

AMENDED IN SENATE SEPTEMBER 7, 2011

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
(Principal coauthor: Assembly Member Williams)

February 17, 2011

~~An act to add 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 energy, and making an appropriation therefor. An act to amend Section 25744 of, to add Sections 25740.6, and 25744.7 to, and to add Chapter 7.2 (commencing with Section 25621) to Division 15 of, and to repeal Sections 25740.5, 25743, 25744.5, 25746, and 25751 of, the Public Resources Code, and to amend Sections 384 and 399.8 of, and to add Section 399.8.5 to, and to add Chapter 12 (commencing with Section 2120) to Part 1 of Division 1 of, the Public Utilities Code, relating to energy, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 724, as amended, Bradford. Clean Energy Jobs and Investment Act.

(1) Under the Public Utilities Act, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations. The Public Utilities Act requires the PUC to require, until January 1, 2012, an electrical corporation to identify a separate electrical rate component (public goods charge) to fund energy efficiency, renewable energy, and research, development, and demonstration programs that enhance system reliability and provide in-state benefits. A violation of the Public Utilities Act is a crime.

This bill would extend this requirement to January 1, 2020. Because a violation of this requirement is a crime, this bill would impose a state-mandated local program.

The bill also would increase the amount of funds the PUC would require an electrical corporation to collect for these purposes.

This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

(2) 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 Research, Demonstration, and Development Program.

This bill would, commencing January 1, 2012, repeal the Public Interest Research, Demonstration, and Development Program for most purposes and would enact the Clean Energy Jobs and Investment Act. This bill would create the Clean Energy Innovation Program Fund in the State Treasury and require that any funds generated from the public goods charge collected before January 1, 2012, be transferred to the Energy Commission's Public Interest Research, Development, and Demonstration Wrap-Up Account, which the bill would create in the Clean Energy Innovation Program Fund, to be available, upon appropriation by the Legislature, for expenditure pursuant to provisions in effect prior to the enactment of this act.

(3) Existing law requires the Energy 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 extend to January 1, 2020, the transfer of the public goods charge collected for renewable energy to the Renewable Resource Trust Fund. The bill would provide that moneys in the Renewable Resource Trust Fund, upon appropriation by the Legislature, be expended for the purposes of the program.

(4) Decisions of the PUC adopted the California Solar Initiative (CSI). Existing law requires the PUC to undertake certain steps in implementing the CSI. Existing law requires the PUC to ensure that the total cost of the CSI over the duration of the program does not exceed \$3,350,000,000, including \$400,000,000 from the Emerging Renewable Resources Account within the Renewable Resource Trust Fund, for programs for the installation of solar energy systems, as defined, on new construction administered by the Energy Commission (New Solar Homes Partnership).

This bill would provide that the \$400,000,000 referenced above be subject to supervision by the PUC. The bill would require the Energy Commission to revise its guidelines applicable to the New Solar Homes Partnership so that the program accomplishes specified matter.

(5) The bill would not become operative unless SB 870 of the 2011–12 Regular Session of the Legislature is enacted on or before January 1, 2012.

(6) 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.

(7) This bill would declare that it is to take effect immediately as an urgency statute.

~~(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:~~

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

1 (b) Investing in energy efficiency provides lower energy bills
2 for individual households and businesses and saves all ratepayers
3 money through reduced need for new powerplants and transmission
4 and distribution systems.

5 (c) Clean energy investments benefit ratepayers by cutting
6 energy waste, diversifying energy supplies, increasing energy
7 security and grid reliability, reducing harmful air pollutants, and
8 protecting public health and the environment.

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

13 (e) Meeting California's renewable energy, energy efficiency,
14 and emissions reduction policies will require strategic public
15 investments in clean energy research, development, deployment,
16 and commercialization.

17 25621.2. It is the intent of the Legislature that investments
18 made pursuant to this chapter do all of the following:

19 (a) Develop and deploy clean energy technologies that maximize
20 job creation and regional sustainability, strengthen California
21 businesses and economic competitiveness, and provide multiple
22 benefits to ratepayers.

23 (b) Save ratepayers money through reduced need for new
24 powerplants and transmission and distribution systems.

25 (c) Accelerate the development and deployment of clean energy
26 technologies that meet the California renewables portfolio standard
27 specified in Chapter 1 of the Statutes of the First Extraordinary
28 Session of 2011, energy storage requirements specified in Chapter
29 469 of the Statutes of 2010, Chapter 470 of the Statutes of 2009,
30 and subparagraph (C) of paragraph (9) of subdivision (b) of
31 Section 454.5 of the Public Utilities Code.

32 (d) Respond to changing energy and technology market
33 conditions.

34 (e) Leverage investments in clean energy to maximize ratepayer
35 benefits, reduce costs, and achieve sustainable changes in the
36 market so that public investment will no longer be needed.

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

39 (g) Maximize opportunities for low-income households and
40 disadvantaged communities, beyond those already assisted by the

1 *Public Utilities Commission’s program for low-income energy*
2 *assistance and the California rate assistance program for*
3 *low-income rate discounts in urban and rural areas of the state,*
4 *to participate in these programs.*

5 *(h) Promote business and employment opportunities for small*
6 *business and women-, minority-, veteran-, and disabled-owned*
7 *businesses.*

8 *25621.3. For purposes of this chapter, the following terms*
9 *mean the following:*

10 *(a) “Biogas” means digester gas, landfill gas, and any gas*
11 *derived from an eligible biomass feedstock.*

12 *(b) “Biomass” means an organic material not derived from*
13 *fossil fuels, including, but not limited to, agricultural crops,*
14 *agricultural wastes and residues, waste pallets, crates, dunnage,*
15 *manufacturing and construction wood wastes, landscape and*
16 *right-of-way tree trimmings, mill residues that result from milling*
17 *lumber, rangeland maintenance residues, biosolids, sludge derived*
18 *from organic matter, and wood and wood waste from timbering*
19 *operations.*

20 *(c) “CEIP” or “program” means the Clean Energy Innovation*
21 *Program, formerly known as the Public Interest Energy Research*
22 *(PIER) program, developed pursuant to Section 25621.12.*

23 *(d) “Clean energy” means energy efficiency, renewable energy,*
24 *integration of electric vehicles, distributed generation, energy*
25 *storage, and integrated demand-side management.*

26 *(e) “Comprehensive energy efficiency retrofit,” “whole house*
27 *retrofit,” and “whole building retrofit” mean energy efficiency*
28 *retrofits that achieve greater than 20-percent energy savings*
29 *through a comprehensive package of audits, demand-side*
30 *management options, and energy-saving improvements, such as*
31 *insulation and duct sealing; heating, ventilation, and cooling*
32 *system improvements; window and appliance upgrades; lighting*
33 *upgrades; demand response cool roofs; measures to ensure that*
34 *retrofits and existing infrastructure continue to operate as*
35 *efficiently as possible; and other measures to increase energy*
36 *efficiency.*

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

1 (g) “Distributed generation” means an electrical generation
2 facility that is 20 megawatts or smaller in size and located close
3 to a load center.

