

**Introduced by Senator De León
(Coauthor: Senator Correa)**

February 6, 2012

An act to add Chapter 7.6 (commencing with Section 2833) to Part 2 of Division 1 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 998, as introduced, De León. Energy efficiency and renewable energy on-bill repayment programs.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable.

This bill would require the commission to require an electrical corporation to develop and implement an on-bill repayment program, as defined, for eligible energy efficiency and renewable energy investments, as defined, on terms that the commission determines are just and reasonable. The bill would require the commission ensure that any on-bill repayment program approved by the commission include certain elements. The bill would require the electrical corporation to treat any resulting shortfall in payment for electrical or gas service consistent with the rules established by the commission for a customer's failure to pay for electrical or gas service.

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

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

1 SECTION 1. Chapter 7.6 (commencing with Section 2833) is
2 added to Part 2 of Division 1 of the Public Utilities Code, to read:

3

4 CHAPTER 7.6. ENERGY EFFICIENCY AND RENEWABLE ENERGY
5 ON-BILL REPAYMENT PROGRAMS

6

7 2833. For purposes of this chapter, the following terms have
8 the following meanings:

9 (a) “Eligible energy efficiency investment” means an
10 expenditure for energy efficiency retrofits or improvements that
11 would be expected to result in an annual reduction in electricity
12 and gas billings that equals or exceeds the sum of the annual
13 payments for the investment and meet the requirements as
14 established by the commission in consultation with the energy
15 commission.

16 (b) “Eligible renewable energy or distributed generation
17 investment” means an expenditure for an eligible renewable energy
18 resource or distributed generation system that meet the
19 requirements as established by the commission in consultation
20 with the energy commission. For these purposes, “eligible
21 renewable energy resource” means an eligible renewable energy
22 resource pursuant to the California Renewables Portfolio Standard
23 Program (Article 16 (commencing with Section 399.11) of Chapter
24 2.3 of Part 1), a solar water heating system, or a solar heating
25 collector as defined in Section 2861.

26 (c) “Fixed” includes, but is not limited to, systems attached to
27 a residential, commercial, industrial, agricultural, or other real
28 property pursuant to a power purchase agreement or lease between
29 the owner of the improvement and the owner of the real property
30 if the power purchase agreement or lease contains all of the
31 following:

32 (1) The term of the power purchase agreement or lease is at
33 least the same as the term of the on-bill repayment program.

34 (2) The owner of the attached improvement agrees to install,
35 maintain, and monitor the improvement for the entire term of the
36 power purchase agreement or lease.

37 (3) The owner of the attached improvement is not permitted to
38 remove the system prior to completion of the term of the on-bill

1 repayment program provided the payment obligations of the
2 homeowner are met.

3 (4) The right to receive electricity from the system, through a
4 power purchase agreement or lease or the right to the system itself,
5 is tied to the ownership of the real property and is required to be
6 automatically transferred with the title to the real property whether
7 the title is transferred by voluntary sale, judicial or nonjudicial
8 foreclosure, or by any other means.

9 (5) To ensure the property owner is guaranteed the electric
10 power from the system for the length of the on-bill repayment
11 program, the improvement cannot be removed if the owner of the
12 real property or the utility is performing its obligations under the
13 contract.

14 (d) “On-bill repayment program” means a system approved by
15 the commission that enables building owners or occupants to pay
16 the costs for financing eligible energy efficiency, renewable energy,
17 or distributed generation investments through their regular utility
18 billings for electric service, with the financing provided by third
19 parties, including banks, credit unions, solar service providers, or
20 other entities as approved by the commission.

21 2834. (a) The commission shall require an electrical
22 corporation to develop and implement on-bill repayment programs
23 for eligible energy efficiency and renewable energy investments
24 on terms that the commission determines are just and reasonable.
25 An electrical corporation may include marketing, contractor
26 qualification, and project inspection services in conjunction with
27 an on-bill repayment program, to be performed either by itself or
28 third parties designated by the electrical corporation and approved
29 by the commission. The commission, in consultation with the
30 Energy Commission, may establish marketing, contractor
31 qualification, project inspection, or other program requirements
32 for on-bill repayment programs.

33 (b) The commission shall ensure that any on-bill repayment
34 program approved by the commission includes all the following
35 program elements:

36 (1) Repayment shall be pursuant to an agreed-upon schedule or
37 formula that is acceptable to the electrical corporation or its agent,
38 as approved by the commission, that provides the billing and
39 transfer services, the customer of the electrical corporation, and
40 the third party that provides financing for the eligible energy

1 efficiency and renewable energy investment. The payment shall
2 be listed as a separate line item on the electrical corporation's
3 billings. While it is the expectation that the finance charge included
4 in the electrical corporations's billings will be less than the
5 monetary savings that results from the eligible energy efficiency
6 and renewable energy investment, so that customers can knowingly
7 weigh the benefits of investments against anticipated savings, this
8 is not an absolute requirement and customers shall have the option
9 to pay more than the amount of savings, if offered by the third
10 party, and the customer determines that paying off the investment
11 over a shorter period of time is in the customer's best interest. The
12 payment schedule may be varied by season to correspond with the
13 anticipated seasonal savings.

14 (2) The obligation to pay the costs of financing the energy
15 efficiency and renewable energy investments eligible for on-bill
16 repayment shall run with the real property upon which the
17 improvement is fixed and shall be part of the tariff rate for the
18 property. The commission shall require an electrical corporation
19 or its agent, as approved by the commission, to provide notice to
20 the new customer, of the estimated savings, the amount that
21 remains owed, and the amount of the charge included in the
22 monthly or other periodic billing, whenever a request is made to
23 change the holder of the account to a new customer. A realtor or
24 real estate agent shall disclose the amount that remains owed and
25 the amount of the charge included in the monthly or other periodic
26 billing the buyer of a transaction involving the property.

27 (3) An electrical corporation or its agent, as approved by the
28 commission, may require that it be provided with a copy of loan
29 documents as a condition for providing on-bill repayment services.

30 (4) Amounts collected by the electrical corporation or its agent,
31 as approved by the commission, on behalf of a third party that
32 provides financing for an eligible energy efficiency and renewable
33 energy investment shall be promptly remitted to the third party. If
34 the amount paid by the customer is less than the amount the
35 customer was billed, the amount paid by the customer shall be
36 prorated in proportion to the respective charges of the electrical
37 corporation and third-party billing schedule and the portion owed
38 to the third party shall be promptly remitted to the third party. The
39 electrical corporation may treat any shortfall in payment by the
40 customer as a failure to pay for electric service, consistent with

1 the rules established by the commission for a customer's failure
2 to pay for electrical service.

3 (5) If a dispute arises between the customer and the third party
4 over the customer's obligation to pay the third party, the electrical
5 corporation may hold the moneys collected on behalf of the third
6 party in an interest bearing account, if instructed to do so by a
7 court having jurisdiction over the dispute, or by an arbitrator
8 appointed to resolve the dispute.

9 (c) The electrical corporation shall treat any resulting shortfall
10 in payment for electrical or gas service consistent with the rules
11 established by the commission for a customer's failure to pay for
12 electrical or gas service.

O