

AMENDED IN SENATE SEPTEMBER 9, 2011

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

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**ASSEMBLY BILL**

**No. 724**

**Introduced by Assembly Member Bradford  
(Principal coauthor: Assembly Member Williams)**

February 17, 2011

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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, 399.8, and 739 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, *commencing on January 1, 2012*, 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.

*The bill would provide that if the Legislature finds that moneys collected on or after January 1, 2012, are not used for the above-specified purposes, the collection of those moneys would cease at the end of the calendar year in which the Legislature made that finding.*

(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, Development, and 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. This bill would expressly provide that the public goods charge for public interest research, development, and demonstration projects collected before January 1, 2012, be deposited into the Public Interest Research, Development, and~~

*Demonstration Fund and expended for the purposes of the Public Interest Research, Development, and Demonstration Program. The bill would establish the Clean Energy Innovation Program Fund in the State Treasury and would require public goods charge collected on and after January 1, 2012, to be deposited into the Clean Energy Innovation Program Fund and expended by the State Energy Resources Conservation and Development Commission (Energy Commission), upon appropriation, for specified purposes.*

(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.

Vote: 2/3. Appropriation: 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 following:

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

13 (b) Investing in energy efficiency provides lower energy bills  
14 for individual households and businesses and saves all ratepayers  
15 money through reduced need for new powerplants and transmission  
16 and distribution systems.

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

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

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

1 25621.2. It is the intent of the Legislature that investments  
2 made pursuant to this chapter do all of the following:

3 (a) Develop and deploy clean energy technologies that maximize  
4 job creation and regional sustainability, strengthen California  
5 businesses and economic competitiveness, and provide multiple  
6 benefits to ratepayers.

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

9 (c) Accelerate the development and deployment of clean energy  
10 technologies that meet the California renewables portfolio standard  
11 specified in Chapter 1 of the Statutes of the First Extraordinary  
12 Session of 2011, energy storage requirements specified in Chapter  
13 469 of the Statutes of 2010, Chapter 470 of the Statutes of 2009,  
14 and subparagraph (C) of paragraph (9) of subdivision (b) of Section  
15 454.5 of the Public Utilities Code.

16 (d) Respond to changing energy and technology market  
17 conditions.

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

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

23 (g) Maximize opportunities for low-income households and  
24 disadvantaged communities, beyond those already assisted by the  
25 Public Utilities Commission's program for low-income energy  
26 assistance and the California rate assistance program for  
27 low-income rate discounts in urban and rural areas of the state, to  
28 participate in these programs.

29 (h) Promote business and employment opportunities for small  
30 business and women-, minority-, veteran-, and disabled-owned  
31 businesses.

32 (i) *Recognize energy savings from water use efficiency and*  
33 *conservation programs.*

34 25621.3. For purposes of this chapter, the following terms  
35 mean the following:

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

38 (b) "Biomass" means an organic material not derived from fossil  
39 fuels, including, but not limited to, agricultural crops, agricultural  
40 wastes and residues, waste pallets, crates, dunnage, manufacturing

1 and construction wood wastes, landscape and right-of-way tree  
2 trimmings, mill residues that result from milling lumber, rangeland  
3 maintenance residues, biosolids, sludge derived from organic  
4 matter, *biosolids produced at publicly owned wastewater treatment*  
5 *plants*, and wood and wood waste from timbering operations.

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

9 (d) “Clean energy” means energy efficiency, renewable energy,  
10 integration of electric vehicles, distributed generation, energy  
11 storage, and integrated demand-side management.

12 (e) “Comprehensive energy efficiency retrofit,” “whole house  
13 retrofit,” and “whole building retrofit” mean energy efficiency  
14 retrofits that achieve greater than 20-percent energy savings  
15 through a comprehensive package of audits, demand-side  
16 management options, and energy-saving improvements, such as  
17 insulation and duct sealing; heating, ventilation, and cooling system  
18 improvements; window and appliance upgrades; lighting upgrades;  
19 demand response cool roofs; measures to ensure that retrofits and  
20 existing infrastructure continue to operate as efficiently as possible;  
21 and other measures to increase energy efficiency.

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

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

27 (h) “Energy storage” means technology or resources capable of  
28 absorbing energy, storing it for a period of time, and thereafter  
29 dispatching the energy, including energy storage management  
30 systems.

31 (i) “Financial investment tools” includes revolving loans,  
32 low-interest loans, loan-loss reserves, loan guarantees, interest rate  
33 buy-down, property-secured financing, on-bill financing or  
34 repayment, grants, rebates, incentives, regional municipal financing  
35 programs, performance guarantees, use of the California  
36 Infrastructure and Economic Development Bank, the California  
37 Alternative Energy Transportation Financing Authority, or other  
38 appropriate financing mechanisms.

