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SENATE BILL

No. 1

Introduced by Senator Murray

(Principal coauthor: Assembly Member Levine)

(Coauthors: Senators Alquist, Chesbro, Ducheny, and Kehoe)

(Coauthors: Assembly Members Bermudez, *Blakeslee*, Chan, Cohn, Koretz, Laird, Leno, Lieber, Nation, Pavley, Saldana, Wolk, and Yee)

December 6, 2004

An act to add Sections 25405.5 and 25405.6 to, and to add Chapter 8.8 (commencing with Section 25780) to Division 15 of, the Public Resources Code, and to amend Section 2827 of, and to add Sections

387.5 and 2851 to, the Public Utilities Code, relating to solar electricity.

LEGISLATIVE COUNSEL'S DIGEST

SB 1, as amended, Murray. Electricity: renewable energy resources: California Solar Initiative.

(1) Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to expand and accelerate development of alternative sources of energy, including solar resources. Existing law requires the Energy Commission to develop and adopt regulations governing solar devices, as defined, designed to encourage the development and use of solar energy and to provide maximum information to the public concerning solar devices.

This bill would require beginning January 1, 2011, a seller of production homes, as defined, to offer the option of a solar energy system, as defined, to all customers negotiating to purchase a new production home constructed on land meeting certain criteria and to disclose certain information. The bill would require the Energy Commission to develop an offset program that allows a developer or seller of production homes to forgo the offer requirement on a project by installing solar energy systems generating specified amounts of electricity on other projects. The bill would require, not later than July 1, 2007, the Energy Commission to initiate a public proceeding *to study* and make findings whether, and under what conditions, solar energy systems ~~are to~~ *should* be required on new residential and nonresidential buildings *and to periodically update the study thereafter*. ~~The bill would prohibit the Energy Commission from requiring that a solar energy system be installed on a residential building unless the Energy Commission determines, based upon consideration of all costs associated with the system, including the availability of certain financial incentives, that the system is cost effective when amortized over the economic life of the structure.~~

(2) Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations. Existing law required the PUC, on or before March 7, 2001, and in consultation with the Independent System Operator, to take certain actions, including, in consultation with the Energy Commission, adopting energy conservation demand-side management and other initiatives in order to reduce demand for electricity and

reduce load during peak demand periods, including differential incentives for renewable or super clean distributed generation resources. Pursuant to this requirement, the PUC has developed a self-generation incentive program to encourage customers of electrical corporations to install distributed generation that operates on renewable fuel or contributes to system reliability. Existing law requires the PUC, in consultation with the Energy Commission, to administer, until January 1, 2008, a self-generation incentive program for distributed generation resources in the same form that existed on January 1, 2004, subject to certain air emissions and efficiency standards. In a PUC decision, the PUC adopted the California Solar Initiative, which modified the self-generation incentive program for distributed generation resources and provides incentives to customer-side photovoltaics and solar thermal electric projects under \pm one megawatt.

This bill would require the PUC, in implementing the California Solar Initiative, to authorize the award of monetary incentives for *up to the 1st megawatt of alternating current generated by an eligible solar energy—systems system, that meets the eligibility criteria established by the Energy Commission. The bill would authorize the commission, prior to the establishment of eligibility criteria by the Energy Commission, to determine the eligibility of a solar energy system, as defined, to receive monetary incentives. The bill would require that awards of monetary incentives decline at a rate of an average of at least 7% for each year following implementation, and be zero by December 31, 2016. The bill would require the PUC, by January—June 30, 2010, to adopt a performance-based incentive program, as specified. The bill would require that the PUC, by January 1, 2008, and in consultation with the Energy Commission, require reasonable and cost-effective energy efficiency improvements in existing buildings as a condition of providing incentives for eligible solar energy systems. The bill would require the commission to require time-variant pricing for all ratepayers with a solar energy system. The bill would prohibit costs of the program from being recovered from certain customers and would require the commission to ensure that the total cost over the duration of the program does not exceed \$3,200,000,000, consisting of 3 specified program components. The bill would prohibit the PUC from allocating additional moneys for certain research, development, and demonstration. The bill would require that by January 1, 2009, and*

every year thereafter, the PUC submit to the Legislature an assessment of the success of the California Solar Initiative program, that includes specified information.

This bill would require the Energy Commission, by January 1, 2008, and in consultation with the PUC, local publicly owned electric utilities, and interested members of the public, to establish and thereafter revise eligibility criteria for solar energy systems and to establish conditions for ratepayer funded incentives that are applicable to the California Solar Initiative. The bill would require the Energy Commission to adopt guidelines for solar energy systems receiving ratepayer funded incentives at a publicly noticed meeting. *The bill would, upon establishment of eligibility criteria by the Energy Commission, prohibit ratepayer funded incentives from being made for a solar energy system that does not meet the eligibility criteria.* The bill would require the Energy Commission to make certain information available to the public, to provide assistance to builders and contractors, and to conduct random audits of solar energy systems to evaluate their operational performance.

This bill would require all local publicly owned electric utilities, as defined, that sell electricity at retail, on or before January 1, 2008, to adopt, implement, and finance a solar initiative program, as prescribed, for the purpose of investing in, and encouraging the increased installation of, residential and commercial solar energy systems. The bill would require a local publicly owned electric utility to make certain program information available to its customers and to the Energy Commission on an annual basis beginning June 1, 2008. By imposing additional duties upon local publicly owned electric utilities, the bill would thereby impose a state-mandated local program.

(3) Existing law requires all electric service providers, as defined, to develop a standard contract or tariff providing for net energy metering, and to make this contract available to eligible customer generators, upon request. Existing law requires all electric service providers, upon request, to make available to eligible customer generators contracts for net energy metering on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer generators exceeds 0.5% of the electric service provider's aggregate customer peak demand.

This bill would require the PUC to order electric service providers to expand the availability of net energy metering so that it is offered on a first-come-first-served basis until the time that the total rated generating capacity used by all eligible customer-generators exceeds 2.5% of the electric service provider’s aggregate customer peak demand. *The bill would require the commission, by January 1, 2010, in consultation with the Energy Commission, to submit a report to the Governor and Legislature on the costs and benefits of net energy metering, wind energy co-metering, and co-energy metering to participating customers and nonparticipating customers and with options to replace the economic costs of different forms of net metering with a mechanism that more equitably balances the interests of participating and nonparticipating customers.*

~~(4) Under existing law, a violation of the Public Utilities Act or an order or direction of the PUC is a crime.~~

~~Various provisions of this bill are within the act and require action by the PUC to implement the bill’s requirements. Because a violation of those provisions or of PUC actions to implement those provisions would be a crime, this bill would impose a state-mandated local program by creating new crimes.~~

~~(5)~~

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

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

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

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

- 1 SECTION 1. Section 25405.5 is added to the Public
- 2 Resources Code, to read:
- 3 25405.5. (a) As used in this section, the following terms have
- 4 the following meanings:
- 5 (1) “kW” means kilowatts or 1,000 watts, as measured from
- 6 the alternating current side of the solar energy system inverter
- 7 consistent with Section 223 of Title 15 of the United States Code.

