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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, *Garcia*, 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~~—solar energy resources: ~~California Solar Initiative~~—net metering.

(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 should be required on new residential and nonresidential buildings and to periodically update the study thereafter.

(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 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~~ *first* megawatt of alternating current generated by an eligible solar energy 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 ~~June 30, 2010~~ *January 1, 2008*, 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~~ *June 30, 2009*, and *by June 30 of 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, *to the Legislature*, 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) Existing law, the Contractors’ State License Law, provides for the licensure and regulation of contractors by the Contractors’ State License Board.

This bill would require the board to review and, if needed, revise its licensing classifications and examinations to ensure that contractors authorized to perform work on solar energy systems, as specified, have the requisite qualifications to perform the work.

~~(4)~~

(5) 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. (a) The Legislature finds and declares that the
- 2 Public Utilities Commission (PUC) adopted the California Solar
- 3 Initiative in Decision 06-01-024.
- 4 (b) Nothing in this act shall be construed to codify PUC
- 5 Decision 06-01-024.
- 6 ~~SECTION 1.~~
- 7 SEC. 2. Section 25405.5 is added to the Public Resources
- 8 Code, to read:
- 9 25405.5. (a) As used in this section, the following terms have
- 10 the following meanings:

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

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

7 (3) “Solar energy system” means a solar energy device that
8 has the primary purpose of providing for the collection and
9 distribution of solar energy for the generation of electricity, that
10 produces at least one kW, and not more than five megawatts,
11 alternating current rated peak electricity, and that meets or
12 exceeds the eligibility criteria established pursuant to Section
13 25782.

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

- 19 (1) The total installed cost of the solar energy system option.
- 20 (2) The estimated cost savings associated with the solar energy
21 system option, as determined by the commission pursuant to
22 Chapter 8.8 (commencing with Section 25780) of Division 15.

23 (c) The State Energy Resources Conservation and
24 Development Commission shall develop an offset program that
25 allows a developer or seller of production homes to forgo the
26 offer requirement of this section on a project, by installing solar
27 energy systems generating specified amounts of electricity on
28 other projects, including, but not limited to, low-income housing,
29 multifamily, commercial, industrial, and institutional
30 developments. The amount of electricity required to be generated
31 from solar energy systems used as an offset pursuant to this
32 subdivision shall be equal to the amount of electricity generated
33 by solar energy systems installed on a similarly sized project
34 within that climate zone, assuming 20 percent of the prospective
35 buyers would have installed solar energy systems.

36 (d) The requirements of this section shall not operate as a
37 substitute for the implementation of existing energy efficiency
38 measures, and the requirements of this section shall not result in
39 lower energy savings or lower energy efficiency levels than
40 would otherwise be achieved by the full implementation of

1 energy savings and energy efficiency standards established
2 pursuant to Section 25402.

3 ~~SEC. 2.~~

4 *SEC. 3.* Section 25405.6 is added to the Public Resources
5 Code, to read:

6 25405.6. Not later than July 1, 2007, the commission shall
7 initiate a public proceeding to study and make findings whether,
8 and under what conditions, solar energy systems should be
9 required on new residential and new nonresidential buildings,
10 including the establishment of numerical targets. As part of the
11 study, the commission may determine that a solar energy system
12 should not be required for any building unless the commission
13 determines, based upon consideration of all costs associated with
14 the system, that the system is cost effective when amortized over
15 the economic life of the structure. When determining the
16 cost-effectiveness of the solar energy system, the commission
17 shall consider the availability of governmental rebates, tax
18 deductions, net-metering, and other quantifiable factors, if the
19 commission can determine the availability of these financial
20 incentives if a solar energy system is made mandatory and not
21 elective. The commission shall periodically update the study and
22 incorporate any revision that the commission determines is
23 necessary, including revisions that reflect changes in the financial
24 incentives originally considered by the commission when
25 determining cost-effectiveness of the solar energy system. For
26 purposes of this section, “solar energy system” means a
27 photovoltaic solar collector or other photovoltaic solar energy
28 device that has a primary purpose of providing for the collection
29 and distribution of solar energy for the generation of electricity.
30 This section is intended to be for study purposes only and does
31 not authorize the commission to develop and adopt any
32 requirement for solar energy systems on either residential or
33 nonresidential buildings.