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

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

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

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

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

11 SEC. 3. Section 25740.6 is added to the Public Resources Code,  
12 to read:

13 25740.6. (a) The commission shall implement the Clean  
14 Energy Investment Program to support achievement of the state’s  
15 renewable energy goals, including the growth of distributed  
16 generation, and seek creative solutions to barriers to development  
17 and deployment of technologies to achieve those goals. The  
18 program shall provide technical assistance, tools, and resources to  
19 support industry, local government, economic, and workforce  
20 development leaders in efforts to overcome these barriers.

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

35 (c) Any investments in biomass or biogas made pursuant to this  
36 section shall be targeted to *both existing facilities and to* incubate  
37 and commercialize technologies and facilities that do one or more  
38 of the following:

39 (1) Increase efficiency and reduce air pollution from existing  
40 biomass facilities.

1 (2) Incubate and commercialize technologies and facilities that  
2 generate energy from livestock, poultry, agricultural, wastewater,  
3 and food processing byproducts or waste.

4 (3) Develop or expand facilities to capture emissions and  
5 generate biogas from wastewater treatment facilities, including  
6 codigestion or landfills.

7 (4) Generate energy from community-scale, woody biomass  
8 facilities that promote safe and resilient forests, provide rural  
9 community benefits, and protect air and water quality, based on  
10 criteria determined by the commission in coordination with the  
11 Natural Resources Agency and the California Environmental  
12 Protection Agency.

13 (d) (1) Not less than twenty-five million dollars (\$25,000,000)  
14 of the funds collected annually for 2012 and 2013, *and not less*  
15 *than twenty million dollars (\$20,000,000) of the funds collected*  
16 *annually for 2014 and 2015*, pursuant to paragraph (1) of  
17 subdivision (d) of Section 399.8 of the Public Utilities Code shall  
18 be used for the purposes of incubating and commercializing  
19 technologies and facilities that generate energy from livestock,  
20 poultry, *biosolids that are produced at publicly owned wastewater*  
21 *treatment plants*, agricultural or food processing byproducts, or  
22 waste, and *for wastewater*, and *for* biomass programs that would  
23 provide financial incentives to new or existing biomass electric  
24 generating facilities that purchase and convert agricultural and  
25 forestry waste and residues. *This section does not exclude funding*  
26 *for those purposes in subsequent years.*

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

31 (e) Any direct financial incentives determined to be necessary  
32 by the commission and made available to existing renewable  
33 biomass generation facilities shall be contingent upon utilization  
34 of regional agricultural forestry and waste residues.

35 (f) (1) In implementing the program, the commission may, in  
36 coordination with the Office of Planning and Research and the  
37 Secretary of the Natural Resources Agency, provide targeted  
38 financial and technical assistance to local and regional governments  
39 for the planning, siting, and permitting of renewable energy  
40 facilities. These investments may include grants to enable local

1 governments to participate in regional energy and conservation  
2 planning pursuant to the Natural Communities Conservation  
3 Planning Act, (Chapter 10 (commencing with Section 2800) of  
4 Division 3 of the Fish and Game Code), Chapter 10 of the Statutes  
5 of the 2011–12 First Extraordinary Session, and other applicable  
6 laws. These investments may also include the development of  
7 model permitting applications and ordinances for distributed  
8 generation facilities and other measures that facilitate efficient and  
9 cost-effective development of renewable energy.

10 (2) Notwithstanding Section 2851 of the Public Utilities Code,  
11 the funds collected pursuant to Section 399.8 of the Public Utilities  
12 Code and used for the California Solar Initiative pursuant to  
13 paragraph (3) of subdivision (e) of Section 2851 of the Public  
14 Utilities Code shall be supervised by the Public Utilities  
15 Commission. The Public Utilities Commission shall supervise the  
16 program according to guidelines established by the commission  
17 pursuant to this chapter. The commission shall adopt and update  
18 New Solar Home Partnership guidelines and rebate levels as  
19 needed.

20 (3) (A) The New Solar Home Partnership shall continue to be  
21 administered according to guidelines established by the commission  
22 pursuant to Chapter 8.6 (commencing with Section 25740) and  
23 Chapter 8.8 (commencing with Section 25780). The commission  
24 shall adopt and update the New Solar Homes Partnership program  
25 guidelines and rebate levels as needed to ensure that the New Solar  
26 Homes Partnership funding does all of the following:

- 27 (i) Includes solar hot water heating.
- 28 (ii) Gives priority to new housing developments in economically  
29 distressed and disadvantaged communities.
- 30 (iii) Seeks to provide no less than 25 percent of the funds  
31 collected for the NSHP to be expended for multifamily units and  
32 rental dwellings.
- 33 (iv) Seeks to provide no less than 25 percent of the funds  
34 collected for the NSHP shall be expended in disadvantaged  
35 communities.
- 36 (v) Provides for increased accountability, a streamlined  
37 application process.

38 (B) This paragraph does not prevent New Solar Home  
39 Partnerships funds from being allocated to otherwise eligible New

1 Solar Home Partnerships projects if the designated categories are  
2 not reserved annually.

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

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

11 (g) The commission shall, in coordination with other state  
12 entities, periodically analyze the renewable technology market and  
13 workforce trends and identify barriers to renewable energy industry  
14 development in the state.