1 (2) “Production home” means a single-family residence
2 constructed as part of a development of at least 50 homes per
3 project that is intended or offered for sale.

4 (3) ~~“Solar energy system” means a photovoltaic solar collector
5 or other photovoltaic solar energy device that has a primary
6 purpose of providing for the collection and distribution of solar
7 energy for the generation of electricity, and that produces at least
8 one kW, but not more than five megawatts, alternating current
9 rated peak electricity. The commission may designate a solar
10 energy device that is not a photovoltaic solar collector or other
11 photovoltaic solar energy device to be a “solar energy system” if
12 the solar energy device has the primary purpose of providing for
13 the collection and distribution of solar energy for the generation
14 of electricity, it produces at least one kW, but not more than five
15 megawatts, alternating current rated peak electricity, and it meets
16 or exceeds the eligibility criteria established pursuant to Section
17 25782: solar energy device that has the primary purpose of
18 providing for the collection and distribution of solar energy for
19 the generation of electricity, that produces at least one kW, and
20 not more than five megawatts, alternating current rated peak
21 electricity, and that meets or exceeds the eligibility criteria
22 established pursuant to Section 25782.~~

23 (b) A seller of production homes shall offer a solar energy
24 system option to all customers that enter into negotiations to
25 purchase a new production home constructed on land for which
26 an application for a tentative subdivision map has been deemed
27 complete on or after January 1, 2011, and disclose the following:

28 (1) The total installed cost of the solar energy system option.

29 (2) The estimated cost savings associated with the solar energy
30 system option, as determined by the commission pursuant to
31 Chapter 8.8 (commencing with Section 25780) of Division 15.

32 (c) The State Energy Resources Conservation and
33 Development Commission shall develop an offset program that
34 allows a developer or seller of production homes to forgo the
35 offer requirement of this section on a project, by installing solar
36 energy systems generating specified amounts of electricity on
37 other projects, including, but not limited to, low-income housing,
38 multifamily, commercial, industrial, and institutional
39 developments. The amount of electricity required to be generated
40 from solar energy systems used as an offset pursuant to this

1 subdivision shall be equal to the amount of electricity generated
2 by solar energy systems installed on a similarly sized project
3 within that climate zone, assuming 20 percent of the prospective
4 buyers would have installed solar energy systems.

5 (d) The requirements of this section shall not operate as a
6 substitute for the implementation of existing energy efficiency
7 measures, and the requirements of this section shall not result in
8 lower energy savings or lower energy efficiency levels than
9 would otherwise be achieved by the full implementation of
10 energy savings and energy efficiency standards established
11 pursuant to Section 25402.

12 SEC. 2. Section 25405.6 is added to the Public Resources
13 Code, to read:

14 25405.6. Not later than July 1, 2007, the commission shall
15 initiate a public proceeding *to study* and make findings whether,
16 and under what conditions, solar energy systems ~~shall~~ *should* be
17 required on new residential and new nonresidential buildings,
18 including the establishment of numerical targets. ~~As part of the~~
19 ~~study, the commission may determine that a solar energy system~~
20 ~~shall not be required for a residential~~ *should not be required for*
21 *any building unless the commission determines, based upon*
22 *consideration of all costs associated with the system, that the*
23 *system is cost effective when amortized over the economic life of*
24 *the structure. When determining the cost-effectiveness of the*
25 *solar energy system, the commission shall consider the*
26 *availability of governmental rebates, tax deductions,*
27 *net-metering, and other quantifiable factors, if the commission*
28 *can determine the availability of these financial incentives if a*
29 *solar energy system is made mandatory and not elective. The*
30 *commission shall periodically update the ~~standards and adopt~~*
31 *study and incorporate any revision that the commission*
32 *determines is necessary, including revisions that reflect changes*
33 *in the financial incentives originally considered by the*
34 *commission when determining cost-effectiveness of the solar*
35 *energy system. For purposes of this section, “solar energy*
36 *system” means a photovoltaic solar collector or other*
37 *photovoltaic solar energy device that has a primary purpose of*
38 *providing for the collection and distribution of solar energy for*
39 *the generation of electricity. This section is intended to be for*
40 *study purposes only and does not authorize the commission to*

1 *develop and adopt any requirement for solar energy systems on*
2 *either residential or nonresidential buildings.*

3 SEC. 3. Chapter 8.8 (commencing with Section 25780) is
4 added to Division 15 of the Public Resources Code, to read:

5

6

CHAPTER 8.8. CALIFORNIA SOLAR INITIATIVE

7

8 25780. The Legislature finds and declares all of the
9 following:

10 (a) California has a pressing need to procure a steady supply
11 of affordable and reliable peak electricity.

12 (b) Solar generated electricity is uniquely suited to
13 California's needs because it produces electricity when
14 California needs it most, during the peak demand hours in
15 summer afternoons when the sun is brightest and air conditioners
16 are running at capacity.

17 (c) Procuring solar electric generation capacity to meet peak
18 electricity demand increases system reliability and decreases
19 California's dependence on unstable fossil fuel supplies.

20 (d) Solar generated electricity diversifies California's energy
21 portfolio. California currently relies on natural gas for the bulk of
22 its electricity generation needs. Increasing energy demands place
23 increasing pressure on limited natural gas supplies and threaten
24 to raise costs.

25 (e) More than 150,000 homes will be built annually in
26 California in the coming years, challenging energy reliability and
27 affordability.

28 (f) Investing in residential and commercial solar electricity
29 generation installations today will lower the cost of solar
30 generated electricity for all Californians in the future. In 10
31 years, solar peak electric generation can be procured without the
32 need for rebates.

33 (g) Increasing California's solar electricity generation market
34 will also bring additional manufacturing, installation, and sales
35 jobs to the state at a higher rate than most conventional energy
36 production sources.