34 ~~SEC. 3.~~

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

CHAPTER 8.8. CALIFORNIA SOLAR INITIATIVE

- 1
2
3 25780. The Legislature finds and declares ~~all~~ *both* of the
4 following:
- 5 ~~(a) California has a pressing need to procure a steady supply~~
6 ~~of affordable and reliable peak electricity.~~
- 7 ~~(b) Solar generated electricity is uniquely suited to~~
8 ~~California's needs because it produces electricity when~~
9 ~~California needs it most, during the peak demand hours in~~
10 ~~summer afternoons when the sun is brightest and air conditioners~~
11 ~~are running at capacity.~~
- 12 ~~(c) Procuring solar electric generation capacity to meet peak~~
13 ~~electricity demand increases system reliability and decreases~~
14 ~~California's dependence on unstable fossil fuel supplies.~~
- 15 ~~(d) Solar generated electricity diversifies California's energy~~
16 ~~portfolio. California currently relies on natural gas for the bulk of~~
17 ~~its electricity generation needs. Increasing energy demands place~~
18 ~~increasing pressure on limited natural gas supplies and threaten~~
19 ~~to raise costs.~~
- 20 ~~(e) More than 150,000 homes will be built annually in~~
21 ~~California in the coming years, challenging energy reliability and~~
22 ~~affordability.~~
- 23 ~~(f) Investing in residential and commercial solar electricity~~
24 ~~generation installations today will lower the cost of solar~~
25 ~~generated electricity for all Californians in the future. In 10~~
26 ~~years, solar peak electric generation can be procured without the~~
27 ~~need for rebates.~~
- 28 ~~(g) Increasing California's solar electricity generation market~~
29 ~~will also bring additional manufacturing, installation, and sales~~
30 ~~jobs to the state at a higher rate than most conventional energy~~
31 ~~production sources.~~
- 32 ~~(h) The California Solar Initiative is intended to be a~~
33 ~~cost-effective investment by ratepayers in peak electricity~~
34 ~~generation capacity. Pursuant to the initiative, it is further~~
35 ~~intended that ratepayers recoup the cost of their investment~~
36 ~~through lower rates as a result of avoiding purchases of~~
37 ~~electricity at peak rates, with additional system reliability and~~
38 ~~pollution reduction benefits.~~
- 39 ~~(i) Solar energy systems provide substantial energy reliability~~
40 ~~and pollution reduction benefits. Solar energy systems also~~

1 ~~diversify our energy supply and thereby reduce our dependence~~
2 ~~on imported fossil fuels.~~

3 (j)

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

10 (b) *A solar initiative should be a cost-effective investment by*
11 *ratepayers in peak electricity generation capacity where*
12 *ratepayers recoup the cost of their investment through lower*
13 *rates as a result of avoiding purchases of electricity at peak*
14 *rates, with additional system reliability and pollution reduction*
15 *benefits.*

16 25781. As used in this chapter, the following terms have the
17 following meanings:

18 (a) “California Solar Initiative” means the program providing
19 ratepayer funded incentives for eligible solar energy systems
20 adopted by the Public Utilities Commission in Decision
21 06-01-024.

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

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

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

28 (e) “Solar energy system” means a solar energy device that has
29 the primary purpose of providing for the collection and
30 distribution of solar energy for the generation of electricity, that
31 produces at least one kW, and not more than five MW,
32 alternating current rated peak electricity, and that meets or
33 exceeds the eligibility criteria established pursuant to Section
34 25782.

35 25782. (a) The commission shall, by January 1, 2008, in
36 consultation with the Public Utilities Commission, local publicly
37 owned electric utilities, and interested members of the public,
38 establish eligibility criteria for solar energy systems receiving
39 ratepayer funded incentives that include all of the following:

- 1 (1) Design, installation, and electrical output standards or
2 incentives.
- 3 (2) The solar energy system is intended primarily to offset part
4 or all of the consumer’s own electricity demand.
- 5 (3) All components in the solar energy system are new and
6 unused, and have not previously been placed in service in any
7 other location or for any other application.
- 8 (4) The solar energy system has a warranty of not less than 10
9 years to protect against defects and undue degradation of
10 electrical generation output.
- 11 (5) The solar energy system is located on the same premises of
12 the end-use consumer where the consumer’s own electricity
13 demand is located.
- 14 (6) The solar energy system is connected to the electrical
15 corporation’s electrical distribution system within the state.
- 16 (7) The solar energy system has meters or other devices in
17 place to monitor and measure the system’s performance and the
18 quantity of electricity generated by the system.
- 19 (8) The solar energy system is installed in conformance with
20 the manufacturer’s specifications and in compliance with all
21 applicable electrical and building code standards.
- 22 (b) The commission shall establish conditions on ratepayer
23 funded incentives that require all of the following:
 - 24 (1) Appropriate siting and high quality installation of the solar
25 energy system by developing installation guidelines that
26 maximize the performance of the system and prevent qualified
27 systems from being inefficiently or inappropriately installed. The
28 conditions established by the commission shall not impact
29 housing designs or densities presently authorized by a city,
30 county, or city and county. The goal of this paragraph is to
31 achieve efficient installation of solar energy systems to promote
32 the greatest energy production per ratepayer dollar.
 - 33 (2) Optimal solar energy system performance during periods
34 of peak electricity demand.
 - 35 (3) Appropriate energy efficiency improvements in the new or
36 existing home or commercial structure where the solar energy
37 system is installed.
- 38 (c) The commission shall set rating standards for equipment,
39 components, and systems to assure reasonable performance and

1 shall develop standards that provide for compliance with the
2 minimum ratings.

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

6 25783. The commission shall do all the following:

7 (a) Publish educational materials designed to demonstrate how
8 builders may incorporate solar energy systems during
9 construction as well as energy efficiency measures that best
10 complement solar energy systems.