4 (h) “Energy storage” means technology or resources capable
5 of absorbing energy, storing it for a period of time, and thereafter
6 dispatching the energy, including energy storage management
7 systems.

8 (i) “Financial investment tools” includes revolving loans,
9 low-interest loans, loan-loss reserves, loan guarantees, interest
10 rate buy-down, property-secured financing, on-bill financing or
11 repayment, grants, rebates, incentives, regional municipal
12 financing programs, performance guarantees, use of the California
13 Infrastructure and Economic Development Bank, the California
14 Alternative Energy Transportation Financing Authority, or other
15 appropriate financing mechanisms.

16 (j) “Grid” means California’s electrical grid, including both
17 transmission and distribution systems.

18 (k) “Grid integration” means the interconnection, and the
19 seamless and reliable operation, of generation and demand
20 management resources and strategies into the grid.

21 (l) “Low income” means an income at a level that is 200 percent
22 of the federal poverty level or lower.

23 (m) “Renewable energy” means eligible renewable energy
24 resources as defined in Section 399.12 of the Public Utilities Code.

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

28 ~~25740.5. (a) The commission shall optimize public investment~~
29 ~~and ensure that the most cost-effective and efficient investments~~
30 ~~in renewable energy resources are vigorously pursued.~~

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

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

39 ~~(d) An additional objective of the program shall be to identify~~
40 ~~and support emerging renewable technologies in distributed~~

1 generation applications that have the greatest near-term commercial
2 promise and that merit targeted assistance.
3 (e) ~~The Legislature recommends allocations among all of the~~
4 ~~following:~~
5 (1) ~~Rebates, buydowns, or equivalent incentives for emerging~~
6 ~~renewable technologies.~~
7 (2) ~~Customer education.~~
8 (3) ~~Production incentives for reducing fuel costs, that are~~
9 ~~confirmed to the satisfaction of the commission, at solid fuel~~
10 ~~biomass energy facilities in order to provide demonstrable~~
11 ~~environmental and public benefits, including improved air quality.~~
12 (4) ~~Solar thermal generating resources that enhance the~~
13 ~~environmental value or reliability of the electrical system and that~~
14 ~~require financial assistance to remain economically viable, as~~
15 ~~determined by the commission. The commission may require~~
16 ~~financial disclosure from applicants for purposes of this paragraph.~~
17 (5) ~~Specified fuel cell technologies, if the commission makes~~
18 ~~all of the following findings:~~
19 (A) ~~The specified technologies have similar or better air~~
20 ~~pollutant characteristics than renewable technologies in the report~~
21 ~~made pursuant to Section 25748.~~
22 (B) ~~The specified technologies require financial assistance to~~
23 ~~become commercially viable by reference to wholesale generation~~
24 ~~prices.~~
25 (C) ~~The specified technologies could contribute significantly~~
26 ~~to the infrastructure development or other innovation required to~~
27 ~~meet the long-term objective of a self-sustaining, competitive~~
28 ~~supply of electricity generated from renewable sources.~~
29 (6) ~~Existing wind-generating resources, if the commission finds~~
30 ~~that the existing wind-generating resources are a cost-effective~~
31 ~~source of reliable energy and environmental benefits compared~~
32 ~~with other renewable electrical generation facilities located in this~~
33 ~~state, and that the existing wind-generating resources require~~
34 ~~financial assistance to remain economically viable. The commission~~
35 ~~may require financial disclosure from applicants for the purposes~~
36 ~~of this paragraph.~~
37 (f) ~~Notwithstanding any other law, moneys collected for~~
38 ~~renewable energy pursuant to Article 15 (commencing with Section~~
39 ~~399) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities~~
40 ~~Code shall be transferred to the Renewable Resource Trust Fund.~~

1 Moneys collected between January 1, 2007, and January 1, 2012,
2 shall be used for the purposes specified in this chapter.

3 *SEC. 3. Section 25740.6 is added to the Public Resources Code,*
4 *to read:*

5 25740.6. (a) *The commission shall implement the Clean Energy*
6 *Investment Program to support achievement of the state's*
7 *renewable energy goals, including the growth of distributed*
8 *generation, and seek creative solutions to barriers to development*
9 *and deployment of technologies to achieve those goals. The*
10 *program shall provide technical assistance, tools, and resources*
11 *to support industry, local government, economic, and workforce*
12 *development leaders in efforts to overcome these barriers.*

13 (b) *Activities eligible for investment pursuant to this chapter*
14 *include, but are not limited to, those which will maximize job*
15 *creation and economic growth through the deployment and*
16 *commercialization of renewable energy, grid integration, and*
17 *energy storage technologies. Activities authorized by this chapter*
18 *shall support and foster the development of a diverse, reliable,*
19 *and environmentally sustainable portfolio of renewable energy*
20 *sources, including, but not limited to, distributed generation,*
21 *demonstration projects on California state buildings or property,*
22 *renewable generation on farmland or from agricultural, livestock,*
23 *poultry and food processing operations, wastewater, the New Solar*
24 *Homes Partnership (NSHP), energy storage, clean energy*
25 *manufacturing in California, existing and advanced biogas,*
26 *biomass, and other clean energy technologies, and workforce*
27 *development.*

28 (c) *Any investments in biomass or biogas made pursuant to this*
29 *section shall be targeted to incubate and commercialize*
30 *technologies and facilities that do one or more of the following:*

31 (1) *Increase efficiency and reduce air pollution from existing*
32 *biomass facilities.*

33 (2) *Incubate and commercialize technologies and facilities that*
34 *generate energy from livestock, poultry, agricultural, wastewater,*
35 *and food processing byproducts or waste.*

36 (3) *Develop or expand facilities to capture emissions and*
37 *generate biogas from wastewater treatment facilities, including*
38 *codigestion or landfills.*

39 (4) *Generate energy from community-scale, woody biomass*
40 *facilities that promote safe and resilient forests, provide rural*

1 *community benefits, and protect air and water quality, based on*
2 *criteria determined by the commission in coordination with the*
3 *Natural Resources Agency and the California Environmental*
4 *Protection Agency.*