15 (h) The commission and the Office of Planning and Research  
16 shall coordinate with state and local environmental regulators to  
17 identify regulatory barriers that prevent or delay implementation  
18 of renewable energy and energy efficiency projects.

19 (i) (1) The commission shall develop and adopt an annual  
20 investment plan to establish priority activities for the program to  
21 achieve the goals of this section and describe how funding will  
22 complement but not duplicate existing public and private  
23 investments, including existing state programs that further the  
24 goals of this section.

25 (2) On or before March 15, 2012, and annually thereafter, the  
26 commission shall submit a draft of a multiyear investment plan,  
27 in accordance with paragraph (1) and including the upcoming fiscal  
28 year to all relevant policy and fiscal committees of the Legislature.  
29 The intent of this requirement is to ensure legislative oversight of  
30 the program and provide to the Legislature all of the information  
31 necessary to fully understand the manner in which funds are to be  
32 allocated and prioritized within the program.

33 (j) The commission shall create and consult with an advisory  
34 body to work with the commission as it develops the investment  
35 plan pursuant to subdivision (g). The advisory body shall be subject  
36 to the Bagley-Keene Open Meeting Act (Article 9 (commencing  
37 with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title  
38 2 of the Government Code). The commission shall, at a minimum,  
39 hold at least two annual public hearings on the advisory body's  
40 recommendations on the commission's proposed investment plan

1 prior to the commission's consideration and approval of the  
2 investment plan.

3 (k) Membership of the advisory body created pursuant to  
4 subdivision (h) shall include, but is not limited to, representatives  
5 of investor-owned utilities, the Public Utilities Commission and  
6 the Independent System Operator, clean energy businesses and  
7 investors, local governments, building industries, labor  
8 organizations, environmental groups, environmental justice groups,  
9 ratepayer groups, business associations, and research and technical  
10 experts. The advisory body shall meet at least twice annually to  
11 provide strategic and technical guidance.

12 (l) The commission shall submit an annual report to the  
13 Legislature that highlights and explains the rationale for any  
14 year-to-year changes to the commission's activity strategy and  
15 priorities, particularly with respect to specific demonstration  
16 programs or policy initiatives.

17 (m) It is the intent of the Legislature that submission of the draft  
18 investment plan, along with timely notification of modifications  
19 to the investment plan thereafter, as reported in the commission's  
20 annual reports to the Legislature, will ensure legislative oversight  
21 of the program and provide the Legislature with all of the necessary  
22 information to fully understand how and why funds are to be  
23 allocated and prioritized within the program.

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

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

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

36 (3) Moneys collected on and after January 1, 2007, and before  
37 January 1, 2012, shall be expended in accordance with former  
38 Section 25740.5 and former Sections 25742 to 25751, inclusive,  
39 as those former sections read on the day before the date that the

1 act adding this section was enacted during the first year of the  
2 2011–12 Regular Session.

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

5 SEC. 5. Section 25744 of the Public Resources Code is  
6 amended to read:

7 25744. (a) Seventy-nine percent of the money collected  
8 pursuant to the renewable energy public goods charge on and after  
9 January 1, 2007, and before January 1, 2012, shall be used for a  
10 multiyear, consumer-based program to foster the development of  
11 emerging renewable technologies in distributed generation  
12 applications.

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

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

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

37 (3) Eligible distributed emerging technologies are fuel cell  
38 technologies that utilize renewable fuels, including fuel cell  
39 technologies with an emission profile equivalent or better than the  
40 State Air Resources Board 2007 standard, and that serve as backup

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

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

37 (5) In awarding funding, the commission may provide preference  
38 to systems that provide tangible demonstrable benefits to  
39 communities with a plurality of minority or low-income  
40 populations.

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

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

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

13 SEC. 6. Section 25744.5 of the Public Resources Code is  
14 repealed.

15 SEC. 7. Section 25744.7 is added to the Public Resources Code,  
16 to read:

17 25744.7. (a) The commission shall adopt guidelines governing  
18 the funding programs authorized under this section and Section  
19 25740.6, as specified in, and subject to, Section 25747.

20 (b) Funds to further the purposes of this section and Section  
21 25740.6 may be committed for multiple years.

22 (c) The commission may award funding under this section and  
23 Section 25740.6 in the form of contracts, grants and loans, and  
24 other funding or financing mechanisms identified by the  
25 commission. Any actions taken by an applicant to apply for, or to  
26 become or remain eligible to receive, grant or loan payments or  
27 awards shall not constitute the rendering of goods, services, or a  
28 direct benefit to the commission.

29 (d) An award made pursuant to this section and Section 25740.6,  
30 the amount of the award, and the terms and conditions of the award  
31 are public information.

