of a disaster in a disaster-stricken area in which a state of emergency has been proclaimed by the Governor pursuant to Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code.

(4) Specific actions necessary to prevent or mitigate an emergency.

(5) Projects ~~which~~ that a public agency rejects or disapproves.

(6) Actions undertaken by a public agency relating to any thermal powerplant site or facility, including the expenditure, obligation, or encumbrance of funds by a



public agency for planning, engineering, or design purposes, or for the conditional sale or purchase of equipment, fuel, water (except groundwater), steam, or power for a thermal powerplant, if the powerplant site and related facility will be the subject of an environmental impact report, negative declaration, or other document, prepared pursuant to a regulatory program certified pursuant to Section 21080.5, ~~which that~~ will be prepared by the State Energy Resources Conservation and Development Commission, by the Public Utilities Commission, or by the city or county in which the powerplant and related facility would be located if the environmental impact report, negative declaration, or document includes the environmental impact, if any, of the action described in this paragraph.

(7) Activities or approvals necessary to the bidding for, hosting or staging of, and funding or carrying out of, an Olympic games under the authority of the International Olympic Committee, except for the construction of facilities necessary for the Olympic games.

(8) The establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies ~~which that~~ the public agency finds are for the purpose of (A) meeting operating expenses, including employee wage rates and fringe benefits, (B) purchasing or leasing supplies, equipment, or materials, (C) meeting financial reserve needs and requirements, (D) obtaining funds for capital projects necessary to maintain service within existing service areas, or (E) obtaining funds necessary to maintain those intracity transfers as are authorized by city charter. The public agency shall incorporate written findings in the record of any proceeding in which an exemption under this paragraph is claimed setting forth with specificity the basis for the claim of exemption.

(9) All classes of projects designated pursuant to Section 21084.

(10) A project for the institution or increase of passenger or commuter services on rail or highway rights-of-way already in use, including modernization of ~~existing~~ stations and parking facilities. For purposes of this paragraph, "highway" shall have the same meaning as defined in Section 360 of the Vehicle Code.

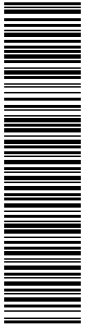
(11) A project for the institution or increase of passenger or commuter service on high-occupancy vehicle lanes already in use, including the modernization of ~~existing~~ stations and parking facilities.

(12) Facility extensions not to exceed four miles in length ~~which that~~ are required for the transfer of passengers from or to exclusive public mass transit guideway or busway public transit services.

(13) A project for the development of a regional transportation improvement program, the state transportation improvement program, or a congestion management program prepared pursuant to Section 65089 of the Government Code.

(14) Any project or portion ~~thereof of a project~~ located in another state ~~which that~~ will be subject to environmental impact review pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. Sec. 4321 et seq.) or similar state laws of that state. Any emissions or discharges that would have a significant effect on the environment in this state are subject to this division.

(15) Projects undertaken by a local agency to implement a rule or regulation imposed by a state agency, board, or commission under a certified regulatory program pursuant to Section 21080.5. Any site-specific effect of the project ~~which that~~ was not



analyzed as a significant effect on the environment in the plan or other written documentation required by Section 21080.5 is subject to this division.

(16) Approvals or other actions necessary to allow for the continued operation of the Diablo Canyon powerplant site, as defined in Section 25548.1, as provided in Chapter 6.3 (commencing with Section 25548) of Division 15.

(c) If a lead agency determines that a proposed project, not otherwise exempt from this division, would not have a significant effect on the environment, the lead agency shall adopt a negative declaration to that effect. The negative declaration shall be prepared for the proposed project in either of the following circumstances:

(1) There is no substantial evidence, in light of the whole record before the lead agency, that the project may have a significant effect on the environment.

(2) An initial study identifies potentially significant effects on the environment, but (A) revisions in the project plans or proposals made by, or agreed to by, the applicant before the proposed negative declaration and initial study are released for public review would avoid the effects or mitigate the effects to a point where clearly no significant effect on the environment would occur, and (B) there is no substantial evidence, in light of the whole record before the lead agency, that the project, as revised, may have a significant effect on the environment.

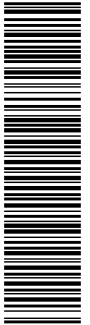
(d) If there is substantial evidence, in light of the whole record before the lead agency, that the project may have a significant effect on the environment, an environmental impact report shall be prepared.

(e) (1) For the purposes of this section and this division, substantial evidence includes fact, a reasonable assumption predicated upon fact, or expert opinion supported by fact.

(2) Substantial evidence is not argument, speculation, unsubstantiated opinion or narrative, evidence that is clearly inaccurate or erroneous, or evidence of social or economic impacts that do not contribute to, or are not caused by, physical impacts on the environment.

(f) As a result of the public review process for a mitigated negative declaration, including administrative decisions and public hearings, the lead agency may conclude that certain mitigation measures identified pursuant to paragraph (2) of subdivision (c) are infeasible or otherwise undesirable. In those circumstances, the lead agency, ~~prior to~~ before approving the project, may delete those mitigation measures and substitute for them other mitigation measures that the lead agency finds, after holding a public hearing on the matter, are equivalent or more effective in mitigating significant effects on the environment to a less than significant level and that do not cause any potentially significant effect on the environment. If those new mitigation measures are made conditions of project approval or are otherwise made part of the project approval, the deletion of the former measures and the substitution of the new mitigation measures shall not constitute an action or circumstance requiring recirculation of the mitigated negative declaration.

(g) Nothing in this section shall preclude a project applicant or any other person from challenging, in an administrative or judicial proceeding, the legality of a condition of project approval imposed by the lead agency. If, however, any condition of project approval set aside by either an administrative body or court was necessary to avoid or lessen the likelihood of the occurrence of a significant effect on the environment, the lead agency's approval of the negative declaration and project shall be invalid and a



new environmental review process shall be conducted before the project can be reapproved, unless the lead agency substitutes a new condition that the lead agency finds, after holding a public hearing on the matter, is equivalent to, or more effective in, lessening or avoiding significant effects on the environment and that does not cause any potentially significant effect on the environment.

SEC. 3. Section 25233 is added to the Public Resources Code, to read:

25233. (a) Notwithstanding Section 10231.5 of the Government Code, on or before December 15, 2022, and quarterly thereafter, the commission and the Public Utilities Commission shall submit a joint Reliability Planning Assessment to the Legislature in accordance with Section 9795 of the Government Code.

(1) The assessment shall identify estimates for the electrical supply and demand balance, for the forward 5- and 10-year periods, under high-, medium-, and low-risk scenarios. The assessment shall identify loads and resources online and loads and resources expected by reliability year ending September 30.

(2) The assessment shall focus on the Independent System Operator system, with an emphasis on the electrical demand or load and supply or resource for load-serving entities subject to the Public Utilities Commission's jurisdiction. The assessment shall break down loads and resources by type of load-serving entity by year by transmission access charge area.

(3) The assessment shall include information about imports and transmission capacity.

