

AMENDED IN SENATE AUGUST 30, 2011

AMENDED IN SENATE AUGUST 18, 2011

AMENDED IN ASSEMBLY MAY 17, 2011

AMENDED IN ASSEMBLY APRIL 28, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 724

Introduced by Assembly Member Bradford

February 17, 2011

An act to add and repeal Section 2800 of Chapter 7.2 (commencing with Section 25621) to Division 15 of, and to repeal and add Section 25740.5 of, the Public Resources Code, and to amend Sections 384, 399.8, and 9615 of, and to add Sections 384.3 and 9615.1 to, the Public Utilities Code, relating to ~~utility service~~ energy, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 724, as amended, Bradford. ~~Electric and gas utility service: master-meter customers.~~ *Clean Energy Jobs and Investment Act.*

(1) Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. The Reliable Electric Service Investments Act, within the Public Utilities Act, requires the PUC to require the state's 3 largest electrical corporations, until January 1, 2012, to identify a separate electrical rate component to fund energy efficiency, renewable energy, and research, development, and demonstration programs. Existing PUC resolutions refer to the nonbypassable rate component as a "public goods charge."

Existing law establishes the Renewable Resource Trust Fund in the State Treasury as a fund that is continuously appropriated, except for administrative expenses incurred by the State Energy Resources Conservation and Development Commission (Energy Commission), for the implementation of the renewable energy resources program that is administered by the Energy Commission. Existing law requires that specified portions of the moneys collected as a part of the public goods charge to fund renewable energy be deposited into 3 specified accounts within the fund to be used for specified purposes. Existing law states legislative directives, objectives, and recommendations on the allocation of moneys in the fund and requires that moneys collected between January 1, 2007, and January 1, 2012, be used for the specified purposes.

This bill would require the PUC to require the state's 3 largest electrical corporations to collect the public goods charge until January 1, 2020. By extending collection of the public goods charge, the bill would constitute a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of 2/3 of the membership of each house of the Legislature.

Because the bill would extend collection of the portion of the public goods charge that is transferred to the Renewable Resource Trust Fund, a continuously appropriated fund, it would make an appropriation.

(2) This bill would require the PUC, in coordination with the State Energy Resources Conservation and Development Commission, to develop and authorize fund mechanisms to finance comprehensive energy efficiency programs for residential, commercial, industrial, and public building sectors. The bill would establish criteria by which the PUC would evaluate the state's energy efficiency investments. The bill would require the PUC to administer funds generated by the collection of the public good charge that is allocated for energy efficiency.

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

Because the above provisions of this bill are within the Public Utilities Act and require action by the PUC to implement its requirements, a violation of these provisions would impose a state-mandated local program by creating a new crime.

(4) Existing law requires that the moneys collected between January 1, 2007, and January 1, 2012, from the electrical corporations for public

interest research, development, and demonstration projects be deposited in the Public Interest Research, Development, and Demonstration Fund and be used for the purposes of the Public Interest Energy Research, Demonstration, and Development Program.

This bill would enact the Clean Energy Jobs and Investment Act. The bill would establish the Clean Energy Investment Council consisting of specified individuals to provide strategic policy guidance for the implementation of the act. The bill would require the State Energy Resources Conservation and Development Commission (Energy Commission) to establish and administer the California Energy Innovation Program (CEIP) to fund research, development, and demonstration projects that may lead to technological advancement or applied scientific breakthroughs to overcome technical, financial, social, institutional, and other barriers that prevent the achievement of the state's energy policy goals. The bill would require the Energy Commission to convene, no less than twice a year, meetings of the CEIP Advisory Council consisting of members representing specified entities and would require the council to identify the technological challenges that most warrant funding under the CEIP and opportunities for joint funding of projects and to make recommendations to avoid funding duplicative projects. The bill would require the Energy Commission to adopt regulations or modify existing regulations to implement the CEIP. The bill would require the Energy Commission to consult with the CEIP Advisory Council to establish a process for tracking the progress and outcome of funded projects. The bill would require the Energy Commission to consult with the CEIP Advisory Council and the Treasurer to establish terms that may be imposed as conditions for the receipt of CEIP funding. The bill would require the Energy Commission, no later than March 31 of each year, to prepare and submit to the Legislature an annual report regarding projects funded by the CEIP. The bill would establish the Clean Energy Innovation Program Fund in the State Treasury and would provide that moneys in the fund, upon appropriation by the Legislature, be expended by the Energy Commission to implement the CEIP. The bill would provide that unencumbered moneys remaining in the Public Interest Research, Development, and Demonstration Fund as of January 1, 2012, be transferred to the Clean Energy Innovation Program Fund, which would be established by this bill. The bill would establish the Public Interest Research, Development, and Demonstration Program Wrap-Up Account within the fund and would transfer the encumbered moneys in the Public

Interest Research, Development and Demonstration Program Fund, as of January 1, 2012, to the account.

(5) Existing law requires the State Energy Resources Conservation and Development Commission to establish programs to optimize public investment and ensure that the most cost-effective and efficient investments in renewable energy resources are vigorously pursued (Renewable Energy Resources Program). Existing law requires, until January 1, 2012, that moneys from the public goods charge collected for renewable energy be transferred to the Renewable Resource Trust Fund, a continuously appropriated fund, for the purpose of implementing the program.

This bill would revise and recast the Renewable Energy Resources Program to, among other things, provide investment in energy storage technologies. The bill would establish the Clean Energy Investment Team within the commission for specified purposes of the program. The bill would extend to January 1, 2020, the expenditures of the public goods charge collected for renewable energy to the Renewable Resource Trust Fund. Because the bill would revise the purposes of the Renewable Energy Resources Program and extend the deposit of moneys into a continuously appropriated fund, this bill would make an appropriation.

(6) Existing law requires each local publicly owned electric utility to establish a nonbypassable usage based charge on local distribution service to fund investments in specified public purpose programs, including energy efficiency and conservation, investment in renewable energy resources, research, development, and demonstration programs, and providing services for low-income electricity customers. The charge is required to be not less than the lowest expenditure of the 3 largest electrical corporations in California based on a percentage of revenue. Existing law requires local publicly owned electric utilities to annually report to its customers and to the Energy Commission information relative to its investments in energy efficiency and demand reduction programs, a description of those programs, expenditures, cost-effectiveness, and expected and actual energy efficiency savings and demand reduction results. Existing law additionally requires each local publicly owned electric utility to develop and submit a report to the Energy Commission with certain information relative to its energy efficiency programs and requires the Energy Commission to include a summary of the information in an integrated energy policy report pursuant to a specified law.

This bill would require each local publicly owned electric utility to make information available in electronic form on an Internet Web site relative to the utility's investments in energy efficiency programs, require the utility to provide the Energy Commission with information as to how to access the information, and require the Energy Commission to make the information available on its Internet Web site, including providing a uniform resource locator (URL) connection that will enable members of the public to access the information. The bill would require each local publicly owned electric utility to annually report to its customers and the Energy Commission information relative to its research, development, and demonstration programs, and its provision of services for low-income electricity customers.

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

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

~~Existing law authorizes the owner of a master-metered mobilehome park or manufactured housing community that provides gas or electric service to residents to transfer ownership and operational responsibility for its gas or electric system to the gas or electrical corporation providing service in the area in which the park or community is located, pursuant to specified transfer and cost allocation procedures.~~

~~This bill would require the Public Utilities Commission, by February 1, 2012, to open an investigation or other appropriate proceeding to evaluate when an owner of a mobilehome park or manufactured housing community that provides master-metered gas or electric service to its residents of the park or community should be required to transfer responsibility for gas or electric service to the gas or electrical corporation providing service in the area in which the park or community is located, in addition to those plants, facilities, and interests in real property that the commission, in consultation with the gas or electrical corporation, determines are necessary, convenient, or cost effective to provide service. These provisions would be repealed on January 1, 2014.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~^{yes}. Fiscal committee: yes. State-mandated local program: ~~no~~^{yes}.