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

16 (c) Provide assistance to builders and contractors. The
17 assistance may include technical workshops, training,
18 educational materials, and related research.

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

21 (e) The commission, in consultation with the Public Utilities
22 Commission, shall evaluate the costs and benefits of having an
23 increased number of operational solar energy systems as a part of
24 the electrical system with respect to their impact upon the
25 distribution, transmission, and supply of electricity, using the
26 best available load profiling and distribution operations data from
27 the Public Utilities Commission, local publicly owned electric
28 utilities, and electrical corporations, and performance audits of
29 installed solar energy systems.

30 25784. The commission shall adopt guidelines for solar
31 energy systems receiving ratepayer funded incentives at a
32 publicly noticed meeting offering all interested parties an
33 opportunity to comment. Not less than 30 days' public notice
34 shall be given of the meeting required by this section, before the
35 commission initially adopts guidelines. Substantive changes to
36 the guidelines shall not be adopted without at least 10 days'
37 written notice to the public. Notwithstanding any other provision
38 of law, any guidelines adopted pursuant to this chapter shall be
39 exempt from the requirements of Chapter 3.5 (commencing with

1 Section 11340) of Part 1 of Division 3 of Title 2 of the
2 Government Code.

3 ~~SEC. 4.~~

4 *SEC. 5.* Section 387.5 is added to the Public Utilities Code, to
5 read:

6 387.5. (a) ~~The~~ *In order to further the state goal of*
7 *encouraging the installation of 3,000 megawatts of photovoltaic*
8 *solar energy in California, the governing body of a local publicly*
9 *owned electric utility, as defined in subdivision (d) of Section*
10 *9604, that sells electricity at retail, shall adopt, implement, and*
11 *finance a solar initiative program, funded in accordance with*
12 *subdivision (b), for the purpose of investing in, and encouraging*
13 *the increased installation of, residential and commercial solar*
14 *energy systems. This program shall be consistent with the goals*
15 *of the state to encourage the installation of 3,000 megawatts of*
16 *photovoltaic solar energy in California in accordance with*
17 *Chapter 8.8 (commencing with Section 25780) of Division 15 of*
18 *the Public Resources Code.*

19 (b) On or before January 1, 2008, a local publicly owned
20 electric utility shall offer monetary incentives for the installation
21 of solar energy systems of at least two dollars and eighty cents
22 (\$2.80) per installed watt, or for the electricity produced by the
23 solar energy system, measured in kilowatthours, as determined
24 by the governing board of a local publicly owned electric utility,
25 for photovoltaic solar energy systems. The incentive level shall
26 decline each year thereafter at a rate of no less than an average of
27 7 percent per year.

28 (c) A local publicly owned electric utility shall initiate a public
29 proceeding to fund a solar energy program to adequately support
30 the goal of installing 3,000 megawatts of photovoltaic solar
31 energy in California in accordance with Chapter 8.8
32 (commencing with Section 25780) of Division 15 of the Public
33 Resources Code. The proceeding shall determine what additional
34 funding, if any, is necessary to provide the incentives pursuant to
35 subdivision (b). The public proceeding shall be completed and
36 the comprehensive solar energy program established by January
37 1, 2008.

38 (d) *The solar energy program of a local publicly owned*
39 *electric utility shall be consistent with all of the following:*

1 (1) That a solar energy system receiving monetary incentives
2 comply with the eligibility criteria, design, installation, and
3 electrical output standards or incentives established by the State
4 Energy Resources Conservation and Development Commission
5 pursuant to Section 25782 of the Public Resources Code.

6 (2) That solar energy systems receiving monetary incentives
7 are intended primarily to offset part or all of the consumer's own
8 electricity demand.

9 (3) That all components in the solar energy system are new
10 and unused, and have not previously been placed in service in
11 any other location or for any other application.

12 (4) That the solar energy system has a warranty of not less
13 than 10 years to protect against defects and undue degradation
14 of electrical generation output.

15 (5) That the solar energy system be located on the same
16 premises of the end-use consumer where the consumer's own
17 electricity demand is located.

18 (6) That the solar energy system be connected to the electric
19 utility's electrical distribution system within the state.

20 (7) That the solar energy system has meters or other devices in
21 place to monitor and measure the system's performance and the
22 quantity of electricity generated by the system.

23 (8) That the solar energy system be installed in conformance
24 with the manufacturer's specifications and in compliance with all
25 applicable electrical and building code standards.

26 ~~(d)~~

27 (e) A local publicly owned electric utility shall, on an annual
28 basis beginning June 1, 2008, make available to its customers, to
29 the Legislature, and to the State Energy Resources Conservation
30 and Development Commission, information relating to the
31 utility's solar initiative program established pursuant to this
32 section, including, but not limited to, the number of photovoltaic
33 solar watts installed, the total number of photovoltaic systems
34 installed, the total number of applicants, the amount of incentives
35 awarded, and the contribution toward the program goals.

36 ~~(e)~~

37 (f) In establishing the program required by this section, no
38 moneys shall be diverted from any existing programs for
39 low-income ratepayers, or from cost-effective energy efficiency
40 or demand response programs.