(4) The commission shall provide an estimate for the loads and resources for the entities that are not subject to the Public Utilities Commission's jurisdiction that are part of the Independent System Operator system supply and demand balance.

(5) The assessment shall include prospective information on existing and expected resources, including updates on the interconnection status for renewable projects and any delays in interconnection, and expected retirements for both system and local resources.

(6) The assessment shall maintain confidentiality of market sensitive information.

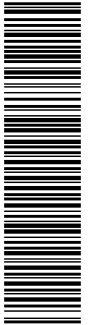
(7) The assessment shall rely upon the most recently available integrated energy policy report prepared pursuant to Section 25302 for the demand assessment.

(8) The assessment shall report on any other significant delays or barriers affecting timely deployment of renewable energy and zero-carbon resources, including, but not limited to, supply chain disruptions, land use restrictions, and permitting processes.

(9) The assessment shall make recommendations to the Legislature on actions needed to resolve any delays or barriers reported in the assessment.

(b) The commission shall continue to report on California energy resources that serve load in California in the energy almanac. The commission shall expand the energy almanac report to include storage resources that serve wholesale load. The commission shall report on energy resources that serve load in the Independent Systems Operator system, which is a subset of its current reporting of all California resources, and may include energy resources located outside the state.

SEC. 4. Chapter 6.3 (commencing with Section 25548) is added to Division 15 of the Public Resources Code, to read:



CHAPTER 6.3. DIABLO CANYON POWERPLANT

25548. The Legislature finds and declares all of the following:

(a) The impacts of climate change are occurring sooner and with greater intensity and frequency than anticipated, causing unprecedented stress on California's energy system. These impacts are simultaneously driving higher demand as more intense and frequent heat waves hit California and the western region, thereby reducing supply as drought conditions impact hydropower production and fires threaten electrical infrastructure.

(b) The Diablo Canyon powerplant currently supplies approximately 17 percent of California's zero-carbon electricity supply and 8.6 percent of California's total electricity supply. The Diablo Canyon powerplant's two units are scheduled to be retired in 2024 and 2025.

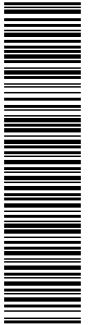
(c) Because of supply chain disruptions, the impact of tariff disputes, and other delays in installation of new clean energy generation and storage systems, including solar and wind projects with battery storage, there is a substantial risk that insufficient new clean energy supplies will be online in time to ensure electricity system reliability when the Diablo Canyon powerplant is scheduled to be decommissioned. If the Diablo Canyon powerplant's operations are not extended, increased energy production from greenhouse-gas-emitting sources will result, exacerbating the climate impacts already stressing California's energy system, and the threat to overall energy reliability in the state will be enhanced.

(d) Preserving the option of continued operations of the Diablo Canyon powerplant for an additional five years beyond 2025 is therefore critical to ensure statewide energy system reliability and to minimize the emissions of greenhouse gases while additional renewable energy and zero-carbon resources come online, until those new renewable energy and zero-carbon resources are adequate to meet demand. Accordingly, it is the policy of the Legislature that seeking to extend the Diablo Canyon powerplant's operations for a renewed license term is prudent, cost effective, and in the best interests of all California electricity customers. The Legislature anticipates that this stopgap measure will not be needed for more than five years beyond the current expiration dates. If circumstances change, however, the Legislature intends to revisit whether an additional two-year extension is necessary, and could enact further legislation at a later date.

(e) During the time the Diablo Canyon powerplant's operations are extended, the state will continue to act with urgency to bring clean replacement energy online to support reliability and achieve California's landmark climate goals. The state is accelerating efforts to bring offshore wind and other clean energy resources online, including action to streamline permitting for clean energy projects.

(f) It is the intent of the Legislature that the extension of the Diablo Canyon powerplant benefit California's electric customers, and if those benefits fail to materialize or costs to operate the plant increase significantly as determined by the Public Utilities Commission, the state will plan for an earlier decommissioning date that also safeguards electrical reliability in the state.

(g) Continued operations of the Diablo Canyon powerplant for an additional five years would entail no material operational or physical changes and no new or materially different adverse environmental impacts. Accordingly, the Legislature finds that



continued operations is consistent with the state's environmental priorities, will not substantially interfere with public trust needs and resources, is otherwise consistent with the public trust doctrine and the California Coastal Act of 1976 (Division 20 (commencing with Section 30000)), the California Coastal Management Program, and is in the best interests of the state.

(h) The estimated costs and timelines for design and construction of alternatives that would comply with the State Water Resources Control Board's Resolution Number 2010-0020, Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling, which were presented to the State Water Resources Control Board in accordance with Section 3.D of the Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling, conclusively establish that it is not practicable for Diablo Canyon Power Plant to achieve final compliance with the "Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling" before October 31, 2030. Accordingly, it is the intent of the Legislature that the State Water Resources Control Board, through its authority pursuant to Resolution Number 2010-0020, continue to impose an interim mitigation fee, such as an interim mitigation fee of ten dollars (\$10) per million gallons for water, subject to an annual increase, that it deems appropriate in its discretion and that does not exceed all reasonable costs to, or incurred by, the state to address the entrainment impacts resulting from the continued ocean water intakes at the Diablo Canyon powerplant after the current expiration dates set forth in Section 25548.1.

(i) To ensure that the Diablo Canyon powerplant may operate beyond the expiration dates of its current operating licenses, and to best serve the public interest, all relevant state agencies and the operator of Diablo Canyon powerplant must act quickly and in coordination to take all actions necessary and prudent to extend Diablo Canyon powerplant operations, including any state actions related to spent fuel storage facilities, particularly by prioritizing the consideration of applications and requests that are necessary to that end.

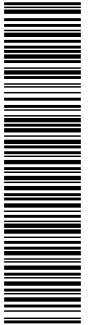
(j) California Native American tribes maintain unique cultural, political, spiritual and community ties to the lands that now make up California, including the lands upon which the Diablo Canyon powerplant is currently sited. To ensure adequate consideration of tribal interests related to the extended operation and eventual decommissioning of the Diablo Canyon powerplant, all relevant state agencies and the operator of the Diablo Canyon powerplant should consult and work collaboratively with local California Native American tribes to consider tribal access, use, conservation, and comanagement of the Diablo Canyon powerplant lands and to work cooperatively with California Native American tribes that are interested in acquiring such lands.

(k) The operator of the Diablo Canyon powerplant should designate a tribal liaison to ensure meaningful consultation and collaboration on matters that may affect local California Native American tribes relative to the continued operation and eventual decommissioning of the Diablo Canyon powerplant.

25548.1. For purposes of this chapter, the following definitions apply:

(a) "Borrower" means the company licensed to operate the Diablo Canyon Units 1 and 2.

(b) "Current expiration dates" means the expiration dates in effect on June 1, 2022, of the United States Nuclear Regulatory Commission operating licenses for



Diablo Canyon Unit 1, which is November 2, 2024, and Unit 2, which is August 26, 2025.