32 (e) The commission shall report to the Legislature on or before  
33 January 31, 2013, and annually thereafter, regarding the results of  
34 the mechanisms funded pursuant to this section and Section  
35 25740.6. The report shall contain all of the following:

36 (1) A description of the allocation of funds.

37 (2) The status of any repayments.

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

1 (4) A discussion of the progress being made toward achieving  
2 the targets established under Section 25740 through funding  
3 provided pursuant to this section and Section 25740.6.

4 (5) A description of the allocation of funds from interest  
5 earnings.

6 (6) An itemized list, including project descriptions, award  
7 amounts, and outcomes for projects awarded funding in the prior  
8 year.

9 (f) An existing biomass electricity-generating facility shall not  
10 be eligible for funding in the form of electricity production  
11 incentives under this section and Section 25740.6 unless it meets  
12 other requirements specified in the commission's investment plan  
13 and applicable guidelines.

14 (g) A small-scale distributed electricity-generating facility using  
15 wind resources or a fuel cell system using renewable fuels shall  
16 not be eligible for funding in the form of rebates, buy-downs, or  
17 equivalent incentives under this section and Section 25740.6 unless  
18 the emerging technology being funded satisfies the requirements  
19 under paragraph (3) of subdivision (b) of Section 25744 and meets  
20 other requirements specified in the commission's investment plan  
21 and applicable guidelines.

22 (h) That portion of revenues collected by electrical corporations  
23 for the benefit of renewable energy, pursuant to Section 399.8 of  
24 the Public Utilities Code, shall be transmitted to the commission  
25 at least quarterly for deposit in the Renewable Resource Trust  
26 Fund, which is hereby established in the State Treasury, for the  
27 purposes specified in Section 25740.6. After setting aside in the  
28 fund money that may be needed for expenditures authorized by  
29 the annual Budget Act in accordance with subdivision (i), the  
30 Treasurer shall immediately deposit money received pursuant to  
31 this section into the Renewable Resource Trust Fund.

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

35 SEC. 8. Section 25746 of the Public Resources Code is  
36 repealed.

37 SEC. 9. Section 25751 of the Public Resources Code is  
38 repealed.

39 SEC. 10. Section 384 of the Public Utilities Code is amended  
40 to read:

1     384. (a) Funds transferred to the Energy Commission pursuant  
2 to this article for purposes of public interest research, development,  
3 and demonstration that are collected prior to January 1, 2012,  
4 shall be transferred to the Public Interest Research, Development,  
5 and Demonstration Fund, which is hereby created in the State  
6 Treasury, to be available for expenditure pursuant to Chapter 7.1  
7 (Commencing with Section 25620) of Division 15 of the Public  
8 Resources Code. Funds collected, on and after January 1, 2012,  
9 for those purposes shall be transferred to the Clean Energy  
10 Innovation Program Fund, which is hereby created in the State  
11 Treasury to be available, upon appropriation, for expenditure  
12 pursuant to Article 2 (commencing with Section 25621.10) of  
13 Chapter 7.2 of Division 15 of the Public Resources Code. The fund  
14 is a trust fund and shall contain money from all interest,  
15 repayments, disencumbrances, royalties, and any other proceeds  
16 appropriated, transferred, or otherwise received for purposes  
17 pertaining to public interest research, development, and  
18 demonstration. Any appropriations that are made from the fund  
19 shall have an encumbrance period of not longer than two years,  
20 and a liquidation period of not longer than four years.

21     (b) The Energy Commission shall report annually to the  
22 appropriate budget committees of the Legislature on any  
23 encumbrances or liquidations that are outstanding at the time the  
24 Energy Commission's budget is submitted to the Legislature for  
25 review.

26     ~~384. (a) The Clean Energy Innovation Program Fund is hereby~~  
27 ~~created in the State Treasury to be available, upon appropriation~~  
28 ~~by the Legislature, for expenditure pursuant to Article 2~~  
29 ~~(commencing with Section 25261.10) of Chapter 7.2 of Division~~  
30 ~~15 of the Public Resources Code. Funds collected from the utilities~~  
31 ~~before January 1, 2012, shall be transferred to the Energy~~  
32 ~~Commission's Public Interest Research, Development, and~~  
33 ~~Demonstration Wrap-Up Account, which is hereby created in the~~  
34 ~~Clean Energy Innovation Program Fund, to be available, upon~~  
35 ~~appropriation by the Legislature, for expenditure pursuant to~~  
36 ~~Chapter 7.1 (commencing with Section 25620) of Division 15 of~~  
37 ~~the Public Resources Code. Funds collected from the utilities on~~  
38 ~~and after January 1, 2012, shall be transferred to the Clean Energy~~  
39 ~~Innovation Program Fund. These are trust funds and shall contain~~  
40 ~~money from all interest, repayments, disencumbrances, royalties,~~

1 and any other proceeds appropriated, transferred, or otherwise  
2 received for purposes pertaining to public interest research,  
3 development, and demonstration. Any appropriations that are made  
4 from the fund shall have an encumbrance period of not longer than  
5 two years, and a liquidation period of not longer than four years.