37 (h) The California Solar Initiative is intended to be a
38 cost-effective investment by ratepayers in peak electricity
39 generation capacity. Pursuant to the initiative, it is further
40 intended that ratepayers recoup the cost of their investment

1 through lower rates as a result of avoiding purchases of
2 electricity at peak rates, with additional system reliability and
3 pollution reduction benefits.

4 (i) Solar energy systems provide substantial energy reliability
5 and pollution reduction benefits. Solar energy systems also
6 diversify our energy supply and thereby reduce our dependence
7 on imported fossil fuels.

8 (j) It is the goal of the state to install solar energy systems with
9 a generation capacity equivalent of 3,000 megawatts, to establish
10 a self-sufficient solar industry in which solar energy systems are
11 a viable mainstream option for both homes and businesses in 10
12 years, and to place solar energy systems on 50 percent of new
13 homes in 13 years.

14 25781. As used in this chapter, the following terms have the
15 following meanings:

16 (a) “California Solar Initiative” means the program providing
17 ratepayer funded incentives for eligible solar energy systems
18 adopted by the Public Utilities Commission in Decision
19 06-01-024.

20 (b) “kW” means kilowatts or 1,000 watts, as measured from
21 the alternating current side of the solar energy system inverter
22 consistent with Section 223 of Title 15 of the United States Code.

23 (c) “kWh” means kilowatthours, as measured by the number
24 of kilowatts generated in an hour.

25 (d) “MW” means megawatts or 1,000,000 watts.

26 (e) ~~“Solar energy system” means a photovoltaic solar collector~~
27 ~~or other photovoltaic solar energy device that has a primary~~
28 ~~purpose of providing for the collection and distribution of solar~~
29 ~~energy for the generation of electricity, and that produces at least~~
30 ~~one kW and not more than five MW alternating current rated~~
31 ~~peak electricity. The commission may designate a solar energy~~
32 ~~device that is not a photovoltaic solar collector or other~~
33 ~~photovoltaic solar energy device to be a “solar energy system” if~~
34 ~~the solar energy device has the primary purpose of providing for~~
35 ~~the collection and distribution of solar energy for the generation~~
36 ~~of electricity, it produces at least one kW, but not more than five~~
37 ~~MW, alternating current rated peak electricity, and it meets or~~
38 ~~exceeds the eligibility criteria established pursuant to solar~~
39 ~~energy device that has the primary purpose of providing for the~~
40 ~~collection and distribution of solar energy for the generation of~~

1 *electricity, that produces at least one kW, and not more than five*
2 *MW, alternating current rated peak electricity, and that meets or*
3 *exceeds the eligibility criteria established pursuant to Section*
4 *25782.*

5 25782. (a) The commission shall, by January 1, 2008, in
6 consultation with the Public Utilities Commission, local publicly
7 owned electric utilities, and interested members of the public,
8 establish eligibility criteria for solar energy systems receiving
9 ratepayer funded incentives that include all of the following:

10 (1) Design, installation, and electrical output standards or
11 incentives.

12 (2) The solar energy system is intended primarily to offset part
13 or all of the consumer's own electricity demand.

14 (3) All components in the solar energy system are new and
15 unused, and have not previously been placed in service in any
16 other location or for any other application.

17 (4) The solar energy system has a warranty of not less than 10
18 years to protect against defects and undue degradation of
19 electrical generation output.

20 (5) The solar energy system is located on the same premises of
21 the end-use consumer where the consumer's own electricity
22 demand is located.

23 (6) The solar energy system is connected to the electrical
24 corporation's electrical distribution system within the state.

25 (7) The solar energy system has meters or other devices in
26 place to monitor and measure the system's performance and the
27 quantity of electricity generated by the system.

28 (8) The solar energy system is installed in conformance with
29 the manufacturer's specifications and in compliance with all
30 applicable electrical and building code standards.

31 (b) The commission shall establish conditions on ratepayer
32 funded incentives that require all of the following:

33 (1) Appropriate siting and high quality installation of the solar
34 energy system by developing installation guidelines that
35 maximize the performance of the system and prevent qualified
36 systems from being inefficiently or inappropriately installed. The
37 conditions established by the commission shall not impact
38 housing designs or densities presently authorized by a city,
39 county, or city and county. The goal of this paragraph is to

1 achieve efficient installation of solar energy systems to promote
2 the greatest energy production per ratepayer dollar.

3 (2) Optimal solar energy system performance during periods
4 of peak electricity demand.

5 (3) Appropriate energy efficiency improvements in the new or
6 existing home or commercial structure where the solar energy
7 system is installed.

8 (c) The commission shall set rating standards for equipment,
9 components, and systems to assure reasonable performance and
10 shall develop standards that provide for compliance with the
11 minimum ratings.

12 (d) *Upon establishment of eligibility criteria pursuant to*
13 *subdivision (a), no ratepayer funded incentives shall be made for*
14 *a solar energy system that does not meet the eligibility criteria.*

15 25783. The commission shall do all the following:

16 (a) Publish educational materials designed to demonstrate how
17 builders may incorporate solar energy systems during
18 construction as well as energy efficiency measures that best
19 complement solar energy systems.

20 (b) Develop and publish the estimated annual electrical
21 generation and savings for solar energy systems. The estimates
22 shall vary by climate zone, type of system, size, lifecycle costs,
23 electricity prices, and other factors the commission determines to
24 be relevant to a consumer when making a purchasing decision.

25 (c) Provide assistance to builders and contractors. The
26 assistance may include technical workshops, training,
27 educational materials, and related research.

28 (d) The commission shall annually conduct random audits of
29 solar energy systems to evaluate their operational performance.

30 (e) The commission, in consultation with the Public Utilities
31 Commission, shall evaluate the costs and benefits of having an
32 increased number of operational solar energy systems as a part of
33 the electrical system with respect to their impact upon the
34 distribution, transmission, and supply of electricity, using the
35 best available load profiling and distribution operations data from
36 the Public Utilities Commission, local publicly owned electric
37 utilities, and electrical corporations, and performance audits of
38 installed solar energy systems.

39 25784. The commission shall adopt guidelines for solar
40 energy systems receiving ratepayer funded incentives at a

1 publicly noticed meeting offering all interested parties an
2 opportunity to comment. Not less than 30 days' public notice
3 shall be given of the meeting required by this section, before the
4 commission initially adopts guidelines. Substantive changes to
5 the guidelines shall not be adopted without at least 10 days'
6 written notice to the public. Notwithstanding any other provision
7 of law, any guidelines adopted pursuant to this chapter shall be
8 exempt from the requirements of Chapter 3.5 (commencing with
9 Section 11340) of Part 1 of Division 3 of Title 2 of the
10 Government Code.