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

1 SECTION 1. Chapter 7.2 (commencing with Section 25621)
2 is added to Division 15 of the Public Resources Code, to read:

3
4 CHAPTER 7.2. CLEAN ENERGY JOBS AND INVESTMENT ACT

5
6 Article 1. General Provisions

7
8 25621. This chapter shall be known and may be cited as the
9 Clean Energy Jobs and Investment Act.

10 25621.1. The Legislature finds and declares all of the
11 following:

12 (a) Investing in clean energy creates jobs, attracts and grows
13 businesses, and increases California’s economic competitiveness.

14 (b) Investing in energy efficiency results in lower energy bills
15 for individual households and businesses and saves all ratepayers
16 money by reducing the need for new powerplants and investments
17 in transmission and distribution systems.

18 (c) Clean energy investments benefit ratepayers by cutting
19 energy waste, diversifying energy supplies, increasing energy
20 security and grid reliability, reducing harmful air pollutants, and
21 protecting public health and the environment.

22 (d) California has been a leader in clean energy development
23 and deployment, saving consumers billions of dollars from
24 increased energy efficiency, creating new jobs and businesses,
25 and fostering innovation through research and development.

26 (e) Meeting California’s renewable energy, energy efficiency,
27 and emissions reduction policies will require strategic public
28 investments in clean energy research, development, financing, and
29 commercialization.

30 25621.2. It is the intent of the Legislature that investments
31 made pursuant to this chapter do all of the following:

32 (a) Develop and deploy clean energy technologies that maximize
33 job creation and regional sustainability, strengthen California
34 businesses and economic competitiveness, and provide multiple
35 benefits to ratepayers.

36 (b) Save ratepayers money by reducing the need for new
37 powerplants and investments in transmission and distribution
38 systems.

1 (c) Accelerate the development and deployment of clean energy
2 technologies that meet the California renewables portfolio standard
3 specified in Article 16 (commencing with Section 399.11) of
4 Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code,
5 energy storage requirements adopted pursuant to Chapter 7.7
6 (commencing with Section 2835) of Part 2 of Division 1 of the
7 Public Utilities Code, the comprehensive energy efficiency program
8 implemented pursuant to Section 25943 and Sections 381.2 and
9 385.2 of the Public Utilities Code, and subparagraph (C) of
10 paragraph (9) of subdivision (b) of Section 454.5 of the Public
11 Utilities Code.

12 (d) Respond to changing energy and technology market
13 conditions.

14 (e) Leverage additional investments in clean energy to maximize
15 benefits, reduce costs, and achieve sustainable changes in the
16 market so that public investment will no longer be needed.

17 (f) Help local governments to plan, permit, finance, and
18 implement clean energy development.

19 (g) Maximize opportunities for low-income households and
20 disadvantaged communities in urban and rural areas of the state
21 to participate in these programs.

22 (h) Promote business and employment opportunities for women,
23 minorities, veterans, and the disabled.

24 25621.3. For the purposes of this chapter, the following terms
25 mean the following:

26 (a) "Biogas" means digester gas, landfill gas, and any gas
27 derived from an eligible biomass feedstock.

28 (b) "Biomass" means an organic material not derived from
29 fossil fuels, including, but not limited to, agricultural crops,
30 agricultural wastes and residues, waste pallets, crates, dunnage,
31 manufacturing and construction wood wastes, landscape and
32 right-of-way tree trimmings, mill residues that result from milling
33 lumber, rangeland maintenance residues, biosolids, sludge derived
34 from organic matter, and wood and wood waste from timbering
35 operations.

36 (1) Agricultural wastes and residues include, but are not limited
37 to, animal wastes, remains, and tallow, food wastes, recycled
38 cooking oils, and pure cooking oils.

39 (2) Landscape or right-of-way tree trimmings include all solid
40 waste materials that result from tree or vegetation trimming or

1 removal to establish or maintain right-of-way on public or private
2 land for the following purposes:

3 (A) Provision of public utilities, including, but not limited to,
4 natural gas, water, electricity, and telecommunications.

5 (B) Fuel hazard reduction resulting in fire protection and
6 prevention.

7 (C) Recreational use.

8 (c) “CEIP” or “program” means the Clean Energy Innovation
9 Program, formerly known as the Public Interest Research,
10 Development, and Demonstration Program, developed pursuant
11 to Section 25621.12.

12 (d) “Clean energy” means energy efficiency, including
13 demand-side management, renewable energy, clean transportation,
14 and energy storage.

15 (e) “Comprehensive energy efficiency retrofit,” “whole house
16 retrofit,” and “whole building retrofit” mean energy efficiency
17 retrofits and integrated demand-side management that to seek to
18 achieve 20-percent or greater energy savings through a
19 comprehensive package of audits, and energy-saving
20 improvements, such as insulation and duct sealing, heating,
21 ventilation, and cooling system improvements, window and
22 appliance upgrades, lighting upgrades, demand response, and
23 other measures to save energy efficiency.

24 (f) “Disadvantaged community” has the same meaning as that
25 set forth in Section 79505.5 of the Water Code.

26 (g) “Energy storage technology” means technology capable of
27 absorbing energy, storing it for a period of time, and thereafter
28 dispatching the energy.

29 (h) “Grid” means California’s electrical grid, including both
30 transmission and distribution systems.

31 (i) “Grid integration” means the interconnection, and the
32 seamless and reliable operation, of generation and demand
33 management resources and strategies into the grid.

34 (j) “Low income” means an income at a level that is 200 percent
35 of the federal poverty level or lower.

36 (k) “Renewable distributed generation” means an electrical
37 generation facility that is 20 megawatts or smaller in size and
38 located on a distribution feeder line or substation that generates
39 energy from a renewable energy source.

1 (l) “Renewable energy” means eligible renewable energy
2 resources as defined in Section 399.12 of the Public Utilities Code.

3 25621.4. (a) The Clean Energy Investment Council is hereby
4 established to provide strategic policy guidance to the commission
5 for the programs funded pursuant to this chapter to ensure that
6 they are targeted toward achieving state policy priorities,
7 maximizing benefits, and avoiding duplication with other agencies
8 and programs. The council shall consist of the following individuals
9 or their designees:

10 (1) The President pro Tempore of the Senate or the Chair of
11 the Senate Committee on Energy, Utilities and Communications.

12 (2) The Speaker of the Assembly or the Chair of the Assembly
13 Committee on Utilities and Commerce.

14 (3) The Chair of the State Energy Resources Conservation and
15 Development Commission.

16 (4) The President of the Public Utilities Commission.

17 (5) The Chair of the State Air Resources Board.

18 (6) The Treasurer.

19 (7) The Chief Executive Officer of the Independent System
20 Operator, who shall serve as a nonvoting member of the council.

21 (b) Members of the Legislature shall participate in the activities
22 of the council to the extent that their participation is not
23 incompatible with their respective positions as Members of the
24 Legislature.

25 (c) The council shall hold at least one public meeting per year.
26 All meetings of the council shall be subject to the Bagley-Keene
27 Open Meeting Act (Article 9 (commencing with Section 11120) of
28 Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
29 Code).

30

31 Article 2. Clean Energy Innovation Program

32

33 25621.10. This article shall be known and may be cited as the
34 Clean Energy Innovation Program.

35 25621.11. The Legislature finds and declares all of the
36 following:

37 (a) California has been a national leader in clean energy by
38 establishing ambitious goals, policies, and programs to increase
39 energy efficiency and generation from renewable energy sources.

