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AMENDED IN SENATE JUNE 16, 2015

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AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 693

Introduced by Assembly Members Eggman and Williams

February 25, 2015

An act to amend Section 748.5 of, and to add Chapter 9.5 (commencing with Section 2870) to Part 2 of Division 1 of, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 693, as amended, Eggman. Multifamily Affordable Housing Renewables Program.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. 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.

The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. That act requires the state board to adopt a statewide greenhouse gas emissions limit, as defined, to be achieved by 2020, equivalent to the statewide greenhouse gas emissions level in 1990. The state board is authorized to include market-based compliance mechanisms to comply with the

regulations. The implementing regulations adopted by the state board provide for the direct allocation of greenhouse gas allowances to electrical corporations pursuant to a market-based compliance mechanism.

Existing law authorizes the commission to allocate 15% of these revenues for clean energy and energy efficiency projects established pursuant to statute that are administered by electrical corporations and requires the commission to direct the balance of the revenues to be credited directly to the residential, small business, and emissions-intensive trade-exposed retail customers of the electrical corporations, as specified.

This bill would authorize a qualified 3rd-party administrator to administer the clean energy and energy efficiency projects.

Existing law requires the commission to establish a program of assistance to low-income electric and gas customers, referred to as the California Alternate Rates for Energy ~~Energy~~, or ~~CARE CARE~~, program. Existing law requires the commission to ensure that not less than 10% of the funds for the California Solar Initiative are utilized for the installation of solar energy systems, as defined, on low-income residential housing, as defined. Pursuant to this requirement, the commission adopted decisions that established the Single-Family Affordable Solar Homes Program and the Multifamily Affordable Solar Housing Program, pursuant to which the electrical corporations provide monetary incentives for the installation of solar energy systems on low-income residential housing.

This bill would require the commission to annually authorize the allocation of ~~\$100,000,000~~, *\$100,000,000 or 10% of available funds, whichever is less*, beginning with the fiscal year commencing July 1, 2016, and ending with the fiscal year ending June 30, 2026, from the greenhouse gas allowance revenues received by electrical corporations set aside for clean energy and energy efficiency projects for the Multifamily Affordable Housing Renewables Program, which the bill would create. The bill would require the program to be administered by a qualified 3rd-party administrator, selected by the commission through a competitive bidding system, with not more than 10% of the allocated funds to be used for administration. The bill would require the commission to authorize the award of monetary incentives for qualifying renewable energy systems, as defined, that are installed on qualified multifamily affordable housing properties, as defined, through December 31, 2030, with the target of the program being to install a

combined generating capacity of 300 megawatts on qualified multifamily affordable housing properties. The bill would require the commission to require that the electricity generated by qualifying renewable energy systems installed on qualified multifamily affordable housing properties pursuant to the program be primarily used to offset electricity usage by low-income tenants. The bill would require that low-income customers participating in the program receive offsets on utility bills from the program through virtual net metering tariffs, as defined. The bill would require the commission, by July 30, 2018, and by July 30 of every even year thereafter through 2032, to submit an assessment, as specified, to the Legislature of the success of the Multifamily Affordable Housing Renewables Program.

Existing law makes any public utility and any corporation or person other than a public utility that violates any part of any order, decision, rule, direction, demand, or requirement of the commission guilty of a crime.

Because the provisions of this bill require action by the commission to implement its requirements, a violation of these commission-ordered requirements would impose a state-mandated local program by creating a new 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. The Legislature finds and declares all of the
- 2 following:
- 3 (a) It is necessary to provide assistance to low-income utility
- 4 customers to make sure they can afford to pay their energy bills.
- 5 (b) Programs that reduce the costs of the energy utilities'
- 6 California Alternate Rates for Energy, or CARE, program can
- 7 support the long-term ability of the CARE program to meet the
- 8 needs of low-income customers.
- 9 (c) Installing qualifying renewable energy systems, including
- 10 solar energy systems, in disadvantaged communities can provide

1 local economic development benefits while advancing the state's
2 renewable energy policies and policies to reduce emissions of
3 greenhouse gases.

4 (d) The Greenhouse Gas Reduction Fund Investment Plan and
5 Communities Revitalization Act (Chapter 4.1 (commencing with
6 Section 39710) of Part 2 of Division 26 of the Health and Safety
7 Code) requires that a minimum of 25 percent of the available
8 moneys in the Greenhouse Gas Reduction Fund be allocated to
9 projects that provide benefits to disadvantaged communities and
10 10 percent fund projects in disadvantaged communities.