11 SEC. 4. Section 387.5 is added to the Public Utilities Code, to
12 read:

13 387.5. (a) The governing body of a local publicly owned
14 electric utility, as defined in subdivision (d) of Section 9604, that
15 sells electricity at retail, shall adopt, implement, and finance a
16 solar-~~roofs~~ initiative program, funded in accordance with
17 subdivision (b), for the purpose of investing in, and encouraging
18 the increased installation of, residential and commercial solar
19 energy systems. This program shall be consistent with the
20 ~~California Solar Initiative adopted by the commission in~~
21 ~~Decision 06-01-024, and with the intent and goals of the~~
22 ~~Legislature~~ *state* to encourage the installation of 3,000 megawatts
23 of photovoltaic solar energy in California in accordance with
24 Chapter 8.8 (commencing with Section 25780) of Division 15 of
25 the Public Resources Code.

26 (b) On or before January 1, 2008, a local publicly owned
27 electric utility shall offer monetary incentives for the installation
28 of solar energy systems of at least two dollars and eighty cents
29 (\$2.80) per installed watt, or for the electricity produced by the
30 solar energy system, measured in kilowatthours, as determined
31 by the governing board of a local publicly owned electric utility,
32 for photovoltaic solar energy systems. The incentive level shall
33 decline each year thereafter at a rate of no less than *an average of*
34 7 percent per year.

35 (c) A local publicly owned electric utility shall initiate a public
36 proceeding to fund a solar energy program to adequately support
37 the goal of ~~the Legislature to encourage the installation of~~
38 ~~installing~~ 3,000 megawatts of photovoltaic solar energy in
39 California in accordance with Chapter 8.8 (commencing with
40 Section 25780) of Division 15 of the Public Resources Code ~~and~~

1 consistent with the California Solar Initiative adopted by the
2 commission in Decision 06-01-024. The proceeding shall
3 determine what additional funding, if any, is necessary to provide
4 the incentives pursuant to subdivision (b). The public proceeding
5 shall be completed and the comprehensive solar energy program
6 established by January 1, 2008.

7 (d) A local publicly owned electric utility shall, on an annual
8 basis beginning June 1, 2008, make available to its customers
9 and to the State Energy Resources Conservation and
10 Development Commission, information relating to the utility's
11 solar-roofs initiative program established pursuant to this section,
12 including, but not limited to, the number of photovoltaic solar
13 watts installed, the total number of photovoltaic systems
14 installed, the total number of applicants, the amount of incentives
15 awarded, and the contribution toward the program goals.

16 (e) ~~It is the intent of the Legislature that, in~~ *In* establishing the
17 program required by this section, no moneys *shall* be diverted
18 from any existing programs for low-income ratepayers, or from
19 cost-effective energy efficiency or demand response programs.

20 ~~It is the intent of the Legislature that the statewide~~
21 ~~expenditure cap for local publicly owned electric utilities shall~~
22 ~~not exceed seven hundred million dollars (\$700,000,000). The~~
23 ~~expenditure cap for each local publicly owned electric utility~~

24 *(f) The statewide expenditures for solar programs adopted,*
25 *implemented, and financed by local publicly owned electric*
26 *utilities shall be seven hundred eighty-four million dollars*
27 *(\$784,000,000). The expenditure level for each local publicly*
28 *owned electric utility shall be based on that utility's percentage*
29 *of the total statewide load served by all local publicly owned*
30 *electric utilities. Expenditures by a local publicly owned electric*
31 *utility may be less than the utility's cap amount, provided that*
32 *funding is adequate to provide the incentives required by*
33 *subdivision (b).*

34 SEC. 5. Section 2827 of the Public Utilities Code is amended
35 to read:

36 2827. (a) The Legislature finds and declares that a program
37 to provide net energy metering for eligible customer-generators
38 is one way to encourage substantial private investment in
39 renewable energy resources, stimulate in-state economic growth,
40 reduce demand for electricity during peak consumption periods,

1 help stabilize California’s energy supply infrastructure, enhance
2 the continued diversification of California’s energy resource mix,
3 and reduce interconnection and administrative costs for
4 electricity suppliers.

5 (b) As used in this section, the following definitions apply:

6 (1) “Electric service provider” means an electrical corporation,
7 as defined in Section 218, a local publicly owned electric utility,
8 as defined in Section 9604, or an electrical cooperative, as
9 defined in Section 2776, or any other entity that offers electrical
10 service. This section shall not apply to a local publicly owned
11 electric utility, as defined in Section 9604 of the Public Utilities
12 Code, that serves more than 750,000 customers and that also
13 conveys water to its customers.

14 (2) “Eligible customer-generator” means a residential, small
15 commercial customer as defined in subdivision (h) of Section
16 331, commercial, industrial, or agricultural customer of an
17 electric service provider, who uses a solar or a wind turbine
18 electrical generating facility, or a hybrid system of both, with a
19 capacity of not more than one megawatt that is located on the
20 customer’s owned, leased, or rented premises, is interconnected
21 and operates in parallel with the electric grid, and is intended
22 primarily to offset part or all of the customer’s own electrical
23 requirements.

24 (3) “Net energy metering” means measuring the difference
25 between the electricity supplied through the electric grid and the
26 electricity generated by an eligible customer-generator and fed
27 back to the electric grid over a 12-month period as described in
28 subdivision (h). Net energy metering shall be accomplished using
29 a single meter capable of registering the flow of electricity in two
30 directions. An additional meter or meters to monitor the flow of
31 electricity in each direction may be installed with the consent of
32 the customer-generator, at the expense of the electric service
33 provider, and the additional metering shall be used only to
34 provide the information necessary to accurately bill or credit the
35 customer-generator pursuant to subdivision (h), or to collect solar
36 or wind electric generating system performance information for
37 research purposes. If the existing electrical meter of an eligible
38 customer-generator is not capable of measuring the flow of
39 electricity in two directions, the customer-generator shall be
40 responsible for all expenses involved in purchasing and installing

1 a meter that is able to measure electricity flow in two directions.
2 If an additional meter or meters are installed, the net energy
3 metering calculation shall yield a result identical to that of a
4 single meter. An eligible customer-generator who already owns
5 an existing solar or wind turbine electrical generating facility, or
6 a hybrid system of both, is eligible to receive net energy metering
7 service in accordance with this section.

