

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2597

Introduced by Assembly Member Ting
(Principal coauthor: Senator Pavley)

February 21, 2014

An act to ~~add and repeal Section 25230~~ amend Sections 26052, 26055, 26060, 26061, 26062, and 26063 of the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2597, as amended, Ting. Energy: ~~electric vehicles: grid impact.~~ PACE program.

Existing law authorizes a public agency and a property owner to enter into voluntary contractual assessments to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently affixed on real property (PACE financing program).

Existing law requires the California Alternative Energy and Advanced Transportation Financing Authority to establish a Property Assessed Clean Energy (PACE) Reserve program to assist local jurisdictions in financing, among other things, the installation of distributed generation renewable energy sources or energy or water efficiency improvements on residential projects. Existing law requires the authority, in considering the eligibility of a public agency's PACE financing program for assistance under the PACE Reserve program, to consider whether the PACE program provides a loan that is less than 10% of the value of the property.

This bill would authorize the PACE program to provide an assessment that is less than 15% of the value of the property.

~~Existing law establishes the State Energy Resources Conservation and Development Commission and requires the commission to conduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery, and distribution.~~

~~This bill would require the commission, on or before December 1, 2015, to submit a report to the Legislature on the feasibility, potential benefits, and electrical grid impacts of using electric vehicles as an energy storage device for meeting load demands placed on the electrical grid. The bill would repeal this provision on January 1, 2020.~~

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. Section 26052 of the Public Resources Code is
2 amended to read:

3 26052. “Applicant” means, for the purposes of Article 2
4 (commencing with Section 26060), a public agency as defined in
5 paragraph (3) of subdivision (c) of Section 5898.20 of the Streets
6 and Highways Code, or an entity administering a PACE ~~loan~~
7 *assessment* program on behalf of and with written consent of a
8 public agency, and, for the purposes of Article 3 (commencing
9 with Section 26070), a financial institution providing a loan
10 pursuant to that chapter to finance the installation of distributed
11 generation renewable energy sources, electric vehicle charging
12 infrastructure, or energy or water efficiency improvements.

13 SEC. 2. Section 26055 of the Public Resources Code is
14 amended to read:

15 26055. “PACE program” means a program established by an
16 applicant that is financed by the PACE bond or a PACE ~~loan~~
17 *assessment* program regardless of funding sources.

18 SEC. 3. Section 26060 of the Public Resources Code is
19 amended to read:

20 26060. (a) The authority shall develop and administer a PACE
21 Reserve program to reduce overall costs to the property owners
22 of PACE bonds issued by an applicant by providing a reserve of
23 no more than 10 percent of the initial principal amount of the PACE
24 bond.

1 (b) The authority shall develop and administer a PACE risk
2 mitigation program for PACE ~~loans~~ *assessments* to increase their
3 acceptance in the marketplace and protect against the risk of default
4 and foreclosure.

5 *SEC. 4. Section 26061 of the Public Resources Code is*
6 *amended to read:*

7 26061. To qualify for assistance pursuant to this chapter, the
8 PACE program shall require all of the following:

9 (a) The interest rate on the PACE bond does not exceed a
10 percentage as determined by the authority to be appropriate.

11 (b) Minimum legal ~~loan~~ *assessment* structure and credit
12 underwriting criteria as determined by the authority are met.

13 (c) Proceeds of the PACE bonds are used to finance qualified
14 energy and water efficiency, electric vehicle charging
15 infrastructure, and clean energy improvements.

16 (d) The improvement financed is for a residential project of
17 three units or fewer, or a commercial project that costs less than
18 twenty-five thousand dollars (\$25,000) in total.

19 *SEC. 5. Section 26062 of the Public Resources Code is*
20 *amended to read:*

21 26062. An applicant shall submit to the authority an application
22 providing a detailed description of the PACE program, a detailed
23 description of the transactional activities associated with the PACE
24 bond issuance, including all transactional costs, information
25 regarding any credit enhancement or ~~loan~~ insurance associated
26 with ~~a~~ *the PACE loan assessment* program, and other information
27 deemed necessary by the authority.

28 *SEC. 6. Section 26063 of the Public Resources Code is*
29 *amended to read:*

30 26063. (a) In evaluating eligibility, the authority shall consider
31 whether the applicant's PACE program includes the following
32 conditions:

33 (1) ~~Loan~~ *Assessment* recipients are legal owners of underlying
34 property.

35 (2) ~~Loan~~ *Assessment* recipients are current on mortgage and
36 property tax payments.

37 (3) ~~Loan~~ *Assessment* recipients are not in default or in
38 bankruptcy proceedings.

39 (4) ~~Loans are~~ *Assessment* ~~is~~ for less than ~~10~~ 15 percent of the
40 value of the property.

1 (5) The property is within the geographical boundaries of the
2 PACE program.

3 (6) The program offers financing for energy efficiency
4 improvements or electric vehicle charging infrastructure.

5 (7) Improvements financed by the program follow applicable
6 standards of energy efficiency retrofit work, including any
7 guidelines adopted by the State Energy Resources Conservation
8 and Development Commission.

9 (b) In evaluating an application, the authority shall consider all
10 of the following factors:

11 (1) The use by the PACE program of best practices, adopted by
12 the authority, to qualify eligible properties for participation in
13 underwriting the PACE program.

14 (2) The cost efficiency of the applicant’s PACE program,
15 including bond issuance, credit enhancement, or loan insurance.

16 (3) The projected number of jobs created by the PACE program.

17 (4) The applicant’s PACE program requirements for quality
18 assurance and consumer protection as related to achieving
19 efficiency and clean energy production.

20 (5) The mechanisms by which savings produced by this program
21 are passed on to the property owners.

22 (6) Any other factors deemed appropriate by the authority.

23 ~~SECTION 1. Section 25230 is added to the Public Resources~~
24 ~~Code, to read:~~

25 ~~25230. (a) On or before December 1, 2015, the commission~~
26 ~~shall, pursuant to Section 9795 of the Government Code, submit~~
27 ~~to the Legislature a report on the feasibility, potential benefits, and~~
28 ~~electrical grid impacts of using electric vehicles as an energy~~
29 ~~storage device for meeting load demands placed on the electrical~~
30 ~~grid.~~

31 ~~(b) Pursuant to Section 10231.5 of the Government Code, this~~
32 ~~section is inoperative on December 1, 2019, and is repealed on~~
33 ~~January 1, 2020.~~