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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~~ *Solar Roofs* 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, or 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 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 Solar Roofs~~ 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~~ solar 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 *at least* 300 megawatts on qualified ~~multifamily affordable housing~~ properties. The bill would require the commission to require that the electricity generated by qualifying ~~renewable solar~~ 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~~ tenants 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~~ *third* year thereafter through ~~2032~~, 2030, to submit an assessment, as specified, to the Legislature of the success of the Multifamily Affordable Housing Renewables Solar Roofs 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.

1 (c) Installing qualifying ~~renewable energy systems, including~~
2 ~~solar energy systems~~, *solar energy systems* in disadvantaged
3 communities can provide local economic development benefits
4 while advancing the state's renewable energy policies and policies
5 to reduce emissions of greenhouse gases.

6 (d) The Greenhouse Gas Reduction Fund Investment Plan and
7 Communities Revitalization Act (Chapter 4.1 (commencing with
8 Section 39710) of Part 2 of Division 26 of the Health and Safety
9 Code) requires that a minimum of 25 percent of the available
10 moneys in the Greenhouse Gas Reduction Fund be allocated to
11 projects that provide benefits to disadvantaged communities and
12 10 percent fund projects in disadvantaged communities.

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

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

23 SEC. 2. Section 748.5 of the Public Utilities Code is amended
24 to read:

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

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

1 (c) The commission may allocate up to 15 percent of the
 2 revenues, including any accrued interest, received by an electrical
 3 corporation as a result of the direct allocation of greenhouse gas
 4 allowances to electrical distribution utilities pursuant to subdivision
 5 (b) of Section 95890 of Title 17 of the California Code of
 6 Regulations, for clean energy and energy efficiency projects
 7 established pursuant to statute that are administered by the
 8 electrical corporation, or a qualified third-party administrator as
 9 approved by the commission, and that are not otherwise funded
 10 by another funding source.

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

13
 14 CHAPTER 9.5. MULTIFAMILY AFFORDABLE HOUSING
 15 RENEWABLES SOLAR ROOFS PROGRAM
 16

17 2870. (a) As used in this section, the following terms have the
 18 following meanings:

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

21 (2) "Program" means the Multifamily Affordable Housing
 22 Renewables Solar Roofs Program established pursuant to this
 23 chapter.

24 (3) "Qualified multifamily affordable housing property" means
 25 a multifamily residential ~~complex~~ *building* of at least five rental
 26 housing units that is *operated to provide deed-restricted*
 27 low-income residential housing, as defined in *clause (i) of*
 28 *subparagraph (A) of paragraph (3) of subdivision (a) of Section*
 29 *2852*, and that meets ~~at least one~~ *or more* of the following
 30 requirements:

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

34 (B) At least 80 percent of the ~~residents reside in households,~~
 35 ~~adjusted by size, having incomes not in excess of households have~~
 36 ~~incomes at or below 60 percent of the area median income of the~~
 37 ~~county.~~ *income, as defined in subdivision (f) of Section 50052.5*
 38 *of the Health and Safety Code.*

39 (4) ~~"Qualifying renewable energy system" means a facility that~~
 40 ~~generates electricity using biomass, solar thermal, photovoltaic,~~

1 wind, geothermal, fuel cells using renewable fuels, small
 2 hydroelectric generation of 30 megawatts or less, digester gas,
 3 municipal solid waste conversion, landfill gas, ocean wave, ocean
 4 thermal, or tidal current, and any additions or enhancements to the
 5 facility using that technology, and that, for a photovoltaic facility,
 6 meets the eligibility criteria established by the Energy Commission
 7 pursuant to subdivisions (a) and (c) of Section 25782 of the Public
 8 Resources Code.

9 (4) “Solar energy system” means a solar energy device that
 10 has the primary purpose of providing for the collection and
 11 distribution of solar energy for the generation of electricity, that
 12 produces at least one kilowatt, and not more than five megawatts,
 13 alternating current rated peak electricity, and that meets or exceeds
 14 the eligibility criteria established pursuant to Section 25782 of the
 15 Public Resources Code.

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

19 (b) (1) The commission shall annually authorize the allocation
 20 of one hundred million dollars (\$100,000,000) or 10 percent of
 21 available funds, whichever is less, from the revenues described in
 22 subdivision (c) of Section 748.5 for the Multifamily Affordable
 23 Housing—Renewables Solar Roofs Program, beginning with the
 24 fiscal year commencing July 1, 2016, and ending with the fiscal
 25 year ending June 30, 2026. *The commission shall continue*
 26 *authorizing the allocation of these funds through June 30, 2026,*
 27 *if the commission determines that revenues are available after*
 28 *2020 and that there is adequate interest and participation in the*
 29 *program.*

30 (2) Every three years, the commission shall evaluate the
 31 program’s expenditures, commitments, uncommitted balances,
 32 future demands, performance, and outcomes and shall make any
 33 necessary adjustments to the program to ensure the goals of the
 34 program are being met. ~~If, after the first three years, any funds~~
 35 ~~allocated over the first three years remain uncommitted, If any funds~~
 36 ~~remain uncommitted for three years, those funds shall be credited~~
 37 ~~to ratepayers pursuant to Section 748.5.~~

38 (c) The commission shall require the administration of the
 39 program by a qualified third-party administrator, selected by the
 40 commission through a competitive bidding process. ~~Not~~

1 (d) Not more than 10 percent of the funds allocated to the
2 program shall be used for administration.