5 *(d) (1) Not less than twenty-five million dollars (\$25,000,000)*
6 *of the funds collected annually for 2012 and 2013 pursuant to*
7 *paragraph (1) of subdivision (d) of Section 399.8 of the Public*
8 *Utilities Code shall be used for the purposes of incubating and*
9 *commercializing technologies and facilities that generate energy*
10 *from livestock, poultry, agricultural or food processing byproducts,*
11 *or waste, and biomass programs that would provide financial*
12 *incentives to new or existing biomass electric generating facilities*
13 *that purchase and convert agricultural and forestry waste and*
14 *residues.*

15 *(2) New projects eligible under this subdivision may receive*
16 *matching grants of up to 25 percent of the total project costs not*
17 *to exceed two million five hundred thousand dollars (\$2,500,000)*
18 *per project.*

19 *(e) Any direct financial incentives determined to be necessary*
20 *by the commission and made available to existing renewable*
21 *biomass generation facilities shall be contingent upon utilization*
22 *of regional agricultural forestry and waste residues.*

23 *(f) (1) In implementing the program, the commission may, in*
24 *coordination with the Office of Planning and Research and the*
25 *Secretary of the Natural Resources Agency, provide targeted*
26 *financial and technical assistance to local and regional*
27 *governments for the planning, siting, and permitting of renewable*
28 *energy facilities. These investments may include grants to enable*
29 *local governments to participate in regional energy and*
30 *conservation planning pursuant to the Natural Communities*
31 *Conservation Planning Act, (Chapter 10 (commencing with Section*
32 *2800) of Division 3 of the Fish and Game Code), Chapter 10 of*
33 *the Statutes of the 2011–12 First Extraordinary Session, and other*
34 *applicable laws. These investments may also include the*
35 *development of model permitting applications and ordinances for*
36 *distributed generation facilities and other measures that facilitate*
37 *efficient and cost-effective development of renewable energy.*

38 *(2) Notwithstanding Section 2851 of the Public Utilities Code,*
39 *the funds collected pursuant to Section 399.8 of the Public Utilities*
40 *Code and used for the California Solar Initiative pursuant to*

1 paragraph (3) of subdivision (e) of Section 2851 of the Public
2 Utilities Code shall be supervised by the Public Utilities
3 Commission. The Public Utilities Commission shall supervise the
4 program according to guidelines established by the commission
5 pursuant to this chapter. The commission shall adopt and update
6 New Solar Home Partnership guidelines and rebate levels as
7 needed.

8 (3) (A) The New Solar Home Partnership shall continue to be
9 administered according to guidelines established by the
10 commission pursuant to Chapter 8.6 (commencing with Section
11 25740) and Chapter 8.8 (commencing with Section 25780). The
12 commission shall adopt and update the New Solar Homes
13 Partnership program guidelines and rebate levels as needed to
14 ensure that the New Solar Homes Partnership funding does all of
15 the following:

16 (i) Includes solar hot water heating.

17 (ii) Gives priority to new housing developments in economically
18 distressed and disadvantaged communities.

19 (iii) Seeks to provide no less than 25 percent of the funds
20 collected for the NSHP to be expended for multifamily units and
21 rental dwellings.

22 (iv) Seeks to provide no less than 25 percent of the funds
23 collected for the NSHP shall be expended in disadvantaged
24 communities.

25 (v) Provides for increased accountability, a streamlined
26 application process.

27 (B) This paragraph does not prevent New Solar Home
28 Partnerships funds from being allocated to otherwise eligible New
29 Solar Home Partnerships projects if the designated categories are
30 not reserved annually.

31 (4) Funds collected through the renewable energy public goods
32 charge for the support of the New Solar Homes Partnership shall
33 be allocated and administered pursuant to Section 25744.6.

34 (5) Within 90 days of the enactment of the act adding this section
35 during the first year of the 2011–12 Regular Session, the
36 commission shall establish and impose project costs caps for
37 residential and nonresidential projects under the New Solar Home
38 Partnership, based on national and state installed cost data.

39 (g) The commission shall, in coordination with other state
40 entities, periodically analyze the renewable technology market

1 *and workforce trends and identify barriers to renewable energy*
2 *industry development in the state.*

3 *(h) The commission and the Office of Planning and Research*
4 *shall coordinate with state and local environmental regulators to*
5 *identify regulatory barriers that prevent or delay implementation*
6 *of renewable energy and energy efficiency projects.*

7 *(i) (1) The commission shall develop and adopt an annual*
8 *investment plan to establish priority activities for the program to*
9 *achieve the goals of this section and describe how funding will*
10 *complement but not duplicate existing public and private*
11 *investments, including existing state programs that further the*
12 *goals of this section.*

13 *(2) On or before March 15, 2012, and annually thereafter, the*
14 *commission shall submit a draft of a multiyear investment plan,*
15 *in accordance with paragraph (1) and including the upcoming*
16 *fiscal year to all relevant policy and fiscal committees of the*
17 *Legislature. The intent of this requirement is to ensure legislative*
18 *oversight of the program and provide to the Legislature all of the*
19 *information necessary to fully understand the manner in which*
20 *funds are to be allocated and prioritized within the program.*

21 *(j) The commission shall create and consult with an advisory*
22 *body to work with the commission as it develops the investment*
23 *plan pursuant to subdivision (g). The advisory body shall be subject*
24 *to the Bagley-Keene Open Meeting Act (Article 9 (commencing*
25 *with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title*
26 *2 of the Government Code). The commission shall, at a minimum,*
27 *hold at least two annual public hearings on the advisory body's*
28 *recommendations on the commission's proposed investment plan*
29 *prior to the commission's consideration and approval of the*
30 *investment plan.*

31 *(k) Membership of the advisory body created pursuant to*
32 *subdivision (h) shall include, but is not limited to, representatives*
33 *of investor-owned utilities, the Public Utilities Commission and*
34 *the Independent System Operator, clean energy businesses and*
35 *investors, local governments, building industries, labor*
36 *organizations, environmental groups, environmental justice groups,*
37 *ratepayer groups, business associations, and research and*
38 *technical experts. The advisory body shall meet at least twice*
39 *annually to provide strategic and technical guidance.*

1 (l) The commission shall submit an annual report to the
2 Legislature that highlights and explains the rationale for any
3 year-to-year changes to the commission's activity strategy and
4 priorities, particularly with respect to specific demonstration
5 programs or policy initiatives.