1 ~~(f)~~

2 (g) The statewide expenditures for solar programs adopted,
 3 implemented, and financed by local publicly owned electric
 4 utilities shall be seven hundred eighty-four million dollars
 5 (\$784,000,000). The expenditure level for each local publicly
 6 owned electric utility shall be based on that utility's percentage
 7 of the total statewide load served by all local publicly owned
 8 electric utilities. Expenditures by a local publicly owned electric
 9 utility may be less than the utility's cap amount, provided that
 10 funding is adequate to provide the incentives required by
 11 ~~subdivision~~ *subdivisions (a) and (b)*.

12 ~~SEC. 5.~~

13 SEC. 6. Section 2827 of the Public Utilities Code is amended
 14 to read:

15 2827. (a) The Legislature finds and declares that a program
 16 to provide net energy metering for eligible customer-generators
 17 is one way to encourage substantial private investment in
 18 renewable energy resources, stimulate in-state economic growth,
 19 reduce demand for electricity during peak consumption periods,
 20 help stabilize California's energy supply infrastructure, enhance
 21 the continued diversification of California's energy resource mix,
 22 and reduce interconnection and administrative costs for
 23 electricity suppliers.

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

25 (1) "Electric service provider" means an electrical corporation,
 26 as defined in Section 218, a local publicly owned electric utility,
 27 as defined in Section 9604, or an electrical cooperative, as
 28 defined in Section 2776, or any other entity that offers electrical
 29 service. This section shall not apply to a local publicly owned
 30 electric utility, as defined in Section 9604 of the Public Utilities
 31 Code, that serves more than 750,000 customers and that also
 32 conveys water to its customers.

33 (2) "Eligible customer-generator" means a residential, small
 34 commercial customer as defined in subdivision (h) of Section
 35 331, commercial, industrial, or agricultural customer of an
 36 electric service provider, who uses a solar or a wind turbine
 37 electrical generating facility, or a hybrid system of both, with a
 38 capacity of not more than one megawatt that is located on the
 39 customer's owned, leased, or rented premises, is interconnected
 40 and operates in parallel with the electric grid, and is intended

1 primarily to offset part or all of the customer’s own electrical
2 requirements.

3 (3) “Net energy metering” means measuring the difference
4 between the electricity supplied through the electric grid and the
5 electricity generated by an eligible customer-generator and fed
6 back to the electric grid over a 12-month period as described in
7 subdivision (h). Net energy metering shall be accomplished using
8 a single meter capable of registering the flow of electricity in two
9 directions. An additional meter or meters to monitor the flow of
10 electricity in each direction may be installed with the consent of
11 the customer-generator, at the expense of the electric service
12 provider, and the additional metering shall be used only to
13 provide the information necessary to accurately bill or credit the
14 customer-generator pursuant to subdivision (h), or to collect solar
15 or wind electric generating system performance information for
16 research purposes. If the existing electrical meter of an eligible
17 customer-generator is not capable of measuring the flow of
18 electricity in two directions, the customer-generator shall be
19 responsible for all expenses involved in purchasing and installing
20 a meter that is able to measure electricity flow in two directions.
21 If an additional meter or meters are installed, the net energy
22 metering calculation shall yield a result identical to that of a
23 single meter. An eligible customer-generator who already owns
24 an existing solar or wind turbine electrical generating facility, or
25 a hybrid system of both, is eligible to receive net energy metering
26 service in accordance with this section.

27 (4) “Wind energy co-metering” means any wind energy
28 project greater than 50 kilowatts, but not exceeding one
29 megawatt, where the difference between the electricity supplied
30 through the electric grid and the electricity generated by an
31 eligible customer-generator and fed back to the electric grid over
32 a 12-month period is as described in subdivision (h). Wind
33 energy co-metering shall be accomplished pursuant to Section
34 2827.8.

35 (5) “Co-energy metering” means a program that is the same in
36 all other respects as a net energy metering program, except that
37 the local publicly owned electric utility, as defined in Section
38 9604, has elected to apply a generation-to-generation energy and
39 time-of-use credit formula as provided in subdivision (i).

1 (6) “Ratemaking authority” means, for an electrical
2 corporation as defined in Section 218, or an electrical
3 cooperative as defined in Section 2776, the commission, and for
4 a local publicly owned electric utility as defined in Section 9604,
5 the local elected body responsible for regulating the rates of the
6 local publicly owned utility.

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

14 (2) On an annual basis, beginning in 2003, every electric
15 service provider shall make available to the ratemaking authority
16 information on the total rated generating capacity used by
17 eligible customer-generators that are customers of that provider
18 in the provider’s service area. For those electric service providers
19 who are operating pursuant to Section 394, they shall make
20 available to the ratemaking authority the information required by
21 this paragraph for each eligible customer-generator that is their
22 customer for each service area of an electric corporation, local
23 publicly owned electric utility, or electrical cooperative, in which
24 the customer has net energy metering. The ratemaking authority
25 shall develop a process for making the information required by
26 this paragraph available to energy service providers, and for
27 using that information to determine when, pursuant to paragraph
28 (3), a service provider is not obligated to provide net energy
29 metering to additional customer-generators in its service area.

