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CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 29

Introduced by Assembly Members Kehoe, Cedillo, Correa, Frommer, Goldberg, Jackson, Keeley, Lowenthal, Nation, Oropesa, Pescetti, Reyes, Shelley, Simitian, Steinberg, and Strom-Martin

(Principal coauthors: Assembly Members Pavley and Shelley)

(Principal coauthor: Assembly Member Pavley)

(Coauthors: Assembly Members Lui and Negrete McLeod)

February 5, 2001

An act to add Article 2 (commencing with Section 81610) and Article 2.5 (commencing with Section 81620) to Chapter 3 of Part 49 of the Education Code, to add Article 6 (commencing with Section 14710) to Chapter 2 of Part 5.5 and Article 4 (commencing with Section 15350) to Chapter 1 of Part 6.7 of Division 3 of Title 2 of, the Government Code, to amend Sections 26003 and 26011.5 of, to add Section 26011.6 to, to add Chapter 5.35 (commencing with Section 25437) to Division 15 of, and to add and repeal Chapter 4 (commencing with Section 14420) of Division 12 of, the Public Resources Code, to amend Section



739 of, to amend, repeal, and add Section 2827 of, ~~and to add Sections 739.10 and 739.11 to~~ *to add Sections 739.10, 2827.5, and 2827.7 to, and to add and repeal Section 739.11 of*, the Public Utilities Code, relating to energy, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 29, as amended, Kehoe. Energy.

(1) Existing law establishes the State Energy Resources Conservation and Development Commission in the Resources Agency, and grants it authority with respect to various energy efficiency measures and programs. Existing law generally permits public agencies to develop energy conservation, cogeneration, and alternative energy supply sources at their facilities in order to promote all feasible means of energy and water conservation. Existing law also generally requires public agencies to meet specified requirements regarding service, consulting, architectural, and engineering contracts, and requires those contracts to be approved by the Department of General Services.

This bill would enact, until January 1, 2002, the Summer 2001 Energy Efficiency Projects by Community College Districts program, which would fund the implementation of energy conservation, efficiency, cogeneration, and alternate energy supply sources by community college districts on public property. The bill would require a community college district to request proposals prior to awarding or entering into a contract, agreement, or lease, and would require the district to award each contract based on the consideration of specified qualifications. The bill would exempt energy projects from specified requirements imposed on contracts entered into by public agencies. The bill would authorize the exemption of any energy project proposed by a community college district from existing advertising and competitive bidding requirements if the director deems the exemption necessary, as specified.

The bill would require each community college district that receives funds from the program to provide a report to the Chancellor of the California Community Colleges, on or before January 1, 2002, and would require the chancellor to report that information to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the appropriate policy and fiscal committees of each house of the Legislature, and the Governor by March 1, 2002.



By imposing additional duties on community college districts, this bill would impose a state-mandated local program.

This bill would establish the Statewide Energy Management Program to assist community college districts to achieve energy independence through the development of energy management plans, the construction of sustainable green buildings, the use of renewable or other distributed energy systems, and the expansion of statewide energy education programs and services, as prescribed. The bill would require the Board of Governors of the California Community Colleges, in consultation with the commission, to develop guidelines for this program.

The bill would require the chancellor to establish an advisory committee to provide recommendations regarding overall program development, resource development and deployment, and strategies for implementation and coordination of the program.

(2) Existing law establishes the Technology, Trade and Commerce Agency with specified powers and duties relating to economic development and science and technology. Existing law requires the energy commission to establish a small business energy assistance low-interest revolving loan program to fund the purchase of equipment for alternative technology energy projects for California's small businesses.

This bill would require the agency to administer the California Renewable Energy Loan Guarantee Program to guarantee loans made by financial institutions to eligible businesses for the permitting, manufacturing, acquisition, construction, or installation of renewable energy systems that are intended to decrease demand on the electricity grid.

(3) Existing law establishes the California Conservation Corps to conserve and develop natural resources, and enhance and maintain environmentally important lands and waters through the use of California's young women and men and to assist these youths in becoming productive adults. Existing law establishes the Department of Community Services and Development to provide a range of services and activities having a measurable and potentially major impact on causes of poverty, and to assist low-income individuals and families, migrants, and the elderly poor to obtain employment, education, income, housing, food, and emergency services.

This bill would create the Mobile Energy Efficiency Brigade, to be implemented by the corps and the department, to expand current



weatherization, energy-efficiency, and rehabilitation programs in accordance with prescribed objectives. These provisions would remain in effect until January 1, 2003.

(4) Existing law requires the energy commission to administer a program of grants and loans with respect to energy efficiency measures and programs.

~~This bill would authorize the owner of any shopping center, defined by the bill to mean a group of 2 or more retail stores that use common parking facilities or that open to an enclosed common area or a retail store that is at least 1,500 square feet, to request an energy audit to be performed by an electrical corporation or local publicly owned electric utility and to apply to the energy commission for a loan for energy conservation projects identified by that audit. The bill would authorize the commission to disburse loans and establish procedures for the application, disbursement, and repayment of loans, as specified. The bill would limit eligibility for the loans to energy conservation projects that are implemented no later than October 31, 2001.~~

~~(5)~~

~~This bill would also require the energy commission to administer a grant and loan program for eligible construction or retrofit projects, as defined, and the Small Business Energy Efficient Refrigeration Loan Program established by the bill.~~

~~(6)~~

(5) The existing Energy Conservation Assistance Act of 1979, until January 1, 2011, permits a school, hospital, public care institution, or unit of local government to submit an application to the energy commission for a loan of funds for the purpose of financing all or a portion of the costs incurred in implementing a project, as defined, including an energy conservation project.

This bill would establish the Energy Conservation Act of 2001 to establish energy efficiency incentives in the form of grants and loans to low-income residents, small businesses, and residential property owners.

~~(7)~~

(6) Existing law establishes the California Alternative Energy and Advanced Transportation Financing Authority and prescribes the duties of the authority with respect to, among other things, promoting prompt and efficient development of energy sources that are renewable or that more efficiently utilize and conserve scarce energy resources.



This bill would require the authority to establish a renewable energy program to provide ~~3% per annum loans~~ *financial assistance* to public power entities, independent generators, utilities, or businesses manufacturing renewable energy generation components or systems, or both, to generate new and renewable energy sources, as defined, develop clean and efficient distributed generation, and demonstrate the economic feasibility of new technologies. The bill would require the authority to ensure that any financed project offer its power within California on a long-term contract basis.

~~(8)~~

(7) Under existing law, the Public Utilities Commission requires every electrical and gas corporation to file a schedule of rates and charges providing baseline rates. In establishing these rates, existing law requires the commission to avoid excessive rate increases for residential customers, and to establish an appropriate gradual differential between the rates for the respective blocks of usage. Additionally, in establishing residential electric and gas rates, including baseline rates, existing law requires the commission to assure that the rates are sufficient to enable the electrical corporation or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable.

The bill would require the commission, at least until December 31, 2003, to require that all charges for residential electric customers are volumetric, and to prohibit any electrical corporation from imposing any charges on residential consumption that are independent of consumption unless the charges are in place prior to the effective date of the bill.

~~This bill would require the commission to make, on a periodic basis, for residential customers, adjustments that are necessary to eliminate any linkage between recovery of an electrical corporation's authorized revenues and its electrical sales.~~

The bill would also require the commission to until December 31, 2002, to ensure that errors in estimates of demand elasticity of sales do not result in material over or undercollections of the electrical corporations.

Because existing law makes any public utility that violates specified provisions regulating public utilities guilty of a misdemeanor, this bill would impose a state-mandated local program by creating a new crime.



(9)

(8) Existing law exempts an electrical corporation that provides distribution service for direct transactions from the obligation to provide net energy metering to a customer, if the customer participates in direct transactions with an electric supplier that does not offer net energy metering, and authorizes an electrical corporation that provides distribution service for direct transactions to recover from the electric service provider of a customer that participates in direct transactions the incremental costs of metering and billing service related to net energy metering, in an amount set by the Public Utilities Commission. Existing law also establishes formulas for the calculation of net monthly consumption for eligible customer-generators taking service employing baseline, over baseline, and time use of rates. Existing law, for purposes of those provisions, defines the term “electric service provider” to include specified entities and defines “eligible customer-generator,” to mean a residential customer, or a small commercial customer of an electric service provider.

This bill would revise the definition of an electric service provider, until ~~June 1, 2002~~ *January 1, 2003*, to also include any other entity that provides electrical service. The bill would revise the definition of an eligible customer-generator, until ~~June 1, 2002~~ *January 1, 2003*, to also include commercial, industrial, or agricultural customers of an electric service provider. The bill would eliminate, until ~~June 1, 2002~~ *January 1, 2003*, certain requirements with respect to the information electric service providers are required to provide to the ratemaking authority relating to total rated generating capacity used by eligible customer-generators.

(10)

(9) Existing law requires every electric service provider, upon request, to make available to eligible customer-generators contracts for net energy metering subject to specified limitations on the number of contracts.

This bill would eliminate the specified limitations on the number of contracts.

(11)

(10) Existing law specifies that if a customer participates in direct transactions with an electric supplier that does not offer net energy metering, the electrical corporation that provides distribution service for the direct transactions is not obligated to provide net energy metering to the customer.



This bill would, instead, specify that if a customer participates in direct transactions with an electric supplier that does not provide distribution service for the direct transactions, the electrical corporation that provides distribution service for an eligible customer-generator is not obligated to provide net energy metering to the customer.

(12)

(11) Under existing law, the Emerging Renewable Resources Account is created in the Renewable Resource Trust Fund and specified portions of revenues collected by electrical corporations for the benefit of in-state operation and development of existing and new and emerging renewable resource technologies are required to be transmitted to the energy commission for deposit in the Renewable Resource Trust Fund. The money in the fund and the account is continuously appropriated to the energy commission for specified purposes, including a multiyear, consumer-based program to foster the development of emerging renewable technologies in distributed generation applications. Existing law requires this program to provide monetary rebates, buydowns, or equivalent incentives to purchasers, lessees, lessors, or sellers of eligible electricity generating systems and limits the incentives to a maximum percentage of the system price, as defined by the energy commission.

This bill would require the commission to expand existing programs to promote clean distribution generation technologies.

The bill would authorize the commission to increase the maximum rebate levels for certain distributed emerging technologies that have a peak capacity greater than 10 kilowatts, if the commission makes a specified determination.

(13)

(12) Existing law authorizes the State Public Works Board to develop energy and water conservation and cogeneration and alternative energy and water supply sources at state facilities. Existing law requires the buildings acquired or constructed by the board to be operated and maintained by the board until they are placed under the jurisdiction of the Department of General Services or another state agency.

This bill would require the department to identify, from the department's state property inventory, all buildings where it is feasible to reduce energy consumption and achieve energy efficiencies, as well as to produce onsite electrical generation or reduce the level of



peak-period electrical consumption for that building using alternative energy equipment thermal energy storage or cogeneration equipment.

This bill would authorize the Director of General Services to enter into 3rd party agreements to implement energy efficiencies and feasible onsite electrical generation. The bill would authorize the director to enter into negotiated agreements to accomplish specified objectives relating to energy.

This bill would require the department to retrofit specified public buildings where feasible, provided that work on public buildings of the California State University is performed at the request or with the consent of the university.

This bill would require the department to prepare and submit to the Legislature and the Governor, a report of the energy savings, if any, in terms of megawatts per year, for each public building retrofitted on or before 2 years after the effective date of this bill, and every 2 years thereafter.

(13) This bill would limit administrative costs under the bill for participating agencies to 2¹/₂%, and would require prescribed reports to be filed with the Legislature and the Governor.

(14) 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, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

~~(16)~~

(15) The bill would appropriate or reappropriate \$405,150,000 \$408,650,000 from specified funds to the Controller to be allocated in accordance with a specified schedule to accomplish the purposes of this bill.

~~(17)~~

(16) The bill would declare that it is to take effect immediately as an urgency statute.



Vote: 2/3. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. Article 2 (commencing with Section 81610) is
2 added to Chapter 3 of Part 49 of the Education Code, to read:

3

4 Article 2. Summer 2001 Energy Efficiency Projects By
5 Community College Districts

6

7 81610. It is the intent of the Legislature to permit community
8 college districts to implement energy conservation, efficiency,
9 cogeneration, and alternate energy supply sources on public
10 property in accordance with this chapter in the most expedient
11 manner possible. It is also the intent of the Legislature that the
12 California Community College system take all steps necessary to
13 ensure that the energy efficiency projects contemplated by this
14 chapter are in place by the summer of 2001.

15 81611. For the purposes of this article, “energy project”
16 means equipment, load management techniques, or other
17 measures or services that reduce energy consumption and provide
18 for more efficient use of energy in buildings or facilities owned or
19 operated by community college districts, and that can be
20 completed and energy savings realized by the summer of 2001 in
21 order to minimize the need for future state resources to pay for
22 increased energy costs.