8 (4) “Wind energy co-metering” means any wind energy
9 project greater than 50 kilowatts, but not exceeding one
10 megawatt, where the difference between the electricity supplied
11 through the electric grid and the electricity generated by an
12 eligible customer-generator and fed back to the electric grid over
13 a 12-month period is as described in subdivision (h). Wind
14 energy co-metering shall be accomplished pursuant to Section
15 2827.8.

16 (5) “Co-energy metering” means a program that is the same in
17 all other respects as a net energy metering program, except that
18 the local publicly owned electric utility, as defined in Section
19 9604, has elected to apply a generation-to-generation energy and
20 time-of-use credit formula as provided in subdivision (i).

21 (6) “Ratemaking authority” means, for an electrical
22 corporation as defined in Section 218, or an electrical
23 cooperative as defined in Section 2776, the commission, and for
24 a local publicly owned electric utility as defined in Section 9604,
25 the local elected body responsible for regulating the rates of the
26 local publicly owned utility.

27 (c) (1) Every electric service provider shall develop a standard
28 contract or tariff providing for net energy metering, and shall
29 make this contract available to eligible customer-generators,
30 upon request, on a first-come-first-served basis until the time that
31 the total rated generating capacity used by eligible
32 customer-generators exceeds 2.5 percent of the electric service
33 provider’s aggregate customer peak demand.

34 (2) On an annual basis, beginning in 2003, every electric
35 service provider shall make available to the ratemaking authority
36 information on the total rated generating capacity used by
37 eligible customer-generators that are customers of that provider
38 in the provider’s service area. For those electric service providers
39 who are operating pursuant to Section 394, they shall make
40 available to the ratemaking authority the information required by

1 this paragraph for each eligible customer-generator that is their
2 customer for each service area of an electric corporation, local
3 publicly owned electric utility, or electrical cooperative, in which
4 the customer has net energy metering. The ratemaking authority
5 shall develop a process for making the information required by
6 this paragraph available to energy service providers, and for
7 using that information to determine when, pursuant to paragraph
8 (3), a service provider is not obligated to provide net energy
9 metering to additional customer-generators in its service area.

10 (3) Notwithstanding paragraph (1), an electric service provider
11 is not obligated to provide net energy metering to additional
12 customer-generators in its service area when the combined total
13 peak demand of all customer-generators served by all the electric
14 service providers in that service area furnishing net energy
15 metering to eligible customer-generators exceeds 2.5 percent of
16 the aggregate customer peak demand of those electric service
17 providers.

18 (4) *By January 1, 2010, the commission, in consultation with*
19 *the State Energy Resources Conservation and Development*
20 *Commission, shall submit a report to the Governor and the*
21 *Legislature on the costs and benefits of net energy metering,*
22 *wind energy co-metering, and co-energy metering to*
23 *participating customers and nonparticipating customers and with*
24 *options to replace the economic costs and benefits of net energy*
25 *metering, wind energy co-metering, and co-energy metering with*
26 *a mechanism that more equitably balances the interests of*
27 *participating and nonparticipating customers, and that*
28 *incorporates the findings of the report on economic and*
29 *environmental costs and benefits of net metering required by*
30 *subdivision (n).*

31 (d) Electric service providers shall make all necessary forms
32 and contracts for net metering service available for download
33 from the Internet.

34 (e) (1) Every electric service provider shall ensure that
35 requests for establishment of net energy metering are processed
36 in a time period not exceeding that for similarly situated
37 customers requesting new electric service, but not to exceed 30
38 working days from the date the electric service provider receives
39 a completed application form for net metering service, including
40 a signed interconnection agreement from an eligible

1 customer-generator and the electric inspection clearance from the
2 governmental authority having jurisdiction. If an electric service
3 provider is unable to process the request within the allowable
4 timeframe, the electric service provider shall notify both the
5 customer-generator and the ratemaking authority of the reason
6 for its inability to process the request and the expected
7 completion date.

8 (2) Electric service providers shall ensure that requests for an
9 interconnection agreement from an eligible customer-generator
10 are processed in a time period not to exceed 30 working days
11 from the date the electric service provider receives a completed
12 application form from the eligible customer-generator for an
13 interconnection agreement. If an electric service provider is
14 unable to process the request within the allowable timeframe, the
15 electric service provider shall notify the customer-generator and
16 the ratemaking authority of the reason for its inability to process
17 the request and the expected completion date.

18 (f) (1) If a customer participates in direct transactions
19 pursuant to paragraph (1) of subdivision (b) of Section 365 with
20 an electric supplier that does not provide distribution service for
21 the direct transactions, the service provider that provides
22 distribution service for an eligible customer-generator is not
23 obligated to provide net energy metering to the customer.

24 (2) If a customer participates in direct transactions pursuant to
25 paragraph (1) of subdivision (b) of Section 365 with an electric
26 supplier, and the customer is an eligible customer-generator, the
27 service provider that provides distribution service for the direct
28 transactions may recover from the customer's electric service
29 provider the incremental costs of metering and billing service
30 related to net energy metering in an amount set by the ratemaking
31 authority.

32 (g) Each net energy metering contract or tariff shall be
33 identical, with respect to rate structure, all retail rate components,
34 and any monthly charges, to the contract or tariff to which the
35 same customer would be assigned if the customer did not use an
36 eligible solar or wind electrical generating facility, except that
37 eligible customer-generators shall not be assessed standby
38 charges on the electrical generating capacity or the kilowatthour
39 production of an eligible solar or wind electrical generating
40 facility. The charges for all retail rate components for eligible

1 customer-generators shall be based exclusively on the
2 customer-generator's net kilowatthour consumption over a
3 12-month period, without regard to the customer-generator's
4 choice of electric service provider. Any new or additional
5 demand charge, standby charge, customer charge, minimum
6 monthly charge, interconnection charge, or any other charge that
7 would increase an eligible customer-generator's costs beyond
8 those of other customers who are not customer-generators in the
9 rate class to which the eligible customer-generator would
10 otherwise be assigned if the customer did not own, lease, rent, or
11 otherwise operate an eligible solar or wind electrical generating
12 facility are contrary to the intent of this section, and shall not
13 form a part of net energy metering contracts or tariffs.