30 (3) Notwithstanding paragraph (1), an electric service provider
31 is not obligated to provide net energy metering to additional
32 customer-generators in its service area when the combined total
33 peak demand of all customer-generators served by all the electric
34 service providers in that service area furnishing net energy
35 metering to eligible customer-generators exceeds 2.5 percent of
36 the aggregate customer peak demand of those electric service
37 providers.

38 (4) By January 1, 2010, the commission, in consultation with
39 the State Energy Resources Conservation and Development
40 Commission, shall submit a report to the Governor and the

1 Legislature on the costs and benefits of net energy metering,
2 wind energy co-metering, and co-energy metering to
3 participating customers and nonparticipating customers and with
4 options to replace the economic costs and benefits of net energy
5 metering, wind energy co-metering, and co-energy metering with
6 a mechanism that more equitably balances the interests of
7 participating and nonparticipating customers, and that
8 incorporates the findings of the report on economic and
9 environmental costs and benefits of net metering required by
10 subdivision (n).

11 (d) Electric service providers shall make all necessary forms
12 and contracts for net metering service available for download
13 from the Internet.

14 (e) (1) Every electric service provider shall ensure that
15 requests for establishment of net energy metering are processed
16 in a time period not exceeding that for similarly situated
17 customers requesting new electric service, but not to exceed 30
18 working days from the date the electric service provider receives
19 a completed application form for net metering service, including
20 a signed interconnection agreement from an eligible
21 customer-generator and the electric inspection clearance from the
22 governmental authority having jurisdiction. If an electric service
23 provider is unable to process the request within the allowable
24 timeframe, the electric service provider shall notify both the
25 customer-generator and the ratemaking authority of the reason
26 for its inability to process the request and the expected
27 completion date.

28 (2) Electric service providers shall ensure that requests for an
29 interconnection agreement from an eligible customer-generator
30 are processed in a time period not to exceed 30 working days
31 from the date the electric service provider receives a completed
32 application form from the eligible customer-generator for an
33 interconnection agreement. If an electric service provider is
34 unable to process the request within the allowable timeframe, the
35 electric service provider shall notify the customer-generator and
36 the ratemaking authority of the reason for its inability to process
37 the request and the expected completion date.

38 (f) (1) If a customer participates in direct transactions
39 pursuant to paragraph (1) of subdivision (b) of Section 365 with
40 an electric supplier that does not provide distribution service for

1 the direct transactions, the service provider that provides
2 distribution service for an eligible customer-generator is not
3 obligated to provide net energy metering to the customer.

4 (2) If a customer participates in direct transactions pursuant to
5 paragraph (1) of subdivision (b) of Section 365 with an electric
6 supplier, and the customer is an eligible customer-generator, the
7 service provider that provides distribution service for the direct
8 transactions may recover from the customer's electric service
9 provider the incremental costs of metering and billing service
10 related to net energy metering in an amount set by the ratemaking
11 authority.

12 (g) ~~Each~~ *Except for the time-variant kilowatthour pricing*
13 *portion of any tariff adopted by the commission pursuant to*
14 *paragraph (4) of subdivision (a) of Section 2851, each net energy*
15 *metering contract or tariff shall be identical, with respect to rate*
16 *structure, all retail rate components, and any monthly charges, to*
17 *the contract or tariff to which the same customer would be*
18 *assigned if the customer did not use an eligible solar or wind*
19 *electrical generating facility, except that eligible*
20 *customer-generators shall not be assessed standby charges on the*
21 *electrical generating capacity or the kilowatthour production of*
22 *an eligible solar or wind electrical generating facility. The*
23 *charges for all retail rate components for eligible*
24 *customer-generators shall be based exclusively on the*
25 *customer-generator's net kilowatthour consumption over a*
26 *12-month period, without regard to the customer-generator's*
27 *choice of electric service provider. Any new or additional*
28 *demand charge, standby charge, customer charge, minimum*
29 *monthly charge, interconnection charge, or any other charge that*
30 *would increase an eligible customer-generator's costs beyond*
31 *those of other customers who are not customer-generators in the*
32 *rate class to which the eligible customer-generator would*
33 *otherwise be assigned if the customer did not own, lease, rent, or*
34 *otherwise operate an eligible solar or wind electrical generating*
35 *facility are contrary to the intent of this section, and shall not*
36 *form a part of net energy metering contracts or tariffs.*

37 (h) For eligible residential and small commercial
38 customer-generators, the net energy metering calculation shall be
39 made by measuring the difference between the electricity
40 supplied to the eligible customer-generator and the electricity

1 generated by the eligible customer-generator and fed back to the
2 electric grid over a 12-month period. The following rules shall
3 apply to the annualized net metering calculation:

4 (1) The eligible residential or small commercial
5 customer-generator shall, at the end of each 12-month period
6 following the date of final interconnection of the eligible
7 customer-generator's system with an electric service provider,
8 and at each anniversary date thereafter, be billed for electricity
9 used during that period. The electric service provider shall
10 determine if the eligible residential or small commercial
11 customer-generator was a net consumer or a net producer of
12 electricity during that period.