23 81612. (a) Notwithstanding any other provision of law, prior
24 to awarding, or entering into, any contract, agreement, or lease
25 pursuant to this article, a community college district shall request
26 proposals from qualified persons. After evaluating those
27 proposals, the community college district shall award contracts to
28 responsible persons or entities who submit responses to a request
29 for proposal which are responsive to the requirements of the
30 request for proposals. A community college may award a contract
31 for an energy project under this article to any responsible person
32 or entity timely submitting a responsive answer to the request for
33 proposals based on qualifications, including the consideration of
34 all of the following factors:

1



1 (1) Experience of the contractor, architect, engineer, or other
2 consultant, as applicable.

3 (2) Type of technology to be employed by the contractor on the
4 energy project.

5 (3) Cost to the district.

6 (4) Any other considerations deemed relevant by the district.

7 (b) Notwithstanding any other provision of law, community
8 college districts may award contracts pursuant to a request for
9 proposals issued under this article or award contracts to persons or
10 entities selected from the pool of qualified energy service
11 companies established pursuant to Section 388 of the Public
12 Utilities Code, when it is determined they are qualified to perform
13 the work on a particular project. A request for proposal does not
14 have to be prepared if a community college district elects to award
15 a contract for an energy project to only those persons or entities
16 included in the pool of qualified energy service companies under
17 Section 388 of the Public Utilities Code. If a community college
18 district elects to seek proposals for an energy project pursuant to
19 a request for proposals and from the pool of qualified energy
20 service companies under Section 388 of the Public Utilities Code,
21 the community college district shall prepare a request for
22 proposals. Award of such a contract shall be based upon the factors
23 described in subdivision (a).

24 81613. (a) Notwithstanding the repeal of this section by
25 Section 81615, on or before January 1, 2002, each community
26 college district receiving funds appropriated pursuant to this
27 section shall provide a report to the Chancellor of the California
28 Community Colleges with the following information:

29 (1) The amount of funding expended.

30 (2) The measures, programs, or activities funded.

31 (3) A description of the effectiveness of the measures,
32 programs, or activities funded in reducing peak electricity demand
33 and improving energy efficiency, as measured in kilowatthours of
34 electricity or British thermal unit hours reduced per dollar
35 expended.

36 (b) Notwithstanding the repeal of this section by Section
37 81615, on or before March 1, 2002, the Chancellor of the
38 California Community Colleges shall provide a summary of the
39 reports provided pursuant to subdivision (a) to the Chairperson of
40 the Joint Legislative Budget Committee, to the chairpersons of the



1 appropriate policy and fiscal committees of both houses of the
2 Legislature, and to the Governor.

3 81614. Any contracts entered into pursuant to this chapter by
4 a community college district are exempt from the following
5 requirements:

6 (a) Architectural, engineering, construction management, and
7 consulting contracts are exempt from Chapter 10 (commencing
8 with Section 4525) of Division 5 of Title 1 of the Government
9 Code.

10 (b) All contracts are exempt from Article 3.5 (commencing
11 with Section 81660).

12 (c) All contracts are exempt from the publication requirements
13 set forth in Section 81641.

14 (d) All contracts are exempt from Article 41 (commencing
15 with Section 20650) of Chapter 1 of Part 3 of Division 2 of the
16 Public Contract Code, except that if in the request for proposals for
17 an energy project under this article, a community college district
18 has established a requirement for bid security, a response to the
19 request for proposal will be deemed responsive only if the
20 response is submitted with the required bid security.

21 (e) If the value of a project awarded by a community college
22 district to a contractor to implement an energy project under this
23 article is in excess of twenty-five thousand dollars (\$25,000),
24 regardless of whether the requirement is noted in the request for
25 proposals, the contractor awarded such a contract shall obtain and
26 submit to such a community college district for approval of a
27 Labor and Materials Payment Bond conforming to the
28 requirements of Section 3248 of the Civil Code.

29 (f) If required by the terms of a request for proposals issued by
30 a community college district under this article, the person or entity
31 awarded such a contract shall obtain a performance bond
32 conforming with the applicable requirements of the request for
33 proposals.

34 81615. This article shall remain in effect only until January 1,
35 2002, and as of that date is repealed, unless a later enacted statute,
36 that is enacted before January 1, 2002, deletes or extends that date.

37 SEC. 2. Article 2.5 (commencing with Section 81620) is
38 added to Chapter 3 of Part 49 of the Education Code, to read:

39



1 Article 2.5. Statewide Energy Management Program

2
3 81620. This article shall be known, and may be cited, as the
4 Statewide Energy Management Program.

5 81621. The definitions set forth in this section govern the
6 construction of this article:

7 (a) “Commission” means the State Energy Resources
8 Conservation and Development Commission.

9 (b) “Energy independence” means the utilization of existing
10 and developing technologies to meet energy needs onsite,
11 including, but not necessarily limited to, the utilization of solar,
12 fuel cells, and other renewable and clean onsite energy sources, the
13 optimization of the use of daylighting, the use of passive solar
14 orientation, and the use of construction techniques that minimize
15 energy loss, such as appropriate insulation and lighting fixtures.

16 (c) “Energy management plans” means the plans that
17 community colleges develop with guidance from the Statewide
18 Energy Management Program to implement energy efficiency
19 projects such as sustainable green buildings, renovations, and
20 wind or solar farms that will move the community colleges toward
21 energy independence.

22 (d) “Program” means the Statewide Energy Management
23 Program, established under this article, which is a state program
24 modeled after the Federal Energy Management Program.

25 (e) “Renewable or other distributed energy systems” means
26 alternative efficient sources of energy such as daylighting,
27 photovoltaic panels (rooftops or solar farms), passive solar
28 heating, fuel cells, and steam. Diesel-fueled electric generating
29 systems are not included in this definition.

30 (f) “Sustainable green building” means a building that has
31 been designed to reduce both direct and indirect environmental
32 consequences associated with construction, occupancy, operation,
33 maintenance, and eventual decommissioning, and whose design is
34 evaluated for cost, quality of life, future flexibility, ease of
35 maintenance, energy and resource efficiency, and overall
36 environmental impact, with an emphasis on life-cycle cost
37 analysis.

38 81622. (a) In consultation with the commission, the Board of
39 Governors of the California Community Colleges shall further
40 develop and refine certain guidelines for a Statewide Energy



1 Management Program that have been established under an
2 ongoing joint effort of the commission and DeAnza College. This
3 statewide effort shall allow community college districts to achieve
4 energy independence through the development of energy
5 management plans, the construction of sustainable green
6 buildings, the use of renewable or other distributed energy
7 systems, and the expansion of statewide energy education
8 programs and services.

9 (b) By 2010, the program shall, at a minimum, facilitate the
10 completion of 20 district energy management plans, 150
11 renewable or other distributed energy systems, and 20 sustainable
12 green buildings on community college campuses statewide.

13 (c) In consultation with the commission, the board of
14 governors shall accomplish all of the following:

15 (1) Review and comment on academic, occupational, and
16 vocational education materials developed by the commission, the
17 Electric Power Research Institute, public utilities, and the
18 community colleges to improve energy education programs and
19 services.

20 (2) Review and recommend actions regarding successful
21 energy education programs and services that can be identified for
22 replication, personnel exchanges, or implementation of successful
23 practices.

24 (3) Review and recommend actions regarding program
25 resources for use by the community colleges or state agencies in
26 improving energy education programs and services.

27 (4) Review exemplary programs and facilities, and recommend
28 activities for adoption, replication, or policy advice.

29 (5) Review, comment, and recommend actions regarding
30 services that will effect energy conservation.

31 (6) Review and comment on funding requests received to
32 improve or enhance energy education.

33 (7) Review and comment on occupational and vocational
34 training programs and services to meet current employment
35 standards in energy occupations.

36 81623. The board of governors shall encourage the
37 construction of community college sustainable green buildings
38 that implement energy efficiency, sustainable building concepts,
39 and solar electric, fuel cell, and other technologies. On the
40 effective date of this article, the board of governors shall



1 immediately seek a prototype sustainable green community
2 college instructional building that can be a model for all new
3 construction and retrofit projects statewide.

4 81624. The Chancellor of the California Community
5 Colleges shall establish an advisory committee for the Statewide
6 Energy Management Program, and determine the membership of
7 that committee. The advisory committee, with technical assistance
8 from the commission, shall make recommendations to the
9 chancellor regarding overall program development, resource
10 development and deployment, and strategies for implementation
11 and coordination of the program. A leadership role on this
12 committee shall initially be provided by the staff of the
13 commission and DeAnza College who have been involved since
14 1992 in a joint effort to promote training, energy efficiency, and
15 energy independence in the California Community Colleges. This
16 leadership role shall rotate to other community colleges as they
17 complete their own district energy management plans.

18 SEC. 2.5. Article 6 (commencing with Section 14710) is
19 added to Chapter 2 of Part 5.5 of Division 3 of Title 2 of the
20 Government Code, to read:

21

22 Article 6. State Building Energy Retrofits

23

24 14710. As used in this article, the following terms have the
25 following meanings:

26 (a) "Alternative energy equipment" means alternative energy
27 equipment, as defined in subdivision (d) of Section 15814.11, and,
28 in the case of fossil fuel generation, complies with emission
29 standards and guidance adopted by the State Air Resources Board
30 pursuant to Sections 41514.9 and 41514.10 of the Health and
31 Safety Code. Prior to the adoption of those standards and guidance,
32 for the purposes of this article, distributed energy resources shall
33 meet emission levels equivalent to nine ppm oxides of nitrogen,
34 averaged over a three-hour period, or best available control
35 technology for the applicable air district, whichever is lower.

36 (b) "Cogeneration equipment" means equipment used for
37 cogeneration, as defined in Section 218.5 of the Public Utilities
38 Code.

39 (c) "Feasible" means capable of being accomplished in a
40 successful manner within a reasonable period of time, taking into



1 account life-cycle costing analyses, and environmental, social,
2 and technological factors, however, renewable technologies shall
3 not be exempt based solely on cost considerations.

4 (d) “Public building” means a public building, as defined in
5 Section 15802.

6 (e) “State agency” means any state agency, board, department
7 or commission, including, but not limited to, the entities specified
8 in subdivision (a) of Section 15814.12.

9 14711.5. (a) The department *in consultation with the State*
10 *Energy Resources Conservation and Development Commission,*
11 *with the concurrence of the Department of Finance,* shall identify
12 each public building in the department’s state property inventory
13 where it is feasible for that building to reduce energy consumption
14 and achieve energy efficiencies, as well as to produce its own
15 onsite electrical generation or reduce its level of peak demand
16 electricity consumption using alternative energy equipment,
17 thermal energy storage technologies, or cogeneration equipment.

18 (b) The department may consider a variety of factors,
19 including, but not limited to, the size of the public building, its
20 location, the ease of conversion to onsite electrical generation,
21 peak demand reduction efficiency, cost effectiveness, and the
22 amount of megawatts generated or shifted to off-peak periods.

23 14712. The director may enter into third party agreements ~~that~~
24 ~~the director determines are appropriate to implement energy that~~
25 ~~the director, with the concurrence of the Department of Finance,~~
26 ~~determines are appropriate and cost-effective to implement energy~~
27 efficiencies and feasible onsite electric generation pursuant to
28 Section 14711.5 and to achieve the goals of this section. The
29 director may enter into negotiated agreements with parties on the
30 terms and conditions that the director, *with the concurrence of the*
31 *Department of Finance,* deems are in the state’s interests to
32 accomplish all of the following objectives:

33 (a) Reduce overall energy consumption in state facilities by 30
34 percent.

35 (b) Achieve energy self-sufficiency at state facilities using
36 clean, modern technologies that produce zero air emissions or that
37 meet or exceed state air quality standards.

38 (c) Maximize the use of renewable energy technologies for
39 both onsite electrical generation as well as thermal energy
40 production.



1 (d) Utilize private third party financing, where feasible, for the
2 construction, operation, and maintenance of such energy
3 investments.

4 (e) Achieve these objectives at delivered energy costs equal to
5 or less than the cost of obtaining the energy through the electric
6 grid or other conventional means, as determined by the director.

7 14713. (a) Notwithstanding subdivision (b) of Section
8 15814.12, the department shall retrofit all public buildings,
9 identified in Section 14711.5, where feasible, provided that work
10 on public buildings of the California State University shall be
11 performed only at the request or with the consent of the university.

12 (b) If a public building generates more electricity than it uses,
13 it may make the energy available for the state electrical
14 distribution grid.

15 14714. On or before two years after the effective date of the
16 act adding this section, and every two years thereafter, the
17 Department of General Services shall prepare and submit to the
18 Legislature and the Governor, a report of the energy savings, if
19 any, in terms of megawatts per year, for each public building
20 retrofitted pursuant to this article.