1 ***(b) Achieving the state’s energy goals will benefit the public***
2 ***and energy utility ratepayers through reduced system costs and***
3 ***reduced end-user charges for service.***

4 ***(c) Barriers to achieving these energy goals include, but are***
5 ***not limited to, significant technological and other challenges***
6 ***relating to energy storage, renewable energy technology and its***
7 ***integration into the electrical grid, energy efficiency technologies***
8 ***and applications, smart grid technologies and applications,***
9 ***integration of electric vehicles into the electrical grid, and***
10 ***accurately forecasting the availability of renewable energy for***
11 ***integration into the grid.***

12 ***(d) Breakthroughs to overcome these technological challenges***
13 ***and to enable the state to achieve its energy policy goals require***
14 ***strategically focused research, development, and demonstration***
15 ***projects.***

16 ***(e) It is appropriate and necessary for the state to administer***
17 ***a program of research, development, and demonstration to***
18 ***accelerate technological advancement and applied scientific***
19 ***breakthroughs that may enable the state to achieve its energy***
20 ***policy goals.***

21 ***25621.12. (a) The Clean Energy Innovation Program (CEIP)***
22 ***is hereby established for the purpose of funding research,***
23 ***development, and demonstration projects that may lead to***
24 ***technological advancement or applied scientific breakthroughs***
25 ***and to overcome the technical, financial, social, institutional, and***
26 ***other barriers that prevent the achievement of the state’s energy***
27 ***policy goals.***

28 ***(b) The commission shall develop and administer the program***
29 ***consistent with this chapter.***

30 ***25621.13. (a) The commission shall, no less than twice a year,***
31 ***convene a meeting of the CEIP Advisory Council, which shall***
32 ***consist of the following members:***

33 ***(1) The chair of the commission, who shall serve as the chair***
34 ***of the council.***

35 ***(2) One representative from Pacific Gas and Electric***
36 ***Corporation.***

37 ***(3) One representative from Southern California Edison***
38 ***Corporation.***

39 ***(4) One representative from San Diego Gas and Electric***
40 ***Corporation.***

- 1 (5) *One representative from Southern California Gas Company.*
- 2 (6) *One representative from the Public Utilities Commission.*
- 3 (7) *One representative from the Independent System Operator.*
- 4 (8) *One representative from the State Air Resources Board.*
- 5 (9) *One representative from the Division of Ratepayer Advocates*
- 6 *within the Public Utilities Commission.*
- 7 (10) *Two representatives from the State Building and*
- 8 *Construction Trades Council of California.*
- 9 (11) *Two representatives from labor unions in the areas related*
- 10 *to energy efficiency.*
- 11 (12) *One representative from the Apollo Alliance.*
- 12 (13) *Two representatives from consumer organizations, with*
- 13 *one appointed by the Senate Committee on Rules and one appointed*
- 14 *by the Speaker of the Assembly.*
- 15 (14) *Two representatives from environmental organizations,*
- 16 *with one appointed by the Senate Committee on Rules and one*
- 17 *appointed by the Speaker of the Assembly.*
- 18 (15) *Two representatives of environmental justice groups, with*
- 19 *one appointed by the Senate Committee on Rules and one appointed*
- 20 *by the Speaker of the Assembly.*
- 21 (16) *Four representatives from university research institutions,*
- 22 *and other research institutions with two appointed by the Senate*
- 23 *Committee on Rules and two appointed by the Speaker of the*
- 24 *Assembly.*
- 25 (17) *Two representatives of clean energy businesses,*
- 26 *associations, or investors appointed by the Governor.*
- 27 (18) *Three at-large members appointed by the Governor.*
- 28 (19) (A) *Two nonvoting members from the Legislature, with*
- 29 *one Senator appointed by the Senate Committee on Rules and one*
- 30 *Assembly Member appointed by the Speaker of the Assembly.*
- 31 (B) *The Members of the Legislature shall participate in the*
- 32 *activities of the council to the extent that the participation is not*
- 33 *incompatible with their respective positions as Members of the*
- 34 *Legislature.*
- 35 (b) *Each member of the council shall serve a term of three years.*
- 36 (c) *The council shall annually identify the technological and*
- 37 *other challenges that are the most significant barriers to achieving*
- 38 *the state's energy policy goals for which CEIP funding is most*
- 39 *warranted. These challenges shall include, but not be limited to,*
- 40 *energy storage, renewable energy for the successful deployment*

1 *and integration into the electrical grid, integration of electric*
2 *vehicles into the electrical grid, energy efficiency, smart grid, and*
3 *accurate forecasting of the availability of renewable energy for*
4 *integration into the electrical grid. The commission shall provide*
5 *the council with information that includes, but is not limited to,*
6 *demand forecasting and relevant trends in energy efficiency, energy*
7 *use patterns in California, and fuel and price supply forecasts.*

8 *(d) The council shall identify opportunities for leveraged funding*
9 *of research, development, and demonstration projects, and make*
10 *recommendations to help the commission avoid funding projects*
11 *that would duplicate projects already being funded by the Public*
12 *Utilities Commission, the State Air Resources Board, or any other*
13 *public agency or private organization.*

14 *25621.14. (a) The commission shall expend CEIP funds for*
15 *projects and program implementation that may lead to technology,*
16 *applications, analytics, and other advancements and breakthroughs*
17 *to overcome barriers to achieving the state's energy policy goals*
18 *and that result in a portfolio of project awards that does, if*
19 *appropriate, all of the following:*

20 *(1) Is strategically focused and sufficiently narrow to make*
21 *advancement on the most significant technological challenges,*
22 *including, but not limited to, energy storage, integrating renewable*
23 *energy into the electrical grid, and accurately forecasting the*
24 *availability of renewable energy for integration into the electrical*
25 *grid, identification and cost-effective mitigation of the public health*
26 *and environmental impacts of electricity generation and usage,*
27 *or technological and applied scientific challenges identified by*
28 *the CEIP Advisory Council pursuant to Section 25621.13.*

29 *(2) Ensures that prior, current, and future research,*
30 *development, and demonstration projects are not unnecessarily*
31 *duplicated.*

32 *(3) Invests in projects of California-based entities unless there*
33 *is a unique need that can be met only by an entity based outside*
34 *of California.*

35 *(4) Results in a reasonably equitable distribution of awards to*
36 *various geographic regions of California to the extent possible*
37 *and consistent with the provisions of this chapter.*

38 *(5) Maximizes expenditure of funds for research, development,*
39 *and demonstration projects and minimizes expenditure of funds*
40 *for administration and overhead costs.*

1 (6) Utilities may receive funds only if they participate in the
2 CEIP. Utilities and their customers that do not contribute to the
3 funding under Section 399.8 of the Public Utilities Code shall
4 include in any application information demonstrating that the
5 application supports one or more of the goals set forth in Section
6 25621.2 and is intended to provide statewide benefits to electric
7 utility customers.

8 (b) The commission shall not award or expend CEIP funds for
9 any purposes except as provided in this chapter.

10 25621.15. (a) The commission shall adopt regulations, or
11 modify existing regulations, for the solicitation of award
12 applications, evaluation of applications, and the award of funds
13 consistent with this article.

14 (b) The regulations shall require each applicant to demonstrate
15 how the proposed project may lead to technological advancement
16 and potential breakthroughs to overcome barriers to achieving
17 the state's energy policy goals.

18 (c) The regulations shall require each reward recipient, as a
19 condition of receiving CEIP funds, to agree to any terms the
20 commission determines are appropriate for the state to accrue any
21 intellectual property interest or royalties that may derive from
22 CEIP funding.

23 (d) The regulations shall prohibit any person from participating
24 in the evaluation or disposition of any application if that person
25 has a conflict of interest regarding that application, within the
26 meaning of Section 87100 of the Government Code.

27 25621.16. (a) The commission, prior to awarding any CEIP
28 funds, and in consultation with the CEIP Advisory Council, shall
29 establish a process for tracking the progress and outcomes of each
30 funded project, including an accounting of the amount of funds
31 spent on administrative and overhead costs and whether the project
32 resulted in any technological advancement or breakthrough to
33 overcome barriers to achieving the state's energy policy goals.

34 (b) The commission may require CEIP awardees to report the
35 progress and outcome of each funded project for up to five years
36 after the end of the award agreement.