3 ~~(d)~~

4 (e) (1) The commission shall authorize the award of monetary
5 incentives for qualifying ~~renewable~~ solar energy systems that are
6 installed on qualified multifamily affordable housing properties
7 through December 31, 2030. The target of the program is to install
8 a combined generating capacity of *at least* 300 megawatts on
9 qualified ~~multifamily affordable housing~~ properties.

10 ~~(2) For a photovoltaic facility, the commission shall establish~~
11 ~~conditions for the monetary incentives that require appropriate~~
12 ~~siting and high-quality installation of the solar energy system that~~
13 ~~maximize the performance of the system and prevent qualified~~
14 ~~systems from being inefficiently or inappropriately installed. The~~
15 ~~goal of this paragraph is to achieve efficient installation of solar~~
16 ~~energy systems to promote the greatest energy production for the~~
17 ~~moneys expended. In meeting this goal, the commission may~~
18 ~~require performance-based incentives for the program if it~~
19 ~~determines those incentives are appropriate.~~

20 ~~(3)~~

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

27 ~~(4)~~

28 (3) The commission shall require that qualifying renewable
29 energy systems owned by third-party owners are subject to
30 contractual restrictions to ensure that no additional costs for the
31 system be passed on to low-income tenants at the properties
32 receiving incentives pursuant to the program. The commission
33 shall require a lifetime guarantee for energy production over the
34 useful life of the system.

35 ~~(5)~~

36 (4) The commission shall ensure that incentive levels for
37 photovoltaic installations receiving incentives through the program
38 are aligned with the installation costs for solar energy systems in
39 affordable housing markets and take account of federal investment

1 tax credits and contributions from other sources to the extent
2 feasible.

3 ~~(6)~~

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

7 ~~(7)~~

8 (6) The commission shall establish local hiring requirements
9 for the program to provide economic development benefits to
10 disadvantaged communities.

11 ~~(8)~~

12 (7) The commission shall establish energy efficiency
13 requirements for program participants that are equal to, or greater
14 than to the energy efficiency requirements established for the
15 program described in Section ~~2852~~, 2852, including participation
16 in a federal, state, or utility-funded energy efficiency program or
17 documentation of a recent energy efficiency retrofit.

18 ~~(e) (1) Eligible customers who participate in the program~~

19 (f) (1) Tenants shall receive offsets on utility bills from the
20 program. The commission shall ensure that utility bill reductions
21 are achieved through virtual net metering tariffs.

22 (2) The commission shall ensure that electrical corporation rate
23 structures affecting the low-income tenants participating in the
24 program continue to provide a direct economic benefit from the
25 qualifying renewable solar energy system.

26 ~~(f)~~

27 (g) Nothing in this chapter is intended to supplant CARE
28 program rates as the primary mechanism for achieving the goals
29 of the CARE program.

30 (h) The program shall provide equal treatment for customers
31 of community choice aggregators.

32 ~~(g)~~

33 (i) On or before July 30, 2018, and by July 30 of every even
34 third year thereafter through ~~2032~~, 2030, the commission shall
35 submit to the Legislature an assessment of the success of the
36 Multifamily Affordable Housing Renewables Solar Roofs Program.
37 That assessment shall include the number of qualified multifamily
38 affordable housing property sites that have a qualifying renewable
39 solar energy system for which an award was made pursuant to this
40 chapter and the dollar value of the award, the electrical generating

1 capacity of the qualifying renewable energy system, the bill
2 reduction outcomes of the program for the participants, the cost
3 of the program, the total electrical system benefits, the
4 environmental benefits, the progress made toward reaching the
5 goals of the program, *the program's impact on the CARE program*
6 *budget*, and the recommendations for improving the program to
7 meet its goals. *The report shall include an analysis of pending*
8 *program commitments, reservations, obligations, and projected*
9 *demands for the program to determine whether future ongoing*
10 *funding allocations for the program are substantiated.* The report
11 shall also include a summary of the other programs intended to
12 benefit disadvantaged communities, including, but not limited to,
13 the Single-Family Affordable Solar Homes Program, the
14 Multifamily Affordable Solar Housing Program, and the Green
15 Tariff Shared Renewables Program (Chapter 7.6 (commencing
16 with Section 2831)).

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

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