21 SEC. 3. Article 4 (commencing with Section 15350) is added
22 to Chapter 1 of Part 6.7 of Division 3 of Title 2 of the Government
23 Code, to read:

24

25 Article 4. Renewable Energy Loan Guarantee Program

26

27 15350. The Legislature finds and declares all of the
28 following:

29 (a) California is experiencing severe electrical shortages,
30 which endanger the health, safety, and economic development
31 opportunity of its citizens.

32 (b) Immediate measures are needed to increase the electrical
33 generation capacity within California, including energy from
34 economical renewable systems.

35 (c) California has been a leader in the development of
36 renewable energy systems, from solar to wind to the most
37 advanced fuel cell technology.

38 (d) California must take all reasonable actions necessary to
39 encourage the continuing construction of renewable energy



1 infrastructure and to maximize reliable, renewable energy systems
2 for homes and businesses.

3 (e) In order to maximize the commercial lending available to
4 renewable energy projects, it is necessary and appropriate to
5 establish a loan guarantee program to assist in obtaining
6 commercial loans to purchase and install renewable energy system
7 projects.

8 15351. For the purposes of this article, the following
9 definitions apply:

10 (a) “Eligible business” means an individual, corporation,
11 political body, partnership, joint venture, association, joint stock
12 company, trust, or unincorporated organization.

13 (b) “Financial institution” means a financial institution
14 organized, chartered, or holding a license or authorization
15 certificate under a law of this state or the United States to make
16 loans or extend credit, and subject to supervision by an official or
17 agency of this state or the United States.

18 (c) “Guarantee” means a written agreement between the
19 agency and a financial institution, by which the agency agrees to
20 pay a specified percentage of loan interest and principal for any
21 combination of the following: permitting, acquisition,
22 construction, or installation of one or more renewable energy
23 systems located in the state if the eligible business defaults on the
24 loan and the financial institution complies with the terms of the
25 guarantee.

26 (d) “*Loan*” means a contract providing financing for a
27 renewable energy system.

28 (e) “Renewable energy system” means any device or
29 combination of devices, including distributed generation and
30 cogeneration that meets all of the following requirements:

31 (1) Conserves or produces one or more of the following:

32 (A) Heat.

33 (B) Process heat.

34 (C) Space heating.

35 (D) Water heating.

36 (E) Steam.

37 (F) Space cooling.

38 (G) Refrigeration.

39 (H) Mechanical energy.

40 (I) Electricity.



1 (J) Energy in any form convertible to any of the uses specified
2 in subparagraphs (A) to (I), inclusive.

3 (2) Does not expend or use conventional energy fuels, any fuel
4 derived from petroleum deposits, including, but not limited to, oil,
5 heating oil, gasoline, fuel oil, or natural gas, including liquified
6 natural gas, or nuclear fissionable materials, except as provided in
7 subsection (b) of Section 292.204 of Title 18 of the Code of
8 Federal Regulations.

9 (3) Uses one of more of the following renewable electricity
10 generation technologies:

- 11 (A) Biomass.
- 12 (B) Solar thermal.
- 13 (C) Photovoltaic.
- 14 (D) Wind.
- 15 (E) Geothermal.
- 16 (F) Small hydropower (30 megawatts or less).
- 17 (G) Digester gas.
- 18 (H) Landfill gas.

19 15352. (a) The agency, *in consultation with the State Energy*
20 *Resources Conservation and Development Commission*, shall
21 administer the California Renewable Energy Loan Guarantee
22 Program to guarantee loans made by financial institutions to
23 eligible businesses for the permitting, ~~manufacturing~~, acquisition,
24 construction, or installation of renewable energy systems that are
25 intended to decrease the demand on the electricity grid.

26 (b) Notwithstanding any other provision of this article, the
27 California Renewable Energy Loan Guarantee Program shall not
28 be used to guarantee a loan for any small hydropower project that
29 will require a new or increased diversion from any natural stream,
30 lake, or other body of water, as described in Section 1200 of the
31 Water Code.

32 15353. (a) The secretary shall establish a Renewable Energy
33 Loan Guarantee Committee for the purpose of approving loan
34 guarantees based upon the criteria and procedures established by
35 the agency. The secretary may include agency staff, the Director
36 of Finance, representatives of other state agencies, and
37 representatives of the public on the committee.

38 The secretary or his or her designee shall serve as the
39 chairperson of the committee.

40 (b) The committee shall do both of the following:



1 (1) Hold regularly scheduled meetings, at least quarterly, to
2 carry out the objectives and responsibilities of the committee.

3 (2) Approve loan guarantees under this article.

4 (c) The committee shall not approve any guarantee without a
5 determination that, at a minimum, the applicant appears able to
6 repay the guaranteed financing and the financing is adequately
7 collateralized.

8 15354. (a) The Renewable Energy Loan Guarantee
9 Committee shall comply with the California Public Records Act
10 (Chapter 3.5 (commencing with Section 6250) of Division 7),
11 except as specified in subdivision (c).

12 (b) To the extent that the committee is subject to the
13 Bagley-Keene Open Meeting Act (Article 9 (commencing with
14 Section 11120) of Chapter 1 of Part (1), loan guarantee reviews
15 described in paragraph (2) of subdivision (c) shall be exempt from
16 the requirements of the act.

17 (c) The California Public Records Act and the Bagley- Keene
18 Open Meeting Act shall not apply to the following activities of the
19 committee:

20 (1) The disclosure of financial data contained in applications
21 for loan guarantees from the Renewable Energy Loan Guarantee
22 Committee, where the committee determines that disclosure of the
23 financial data would be competitively injurious to the applicant.
24 For this purpose, financial data includes, but is not limited to,
25 financial statements, details of accounts receivable and accounts
26 payable, income tax returns, owner-officer compensation records,
27 collateral details, cash-flow analysis, orders, contracts, financing
28 commitments and agreements, and other documents that would
29 disclose specific names or addresses of customers and suppliers,
30 potential customers and suppliers, or agency and consultant
31 reports analyzing the financial data.

32 (2) Any loan guarantee review by the Renewable Energy Loan
33 Guarantee Committee. For this purpose, the committee or a
34 subcommittee of the committee may review and approve loan
35 guarantee requests by means of a telephone conference, or in a
36 meeting not open to the public.

37 15355. There is hereby created in the State Treasury the
38 Renewable Energy Loan Loss Reserve Fund. ~~Notwithstanding~~
39 ~~Section 13340, all money in the fund is continuously appropriated~~
40 ~~without regard to fiscal years for the support of the agency and All~~



1 *money in the fund is appropriated for the support of the agency and*
2 shall be available for expenditure for the purposes stated in this
3 article. The fund shall be available for the receipt of federal, state,
4 and local moneys, and private donations.

5 15356. (a) The agency shall determine the percentage of the
6 reserve in the Renewable Energy Loan Loss Reserve Fund
7 required to secure loan guarantees made by the committee.
8 However, in no event shall the reserve be less than 25 percent of
9 the fund.

10 (b) The minimum amount that the agency may guarantee for
11 any renewable energy system is twenty-five thousand dollars
12 (\$25,000) and the maximum amount is two million dollars
13 (\$2,000,000). The agency may elect to lower or raise the minimum
14 or maximum amount if a change is found to be in the best interest
15 of the state.

16 (c) The term of the guaranteed loan shall not exceed the useful
17 life of the renewable energy system or 15 years, whichever is
18 shorter.

19 (d) The amount guaranteed shall not exceed ~~80~~ 90 percent of
20 a loan, or an amount equal to the anticipated proportion of
21 renewable fuel usage to fuel the renewable energy system, as
22 authorized by paragraph (2) of subdivision (d) of Section 15351,
23 whichever is less.

24 15357. The agency shall adopt criteria and procedures for the
25 implementation of this article. The criteria and procedures shall be
26 exempt from the requirements of Chapter 3.5 (commencing with
27 Section 11340) of Part 1. The criteria and procedures shall include
28 provisions for determining the maximum guarantee amount,
29 leverage, percentage guaranteed, guarantee term, and other
30 conditions of a guarantee. In developing the criteria and
31 procedures for the program, the agency may consult with other
32 state agencies, including the State Energy Resources Conservation
33 and Development Commission. A consultation and public
34 comment period shall begin on the effective date of this article, and
35 shall end 30 days thereafter. Notwithstanding the 120-day limit
36 specified in subdivision (e) of Section 11346.1, the regulations
37 shall be repealed 180 days after their effective date, unless the
38 department complies with Chapter 3.5 (commencing with Section
39 11340) of Part 1 of Division 3 of Title 2, as provided in subdivision
40 (e) of Section 11346.1.



1 15358. (a) The agency shall execute guarantees supported
2 solely by funds in the Renewable Energy Loan Loss Reserve Fund.

3 (b) No guarantee shall be approved unless the eligible business
4 agrees that all electricity generated by the project will be made
5 available within California on a long-term contract basis, except
6 that electricity may be made available outside California upon
7 approval by the Public Utilities Commission.

8 15359. (a) The agency shall establish a reasonable schedule
9 of administrative fees, not to exceed 2 percent of the guarantee
10 amount, which shall be paid by the eligible business to reimburse
11 the state for the costs of administering this article, including
12 promotion and outreach.

13 (b) The agency may expend earnings on the deposits from, or
14 up to 5 percent of, the Renewable Energy Loan Loss Reserve Fund
15 for administrative expenses, for the respective fiscal year
16 including promotion and outreach, in carrying out this chapter.

17 15360. The agency may contract with any state or other
18 agency, persons, or firms to enable the agency to properly perform
19 the duties of this article.

20 15361. The state shall not be liable or obligated in any way
21 beyond the money that is allocated to the Renewable Energy Loan
22 Loss Reserve Fund as a result of any loan guarantee under this
23 article.

24 15362. The agency, with the approval of the Director of
25 Finance, may request the Treasurer to invest the money in the
26 Renewable Energy Loan Loss Reserve Fund. Returns from these
27 investments shall be deposited in the fund and shall be used to
28 support this article.

29 15362.5. Because of the need to immediately increase the
30 availability of renewable energy sources, it is necessary to
31 implement this article without delay. Therefore, from the effective
32 date of this article, and for a period of 18 months thereafter,
33 Section 10295 and Article 4 (commencing with Section 10335) of
34 Chapter 2 of Part 2 of Division 2 of the Public Contract Code shall
35 not apply to contracts entered into pursuant to this article. Any
36 contract that is entered into during that 18-month period shall be
37 awarded based upon the receipt of at least three bids, and the award
38 shall be based on a combination of the expertise of the bidder, the
39 bid price, and the probability that the services offered will meet the
40 needs of the program.



1 SEC. 4. Chapter 4 (commencing with Section 14420) is added
2 to Division 12 of the Public Resources Code, to read:

3

4 CHAPTER 4. MOBILE EFFICIENCY BRIGADE

5

6 14420. This chapter shall be known and may be cited as the
7 Mobile Efficiency Brigade.

8 14421. The Legislature finds and declares all of the
9 following:

10 (a) California is in the midst of a dramatic energy crisis that
11 calls for both an increase in supply and a significant long-term
12 reduction in demand.

13 (b) Conservation programs require a large mobilization effort
14 across the state, within a short timeframe, in order to affect peak
15 demand anticipated for the summer of 2001 and the subsequent
16 winter.

17 (c) California’s low-income households and small businesses
18 require upgrading, modification, and conservation investment in
19 order to assist them in contributing to a reduction in demand that
20 is required statewide.

21 (d) Current state programs can work in conjunction with
22 community-based organizations to significantly penetrate
23 communities and rapidly implement programs aimed at
24 conservation and demand reduction.

25 (e) The state currently has programs operated and administered
26 by the Department of Community Services and Development and
27 the California Conservation Corps, working in conjunction with
28 and through community-based organizations, that can be
29 expanded to assist in the statewide conservation effort initiated
30 through pending programs.

31 (f) To the maximum extent feasible, the expenditure of funds
32 appropriated pursuant to this chapter should be prioritized based
33 upon immediate benefits in peak energy demand reduction and
34 more efficient use of energy.

35 14422. As used in this chapter:

36 (a) “Community-based organization” means a nonprofit
37 corporation that is exempt from income taxation under Section
38 501(c)(3) of the Internal Revenue Code of 1986.

39 (b) “Program” means either of the following:



1 (1) The Energy Conservation Act of 2001 (Chapter 5.3
2 (commencing with Section 25425) of Division 15).

3 ~~(2) Energy Conservation Loans to Shopping Centers (Chapter~~
4 ~~4.7 (commencing with Section 25370) of Division 15).~~

5 ~~(e) “Energy efficient appliance or measure” means anything~~
6 ~~that meets the federal Energy Star efficiency standards, as defined~~
7 ~~by federal law, or is 15 percent more efficient than the state or~~
8 ~~federal energy efficiency standards.~~

9 (c) *“Energy efficient appliance or measure” means anything*
10 *that meets the efficiency standards of the United States*
11 *Department of Energy that are effective on and after July 1, 2001,*
12 *and, if applicable, products certified as energy efficient zone*
13 *heating products by the State Energy Resources Conservation and*
14 *Development Commission.*

15 (d) “Installation” means all labor needed to install energy
16 efficient equipment, including any necessary construction.