11 (e) It is the goal of the state to make qualifying renewable energy
12 systems, including solar energy resources, more accessible to
13 low-income and disadvantaged communities and, as in the case
14 of the Multifamily Affordable Housing Renewables Program, to
15 install those systems in a manner that represents the geographic
16 diversity of the state.

17 (f) It is the goal of the state to install qualifying renewable
18 energy systems that have a generating capacity equivalent to at
19 least 300 megawatts for the express purpose of lowering the energy
20 bills of CARE-eligible tenants at low-income multifamily housing.

21 SEC. 2. Section 748.5 of the Public Utilities Code is amended
22 to read:

23 748.5. (a) Except as provided in subdivision (c), the
24 commission shall require revenues, including any accrued interest,
25 received by an electrical corporation as a result of the direct
26 allocation of greenhouse gas allowances to electric utilities pursuant
27 to subdivision (b) of Section 95890 of Title 17 of the California
28 Code of Regulations to be credited directly to the residential, small
29 business, and emissions-intensive trade-exposed retail customers
30 of the electrical corporation.

31 (b) Not later than January 1, 2013, the commission shall require
32 the adoption and implementation of a customer outreach plan for
33 each electrical corporation, including, but not limited to, such
34 measures as notices in bills and through media outlets, for purposes
35 of obtaining the maximum feasible public awareness of the
36 crediting of greenhouse gas allowance revenues. Costs associated
37 with the implementation of this plan are subject to recovery in
38 rates pursuant to Section 454.

39 (c) The commission may allocate up to 15 percent of the
40 revenues, including any accrued interest, received by an electrical

1 corporation as a result of the direct allocation of greenhouse gas
2 allowances to electrical distribution utilities pursuant to subdivision
3 (b) of Section 95890 of Title 17 of the California Code of
4 Regulations, for clean energy and energy efficiency projects
5 established pursuant to statute that are administered by the
6 electrical corporation, or a qualified third-party administrator as
7 approved by the commission, and that are not otherwise funded
8 by another funding source.

9 SEC. 3. Chapter 9.5 (commencing with Section 2870) is added
10 to Part 2 of Division 1 of the Public Utilities Code, to read:

11
12 CHAPTER 9.5. MULTIFAMILY AFFORDABLE HOUSING
13 RENEWABLES PROGRAM
14

15 2870. (a) As used in this section, the following terms have the
16 following meanings:

17 (1) "CARE program" means the California Alternate Rates for
18 Energy program established pursuant to Section 739.1.

19 (2) "Program" means the Multifamily Affordable Housing
20 Renewables Program established pursuant to this chapter.

21 (3) "Qualified multifamily affordable housing property" means
22 a multifamily residential complex of at least five rental housing
23 units that is low-income residential housing, as defined in
24 subdivision (a) of Section 2852, and that meets at least one of the
25 following requirements:

26 (A) The property is located in a disadvantaged community, as
27 identified by the California Environmental Protection Agency
28 pursuant to Section 39711 of the Health and Safety Code.

29 (B) At least 80 percent of the residents reside in households,
30 adjusted by size, having incomes not in excess of 60 percent of
31 the area median income of the county.

32 (4) "Qualifying renewable energy system" means a facility that
33 generates electricity using biomass, solar thermal, photovoltaic,
34 wind, geothermal, fuel cells using renewable fuels, small
35 hydroelectric generation of 30 megawatts or less, digester gas,
36 municipal solid waste conversion, landfill gas, ocean wave, ocean
37 thermal, or tidal current, and any additions or enhancements to the
38 facility using that technology, and that, for a photovoltaic facility,
39 meets the eligibility criteria established by the Energy Commission

1 pursuant to subdivisions (a) and (c) of Section 25782 of the Public
2 Resources Code.

3 (5) “Virtual net metering tariffs” mean the tariffs that the
4 commission approves pursuant to Section 2827 to provide net
5 energy metering to multitenant or multimeter properties.

6 (b) (1) The commission shall annually authorize the allocation
7 of one hundred million dollars (\$100,000,000) *or 10 percent of*
8 *available funds, whichever is less*, from the revenues described in
9 subdivision (c) of Section 748.5 for the Multifamily Affordable
10 Housing Renewables Program, beginning with the fiscal year
11 commencing July 1, 2016, and ending with the fiscal year ending
12 June 30, 2026.

