

AMENDED IN SENATE SEPTEMBER 10, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1392**

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**Introduced by ~~Committee on Utilities and Commerce (Bradford (Chair), Fletcher (Vice Chair), Buchanan, Fong, Fuentes, Furutani, Gorell, Roger Hernández, Huffman, Ma, Nestande, Skinner, and Swanson)~~ Assembly Members Bradford and Williams**

February 23, 2011

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~~An act to amend Section 2851 of the Public Utilities Code, relating to energy.~~ *An act to amend Section 25471 of the Public Resources Code, relating to energy, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1392, as amended, ~~Committee on Utilities and Commerce Bradford.~~ *Energy: California Solar Initiative.* ~~Energy.~~

*Existing law authorizes the State Energy Resources Conservation and Development Commission to administer funds appropriated by the federal American Recovery and Reinvestment Act of 2009 (federal act) for the Energy Efficiency and Conservation Block Grant Program. Existing law establishes the Energy Efficient State Property Revolving Fund (fund) and continuously appropriates the moneys in the fund to the Department of General Services for loans for projects on state-owned buildings and facilities to achieve greater, long-term energy efficiency, energy conservation, and energy cost and use avoidance.*

*This bill would, for the 2011–12 and 2012–13 fiscal years, authorize the commission to transfer an amount of money as the commission determines to be appropriate, up to a maximum of \$50,000,000, from the moneys received from the federal act into the fund. By requiring the transfer of moneys into a continuously appropriated fund, this bill*

would make an appropriation. The bill would require the commission to provide written notice to the Controller on the amount and the timing of the transfer. The bill would require the commission to notify, in writing, the Joint Legislative Budget Committee.

~~Under existing law, the Public Utilities Commission (CPUC) has regulatory authority over public utilities, including electrical corporations, as defined. Decisions of the CPUC adopted the California Solar Initiative. Existing law requires the CPUC to undertake certain steps in implementing the California Solar Initiative and authorizes the CPUC to develop a time-variant tariff that creates the maximum incentive for ratepayers to install solar energy systems so that the system's peak electricity production coincides with peak electricity demands and that assures that ratepayers receive due value for their contribution to the purchase of the system and customers with systems continue to have an incentive to use electricity efficiently. In developing the time-variant rate, the CPUC is authorized to exclude customers from a freeze on residential electricity rates adopted during the electricity crisis of 2000-01, which rate freeze has since been removed and replaced.~~

~~This bill would delete that authorization.~~

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

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

1     SECTION 1. Section 25471 of the Public Resources Code is  
2     amended to read:

3     25471. (a) There is hereby created in the State Treasury the  
4     Energy Efficient State Property Revolving Fund for the purpose  
5     of implementing this chapter. Notwithstanding Section 13340 of  
6     the Government Code, the money in this fund is continuously  
7     appropriated to the department, without regard to fiscal years, for  
8     loans for projects on state-owned buildings and facilities to achieve  
9     greater, long-term energy efficiency, energy conservation, and  
10    energy cost and use avoidance.

11    (b) The fund shall be administered by the department. The  
12    department may use other funding sources to leverage project  
13    loans.

14    (c) For the 2009-10 fiscal year, the sum of twenty-five million  
15    dollars (\$25,000,000) shall be transferred into the Energy Efficient

1 State Property Revolving Fund from money received by the  
2 commission pursuant to the act to be used for purposes of the  
3 federal State Energy Program.

4 (d) (1) For the 2011–12 and 2012–13 fiscal years, the  
5 commission may transfer up to fifty million dollars (\$50,000,000),  
6 in total, as the commission determines to be appropriate, into the  
7 Energy Efficient State Property Revolving Fund from money  
8 received by the commission pursuant to the act to be used for the  
9 purposes of the federal State Energy Program.

10 (2) The commission shall provide written notice to the Controller  
11 on the amount and timing of the transfer of moneys into the fund.

12 (3) Subject to the limitations of paragraph (1), the commission  
13 may make multiple transfers to allow for reallocating available  
14 funds from project cancellations and project savings.

15 (4) Notwithstanding Section 9795 of the Government Code, the  
16 commission shall notify, in writing, the Joint Legislative Budget  
17 Committee when a transfer is made pursuant to this subdivision.