17 (e) “Low-income household,” in the context of the
18 implementation of a specific program, shall be defined as each
19 program specifies. Outside of a specific program, it means
20 households at or below ~~175~~ 200 percent of the federal poverty
21 level.

22 (f) “Small business,” in the context of the implementation of
23 a specific program, shall be defined as each program specifies.
24 Outside of a specific program, it means a licensed business that
25 employs not more than 100 persons.

26 14423. Notwithstanding any other provision of law, the
27 California Conservation Corps and the Department of Community
28 Services and Development, *in consultation with the State Energy*
29 *Resources Conservation and Development Commission*, shall
30 expand their current weatherization, energy-efficiency, and
31 rehabilitation programs and assist in the implementation of
32 pending programs as defined in Section 14422, in accordance with
33 the following objectives:

34 (a) Determine the specifics of program expansion and focus on
35 energy efficiency measures including, but not limited to, energy
36 audits, weatherization including the insulation of doors, windows,
37 walls and ceilings, light bulb replacement with subcompact
38 flourescent lights, installation of water-saving devices and heater
39 exchanges, minor repairs and retrofits, appliance removal and
40 replacement, and tree planting.



1 (b) Identify neighborhoods and areas with dense populations
2 that can be easily served in large numbers.

3 (c) Establish qualifications and priorities consistent with the
4 objectives of this chapter for making grants and working with
5 community-based organizations.

6 (d) Establish guidelines for broad geographic distribution
7 across the state, taking into consideration the factors of population
8 density, community need, and seasonal climate conditions.

9 (e) Establish procedures and policies as may be necessary for
10 the administration of this chapter.

11 14424. Any contracts entered into pursuant to this chapter by
12 a state agency are exempt from the following requirements of the
13 Government Code and the Public Contract Code:

14 (a) Services contracts and consulting services contracts are
15 exempt from Article 4 (commencing with Section 10335) of
16 Chapter 2 of Part 2 of Division 2 of the Public Contract Code.

17 (b) All contracts are exempt from Section 10295 of the Public
18 Contract Code, relating to approval from the Department of
19 General Services.

20 (c) All contracts are exempt from Chapter 6 (commencing with
21 Section 14825) of Part 5.5 of Division 3 of Title 2 of the
22 Government Code, relating to advertising.

23 14425. This chapter shall remain in effect only until January
24 1, 2003, and as of that date is repealed, unless a later enacted
25 statute, that is enacted before January 1, 2003, deletes or extends
26 that date.

27 SEC. 5. Chapter 5.3 (commencing with Section 25425) is
28 added to Division 15 of the Public Resources Code, to read:

29

30 CHAPTER 5.3. ENERGY CONSERVATION ACT OF 2001

31

32 Article 1. General Provisions

33

34 25425. This chapter shall be known, and may be cited, as the
35 Energy Conservation Act of 2001.

36 25426. As used in this article, the following terms have the
37 following meanings:

38 (a) "Commercial refrigeration" means a refrigerator that is not
39 a federally regulated consumer product.



1 ~~(b) “Energy-efficient model” means an appliance that meets~~
2 ~~federal Energy Star specifications set forth in _____.~~

3 (b) “Energy-efficient model” means any appliance that meets
4 the efficiency standards of the United States Department of Energy
5 that are effective on and after July 1, 2001, and, if applicable,
6 products certified as energy efficient zone heating products by the
7 State Energy Resources Conservation and Development
8 Commission.

9 (c) “Small business” means any small business as defined in
10 paragraph (1) of subdivision (d) of Section 14837 of the
11 Government Code.

12
13 Article 2. Loans and Grants for Construction and Retrofit
14 Projects

15
16 25433. It is the intent of the Legislature to establish incentives
17 in the form of grants and loans to low-income residents, small
18 businesses, and residential property owners for constructing and
19 retrofitting buildings to be more energy efficient by using design
20 elements, including, but not limited to, energy-efficient siding,
21 insulation, *products certified as energy efficient zone heating*
22 *products by the State Energy Resources Conservation and*
23 *Development Commission*, and double-paned windows.

24 25433.5. (a) In consultation with the Public Utilities
25 Commission, the commission shall do both of the following for the
26 purpose of full or partial funding of an eligible construction or
27 retrofit project:

28 (1) Establish a grant program to provide financial assistance to
29 eligible low-income individuals.

30 (2) Establish a 2-percent interest per annum loan program to
31 provide financial assistance to a small business owner, residential
32 property owner, or individual who is not eligible for a grant
33 pursuant to paragraph (1); ~~and whose gross annual income. The~~
34 *loans shall be available to a small business owner who has a gross*
35 *annual income that does not exceed one hundred thousand dollars*
36 *(\$100,000) or to an individual or residential property owner who*
37 *has a gross annual household income that does not exceed one*
38 *hundred thousand dollars (\$100,000).*

39 (b) (1) The commission shall use the design guidelines
40 adopted pursuant to ~~Section 25495~~ *clause (ii) of subparagraph (D)*

1



1 *of paragraph (3) of subdivision (d) of Section 14 of the act that*
2 *added this section* as standards to determine eligible
3 energy-efficiency projects.

4 (2) The award of a grant pursuant to this section is subject to
5 appeal to the commission upon a showing that the commission
6 applied factors, other than those adopted by the commission, in
7 making the award.

8 (3) The grant or loan recipient shall commit to using the grant
9 or loan for the purpose for which the grant or loan was awarded.

10 (4) Any action taken by an applicant to apply for, or to become
11 or remain eligible to receive, a grant award, including satisfying
12 conditions specified by the commission, does not constitute the
13 rendering of goods, services, or a direct benefit to the commission.

14 (5) The amount of any grant awarded pursuant to this article to
15 a low-income individual does not constitute income for purposes
16 of calculating the recipient's gross income for the tax year during
17 which the grant is received.

18 25434. The commission may contract with one or more
19 business entities capable of supplying or providing goods or
20 services necessary for the commission to carry out the
21 responsibilities for the programs conducted pursuant to this
22 article, and shall contract with one or more business entities to
23 evaluate the effectiveness of the programs implemented pursuant
24 to subdivision (a) of Section 25433.5. The commission may select
25 an entity on a sole source basis for one or both of those purposes
26 if the cost to the state will be reasonable and the commission
27 determines that it is in the best interest of the state.

28 ~~25435.—~~

29 25434.5. As used in this article, the following terms have the
30 following meanings:

31 (a) "Eligible construction or retrofit project" means a project
32 for making improvements to a home or building in existence on the
33 effective date of the act adding this section, through an addition,
34 alteration, or repair, which effectively increases the energy
35 efficiency or reduces the energy consumption of the home or
36 building as specified by the commission's guidelines under
37 Section 25495 *clause (ii) of subparagraph (D) of paragraph (3)*
38 *of subdivision (d) of Section 14 of the act that added this section.*
39 The improvements shall be deemed to be cost-effective.



1 (b) “Low income” means an individual with a gross annual
2 income equal to or less than 200 percent of the federal poverty
3 level.

4 (c) “Small business” means any small business as defined in
5 paragraph (1) of subdivision (d) of Section 14837 of the
6 Government Code.

7

8 Article 3. Small Business Energy Efficient Refrigeration Loan
9 Program

10

11 25435. The commission shall administer the Small Business
12 Energy Efficient Refrigeration Loan Program, as provided for in
13 Section 25436.

14 25436. (a) Within 45 days of the effective date of this chapter,
15 the commission shall implement a Small Business Energy
16 Efficient Refrigeration Loan Program for qualifying small
17 businesses to purchase and install energy efficient refrigeration
18 equipment.

19 (b) The program shall offer loans at 3 percent interest on terms
20 that will ensure the small business owner will repay the loan over
21 ~~time, out of the cash flow savings resulting from lower energy~~
22 ~~bills.~~ *time in accordance with terms established by the Energy*
23 *Commission, but in no event may the term exceed the useful life of*
24 *the purchase.*

25 (c) The commission may enter into agreements with lending
26 institutions and qualifying vendors to facilitate making and
27 administering loans. Any loan made by the commission for the
28 purchase of equipment shall be secured against the equipment
29 purchased.

30 ~~(d) The commission shall adopt regulations establishing~~
31 ~~procedures for loan applications that will expedite the loan process~~
32 ~~and accelerate the installation of energy efficient refrigeration~~
33 ~~equipment.~~

34 SEC. 6. Section 26003 of the Public Resources Code is
35 amended to read:

36 26003. As used in this division, unless the context otherwise
37 requires:

38 (a) “Authority” means the California Alternative Energy and
39 Advanced Transportation Financing Authority established
40 pursuant to Section 26004, and any board, commission,



1 department, or officer succeeding to the functions of the authority,
2 or to which the powers conferred upon the authority by this
3 division shall be given.

4 (b) “Cost” as applied to a project or portion thereof financed
5 under this division means all or any part of the cost of construction
6 and acquisition of all lands, structures, real or personal property or
7 an interest therein, rights, rights-of-way, franchises, easements,
8 and interests acquired or used for a project; the cost of demolishing
9 or removing any buildings or structures on land so acquired,
10 including the cost of acquiring any lands to which those buildings
11 or structures may be moved; the cost of all machinery, equipment,
12 and furnishings, financing charges, interest prior to, during, and
13 for a period after, completion of construction as determined by the
14 authority; provisions for working capital; reserves for principal
15 and interest and for extensions, enlargements, additions,
16 replacements, renovations, and improvements; the cost of
17 architectural, engineering, financial, accounting, auditing and
18 legal services, plans, specifications, estimates, administrative
19 expenses, and other expenses necessary or incident to determining
20 the feasibility of constructing any project or incident to the
21 construction, acquisition, or financing of any project.

22 (c) (1) “Alternative sources” means the application of
23 cogeneration technology, as defined in Section 25134; the
24 conservation of energy; or the use of solar, biomass, wind,
25 geothermal, hydroelectricity under 30 megawatts *and meeting the*
26 *criteria set forth in subdivision (b) of Section 15352 of the*
27 *Government Code*, or any other source of energy, the efficient use
28 of which will reduce the use of fossil and nuclear fuels.

29 (2) “Alternative sources” does not include any hydroelectric
30 facility that does not meet state laws pertaining to the control,
31 appropriation, use, and distribution of water, including, but not
32 limited to, the obtaining of applicable licenses and permits.

33 (d) “Advanced transportation technologies” means emerging
34 commercially competitive transportation-related technologies
35 identified by the authority as capable of creating long-term, high
36 value-added jobs for Californians while enhancing the state’s
37 commitment to energy conservation, pollution reduction, and
38 transportation efficiency. Those technologies may include, but are
39 not limited to, any of the following:

40 (1) Intelligent vehicle highway systems.



- 1 (2) Advanced telecommunications for transportation.
- 2 (3) Command, control, and communications for public transit
- 3 vehicles and systems.
- 4 (4) Electric vehicles and ultra-low emission vehicles.
- 5 (5) High-speed rail and magnetic levitation passenger systems.
- 6 (6) Fuel cells.
- 7 (e) “Financial assistance” includes, but is not limited to, either,
- 8 or any combination, of the following:
 - 9 (1) Loans, loan loss reserves, interest rate reductions, proceeds
 - 10 of bonds issued by the authority, insurance, guarantees or other
 - 11 credit enhancements or liquidity facilities, contributions of
 - 12 money, property, labor, or other items of value, or any combination
 - 13 thereof, as determined by, and approved by the resolution of, the
 - 14 board.
 - 15 ~~(2) The issuance of authority bonds or the bonds of a special~~
 - 16 ~~purpose trust used to fund the cost of a project or program for~~
 - 17 ~~which a participating party is directly or indirectly liable,~~
 - 18 ~~including, but not limited to, any of the following:~~
 - 19 ~~(A) Bonds for which the security is provided in whole or in part~~
 - 20 ~~pursuant to the powers granted by this division.~~
 - 21 ~~(B) Bonds for which the authority has provided a guarantee or~~
 - 22 ~~enhancement.~~
 - 23 ~~(C)~~
 - 24 (2) Any other type of assistance the authority determines is
 - 25 appropriate.
- 26 (f) “Participating party” means either of the following:
 - 27 (1) Any person or any entity or group of entities engaged in
 - 28 business or operations in the state, whether organized for profit or
 - 29 not for profit, that applies for financial assistance from the
 - 30 authority for the purpose of implementing a project in a manner
 - 31 prescribed by the authority.
 - 32 (2) Any public agency or nonprofit corporation that applies for
 - 33 financial assistance from the authority for the purpose of
 - 34 implementing a project in a manner prescribed by the authority.
- 35 (g) “Project” means any land, building, improvement thereto,
- 36 rehabilitation, work, property, or structure, real or personal,
- 37 stationary or mobile, including, but not limited to, machinery and
- 38 equipment, whether or not in existence or under construction, that
- 39 utilizes, or is designed to utilize, an alternative source, or that is
- 40 utilized for the design, technology transfer, manufacture,



1 production, assembly, distribution, or service of advanced
 2 transportation technologies.