14 (h) For eligible residential and small commercial
15 customer-generators, the net energy metering calculation shall be
16 made by measuring the difference between the electricity
17 supplied to the eligible customer-generator and the electricity
18 generated by the eligible customer-generator and fed back to the
19 electric grid over a 12-month period. The following rules shall
20 apply to the annualized net metering calculation:

21 (1) The eligible residential or small commercial
22 customer-generator shall, at the end of each 12-month period
23 following the date of final interconnection of the eligible
24 customer-generator's system with an electric service provider,
25 and at each anniversary date thereafter, be billed for electricity
26 used during that period. The electric service provider shall
27 determine if the eligible residential or small commercial
28 customer-generator was a net consumer or a net producer of
29 electricity during that period.

30 (2) At the end of each 12-month period, where the electricity
31 supplied during the period by the electric service provider
32 exceeds the electricity generated by the eligible residential or
33 small commercial customer-generator during that same period,
34 the eligible residential or small commercial customer-generator is
35 a net electricity consumer and the electric service provider shall
36 be owed compensation for the eligible customer-generator's net
37 kilowatthour consumption over that same period. The
38 compensation owed for the eligible residential or small
39 commercial customer-generator's consumption shall be
40 calculated as follows:

1 (A) For all eligible customer-generators taking service under
2 tariffs employing “baseline” and “over baseline” rates, any net
3 monthly consumption of electricity shall be calculated according
4 to the terms of the contract or tariff to which the same customer
5 would be assigned to or be eligible for if the customer was not an
6 eligible customer-generator. If those same customer-generators
7 are net generators over a billing period, the net kilowatthours
8 generated shall be valued at the same price per kilowatthour as
9 the electric service provider would charge for the baseline
10 quantity of electricity during that billing period, and if the
11 number of kilowatthours generated exceeds the baseline quantity,
12 the excess shall be valued at the same price per kilowatthour as
13 the electric service provider would charge for electricity over the
14 baseline quantity during that billing period.

15 (B) For all eligible customer-generators taking service under
16 tariffs employing “time of use” rates, any net monthly
17 consumption of electricity shall be calculated according to the
18 terms of the contract or tariff to which the same customer would
19 be assigned to or be eligible for if the customer was not an
20 eligible customer-generator. When those same
21 customer-generators are net generators during any discrete time
22 of use period, the net kilowatthours produced shall be valued at
23 the same price per kilowatthour as the electric service provider
24 would charge for retail kilowatthour sales during that same time
25 of use period. If the eligible customer-generator’s time of use
26 electrical meter is unable to measure the flow of electricity in two
27 directions, paragraph (3) of subdivision (b) shall apply.

28 (C) For all residential and small commercial
29 customer-generators and for each billing period, the net balance
30 of moneys owed to the electric service provider for net
31 consumption of electricity or credits owed to the
32 customer-generator for net generation of electricity shall be
33 carried forward as a monetary value until the end of each
34 12-month period. For all commercial, industrial, and agricultural
35 customer-generators the net balance of moneys owed shall be
36 paid in accordance with the electric service provider’s normal
37 billing cycle, except that if the commercial, industrial, or
38 agricultural customer-generator is a net electricity producer over
39 a normal billing cycle, any excess kilowatthours generated during
40 the billing cycle shall be carried over to the following billing

1 period as a monetary value, calculated according to the
2 procedures set forth in this section, and appear as a credit on the
3 customer-generator's account, until the end of the annual period
4 when paragraph (3) shall apply.

5 (3) At the end of each 12-month period, where the electricity
6 generated by the eligible customer-generator during the
7 12-month period exceeds the electricity supplied by the electric
8 service provider during that same period, the eligible
9 customer-generator is a net electricity producer and the electric
10 service provider shall retain any excess kilowatthours generated
11 during the prior 12-month period. The eligible
12 customer-generator shall not be owed any compensation for
13 those excess kilowatthours unless the electric service provider
14 enters into a purchase agreement with the eligible
15 customer-generator for those excess kilowatthours.

16 (4) The electric service provider shall provide every eligible
17 residential or small commercial customer-generator with net
18 electricity consumption information with each regular bill. That
19 information shall include the current monetary balance owed the
20 electric service provider for net electricity consumed since the
21 last 12-month period ended. Notwithstanding this subdivision, an
22 electric service provider shall permit that customer to pay
23 monthly for net energy consumed.

24 (5) If an eligible residential or small commercial
25 customer-generator terminates the customer relationship with the
26 electric service provider, the electric service provider shall
27 reconcile the eligible customer-generator's consumption and
28 production of electricity during any part of a 12-month period
29 following the last reconciliation, according to the requirements
30 set forth in this subdivision, except that those requirements shall
31 apply only to the months since the most recent 12-month bill.

32 (6) If an electric service provider providing net metering to a
33 residential or small commercial customer-generator ceases
34 providing that electrical service to that customer during any
35 12-month period, and the customer-generator enters into a new
36 net metering contract or tariff with a new electric service
37 provider, the 12-month period, with respect to that new electric
38 service provider, shall commence on the date on which the new
39 electric service provider first supplies electric service to the
40 customer-generator.

1 (i) Notwithstanding any other provisions of this section, the
2 following provisions shall apply to an eligible
3 customer-generator with a capacity of more than 10 kilowatts,
4 but not exceeding one megawatt, that receives electrical service
5 from a local publicly owned electric utility, as defined in Section
6 9604, that has elected to utilize a co-energy metering program
7 unless the electric service provider chooses to provide service for
8 eligible customer-generators with a capacity of more than 10
9 kilowatts in accordance with subdivisions (g) and (h):

10 (1) The eligible customer-generator shall be required to utilize
11 a meter, or multiple meters, capable of separately measuring
12 electricity flow in both directions. All meters shall provide
13 “time-of-use” measurements of electricity flow, and the customer
14 shall take service on a time-of-use rate schedule. If the existing
15 meter of the eligible customer-generator is not a time-of-use
16 meter or is not capable of measuring total flow of energy in both
17 directions, the eligible customer-generator shall be responsible
18 for all expenses involved in purchasing and installing a meter
19 that is both time-of-use and able to measure total electricity flow
20 in both directions. This subdivision shall not restrict the ability of
21 an eligible customer-generator to utilize any economic incentives
22 provided by a government agency or the electric service provider
23 to reduce its costs for purchasing and installing a time-of-use
24 meter.

25 (2) The consumption of electricity from the electric service
26 provider shall result in a cost to the eligible customer-generator
27 to be priced in accordance with the standard rate charged to the
28 eligible customer-generator in accordance with the rate structure
29 to which the customer would be assigned if the customer did not
30 use an eligible solar or wind electrical generating facility. The
31 generation of electricity provided to the electric service provider
32 shall result in a credit to the eligible customer-generator and shall
33 be priced in accordance with the generation component,
34 established under the applicable structure to which the customer
35 would be assigned if the customer did not use an eligible solar or
36 wind electrical generating facility.