37 25621.17. The commission, prior to awarding any CEIP funds,
38 and in consultation with the CEIP Advisory Council and the
39 Treasurer, shall establish terms that may be imposed as a condition
40 to receipt of funding, as the commission determines appropriate,

1 *for the state to accrue any intellectual property interest or royalties*
2 *that may derive from CEIP funding. The commission, when*
3 *determining if imposition of these terms is appropriate, shall*
4 *balance the potential benefit to the state from those terms and the*
5 *effect those terms may have on the state achieving its energy policy*
6 *goals.*

7 *25621.18. (a) The commission, not later than March 31 of*
8 *each year, shall prepare and submit to the Legislature an annual*
9 *report in compliance with Section 9795 of the Government Code*
10 *that shall include all of the following:*

11 *(1) A brief description of each project for which funding was*
12 *awarded in the immediately prior calendar year, including the*
13 *name of the recipient and amount of award, and a description of*
14 *how the project may lead to technological advancement or*
15 *breakthroughs to overcome barriers to achieving the state's energy*
16 *policy goals.*

17 *(2) A brief description of each CEIP-funded project that was*
18 *completed in the immediately prior calendar year, including the*
19 *name of the recipient, the amount of the award, and the outcomes*
20 *of the funded project, in accordance with the process described*
21 *in Section 25620.16.*

22 *(3) A brief description of each CEIP-funded project for which*
23 *an award was made in previous years but that is not completed,*
24 *including the name of the recipient and amount of the award, and*
25 *a description of how the project may lead to technological*
26 *advancement or breakthroughs to overcome barriers to achieving*
27 *the state's energy policy goals.*

28 *(4) A list and description of the technological challenges that*
29 *the CEIP Advisory Council identifies as the most significant*
30 *barriers to achieving the state's energy policy goals, as identified*
31 *by the council pursuant to Section 25620.13 for the current year*
32 *and all prior years.*

33 *(5) A description of each project for which funding was awarded*
34 *to small businesses, microbusinesses, and women-, minority-, or*
35 *disabled veteran-owned businesses.*

36 *(b) The commission shall post on its Internet Web site each*
37 *annual report, and a searchable database containing information*
38 *in the annual report, and shall also include information on awards*
39 *made under the former Public Interest Research, Development,*
40 *and Demonstration Program.*

1 (c) *The commission shall establish procedures for protecting*
2 *confidential or proprietary information in public reports about*
3 *CEIP-funded projects.*

4 *SEC. 2. Section 25740.5 of the Public Resources Code, as*
5 *amended by Section 5 of Chapter 1 of the First Extraordinary*
6 *Session of the Statutes of 2011, is repealed.*

7 ~~25740.5.—(a) The commission shall optimize public investment~~
8 ~~and ensure that the most cost-effective and efficient investments~~
9 ~~in renewable energy resources are vigorously pursued.~~

10 ~~(b) The commission’s long-term goal shall be a fully competitive~~
11 ~~and self-sustaining supply of electricity generated from renewable~~
12 ~~sources.~~

13 ~~(c) The program objective shall be to increase, in the near term,~~
14 ~~the quantity of California’s electricity generated by renewable~~
15 ~~electrical generation facilities located in this state, while protecting~~
16 ~~system reliability, fostering resource diversity, and obtaining the~~
17 ~~greatest environmental benefits for California residents.~~

18 ~~(d) An additional objective of the program shall be to identify~~
19 ~~and support emerging renewable technologies in distributed~~
20 ~~generation applications that have the greatest near-term commercial~~
21 ~~promise and that merit targeted assistance.~~

22 ~~(e) The Legislature recommends allocations among all of the~~
23 ~~following:~~

24 ~~(1) Rebates, buydowns, or equivalent incentives for emerging~~
25 ~~renewable technologies.~~

26 ~~(2) Customer education.~~

27 ~~(3) Production incentives for reducing fuel costs, that are~~
28 ~~confirmed to the satisfaction of the commission, at solid fuel~~
29 ~~biomass energy facilities in order to provide demonstrable~~
30 ~~environmental and public benefits, including improved air quality.~~

31 ~~(4) Solar thermal generating resources that enhance the~~
32 ~~environmental value or reliability of the electrical system and that~~
33 ~~require financial assistance to remain economically viable, as~~
34 ~~determined by the commission. The commission may require~~
35 ~~financial disclosure from applicants for purposes of this paragraph.~~

36 ~~(5) Specified fuel cell technologies, if the commission makes~~
37 ~~all of the following findings:~~

38 ~~(A) The specified technologies have similar or better air~~
39 ~~pollutant characteristics than renewable technologies in the report~~
40 ~~made pursuant to Section 25748.~~

1 ~~(B) The specified technologies require financial assistance to~~
2 ~~become commercially viable by reference to wholesale generation~~
3 ~~prices.~~

4 ~~(C) The specified technologies could contribute significantly~~
5 ~~to the infrastructure development or other innovation required to~~
6 ~~meet the long-term objective of a self-sustaining, competitive~~
7 ~~supply of electricity generated from renewable sources.~~

8 ~~(6) Existing wind-generating resources, if the commission finds~~
9 ~~that the existing wind-generating resources are a cost-effective~~
10 ~~source of reliable energy and environmental benefits compared~~
11 ~~with other renewable electrical generation facilities located in this~~
12 ~~state, and that the existing wind-generating resources require~~
13 ~~financial assistance to remain economically viable. The commission~~
14 ~~may require financial disclosure from applicants for the purposes~~
15 ~~of this paragraph.~~

16 ~~(f) Notwithstanding any other law, moneys collected for~~
17 ~~renewable energy pursuant to Article 15 (commencing with Section~~
18 ~~399) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities~~
19 ~~Code shall be transferred to the Renewable Resource Trust Fund.~~
20 ~~Moneys collected between January 1, 2007, and January 1, 2012,~~
21 ~~shall be used for the purposes specified in this chapter.~~

22 ~~SEC. 3. Section 25740.5 is added to the Public Resources Code,~~
23 ~~to read:~~

24 ~~25740.5. (a) The Clean Energy Investment Team is hereby~~
25 ~~created within the commission to support achievement of the state's~~
26 ~~renewable energy goals, including the growth of distributed~~
27 ~~generation, and seek creative solutions to barriers to development~~
28 ~~and deployment of technologies to achieve those goals. The team~~
29 ~~shall work to provide technical assistance, tools, and resources~~
30 ~~to support industry, local government, and economic and workforce~~
31 ~~development leaders in efforts to overcome these barriers.~~

32 ~~(b) Activities eligible for investment pursuant to this chapter~~
33 ~~include, but are not limited to, those which will maximize job~~
34 ~~creation and economic growth through the deployment and~~
35 ~~commercialization of renewable energy, grid integration, and~~
36 ~~energy storage technologies. Activities authorized by this chapter~~
37 ~~shall support and foster the development of a diverse, reliable,~~
38 ~~and environmentally sustainable portfolio of renewable energy~~
39 ~~sources, including, but not limited to, distributed generation,~~
40 ~~demonstration projects on California state buildings or property,~~

1 *renewable generation on farmland, the New Solar Homes*
2 *Partnership, energy storage, clean energy manufacturing in*
3 *California, existing and advanced biogas, biomass, other clean*
4 *energy technologies, and workforce development.*

5 *(c) (1) Any investments in biomass or biogas made pursuant*
6 *to this chapter shall be targeted to incubate and commercialize*
7 *technologies and facilities that do any of the following:*

8 *(A) Increase efficiency or reduce air pollution from existing*
9 *biomass facilities.*

10 *(B) Generate energy from regional agricultural or food*
11 *processing waste.*

12 *(C) Develop or expand facilities to capture emissions and*
13 *generate biogas from wastewater treatment facilities or landfills.*

14 *(D) Generate energy from community-scale, woody biomass*
15 *facilities that promote safe and resilient forests, provide rural*
16 *community benefits, protect air and water quality, and are*
17 *ecologically sustainable.*

18 *(E) Provide fuel cells that provide backup generation for*
19 *emergency, safety, or telecommunication systems using renewable*
20 *fuels that are not more than 50 kilowatts rated per site and are*
21 *not eligible for other similar rebates, buydowns, or incentives from*
22 *the commission or the Public Utilities Commission.*

23 *(2) The Natural Resources Agency, in coordination with the*
24 *California Environmental Protection Agency, shall develop and*
25 *adopt sustainability guidelines, in an open public process,*
26 *governing the production of forest biomass*

27 *(d) Any investments in energy storage made pursuant to this*
28 *chapter shall focus on energy storage technologies and*
29 *applications on the utility side of the meter, including utility-owned*
30 *energy storage projects that enhance renewable energy integration*
31 *into the grid or increase the efficiency of transmission and*
32 *distribution lines.*

33 *(e) (1) The commission, in coordination with the Office of*
34 *Planning and Research and the Secretary of the Natural Resources*
35 *Agency, shall provide targeted financial and technical assistance*
36 *to local and regional governments for the planning, siting, and*
37 *permitting of renewable energy facilities. These investments may*
38 *include grants to enable local governments to participate in*
39 *regional energy and conservation planning pursuant to the Natural*
40 *Communities Conservation Planning Act, Assembly Bill 13 of the*

1 2011–12 First Extraordinary Session, and other applicable laws.
2 These investments may also include the development of model
3 permitting applications and ordinances for distributed generation
4 facilities and other measures that facilitate efficient and
5 cost-effective development of renewable energy.