13 (2) At the end of each 12-month period, where the electricity
14 supplied during the period by the electric service provider
15 exceeds the electricity generated by the eligible residential or
16 small commercial customer-generator during that same period,
17 the eligible residential or small commercial customer-generator is
18 a net electricity consumer and the electric service provider shall
19 be owed compensation for the eligible customer-generator's net
20 kilowatthour consumption over that same period. The
21 compensation owed for the eligible residential or small
22 commercial customer-generator's consumption shall be
23 calculated as follows:

24 (A) For all eligible customer-generators taking service under
25 tariffs employing "baseline" and "over baseline" rates, any net
26 monthly consumption of electricity shall be calculated according
27 to the terms of the contract or tariff to which the same customer
28 would be assigned to or be eligible for if the customer was not an
29 eligible customer-generator. If those same customer-generators
30 are net generators over a billing period, the net kilowatthours
31 generated shall be valued at the same price per kilowatthour as
32 the electric service provider would charge for the baseline
33 quantity of electricity during that billing period, and if the
34 number of kilowatthours generated exceeds the baseline quantity,
35 the excess shall be valued at the same price per kilowatthour as
36 the electric service provider would charge for electricity over the
37 baseline quantity during that billing period.

38 (B) For all eligible customer-generators taking service under
39 tariffs employing "time of use" rates, any net monthly
40 consumption of electricity shall be calculated according to the

1 terms of the contract or tariff to which the same customer would
2 be assigned to or be eligible for if the customer was not an
3 eligible customer-generator. When those same
4 customer-generators are net generators during any discrete time
5 of use period, the net kilowatthours produced shall be valued at
6 the same price per kilowatthour as the electric service provider
7 would charge for retail kilowatthour sales during that same time
8 of use period. If the eligible customer-generator's time of use
9 electrical meter is unable to measure the flow of electricity in two
10 directions, paragraph (3) of subdivision (b) shall apply.

11 (C) For all residential and small commercial
12 customer-generators and for each billing period, the net balance
13 of moneys owed to the electric service provider for net
14 consumption of electricity or credits owed to the
15 customer-generator for net generation of electricity shall be
16 carried forward as a monetary value until the end of each
17 12-month period. For all commercial, industrial, and agricultural
18 customer-generators the net balance of moneys owed shall be
19 paid in accordance with the electric service provider's normal
20 billing cycle, except that if the commercial, industrial, or
21 agricultural customer-generator is a net electricity producer over
22 a normal billing cycle, any excess kilowatthours generated during
23 the billing cycle shall be carried over to the following billing
24 period as a monetary value, calculated according to the
25 procedures set forth in this section, and appear as a credit on the
26 customer-generator's account, until the end of the annual period
27 when paragraph (3) shall apply.

28 (3) At the end of each 12-month period, where the electricity
29 generated by the eligible customer-generator during the
30 12-month period exceeds the electricity supplied by the electric
31 service provider during that same period, the eligible
32 customer-generator is a net electricity producer and the electric
33 service provider shall retain any excess kilowatthours generated
34 during the prior 12-month period. The eligible
35 customer-generator shall not be owed any compensation for
36 those excess kilowatthours unless the electric service provider
37 enters into a purchase agreement with the eligible
38 customer-generator for those excess kilowatthours.

39 (4) The electric service provider shall provide every eligible
40 residential or small commercial customer-generator with net

1 electricity consumption information with each regular bill. That
2 information shall include the current monetary balance owed the
3 electric service provider for net electricity consumed since the
4 last 12-month period ended. Notwithstanding this subdivision, an
5 electric service provider shall permit that customer to pay
6 monthly for net energy consumed.

7 (5) If an eligible residential or small commercial
8 customer-generator terminates the customer relationship with the
9 electric service provider, the electric service provider shall
10 reconcile the eligible customer-generator's consumption and
11 production of electricity during any part of a 12-month period
12 following the last reconciliation, according to the requirements
13 set forth in this subdivision, except that those requirements shall
14 apply only to the months since the most recent 12-month bill.

15 (6) If an electric service provider providing net metering to a
16 residential or small commercial customer-generator ceases
17 providing that electrical service to that customer during any
18 12-month period, and the customer-generator enters into a new
19 net metering contract or tariff with a new electric service
20 provider, the 12-month period, with respect to that new electric
21 service provider, shall commence on the date on which the new
22 electric service provider first supplies electric service to the
23 customer-generator.

