

AMENDED IN ASSEMBLY APRIL 28, 2011

AMENDED IN ASSEMBLY APRIL 25, 2011

AMENDED IN ASSEMBLY MARCH 29, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1150

Introduced by Assembly Member V. Manuel Pérez

February 18, 2011

An act to amend Section 379.6 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 1150, as amended, V. Manuel Pérez. Self-generation incentive program.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. Existing law requires the PUC, ~~in consultation with the State Energy Resources Conservation and Development Commission (Energy Commission)~~, to administer, until January 1, 2016, a self-generation incentive program (SGIP) for distributed generation resources and to separately administer solar technologies pursuant to the California Solar Initiative. The PUC, *in consultation with the State Energy Resources Conservation and Development Commission (Energy Commission)*, may authorize electrical corporations to annually collect not more than the amount authorized for the SGIP in the 2008 calendar year through December 31, 2011.

This bill would expand the authority of the PUC to authorize electrical corporations to continue making the annual collections *through December 31, 2016*, as provided, and would require the PUC to continue

to administer the program until January 1, 2018. *The bill would require the PUC to periodically evaluate the program to adjust the amount of rebates and other program design elements to achieve specified program goals and objectives.*

~~Existing law limits eligibility for incentives to distributed energy resources that the PUC, in consultation with the State Air Resources Board (state board), determines will achieve reductions in emissions of greenhouse gases pursuant to the California Global Warming Solutions Act of 2006.~~

~~The bill would, absent an order of the commission, prohibit an electrical corporation or 3rd-party administrator from accepting an application or reservation for incentive funding submitted by any single distributed energy technology provider or affiliates of the technology provider, for an amount in excess of 25% of the amount collected from ratepayers in any calendar year pursuant to the SGIP. The bill would, absent an order of the commission, prohibit an electrical corporation or 3rd-party administrator from making incentive payments on account of any distributed energy resource in an amount greater than \$2.50 per watt.~~

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 program that is extended under the provisions of this bill are within the act and a decision or order of the commission implements the program requirements, a violation of these provisions would impose a state-mandated local program by expanding the definition of a crime.

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

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

- 1 SECTION 1. Section 379.6 of the Public Utilities Code is
- 2 amended to read:
- 3 379.6. (a) (1) It is the intent of the Legislature that the
- 4 self-generation incentive program should increase deployment of

1 distributed generation and distributed storage systems to facilitate
2 integration of those resources into the electrical grid and reduce
3 ratepayer costs.

4 (2) The commission, in consultation with the Energy
5 Commission, may authorize the annual collection of not more than
6 ~~the greater of (A) the amount authorized for the self-generation~~
7 ~~incentive program in the 2008 calendar year, through December~~
8 ~~31, 2016, or (B) eighty-three million dollars (\$83,000,000) in each~~
9 ~~calendar year through December 31, 2016,~~ which the commission
10 may increase on an annual basis in an appropriate amount
11 consistent with, but not limited to, the annual rate of inflation. The
12 commission shall ~~require the administration of the program for~~
13 ~~distributed energy resources originally established pursuant to~~
14 ~~Chapter 329 of the Statutes of 2000~~ *administer the self-generation*
15 *incentive program* until January 1, 2018. On January 1, 2018, the
16 commission shall provide repayment of all unallocated funds
17 collected pursuant to this section to reduce ratepayer costs.

18 (3) The commission shall administer solar technologies
19 separately, pursuant to the California Solar Initiative adopted by
20 the commission in Decisions 05-12-044 and 06-01-024, as modified
21 by Article 1 (commencing with Section 2851) of Chapter 9 of Part
22 2 of this code, and Chapter 8.8 (commencing with Section 25780)
23 of Division 15 of the Public Resources Code.

24 (b) Eligibility for incentives under the program shall be limited
25 to distributed energy resources that the commission, in consultation
26 with the State Air Resources Board, determines will achieve
27 reductions in emissions of greenhouse gases pursuant to the
28 California Global Warming Solutions Act of 2006 (Division 25.5
29 (commencing with Section 38500) of the Health and Safety Code).

30 (c) Eligibility for the funding of any combustion-operated
31 distributed generation projects using fossil fuel is subject to all of
32 the following conditions:

33 (1) An oxides of nitrogen (NO_x) emissions rate standard of 0.07
34 pounds per megawatthour and a minimum efficiency of 60 percent,
35 or any other NO_x emissions rate and minimum efficiency standard
36 adopted by the State Air Resources Board. A minimum efficiency
37 of 60 percent shall be measured as useful energy output divided
38 by fuel input. The efficiency determination shall be based on 100
39 percent load.

1 (2) Combined heat and power units that meet the 60-percent
2 efficiency standard may take a credit to meet the applicable NO_x
3 emissions standard of 0.07 pounds per megawatthour. Credit shall
4 be at the rate of one megawatthour for each 3.4 million British
5 thermal units (Btus) of heat recovered.

6 (3) The customer receiving incentives shall adequately maintain
7 and service the combined heat and power units so that during
8 operation, the system continues to meet or exceed the efficiency
9 and emissions standards established pursuant to paragraphs (1)
10 and (2).

11 (4) Notwithstanding paragraph (1), a project that does not meet
12 the applicable NO_x emissions standard is eligible if it meets both
13 of the following requirements:

14 (A) The project operates solely on waste gas. The commission
15 shall require a customer that applies for an incentive pursuant to
16 this paragraph to provide an affidavit or other form of proof, that
17 specifies that the project shall be operated solely on waste gas.
18 Incentives awarded pursuant to this paragraph shall be subject to
19 refund and shall be refunded by the recipient to the extent the
20 project does not operate on waste gas. As used in this paragraph,
21 “waste gas” means natural gas that is generated as a byproduct of
22 petroleum production operations and is not eligible for delivery
23 to the utility pipeline system.