3 (h) “Public agency” means any federal or state agency, board,
 4 or commission, or any county, city and county, city, regional
 5 agency, public district, or other political subdivision.

6 (i) (1) “Renewable energy” means any device or technology
 7 that conserves or produces heat, processes heat, space heating,
 8 water heating, steam, space cooling, refrigeration, mechanical
 9 energy, electricity, or energy in any form convertible to these uses,
 10 that does not expend or use conventional energy fuels, and that
 11 uses any of the following electrical generation technologies:

- 12 (A) Biomass.
- 13 (B) Solar thermal.
- 14 (C) Photovoltaic.
- 15 (D) Wind.
- 16 (E) Geothermal.

17 (2) For purposes of this subdivision, “conventional energy
 18 fuel” means any fuel derived from petroleum deposits, including,
 19 but not limited to, oil, heating oil, gasoline, fuel oil, or natural gas,
 20 including liquefied natural gas, or nuclear fissionable materials.

21 (3) Notwithstanding paragraph (1), *for purposes of this*
 22 *section*, “renewable energy” also means ultra-low emission
 23 equipment for energy generation based on thermal energy systems
 24 such as natural gas turbines *and fuel cells*.

25 (j) “Revenue” means all rents, receipts, purchase payments,
 26 loan repayments, and all other income or receipts derived by the
 27 authority from the sale, lease, or other disposition of alternative
 28 source or advanced transportation technology facilities, or the
 29 making of loans to finance alternative source or advanced
 30 transportation technology facilities, and any income or revenue
 31 derived from the investment of any money in any fund or account
 32 of the authority.

33 SEC. 7. Section 26011.5 of the Public Resources Code is
 34 amended to read:

35 26011.5. The authority, *in consultation with the State Energy*
 36 *Resources Conservation and Development Commission*, shall
 37 establish criteria for the selection of projects to receive financing
 38 assistance from the authority. In the selection of projects, the
 39 authority shall, in accordance with the legislative intent, provide
 40 financial assistance under this division in a manner consistent with



1 sound financial practice. In developing project selection criteria,
2 the authority shall consider, but not be limited to, all of the
3 following:

- 4 (a) The technological feasibility of the projects.
- 5 (b) The economic soundness of the projects and a realistic
6 expectation that all financial obligations can and will be met by the
7 participating parties.
- 8 (c) The contribution that the projects can make to a reduction
9 or more efficient use of fossil fuels.
- 10 (d) The contribution that the project can make toward
11 diversifying California’s energy resources by fostering renewable
12 energy systems that can substitute, or preferably eliminate, the
13 demand for conventional energy fuels.
- 14 (e) Any other such factors that the authority finds significant in
15 achieving the purposes and objectives of this division.

16 SEC. 8. Section 26011.6 is added to the Public Resources
17 Code, to read:

18 26011.6. (a) The authority shall establish a renewable energy
19 ~~loan program to provide 3 percent per annum loans to public power~~
20 *program to provide financial assistance to public power* entities,
21 independent generators, utilities, or businesses manufacturing
22 components or systems, or both, to generate new and renewable
23 energy sources, develop clean and efficient distributed generation,
24 and demonstrate the economic feasibility of new technologies,
25 such as solar, photovoltaic, wind, and ultra-low emission
26 equipment. The authority shall give preference to utility-scale
27 projects that can be rapidly deployed to provide a significant
28 contribution as a renewable energy supply.

29 (b) The authority shall make every effort to expedite the
30 operation of renewable energy systems, and shall adopt
31 regulations for purposes of this section and Sections 26011.5 and
32 26011.7 as emergency regulations in accordance with Chapter 3.5
33 (commencing with Section 11340) of Part 1 of Division 3 of Title
34 2 of the Government Code. For purposes of that Chapter 3.5,
35 including Section 11349.6 of the Government Code, the adoption
36 of the regulations shall be considered by the Office of
37 Administrative Law to be necessary for the immediate
38 preservation of the public peace, health and safety, and general
39 welfare. Notwithstanding the 120-day limitation specified in
40 subdivision (e) of Section 11346.1 of the Government Code, the



1 regulations shall be repealed 180 days after their effective date,
2 unless the authority complies with Sections 11346.2 to 11347.3,
3 inclusive, as provided in subdivision (e) of Section 11346.1 of the
4 Government Code.

5 (c) The authority shall consult with the State Energy Resources
6 Conservation and Development Commission regarding the
7 financing of projects to avoid duplication of other renewable
8 energy projects.

9 (d) The authority shall ensure that any financed project shall
10 offer its power within California on a long-term contract basis.

11 SEC. 9. Section 739 of the Public Utilities Code is amended
12 to read:

13 739. (a) The commission shall designate a baseline quantity
14 of gas and electricity which is necessary to supply a significant
15 portion of the reasonable energy needs of the average residential
16 customer. In estimating those quantities, the commission shall take
17 into account differentials in energy needs between customers
18 whose residential energy needs are currently supplied by
19 electricity alone or by both electricity and gas. The commission
20 shall develop a separate baseline quantity for all-electric
21 residential customers. For these purposes, “all-electric residential
22 customers” are residential customers having electrical service
23 only or whose space heating is provided by electricity, or both. The
24 commission shall also take into account differentials in energy use
25 by climatic zone and season.

26 (b) (1) The commission shall establish a standard limited
27 allowance which shall be in addition to the baseline quantity of gas
28 and electricity for residential customers dependent on life-support
29 equipment, including, but not limited to, emphysema and
30 pulmonary patients. A residential customer dependent on
31 life-support equipment shall be given a higher energy allocation
32 than the average residential customer.

33 (2) “Life-support equipment” means that equipment which
34 utilizes mechanical or artificial means to sustain, restore, or
35 supplant a vital function, or mechanical equipment which is relied
36 upon for mobility both within and outside of buildings.
37 “Life-support equipment,” as used in this subdivision, includes
38 all of the following: all types of respirators, iron lungs,
39 hemodialysis machines, suction machines, electric nerve
40 stimulators, pressure pads and pumps, aerosol tents, electrostatic

[1]



1 and ultrasonic nebulizers, compressors, IPPB machines, and
2 motorized wheelchairs.

3 (3) The limited additional allowance shall also be made
4 available to paraplegic and quadriplegic persons in consideration
5 of the increased heating and cooling needs of those persons.

6 (4) The limited additional allowance shall also be made
7 available to multiple sclerosis patients in consideration of the
8 increased heating and cooling needs of those persons.

9 (5) The limited additional allowance shall also be made
10 available to scleroderma patients in consideration of the increased
11 heating needs of those persons.

12 (6) The limited allowance shall also be made available to
13 persons who are being treated for a life-threatening illness or have
14 a compromised immune system, provided that a licensed
15 physician and surgeon or a person licensed pursuant to the
16 Osteopathic Initiative Act certifies in writing to the utility that the
17 additional heating or cooling allowance, or both, made available
18 pursuant to this subdivision is medically necessary to sustain the
19 life of the person or prevent deterioration of the person's medical
20 condition.

21 (c) (1) The commission shall require that every electrical and
22 gas corporation file a schedule of rates and charges providing
23 baseline rates. The baseline rates shall apply to the first or lowest
24 block of an increasing block rate structure which shall be the
25 baseline quantity. In establishing these rates, the commission shall
26 avoid excessive rate increases for residential customers, and shall
27 establish an appropriate gradual differential between the rates for
28 the respective blocks of usage.

29 (2) In establishing residential electric and gas rates, including
30 baseline rates, the commission shall assure that the rates are
31 sufficient to enable the electrical corporation or gas corporation to
32 recover a just and reasonable amount of revenue from residential
33 customers as a class, while observing the principle that electricity
34 and gas services are necessities, for which a low affordable rate is
35 desirable and while observing the principle that conservation is
36 desirable in order to maintain an affordable bill.

37 (3) At least until December 31, 2003, the commission shall
38 require that all charges for residential electric customers are
39 volumetric, and shall prohibit any electrical corporation from
40 imposing any charges on residential consumption that are



1 independent of consumption, unless those charges are in place
2 prior to the effective date of the act that added this paragraph.

3 (d) As used in this section:

4 (1) “Baseline quantity” means a quantity of electricity or gas
5 for residential customers to be established by the commission
6 based on from 50 to 60 percent of average residential consumption
7 of these commodities, except that, for residential gas customers
8 and for all-electric residential customers, the baseline quantity
9 shall be established at from 60 to 70 percent of average residential
10 consumption during the winter heating season. In establishing the
11 baseline quantities, the commission shall take into account
12 climatic and seasonal variations in consumption and the
13 availability of gas service. The commission shall review and revise
14 baseline quantities as average consumption patterns change in
15 order to maintain these ratios.

16 (2) “Residential customer” means those customers receiving
17 electrical or gas service pursuant to a domestic rate schedule and
18 excludes industrial, commercial, and every other category of
19 customer.

20 (e) Wholesale electrical or gas purchases, and the rates charged
21 therefor, are exempt from this section.

22 (f) Nothing contained in this section shall be construed to
23 prohibit experimentation with alternative gas or electrical rate
24 schedules for the purpose of achieving energy conservation.

25 SEC. 10. Section 739.10 is added to the Public Utilities Code,
26 to read:

27 739.10. The commission shall, ~~until December 31, 2002,~~
28 ensure that errors in estimates of demand elasticity or sales do not
29 result in material over or undercollections of the electrical
30 corporations.

31 739.11. (a) For purposes of this section, “real time
32 metering” means a system for measuring a customer’s usage of
33 electricity on at least an hourly basis, variably pricing that
34 electricity based on the cost of acquisition or production, and
35 regularly providing and updating that usage and pricing
36 information to the customer.

37 (b) The commission shall conduct a pilot study of real time
38 metering for nonresidential customers. The purpose of the study
39 is to determine the effectiveness of real time metering in reducing
40 energy demand and overall energy consumption, to examine



1 customer response, to determine how real time metering should be
2 implemented, and to determine whether more widespread use of
3 real time metering is in the public interest. The study shall not
4 duplicate the study required pursuant to Section 393 of the Public
5 Utilities Code. The study shall include rates that vary as the cost
6 of electricity varies and provide appropriate telemetry and other
7 equipment. The study shall include agricultural, large commercial,
8 and industrial customer classes, and may include other customer
9 classes if the commission determines that to do so would be in the
10 public interest. The commission shall report to the Legislature on
11 the results of the study by June 30, 2002.

12 *(c) This section shall remain in effect only until January 1,*
13 *2003, and as of that date is repealed, unless a later enacted statute,*
14 *that is enacted before January 1, 2003, deletes or extends that date.*

15 SEC. 11. Section 2827 of the Public Utilities Code is amended
16 to read:

17 2827. (a) The Legislature finds and declares that a program
18 to provide net energy metering for eligible customer-generators is
19 one way to encourage substantial private investment in renewable
20 energy resources, stimulate in-state economic growth, reduce
21 demand for electricity during peak consumption periods, help
22 stabilize California's energy supply infrastructure, enhance the
23 continued diversification of California's energy resource mix, and
24 reduce interconnection and administrative costs for electricity
25 suppliers.

26 (b) As used in this section, the following definitions apply:

27 (1) "Electric service provider" means an electrical
28 corporation, as defined in Section 218, a local publicly owned
29 electric utility, as defined in Section 9604, or an electrical
30 cooperative, as defined in Section 2776, or any other entity that
31 offers electrical service

32 (2) "Eligible customer-generator" means a residential, small
33 commercial customer as defined in subdivision (h) of Section 331,
34 commercial, industrial, or agricultural customer of an electric
35 service provider, who uses a solar or a wind turbine electrical
36 generating facility, or a hybrid system of both, with a capacity of
37 not more than one megawatt that is located on the customer's
38 owned, leased, or rented premises, is interconnected and operates
39 in parallel with the electric grid, and is intended primarily to offset
40 part or all of the customer's own electrical requirements.



1 (3) “Net energy metering” means measuring the difference
2 between the electricity supplied through the electric grid and the
3 electricity generated by an eligible customer-generator and fed
4 back to the electric grid over a 12-month period as described in
5 subdivision (e). Net energy metering shall be accomplished using
6 a single meter capable of registering the flow of electricity in two
7 directions. An additional meter or meters to monitor the flow of
8 electricity in each direction may be installed with the consent of
9 the customer-generator, at the expense of the electric service
10 provider, and the additional metering shall be used only to provide
11 the information necessary to accurately bill or credit the
12 customer-generator pursuant to subdivision (e), or to collect solar
13 or wind electric generating system performance information for
14 research purposes. If the existing electrical meter of an eligible
15 customer-generator is not capable of measuring the flow of
16 electricity in two directions, the customer-generator shall be
17 responsible for all expenses involved in purchasing and installing
18 a meter that is able to measure electricity flow in two directions.
19 If an additional meter or meters are installed, the net energy
20 metering calculation shall yield a result identical to that of a single
21 meter. An eligible customer-generator who already owns an
22 existing solar or wind turbine electrical generating facility, or a
23 hybrid system of both, is eligible to receive net energy metering
24 service in accordance with this section.