24 (i) Notwithstanding any other provisions of this section, the
25 following provisions shall apply to an eligible
26 customer-generator with a capacity of more than 10 kilowatts,
27 but not exceeding one megawatt, that receives electrical service
28 from a local publicly owned electric utility, as defined in Section
29 9604, that has elected to utilize a co-energy metering program
30 unless the electric service provider chooses to provide service for
31 eligible customer-generators with a capacity of more than 10
32 kilowatts in accordance with subdivisions (g) and (h):

33 (1) The eligible customer-generator shall be required to utilize
34 a meter, or multiple meters, capable of separately measuring
35 electricity flow in both directions. All meters shall provide
36 "time-of-use" measurements of electricity flow, and the customer
37 shall take service on a time-of-use rate schedule. If the existing
38 meter of the eligible customer-generator is not a time-of-use
39 meter or is not capable of measuring total flow of energy in both
40 directions, the eligible customer-generator shall be responsible

1 for all expenses involved in purchasing and installing a meter
2 that is both time-of-use and able to measure total electricity flow
3 in both directions. This subdivision shall not restrict the ability of
4 an eligible customer-generator to utilize any economic incentives
5 provided by a government agency or the electric service provider
6 to reduce its costs for purchasing and installing a time-of-use
7 meter.

8 (2) The consumption of electricity from the electric service
9 provider shall result in a cost to the eligible customer-generator
10 to be priced in accordance with the standard rate charged to the
11 eligible customer-generator in accordance with the rate structure
12 to which the customer would be assigned if the customer did not
13 use an eligible solar or wind electrical generating facility. The
14 generation of electricity provided to the electric service provider
15 shall result in a credit to the eligible customer-generator and shall
16 be priced in accordance with the generation component,
17 established under the applicable structure to which the customer
18 would be assigned if the customer did not use an eligible solar or
19 wind electrical generating facility.

20 (3) All costs and credits shall be shown on the eligible
21 customer-generator's bill for each billing period. In any months
22 in which the eligible customer-generator has been a net consumer
23 of electricity calculated on the basis of value determined pursuant
24 to paragraph (2), the customer-generator shall owe to the electric
25 service provider the balance of electricity costs and credits during
26 that billing period. In any billing period in which the eligible
27 customer-generator has been a net producer of electricity
28 calculated on the basis of value determined pursuant to paragraph
29 (2), the electric service provider shall owe to the eligible
30 customer-generator the balance of electricity costs and credits
31 during that billing period. Any net credit to the eligible
32 customer-generator of electricity costs may be carried forward to
33 subsequent billing periods, provided that an electric service
34 provider may choose to carry the credit over as a kilowatthour
35 credit consistent with the provisions of any applicable tariff,
36 including any differences attributable to the time of generation of
37 the electricity. At the end of each 12-month period, the electric
38 service provider may reduce any net credit due to the eligible
39 customer-generator to zero.

1 (j) A solar or wind turbine electrical generating system, or a
2 hybrid system of both, used by an eligible customer-generator
3 shall meet all applicable safety and performance standards
4 established by the National Electrical Code, the Institute of
5 Electrical and Electronics Engineers, and accredited testing
6 laboratories such as Underwriters Laboratories and, where
7 applicable, rules of the Public Utilities Commission regarding
8 safety and reliability. A customer-generator whose solar or wind
9 turbine electrical generating system, or a hybrid system of both,
10 meets those standards and rules shall not be required to install
11 additional controls, perform or pay for additional tests, or
12 purchase additional liability insurance.

13 (k) If the commission determines that there are cost or revenue
14 obligations for an electric corporation, as defined in Section 218,
15 that may not be recovered from customer-generators acting
16 pursuant to this section, those obligations shall remain within the
17 customer class from which any shortfall occurred and may not be
18 shifted to any other customer class. Net-metering and
19 co-metering customers shall not be exempt from the public
20 benefits charge. In its report to the Legislature, the commission
21 shall examine different methods to ensure that the public benefits
22 charge remains a nonbypassable charge.

23 (l) A net metering customer shall reimburse the Department of
24 Water Resources for all charges that would otherwise be imposed
25 on the customer by the commission to recover bond-related costs
26 pursuant to an agreement between the commission and the
27 Department of Water Resources pursuant to Section 80110 of the
28 Water Code, as well as the costs of the department equal to the
29 share of the department's estimated net unavoidable power
30 purchase contract costs attributable to the customer. The
31 commission shall incorporate the determination into an existing
32 proceeding before the commission, and shall ensure that the
33 charges are nonbypassable. Until the commission has made a
34 determination regarding the nonbypassable charges, net metering
35 shall continue under the same rules, procedures, terms, and
36 conditions as were applicable on December 31, 2002.

37 (m) In implementing the requirements of subdivisions (k) and
38 (l), a customer-generator shall not be required to replace its
39 existing meter except as set forth in paragraph (3) of subdivision
40 (b), nor shall the electric service provider require additional

1 measurement of usage beyond that which is necessary for
2 customers in the same rate class as the eligible
3 customer-generator.

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

11 (o) It is the intent of the Legislature that the Treasurer
12 incorporate net energy metering and co-energy metering projects
13 undertaken pursuant to this section as sustainable building
14 methods or distributive energy technologies for purposes of
15 evaluating low-income housing projects.