6 (2) Notwithstanding Section 2851 of the Public Utilities Code,
7 the funds collected pursuant to Section 399.8 of the Public Utilities
8 Code and used for the California Solar Initiative pursuant to
9 paragraph (3) of subdivision (e) of Section 2851 of the Public
10 Utilities Code shall be administered by electrical corporations
11 subject to supervision by the Public Utilities Commission. The
12 Public Utilities Commission shall supervise the New Solar Homes
13 Partnership (NSHP) according to guidelines established by the
14 commission pursuant to Chapter 8.6 (commencing with Section
15 25740). The commission shall adopt and update NSHP program
16 guidelines and rebate levels, as needed, and to ensure that NSHP
17 funding includes solar hot water heating, gives priority to NSHP
18 developments in economically distressed and disadvantaged
19 communities, provides incentives for low- and moderate-income
20 households to participate, ensures that not less than 25 percent of
21 the funds collected for the NSHP pursuant to this subdivision are
22 used for multifamily units and rental dwellings, ensures that not
23 less than 25 percent of the funds collected for the NSHP pursuant
24 to this subdivision are used in disadvantaged communities, and
25 provides for increased accountability and streamlined application
26 process.

27 (f) The team shall, in coordination with other state entities,
28 periodically analyze the renewable technology market and
29 workforce trends and identify barriers to renewable energy industry
30 development in the state.

31 (g) The team shall develop and adopt a multiyear investment
32 plan, for approval by the commission, to establish priority activities
33 for the team to achieve the goals of this chapter and describe how
34 funding will complement, but not duplicate, existing public and
35 private investments, including existing state programs that further
36 the goals of this chapter.

37 (h) The commission shall create and consult with an advisory
38 body to work with the team as it develops the investment plan
39 pursuant to subdivision (f). The advisory body is subject to the
40 Bagley-Keene Open Meeting Act (Article 9 (commencing with

1 Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of
2 the Government Code). The team shall, at a minimum, hold one
3 annual public hearing on the advisory body's recommendations
4 prior to the commission's consideration and approval of the
5 investment plan.

6 (i) Membership of the advisory body created pursuant to
7 subdivision (h) shall include, but is not limited to, representatives
8 from investor-owned utilities, the Public Utilities Commission and
9 Independent System Operator, customer representatives, clean
10 energy businesses and investors, local governments, environmental
11 groups, environmental justice groups, ratepayer groups, business
12 associations, the State Building and Construction Trade Council
13 of California, the Apollo Alliance, and research and technical
14 experts. The advisory body shall meet at least twice annually to
15 provide strategic and technical guidance.

16 (j) On or before March 15, 2012, and by January 31 annually
17 thereafter, the commission shall submit the draft of a multiyear
18 investment plan, as developed in accordance with subdivision (g),
19 for the upcoming fiscal year to all relevant policy and fiscal
20 committees of the Legislature.

21 (k) It is the intent of the Legislature that the investment plan
22 highlights and explains the rationale for any year-to-year changes
23 to the commission's activity strategy and priorities, particularly
24 with respect to specific demonstration programs or policy
25 initiatives.

26 (l) It is the intent of the Legislature that submission of the draft
27 investment plan, along with timely notification of significant
28 modifications to the investment plan thereafter, will ensure
29 legislative oversight of the program and provide the Legislature
30 with all of the necessary information to fully understand how and
31 why funds are to be allocated and prioritized within the program.

32 (m) A demonstration project or activity funded by the
33 commission shall be approved at a noticed public hearing of the
34 commission and shall be consistent with the priorities established
35 by the investment plan adopted pursuant to subdivision (g).

36 (n) The commission may make a single source or sole source
37 award in compliance with the requirements set forth in Section
38 25620.5.

39 (o) Moneys collected for renewable energy pursuant to Article
40 15 (commencing with Section 399) of Chapter 2.3 of Part 1 of

1 *Division 1 of the Public Utilities Code shall be transferred to the*
2 *Renewable Resource Trust Fund. Moneys collected between*
3 *January 1, 2012, and January 1, 2020, shall be used for the*
4 *purposes specified in this chapter.*

5 *SEC. 4. Section 384 of the Public Utilities Code is amended*
6 *to read:*

7 384. (a) Funds transferred to the ~~State Energy Resources~~
8 ~~Conservation and Development~~ Energy Commission pursuant to
9 this article for purposes of public interest research, development,
10 and demonstration shall be transferred to the ~~Public Interest~~
11 ~~Research, Development, and Demonstration~~ Clean Energy
12 Innovation Fund, which is hereby created in the State Treasury.
13 The fund is a trust fund and shall contain money from all interest,
14 repayments, disencumbrances, royalties, and any other proceeds
15 appropriated, transferred, or otherwise received for purposes
16 pertaining to public interest research, development, and
17 demonstration. Any appropriations that are made from the fund
18 shall have an encumbrance period of not longer than two years,
19 and a liquidation period of not longer than four years.

20 (b) Funds deposited in the ~~Public Interest Research,~~
21 ~~Development, and Demonstration~~ Clean Energy Innovation
22 Program Fund, upon appropriation by the Legislature, may be
23 expended for projects that serve the energy needs of both stationary
24 and transportation purposes if the research provides an electricity
25 ratepayer benefit by the Energy Commission to implement Chapter
26 7.2 (commencing with Section 25621) of Division 15 of the Public
27 Resources Code.

28 (c) The ~~State Energy Resources Conservation and Development~~
29 Energy Commission shall report annually to the appropriate budget
30 committees of the Legislature on any encumbrances or liquidations
31 that are outstanding at the time the ~~commission's~~ Energy
32 Commission's budget is submitted to the Legislature for review.