6 (m) It is the intent of the Legislature that submission of the draft
7 investment plan, along with timely notification of modifications to
8 the investment plan thereafter, as reported in the commission's
9 annual reports to the Legislature, will ensure legislative oversight
10 of the program and provide the Legislature with all of the
11 necessary information to fully understand how and why funds are
12 to be allocated and prioritized within the program.

13 (n) The commission may make a single source or sole source
14 award pursuant to this section. The same requirements set forth
15 in former Section 25620.5, as described in paragraph (3), shall
16 apply to awards made on a single source basis or a sole source
17 basis.

18 (o) (1) Notwithstanding any other provision of law, moneys
19 collected for renewable energy pursuant to Article 15 (commencing
20 with Section 399) of Chapter 2.3 of Part 1 of Division 1 of the
21 Public Utilities Code shall be transferred to the Renewable
22 Resource Trust Fund.

23 (2) Moneys collected on and after January 1, 2012, and before
24 January 1, 2020, shall be used for the purposes specified in this
25 section.

26 (3) Moneys collected on and after January 1, 2007, and before
27 January 1, 2012, shall be expended in accordance with former
28 Section 25740.5 and former Sections 25742 to 25751, inclusive,
29 as those former sections read on the day before the date that the
30 act adding this section was enacted during the first year of the
31 2011–12 Regular Session.

32 SEC. 4. Section 25743 of the Public Resources Code is
33 repealed.

34 ~~25743. (a) The commission shall terminate all production~~
35 ~~incentives awarded from the New Renewable Resources Account~~
36 ~~prior to January 1, 2002, unless the project began generating~~
37 ~~electricity by January 1, 2007.~~

38 ~~(b) (1) The commission shall, by March 1, 2008, transfer to~~
39 ~~electrical corporations serving customers subject to the renewable~~

1 energy public goods charge the remaining unencumbered funds
2 in the New Renewable Resources Account.

3 ~~(2) The Public Utilities Commission shall ensure that each~~
4 ~~electrical corporation allocates funds received from the commission~~
5 ~~pursuant to paragraph (1) in a manner that maximizes the economic~~
6 ~~benefit to all customer classes that funded the New Renewable~~
7 ~~Resources Account.~~

8 *SEC. 5. Section 25744 of the Public Resources Code is*
9 *amended to read:*

10 25744. (a) Seventy-nine percent of the money collected
11 pursuant to the renewable energy public goods charge *on and after*
12 *January 1, 2007, and before January 1, 2012*, shall be used for a
13 multiyear, consumer-based program to foster the development of
14 emerging renewable technologies in distributed generation
15 applications.

16 (b) Any funds used for emerging technologies pursuant to this
17 section shall be expended in accordance with this chapter, subject
18 to all of the following requirements:

19 (1) Funding for emerging technologies shall be provided through
20 a competitive, market-based process that is in place for a period
21 of not less than five years, and is structured to allow eligible
22 emerging technology manufacturers and suppliers to anticipate
23 and plan for increased sale and installation volumes over the life
24 of the program.

25 (2) The program shall provide monetary rebates, buydowns, or
26 equivalent incentives, subject to paragraph (3), to purchasers,
27 lessees, lessors, or sellers of eligible electricity generating systems.
28 Incentives shall benefit the end-use consumer of renewable
29 generation by directly and exclusively reducing the purchase or
30 lease cost of the eligible system, or the cost of electricity produced
31 by the eligible system. Incentives shall be issued on the basis of
32 the rated electrical generating capacity of the system measured in
33 watts, or the amount of electricity production of the system,
34 measured in kilowatthours. Incentives shall be limited to a
35 maximum percentage of the system price, as determined by the
36 commission. The commission may establish different incentive
37 levels for systems based on technology type and system size, and
38 may provide different incentive levels for systems used in
39 conjunction with energy-efficiency measures.

1 (3) Eligible distributed emerging technologies are fuel cell
2 technologies that utilize renewable fuels, including fuel cell
3 technologies with an emission profile equivalent or better than the
4 State Air Resources Board 2007 standard, and that serve as backup
5 generation for emergency, safety, or telecommunications systems.
6 Eligible renewable fuels may include wind turbines of not more
7 than 50 kilowatts rated electrical generating capacity per customer
8 site and other distributed renewable emerging technologies that
9 meet the emerging technology eligibility criteria established by
10 the commission and are not eligible for rebates, buydowns, or
11 similar incentives from any other commission or Public Utilities
12 Commission program. Eligible electricity generating systems are
13 intended primarily to offset part or all of the consumer's own
14 electricity demand, including systems that are used as backup
15 power for emergency, safety, or telecommunications, and shall
16 not be owned by local publicly owned electric utilities, nor be
17 located at a customer site that is not receiving distribution service
18 from an electrical corporation that is subject to the renewable
19 energy public goods charge and contributing funds to support
20 programs under this chapter. All eligible electricity generating
21 system components shall be new and unused, shall not have been
22 previously placed in service in any other location or for any other
23 application, and shall have a warranty of not less than five years
24 to protect against defects and undue degradation of electrical
25 generation output. Systems and their fuel resources shall be located
26 on the same premises of the end-use consumer where the
27 consumer's own electricity demand is located, and all eligible
28 electricity generating systems shall be connected to the utility grid,
29 unless the system purpose is for backup generation used in
30 emergency, safety, or telecommunications in California. The
31 commission may require eligible electricity generating systems to
32 have meters in place to monitor and measure a system's
33 performance and generation. Only systems that will be operated
34 in compliance with applicable law and the rules of the Public
35 Utilities Commission shall be eligible for funding.

36 (4) The commission shall limit the amount of funds available
37 for a system or project of multiple systems and reduce the level
38 of funding for a system or project of multiple systems that has
39 received, or may be eligible to receive, any government or utility
40 funds, incentives, or credit.

1 (5) In awarding funding, the commission may provide preference
2 to systems that provide tangible demonstrable benefits to
3 communities with a plurality of minority or low-income
4 populations.

5 (6) In awarding funding, the commission shall develop and
6 implement eligibility criteria and a system that provides preference
7 to systems based upon system performance, taking into account
8 factors, including shading, insulation levels, and installation
9 orientation.

10 (7) At least once annually, the commission shall publish and
11 make available to the public *a statement on* the balance of funds
12 available for emerging renewable energy resources for rebates,
13 buydowns, and other incentives for the purchase of these resources.

14 ~~(e) Notwithstanding Section 27540.5, the commission may~~
15 ~~expend, until December 31, 2008, up to sixty million dollars~~
16 ~~(\$60,000,000) of the funding allocated to the Renewable Resources~~
17 ~~Trust Fund for the program established in this section, subject to~~
18 ~~the repayment requirements of subdivision (f) of Section 25751.~~

19 ~~(d)~~

20 (c) Any funds for photovoltaic or solar thermal electric
21 technologies shall be awarded in compliance with Chapter 8.8
22 (commencing with Section 25780), and not with this section.