(c) “Department” means the Department of Water Resources.

(d) “Diablo Canyon powerplant operations” means all aspects of operating the Diablo Canyon Units 1 and 2 at the Diablo Canyon powerplant site, including cooling operations and spent fuel management and storage facilities.

(e) “Diablo Canyon powerplant site” means the site containing the Diablo Canyon Units 1 and 2, including both reactor units, spent fuel storage facilities, and appurtenant lands leased to, or controlled by, the operator.

(f) “Extension of the operating period” means license renewal by the United States Nuclear Regulatory Commission and any other licensing, permitting, or approvals by federal or state authorities necessary to allow continued operations of the Diablo Canyon powerplant beyond the current expiration date of each unit.

(g) “Fund” means the Diablo Canyon Extension Fund established pursuant to Section 25548.6.

(h) “Loan” means the funds loaned to the borrower by the department for the purpose of facilitating the extension of the operating period.

(i) “Loan agreement” means the agreement and any amendments to the agreement entered into by the department and the borrower pursuant to this chapter.

(j) “Operator” means the company licensed to operate the Diablo Canyon Units 1 and 2.

(k) “State agency” means any agency, department, board, office, commission, or district of the state, including, but not limited to, the State Lands Commission, the California Coastal Commission, the State Water Resources Control Board, the Public Utilities Commission, and the State Office of Historic Preservation, or any local government.

25548.2. For purposes of any application or request by the operator for a permit, lease, license, certification, concurrence, plan, decision, or other approval from a state agency, and of any request by the United States Nuclear Regulatory Commission for consultation or other input, that is necessary to authorize Diablo Canyon powerplant operations after the current expiration dates, all of the following shall apply:

(a) The state agency shall, in considering the application or request, prioritize the legislative findings and declarations in Section 25548.

(b) Notwithstanding any other law, the state agency shall take final action on the application or request within 180 days of submission of a complete application or request.

(c) The California Environmental Quality Act (Division 13 (commencing with Section 21000)), and regulations adopted pursuant to that division, do not apply.

(d) A coastal development permit, as described in Section 30600, may be required in connection with the extension of Diablo Canyon powerplant operations only for new or expanded development proposed at the Diablo Canyon powerplant site.

(e) At least 30 days before issuing any permit, lease, license, certification, concurrence, plan, decision, or other approval, some or all of the members of the State Lands Commission, the California Coastal Commission, the State Water Resources Control Board, and any other agency invited to participate by the Secretary of the Natural Resources Agency, shall participate in a joint public process facilitated by the Secretary of the Natural Resources Agency to consider public input concerning the



environmental impacts and mitigation of extended operations of the Diablo Canyon powerplant. The Natural Resources Agency shall conduct at least one public hearing, and shall receive written comments, upon which to base any findings and recommendations.

(f) The Secretary for Environmental Protection and the Secretary of the Natural Resources Agency shall ensure coordination among, and prioritization of review of relevant applications by, the California Coastal Commission, the State Lands Commission, the State Water Resources Control Board, and the State Air Resources Board.

(g) This section shall become inoperative once the United States Nuclear Regulatory Commission concludes its review of the operator's applications for renewal of the licenses for Diablo Canyon Units 1 and 2, and, as of January 1 of the following year, is repealed.

25548.3. (a) To facilitate the extension of the operating period, the department may make a loan or loans to the borrower out of any funds that the Legislature transfers to the Diablo Canyon Extension Fund established pursuant to Section 25548.6, up to a total principal amount not to exceed one billion four hundred million dollars (\$1,400,000,000).

(b) The department may enter into a loan agreement with the borrower. In addition to any terms and conditions determined necessary by the department, the loan agreement shall include all of the following:

(1) A covenant by the borrower that it shall take all steps necessary to obtain an extension of the operating period.

(2) A covenant by the borrower that it shall take all steps necessary to secure a grant or other funds available for the operation of a nuclear power plant from the United States Department of Energy, and any other potentially available federal funds, to repay the loan.

(3) An interest rate that the department may charge, set at a rate less than the Pooled Money Investment Account rate.

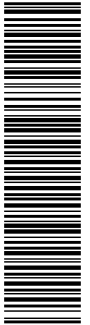
(4) A provision that the loan shall be provided in tranches based on milestones set forth in annual plans for the purpose of project costs, operations and maintenance, internal and external labor, capital improvement costs, fuel purchase, fuel storage, regulatory compliance costs, transition fees, and other expenses associated with the extension of the operating periods and current expiration dates, to cover incremental costs incurred by the borrower in its efforts to extend the operating period. Each tranche shall cover the costs for no longer than one year. Covered costs shall be limited to those necessary to preserve the option of extending the Diablo Canyon powerplant or to extend the Diablo Canyon powerplant's operation to maintain electrical reliability.

(5) Events that would trigger loan repayment obligations by the borrower.

(6) Events that would trigger a suspension or early termination of the loan agreement, including, but not limited to, any of the following:

(A) A determination by the department that the borrower has not obtained the necessary license renewal, permits, and approvals.

(B) A determination by the department that license renewal, permit, or approval conditions are too onerous, or will generate costs that exceed the maximum amount of loan authorized.



(C) A determination by the department that permitted timeframes are not viable to accomplish the purposes of this chapter.

(D) A determination by the department that expenses are unexpected or too large, or that repayment is less likely than initially anticipated.

(E) A final determination by the United States Department of Energy that the Diablo Canyon powerplant is not eligible for the Civil Nuclear Credit Program established by Section 18753 of Title 42 of the United States Code.

(7) Conditions that would result in forgiveness, in whole or in part, of the loan by the department, provided that any amount forgiven is limited to amounts already committed or incurred and that any unspent or uncommitted remainder of the loan proceeds is required to be repaid.

(8) A provision prohibiting shareholder dividends from being deemed eligible costs under the loan.

(9) A provision prohibiting loan proceeds from being treated as shareholder profits.

(10) A monthly performance-based disbursement equal to seven dollars (\$7) for each megawatthour generated by the Diablo Canyon powerplant during the period before the start of extended operations. The disbursement is contingent upon the operator's ongoing pursuit of an extension of the operating period and continued safe and reliable Diablo Canyon powerplant operations.

(c) Except for this section and the loan agreement provided for under subdivision (b), notwithstanding Section 11019 of the Government Code or any other law, the department may disburse the tranches of funds specified in paragraph (4) of subdivision (b) to the borrower in advance of the borrower having committed to, or incurred, eligible costs.

25548.4. (a) Within 180 days after the date of the loan agreement, the department, in collaboration with the Public Utilities Commission, shall establish a methodology and process for it to conduct a semiannual true-up review of the borrower's use of loan proceeds.

(b) The purpose of the true-up review shall be to determine all of the following:

- (1) Whether the borrower used loan proceeds to pay only for eligible costs.
- (2) Whether the eligible costs were reasonable.
- (3) Whether the costs are in the public interest.