33 (d) (1) *The unencumbered balance of funds in the Public*
34 *Interest Research, Development, and Demonstration Fund as of*
35 *January 1, 2012, shall be transferred to the Clean Energy*
36 *Innovation Program Fund.*

37 (2) *The Public Interest Research, Development, and*
38 *Demonstration Wrap-Up Account is hereby created in the Clean*
39 *Energy Innovation Program Fund. The encumbered balance of*
40 *funds in the Public Interest Research, Development, and*

1 *Demonstration Fund collected by electrical corporations prior to*
2 *January 1, 2012, shall be transferred to the account to be used by*
3 *the Energy Commission to administer and honor contracts, grants,*
4 *or other awards made by the Energy Commission pursuant to*
5 *Chapter 7.1 (commencing with Section 25740) of Division 15 the*
6 *Public Resources Code prior to January 1, 2012.*

7 *SEC. 5. Section 384.3 is added to the Public Utilities Code, to*
8 *read:*

9 *384.3. (a) The commission shall implement the principles for*
10 *the state's investments in energy efficiency retrofits pursuant to*
11 *this section and Section 399.4.*

12 *(b) The commission, in evaluating energy efficiency investment*
13 *pursuant to its authority, shall do all of the following:*

14 *(1) Maximize in-state job development.*

15 *(2) Maximize cost-effective energy savings.*

16 *(3) Create and expand financing mechanisms that produce*
17 *long-term benefits and that can become self-sustaining over time.*

18 *(4) Ensure that moneys collected by an electrical corporation*
19 *are not expended for the purposes of providing incentives to*
20 *customers outside of the service territory of the electrical*
21 *corporation.*

22 *(5) Significantly increase activity in building energy efficiency*
23 *improvements.*

24 *(c) This section does not prohibit expenditure of program funds*
25 *to subsidize the manufacture, distribution, or the wholesale or*
26 *retail stocking of efficient appliances, or the provision of appliance*
27 *rebates from retail outlets within the service territory of an*
28 *electrical corporation.*

29 *(d) Funds collected pursuant to Section 399.8 and allocated to*
30 *energy efficiency programs, consistent with subparagraph (C) of*
31 *paragraph (9) of subdivision (b) of Section 454.5 shall be invested*
32 *in, and leverage resources available to, further the goals of*
33 *Sections 25621.1 and 25621.2 of the Public Resources Code. The*
34 *funds used pursuant to this section shall be targeted to do any of*
35 *the following:*

36 *(1) Achieve the goals in subparagraph (C) of paragraph (9) of*
37 *subdivision (b) of Section 454.5, the scoping plan adopted pursuant*
38 *to Section 38561 of the Health and Safety Code, Section 385.2,*
39 *the commission's energy efficiency goals and policies, and other*
40 *state energy efficiency policies.*

- 1 (2) *Maximize job creation, economic development, and energy*
2 *savings by establishing financing mechanisms that leverage funds*
3 *provided pursuant to this chapter to the maximum extent feasible,*
4 *encourage significant private investments in energy efficiency,*
5 *operate in coordination with other energy efficiency and clean*
6 *energy programs, and seek to achieve lasting market*
7 *transformation and sustainability.*
- 8 (3) *Provide for comprehensive energy efficiency retrofits*
9 *consistent with guidelines adopted pursuant to Section 25943 of*
10 *the Public Resources Code and in a manner that leverages*
11 *ratepayer funds to the maximum extent feasible and is cost effective*
12 *to increase investment in energy efficiency where appropriate in*
13 *a manner that will ensure that the investments produce energy*
14 *savings.*
- 15 (4) *Ensure opportunities for low-income and moderate-income*
16 *households, including multifamily households, and economically*
17 *disadvantaged communities to participate in financing mechanisms*
18 *for comprehensive energy efficiency programs, and include*
19 *preferences for programs and program providers in economically*
20 *disadvantaged communities in coordination with those services*
21 *made available pursuant to Sections 739 and 2790.*
- 22 (5) *Coordinate with low-income energy efficiency and*
23 *weatherization programs, including those administered by other*
24 *state and local agencies, and community based organizations to*
25 *maximize the effectiveness and efficiency of those programs.*
- 26 (6) *Increase participation in energy efficiency financing and*
27 *program implementation by independent third-party providers,*
28 *including, but not limited to, local and regional government energy*
29 *offices, nonprofit organizations, community organizations such*
30 *as conservation corps and youth corps, small businesses, and*
31 *minority-, women-, and disabled veteran-owned businesses, and*
32 *the California Conservation Corps. The commission shall ensure*
33 *that all administrators and providers are held to the same*
34 *standards of performance and accountability.*
- 35 (7) *Coordinate with the Clean Energy Innovation Program to*
36 *ensure new technologies are integrated into program*
37 *implementation.*
- 38 (8) *Require independent evaluation, measurement, and*
39 *verification consistent with requirements established pursuant to*

1 *Section 25943 of the Public Resources Code prior to*
2 *implementation.*

3 *(9) Improve coordination of energy efficiency programs among*
4 *federal, state, local, and private programs to mobilize investment*
5 *in energy efficiency and efficiency retrofits, and eliminate*
6 *duplication.*

7 *(10) Align electrical corporation risk-reward incentives based*
8 *on adopted measurement and verification standards.*

9 *(e) The commission shall develop or authorize financing*
10 *mechanisms subject to subdivision (d) that are appropriate to each*
11 *market segment in coordination with the Energy Commission.*

12 *(f) The commission shall establish a standard for what*
13 *constitutes cost-effective energy programs to ensure that the*
14 *benefits of comprehensive energy efficiency programs exceed their*
15 *costs.*

16 *(g) The commission shall ensure the state's investments in*
17 *cost-effective energy efficiency retrofits are accountable and*
18 *transparent by doing all of the following:*

19 *(1) Make data publicly available while maintaining customer*
20 *privacy in a manner that provides sufficient information to*
21 *ascertain the total program costs and benefits, typical installed*
22 *cost of energy efficiency measures where appropriate, the amount*
23 *of expected energy savings over the life of the program measure*
24 *or program compared to the incentive and other expenditures*
25 *incurred, the geographic distribution of projects, the type of*
26 *measures deployed in each electrical corporation's service area,*
27 *and the performance of energy efficiency measures for the utility*
28 *service area individually or collectively, as appropriate.*

29 *(2) Verify energy demand reductions by region and assess*
30 *progress toward energy efficiency goals, ensure that consumer*
31 *information is made publicly available to assist customers in*
32 *finding reliable contractors and energy efficiency measures, to*
33 *understand the costs and benefits of energy efficiency measures,*
34 *to understand their energy bills, and to understand the costs and*
35 *benefits of various means of financing energy efficiency measures.*

36 *(3) Make all contract bidding opportunities publicly available,*
37 *including contracts administered by electrical corporations or*
38 *third-party administrators, and ensure that small businesses and*
39 *minority-, women-, and disabled veteran-owned businesses are*

1 *afforded full opportunities to participate during the contract*
2 *bidding process.*

3 *(4) Ensure that major products in all commission consultant*
4 *contracts are made available in a timely manner on the*
5 *commission's Internet Web site.*

6 *(h) The commission shall, in coordination with the Energy*
7 *Commission and pursuant to Section 25943 of the Public Resources*
8 *Code, adopt measurable goals and performance standards for*
9 *each building sector and financing mechanism. Financial*
10 *assistance shall be limited to no more than the amount necessary*
11 *to finance energy efficiency improvement without exceeding the*
12 *value of the savings over the life of the energy efficiency*
13 *improvement. The commission shall adopt performance-based*
14 *standards for financial investment tools to ensure that the*
15 *recipients are provided accurate information regarding the costs*
16 *and benefits of the financial assistance.*

17 *(i) The commission shall convene a stakeholder advisory*
18 *committee no fewer than two times annually to provide technical*
19 *and strategic guidance for the development and administration of*
20 *energy efficiency financing programs developed pursuant to this*
21 *section. The committee shall include representatives of the*
22 *investor-owned utilities, the Energy Commission, customer*
23 *representatives, energy efficiency investors, technology companies,*
24 *installers, local governments, diverse environmental groups,*
25 *including environmental justice groups, commercial building*
26 *owners and managers, the Treasurer, and other entities, as*
27 *appropriate.*

28 *(j) The commission shall authorize funding in a manner that*
29 *provides opportunities for all customer sectors to participate,*
30 *including, but not limited to, residential single family and*
31 *multifamily, commercial, and small business, agriculture and food*
32 *processing, public buildings owned by the state or local*
33 *governments, or special assessment and school districts, and*
34 *industrial entities.*

35 *(1) In developing and expanding financing mechanisms for*
36 *commercial building retrofits, the commission shall consider the*
37 *unique challenges related to energy retrofits in commercial*
38 *buildings, including length of payback, access to capital, allocation*
39 *of costs between tenants and owners, and related structural issues.*
40 *Programs and methods that should be considered include, but are*

1 *not limited to, revolving loans, low-interest loans, loan-loss*
2 *reserves, loan guarantees, interest rate buy-down, property-secured*
3 *financing, onbill financing or repayment, grants, use of the*
4 *California Infrastructure and Economic Development Bank, the*
5 *California Alternative Energy Transportation Financing Authority,*
6 *or other appropriate financing mechanisms.*