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

11 SEC. 11. Section 399.8 of the Public Utilities Code is amended  
12 to read:

13 399.8. (a) In order to ensure that the citizens of this state  
14 continue to receive safe, reliable, affordable, and environmentally  
15 sustainable electric service, it is the policy of this state and the  
16 intent of the Legislature that prudent investments in energy  
17 efficiency, renewable energy, and research, development and  
18 demonstration shall continue to be made.

19 (b) (1) Every customer of an electrical corporation shall pay a  
20 nonbypassable system benefits charge authorized pursuant to this  
21 article. The system benefits charge shall fund energy efficiency,  
22 renewable energy, and research, development and demonstration.

23 (2) Local publicly owned electric utilities shall continue to  
24 collect and administer system benefits charges pursuant to Section  
25 385.

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

33 (2) This rate component may not exceed, for any tariff schedule,  
34 the level of the rate component that was used to recover funds  
35 authorized pursuant to Section 381 on January 1, 2011. If the  
36 amounts specified in paragraph (1) of subdivision (d) are not  
37 recovered fully in any year, the commission shall reset the rate  
38 component to restore the unrecovered balance, provided that the  
39 rate component may not exceed, for any tariff schedule, the level  
40 of the rate component that was used to recover funds authorized

1 pursuant to Section 381 on January 1, 2011. Pending restoration,  
 2 any annual shortfalls shall be allocated pro rata among the three  
 3 funding categories in the proportions established in paragraph (1)  
 4 of subdivision (d).

5 (3) (A) *Moneys collected pursuant to this section on or before*  
 6 *January 1, 2012, shall be expended for the purposes of Article 2*  
 7 *(commencing with Section 26520.10) of Chapter 7.2 of Division*  
 8 *15 of the Public Resources Code, Chapter 8.6 (commencing with*  
 9 *Section 25740) of Division 15 of the Public Resources Code, and*  
 10 *Chapter 12 (commencing with Section 2120).*

11 (B) *If the Legislature finds that moneys collected pursuant to*  
 12 *this section on or after January 1, 2012, are used for purposes*  
 13 *other than those specified in subparagraph (A), the collection of*  
 14 *the nonbypassable system benefits charge pursuant to this section*  
 15 *shall cease at the end of the calendar year in which the Legislature*  
 16 *made that finding.*

17 (d) (1) The commission shall order San Diego Gas and Electric  
 18 Company, Southern California Edison Company, and Pacific Gas  
 19 and Electric Company to collect these funds commencing on  
 20 January 1, ~~2012~~ 2002 and ending on December 31, 2011, as  
 21 follows:

22 ~~(1) Two hundred fifty million dollars (\$250,000,000) per year~~  
 23 ~~in total for energy efficiency and conservation activities;~~  
 24 ~~seventy-five million dollars (\$75,000,000) in total per year for~~  
 25 ~~renewable energy, and seventy-five million dollars (\$75,000,000)~~  
 26 ~~in total per year for research, development and demonstration.~~

27 (A) *Two hundred twenty-eight million dollars (\$228,000,000)*  
 28 *in total per year for energy efficiency and conservation activities,*  
 29 *sixty-five million five hundred thousand dollars (\$65,500,000) in*  
 30 *total per year for renewable energy, and sixty-two million five*  
 31 *hundred thousand dollars (\$62,500,000) in total per year for*  
 32 *research, development, and demonstration.*

33 ~~(2)~~  
 34 (B) The amounts shall be adjusted annually at a rate equal to  
 35 the lesser of the annual growth in electric commodity sales or  
 36 inflation, as defined by the gross domestic product deflator.

37 (2) *The commission shall order San Diego Gas and Electric*  
 38 *Company, Southern California Edison, and Pacific Gas and*  
 39 *Electric Company to collect these funds commencing on January*  
 40 *1, 2012, as follows:*

1 (A) Two hundred fifty million dollars (\$250,000,000) in total  
2 per year for energy efficiency and conservation activities,  
3 seventy-five million dollars (\$75,000,000) in total per year for  
4 renewable energy, and seventy-five million dollars (\$75,000,000)  
5 in total per year for research, development, and demonstration.

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

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

14 (f) The commission and the Energy Commission shall retain  
15 and continue their oversight responsibilities as set forth in Sections  
16 381 and 383, and Chapter 7.1 (commencing with Section 25620)  
17 and Chapter 8.6 (commencing with Section 25740) of Division 15  
18 of the Public Resources Code.