23 *SEC. 6. Section 25744.5 of the Public Resources Code is*
24 *repealed.*

25 ~~25744.5. The commission shall allocate and use funding~~
26 ~~available for emerging renewable technologies pursuant to Section~~
27 ~~25744 and Section 25751 to fund photovoltaic and solar thermal~~
28 ~~electric technologies in accordance with eligibility criteria and~~
29 ~~conditions established pursuant to Chapter 8.8 (commencing with~~
30 ~~Section 25780).~~

31 *SEC. 7. Section 25744.7 is added to the Public Resources Code,*
32 *to read:*

33 *25744.7. (a) The commission shall adopt guidelines governing*
34 *the funding programs authorized under this section and Section*
35 *25740.6, as specified in, and subject to, Section 25747.*

36 *(b) Funds to further the purposes of this section and Section*
37 *25740.6 may be committed for multiple years.*

38 *(c) The commission may award funding under this section and*
39 *Section 25740.6 in the form of contracts, grants and loans, and*
40 *other funding or financing mechanisms identified by the*

1 *commission. Any actions taken by an applicant to apply for, or to*
2 *become or remain eligible to receive, grant or loan payments or*
3 *awards shall not constitute the rendering of goods, services, or a*
4 *direct benefit to the commission.*

5 *(d) An award made pursuant to this section and Section 25740.6,*
6 *the amount of the award, and the terms and conditions of the award*
7 *are public information.*

8 *(e) The commission shall report to the Legislature on or before*
9 *January 31, 2013, and annually thereafter, regarding the results*
10 *of the mechanisms funded pursuant to this section and Section*
11 *25740.6. The report shall contain all of the following:*

12 *(1) A description of the allocation of funds.*

13 *(2) The status of any repayments.*

14 *(3) A description of the cumulative commitment of awards, the*
15 *relative demand for funds, and a forecast of future awards.*

16 *(4) A discussion of the progress being made toward achieving*
17 *the targets established under Section 25740 through funding*
18 *provided pursuant to this section and Section 25740.6.*

19 *(5) A description of the allocation of funds from interest*
20 *earnings.*

21 *(6) An itemized list, including project descriptions, award*
22 *amounts, and outcomes for projects awarded funding in the prior*
23 *year.*

24 *(f) An existing biomass electricity-generating facility shall not*
25 *be eligible for funding in the form of electricity production*
26 *incentives under this section and Section 25740.6 unless it meets*
27 *other requirements specified in the commission's investment plan*
28 *and applicable guidelines.*

29 *(g) A small-scale distributed electricity-generating facility using*
30 *wind resources or a fuel cell system using renewable fuels shall*
31 *not be eligible for funding in the form of rebates, buy-downs, or*
32 *equivalent incentives under this section and Section 25740.6 unless*
33 *the emerging technology being funded satisfies the requirements*
34 *under paragraph (3) of subdivision (b) of Section 25744 and meets*
35 *other requirements specified in the commission's investment plan*
36 *and applicable guidelines.*

37 *(h) That portion of revenues collected by electrical corporations*
38 *for the benefit of renewable energy, pursuant to Section 399.8 of*
39 *the Public Utilities Code, shall be transmitted to the commission*
40 *at least quarterly for deposit in the Renewable Resource Trust*

1 Fund, which is hereby established in the State Treasury, for the
2 purposes specified in Section 25740.6. After setting aside in the
3 fund money that may be needed for expenditures authorized by the
4 annual Budget Act in accordance with subdivision (i), the
5 Treasurer shall immediately deposit money received pursuant to
6 this section into the Renewable Resource Trust Fund.

7 (i) The money in the Renewable Resource Trust Fund may be
8 expended, only upon appropriation by the Legislature in the annual
9 Budget Act, for the purposes of this chapter.

10 SEC. 8. Section 25746 of the Public Resources Code is
11 repealed.

12 ~~25746. (a) One percent of the money collected pursuant to the~~
13 ~~renewable energy public goods charge shall be used in accordance~~
14 ~~with this chapter to promote renewable energy and disseminate~~
15 ~~information on renewable energy technologies, including emerging~~
16 ~~renewable technologies, and to help develop a consumer market~~
17 ~~for renewable energy and for small-scale emerging renewable~~
18 ~~energy technologies.~~

19 ~~(b) If the commission provides funding for a regional accounting~~
20 ~~system to verify compliance with the renewable portfolio standard~~
21 ~~by retail sellers, pursuant to subdivision (b) of Section 399.13 of~~
22 ~~the Public Utilities Code, the commission shall recover all costs~~
23 ~~from user fees.~~

24 SEC. 9. Section 25751 of the Public Resources Code is
25 repealed.

26 ~~25751. (a) The Renewable Resource Trust Fund is hereby~~
27 ~~created in the State Treasury.~~

28 ~~(b) The following accounts are hereby established within the~~
29 ~~Renewable Resource Trust Fund:~~

30 ~~(1) Existing Renewable Resources Account.~~

31 ~~(2) Emerging Renewable Resources Account.~~

32 ~~(3) Renewable Resources Consumer Education Account.~~

33 ~~(c) The money in the fund may be expended, only upon~~
34 ~~appropriation by the Legislature in the annual Budget Act, for the~~
35 ~~following purposes:~~

36 ~~(1) The administration of this article by the state.~~

37 ~~(2) The state's expenditures associated with the accounting~~
38 ~~system established by the commission pursuant to subdivision (b)~~
39 ~~of Section 399.13 of the Public Utilities Code.~~

1 ~~(d) That portion of revenues collected by electrical corporations~~
2 ~~for the benefit of in-state operation and development of existing~~
3 ~~and new and emerging renewable resource technologies, pursuant~~
4 ~~to Section 399.8 of the Public Utilities Code, shall be transmitted~~
5 ~~to the commission at least quarterly for deposit in the Renewable~~
6 ~~Resource Trust Fund pursuant to Section 25740.5. After setting~~
7 ~~aside in the fund money that may be needed for expenditures~~
8 ~~authorized by the annual Budget Act in accordance with~~
9 ~~subdivision (e), the Treasurer shall immediately deposit money~~
10 ~~received pursuant to this section into the accounts created pursuant~~
11 ~~to subdivision (b) in proportions designated by the commission~~
12 ~~for the current calendar year. Notwithstanding Section 13340 of~~
13 ~~the Government Code, the money in the fund and the accounts~~
14 ~~within the fund are hereby continuously appropriated to the~~
15 ~~commission without regard to fiscal year for the purposes~~
16 ~~enumerated in this chapter.~~