7 (2) *The commission shall analyze and determine the most*
8 *effective means to increase cost-effective investment in residential*
9 *energy efficiency, including local and regional, public and private,*
10 *financing mechanisms to reduce the cost of capital and leverage*
11 *public funds to the maximum extent practicable. This evaluation*
12 *shall be used to prioritize future investments in residential energy*
13 *efficiency pursuant to Section 399.8 and other provisions as*
14 *appropriate. This evaluation shall include revolving loans,*
15 *low-interest loans, loan-loss reserves, loan guarantees, interest*
16 *rate buy-down, property-secured financing, onbill financing or*
17 *repayment, grants, use of the California Infrastructure and*
18 *Economic Development Bank, the California Alternative Energy*
19 *Transportation Financing Authority, or other appropriate financing*
20 *mechanisms.*

21 (3) *The commission shall evaluate and authorize funding*
22 *mechanisms to finance comprehensive energy efficiency retrofits*
23 *of public buildings. This evaluation shall be used to prioritize the*
24 *adoption of financial investment tools for public building energy*
25 *efficiency retrofits pursuant to Section 399.8 and other provisions,*
26 *as appropriate. This evaluation shall consider financial investment*
27 *too, such as onbill financing and repayment, regional municipal*
28 *financing program, revolving loan funds performance guarantees,*
29 *use of the California Infrastructure and Economic Development*
30 *Bank, and other measures that leverage fund provided pursuant*
31 *to this section to the maximum extent possible.*

32 (k) *The commission shall encourage local government*
33 *participation in, and administration of, public building retrofit*
34 *financing programs. The commission shall coordinate with the*
35 *Treasurer, the Energy Commission, the electrical corporations,*
36 *and local governments to identify the most appropriate and suitable*
37 *local and regional government administrators. For purposes of*
38 *this subdivision, local governments include local and regional*
39 *energy offices, joint powers authorities, special assessment*

1 *districts, local government councils and associations, and other*
2 *local government entities.*

3 (l) *Funds collected pursuant to Section 399.8 and allocated for*
4 *energy efficiency that are subject to the requirements of this section*
5 *shall be supervised by the Public Utilities Commission.*

6 SEC. 6. *Section 399.8 of the Public Utilities Code is amended*
7 *to read:*

8 399.8. (a) In order to ensure that the citizens of this state
9 continue to receive safe, reliable, affordable, and environmentally
10 sustainable electric service, it is the policy of this state and the
11 intent of the Legislature that prudent investments in energy
12 efficiency, renewable energy, and ~~research, development and~~
13 ~~demonstration~~ *clean energy innovation* shall continue to be made.

14 (b) (1) Every customer of an electrical corporation shall pay a
15 nonbypassable system benefits charge authorized pursuant to this
16 article. The system benefits charge shall fund energy efficiency,
17 renewable energy, and ~~research, development and demonstration~~
18 *clean energy innovation.*

19 (2) Local publicly owned electric utilities shall continue to
20 collect and administer system benefits charges pursuant to Section
21 385.

22 (c) (1) The commission shall require each electrical corporation
23 to identify a separate rate component to collect revenues to fund
24 energy efficiency, renewable energy, and ~~research, development~~
25 ~~and demonstration~~ *clean energy innovation* programs authorized
26 pursuant to this section beginning January 1, 2002, and ending
27 January 1, ~~2012~~ 2020. The rate component shall be a nonbypassable
28 element of the local distribution service and collected on the basis
29 of usage.

30 (2) This rate component may not exceed, for any tariff schedule,
31 the level of the rate component that was used to recover funds
32 authorized pursuant to Section 381 on January 1, 2000. If the
33 amounts specified in paragraph (1) of subdivision (d) are not
34 recovered fully in any year, the commission shall reset the rate
35 component to restore the unrecovered balance, provided that the
36 rate component may not exceed, for any tariff schedule, the level
37 of the rate component that was used to recover funds authorized
38 pursuant to Section 381 on January 1, 2000. Pending restoration,
39 any annual shortfalls shall be allocated pro rata among the three

1 funding categories in the proportions established in paragraph (1)
2 of subdivision (d).

3 (d) The commission shall order San Diego Gas and Electric
4 Company, Southern California Edison Company, and Pacific Gas
5 and Electric Company to collect these funds commencing on
6 January 1, ~~2002~~ 2012, as follows:

7 (1) Two hundred ~~twenty-eight~~ *fifty* million dollars
8 ~~(\$228,000,000)~~ *(\$250,000,000)* per year in total for energy
9 efficiency and conservation activities, ~~sixty-five million five~~
10 ~~hundred thousand dollars~~ *(\$65,500,000)* *seventy-five million dollars*
11 *(\$75,000,000)* in total per year for renewable energy, and ~~sixty-two~~
12 ~~million five hundred thousand dollars~~ *(\$62,500,000)* *seventy-five*
13 *million dollars* *(\$75,000,000)* in total per year for ~~research,~~
14 ~~development and demonstration~~ *clean energy innovation*. The
15 funds for energy efficiency and conservation activities shall
16 continue to be allocated in proportions established for the year
17 2000 ~~as set forth in paragraph (1) of subdivision (c) of Section~~
18 ~~381~~.

19 (2) The amounts shall be adjusted annually at a rate equal to
20 the lesser of the annual growth in electric commodity sales or
21 inflation, as defined by the gross domestic product deflator.

22 (e) The commission shall ensure that each electrical corporation
23 allocates funds transferred by the Energy Commission pursuant
24 to subdivision (b) of Section 25743 in a manner that maximizes
25 the economic benefit to all customer classes that funded the New
26 Renewable Resources Account.

27 (f) ~~The commission and the~~ Energy Commission shall retain
28 and continue ~~their oversight~~ *its* responsibilities as set forth in
29 ~~Sections 381 and 383, and~~ Chapter 7.1 (commencing with Section
30 25620) and Chapter 8.6 (commencing with Section 25740) of
31 Division 15 of the Public Resources Code.

32 (g) An applicant for the Large Nonresidential Standard
33 Performance Contract Program funded pursuant to paragraph (1)
34 of subdivision (b) and an electrical corporation shall promptly
35 attempt to resolve disputes that arise related to the program's
36 guidelines and parameters prior to entering into a program
37 agreement. The applicant shall provide the electrical corporation
38 with written notice of any dispute. Within 10 business days after
39 receipt of the notice, the parties shall meet to resolve the dispute.
40 If the dispute is not resolved within 10 business days after the date

1 of the meeting, the electrical corporation shall notify the applicant
2 of his or her right to file a complaint with the commission, which
3 complaint shall describe the grounds for the complaint, injury, and
4 relief sought. The commission shall issue its findings in response
5 to a filed complaint within 30 business days of the date of receipt
6 of the complaint. Prior to issuance of its findings, the commission
7 shall provide a copy of the complaint to the electrical corporation,
8 which shall provide a response to the complaint to the commission
9 within five business days of the date of receipt. During the dispute
10 period, the amount of estimated financial incentives shall be held
11 in reserve until the dispute is resolved.

12 *SEC. 7. Section 9615 of the Public Utilities Code is amended*
13 *to read:*

14 9615. (a) Each local publicly owned electric utility, in
15 procuring energy to serve the load of its retail end-use customers,
16 shall first acquire all available energy efficiency and demand
17 reduction resources that are cost effective, reliable, and feasible.

18 (b) On or before June 1, 2007, and by June 1 of every third year
19 thereafter, each local publicly owned electric utility shall identify
20 all potentially achievable cost-effective electricity efficiency
21 savings and shall establish annual targets for energy efficiency
22 savings and demand reduction for the next 10-year period. A local
23 publicly owned electric utility's determination of potentially
24 achievable cost-effective electricity efficiency savings shall be
25 made without regard to previous minimum investments undertaken
26 pursuant to Section 385. A local publicly owned electric utility
27 shall treat investments made to achieve energy efficiency savings
28 and demand reduction targets as procurement investments.