25 (c) (1) Every electric service provider shall develop a standard
26 contract or tariff providing for net energy metering, and shall make
27 this contract available to eligible customer-generators, upon
28 request.

29 (2) If a customer participates in direct transactions pursuant to
30 paragraph (1) of subdivision (b) of Section 365 with an electric
31 supplier that does not provide distribution service for the direct
32 transactions, the service provider that provides distribution service
33 for an eligible customer-generator is not obligated to provide net
34 energy metering to the customer.

35 (3) If a customer participates in direct transactions pursuant to
36 paragraph (1) of subdivision (b) of Section 365 with an electric
37 supplier, and the customer is an eligible customer-generator, the
38 service provider that provides distribution service for the direct
39 transactions may recover from the customer’s electric service



1 provider the incremental costs of metering and billing service
2 related to net energy metering in an amount set by the commission.

3 (d) Each net energy metering contract or tariff shall be
4 identical, with respect to rate structure, all retail rate components,
5 and any monthly charges, to the contract or tariff to which the same
6 customer would be assigned if such customer was not an eligible
7 customer-generator, *except that eligible customer-generators*
8 *shall not be assessed standby charges on the electrical generating*
9 *capacity or the kilowatthour production of an eligible solar or*
10 *wind electrical generating facility.* The charges for all retail rate
11 components for eligible customer-generators shall be based
12 exclusively on the customer-generator's net kilowatthour
13 consumption over a 12-month period, without regard to the
14 customer-generator's choice of electric service provider. Any new
15 or additional demand charge, standby charge, customer charge,
16 minimum monthly charge, interconnection charge, or other charge
17 that would increase an eligible customer-generator's costs beyond
18 those of other customers in the rate class to which the eligible
19 customer-generator would otherwise be assigned are contrary to
20 the intent of this legislation, and shall not form a part of net energy
21 metering contracts or tariffs.

22 (e) For eligible residential and small commercial
23 customer-generators, the net energy metering calculation shall be
24 made by measuring the difference between the electricity supplied
25 to the eligible customer-generator and the electricity generated by
26 the eligible customer-generator and fed back to the electric grid
27 over a 12-month period. The following rules shall apply to the
28 annualized net metering calculation:

29 (1) The eligible residential or small commercial
30 customer-generator shall, at the end of each 12-month period
31 following the date of final interconnection of the eligible
32 customer-generator's system with an electric service provider, and
33 at each anniversary date thereafter, be billed for electricity used
34 during that period. The electric service provider shall determine if
35 the eligible residential or small commercial customer-generator
36 was a net consumer or a net producer of electricity during that
37 period.

38 (2) At the end of each 12-month period, where the electricity
39 supplied during the period by the electric service provider exceeds
40 the electricity generated by the eligible residential or small



1 commercial customer-generator during that same period, the
2 eligible residential or small commercial customer-generator is a
3 net electricity consumer and the electric service provider shall be
4 owed compensation for the eligible customer-generator's net
5 kilowatthour consumption over that same period. The
6 compensation owed for the eligible residential or small
7 commercial customer-generator's consumption shall be
8 calculated as follows:

9 (A) For all eligible customer-generators taking service under
10 tariffs employing "baseline" and "over baseline" rates, any net
11 monthly consumption of electricity shall be calculated according
12 to the terms of the contract or tariff to which the same customer
13 would be assigned to or be eligible for if the customer was not an
14 eligible customer-generator. If those same customer-generators
15 are net generators over a billing period, the net kilowatthours
16 generated shall be valued at the same price per kilowatthour as the
17 electric service provider would charge for the baseline quantity of
18 electricity during that billing period, and if the number of
19 kilowatthours generated exceeds the baseline quantity, the excess
20 shall be valued at the same price per kilowatthour as the electric
21 service provider would charge for electricity over the baseline
22 quantity during that billing period.

23 (B) For all eligible customer-generators taking service under
24 tariffs employing "time of use" rates, any net monthly
25 consumption of electricity shall be calculated according to the
26 terms of the contract or tariff to which the same customer would
27 be assigned to or be eligible for if the customer was not an eligible
28 customer-generator. When those same customer-generators are
29 net generators during any discrete time of use period, the net
30 kilowatthours produced shall be valued at the same price per
31 kilowatthour as the electric service provider would charge for
32 retail kilowatthour sales during that same time of use period. If the
33 eligible customer-generator's time of use electrical meter is unable
34 to measure the flow of electricity in two directions, paragraph (3)
35 of subdivision (b) shall apply.

36 (C) For all residential and small commercial
37 customer-generators and for each monthly period, the net balance
38 of moneys owed to the electric service provider for net
39 consumption of electricity or credits owed to the
40 customer-generator for net generation of electricity shall be



1 carried forward until the end of each 12-month period. For all
2 commercial, industrial, and agricultural customer-generators the
3 net balance of moneys owed shall be paid in accordance with the
4 electric service provider's normal billing cycle, except that if the
5 commercial, industrial, or agricultural customer-generator is a net
6 electricity producer over a normal billing cycle, any excess
7 kilowatthours generated during the billing cycle shall be carried
8 over to the following billing period, valued according to the
9 procedures set forth in this section, and appear as a credit on the
10 customer-generator's account, until the end of the annual period
11 when paragraph (3) of subdivision (e) shall apply.

12 (3) At the end of each 12-month period, where the electricity
13 generated by the eligible customer-generator during the 12-month
14 period exceeds the electricity supplied by the electric service
15 provider during that same period, the eligible customer-generator
16 is a net electricity producer and the electric service provider shall
17 retain any excess kilowatthours generated during the prior
18 12-month period. The eligible customer-generator shall not be
19 owed any compensation for those excess kilowatthours unless the
20 electric service provider enters into a purchase agreement with the
21 eligible customer-generator for those excess kilowatthours.

22 (4) The electric service provider shall provide every eligible
23 residential or small commercial customer-generator with net
24 electricity consumption information with each regular bill. That
25 information shall include the current monetary balance owed the
26 electric service provider for net electricity consumed since the last
27 12-month period ended. Notwithstanding subdivision (e), an
28 electric service provider shall permit that customer to pay monthly
29 for net energy consumed.

30 (5) If an eligible residential or small commercial
31 customer-generator terminates the customer relationship with the
32 electric service provider, the electric service provider shall
33 reconcile the eligible customer-generator's consumption and
34 production of electricity during any part of a 12-month period
35 following the last reconciliation, according to the requirements set
36 forth in this subdivision, except that those requirements shall apply
37 only to the months since the most recent 12-month bill.

38 (6) If an electric service provider providing net metering to a
39 residential or small commercial customer-generator ceases
40 providing that electrical service to that customer during any



1 12-month period, and the customer-generator enters into a new net
2 metering contract or tariff with a new electric service provider, the
3 12-month period, with respect to that new electric service
4 provider, shall commence on the date on which the new electric
5 service provider first supplies electric service to the
6 customer-generator.

7 (f) A solar or wind turbine electrical generating system, or a
8 hybrid system of both, used by an eligible customer-generator
9 shall meet all applicable safety and performance standards
10 established by the National Electrical Code, the Institute of
11 Electrical and Electronics Engineers, and accredited testing
12 laboratories such as Underwriters Laboratories and, where
13 applicable, rules of the Public Utilities Commission regarding
14 safety and reliability. A customer-generator whose solar or wind
15 turbine electrical generating system, or a hybrid system of both,
16 meets those standards and rules shall not be required to install
17 additional controls, perform or pay for additional tests, or purchase
18 additional liability insurance.

19 (g) This section shall remain in effect only until ~~June 1, 2002~~
20 *January 1, 2003*, and as of that date is repealed, unless a later
21 enacted statute, that is enacted before ~~June 1, 2002~~ *January 1,*
22 *2003*, deletes or extends that date.

23 SEC. 12. Section 2827 is added to the Public Utilities Code,
24 to read:

25 2827. (a) The Legislature finds and declares that a program
26 to provide net energy metering for eligible customer-generators is
27 one way to encourage private investment in renewable energy
28 resources, stimulate in-state economic growth, enhance the
29 continued diversification of California's energy resource mix, and
30 reduce interconnection and administrative costs for electricity
31 suppliers.

32 (b) As used in this section, the following definitions apply:

33 (1) "Electric service provider" means an electric corporation,
34 as defined in Section 218, a local publicly owned electric utility,
35 as defined in Section 9604, or an electrical cooperative, as defined
36 in Section 2776. "Electric service provider" also means an entity
37 that offers electrical service to residential and small commercial
38 customers, as defined in Section 394, if that entity offers net
39 energy metering. Any entity that offers net energy metering to



1 residential and small commercial customers shall comply with this
2 section.

3 (2) “Eligible customer-generator” means a residential
4 customer, or a small commercial customer as defined in
5 subdivision (h) of Section 331, of an electric service provider, who
6 uses a solar or a wind turbine electrical generating facility, or a
7 hybrid system of both, with a capacity of not more than 10
8 kilowatts that is located on the customer’s premises, is
9 interconnected and operates in parallel with the electric grid, and
10 is intended primarily to offset part or all of the customer’s own
11 electrical requirements.

12 (3) “Net energy metering” means measuring the difference
13 between the electricity supplied through the electric grid and the
14 electricity generated by an eligible customer-generator and fed
15 back to the electric grid over a 12-month period as described in
16 subdivision (e). Net energy metering shall be accomplished using
17 a single meter capable of registering the flow of electricity in two
18 directions. An additional meter or meters to monitor the flow of
19 electricity in each direction may be installed with the consent of
20 the customer-generator, at the expense of the electric service
21 provider, and the additional metering shall be used only to provide
22 the information necessary to accurately bill or credit the
23 customer-generator pursuant to subdivision (e), or to collect solar
24 or wind electric generating system performance information for
25 research purposes. If the existing electrical meter of an eligible
26 customer-generator is not capable of measuring the flow of
27 electricity in two directions, the customer-generator shall be
28 responsible for all expenses involved in purchasing and installing
29 a meter that is able to measure electricity flow in two directions.
30 If an additional meter or meters are installed, the net energy
31 metering calculation shall yield a result identical to that of a single
32 meter. An eligible customer-generator who already owns an
33 existing solar or wind turbine electrical generating facility, or a
34 hybrid system of both, is eligible to receive net energy metering
35 service in accordance with this section.

36 (4) “Ratemaking authority” means, for an electrical
37 corporation as defined in Section 218, or an electrical cooperative
38 as defined in Section 2776, the commission, and for a local
39 publicly owned electric utility as defined in Section 9604, the local
40 elected body responsible for regulating the rates of the utility.



1 (c) (1) Every electric service provider shall develop a standard
2 contract or tariff providing for net energy metering, and shall make
3 this contract available to eligible customer-generators, upon
4 request, on a first-come-first-served basis until the time that the
5 total rated generating capacity used by eligible
6 customer-generators equals one-tenth of 1 percent of the electric
7 service provider's aggregate customer peak demand.

8 (2) On an annual basis, beginning in 1999, every electric
9 service provider shall make available to the ratemaking authority
10 information on the total rated generating capacity used by eligible
11 customer-generators that are customers of that provider in the
12 provider's service area. For those electric service providers who
13 are operating pursuant to Section 394, they shall make available
14 to the ratemaking authority the information required by this
15 paragraph for each eligible customer-generator that is their
16 customer for each service area of an electric corporation, local
17 publicly owned electric utility, or electrical cooperative, in which
18 the customer has net energy metering. The ratemaking authority
19 shall develop a process for making the information required by this
20 paragraph available to energy service providers, and for using that
21 information to determine when, pursuant to paragraph (3), a
22 service provider is not obligated to provide net energy metering to
23 additional customer-generators in its service area.

24 (3) Notwithstanding paragraph (1), an electric service provider
25 is not obligated to provide net energy metering to additional
26 customer-generators in its service area when the combined total
27 peak demand of all customer-generators served by all the electric
28 service providers in that service area furnishing net energy
29 metering to eligible customer-generators equals one-tenth of 1
30 percent of the aggregate customer peak demand of those electric
31 service providers.

32 (4) If a customer participates in direct transactions pursuant to
33 paragraph (1) of subdivision (b) of Section 365 with an electric
34 supplier that does not offer net energy metering and is therefore not
35 an electric service provider, the customer is not an eligible
36 customer-generator and the electric corporation, as defined in
37 Section 218, that provides distribution service for the direct
38 transactions, is not obligated to provide net energy metering to the
39 customer.