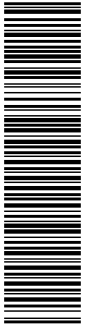
(4) Whether the Public Utilities Commission has not authorized rate recovery of the same costs.

(c) If, upon completing a true-up review, the department determines that the borrower's use of loan proceeds did not meet the requirements set forth in subdivision (b), those amounts shall be deemed disallowed costs.

(d) If the department finds disallowed costs pursuant to subdivision (c), the department shall notify the borrower of the amount of disallowed costs as promptly as possible and the department shall take action to recoup the disallowed costs pursuant to the loan agreement.

25548.5. (a) The department may do any of the following as may be, in the determination of the department, necessary or appropriate for purposes of this chapter:

(1) Enter into one or more agreements with the Public Utilities Commission or other state agencies to facilitate the true-up reviews required by Section 25548.4, facilitate extension of the operating period, and further the purposes of this chapter.



(2) Engage the services of private parties to render professional and technical assistance and advice and other services in carrying out the purposes of this chapter.

(3) Contract for the services of other public agencies.

(4) Engage in activities or enter into contracts or arrangements as may be necessary or desirable to carry out the department's duties and responsibilities pursuant to this chapter.

(5) Hire personnel necessary and desirable for the timely and successful implementation and administration of the department's duties and responsibilities pursuant to this chapter. The State Personnel Board and the Department of Human Resources shall assist the department in expediting that hiring.

(6) Disburse funds for the costs of the department in the administration of this chapter.

(b) Contracts entered into pursuant to this chapter, amendments to those contracts during their terms, or contracts for services reasonably related to those contracts, 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 or the Public Contract Code.

(c) Any loan agreement entered into pursuant to this chapter is not a project for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000)).

(d) The powers and responsibilities of the department established pursuant to this chapter are separate from, and not governed by, the provisions relating to the State Water Resources Development System.

(e) All state agencies and other state entities, and their officers and employees, shall and are hereby authorized to, at the request of the department, give the department reasonable assistance or other cooperation in carrying out the purposes of this chapter.

(f) In accordance with the purposes of the loan and this chapter, the operator shall take all steps necessary to facilitate the extension of the operating period, including submitting applications for required federal and state agency approvals, notwithstanding Public Utilities Commission Decision 18-01-022 (January 16, 2018) Decision Approving Retirement of Diablo Canyon Nuclear Power Plant and pending further actions by the Public Utilities Commission.

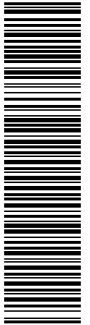
25548.6. (a) The Diablo Canyon Extension Fund is hereby established within the State Treasury. The moneys in the fund shall be available to the department for the administration and implementation of this chapter.

(b) Repayments of the loan authorized under Section 25548.3 shall be deposited into the fund and shall remain available for further disbursement subject to subdivision (a) of Section 25548.3.

(c) Notwithstanding Section 13340 of the Government Code, the moneys in the fund are continuously appropriated to the department for purposes of this chapter.

(d) The fund and the moneys in the fund are separate and distinct from any other funds and moneys administered by the department.

25548.7. Continued operation of the Diablo Canyon powerplant as provided in this chapter is in all respects for the welfare and the benefit of the people of the state, to protect public peace, health, and safety, and constitutes an essential governmental



purpose. This chapter shall be liberally construed in a manner so as to effectuate its purposes and objectives.

SEC. 5. Section 30264.5 is added to the Public Resources Code, to read:

30264.5. (a) Notwithstanding any other provision of this division or regulations adopted pursuant to this division, the operation of a nuclear powerplant shall be permitted at the Diablo Canyon powerplant site, as defined in Section 25548.1.

(b) This section shall be inoperative upon the date ultimately set by the Public Utilities Commission for the retirement of the last reactor unit at the Diablo Canyon powerplant site, the expiration of the United States Nuclear Regulatory Commission license of the last reactor unit at the Diablo Canyon powerplant site, or November 1, 2030, whichever is earlier.

(c) This section is repealed as of January 1, 2031.

SEC. 6. Section 454.52 of the Public Utilities Code is amended to read:

454.52. (a) (1) Beginning in 2017, and to be updated regularly thereafter, the commission shall adopt a process for each load-serving entity, as defined in Section 380, to file an integrated resource plan, and a schedule for periodic updates to the plan, and shall ensure that load-serving entities do all of the following:

(A) Meet the greenhouse gas emissions reduction targets established by the State Air Resources Board, in coordination with the commission and the Energy Commission, for the electricity sector and each load-serving entity that reflect the electricity sector's percentage in achieving the economywide greenhouse gas emissions reductions of 40 percent from 1990 levels by 2030.

(B) Procure at least 60 percent eligible renewable energy resources by December 31, 2030, consistent with Article 16 (commencing with Section 399.11) of Chapter 2.3.

(C) Enable each electrical corporation to fulfill its obligation to serve its customers at just and reasonable rates.

(D) Minimize impacts on ratepayers' bills.

(E) Ensure system and local reliability on both a near-term and long-term basis, including meeting the near-term and forecast long-term resource adequacy requirements of Section ~~380~~. 380, and require sufficient, predictable resource procurement and development to avoid unplanned energy supply shortfalls by taking into account impacts due to climate change, forecasted levels of building and transportation electrification, and other factors that can result in those shortfalls.

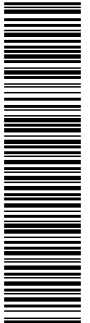
(F) Comply with paragraph (1) of subdivision (b) of Section 399.13.

(G) Strengthen the diversity, sustainability, and resilience of the bulk transmission and distribution systems, and local communities.

(H) Enhance distribution systems and demand-side energy management.

(I) Minimize localized air pollutants and other greenhouse gas emissions, with early priority on disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code.

(2) (A) The commission may authorize all source procurement for electrical corporations that includes various resource types including demand-side resources, supply side resources, and resources that may be either demand-side resources or supply side resources, taking into account the differing electrical corporations' geographic service areas, to ensure that each load-serving entity meets the goals set forth in paragraph (1).



(B) The commission may approve procurement of resource types that will reduce the overall emissions of greenhouse-gas-emissions gases from the electricity sector and meet the other goals specified in paragraph (1), but due to the nature of the technology or fuel source may not compete favorably in price against other resources over the time period of the integrated resource plan.

(3) In furtherance of the requirements of paragraph (1), the commission shall consider the role of existing renewable generation, grid operational efficiencies, energy storage, and distributed energy resources, including energy efficiency, in helping to ensure each load-serving entity meets energy needs and reliability needs in hours to encompass the hour of peak demand of electricity, excluding demand met by variable renewable generation directly connected to a California balancing authority, as defined in Section 399.12, while reducing the need for new electricity generation resources and new transmission resources in achieving the state's energy goals at the least cost to ratepayers.

(b) (1) Each load-serving entity shall prepare and file an integrated resource plan consistent with paragraph (2) of subdivision (a) on a time schedule directed by the commission and subject to commission review.