29 (c) Within 60 days of adopting annual targets pursuant to
30 subdivision (b), each local publicly owned electric utility shall
31 report those targets to the ~~State Energy Resources Conservation~~
32 ~~and Development~~ Energy Commission, and the basis for
33 establishing those targets.

34 (d) (1) *Each local publicly owned electric utility shall make*
35 *information available in electronic form on an Internet Web site*
36 *relative to the utility's investments in energy efficiency programs,*
37 *which includes information and data relative to all of the following:*

38 (A) *A general description of the utility's energy efficiency*
39 *programs.*

1 (B) *The total budget for energy efficiency programs during the*
2 *then-current fiscal year with the remaining unencumbered*
3 *available funds.*

4 (C) *A summary of expenditures made for energy efficiency*
5 *programs during the then-current fiscal year that includes the*
6 *following:*

7 (i) *The number of rebates or other incentives provided.*

8 (ii) *The dollars spent or encumbered for each energy efficiency*
9 *program.*

10 (iii) *A breakdown of the recipients of rebates or other incentives*
11 *by customer classes and for residential customers, by whether the*
12 *recipients are low-income customers.*

13 (2) *The information required by paragraph (1) shall be updated*
14 *not less often than quarterly.*

15 (3) *The information required by paragraph (1) may be made*
16 *available in the form of a spreadsheet accessible by a uniform*
17 *resource locator (URL) connection on an Internet Web site.*

18 (4) *Each local publicly owned electric utility shall provide the*
19 *Energy Commission with information as to how to access the*
20 *information required by paragraph (1). The Energy Commission*
21 *shall make information available on its Internet Web site, including*
22 *a uniform resource locator (URL) connection, that will enable*
23 *members of the public to access the information required by*
24 *paragraph (1).*

25 ~~(d)~~

26 (e) *Each local publicly owned electric utility shall report*
27 *annually to its customers and to the ~~State Energy Resources~~*
28 *~~Conservation and Development~~ Energy Commission. The report*
29 *shall contain, but is not limited to, both of the following:*

30 (1) *Its investments in energy efficiency and demand reduction*
31 *programs.*

32 (2) *A description of programs, expenditures, cost-effectiveness,*
33 *and expected and actual energy efficiency savings and demand*
34 *reduction results.*

35 ~~(e)~~

36 (f) *Each local publicly owned electric utility shall also annually*
37 *develop and submit to the ~~State Energy Resources Conservation~~*
38 *~~and Development~~ Energy Commission a report containing all of*
39 *the following:*

1 (1) The sources of funding for its investments in energy
2 efficiency and demand reduction program investments.

3 (2) The methodologies and input assumptions used to determine
4 cost-effectiveness.

5 (3) The results of an independent evaluation that measures and
6 verifies the energy efficiency savings and reduction in energy
7 demand achieved by its energy efficiency and demand reduction
8 programs.

9 (4) *The information required to be reported pursuant to*
10 *subdivision (b) of Section 385.2.*

11 ~~(f) The State Energy Resources Conservation and Development~~
12 ~~Energy Commission shall include a summary of the information~~
13 ~~reported pursuant to subdivision (e) (f) in the integrated energy~~
14 ~~policy report prepared pursuant to Chapter 4 (commencing with~~
15 ~~Section 25300) of Division 15 of the Public Resources Code. The~~
16 ~~State Energy Resources Conservation and Development Energy~~
17 ~~Commission shall also include, for each local publicly owned~~
18 ~~electric utility, a comparison of the local publicly owned electric~~
19 ~~utility's annual targets established in accordance with this section,~~
20 ~~and the local publicly owned electric utility's actual energy~~
21 ~~efficiency savings and demand reductions. If the State Energy~~
22 ~~Resources Conservation and Development Energy Commission~~
23 ~~determines that improvements can be made in either the level of~~
24 ~~a local publicly owned electric utility's annual targets to achieve~~
25 ~~all cost-effective, reliable, and feasible energy savings and demand~~
26 ~~reductions and to enable the local publicly owned electric utilities,~~
27 ~~in the aggregate, to achieve statewide targets established pursuant~~
28 ~~to Section 25310 Sections 25310 and 25943 of the Public~~
29 ~~Resources Code, or in meeting each local publicly owned electric~~
30 ~~utility's annual targets, the State Energy Resources Conservation~~
31 ~~and Development Energy Commission shall provide~~
32 ~~recommendations to the local publicly owned electric utility, the~~
33 ~~Legislature, and the Governor on those improvements.~~

34 *SEC. 8. Section 9615.1 is added to the Public Utilities Code,*
35 *to read:*

36 *9615.1. (a) Each local publicly owned electric utility shall*
37 *report annually to its customers and to the Energy Commission*
38 *its activities undertaken pursuant to paragraphs (3) and (4) of*
39 *subdivision (a) of Section 385.*

1 (b) With respect to the utility's research, development, and
2 demonstration programs for the public interest to advance science
3 or technology which is not adequately provided by competitive
4 and regulated markets, the information shall include:

5 (1) A general description of the utility's research, development,
6 and demonstration programs undertaken, whether ongoing or
7 newly commenced, during the then-current fiscal year.

8 (2) Total expenditures for all research, development, and
9 demonstration programs undertaken during the then-current fiscal
10 year, with disaggregated information identifying expenditures for
11 specific programs or projects, to the extent practical.

12 (c) With respect to the utility's programs to provide service for
13 low-income electricity customers, including energy efficiency
14 services, education, weatherization, and rate discounts, the
15 information shall include:

16 (1) All programs offered by the utility to provide service for
17 low-income electricity customers.

18 (2) The eligibility criteria for each program offered by the utility
19 to provide service for low-income electricity customers.

20 (3) A description of any outreach mechanism employed by the
21 utility to advance participation in the program by those persons
22 that are eligible for the program.

23 (4) Annual expenditures by the utility for its programs to provide
24 service for low-income electricity customers.

25 (5) The number of customers participating in programs offered
26 by the utility to provide service for its low-income electricity
27 customers.

28 (d) Each local publicly owned electric utility shall make the
29 report available in electronic form on an Internet Web site.

30 (e) Each local publicly owned electric utility shall provide the
31 Energy Commission with information as to how to access the
32 reports required by subdivisions (b) and (c). The Energy
33 Commission shall make information available on its Internet Web
34 site, including a uniform resource locator (URL) connection, that
35 will enable members of the public to access the reports required
36 by subdivisions (b) and (c).

37 SEC. 9. No reimbursement is required by this act pursuant to
38 Section 6 of Article XIII B of the California Constitution because
39 a local agency or school district has the authority to levy service
40 charges, fees, or assessments sufficient to pay for the program or

1 *level of service mandated by this act or because costs that may be*
 2 *incurred by a local agency or school district will be incurred*
 3 *because this act creates a new crime or infraction, eliminates a*
 4 *crime or infraction, or changes the penalty for a crime or*
 5 *infraction, within the meaning of Section 17556 of the Government*
 6 *Code, or changes the definition of a crime within the meaning of*
 7 *Section 6 of Article XIII B of the California Constitution.*

8 SECTION 1. Section 2800 is added to the Public Utilities Code,
 9 to read:

10 2800. (a) By February 1, 2012, the commission shall open an
 11 investigation or other appropriate proceeding to evaluate when the
 12 owner of a mobilehome park or manufactured housing community
 13 that provides master-metered gas or electric service to its residents
 14 should be required to transfer responsibility for gas or electric
 15 service to the gas or electrical corporation providing service in the
 16 area in which the park or community is located, in addition to those
 17 plants, facilities, and interests in real property that the commission,
 18 in consultation with the gas or electrical corporation, determines
 19 are necessary, convenient, or cost effective to provide service.

20 (b) This section shall remain in effect only until January 1, 2014,
 21 and as of that date is repealed, unless a later enacted statute, that
 22 is enacted before January 1, 2014, deletes or extends that date.