37 (3) All costs and credits shall be shown on the eligible
38 customer-generator’s bill for each billing period. In any months
39 in which the eligible customer-generator has been a net consumer
40 of electricity calculated on the basis of value determined pursuant

1 to paragraph (2), the customer-generator shall owe to the electric
2 service provider the balance of electricity costs and credits during
3 that billing period. In any billing period in which the eligible
4 customer-generator has been a net producer of electricity
5 calculated on the basis of value determined pursuant to paragraph
6 (2), the electric service provider shall owe to the eligible
7 customer-generator the balance of electricity costs and credits
8 during that billing period. Any net credit to the eligible
9 customer-generator of electricity costs may be carried forward to
10 subsequent billing periods, provided that an electric service
11 provider may choose to carry the credit over as a kilowatthour
12 credit consistent with the provisions of any applicable tariff,
13 including any differences attributable to the time of generation of
14 the electricity. At the end of each 12-month period, the electric
15 service provider may reduce any net credit due to the eligible
16 customer-generator to zero.

17 (j) A solar or wind turbine electrical generating system, or a
18 hybrid system of both, used by an eligible customer-generator
19 shall meet all applicable safety and performance standards
20 established by the National Electrical Code, the Institute of
21 Electrical and Electronics Engineers, and accredited testing
22 laboratories such as Underwriters Laboratories and, where
23 applicable, rules of the Public Utilities Commission regarding
24 safety and reliability. A customer-generator whose solar or wind
25 turbine electrical generating system, or a hybrid system of both,
26 meets those standards and rules shall not be required to install
27 additional controls, perform or pay for additional tests, or
28 purchase additional liability insurance.

29 (k) If the commission determines that there are cost or revenue
30 obligations for an electric corporation, as defined in Section 218,
31 that may not be recovered from customer-generators acting
32 pursuant to this section, those obligations shall remain within the
33 customer class from which any shortfall occurred and may not be
34 shifted to any other customer class. Net-metering and
35 co-metering customers shall not be exempt from the public
36 benefits charge. In its report to the Legislature, the commission
37 shall examine different methods to ensure that the public benefits
38 charge remains a nonbypassable charge.

39 (l) A net metering customer shall reimburse the Department of
40 Water Resources for all charges that would otherwise be imposed

1 on the customer by the commission to recover bond-related costs
2 pursuant to an agreement between the commission and the
3 Department of Water Resources pursuant to Section 80110 of the
4 Water Code, as well as the costs of the department equal to the
5 share of the department's estimated net unavoidable power
6 purchase contract costs attributable to the customer. The
7 commission shall incorporate the determination into an existing
8 proceeding before the commission, and shall ensure that the
9 charges are nonbypassable. Until the commission has made a
10 determination regarding the nonbypassable charges, net metering
11 shall continue under the same rules, procedures, terms, and
12 conditions as were applicable on December 31, 2002.

13 (m) In implementing the requirements of subdivisions (k) and
14 (l), a customer-generator shall not be required to replace its
15 existing meter except as set forth in paragraph (3) of subdivision
16 (b), nor shall the electric service provider require additional
17 measurement of usage beyond that which is necessary for
18 customers in the same rate class as the eligible
19 customer-generator.

20 (n) On or before January 1, 2005, the commission shall submit
21 a report to the Governor and the Legislature that assesses the
22 economic and environmental costs and benefits of net metering
23 to customer-generators, ratepayers, and utilities, including any
24 beneficial and adverse effects on public benefit programs and
25 special purpose surcharges. The report shall be prepared by an
26 independent party under contract with the commission.

27 (o) It is the intent of the Legislature that the Treasurer
28 incorporate net energy metering and co-energy metering projects
29 undertaken pursuant to this section as sustainable building
30 methods or distributive energy technologies for purposes of
31 evaluating low-income housing projects.

32 SEC. 6. Section 2851 is added to Chapter 9 of Part 2 of
33 Division 1 of the Public Utilities Code, to read:

34 2851. (a) In implementing the California Solar Initiative,
35 adopted by the commission in Decision 06-01-024, the
36 commission shall do all of the following:

37 (1) The commission shall authorize the award of monetary
38 incentives for ~~eligible solar energy systems up to the first~~
39 *megawatt of alternating current generated by solar energy*
40 *systems that meet the eligibility criteria established by the State*

1 *Energy Resources Conservation and Development Commission*
2 *pursuant to Chapter 8.8 (commencing with Section 25780) of*
3 *Division 15 of the Public Resources Code. The commission shall*
4 *determine the eligibility of a solar energy system, as defined in*
5 *Section 25781 of the Public Resources Code, to receive monetary*
6 *incentives until the time the State Energy Resources*
7 *Conservation and Development Commission establishes*
8 *eligibility criteria pursuant to Section 25782. Monetary*
9 *incentives shall not be awarded for solar energy systems that do*
10 *not meet the eligibility criteria. The incentive level authorized by*
11 *the commission shall decline each year following implementation*
12 *of the California Solar Initiative, at a rate of no less than an*
13 *average of 7 percent per year, and shall be zero as of December*
14 *31, 2016. The commission shall adopt and publish a schedule of*
15 *declining incentive levels no less than 30 days in advance of*
16 *the first decline in incentive levels. The commission may develop*
17 *incentives based upon the output of electricity from the system,*
18 *provided those incentives are consistent with the declining*
19 *incentive levels of this paragraph and the incentives apply to only*
20 *the first megawatt of electricity generated by the system.*

21 (2) By January 1, 2010, the commission shall adopt a
22 performance-based incentive program in which at least 50
23 percent of the moneys thereafter expended pursuant to the
24 California Solar Initiative are expended to provide incentives that
25 are based on the actual electrical output of the solar energy
26 system and that promote the installation of solar energy systems
27 that maximize electrical output to coincide with peak loads. The
28 commission shall ensure that the performance-based incentive
29 declines each year thereafter at a rate of no less than an average
30 of 7 percent per year. In developing the performance-based
31 incentive program, the commission may:

32 (A) Apply performance-based incentives only to customer
33 classes designated by the commission.

34 (B) Design the performance-based incentives so that
35 customers may receive a higher level of incentives than under
36 incentives based on installed electrical capacity.