1 (5) If a customer participates in direct transactions pursuant to
2 paragraph (1) of subdivision (b) of Section 365 with an electric
3 supplier that offers net energy metering and is therefore an electric
4 service provider, and the customer is an eligible
5 customer-generator, the electric corporation, as defined in Section
6 218, that provides distribution service for the direct transactions
7 may recover from the customer's electric service provider the
8 incremental costs of metering and billing service related to net
9 energy metering in an amount set by the commission.

10 (d) Each net energy metering contract or tariff shall be
11 identical, with respect to rate structure, all retail rate components,
12 and any monthly charges, to the contract or tariff to which the same
13 customer would be assigned if such customer was not an eligible
14 customer-generator. The charges for all retail rate components for
15 eligible customer-generators shall be based exclusively on the
16 customer-generator's net kilowatthour consumption over a
17 12-month period, without regard to the customer-generator's
18 choice of electric service provider that offers net energy metering
19 and is subject to this section pursuant to paragraph (1) of
20 subdivision (b), in accordance with subdivision (e). Any new or
21 additional demand charge, standby charge, customer charge,
22 minimum monthly charge, interconnection charge, or other charge
23 that would increase an eligible customer-generator's costs beyond
24 those of other customers in the rate class to which the eligible
25 customer-generator would otherwise be assigned are contrary to
26 the intent of this legislation, and shall not form a part of net energy
27 metering contracts or tariffs.

28 (e) The net energy metering calculation shall be made by
29 measuring the difference between the electricity supplied to the
30 eligible customer-generator and the electricity generated by the
31 eligible customer-generator and fed back to the electric grid over
32 a 12-month period. The following rules shall apply to the
33 annualized net metering calculation:

34 (1) The eligible customer-generator shall, at the end of each
35 12-month period following the date of final interconnection of the
36 eligible customer-generator's system with an electric service
37 provider, and at each anniversary date thereafter, be billed for
38 electricity used during that period. The electric service provider
39 shall determine if the eligible customer-generator was a net
40 consumer or a net producer of electricity during that period.



1 (2) At the end of each 12-month period, where the electricity
2 supplied during the period by the electric service provider exceeds
3 the electricity generated by the eligible customer-generator during
4 that same period, the eligible customer-generator is a net
5 electricity consumer and the electric service provider shall be
6 owed compensation for the eligible customer-generator's net
7 kilowatthour consumption over that same period. The
8 compensation owed for the eligible customer-generator's net
9 12-month kilowatthour consumption shall be calculated as
10 follows:

11 (A) For eligible customer-generators taking service under
12 tariffs employing "baseline" and "over baseline" rates, any net
13 monthly consumption of electricity shall be calculated according
14 to the terms of the contract or tariff to which the same customer
15 would be assigned to or be eligible for if the customer was not an
16 eligible customer-generator. If those same customer-generators
17 are net generators over a billing period, the net kilowatthours
18 generated shall be valued at the same price per kilowatthour as the
19 electric service provider would charge for the baseline quantity of
20 electricity during that billing period, and if the number of
21 kilowatthours generated exceeds the baseline quantity, the excess
22 shall be valued at the same price per kilowatthour as the electric
23 service provider would charge for electricity over the baseline
24 quantity during that billing period.

25 (B) For eligible customer-generators taking service under
26 tariffs employing "time of use" rates, any net monthly
27 consumption of electricity shall be calculated according to the
28 terms of the contract or tariff to which the same customer would
29 be assigned to or be eligible for if the customer was not an eligible
30 customer-generator. When those same customer-generators are
31 net generators during any discrete time of use period, the net
32 kilowatthours produced shall be valued at the same price per
33 kilowatthour as the electric service provider would charge for
34 retail kilowatthour sales during that same time of use period. If the
35 eligible customer-generator's time of use electrical meter is unable
36 to measure the flow of electricity in two directions, paragraph (3)
37 of subdivision (b) shall apply.

38 (C) For all customer-generators and for each monthly period,
39 the net balance of moneys owed to the electric service provider for
40 net consumption of electricity or credits owed to the



1 customer-generator for net generation of electricity shall be
2 carried forward until the end of each 12-month period.

3 (3) At the end of each 12-month period, where the electricity
4 generated by the eligible customer-generator during the 12-month
5 period exceeds the electricity supplied by the electric service
6 provider during that same period, the eligible customer-generator
7 is a net electricity producer and the electric service provider shall
8 retain any excess kilowatthours generated during the prior
9 12-month period. The eligible customer-generator shall not be
10 owed any compensation for those excess kilowatthours unless the
11 electric service provider enters into a purchase agreement with the
12 eligible customer-generator for those excess kilowatthours.

13 (4) The electric service provider shall provide every eligible
14 customer-generator with net electricity consumption information
15 with each regular bill. That information shall include the current
16 monetary balance owed the electric service provider for net
17 electricity consumed since the last 12-month period ended.
18 Notwithstanding subdivision (e), an electric service provider shall
19 permit that customer to pay monthly for net energy consumed.

20 (5) If an eligible customer-generator terminates the customer
21 relationship with the electric service provider, the electric service
22 provider shall reconcile the eligible customer-generator's
23 consumption and production of electricity during any part of a
24 12-month period following the last reconciliation, according to the
25 requirements set forth in this subdivision, except that those
26 requirements shall apply only to the months since the most recent
27 12-month bill.

28 (6) If an electric service provider providing net metering to a
29 customer-generator ceases providing that electrical service to that
30 customer during any 12-month period, and the customer-generator
31 enters into a new net metering contract or tariff with a new electric
32 service provider, the 12-month period, with respect to that new
33 electric service provider, shall commence on the date on which the
34 new electric service provider first supplies electric service to the
35 customer-generator.

36 (f) A solar or wind turbine electrical generating system, or a
37 hybrid system of both, used by an eligible customer-generator
38 shall meet all applicable safety and performance standards
39 established by the National Electrical Code, the Institute of
40 Electrical and Electronics Engineers, and accredited testing



1 laboratories such as Underwriters Laboratories and, where
2 applicable, rules of the Public Utilities Commission regarding
3 safety and reliability. A customer-generator whose solar or wind
4 turbine electrical generating system, or a hybrid system of both,
5 meets those standards and rules shall not be required to install
6 additional controls, perform or pay for additional tests, or purchase
7 additional liability insurance.

8 (g) This section shall become operative on ~~June 1, 2002~~
9 *January 1, 2003.*

10 *SEC. 12.5. Section 2827.5 is added to the Public Resources*
11 *Code, to read:*

12 *2827.5. The Legislature finds and declares that the repeal of*
13 *the provisions of the net metering program for large customers*
14 *merely reflects a legislative desire to revisit and more closely*
15 *evaluate the cumulative value and effect of the state's policy*
16 *regarding renewable energy sources on the economics of*
17 *investment in solar and wind sources for large net metering*
18 *customers and to ensure further legislative discussion regarding*
19 *this issue.*

20 *SEC. 12.6. Section 2827.7 is added to the Public Resources*
21 *Code, to read:*

22 *2827.7. Generation eligible for net metering that is installed*
23 *on or before December 31, 2002, shall be entitled, for the life of*
24 *the installation, to the net metering terms in effect on the date of*
25 *installation.*

26 *SEC. 13. No reimbursement is required by this act pursuant*
27 *to Section 6 of Article XIII B of the California Constitution for*
28 *certain costs that may be incurred by a local agency or school*
29 *district because in that regard this act creates a new crime or*
30 *infraction, eliminates a crime or infraction, or changes the penalty*
31 *for a crime or infraction, within the meaning of Section 17556 of*
32 *the Government Code, or changes the definition of a crime within*
33 *the meaning of Section 6 of Article XIII B of the California*
34 *Constitution.*

35 *However, notwithstanding Section 17610 of the Government*
36 *Code, if the Commission on State Mandates determines that this*
37 *act contains other costs mandated by the state, reimbursement to*
38 *local agencies and school districts for those costs shall be made*
39 *pursuant to Part 7 (commencing with Section 17500) of Division*
40 *4 of Title 2 of the Government Code. If the statewide cost of the*



1 claim for reimbursement does not exceed one million dollars
2 (\$1,000,000), reimbursement shall be made from the State
3 Mandates Claims Fund.

4 SEC. 14. The sum of ~~four hundred five million one hundred~~
5 ~~fifty thousand dollars (\$405,150,000)~~ *four hundred eight million*
6 *six hundred fifty thousand dollars (\$408,650,000)* is hereby
7 appropriated or reappropriated to the Controller from the
8 following sources:

9 (a) Twenty-five million one hundred fifty thousand dollars
10 (\$25,150,000) from the Proposition 98 Reversion Account,
11 reappropriated on a one-time basis from the Proposition 98
12 Reversion Account from moneys appropriated in the 2000–01
13 fiscal year to community colleges.

14 ~~(b) Three hundred eighty million dollars (\$380,000,000) from~~
15 *(b) Three hundred sixty-eight million five hundred thousand*
16 *dollars (\$368,500,000) from the General Fund.*

17 (c) The moneys reappropriated from the Proposition 98
18 Reversion Account shall be allocated to the Chancellor of the
19 California Community Colleges who shall allocate those funds as
20 follows:

21 ~~(1) Twenty-three million dollars (\$23,000,000) to be expended~~

22 *(1) Twenty-five million dollars (\$25,000,000) to be expended*
23 for the purposes of implementing Article 2 (commencing with
24 Section 81610) of Chapter 3 of Part 49 of Division 7 of Title 3 of
25 the Education Code. The Chancellor, *in consultation with the*
26 *State Energy Resources Conservation and Development*
27 *Commission*, shall allocate the funds in this paragraph to all
28 community college districts statewide in an amount equivalent to
29 a district’s share of the total gross square footage of all permanent
30 structures reported on the system’s October 2000 Space Inventory
31 Report. Notwithstanding any other provision of law, due to the
32 urgent need to realize the necessary energy savings by the summer
33 of 2001 these funds shall be made available to the districts within
34 one week of the effective date of this act. Any funds allocated
35 pursuant to this paragraph that are unencumbered by October 30,
36 2001, shall revert to the General Fund on that date.

37 ~~(2) Two million dollars (\$2,000,000) in the form of a zero~~
38 ~~interest loan repayable over a reasonable period of time for a~~
39 ~~community college district to construct a sustainable green~~
40 ~~instructional building. The projected energy systems for this~~

[1]



1 ~~building shall reduce its demand on primary energy sources to a~~
 2 ~~level of 40 to 50 percent below the current Title 24 (Version 98)~~
 3 ~~of the California Code of Regulations including building energy~~
 4 ~~design performance and onsite power generation and or the~~
 5 ~~equivalent level in future versions of Title 24. A minimum of ten~~
 6 ~~million dollars (\$10,000,000) of the total project costs shall be~~
 7 ~~derived from nonstate resources. Preliminary plans for this~~
 8 ~~building shall be completed, and working drawings approved, by~~
 9 ~~the State Architect before the end of the 2001–02 fiscal year.~~

10 ~~(3)–~~

11 (2) One hundred fifty thousand dollars (\$150,000) as a grant to
 12 the Community College League of California to provide a
 13 statewide database of community college district utility usage for
 14 immediate application. The data base shall be accessible to the
 15 Chancellor’s Office of the California Community Colleges as well
 16 as to all community college districts statewide to assist in
 17 conservation, facilities planning and energy management. The
 18 data base shall track the usage of electricity and natural gas, and
 19 may track the usage of water, sewer and other utilities. The data
 20 base shall further provide an ongoing audit of utility billings to
 21 check for billing errors and to ensure that districts recover potential
 22 billings that exceed cost of actual usage.

23 (d) The moneys appropriated from the General Fund shall be
 24 allocated as follows:

25 (1) The sum of forty million dollars (\$40,000,000) shall be
 26 deposited in the Renewable Energy Loan Loss Reserve Fund *for*
 27 *the purposes of Article 4 (commencing with Section 15350) of*
 28 *Chapter 1 of Part 6.7 of Division 3 of Title 2 of the Government*
 29 *Code.*

30 (2) (A) The sum of forty million dollars (\$40,000,000) shall
 31 be allocated to the California Conservation Corps for costs
 32 associated with the purchase, distribution, and installation of
 33 subcompact fluorescent lights, other energy savings measures, and
 34 water-saving devices *for the purposes of Chapter 4 (commencing*
 35 *with Section 14420) of Division 12 of the Public Resources Code.*
 36 It is the intent of the Legislature that the California Conservation
 37 Corps complete the distribution of the purchased materials by
 38 August 31, 2001.

39 (B) The California Conservation Corps, in implementing the
 40 provisions of subparagraph (A), shall consult with the Department



1 of Community Services and Development *and the State Energy*
2 *Resources Conservation and Development Commission*, and shall
3 provide for broad geographic distribution of the purchased
4 materials throughout the state, identify neighborhoods and areas
5 with dense populations that can easily be served in large numbers,
6 and take into account community need.

7 (C) The California Conservation Corps shall report to the
8 Legislature on or before October 31, 2001, on the use of the funds
9 allocated pursuant to this paragraph, the cost-effectiveness of the
10 activities, and the number of homes and businesses reached.