17 ~~(e) Upon notification by the commission, the Controller shall~~
18 ~~pay all awards of the money in the accounts created pursuant to~~
19 ~~subdivision (b) for purposes enumerated in this chapter. The~~
20 ~~eligibility of each award shall be determined solely by the~~
21 ~~commission based on the procedures it adopts under this chapter.~~
22 ~~Based on the eligibility of each award, the commission shall also~~
23 ~~establish the need for a multiyear commitment to any particular~~
24 ~~award and so advise the Department of Finance. Eligible awards~~
25 ~~submitted by the commission to the Controller shall be~~
26 ~~accompanied by information specifying the account from which~~
27 ~~payment should be made and the amount of each payment; a~~
28 ~~summary description of how payment of the award furthers the~~
29 ~~purposes enumerated in this chapter; and an accounting of future~~
30 ~~costs associated with any award or group of awards known to the~~
31 ~~commission to represent a portion of a multiyear funding~~
32 ~~commitment.~~

33 ~~(f) The commission may transfer funds between accounts for~~
34 ~~cashflow purposes, provided that the balance due each account is~~
35 ~~restored and the transfer does not adversely affect any of the~~
36 ~~accounts.~~

37 ~~(g) The Department of Finance shall conduct an independent~~
38 ~~audit of the Renewable Resource Trust Fund and its related~~
39 ~~accounts annually, and provide an audit report to the Legislature~~
40 ~~not later than March 1 of each year for which this article is~~

1 ~~operative. The Department of Finance's report shall include~~
2 ~~information regarding revenues, payment of awards, reserves held~~
3 ~~for future commitments, unencumbered cash balances, and other~~
4 ~~matters that the Director of Finance determines may be of~~
5 ~~importance to the Legislature.~~

6 *SEC. 10. Section 384 of the Public Utilities Code is amended*
7 *to read:*

8 ~~384. (a) Funds transferred to the State Energy Resources~~
9 ~~Conservation and Development Commission pursuant to this article~~
10 ~~for purposes of public interest research, development, and~~
11 ~~demonstration shall be transferred to the Public Interest Research,~~
12 ~~Development, and Demonstration Fund, which is hereby created~~
13 ~~in the State Treasury. The fund is a trust fund and The Clean~~
14 ~~Energy Innovation Program Fund is hereby created in the State~~
15 ~~Treasury to be available, upon appropriation by the Legislature,~~
16 ~~for expenditure pursuant to Article 2 (commencing with Section~~
17 ~~25261.10) of Chapter 7.2 of Division 15 of the Public Resources~~
18 ~~Code. Funds collected from the utilities before January 1, 2012,~~
19 ~~shall be transferred to the Energy Commission's Public Interest~~
20 ~~Research, Development, and Demonstration Wrap-Up Account,~~
21 ~~which is hereby created in the Clean Energy Innovation Program~~
22 ~~Fund, to be available, upon appropriation by the Legislature, for~~
23 ~~expenditure pursuant to Chapter 7.1 (commencing with Section~~
24 ~~25620) of Division 15 of the Public Resources Code. Funds~~
25 ~~collected from the utilities on and after January 1, 2012, shall be~~
26 ~~transferred to the Clean Energy Innovation Program Fund. These~~
27 ~~are trust funds and shall contain money from all interest,~~
28 ~~repayments, disencumbrances, royalties, and any other proceeds~~
29 ~~appropriated, transferred, or otherwise received for purposes~~
30 ~~pertaining to public interest research, development, and~~
31 ~~demonstration. Any appropriations that are made from the fund~~
32 ~~shall have an encumbrance period of not longer than two years,~~
33 ~~and a liquidation period of not longer than four years.~~

34 ~~(b) Funds deposited in the Public Interest Research,~~
35 ~~Development, and Demonstration Fund may be expended for~~
36 ~~projects that serve the energy needs of both stationary and~~
37 ~~transportation purposes if the research provides an electricity~~
38 ~~ratepayer benefit.~~

39 (e)

1 (b) ~~The State Energy Resources Conservation and Development~~
2 Commission shall report annually to the appropriate budget
3 committees of the Legislature on any encumbrances or liquidations
4 that are outstanding at the time the ~~commission's~~ budget is
5 submitted to the Legislature for review.

6 *SEC. 11. 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 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 (2) Local publicly owned electric utilities shall continue to
19 collect and administer system benefits charges pursuant to Section
20 385.

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

28 (2) This rate component may not exceed, for any tariff schedule,
29 the level of the rate component that was used to recover funds
30 authorized pursuant to Section 381 on January 1, ~~2000~~ 2011. If
31 the amounts specified in paragraph (1) of subdivision (d) are not
32 recovered fully in any year, the commission shall reset the rate
33 component to restore the unrecovered balance, provided that the
34 rate component may not exceed, for any tariff schedule, the level
35 of the rate component that was used to recover funds authorized
36 pursuant to Section 381 on January 1, ~~2000~~ 2011. Pending
37 restoration, any annual shortfalls shall be allocated pro rata among
38 the three funding categories in the proportions established in
39 paragraph (1) of subdivision (d).

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

5 (1) Two hundred ~~twenty-eight~~ *fifty* million dollars
6 ~~(\$228,000,000)~~ *(\$250,000,000)* per year in total for energy
7 efficiency and conservation activities, ~~sixty-five~~ *seventy-five*
8 million ~~five hundred thousand~~ dollars ~~(\$65,500,000)~~ *(\$75,000,000)*
9 in total per year for renewable energy, and ~~sixty-two~~ *seventy-five*
10 million ~~five hundred thousand~~ dollars ~~(\$62,500,000)~~ *(\$75,000,000)*
11 in total per year for research, development and demonstration. ~~The~~
12 ~~funds for energy efficiency and conservation activities shall~~
13 ~~continue to be allocated in proportions established for the year~~
14 ~~2000 as set forth in paragraph (1) of subdivision (e) of Section~~
15 ~~381.~~

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

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

24 (f) The commission and the Energy Commission shall retain
25 and continue their oversight responsibilities as set forth in Sections
26 381 and 383, and Chapter 7.1 (commencing with Section 25620)
27 and Chapter 8.6 (commencing with Section 25740) of Division 15
28 of the Public Resources Code.