19 (g) An applicant for the Large Nonresidential Standard  
20 Performance Contract Program funded pursuant to paragraph (1)  
21 of subdivision (b) and an electrical corporation shall promptly  
22 attempt to resolve disputes that arise related to the program's  
23 guidelines and parameters prior to entering into a program  
24 agreement. The applicant shall provide the electrical corporation  
25 with written notice of any dispute. Within 10 business days after  
26 receipt of the notice, the parties shall meet to resolve the dispute.  
27 If the dispute is not resolved within 10 business days after the date  
28 of the meeting, the electrical corporation shall notify the applicant  
29 of his or her right to file a complaint with the commission, which  
30 complaint shall describe the grounds for the complaint, injury, and  
31 relief sought. The commission shall issue its findings in response  
32 to a filed complaint within 30 business days of the date of receipt  
33 of the complaint. Prior to issuance of its findings, the commission  
34 shall provide a copy of the complaint to the electrical corporation,  
35 which shall provide a response to the complaint to the commission  
36 within five business days of the date of receipt. During the dispute  
37 period, the amount of estimated financial incentives shall be held  
38 in reserve until the dispute is resolved.

39 (h) *The provisions of this section are severable. If any provision*  
40 *of this section or its application is held invalid, that invalidity shall*

1 *not affect other provisions or applications that can be given effect*  
 2 *without the invalid provision or application.*

3 SEC. 12. Section 399.8.5 is added to the Public Utilities Code,  
 4 to read:

5 399.8.5. (a) It is the intent of the Legislature that the New  
 6 Solar Homes Partnership established under paragraph (3) of  
 7 subdivision (e) of Section 2851 continue to meet the solar energy  
 8 system goals established in Section 25710 of the Public Resources  
 9 Code and Section 2851.

10 (b) The Energy Commission shall, in consultation with the  
 11 commission, determine the reasonable portion of the seventy-five  
 12 million dollars (\$75,000,000) collected for renewable energy  
 13 programs pursuant to paragraph (1) of subdivision (d) of Section  
 14 399.8 that shall be necessary to support the New Solar Homes  
 15 Partnership program in accordance with the expenditure  
 16 requirements of paragraph (3) of subdivision (e) of Section 2851  
 17 as follows:

18 (1) In 2012 and 2013, the annual amount for the New Solar  
 19 Homes Partnership shall be twenty-five million dollars  
 20 (\$25,000,000), collected and administered by San Diego Gas and  
 21 Electric Company, Southern California Edison Company, and  
 22 Pacific Gas and Electric Company.

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

28 (c) After receiving the determination from the Energy  
 29 Commission, the commission shall conduct an expedited  
 30 proceeding to evaluate the funding requirements for the years 2014  
 31 to 2016, inclusive, and order San Diego Gas and Electric Company,  
 32 Southern California Edison Company, and Pacific Gas and Electric  
 33 Company to collect and administer the funding amounts for the  
 34 New Homes Solar Partnership established under paragraph (3) of  
 35 subdivision (e) of Section 2851 through December 31, 2016.

36 SEC. 13. *Section 739 of the Public Utilities Code is amended*  
 37 *to read:*

38 739. (a) As used in this section:

39 (1) “Baseline quantity” means a quantity of electricity or gas  
 40 allocated by the commission for residential customers based on

1 from 50 to 60 percent of average residential consumption of these  
2 commodities, except that, for residential gas customers and for  
3 all-electric residential customers, the baseline quantity shall be  
4 established at from 60 to 70 percent of average residential  
5 consumption during the winter heating season. In establishing the  
6 baseline quantities, the commission shall take into account climatic  
7 and seasonal variations in consumption and the availability of gas  
8 service. The commission shall review and revise baseline quantities  
9 as average consumption patterns change in order to maintain these  
10 ratios. *In setting summer baseline quantities, the commission shall*  
11 *set the baseline based on the warmest 4 months, unless the*  
12 *commission finds that the longer period is more equitable for that*  
13 *climate region.*

14 (2) “Residential customer” means those customers receiving  
15 electrical or gas service pursuant to a domestic rate schedule and  
16 excludes industrial, commercial, and every other category of  
17 customer.

18 (b) The commission shall designate a baseline quantity of gas  
19 and electricity—~~which~~ *that* is necessary to supply a significant  
20 portion of the reasonable energy needs of the average residential  
21 customer. In estimating those quantities, the commission shall take  
22 into account differentials in energy needs between customers whose  
23 residential energy needs are currently supplied by electricity alone  
24 or by both electricity and gas. The commission shall develop a  
25 separate baseline quantity for all-electric residential customers.  
26 For these purposes, “all-electric residential customers” are  
27 residential customers having electrical service only or whose space  
28 heating is provided by electricity, or both. The commission shall  
29 also take into account differentials in energy use by climatic zone  
30 and season.

31 (c) (1) The commission shall establish a standard limited  
32 allowance—~~which~~ *that* shall be in addition to the baseline quantity  
33 of gas and electricity for residential customers dependent on  
34 life-support equipment, including, but not limited to, emphysema  
35 and pulmonary patients. A residential customer dependent on  
36 life-support equipment shall be allocated a higher energy allocation  
37 than the average residential customer.