11 (3) *The sum of twenty million dollars (\$20,000,000) shall be*
12 *allocated to the Department of Community Services and*
13 *Development for disbursement in the forms of grants to*
14 *community-based organizations for the purposes of Chapter 4*
15 *(commencing with Section 14420) of Division 12 of the Public*
16 *Resources Code, including, but not limited to, the rapid*
17 *installation of energy efficiency measures.*

18 (4) The sum of one hundred fifty-four million five hundred
19 thousand dollars (\$154,500,000) shall be allocated to the State
20 Energy Resources Conservation and Development Commission
21 for allocation in accordance with the following schedule:

22 (A) Fifty million dollars (\$50,000,000) shall be expended in
23 accordance with Article 2 (commencing with Section 25433) of
24 Chapter 5.3 of Division 15 of the Public Resources Code, ~~for a loan~~
25 ~~or a grant for an eligible construction or retrofit project.~~

26 (B) Fifty million dollars (\$50,000,000) shall be expended for
27 electric ~~metering programs.~~ ~~Twenty-five million dollars~~
28 ~~(\$25,000,000) metering programs.~~ *Thirty-five million dollars*
29 *(\$35,000,000) shall be used to provide time-of-use or real time*
30 *meters for customers whose usage is greater than 200 kilowatt.*
31 ~~Twenty-five million dollars (\$25,000,000)~~ *Fifteen million dollars*
32 *(\$15,000,000) shall be provided to the Public Utilities*
33 *Commission to fund the program described in Section 739.11 of*
34 *the Public Utilities Code, which may be used for the purchase and*
35 *installation of meters, related equipment, and other associated*
36 *costs.*

37 (C) Fifty million dollars (\$50,000,000) shall be expended for
38 the Small Business Energy Efficient Refrigeration Loan Program
39 provided for in Section 25436 of the Public Resources Code.

40 ~~(4)~~



1 (5) (A) The sum of fifty million dollars (\$50,000,000) shall be
 2 allocated to the State Energy Conservation Assistance Account
 3 created by Section 25416 of the Public Resources Code for
 4 expenditure by the State Energy Resources Conservation and
 5 Development Commission to provide loans and grants, as
 6 determined by the commission, pursuant to Chapter ~~5.35~~ 5.2
 7 (commencing with Section 25410) of Division 15 of the Public
 8 Resources Code.

9 (B) In allocating the funds pursuant to this paragraph, the State
 10 Energy Resources Conservation and Development Commission
 11 ~~shall give priority to applications for energy conservation projects~~
 12 ~~or energy conservation measures that can be completed before~~
 13 ~~September 1, 2001.~~

14 ~~(5) shall do the following:~~

15 (i) Give priority to applications for energy conservation
 16 projects or energy conservation measures that can be completed
 17 on or before September 1, 2001.

18 (ii) Give priority to local governmental entities that do not have
 19 a local utility tax when making grants or loans to those entities.

20 (6) The sum of four million five hundred thousand dollars
 21 (\$4,500,000) is hereby ~~appropriated from the General Fund~~
 22 ~~allocated~~ to the State Energy Resources Conservation and
 23 Development Commission (Energy Commission) for expenditure
 24 to complete the Southeast Geysers Effluent Injection System
 25 (SEGIS), Phase 2 Project of the Basin 2000 Project in Lake
 26 County. This appropriation is to enable Basin 2000 to come online
 27 in December 2001, to produce an additional 10 megawatts (MW)
 28 of geothermal power, which it and the Northern California Power
 29 Agency, the sole partner with the Lake County Sanitation District,
 30 commit to selling to the state at their cost to help with California's
 31 electricity crisis.

32 ~~(6)~~

33 (7) The sum of twenty-five million dollars (\$25,000,000) shall
 34 be allocated to the California Alternative Energy and Advanced
 35 Transportation Financing Authority for the purpose of
 36 implementing Section 26011.6 of the Public Resources Code.

37 ~~(7)~~

38 (8) (A) The State Energy Resources Conservation and
 39 Development Commission shall expand programs to promote
 40 clean distributed generation technologies neither owned nor



1 controlled by electrical corporations. Pursuant to subparagraphs
2 (B) and (C), the incentives that the commission shall develop
3 pursuant to this section shall address existing barriers to the
4 increased use of these technologies, including, but not limited to,
5 incentives to help reduce the initial system purchase price, develop
6 low-cost financing mechanisms, offset interconnection fees
7 charged by electrical corporations, and streamline the utility
8 interconnection process by reducing administrative delay.

9 ~~(B) The sum of thirty million dollars (\$30,000,000) shall be~~

10 *(B) The sum of fifteen million dollars (\$15,000,000) shall be*
11 deposited in the Emerging Renewable Resources Account in the
12 Renewable Resource Trust Fund established pursuant to Section
13 445 of the Public Utilities Code. Notwithstanding Section 13340
14 of the Government Code, the money deposited in the Emerging
15 Renewable Resources Account by this subparagraph is hereby
16 continuously appropriated to the State Energy Resources
17 Conservation and Development Commission, without regard to
18 fiscal year, for the purposes specified in subparagraph (C).

19 *(C) The sum of fifteen million dollars (\$15,000,000) shall be*
20 *transferred from the Renewable Resource Trust Fund to the*
21 *Emerging Renewable Resources Account in the Renewable*
22 *Resource Trust Fund established under Section 445 of the Public*
23 *Utilities Code.*

24 *(D) The money allocated pursuant this paragraph may be*
25 *expended by the commission only for the following purposes:*

26 *(i) Twenty-two million dollars (\$22,000,000) for rebates*
27 *available for small distributed emerging technologies that are*
28 *eligible for funding pursuant to subdivision (d) of Section 383.5*
29 *of the Public Utilities Code that have a peak generating capacity*
30 *of 10 kilowatts or less. The commission shall determine the*
31 *maximum rebate level for small systems to be awarded pursuant*
32 *to this clause. Within the maximum rebate level, the commission*
33 *may provide for different rebate levels, such as higher rebate levels*
34 *for systems installed and operational within a specified timeframe,*
35 *or for targeted end-use customers that need additional financial*
36 *support, such as for public schools and state and local*
37 *governmental facilities.*

38 *(ii) Eight million dollars (\$8,000,000) for rebates for small*
39 *distributed emerging technologies that are eligible for funding*
40 *pursuant to subdivision (d) of Section 383.5 of the Public Utilities*



1 Code that have a peak generating capacity of 10 kilowatts or less
2 and that are located at a customer site receiving distribution service
3 from a local publicly owned electric utility, as defined in Section
4 9604 of the Public Utilities Code. The commission shall determine
5 the maximum rebate level for small systems to be awarded
6 pursuant to this clause. Within the maximum rebate level, the
7 commission may provide for different rebate levels, such as higher
8 rebate levels for systems installed and operational within a
9 specified timeframe, or for targeted end-use customers that need
10 additional financial support, such as for public schools and state
11 and local governmental facilities.

12 (iii) The commission shall ensure that projects eligible for
13 rebates pursuant to clauses (i) and (ii) shall not also receive rebates
14 from similar programs adopted by the Public Utilities
15 Commission.

16 (D) Notwithstanding subdivision (d) of Section 383.5 of the
17 Public Utilities Code, the commission may increase the maximum
18 rebate levels for distributed emerging technologies eligible for
19 funding under subdivision (d) of Section 383.5 of the Public
20 Utilities Code that have a peak generating capacity greater than 10
21 kilowatts, if the commission determines that an increase is
22 appropriate to further stimulate the installation of emerging
23 renewable technologies in general or for targeted end-use
24 customers that need additional financial support, such as public
25 schools and state and local governmental facilities. The maximum
26 incentive levels established by the commission may vary based on
27 system size and type of end-use consumer.

28 (E) For purposes of this paragraph, ‘commission’ means the
29 State Energy Resources Conservation and Development
30 Commission.

31 (9) *In order to achieve a reduction in peak electricity demand,*
32 *the sum of twenty-four million dollars (\$24,000,000) shall be*
33 *allocated to the Department of Corrections to install systems to*
34 *retrofit generating units to improve the environmental*
35 *performance of existing electrical generating units.*

36 (e) *Funds appropriated pursuant to paragraph (4) of*
37 *subdivision (d) shall be expended pursuant to guidelines adopted*
38 *by the Energy Resources Conservation and Development*
39 *Commission. The guidelines shall be exempt from the requirements*
40 *of Chapter 3.5 (commencing with Section 11340) of Part 1 of*



1 *Division 3 of Title 2 of the Government Code and shall do all of the*
2 *following:*

3 *(1) Establish cost-effectiveness criteria for the programs*
4 *funded. Within 10 days from the date of the adoption of criteria*
5 *pursuant to this paragraph, the commission shall provide a copy*
6 *of the criteria to the Chairperson of the Legislative Budget*
7 *Committee, to the chairpersons of the appropriate policy and fiscal*
8 *committees of both houses of the Legislature, and to the Governor.*

9 *(2) Establish design guidelines for energy efficiency for*
10 *programs to be eligible for funding under Section 25433 of the*
11 *Public Resources Code. These guidelines shall exceed those*
12 *standards established in Part 6 of Title 24 of the California Code*
13 *of Regulations.*

14 *(3) Allow reasonable flexibility to shift funds among program*
15 *categories in order to achieve the maximum feasible amount of*
16 *energy conservation, peak load reduction, and energy efficiency by*
17 *the earliest feasible date.*

18 *(4) Establish matching fund criteria where appropriate to*
19 *ensure that entities eligible to receive funds appropriated pursuant*
20 *to paragraph (4) of subdivision (d) pay an appropriate share of the*
21 *cost of acquiring or installing measures to achieve the maximum*
22 *feasible amount of energy conservation, peak load reduction, and*
23 *energy efficiency by the earliest feasible date.*

24 *(5) Establish mechanisms and criteria that ensure that funds*
25 *expended pursuant to this subdivision through electric and gas*
26 *corporations are not seized by the creditors of those corporations*
27 *in the event of a bankruptcy. In implementing this paragraph, the*
28 *commission shall adopt mechanisms such as the segregation of*
29 *funds by the electric and gas corporations, the holding of those*
30 *funds in trust until they are expended, and the reversion of funds*
31 *to the General Fund in the event of a bankruptcy.*

32 *(6) Establish tracking and auditing procedures to ensure that*
33 *funds are expended in a manner consistent with this section.*

34 *SEC. 14.5. (a) Any contracts entered into on or before*
35 *September 1, 2001, pursuant to this act due to the energy crisis are*
36 *exempt from the following requirements of the Government Code*
37 *and the Public Contracts Code:*

38 *(1) Services contracts are exempt from Article 4 (commencing*
39 *with Section 10335) of Chapter 2 of Part 2 of Division 2 of the*
40 *Public Contract Code.*



1 (2) Consulting services contracts are exempt from Article 5
2 (commencing with Section 10359) of Chapter 2 of Part 2 of
3 Division 2 of the Public Contract Code.

4 (3) Architectural and engineering contracts are exempt from
5 Chapter 10 (commencing with Section 4525) of Division 5 of Title
6 1 of the Government Code, and from Sections 6106.5 of the Public
7 Contract Code.

8 (4) All contracts are exempt from Section 10295 of the Public
9 Contract Code, relating to approval from the Department of
10 General Services.

11 (5) All contracts are exempt from Chapter 6 (commencing with
12 Section 14825) of Part 5.5 of Division 3 of Title 2 of the
13 Government Code, relating to advertising.

14 (b) Grants may be awarded for projects or programs that
15 include a group of related projects, or to a party who aggregates
16 projects that directly benefit from the grant. The grants do not
17 constitute the rendering of goods or services or a direct benefit to
18 the agency making the grant. A party who aggregates projects may
19 retain for administrative costs not more than 2¹/₂ percent of the
20 funds expended by the party.

21 (c) Approval of contracts and grants may be delegated to the
22 agency executive director or an agency committee up to a
23 maximum amount that is established by the respective commission
24 or agency.

25 (d) Administrative costs for agencies participating in programs
26 or projects pursuant to this act shall not exceed 2¹/₂ percent of the
27 amount allocated to the agency.

28 (e) Each participating agency receiving funds under this act
29 shall file reports with the Joint Legislative Budget Committee, the
30 chairs of the appropriations committees, and the Governor, as
31 follows:

32 (1) An interim report by January 1, 2002.

33 (2) A final report by July 1, 2002.

34 (3) Annual reports for continuing programs, if the agency or
35 program is not otherwise required to file annual reports by this act
36 or any other provision of law.

37 SEC. 15. This act is an urgency statute necessary for the
38 immediate preservation of the public peace, health, or safety
39 within the meaning of Article IV of the Constitution and shall go
40 into immediate effect. The facts constituting the necessity are:



1 In order to prevent rolling blackouts, and the shortage of
2 electrical generating capacity in the state that endangers the health,
3 welfare, and safety of the people of this state, it is necessary that
4 this act take effect immediately.

O