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

1 relief sought. The commission shall issue its findings in response
2 to a filed complaint within 30 business days of the date of receipt
3 of the complaint. Prior to issuance of its findings, the commission
4 shall provide a copy of the complaint to the electrical corporation,
5 which shall provide a response to the complaint to the commission
6 within five business days of the date of receipt. During the dispute
7 period, the amount of estimated financial incentives shall be held
8 in reserve until the dispute is resolved.

9 *SEC. 12. Section 399.8.5 is added to the Public Utilities Code,*
10 *to read:*

11 *399.8.5. (a) It is the intent of the Legislature that the New*
12 *Solar Homes Partnership established under paragraph (3) of*
13 *subdivision (e) of Section 2851 continue to meet the solar energy*
14 *system goals established in Section 25710 of the Public Resources*
15 *Code and Section 2851.*

16 *(b) The Energy Commission shall, in consultation with the*
17 *commission, determine the reasonable portion of the seventy-five*
18 *million dollars (\$75,000,000) collected for renewable energy*
19 *programs pursuant to paragraph (1) of subdivision (d) of Section*
20 *399.8 that shall be necessary to support the New Solar Homes*
21 *Partnership program in accordance with the expenditure*
22 *requirements of paragraph (3) of subdivision (e) of Section 2851*
23 *as follows:*

24 *(1) In 2012 and 2013, the annual amount for the New Solar*
25 *Homes Partnership shall be twenty-five million dollars*
26 *(\$25,000,000), collected and administered by San Diego Gas and*
27 *Electric Company, Southern California Edison Company, and*
28 *Pacific Gas and Electric Company.*

29 *(2) In 2013, for the years 2014 to 2016, inclusive, the Energy*
30 *Commission shall recommend an annual amount for the New Solar*
31 *Homes Partnership program, considering factors such as past and*
32 *projected new housing market demand and conditions, while*
33 *balancing the other goals of the Renewable Resource Trust Fund.*

34 *(c) After receiving the determination from the Energy*
35 *Commission, the commission shall conduct an expedited*
36 *proceeding to evaluate the funding requirements for the years*
37 *2014 to 2016, inclusive, and order San Diego Gas and Electric*
38 *Company, Southern California Edison Company, and Pacific Gas*
39 *and Electric Company to collect and administer the funding*
40 *amounts for the New Homes Solar Partnership established under*

1 paragraph (3) of subdivision (e) of Section 2851 through December
2 31, 2016.

3 SEC. 13. Chapter 12 (commencing with Section 2120) is added
4 to Part 1 of Division 1 of the Public Utilities Code, to read:

5

6 CHAPTER 12. INVESTMENT IN ENERGY EFFICIENCY RETROFITS

7

8 2120. (a) The commission shall implement the following
9 elements and principles for the state's investments in energy
10 efficiency retrofits pursuant to this chapter and Sections 399.4,
11 399.8, and 454.5.

12 (b) The commission, in evaluating energy efficiency investments
13 under its existing statutory authority, shall do all of the following:

14 (1) Maximize in-state job development.

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

17 (3) Ensure that moneys collected by an electrical corporation
18 are expended to provide financial investment tools to the ratepayers
19 of that electrical corporation. This section does not prohibit
20 expenditure of program funds to subsidize the manufacture,
21 distribution of the wholesale or retail stocking of efficient
22 appliances, or the provision of appliance rebates from retail outlets
23 within the service territory of an electrical corporation.

24 (4) Maximize the participation of energy users and the
25 achievement of energy efficiency savings.

26 (5) Coordinate with state and local agencies to identify and
27 address any regulatory barriers that may prevent or delay
28 implementation of energy efficiency improvements.

29 (c) It is the intent of the Legislature that, to the extent
30 practicable, the commission shall adopt definitions of "cost
31 effective" for the energy efficiency program participants consistent
32 with other state and federal definitions.

33 (d) Funds collected pursuant to Section 399.8 and allocated to
34 energy efficiency programs, consistent with subparagraph (C) of
35 paragraph (9) of subdivision (b) of Section 454.5, shall be used
36 to invest in and leverage resources for energy efficiency retrofits.
37 The funds used pursuant to this section shall be targeted to do any
38 of the following:

39 (1) Achieve the goals in Sections 399.4 and 399.8, subparagraph
40 (C) of paragraph (9) of subdivision (b) of Section 454.5, the

1 *scoping plan adopted pursuant to Section 38561 of the Health and*
2 *Safety Code, Chapter 470 of the Statutes of 2009, Chapter 496 of*
3 *the Statutes of 2010, the commission's energy efficiency goals and*
4 *policies, and other state energy efficiency policies.*

5 (2) *Maximize energy savings, job creation, and economic*
6 *development by establishing financing mechanisms that leverage*
7 *funds provided pursuant to this chapter to the maximum extent*
8 *feasible, encourage significant private investments in energy*
9 *efficiency, operate in coordination with other energy efficiency*
10 *and clean energy programs, and seek to achieve lasting market*
11 *transformation and sustainability and maximize participation in*
12 *cost-effective energy saving retrofits.*

13 (3) *Develop and adopt financial investment tools for*
14 *comprehensive energy retrofits in coordination with other*
15 *commission and utility efficiency programs and consistent with*
16 *guidelines adopted pursuant to Chapter 470 of the Statutes of 2009*
17 *and in a manner that leverages ratepayer funds to the maximum*
18 *extent feasible and is cost effective to increase investment in energy*
19 *efficiency where appropriate in a manner that will ensure that the*
20 *investments produce energy savings.*

21 (4) *Ensure opportunities for low- and moderate-income*
22 *households, including multifamily households, and economically*
23 *disadvantaged communities to participate in financial investment*
24 *tools for comprehensive energy efficiency retrofits, and include*
25 *preferences for programs and program providers in economically*
26 *disadvantaged communities in coordination with those services*
27 *made available pursuant to Sections 739 and 2790.*

28 (5) *Coordinate with other energy efficiency programs, including*
29 *low-income energy efficiency and weatherization programs,*
30 *including those administered by other state and local agencies*
31 *and community-based organizations, to maximize the effectiveness*
32 *and efficiency of both programs.*

33 (6) *Increase participation in energy efficiency financing and*
34 *implementation by independent third-party energy efficiency*
35 *service providers, including, but not limited to, local and regional*
36 *government energy offices, nonprofit organizations, California*
37 *Conservation Corps, community organizations such as*
38 *conservation corps and youth corps, small businesses, and*
39 *minority-, women-, and disabled veteran-owned businesses.*

1 (7) *Coordinate with the Clean Energy Innovation Program to*
2 *ensure that proven new technologies are integrated into program*
3 *implementation.*