(2) Each electrical corporation's plan shall follow ~~the provisions of~~ Section 454.5.

(3) The plan of a community choice aggregator shall be submitted to its governing board for approval and provided to the commission for certification, consistent with paragraph (5) of subdivision (a) of Section 366.2, and shall achieve all of the following:

(A) Economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in paragraph (1) of subdivision (a).

(B) A diversified procurement portfolio consisting of both short-term and long-term ~~electricity and electricity-related~~ electricity, electricity-related, and demand reduction products.

(C) The resource adequacy requirements established pursuant to Section 380.

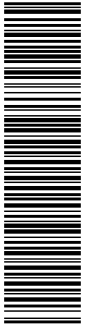
(4) The plan of an electric service provider shall achieve the goals set forth in paragraph (1) of subdivision (a) through a diversified portfolio consisting of both short-term and long-term electricity, electricity-related, and demand reduction products.

(c) To the extent that additional procurement is authorized for the electrical corporation in the integrated resource plan or the procurement process authorized pursuant to Section 454.5, the commission shall ensure that the costs are allocated in a fair and equitable manner to all customers consistent with Section 454.51, that there is no cost shifting among customers of load-serving entities, and that community choice aggregators may self-provide renewable integration resources consistent with Section 454.51.

(d) To eliminate redundancy and increase efficiency, the process adopted pursuant to subdivision (a) shall incorporate, and not duplicate, any other planning processes of the commission.

(e) This section applies to an electrical cooperative, as defined in Section 2776, only if the electrical cooperative has an annual electrical demand exceeding 700 gigawatthours, as determined based on a three-year average commencing with January 1, 2013.

SEC. 7. Section 712.1 is added to the Public Utilities Code, to read:



712.1. (a) The Legislature finds and declares that in commission Decision 88-12-083 (December 19, 1988) Re Pacific Gas and Electric Company (30 CPUC.2d 189), the commission created the Independent Safety Committee for Diablo Canyon to make recommendations appropriate to enhance the safety of the operation of the Diablo Canyon powerplant.

(b) The Independent Safety Committee for Diablo Canyon is hereby established in the commission and has and shall continue to have the right of the Independent Safety Committee for Diablo Canyon established pursuant to commission Decision 88-12-083 to conduct annual examinations of the Diablo Canyon powerplant and make additional site visits.

(c) The Independent Safety Committee for Diablo Canyon shall be composed of three experts, one each appointed by the Governor, the Attorney General, and the Chair of the Energy Commission, from a list of candidates nominated by the President of the commission, the Dean of Engineering at the University of California, Berkeley, and the company licensed to operate the Diablo Canyon Units 1 and 2.

(d) The commission shall ensure the funding of the Independent Safety Committee for Diablo Canyon to attract qualified experts during the period of extended operations of the Diablo Canyon powerplant, as defined by Section 712.8.

(e) In addition to the duties and responsibilities set forth in commission decisions, the Independent Safety Committee for Diablo Canyon shall do both of the following:

(1) Consult with and incorporate into its assessments and recommendations the independent peer review panel established pursuant to Section 712.

(2) Transmit annually its findings and recommendations for improved safety to the Legislature, the Governor, the commission, the Energy Commission, the United States Nuclear Regulatory Commission, and the company licensed to operate the Diablo Canyon Units 1 and 2. The report transmitted to the Legislature shall be in accordance with Section 9795 of the Government Code.

(f) The company licensed to operate the Diablo Canyon Units 1 and 2 shall annually respond to the annual report provided for in paragraph (2) of subdivision (e) and distribute its response to the governmental entities specified in that paragraph.

SEC. 8. Section 712.8 is added to the Public Utilities Code, to read:

712.8. (a) For purposes of this section, the following definitions apply:

(1) "Current expiration dates" has the same meaning as defined in Section 25548.1 of the Public Resources Code.

(2) "Diablo Canyon powerplant operations" has the same meaning as defined in Section 25548.1 of the Public Resources Code.

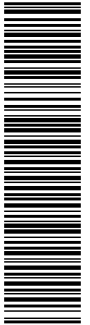
(3) "Load-serving entity" has the same meaning as defined in Section 380.

(4) "Operator" has the same meaning as defined in Section 25548.1 of the Public Resources Code.

(b) (1) Ordering paragraphs (1) and (14) of commission Decision 18-01-022 (January 11, 2018) Decision Approving Retirement of Diablo Canyon Nuclear Power Plant, are hereby invalidated.

(2) The commission shall reopen commission Application 16-08-006 and take other actions as are necessary to implement this section.

(c) (1) (A) Within 120 days of the effective date of this section, the commission shall direct and authorize the operator of the Diablo Canyon Units 1 and 2 to take all



actions that would be necessary to operate the powerplant beyond the current expiration dates, so as to preserve the option of extended operations.

(B) The requirements in Sections 311, 1701, 1701.1, 1701.3, and 1701.4, and the requirement under Section 1708 for an opportunity to be heard as provided in the case of complaints do not apply to actions taken by the commission under this paragraph.

(C) Actions taken by the operator pursuant to the commission's actions under this paragraph, in preparation for extended operations, shall not be funded by ratepayers of load-serving entities, but may be funded by the loan provided for by Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code or other nonratepayer funds available to the operator.

(2) (A) No later than December 31, 2023, and notwithstanding the 180-day time limitation in subdivision (b) of Section 25548.2 of the Public Resources Code, the commission shall direct and authorize extended operations at the Diablo Canyon powerplant until the new retirement dates.

(B) Subject to subparagraphs (C) to (E), inclusive, the presumptive retirement date for Diablo Canyon Unit 1 shall be October 31, 2029, and for Diablo Canyon Unit 2 shall be October 31, 2030.

(C) The commission shall review the reports and recommendations of the Independent Safety Committee for Diablo Canyon described in Section 712.1. If the Independent Safety Committee for Diablo Canyon's reports or recommendations cause the commission to determine, in its discretion, that the costs of any upgrades necessary to address seismic safety or issues of deferred maintenance that may have arisen due to the expectation of the plant closing sooner are too high to justify incurring, or if the United States Nuclear Regulatory Commission's conditions of license renewal require expenditures that are too high to justify incurring, the commission may issue an order that reestablishes the current expiration dates as the retirement date, or that establishes new retirement dates that are earlier than provided in subparagraph (B), to the extent allowable under federal law, and shall provide sufficient time for orderly shutdown and authorize recovery of any outstanding uncollected costs and fees.

(D) If the loan provided for by Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code is terminated under that chapter, the commission may issue an order that reestablishes the current expiration dates as the retirement date, or that establishes new retirement dates that are earlier than provided in subparagraph (B), and shall provide sufficient time for orderly shutdown and authorize recovery of any outstanding uncollected costs and fees.

(E) If the commission determines that new renewable energy and zero-carbon resources that are adequate to substitute for the Diablo Canyon powerplant and that meet the state's planning standards for energy reliability have already been constructed and interconnected by the time of its decision, the commission may issue an order that reestablishes the current expiration dates as the retirement date, or that establishes new retirement dates that are earlier than provided in subparagraph (B), and shall provide sufficient time for orderly shutdown and authorize recovery of any outstanding uncollected costs and fees.

