

AMENDED IN SENATE MAY 31, 2011

AMENDED IN SENATE MARCH 29, 2011

**SENATE BILL**

**No. 585**

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**Introduced by Senator Kehoe**

February 17, 2011

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An act to add Section 2851.1 to the Public Utilities Code, relating to solar energy, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 585, as amended, Kehoe. Energy: solar energy systems: funding.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations. Decisions of the PUC adopted the California Solar Initiative. Existing law requires the PUC, in implementing the California Solar Initiative, to ensure that the total cost over the duration of the program does not exceed \$3,350,800,000, and imposes monetary limits on programs funded by charges collected from customers of the state's 3 largest electrical corporations and on programs adopted, implemented, and financed by charges collected by local publicly owned electrical utilities.

This bill would require the commission, to fund certain program shortfalls, to first allocate interest accumulated from customer collections and, for the remainder of the shortfall, to increase collections from customers of the state's 3 largest electrical corporations for specified programs. *The bill, except as specified, would set the discount rate for interest at 4%.*

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: no.

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

1 SECTION 1. Section 2851.1 is added to the Public Utilities  
2 Code, to read:

3 2851.1. ~~Notwithstanding~~(a) *As used in this section, “discount*  
4 *rate” means a financial mechanism that provides a given amount*  
5 *of interest as an offset to the loss of the time value of money on*  
6 *solar projects that receive performance-based incentives under*  
7 *Section 2851.*

8 (b) *Notwithstanding* the total cost limitation in subdivision (e)  
9 of Section 2851, and the component cost limitation in paragraph  
10 (1) of subdivision (e) of Section 2851, the commission, to fund  
11 program shortfalls identified for incentive step levels 8, 9, and 10  
12 for nonresidential solar photovoltaic systems, shall first allocate  
13 interest accumulated from customer collections and, for the  
14 remainder of the shortfall, increase collections from customers of  
15 San Diego Gas and Electric Company, Southern California Edison  
16 Company, and Pacific Gas and Electric Company for programs  
17 described in paragraph (1) of subdivision (e) of Section 2851.

18 (c) *The discount rate shall be set at 4 percent, unless the*  
19 *commission determines the rate should be reduced.*

20 SEC. 2. This act is an urgency statute necessary for the  
21 immediate preservation of the public peace, health, or safety within  
22 the meaning of Article IV of the Constitution and shall go into  
23 immediate effect. The facts constituting the necessity are:

24 In order to make additional funding available as soon as possible  
25 for the nonresidential incentives provided under the California  
26 Solar Initiative, which needs the funds before 2012 to remain  
27 solvent, it is necessary for this act to take effect immediately.

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