

**ASSEMBLY BILL**

**No. 2460**

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**Introduced by Assembly Member Irwin**

February 19, 2016

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An act to amend Section 2851 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2460, as introduced, Irwin. California Solar Initiative: low-income residential housing.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Decisions of the commission adopted the California Solar Initiative. Existing law requires the commission to undertake certain steps in implementing the California Solar Initiative.

This bill would make a nonsubstantive change to the law requiring the commission to undertake certain steps in implementing the California Solar Initiative.

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

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

- 1 SECTION 1. Section 2851 of the Public Utilities Code is
- 2 amended to read:
- 3 2851. (a) In implementing the California Solar Initiative, the
- 4 commission shall do all of the following:
- 5 (1) (A) The commission shall authorize the award of monetary
- 6 incentives for up to the first megawatt of alternating current

1 generated by solar energy systems that meet the eligibility criteria  
2 established by the Energy Commission pursuant to Chapter 8.8  
3 (commencing with Section 25780) of Division 15 of the Public  
4 Resources Code. The commission shall determine the eligibility  
5 of a solar energy system, as defined in Section 25781 of the Public  
6 Resources Code, to receive monetary incentives until the time the  
7 Energy Commission establishes eligibility criteria pursuant to  
8 Section 25782. Monetary incentives shall not be awarded for solar  
9 energy systems that do not meet the eligibility criteria. The  
10 incentive level authorized by the commission shall decline each  
11 year following implementation of the California Solar Initiative,  
12 at a rate of no less than an average of 7 percent per year, and,  
13 except as provided in subparagraph (B), shall be zero as of  
14 December 31, 2016. The commission shall adopt and publish a  
15 schedule of declining incentive levels no less than 30 days in  
16 advance of the first decline in incentive levels. The commission  
17 may develop incentives based upon the ~~output of electricity from~~  
18 *electricity generated by* the system, provided those incentives are  
19 consistent with the declining incentive levels of this paragraph and  
20 the incentives apply to only the first megawatt of electricity  
21 generated by the system.

22 (B) The incentive level for the installation of a solar energy  
23 system pursuant to Section 2852 shall be zero as of December 31,  
24 2021.

25 (2) The commission shall adopt a performance-based incentive  
26 program so that by January 1, 2008, 100 percent of incentives for  
27 solar energy systems of 100 kilowatts or greater and at least 50  
28 percent of incentives for solar energy systems of 30 kilowatts or  
29 greater are earned based on the actual electrical output of the solar  
30 energy systems. The commission shall encourage, and may require,  
31 performance-based incentives for solar energy systems of less than  
32 30 kilowatts. Performance-based incentives shall decline at a rate  
33 of no less than an average of 7 percent per year. In developing the  
34 performance-based incentives, the commission may:

35 (A) Apply performance-based incentives only to customer  
36 classes designated by the commission.

37 (B) Design the performance-based incentives so that customers  
38 may receive a higher level of incentives than under incentives  
39 based on installed electrical capacity.

1 (C) Develop financing options that help offset the installation  
2 costs of the solar energy system, provided that this financing is  
3 ultimately repaid in full by the consumer or through the application  
4 of the performance-based rebates.

5 (3) By January 1, 2008, the commission, in consultation with  
6 the Energy Commission, shall require reasonable and cost-effective  
7 energy efficiency improvements in existing buildings as a condition  
8 of providing incentives for eligible solar energy systems, with  
9 appropriate exemptions or limitations to accommodate the limited  
10 financial resources of low-income residential housing.

11 (4) Notwithstanding subdivision (g) of Section 2827, the  
12 commission may develop a time-variant tariff that creates the  
13 maximum incentive for ratepayers to install solar energy systems  
14 so that the system's peak electricity production coincides with  
15 California's peak electricity demands and that ensures that  
16 ratepayers receive due value for their contribution to the purchase  
17 of solar energy systems and customers with solar energy systems  
18 continue to have an incentive to use electricity efficiently. In  
19 developing the time-variant tariff, the commission may exclude  
20 customers participating in the tariff from the rate cap for residential  
21 customers for existing baseline quantities or usage by those  
22 customers of up to 130 percent of existing baseline quantities, as  
23 required by Section 739.9. Nothing in this paragraph authorizes  
24 the commission to require time-variant pricing for ratepayers  
25 without a solar energy system.

26 (b) Notwithstanding subdivision (a), in implementing the  
27 California Solar Initiative, the commission may authorize the award  
28 of monetary incentives for solar thermal and solar water heating  
29 devices, in a total amount up to one hundred million eight hundred  
30 thousand dollars (\$100,800,000).

31 (c) (1) In implementing the California Solar Initiative, the  
32 commission shall not allocate more than fifty million dollars  
33 (\$50,000,000) to research, development, and demonstration that  
34 explores solar technologies and other distributed generation  
35 technologies that employ or could employ solar energy for  
36 generation or storage of electricity or to offset natural gas usage.  
37 Any program that allocates additional moneys to research,  
38 development, and demonstration shall be developed in  
39 collaboration with the Energy Commission to ensure there is no  
40 duplication of efforts, and adopted by the commission through a

1 rulemaking or other appropriate public proceeding. Any grant  
2 awarded by the commission for research, development, and  
3 demonstration shall be approved by the full commission at a public  
4 meeting. This subdivision does not prohibit the commission from  
5 continuing to allocate moneys to research, development, and  
6 demonstration pursuant to the self-generation incentive program  
7 for distributed generation resources originally established pursuant  
8 to Chapter 329 of the Statutes of 2000, as modified pursuant to  
9 Section 379.6.