(F) Any retirement date established under this paragraph shall be conditioned upon continued authorization to operate by the United States Nuclear Regulatory Commission. If the United States Nuclear Regulatory Commission does not extend the current expiration dates or renews the licenses for Diablo Canyon Units 1 or 2 for



a period shorter than the extended operations authorized by the commission, the commission shall modify any orders issued under this paragraph to direct a retirement date that is the same as the United States Nuclear Regulatory Commission license expiration date.

(3) The commission shall do all things necessary and appropriate to implement this section, including, but not limited to, allocating financial responsibility for the extended operations of the Diablo Canyon powerplant to customers of all load-serving entities and ensuring completion of funding of the community impacts mitigation settlement described in Section 712.7. The commission shall not require any funds already disbursed or committed under the community impacts mitigation settlement described in Section 712.7 to be returned because of extended operations of the Diablo Canyon powerplant.

(4) Except as authorized by this section, customers of load-serving entities shall have no other financial responsibility for the costs of the extended operations of the Diablo Canyon powerplant. In no event shall load-serving entities other than the operator and their customers have any civil or criminal liability for the operations of the Diablo Canyon powerplant.

(5) Consistent with Section 25548.4 of the Public Resources Code, the commission shall collaborate with the Department of Water Resources to oversee the operator's actions that are funded by the loan provided for by Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code.

(d) The commission shall order the operator to track all costs associated with continued and extended operations of Diablo Canyon Units 1 and 2. The commission shall authorize the operator to establish accounts as necessary to track all costs incurred under paragraph (1) of subdivision (c), all costs incurred under the loan provided for by Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code, all costs to be borne only by the operator's ratepayers, all costs to be borne by ratepayers of all load-serving entities, consistent with this section, and any other costs as determined by the commission. Among these accounts shall be a Diablo Canyon Extended Operations liquidated damages balancing account, described in subdivisions (f) and (h).

(e) (1) Notwithstanding any approval of extended operations, the commission shall continue to authorize the operator to recover in rates all of the reasonable costs incurred to prepare for the retirement of Diablo Canyon Units 1 and 2, including any reasonable additional costs associated with decommissioning planning resulting from the license renewal applications or license renewals. The reasonable costs incurred to prepare for the retirement of Diablo Canyon Power Plant Units 1 and 2 shall be recovered on a fully nonbypassable basis from customers of all load-serving entities subject to the commission's jurisdiction in the operator's service territory, as determined by the commission, except that the reasonable additional costs associated with decommissioning planning resulting from the license renewal applications or license renewals shall be recovered on a fully nonbypassable basis from customers of all load-serving entities subject to the commission's jurisdiction in the state.

(2) The commission shall continue to fund the employee retention program approved in Decision 18-11-024 (December 2, 2018) Decision Implementing Senate Bill 1090 and Modifying Decision 18-01-022, as modified to incorporate 2024, 2025, and additional years of extended operations, on an ongoing basis until the end of



operations of both units with program costs tracked under subdivision (d) and fully recovered in rates. Any additional funding for the employee retention program beyond what was already approved in commission Decision 18-11-024 shall be submitted by the operator in an application for review by the commission.

(3) The commission shall determine the amount or allocation that the customers of all load-serving entities subject to the commission's jurisdiction shall contribute towards the reasonable additional costs of decommissioning planning resulting from the license renewal applications or license renewals and shall authorize the operator to recover in rates those costs through a nonbypassable charge applicable to the customers of all load-serving entities subject to the commission's jurisdiction in the state as set forth in paragraph (1) of subdivision (k).

(4) The commission shall authorize the operator to recover in rates all of the reasonable costs incurred to prepare for, respond to, provide information to, or otherwise participate in or engage the independent peer review panel under Section 712.

(5) In lieu of a rate-based return on investment and in acknowledgment of the greater risk of outages in an older plant that the operator could be held liable for, the commission shall authorize the operator to recover in rates a volumetric payment equal to ten dollars (\$10), in 2022 dollars, for each megawatthour generated by the Diablo Canyon powerplant during the period of extended operations beyond the current expiration dates, to be borne by customers of all load-serving entities, and an additional volumetric payment equal to ten dollars (\$10), in 2022 dollars, to be borne by customers in the service territory of the operator. The amount of the operating risk payment shall be adjusted annually by the commission using commission-approved escalation methodologies and adjustment factors.

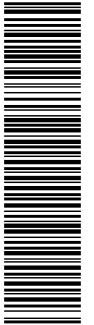
(6) (A) In lieu of a rate-based return on investment and in acknowledgment of the greater risk of outages in an older plant that the operator could be held liable for, the commission shall authorize the operator to recover in rates a fixed payment of fifty million dollars (\$50,000,000), in 2022 dollars, for each unit for each year of extended operations, subject to adjustment in subparagraphs (B) to (D), inclusive. The amount of the fixed payment shall be adjusted annually by the commission using commission-approved escalation methodologies and adjustment factors.

(B) In the first year of extended operations for each unit, the operator shall continue to receive the full fixed payment during periods in which a unit is out of service due to an unplanned outage for nine months or less, and shall receive 50 percent of the payment for months in excess of nine months that a unit is down.

(C) In the second year of extended operations, the operator shall continue to receive the fixed payment during periods in which a unit is out of service due to an unplanned outage for eight months or less, and shall receive 50 percent of the payment for months in excess of eight months that a unit is down.

(D) In each subsequent year of extended operations, the period in which the full fixed payment is received during periods when a unit out is of service due to an unplanned outage shall decline by one additional month.

(f) The commission shall authorize and fund as part of the charge under paragraph (1) of subdivision (k), the Diablo Canyon Extended Operations liquidated damages balancing account in the amount of twelve million five hundred thousand dollars (\$12,500,000) each month for each unit until the liquidated damages balancing account has a balance of three hundred million dollars (\$300,000,000).



(g) (1) The commission shall authorize the operator to recover all reasonable costs and expenses necessary to operate Diablo Canyon Units 1 and 2 beyond the current expiration dates, including those in subdivisions (e) and (f), net of market revenues for those operations and any production tax credits of the operator, on a forecast basis in a new proceeding structured similarly to its annual Energy Resource Recovery Account forecast proceeding with a subsequent true-up to actual costs and market revenues for the prior calendar year via an expedited Tier 3 advice letter process, provided that there shall be no further review of the reasonableness of costs incurred if actual costs are below 115 percent of the forecasted costs. All costs shall be recovered as an operating expense and shall not be eligible for inclusion in the operator's rate base.

(2) As the result of any significant one-time capital expenditures during the extended operation period, the commission may authorize, and the operator may propose, cost recovery of these expenditures as operating expenses amortized over more than one year for the purpose of reducing rate volatility, at an amortization interest rate determined by the commission. The commission shall allow cost recovery if the costs and expenses are just and reasonable. Those costs and expenses are just and reasonable if the operator's conduct is consistent with the actions that a reasonable utility would have undertaken in good faith under similar circumstances, at the relevant point in time and with information that the operator should have known at the relevant point in time.