13 (2) *Every three years, the commission shall evaluate the*
14 *program’s expenditures, commitments, uncommitted balances,*
15 *future demands, performance, and outcomes and shall make any*
16 *necessary adjustments to the program to ensure the goals of the*
17 *program are being met. If, after the first three years, any funds*
18 *allocated over the first three years remain uncommitted, those funds*
19 *shall be credited to ratepayers pursuant to Section 748.5.*

20 (c) The commission shall require the administration of the
21 program by a qualified third-party administrator, selected by the
22 commission through a competitive bidding process. Not more than
23 10 percent of the funds allocated to the program shall be used for
24 administration.

25 (d) (1) The commission shall authorize the award of monetary
26 incentives for qualifying renewable energy systems that are
27 installed on qualified multifamily affordable housing properties
28 through December 31, 2030. The target of the program is to install
29 a combined generating capacity of 300 megawatts on qualified
30 multifamily affordable housing properties.

31 (2) For a photovoltaic facility, the commission shall establish
32 conditions for the monetary incentives that require appropriate
33 siting and high-quality installation of the solar energy system that
34 maximize the performance of the system and prevent qualified
35 systems from being inefficiently or inappropriately installed. The
36 goal of this paragraph is to achieve efficient installation of solar
37 energy systems to promote the greatest energy production for the
38 moneys expended. In meeting this goal, the commission may
39 require performance-based incentives for the program if it
40 determines those incentives are appropriate.

1 (3) The commission shall require that the electricity generated
2 by qualifying renewable energy systems installed pursuant to the
3 program be primarily used to offset electricity usage by low-income
4 tenants. These requirements may include required covenants and
5 restrictions in deeds. Ratepayers participating in the CARE
6 program shall be eligible for utility billing offsets.

7 (4) The commission shall require that qualifying renewable
8 energy systems owned by third-party owners are subject to
9 contractual restrictions to ensure that no additional costs for the
10 system be passed on to low-income tenants at the properties
11 receiving incentives pursuant to the program. The commission
12 shall require a lifetime guarantee for energy production over the
13 useful life of the system.

14 (5) The commission shall ensure that incentive levels for
15 photovoltaic installations receiving incentives through the program
16 are aligned with the installation costs for solar energy systems in
17 affordable housing markets and take account of federal investment
18 tax credits and contributions from other sources to the extent
19 feasible.

20 (6) The commission shall require that no individual installation
21 receive incentives at a rate greater than 100 percent of the total
22 system installation costs.

23 (7) The commission shall establish local hiring requirements
24 for the program to provide economic development benefits to
25 disadvantaged communities.

26 (8) The commission shall establish energy efficiency
27 requirements for program participants that are equal to, or greater
28 than the energy efficiency requirements established for the program
29 described in Section 2852.

30 (e) (1) Eligible customers who participate in the program shall
31 receive offsets on utility bills from the program. The commission
32 shall ensure that utility bill reductions are achieved through virtual
33 net metering tariffs.

34 (2) The commission shall ensure that electrical corporation rate
35 structures affecting the low-income tenants participating in the
36 program continue to provide a direct economic benefit from the
37 qualifying renewable energy system.

38 (f) Nothing in this chapter is intended to supplant CARE
39 program rates as the primary mechanism for achieving the goals
40 of the CARE program.

1 (g) On or before July 30, 2018, and by July 30 of every even
2 year thereafter through 2032, the commission shall submit to the
3 Legislature an assessment of the success of the Multifamily
4 Affordable Housing Renewables Program. That assessment shall
5 include the number of qualified multifamily affordable housing
6 property sites that have a qualifying renewable energy system for
7 which an award was made pursuant to this chapter and the dollar
8 value of the award, the electrical generating capacity of the
9 qualifying renewable energy system, the bill reduction outcomes
10 of the program for the participants, the cost of the program, the
11 total electrical system benefits, the environmental benefits, the
12 progress made toward reaching the goals of the program, and the
13 recommendations for improving the program to meet its goals.
14 The report shall also include a summary of the other programs
15 intended to benefit disadvantaged communities, including, but not
16 limited to, the Single-Family Affordable Solar Homes Program,
17 the Multifamily Affordable Solar Housing Program, and the Green
18 Tariff Shared Renewables Program (Chapter 7.6 (commencing
19 with Section 2831)).

20 SEC. 4. No reimbursement is required by this act pursuant to
21 Section 6 of Article XIII B of the California Constitution because
22 the only costs that may be incurred by a local agency or school
23 district will be incurred because this act creates a new crime or
24 infraction, eliminates a crime or infraction, or changes the penalty
25 for a crime or infraction, within the meaning of Section 17556 of
26 the Government Code, or changes the definition of a crime within
27 the meaning of Section 6 of Article XIII B of the California
28 Constitution.

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