24 (B) The air quality management district or air pollution control
25 district, in issuing a permit to operate the project, determines that
26 operation of the project will produce an onsite net air emissions
27 benefit, compared to permitted onsite emissions if the project does
28 not operate. The commission shall require the customer to secure
29 the permit prior to receiving incentives.

30 (d) In determining the eligibility for the self-generation incentive
31 program, minimum system efficiency shall be determined either
32 by calculating electrical and process heat efficiency as set forth in
33 Section 216.6, or by calculating overall electrical efficiency.

34 ~~(e) (1) In administering the self-generation incentive program,~~
35 ~~the commission may adjust the amount of rebates and evaluate~~
36 ~~other public policy interests, including, but not limited to, job~~
37 ~~development, technology competitiveness, maximizing fund~~
38 ~~development across all technologies, localized energy generation~~
39 ~~deployment, protection of ratepayers, energy efficiency, peak load~~
40 ~~reduction, load management, and environmental interests.~~

1 ~~(2) Absent an express order of the commission, an electrical~~
2 ~~corporation or third-party administrator shall not accept~~
3 ~~applications or reservations for incentive funding submitted by a~~
4 ~~single distributed energy technology provider or affiliates of the~~
5 ~~technology provider that in the aggregate exceed 25 percent of the~~
6 ~~amount collected from ratepayers in any calendar year pursuant~~
7 ~~to the self-generation incentive program. Except in the case of~~
8 ~~fraud, applications or reservations for funds submitted by a single~~
9 ~~distributed energy technology provider or affiliates of the~~
10 ~~technology provider that have been withdrawn, rejected, or expired~~
11 ~~in the same calendar year shall not be counted in determining~~
12 ~~whether the limit imposed by this paragraph has been exceeded.~~

13 ~~(3) Absent an express order of the commission, an electrical~~
14 ~~corporation or third-party administrator shall not make incentive~~
15 ~~payments on account of any distributed energy resource, including~~
16 ~~any biogas fuel cell and California supplier added incentive, in an~~
17 ~~amount greater than two dollars and fifty cents (\$2.50) per watt.~~

18 ~~(e) In administering the self-generation incentive program, the~~
19 ~~commission shall periodically evaluate the program to adjust the~~
20 ~~amount of rebates and other program design elements to achieve~~
21 ~~the following program goals and objectives:~~

22 ~~(1) Cost-effective use of ratepayer funds to stimulate deployment~~
23 ~~of eligible technologies.~~

24 ~~(2) Meeting environmental objectives, including reduction of~~
25 ~~emissions of greenhouse gases.~~

26 ~~(3) In-state job growth.~~

27 ~~(4) Development of market signals to provide incentives for~~
28 ~~private investment in California.~~

29 ~~(5) Market transformation of most, if not all, eligible~~
30 ~~technologies by driving down prices and increasing performance~~
31 ~~of these technologies.~~

32 ~~(6) Energy efficiency, peakload reduction, and load~~
33 ~~management.~~

34 ~~(7) Equitable distribution of rebates to all eligible technologies~~
35 ~~and program participants.~~

36 ~~(8) Assessment of technology penetration into underserved areas~~
37 ~~of the state that are environmentally blighted and economically~~
38 ~~stressed.~~

39 ~~(f) The commission shall ensure that distributed generation~~
40 ~~resources are made available in the program for all ratepayers.~~

1 (g) (1) In administering the self-generation incentive program,
2 the commission shall provide an additional incentive of 20 percent
3 from existing program funds for the installation of eligible
4 distributed generation resources from a California supplier.

5 (2) “California supplier” as used in this subdivision means any
6 sole proprietorship, partnership, joint venture, corporation, or other
7 business entity that manufactures eligible distributed generation
8 resources in California and that meets either of the following
9 criteria:

10 (A) The owners or policymaking officers are domiciled in
11 California and the permanent principal office, or place of business
12 from which the supplier’s trade is directed or managed, is located
13 in California.

14 (B) A business or corporation, including those owned by, or
15 under common control of, a corporation, that meets all of the
16 following criteria continuously during the five years prior to
17 providing eligible distributed generation resources to a
18 self-generation incentive program recipient:

19 (i) Owns and operates a manufacturing facility located in
20 California that builds or manufactures eligible distributed
21 generation resources.

22 (ii) Is licensed by the state to conduct business within the state.

23 (iii) Employs California residents for work within the state.

24 (3) For purposes of qualifying as a California supplier, a
25 distribution or sales management office or facility does not qualify
26 as a manufacturing facility.

27 (h) The costs of the program adopted and implemented pursuant
28 to this section shall not be recovered from customers participating
29 in the California Alternate Rates for Energy (CARE) program.

30 SEC. 2. No reimbursement is required by this act pursuant to
31 Section 6 of Article XIII B of the California Constitution because
32 the only costs that may be incurred by a local agency or school
33 district will be incurred because this act creates a new crime or
34 infraction, eliminates a crime or infraction, or changes the penalty
35 for a crime or infraction, within the meaning of Section 17556 of
36 the Government Code, or changes the definition of a crime within
37 the meaning of Section 6 of Article XIII B of the California
38 Constitution.

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