4 (8) *Require independent evaluation, measurement, and*
5 *verification consistent with requirements established pursuant to*
6 *Chapter 470 of the Statutes of 2009.*

7 (9) *Utilize market analyses, pilot programs, and*
8 *commercialization strategies to support development of financial*
9 *investment tools and to best achieve the objectives of this chapter.*

10 (10) *Improve coordination among federal, state, local, and*
11 *private programs to mobilize investment in energy efficiency and*
12 *efficiency retrofits and to eliminate duplication.*

13 (e) *The commission shall develop or authorize financing*
14 *mechanisms consistent with this section that are appropriate for*
15 *individual market segments in coordination with the Energy*
16 *Commission.*

17 (f) *The commission shall establish a standard for what*
18 *constitutes cost-effective energy efficiency retrofits to ensure that*
19 *the benefits of energy efficiency retrofits exceed their cost.*

20 (g) *The commission shall ensure that ratepayer investments in*
21 *cost-effective energy efficiency retrofits are accountable and*
22 *transparent by doing each of the following:*

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

34 (2) *Verifying energy demand reductions by region and assess*
35 *progress toward meeting energy efficiency goals, and ensuring*
36 *that consumer information is made publicly available to assist*
37 *customers in finding licensed contractors, if a licensed contractor*
38 *is required, and energy efficiency measures, and understanding*
39 *the cost and benefits of energy efficiency measures, their energy*

1 bills, and the costs and benefits of various means of financing
2 energy efficiency measures.

3 (3) Making all contract bidding opportunities publicly available,
4 including contracts administered by electrical corporations or
5 third-party administrators, and ensuring that small businesses and
6 minority-, women-, and disabled veteran-owned businesses are
7 afforded full opportunities to participate during the contract
8 bidding process.

9 (4) Ensuring that major products of all consultant contracts of
10 the commission are made available in a timely manner on the
11 commission's Internet Web site.

12 (h) The commission shall, in coordination with the Energy
13 Commission and consistent with Chapter 470 of the Statutes of
14 2009, adopt measurable goals and performance standards for
15 each financing mechanism. Financial assistance shall be limited
16 to no more than the amount deemed cost effective pursuant to this
17 chapter.

18 (i) The commission shall convene a stakeholder advisory
19 committee no fewer than two times annually to provide technical
20 and strategic guidance for the development and administration of
21 energy efficiency financing programs developed pursuant to this
22 section. The committee shall include representatives of the
23 investor-owned utilities, the Energy Commission, commercial and
24 residential building industry, existing building owners and
25 managers, labor, representatives of energy consumer organizations
26 including agricultural energy users, customers, and other end
27 users, energy efficiency investors, technology companies, building
28 industry, installers, local governments, commercial real estate
29 industry, labor, diverse environmental groups, including
30 environmental justice groups, commercial building owners and
31 managers, the office of the Treasurer, the California Public
32 Employees' Retirement System, and other entities, as appropriate.

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

39 (1) In developing and expanding financial investment tools for
40 energy efficiency retrofits in commercial buildings, the commission

1 *should consider the unique challenges related to energy retrofits*
2 *in commercial buildings, including length of payback, access to*
3 *capital, allocation of costs between tenants and owners, and related*
4 *issues.*

5 *(2) The commission shall analyze and determine the most*
6 *effective means to increase cost-effective investment in residential*
7 *energy efficiency retrofits, including local and regional, public*
8 *and private, financing mechanisms to reduce the cost of capital*
9 *and leverage public funds to the maximum extent practicable. This*
10 *evaluation shall be used to prioritize the adoption of financial*
11 *investment tools for residential energy efficiency retrofits pursuant*
12 *to Section 399.8 and other provisions as appropriate.*

13 *(3) The commission shall evaluate and authorize financial*
14 *investment tools to finance comprehensive energy efficiency*
15 *retrofits of public buildings. This evaluation shall be used to*
16 *prioritize the adoption of financial investment tools for public*
17 *building energy efficiency retrofits pursuant to Section 399.8 and*
18 *other provisions as appropriate.*

19 *(4) The commission shall consider factors such as an*
20 *administrator's potential for fostering innovation and market*
21 *transformation, minimizing administrative costs, and achieving*
22 *scales that can maximize participation and lower overall ratepayer*
23 *costs. The commission shall ensure that all administrators and*
24 *providers are held to the same standards of performance and*
25 *accountability.*

26 *(k) The commission shall encourage local government*
27 *participation in, and administration of, public building retrofit*
28 *financing programs. For purposes of this subdivision, local*
29 *governments include local and regional energy offices, joint powers*
30 *authorities, special assessment districts, local government councils*
31 *and associations, and other local government entities. The*
32 *commission shall coordinate with the office of the Treasurer, the*
33 *Energy Commission, electrical corporations, and local*
34 *governments to identify the most appropriate and suitable local*
35 *and regional government administrators.*

36 *(l) Funds collected pursuant to Section 399.8 and allocated for*
37 *energy efficiency that are subject to the requirements of this section*
38 *shall be supervised by the commission.*

39 *SEC. 14. In implementing this act, the public goods charge*
40 *collected on or before December 31, 2011, pursuant to Section*

1 399.8 of the Public Utilities Code to fund renewable energy shall
2 be expended pursuant to the provisions of law that are in effect
3 the day before the effective date of this act. The public goods
4 charge collected for this purpose on and after January 1, 2012,
5 shall be expended pursuant to the law in effect on and after the
6 effective date of this act.

7 SEC. 15. This act shall not become operative unless Senate
8 Bill 870 of the 2011–12 Regular Session of the Legislature is
9 enacted on or before January 1, 2012.

10 SEC. 16. No reimbursement is required by this act pursuant
11 to Section 6 of Article XIII B of the California Constitution because
12 the only costs that may be incurred by a local agency or school
13 district will be incurred because this act creates a new crime or
14 infraction, eliminates a crime or infraction, or changes the penalty
15 for a crime or infraction, within the meaning of Section 17556 of
16 the Government Code, or changes the definition of a crime within
17 the meaning of Section 6 of Article XIII B of the California
18 Constitution.

19 SEC. 17. This act is an urgency statute necessary for the
20 immediate preservation of the public peace, health, or safety within
21 the meaning of Article IV of the Constitution and shall go into
22 immediate effect. The facts constituting the necessity are:

23 In order to improve the environment, it is necessary that this act
24 take effect immediately.

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**All matter omitted in this version of the bill
appears in the bill as amended in the
Senate, August 30, 2011. (JR11)**