(3) If, as a result of the annual true-up for extended operations in paragraph (1), the commission determines that market revenues for the prior year exceeded the annual costs and expenses, including those in subdivisions (e) and (f), the commission shall direct that any available surplus revenues in an account created under subdivision (d) be credited solely to customers in the operator's service territory. For customers outside the operator's service territory, market revenues may be credited up to, but not to exceed, their respective annual costs and expenses. If excess funds remain in an account created under subdivision (d) as a result of market revenues exceeding costs and expenses in the final year of the extended operating period, after truing up the final operating year's market revenues against costs and expenses, the remaining funds shall be the sole source of loan repayment per the requirements provided under Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code, except that any federal funds received as described in paragraph (2) of subdivision (b) of Section 25548.3 of the Public Resources Code shall also be used to repay the loan. Ratepayer funds shall not otherwise be used in any manner to repay the loan provided for under Chapter 6.3 (commencing with Section 25548) of Division 15 of the Public Resources Code.

(h) (1) During any unplanned outage periods, the commission shall authorize the operator to recover reasonable replacement power costs, if incurred, associated with Diablo Canyon powerplant operations. If the commission finds that replacement power costs incurred when a unit is out of service due to an unplanned outage are the result of a failure of the operator to meet the reasonable manager standard, then the commission shall authorize payment of the replacement power costs from the Diablo Canyon Extended Operations liquidated damages balancing account described in subdivision (f).



(2) After commencing payments from the Diablo Canyon Extended Operations liquidated damages balancing account under the conditions described in paragraph (1), the commission shall authorize the replenishment of the Diablo Canyon Extended Operations liquidated damages balancing account in the amount of twelve million five hundred thousand dollars (\$12,500,000) for each unit for each month up to a maximum account balance of three hundred million dollars (\$300,000,000).

(i) If the commission finds that the operator is requesting recovery of costs that were previously authorized by the commission or other state or federal agency or paid to the operator for cost recovery, the commission may fine the operator an amount up to three times the amount of the penalty provided in Section 2107 for each violation.

(j) If at any point during the license renewal process or extended operations period the operator believes that, as a result of an unplanned outage, an emergent operating risk, or a new compliance requirement, the cost of performing upgrades needed to continue operations of one or both units exceed the benefits to ratepayers of the continued operation of doing so, the operator shall promptly notify the commission. The commission shall promptly review and determine whether expending funds to continue operations is reasonable, will remain beneficial to ratepayers, and is in the public interest or direct the operator to cease operations. The operator shall take all actions necessary to safely operate or maintain the Diablo Canyon powerplant pending the commission determination.

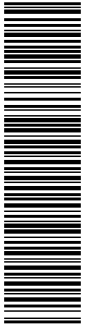
(k) (1) Any costs the commission authorizes the operator to recover in rates under this section shall be recovered on a fully nonbypassable basis from customers of all load-serving entities subject to the commissions's jurisdiction, as determined by the commission, except as otherwise provided in this section. The recovery of these nonbypassable costs by the load-serving entities shall be based on each customer's gross consumption of electricity regardless of a customer's net metering status or purchase of electric energy and service from an electric service provider, community choice aggregator, or other third-party source of electric energy or electricity service.

(2) The commission shall establish mechanisms, including authorizing balancing and memorandum accounts and, as needed, agreements with, or orders with respect to, electrical corporations, community choice aggregators, and electric service providers, to ensure that the revenues received to pay a charge or cost payable pursuant to this section are recovered in rates from those entities and promptly remitted to the entity entitled to those revenues.

(l) This section does not alter the recovery of costs, including those previously approved by the commission, to operate Diablo Canyon Units 1 and 2 until the current expiration dates.

(m) The commission, in consultation with the relevant federal and state agencies and appropriate California Native American tribes, shall, in a new or existing proceeding, determine the future use of the Diablo Canyon powerplant real property and its surrounding real properties owned by the applicable public utility or any legally related, affiliated, or associated companies, in a manner that best serves the interests of the local community, ratepayers, California Native America tribes, and the state.

(n) Except as otherwise provided in this section, this section does not alter or limit any proceeding of the commission relating to the decommissioning of the Diablo Canyon powerplant.



(o) The Legislature finds and declares that the purpose of the extension of the Diablo Canyon powerplant operations is to protect the state against significant uncertainty in future demand resulting from the state's greenhouse-gas-reduction efforts involving electrification of transportation and building energy end uses and regional climate-related weather phenomenon, and to address the risk that currently ordered procurement will be insufficient to meet this supply or that there may be delays in bringing the ordered resources online on schedule. Consequently, the continued operation of Diablo Canyon Units 1 and 2 beyond their current expiration dates shall not be factored into the analyses used by the commission or by load-serving entities not subject to the commission's jurisdiction when determining future generation and transmission needs to ensure electrical grid reliability and to meet the state's greenhouse-gas-emissions reduction goals. To the extent the commission decides to allocate any benefits or attributes from extended operations of the Diablo Canyon powerplant, the commission may consider the higher cost to customers in the operator's service area.

(p) Notwithstanding Section 10231.5 of the Government Code, in coordination with the Energy Commission, the Independent System Operator, and the Department of Water Resources, the commission shall submit, in accordance with Section 9795 of the Government Code, a report to the Legislature each year on the status of new resource additions and revisions to the state's electric demand forecast, and the impact of these updates on the need for keeping the Diablo Canyon powerplant online.

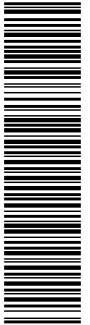
(q) Any sale, mortgage, transfer of operational control, or any other encumbrance of disposition of the Diablo Canyon powerplant shall continue to be subject to Article 6 (commencing with Section 851).

(r) The operator shall report to the commission on an annual basis the amount of compensation earned under this section and how that compensation was spent. Compensation may be spent to accelerate critical priorities, such as accelerating customer interconnections and increasing capacity to accelerate actions needed to bring renewable and zero-carbon energy online and modernize the grid, and increase resiliency and reduce wildfire risk. The operator shall not increase existing public earning per share guidance as a result of compensation provided under this section. The commission shall ensure no double recovery in rates.

(s) The commission shall verify at the conclusion of extended operations that the operator's sole compensation during the period of extended operations is limited to and in accordance with paragraphs (5) and (6) of subdivision (e) and shall be in lieu of a rate-based return on investment in the Diablo Canyon powerplant. Any excess funds remaining in an account created under subdivision (d) as a result of market revenues exceeding costs and expenses across the extended operating period, after truing up the final operating year's market revenues against costs and expenses, following loan repayment under paragraph (3) of subdivision (g), shall be returned in full to customers in a manner to be determined by the commission, except that any funds remaining in the Diablo Canyon Extended Operations liquidated damages balancing account specified in subdivisions (f) and (h), shall be returned to customers in the operator's service territory in a manner to be determined by the commission.