38 (2) “Life-support equipment” means that equipment—~~which~~ *that*  
39 utilizes mechanical or artificial means to sustain, restore, or  
40 supplant a vital function, or mechanical equipment—~~which~~ *that* is

1 relied upon for mobility both within and outside of buildings.  
2 “Life-support equipment,” as used in this subdivision, includes all  
3 of the following: all types of respirators, iron lungs, hemodialysis  
4 machines, suction machines, electric nerve stimulators, pressure  
5 pads and pumps, aerosol tents, electrostatic and ultrasonic  
6 nebulizers, compressors, IPPB machines, and motorized  
7 wheelchairs.

8 (3) The limited allowance specified in this subdivision shall  
9 also be made available to paraplegic and quadriplegic persons in  
10 consideration of the increased heating and cooling needs of those  
11 persons.

12 (4) The limited allowance specified in this subdivision shall  
13 also be made available to multiple sclerosis patients in  
14 consideration of the increased heating and cooling needs of those  
15 persons.

16 (5) The limited allowance specified in this subdivision shall  
17 also be made available to scleroderma patients in consideration of  
18 the increased heating needs of those persons.

19 (6) The limited allowance specified in this subdivision shall  
20 also be made available to persons who are being treated for a  
21 life-threatening illness or have a compromised immune system, if  
22 a licensed physician and surgeon or a person licensed pursuant to  
23 the Osteopathic Initiative Act certifies in writing to the utility that  
24 the additional heating or cooling allowance, or both, is medically  
25 necessary to sustain the life of the person or prevent deterioration  
26 of the person’s medical condition.

27 (d) (1) The commission shall require that every electrical and  
28 gas corporation file a schedule of rates and charges providing  
29 baseline rates. The baseline rates shall apply to the first or lowest  
30 block of an increasing block rate structure ~~which~~ *that* shall be the  
31 baseline quantity. In establishing these rates, the commission shall  
32 avoid excessive rate increases for residential customers, and shall  
33 establish an appropriate gradual differential between the rates for  
34 the respective blocks of usage.

35 (2) In establishing residential electric and gas rates, including  
36 baseline rates, the commission shall ensure that the rates are  
37 sufficient to enable the electrical corporation or gas corporation  
38 to recover a just and reasonable amount of revenue from residential  
39 customers as a class, while observing the principle that electricity  
40 and gas services are necessities, for which a low affordable rate is

1 desirable and while observing the principle that conservation is  
2 desirable in order to maintain an affordable bill.

3 (3) At least until December 31, 2003, the commission shall  
4 require that all charges for residential electric customers are  
5 volumetric, and shall prohibit any electrical corporation from  
6 imposing any charges on residential consumption that are  
7 independent of consumption, unless those charges are in place  
8 prior to April 12, 2001.

9 (e) (1) Each electrical corporation and each gas corporation  
10 shall, in a timeframe consistent with each electrical and gas  
11 corporation's next general rate case, disclose on the billing  
12 statement of a residential customer all of the following:

- 13 (A) Cost per kilowatthour or gas therm per tier.
- 14 (B) Allocation of kilowatthour or gas therm per tier.
- 15 (C) Visual representation of usage and cost per tier.
- 16 (D) Usage comparison with prior periods.
- 17 (E) Itemized cost components in the bill to identify state and  
18 local taxes.
- 19 (F) Identification of delivery, generation, public purpose, and  
20 other charges.
- 21 (G) Contact information for the commission's Consumer Affairs  
22 Branch.

23 (2) An electrical corporation and a gas corporation shall make  
24 available online to residential customers both of the following:

- 25 (A) Examples of how conservation measures, including changing  
26 thermostat settings and turning off unused lights, could reduce  
27 energy usage and costs.
- 28 (B) Examples of how energy-saving devices and weatherization  
29 measures could reduce energy usage and costs.

30 (3) The commission may modify, adjust, or add to the  
31 requirements of this subdivision as the individual circumstances  
32 of each electrical corporation or gas corporation merits, or for  
33 master-meter customers, as individual circumstances merit.

34 (4) The commission shall, as part of the general rate case of an  
35 electrical corporation or gas corporation, assess opportunities to  
36 improve the quality of information contained in the utility's  
37 periodic billings.

38 (f) Wholesale electrical or gas purchases, and the rates charged  
39 ~~therefor~~ *for those purchases*, are exempt from this section.

1 (g) Nothing contained in this section shall be construed to  
2 prohibit experimentation with alternative gas or electrical rate  
3 schedules for the purpose of achieving energy conservation.

4 ~~SEC. 13.~~

5 *SEC. 14.* Chapter 12 (commencing with Section 2120) is added  
6 to Part 1 of Division 1 of the Public Utilities Code, to read:

7  
8 CHAPTER 12. INVESTMENT IN ENERGY EFFICIENCY RETROFITS  
9

10 2120. (a) The commission shall implement the following  
11 elements and principles for the state’s investments in energy  
12 efficiency retrofits pursuant to this chapter and Sections 399.4,  
13 399.8, and 454.5.