16 ~~SEC. 6.~~

17 *SEC. 7.* Section 2851 is added to Chapter 9 of Part 2 of
18 Division 1 of the Public Utilities Code, to read:

19 2851. (a) In implementing the California Solar Initiative,
20 ~~adopted by the commission in Decision 06-01-024,~~ the
21 commission shall do all of the following:

22 (1) The commission shall authorize the award of monetary
23 incentives for up to the first megawatt of alternating current
24 generated by solar energy systems that meet the eligibility
25 criteria established by the State Energy Resources Conservation
26 and Development Commission pursuant to Chapter 8.8
27 (commencing with Section 25780) of Division 15 of the Public
28 Resources Code. The commission shall determine the eligibility
29 of a solar energy system, as defined in Section 25781 of the
30 Public Resources Code, to receive monetary incentives until the
31 time the State Energy Resources Conservation and Development
32 Commission establishes eligibility criteria pursuant to Section
33 25782. Monetary incentives shall not be awarded for solar energy
34 systems that do not meet the eligibility criteria. The incentive
35 level authorized by the commission shall decline each year
36 following implementation of the California Solar Initiative, at a
37 rate of no less than an average of 7 percent per year, and shall be
38 zero as of December 31, 2016. The commission shall adopt and
39 publish a schedule of declining incentive levels no less than 30
40 days in advance of the first decline in incentive levels. The

1 commission may develop incentives based upon the output of
2 electricity from the system, provided those incentives are
3 consistent with the declining incentive levels of this paragraph
4 and the incentives apply to only the first megawatt of electricity
5 generated by the system.

6 ~~(2) By January 1, 2010, the commission shall adopt a~~
7 ~~performance-based incentive program in which at least 50~~
8 ~~percent of the moneys thereafter expended pursuant to the~~
9 ~~California Solar Initiative are expended to provide incentives that~~
10 ~~are based on the actual electrical output of the solar energy~~
11 ~~system and that promote the installation of solar energy systems~~
12 ~~that maximize electrical output to coincide with peak loads. The~~
13 ~~commission shall ensure that the performance-based incentive~~
14 ~~declines each year thereafter at a rate of no less than an average~~
15 ~~of 7 percent per year. In developing the performance-based~~
16 ~~incentive program~~

17 *(2) The commission shall adopt a performance-based*
18 *incentive program so that by January 1, 2008, 100 percent of*
19 *incentives for solar energy systems of 100 kilowatts or greater*
20 *and at least 50 percent of incentives for solar energy systems of*
21 *30 kilowatts or greater are earned based on the actual electrical*
22 *output of the solar energy systems. The commission shall*
23 *encourage, and may require, performance-based incentives for*
24 *solar energy systems of less than 30 kilowatts.*
25 *Performance-based incentives shall decline at a rate of no less*
26 *than 7 percent per year. In developing the performance-based*
27 *incentives, the commission may:*

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

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

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

37 (3) By January 1, 2008, the commission, in consultation with
38 the State Energy Resources Conservation and Development
39 Commission, shall require reasonable and cost-effective energy
40 efficiency improvements in existing buildings as a condition of

1 providing incentives for eligible solar energy systems, with
2 appropriate exemptions or limitations to accommodate the
3 limited financial resources of low-income residential housing.

4 ~~(4) The~~ *Notwithstanding subdivision (g) of Section 2827, the*
5 commission shall require time-variant pricing for all ratepayers
6 with a solar energy system. The commission shall develop a
7 time-variant tariff that creates the maximum incentive for
8 ratepayers to install solar energy systems so that the system's
9 peak electricity production coincides with California's peak
10 electricity demands and that assures that ratepayers receive due
11 value for their contribution to the purchase of solar energy
12 systems and customers with solar energy systems continue to
13 have an incentive to use electricity efficiently. In developing the
14 time-variant tariff, the commission may exclude customers
15 participating in the tariff from the rate cap for residential
16 customers for existing baseline quantities or usage by those
17 customers of up to 130 percent of existing baseline quantities, as
18 required by Section 80110 of the Water Code. *Nothing in this*
19 *paragraph authorizes the commission to require time-variant*
20 *pricing for ratepayers without a solar energy system.*

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

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

36 (3) On or before June 30, 2009, and *by June 30th of every year*
37 thereafter, the commission shall submit to the Legislature an
38 assessment of the success of the California Solar Initiative
39 program. That assessment shall include the number of residential
40 and commercial sites that have installed solar energy systems, the

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

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

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

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

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

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

1 Solar Initiative and moneys collected into other accounts that are
2 used to further the goals of the California Solar Initiative.

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

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

20 *SEC. 8. The Contractors' State License Board shall review*
21 *and, if needed, revise its licensing classifications and*
22 *examinations to ensure that contractors authorized to perform*
23 *work on solar energy systems subject to Chapter 8.8*
24 *(commencing with Section 25780) of Division 15 of the Public*
25 *Resources Code, have the requisite qualifications to perform the*
26 *work.*

27 ~~SEC. 7.~~

28 *SEC. 9.* No reimbursement is required by this act pursuant to
29 Section 6 of Article XIII B of the California Constitution because
30 a local agency or school district has the authority to levy service
31 charges, fees, or assessments sufficient to pay for the program or
32 level of service mandated by this act, within the meaning of
33 Section 17556 of the Government Code.

34

35

36 **CORRECTIONS:**

37 **Title — Lines 1 and 2.**

38

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