10 (2) The Legislature finds and declares that a program that  
11 provides a stable source of monetary incentives for eligible solar  
12 energy systems will encourage private investment sufficient to  
13 make solar technologies cost effective.

14 (d) (1) The commission shall not impose any charge upon the  
15 consumption of natural gas, or upon natural gas ratepayers, to fund  
16 the California Solar Initiative.

17 (2) Notwithstanding any other provision of law, any charge  
18 imposed to fund the program adopted and implemented pursuant  
19 to this section shall be imposed upon all customers not participating  
20 in the California Alternate Rates for Energy (CARE) or family  
21 electric rate assistance (FERA) programs, including those  
22 residential customers subject to the rate limitation specified in  
23 Section 739.9 for existing baseline quantities or usage up to 130  
24 percent of existing baseline quantities of electricity.

25 (3) The costs of the program adopted and implemented pursuant  
26 to this section shall not be recovered from customers participating  
27 in the California Alternate Rates for Energy or CARE program  
28 established pursuant to Section 739.1, except to the extent that  
29 program costs are recovered out of the nonbypassable system  
30 benefits charge authorized pursuant to Section 399.8.

31 (e) Except as provided in subdivision (f), in implementing the  
32 California Solar Initiative, the commission shall ensure that the  
33 total cost over the duration of the program does not exceed three  
34 billion five hundred fifty million eight hundred thousand dollars  
35 (\$3,550,800,000). Except as provided in subdivision (f), financial  
36 components of the California Solar Initiative shall consist of the  
37 following:

38 (1) Programs under the supervision of the commission funded  
39 by charges collected from customers of San Diego Gas and Electric  
40 Company, Southern California Edison Company, and Pacific Gas

1 and Electric Company. Except as provided in subdivision (f), the  
2 total cost over the duration of these programs shall not exceed two  
3 billion three hundred sixty-six million eight hundred thousand  
4 dollars (\$2,366,800,000) and includes moneys collected directly  
5 into a tracking account for support of the California Solar Initiative.

6 (2) Programs adopted, implemented, and financed in the amount  
7 of seven hundred eighty-four million dollars (\$784,000,000), by  
8 charges collected by local publicly owned electric utilities pursuant  
9 to Section 2854. Nothing in this subdivision shall give the  
10 commission power and jurisdiction with respect to a local publicly  
11 owned electric utility or its customers.

12 (3) (A) Programs for the installation of solar energy systems  
13 on new construction (New Solar Homes Partnership Program),  
14 administered by the Energy Commission, and funded by charges  
15 in the amount of four hundred million dollars (\$400,000,000),  
16 collected from customers of San Diego Gas and Electric Company,  
17 Southern California Edison Company, and Pacific Gas and Electric  
18 Company. If the commission is notified by the Energy Commission  
19 that funding available pursuant to Section 25751 of the Public  
20 Resources Code for the New Solar Homes Partnership Program  
21 and any other funding for the purposes of this paragraph have been  
22 exhausted, the commission may require an electrical corporation  
23 to continue administration of the program pursuant to the guidelines  
24 established for the program by the Energy Commission, until the  
25 funding limit authorized by this paragraph has been reached. The  
26 commission may determine whether a third party, including the  
27 Energy Commission, should administer the utility's continuation  
28 of the New Solar Homes Partnership Program. The commission,  
29 in consultation with the Energy Commission, shall supervise the  
30 administration of the continuation of the New Solar Homes  
31 Partnership Program by an electrical corporation or third-party  
32 administrator. After the exhaustion of funds, the Energy  
33 Commission shall notify the Joint Legislative Budget Committee  
34 30 days prior to the continuation of the program. This subparagraph  
35 shall become inoperative on June 1, 2018.

36 (B) If the commission requires a continuation of the program  
37 pursuant to subparagraph (A), any funding made available pursuant  
38 to the continuation program shall be encumbered through the  
39 issuance of rebate reservations by no later than June 1, 2018, and  
40 disbursed by no later than December 31, 2021.

1 (4) The changes made to this subdivision by Chapter 39 of the  
2 Statutes of 2012 do not authorize the levy of a charge or any  
3 increase in the amount collected pursuant to any existing charge,  
4 nor do the changes add to, or detract from, the commission's  
5 existing authority to levy or increase charges.

6 (f) Upon the expenditure or reservation in any electrical  
7 corporation's service territory of the amount specified in paragraph  
8 (1) of subdivision (e) for low-income residential housing programs  
9 pursuant to subdivision (c) of Section 2852, the commission shall  
10 authorize the continued collection of the charge for the purposes  
11 of Section 2852. The commission shall ensure that the total amount  
12 collected pursuant to this subdivision does not exceed one hundred  
13 eight million dollars (\$108,000,000). Upon approval by the  
14 commission, an electrical corporation may use amounts collected  
15 pursuant to subdivision (e) for purposes of funding the general  
16 market portion of the California Solar Initiative, that remain  
17 unspent and unencumbered after December 31, 2016, to reduce  
18 the electrical corporation's portion of the total amount collected  
19 pursuant to this subdivision.