37 (C) Develop financing options that help offset the installation
38 costs of the solar energy system, provided that this financing is
39 ultimately repaid in full by the consumer or through the
40 application of the performance-based rebates.

1 (3) By January 1, 2008, the commission, in consultation with
2 the State Energy Resources Conservation and Development
3 Commission, shall require reasonable and cost-effective energy
4 efficiency improvements in existing buildings as a condition of
5 providing incentives for eligible solar energy systems, with
6 appropriate exemptions or limitations to accommodate the
7 limited financial resources of low-income residential housing.

8 (4) *The commission shall require time-variant pricing for all*
9 *ratepayers with a solar energy system. The commission shall*
10 *develop a time-variant tariff that creates the maximum incentive*
11 *for ratepayers to install solar energy systems so that the system's*
12 *peak electricity production coincides with California's peak*
13 *electricity demands and that assures that ratepayers receive due*
14 *value for their contribution to the purchase of solar energy*
15 *systems and customers with solar energy systems continue to*
16 *have an incentive to use electricity efficiently. In developing the*
17 *time-variant tariff, the commission may exclude customers*
18 *participating in the tariff from the rate cap for residential*
19 *customers for existing baseline quantities or usage by those*
20 *customers of up to 130 percent of existing baseline quantities, as*
21 *required by Section 80110 of the Water Code.*

22 (b) (1) In implementing the California Solar Initiative, the
23 commission shall not allocate any additional moneys to research,
24 development, and demonstration that explores solar technologies
25 and other distributed generation technologies that employ or
26 could employ solar energy for generation or storage of electricity
27 or to offset natural gas usage. This subdivision does not prohibit
28 the commission from continuing to allocate moneys to research,
29 development, and demonstration pursuant to the self-generation
30 incentive program for distributed generation resources originally
31 established pursuant to Chapter 329 of the Statutes of 2000, as
32 modified pursuant to Section 379.6.

33 (2) The Legislature finds and declares that a program that
34 provides a stable source of monetary incentives for eligible solar
35 energy systems will encourage private investment sufficient to
36 make solar technologies cost effective.

37 (3) On or before ~~January 1~~ *June 30*, 2009, and every year
38 thereafter, the commission shall submit to the Legislature an
39 assessment of the success of the California Solar Initiative
40 program. That assessment shall include the number of residential

1 and commercial sites that have installed solar energy systems, the
2 electrical generating capacity of the installed solar energy
3 systems, the cost of the program, total electrical system benefits,
4 including the effect on electrical service rates, environmental
5 benefits, how the program affects the operation and reliability of
6 the electrical grid, how the program has affected peak demand
7 for electricity, the progress made toward reaching the goals of the
8 program, whether the program is on schedule to meet the
9 program goals, and recommendations for improving the program
10 to meet its goals.

11 *(c) (1) The commission shall not impose any charge upon the*
12 *consumption of natural gas, or upon natural gas ratepayers, to*
13 *fund the California Solar Initiative.*

14 *(2) Notwithstanding any other provision of law, any charge*
15 *imposed to fund the program adopted and implemented pursuant*
16 *to this section shall be imposed upon all customers not*
17 *participating in the California Alternate Rates for Energy*
18 *(CARE) or family electric rate assistance (FERA) programs as*
19 *provided in paragraph (2), including those residential customers*
20 *subject to the rate cap required by Section 80110 of the Water*
21 *Code for existing baseline quantities or usage up to 130 percent*
22 *of existing baseline quantities of electricity.*

23 *(3) The costs of the program adopted and implemented*
24 *pursuant to this section may not be recovered from customers*
25 *participating in the California Alternate Rates for Energy or*
26 *CARE program established pursuant to Section 739.1, except to*
27 *the extent that program costs are recovered out of the*
28 *nonbypassable system benefits charge authorized pursuant to*
29 *Section 399.8.*

30 *(d) In implementing the California Solar Initiative, the*
31 *commission shall ensure that the total cost over the duration of*
32 *the program does not exceed three billion two hundred million*
33 *dollars (\$3,200,000,000). The financial components of the*
34 *California Solar Initiative shall consist of the following:*

35 *(1) Programs under the supervision of the commission funded*
36 *by charges collected from customers of San Diego Gas and*
37 *Electric Company, Southern California Edison Company, and*
38 *Pacific Gas and Electric Company. The total cost over the*
39 *duration of these programs shall not exceed two billion sixteen*
40 *million (\$2,016,000,000) and includes moneys collected directly*

1 into a tracking account for support of the California Solar
2 Initiative and moneys collected into other accounts that are used
3 to further the goals of the California Solar Initiative.

4 (2) Programs adopted, implemented, and financed in the
5 amount of seven hundred eighty-four million dollars
6 (\$784,000,000), by charges collected by local publicly owned
7 electric utilities pursuant to Section 387.5. Nothing in this
8 subdivision shall give the commission power and jurisdiction
9 with respect to a local publicly owned electric utility or its
10 customers.

11 (3) Programs for the installation of solar energy systems on
12 new construction, administered by the State Energy Resources
13 Conservation and Development Commission pursuant to Chapter
14 8.6 (commencing with Section 25740) of Division 15 of the
15 Public Resources Code, and funded by nonbypassable charges in
16 the amount of four hundred million dollars (\$400,000,000),
17 collected from customers of San Diego Gas and Electric
18 Company, Southern California Edison Company, and Pacific
19 Gas and Electric Company pursuant to Article 15 (commencing
20 with Section 399).

21 ~~SEC. 7. No reimbursement is required by this act pursuant to~~
22 ~~Section 6 of Article XIII B of the California Constitution because~~
23 ~~the only costs that may be incurred by a local agency or school~~
24 ~~district will be incurred because this act creates a new crime or~~
25 ~~infraction, eliminates a crime or infraction, or changes the~~
26 ~~penalty for a crime or infraction, within the meaning of Section~~
27 ~~17556 of the Government Code, or changes the definition of a~~
28 ~~crime within the meaning of Section 6 of Article XIII B of the~~
29 ~~California Constitution.~~

30 ~~SEC. 8.~~

31 *SEC. 7.* No reimbursement is required by this act pursuant to
32 Section 6 of Article XIII B of the California Constitution for
33 certain other costs that may be incurred by a local agency or
34 school district because a local agency or school district has the
35 authority to levy service charges, fees, or assessments sufficient
36 to pay for the program or level of service mandated by this act,
37 within the meaning of Section 17556 of the Government Code.

O