SEC. 9. Section 13193.5 is added to the Water Code, to read:

13193.5. Notwithstanding any provision to the contrary in the State Water Resources Control Board's Water Quality Control Policy on the Use of Coastal and



Estuarine Waters for Power Plant Cooling, as referenced in Section 2922 of Title 23 of the California Code of Regulations, the final compliance dates for Diablo Canyon Units 1 and 2 shall be October 31, 2030. Nothing in this section prevents the state board from ordering the operator of the Diablo Canyon powerplant to conduct any other form of mitigation allowed under this chapter, except that the construction of cooling towers at the Diablo Canyon powerplant shall not be required.

SEC. 10. The sum of six hundred million dollars (\$600,000,000) is hereby appropriated from the General Fund to the Diablo Canyon Extension Fund established pursuant to Section 25548.6 of the Public Resources Code.

SEC. 11. 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.

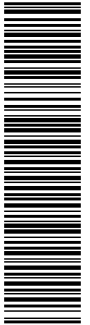
SEC. 12. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances impacting the Diablo Canyon powerplant, as described in Section 4 of this act.

SEC. 13. The Legislature finds and declares that Section 3 of this act, which adds Section 25233 of the Public Resources 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:

To protect consumers and avoid unfair competitive advantages or disadvantages, it is necessary to maintain the confidentiality of market-sensitive information.

SEC. 14. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 15. 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.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Diablo Canyon powerplant: extension of operations.

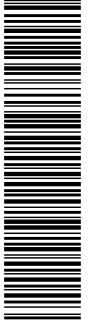
Existing law vests the Public Utilities Commission (PUC) with regulatory authority over electrical corporations. The Diablo Canyon nuclear powerplant, composed of Reactor Units 1 and 2, is operated by the Pacific Gas and Electric Company, an electrical corporation, in the County of San Luis Obispo. On January 11, 2018, the PUC approved the Pacific Gas and Electric Company's proposal to retire Unit 1 in 2024 and Unit 2 in 2025.

This bill would invalidate the PUC's approval of that proposal and would require the PUC to set new retirement dates for the Diablo Canyon powerplant, as provided, conditioned upon the United States Nuclear Regulatory Commission extending the powerplant's operating licenses, as specified. The bill would require the PUC to take certain actions to enable the operator of the Diablo Canyon powerplant to recover the reasonable costs and expenses of operating the Diablo Canyon powerplant, as provided, including the imposition of a fully nonbypassable charge on all customers of electrical corporations, electric service providers, and community choice aggregators, and would require the PUC to authorize the operator to recover in rates an operating fee for each megawatthour generated by the powerplant, as specified.

This bill, for purposes of certain requests by the operator of the Diablo Canyon powerplant or the United States Nuclear Regulatory Commission that are necessary to authorize the Diablo Canyon powerplant to continue to operate after those retirement dates, would require a state agency to act on the request within 180 days, and would provide that the California Environmental Quality Act does not apply to those requests. The bill would authorize the Department of Water Resources to make a loan up to a total principal amount not to exceed \$1.4 billion to facilitate the extension of the operating period of the Diablo Canyon powerplant, as provided. The bill would establish the Diablo Canyon Extension Fund in the State Treasury and would continuously appropriate moneys in the fund to the department for purposes of making the loan. Because the Diablo Canyon Extension Fund would be a continuously appropriated fund, the bill would make an appropriation. The bill would transfer \$600,000,000 from the General Fund to the Diablo Canyon Extension Fund, thereby making an appropriation.

Existing law requires the PUC to adopt a process for each load-serving entity to file an integrated resource plan and a schedule for periodic updates to the plan and to ensure load-serving entities take certain actions, including actions to ensure system and local reliability on both a near-term and long-term basis, including meeting the near-term and forecasted long-term resource adequacy requirements.

This bill would additionally require sufficient, predictable resource procurement and development to avoid unplanned energy supply shortfalls by taking into account impacts due to climate change and other factors that can result in those shortfalls.



This bill would require the State Energy Resources Conservation and Development Commission and the PUC, on or before December 15, 2022, and quarterly thereafter, to provide to the Legislature a joint Reliability Planning Assessment identifying estimates for the electrical supply and demand balance for the forward 5- and 10-year period under high-, medium-, and low-risk scenarios, as provided.

Under its existing authority, the PUC, by order, has established the Independent Safety Committee for Diablo Canyon to make recommendations appropriate to enhance the safety of the operation at the Diablo Canyon powerplant.

This bill would establish and continue the Independent Safety Committee for Diablo Canyon, consisting of 3 members appointed, as provided. The bill would require the PUC to ensure funding for the committee to attract qualified experts to serve on the committee. In addition to the duties and responsibility set forth in the commission decisions, the bill would require the committee to undertake additional duties, as provided, including annually transmitting its findings and recommendations for improved safety to certain public entities and the operator of Diablo Canyon powerplant. The bill would require the company licensed to operate Diablo Canyon powerplant to respond to the findings and recommendations and distribute the response to those public entities.

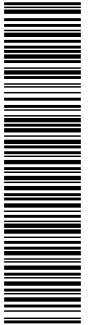
The California Coastal Act of 1976 establishes the California Coastal Commission and prescribes the powers and responsibilities of the commission with regard to the regulation of development along the California coast. The act requires any person wishing to perform or undertake any development in the coastal zone, as defined, to obtain a coastal development permit, except as provided.

This bill would specify that the operation of a nuclear powerplant is permitted at the Diablo Canyon powerplant site. The bill would make this provision inoperative on a specified date and would repeal it on January 1, 2031. The bill would authorize a coastal development permit to be required in connection with the extension of Diablo Canyon powerplant operations only for new or expanded development proposed at the Diablo Canyon powerplant site.

Under the Porter-Cologne Water Quality Control Act, the State Water Resources Control board is required to adopt specified state policies with respect to water quality as it relates to the coastal marine environment, including a policy requiring new or expanded coastal powerplants and other industrial installations using seawater for cooling, heating, or industrial processing to use the best available site, design, technology, and mitigation measures feasible to minimize the intake and mortality of all forms of marine life. Pursuant to that policy, the state board has adopted a policy to phase out once-through cooling for powerplants and issued an order implementing this policy and establishing an interim mitigation fee to address the impacts caused by once-through cooling during the phase-out period.

This bill would specify that the final compliance date of the once-through cooling policy for the Diablo Canyon powerplant is October 31, 2030.

The California Emergency Services Act, until August 26, 2025, prescribes a method for funding state and local costs for carrying out emergency service activities associated with a nuclear powerplant that are not reimbursed by federal funds, with the costs borne by utilities operating nuclear powerplants with a generating capacity of 50 megawatts or more, as specified.



This bill would extend the operation of those and related provisions until 18 months after the permanent cessation of operations of the Diablo Canyon powerplant.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Diablo Canyon powerplant.

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

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

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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.

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

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