18 (d)

19 (e) The Controller shall disburse moneys in the fund for the  
20 purposes of this chapter, as authorized by the department.

21 (e)

22 (f) Moneys in the fund, including all interest earnings, shall be  
23 clearly delineated and distinctly accounted for in accordance with  
24 the requirements of the act.

25 SECTION 1. ~~Section 2851 of the Public Utilities Code is~~  
26 ~~amended to read:~~

27 2851. (a) ~~In implementing the California Solar Initiative, the~~  
28 ~~commission shall do all of the following:~~

29 (1) ~~The commission shall authorize the award of monetary~~  
30 ~~incentives for up to the first megawatt of alternating current~~  
31 ~~generated by solar energy systems that meet the eligibility criteria~~  
32 ~~established by the State Energy Resources Conservation and~~  
33 ~~Development Commission pursuant to Chapter 8.8 (commencing~~  
34 ~~with Section 25780) of Division 15 of the Public Resources Code.~~  
35 ~~The commission shall determine the eligibility of a solar energy~~  
36 ~~system, as defined in Section 25781 of the Public Resources Code,~~  
37 ~~to receive monetary incentives until the time the State Energy~~  
38 ~~Resources Conservation and Development Commission establishes~~  
39 ~~eligibility criteria pursuant to Section 25782. Monetary incentives~~  
40 ~~shall not be awarded for solar energy systems that do not meet the~~

1 eligibility criteria. The incentive level authorized by the  
2 commission shall decline each year following implementation of  
3 the California Solar Initiative, at a rate of no less than an average  
4 of 7 percent per year, and shall be zero as of December 31, 2016.  
5 The commission shall adopt and publish a schedule of declining  
6 incentive levels no less than 30 days in advance of the first decline  
7 in incentive levels. The commission may develop incentives based  
8 upon the output of electricity from the system, provided those  
9 incentives are consistent with the declining incentive levels of this  
10 paragraph and the incentives apply to only the first megawatt of  
11 electricity generated by the system.

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

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

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

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

31 (3) By January 1, 2008, the commission, in consultation with  
32 the State Energy Resources Conservation and Development  
33 Commission, shall require reasonable and cost-effective energy  
34 efficiency improvements in existing buildings as a condition of  
35 providing incentives for eligible solar energy systems, with  
36 appropriate exemptions or limitations to accommodate the limited  
37 financial resources of low-income residential housing.

38 (4) Notwithstanding subdivision (g) of Section 2827, the  
39 commission may develop a time-variant tariff that creates the  
40 maximum incentive for ratepayers to install solar energy systems

1 so that the system's peak electricity production coincides with  
2 California's peak electricity demands and that assures that  
3 ratepayers receive due value for their contribution to the purchase  
4 of solar energy systems and customers with solar energy systems  
5 continue to have an incentive to use electricity efficiently. Nothing  
6 in this paragraph authorizes the commission to require time-variant  
7 pricing for ratepayers without a solar energy system.

8 (b) Notwithstanding subdivision (a), in implementing the  
9 California Solar Initiative, the commission may authorize the award  
10 of monetary incentives for solar thermal and solar water heating  
11 devices, in a total amount up to one hundred million eight hundred  
12 thousand dollars (\$100,800,000).

13 (c) (1) In implementing the California Solar Initiative, the  
14 commission shall not allocate more than fifty million dollars  
15 (\$50,000,000) to research, development, and demonstration that  
16 explores solar technologies and other distributed generation  
17 technologies that employ or could employ solar energy for  
18 generation or storage of electricity or to offset natural gas usage.  
19 Any program that allocates additional moneys to research,  
20 development, and demonstration shall be developed in  
21 collaboration with the Energy Commission to ensure there is no  
22 duplication of efforts, and adopted by the commission through a  
23 rulemaking or other appropriate public proceeding. Any grant  
24 awarded by the commission for research, development, and  
25 demonstration shall be approved by the full commission at a public  
26 meeting. This subdivision does not prohibit the commission from  
27 continuing to allocate moneys to research, development, and  
28 demonstration pursuant to the self-generation incentive program  
29 for distributed generation resources originally established pursuant  
30 to Chapter 329 of the Statutes of 2000, as modified pursuant to  
31 Section 379.6.