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

16 (1) Maximize in-state job development *with an emphasis on*  
17 *job creation and economic development in disadvantaged*  
18 *communities and communities with high rates of unemployment.*

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

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

28 (4) Maximize the participation of energy users and the  
29 achievement of energy efficiency savings.

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

33 (c) It is the intent of the Legislature that, to the extent  
34 practicable, the commission shall adopt definitions of “cost  
35 effective” for the energy efficiency program participants consistent  
36 with other state and federal definitions.

37 (d) Funds collected pursuant to Section 399.8 and allocated to  
38 energy efficiency programs, consistent with subparagraph (C) of  
39 paragraph (9) of subdivision (b) of Section 454.5, shall be used to  
40 invest in and leverage resources for energy efficiency retrofits.

1 The funds used pursuant to this section shall be targeted to do any  
2 of the following:

3 (1) Achieve the goals in Sections 399.4 and 399.8, subparagraph  
4 (C) of paragraph (9) of subdivision (b) of Section 454.5, the  
5 scoping plan adopted pursuant to Section 38561 of the Health and  
6 Safety Code, Chapter 470 of the Statutes of 2009, Chapter 496 of  
7 the Statutes of 2010, the commission's energy efficiency goals  
8 and policies, and other state energy efficiency policies.

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

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

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

32 (5) Coordinate with other energy efficiency programs, including  
33 low-income energy efficiency and weatherization programs,  
34 including those administered by other state and local agencies and  
35 community-based organizations, to maximize the effectiveness  
36 and efficiency of both programs.

37 (6) Increase participation in energy efficiency financing and  
38 implementation by independent third-party energy efficiency  
39 service providers, including, but not limited to, local and regional  
40 government energy offices, nonprofit organizations, California

1 Conservation Corps, community organizations such as conservation  
2 corps and youth corps, small businesses, and minority-, women-,  
3 and disabled veteran-owned businesses.

4 (7) Coordinate with the Clean Energy Innovation Program to  
5 ensure that proven new technologies are integrated into program  
6 implementation.

7 (8) Require independent evaluation, measurement, and  
8 verification consistent with requirements established pursuant to  
9 Chapter 470 of the Statutes of 2009.

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

13 (10) Improve coordination among federal, state, local, and  
14 private programs to mobilize investment in energy efficiency and  
15 efficiency retrofits and to eliminate duplication.

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

20 (f) The commission shall establish a standard for what  
21 constitutes cost-effective energy efficiency retrofits to ensure that  
22 the benefits of energy efficiency retrofits exceed their cost.

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

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

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

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

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

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

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

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

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

1 (1) In developing and expanding financial investment tools for  
2 energy efficiency retrofits in commercial buildings, the commission  
3 should consider the unique challenges related to energy retrofits  
4 in commercial buildings, including length of payback, access to  
5 capital, allocation of costs between tenants and owners, and related  
6 issues.

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

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

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

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

38 (l) *The commission shall consider authorizing a program to*  
39 *encourage the replacement of diesel agricultural water pumps*  
40 *with electric pumps similar to the program administered by Pacific*

1 *Gas and Electric Company and Southern California Edison under*  
2 *the commission's Decision D.05-06-016.*

3 ~~(t)~~

4 (m) Funds collected pursuant to Section 399.8 and allocated for  
5 energy efficiency that are subject to the requirements of this section  
6 shall be supervised by the commission.

7 ~~SEC. 14.~~

8 *SEC. 15.* In implementing this act, the public goods charge  
9 collected on or before December 31, 2011, pursuant to Section  
10 399.8 of the Public Utilities Code to fund renewable energy shall  
11 be expended pursuant to the provisions of law that are in effect  
12 the day before the effective date of this act. The public goods  
13 charge collected for this purpose on and after January 1, 2012,  
14 shall be expended pursuant to the law in effect on and after the  
15 effective date of this act.

16 ~~SEC. 15.~~

17 *SEC. 16.* This act shall not become operative unless Senate  
18 Bill 870 of the 2011–12 Regular Session of the Legislature is  
19 enacted on or before January 1, 2012.

20 ~~SEC. 16.~~

21 *SEC. 17.* No reimbursement is required by this act pursuant to  
22 Section 6 of Article XIII B of the California Constitution because  
23 the only costs that may be incurred by a local agency or school  
24 district will be incurred because this act creates a new crime or  
25 infraction, eliminates a crime or infraction, or changes the penalty  
26 for a crime or infraction, within the meaning of Section 17556 of  
27 the Government Code, or changes the definition of a crime within  
28 the meaning of Section 6 of Article XIII B of the California  
29 Constitution.

30 ~~SEC. 17.~~

31 *SEC. 18.* This act is an urgency statute necessary for the  
32 immediate preservation of the public peace, health, or safety within  
33 the meaning of Article IV of the Constitution and shall go into  
34 immediate effect. The facts constituting the necessity are:

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

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- 2 **CORRECTIONS:**
- 3 **Text—Page 18.**
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