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

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

1 an award was made pursuant to subdivision (b) and the dollar value  
2 of the award, the number of residential and commercial sites that  
3 have installed solar energy systems, the electrical generating  
4 capacity of the installed solar energy systems, the cost of the  
5 program, total electrical system benefits, including the effect on  
6 electrical service rates, environmental benefits, how the program  
7 affects the operation and reliability of the electrical grid, how the  
8 program has affected peak demand for electricity, the progress  
9 made toward reaching the goals of the program, whether the  
10 program is on schedule to meet the program goals, and  
11 recommendations for improving the program to meet its goals. If  
12 the commission allocates additional moneys to research,  
13 development, and demonstration that explores solar technologies  
14 and other distributed generation technologies pursuant to paragraph  
15 (1), the commission shall include in the assessment submitted to  
16 the Legislature, a description of the program, a summary of each  
17 award made or project funded pursuant to the program, including  
18 the intended purposes to be achieved by the particular award or  
19 project, and the results of each award or project.

20 (d) (1) The commission shall not impose any charge upon the  
21 consumption of natural gas, or upon natural gas ratepayers, to fund  
22 the California Solar Initiative.

23 (2) Notwithstanding any other provision of law, any charge  
24 imposed to fund the program adopted and implemented pursuant  
25 to this section shall be imposed upon all customers not participating  
26 in the California Alternate Rates for Energy (CARE) or family  
27 electric rate assistance (FERA) programs as provided in paragraph  
28 (2), including those residential customers subject to the rate cap  
29 required by Section 80110 of the Water Code for existing baseline  
30 quantities or usage up to 130 percent of existing baseline quantities  
31 of electricity.

32 (3) The costs of the program adopted and implemented pursuant  
33 to this section may not be recovered from customers participating  
34 in the California Alternate Rates for Energy or CARE program  
35 established pursuant to Section 739.1, except to the extent that  
36 program costs are recovered out of the nonbypassable system  
37 benefits charge authorized pursuant to Section 399.8.

38 (e) In implementing the California Solar Initiative, the  
39 commission shall ensure that the total cost over the duration of the  
40 program does not exceed three billion three hundred fifty million

1 ~~eight hundred thousand dollars (\$3,350,800,000). The financial~~  
2 ~~components of the California Solar Initiative shall consist of the~~  
3 ~~following:~~

4 ~~(1) Programs under the supervision of the commission funded~~  
5 ~~by charges collected from customers of San Diego Gas and Electric~~  
6 ~~Company, Southern California Edison Company, and Pacific Gas~~  
7 ~~and Electric Company. The total cost over the duration of these~~  
8 ~~programs shall not exceed two billion one hundred sixty-six million~~  
9 ~~eight hundred thousand dollars (\$2,166,800,000) and includes~~  
10 ~~moneys collected directly into a tracking account for support of~~  
11 ~~the California Solar Initiative and moneys collected into other~~  
12 ~~accounts that are used to further the goals of the California Solar~~  
13 ~~Initiative.~~

14 ~~(2) Programs adopted, implemented, and financed in the amount~~  
15 ~~of seven hundred eighty-four million dollars (\$784,000,000), by~~  
16 ~~charges collected by local publicly owned electric utilities pursuant~~  
17 ~~to Section 387.5. Nothing in this subdivision shall give the~~  
18 ~~commission power and jurisdiction with respect to a local publicly~~  
19 ~~owned electric utility or its customers.~~

20 ~~(3) Programs for the installation of solar energy systems on new~~  
21 ~~construction, administered by the State Energy Resources~~  
22 ~~Conservation and Development Commission pursuant to Chapter~~  
23 ~~8.6 (commencing with Section 25740) of Division 15 of the Public~~  
24 ~~Resources Code, and funded by nonbypassable charges in the~~  
25 ~~amount of four hundred million dollars (\$400,000,000), collected~~  
26 ~~from customers of San Diego Gas and Electric Company, Southern~~  
27 ~~California Edison Company, and Pacific Gas and Electric Company~~  
28 ~~pursuant to Article 15 (commencing with Section 399).~~