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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, Oropeza, Pescetti, Reyes, Shelley, Simitian, Steinberg, and Strom-Martin

(Principal coauthor: Assembly Member Pavley)

(Coauthors: Assembly Members Liu and Negrete McLeod)

February 5, 2001

An act to add *and repeal* 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~~ 5.3 (commencing with Section ~~25437~~ 2542.5) to Division 15 of, and to add and repeal Chapter 4

[1] Corrected 4-5-01—See last page.

(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, to add Sections 739.10, 2827.5, and 2827.7 to, and to add and repeal Section 739.11 of, *and to repeal and add Sections 740.7, 740.9, and 740.10 to, and to repeal Section 740.11 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 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.

(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.

(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 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.

(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~~ *This* 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.

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.

(8) 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 a gradual differential between the rates for respective blocks of usage.

Senate Bill 5 of the 2001–02 First Extraordinary Session would add a requirement that the commission assure that a specified condition is met with respect to any interruptible service or curtailment programs it adopts as those programs relate to agricultural and water supplier customers. Senate Bill 5 of the 2001–02 First Extraordinary Session would require that any binding mandatory curtailment programs adopted by the commission, which exempt customers from Stage III rotating outages in exchange for partial load curtailments during every rotating outage period, include specified provisions for agricultural and water supplier customers, as defined. Senate Bill 5 of the 2001–02 First Extraordinary Session would require each public utility electrical corporation to develop and offer its agricultural customers, including



those customers involved in the production or processing, or both, of agricultural products, and water suppliers, on or before April 30, 2001, the opportunity to participate, in addition to other programs developed by the commission, in a demand reduction program, as specified.

This bill would repeal the proposed provisions of Senate Bill 5 of the 2001–02 First Extraordinary Session and would instead authorize the commission to allow the specified condition to be met with respect to any interruptible service or curtailment programs for agricultural and water supplier customers. The bill would require the commission to consider whether any binding mandatory curtailment programs should include certain measures for agricultural and water supplier customers.

The bill would require each public utility electrical corporation to develop and offer its customers, on or before May 30, 2001, an opportunity to participate in a specified program.

(9) 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 of use 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 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 January 1, 2003, to also include commercial, industrial, or agricultural customers of an electric service provider. The bill would eliminate, until 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.



~~(9)~~

(10) 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.

~~(10)~~

(11) 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.

~~(11)~~

(12) 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.



~~(12)~~

(13) 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)~~

(14) 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)~~

(15) 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.

~~(15)~~

(16) The bill would appropriate or reappropriate \$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.

~~(16)~~

(17) 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.



1 81612. (a) Notwithstanding any other provision of law, prior
2 to awarding, or entering into, any contract, agreement, or lease
3 pursuant to this article, a community college district shall request
4 proposals from qualified persons. After evaluating those
5 proposals, the community college district shall award contracts to
6 responsible persons or entities who submit responses to a request
7 for proposal which are responsive to the requirements of the
8 request for proposals. A community college may award a contract
9 for an energy project under this article to any responsible person
10 or entity timely submitting a responsive answer to the request for
11 proposals based on qualifications, including the consideration of
12 all of the following factors:

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

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

17 (3) Cost to the district.

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

19 (b) Notwithstanding any other provision of law, community
20 college districts may award contracts pursuant to a request for
21 proposals issued under this article or award contracts to persons or
22 entities selected from the pool of qualified energy service
23 companies established pursuant to Section 388 of the Public
24 Utilities Code, when it is determined they are qualified to perform
25 the work on a particular project. A request for proposal does not
26 have to be prepared if a community college district elects to award
27 a contract for an energy project to only those persons or entities
28 included in the pool of qualified energy service companies under
29 Section 388 of the Public Utilities Code. If a community college
30 district elects to seek proposals for an energy project pursuant to
31 a request for proposals and from the pool of qualified energy
32 service companies under Section 388 of the Public Utilities Code,
33 the community college district shall prepare a request for
34 proposals. Award of such a contract shall be based upon the factors
35 described in subdivision (a).

36 81613. (a) Notwithstanding the repeal of this section by
37 Section 81615, on or before January 1, 2002, each community
38 college district receiving funds appropriated pursuant to this
39 section shall provide a report to the Chancellor of the California
40 Community Colleges with the following information:



- 1 (1) The amount of funding expended.
2 (2) The measures, programs, or activities funded.
3 (3) A description of the effectiveness of the measures,
4 programs, or activities funded in reducing peak electricity demand
5 and improving energy efficiency, as measured in kilowatthours of
6 electricity or British thermal unit hours reduced per dollar
7 expended.
- 8 (b) Notwithstanding the repeal of this section by Section
9 81615, on or before March 1, 2002, the Chancellor of the
10 California Community Colleges shall provide a summary of the
11 reports provided pursuant to subdivision (a) to the Chairperson of
12 the Joint Legislative Budget Committee, to the chairpersons of the
13 appropriate policy and fiscal committees of both houses of the
14 Legislature, and to the Governor.
- 15 81614. Any contracts entered into pursuant to this chapter by
16 a community college district are exempt from the following
17 requirements:
- 18 (a) Architectural, engineering, construction management, and
19 consulting contracts are exempt from Chapter 10 (commencing
20 with Section 4525) of Division 5 of Title 1 of the Government
21 Code.
- 22 (b) All contracts are exempt from Article 3.5 (commencing
23 with Section 81660).
- 24 (c) All contracts are exempt from the publication requirements
25 set forth in Section 81641.
- 26 (d) All contracts are exempt from Article 41 (commencing
27 with Section 20650) of Chapter 1 of Part 3 of Division 2 of the
28 Public Contract Code, except that if in the request for proposals for
29 an energy project under this article, a community college district
30 has established a requirement for bid security, a response to the
31 request for proposal will be deemed responsive only if the
32 response is submitted with the required bid security.
- 33 (e) If the value of a project awarded by a community college
34 district to a contractor to implement an energy project under this
35 article is in excess of twenty-five thousand dollars (\$25,000),
36 regardless of whether the requirement is noted in the request for
37 proposals, the contractor awarded such a contract shall obtain and
38 submit to such a community college district for approval of a
39 Labor and Materials Payment Bond conforming to the
40 requirements of Section 3248 of the Civil Code.



1 (f) If required by the terms of a request for proposals issued by
2 a community college district under this article, the person or entity
3 awarded such a contract shall obtain a performance bond
4 conforming with the applicable requirements of the request for
5 proposals.

6 81615. This article shall remain in effect only until January 1,
7 2002, and as of that date is repealed, unless a later enacted statute,
8 that is enacted before January 1, 2002, deletes or extends that date.

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

11
12 Article 2.5. Statewide Energy Management Program
13

14 81620. This article shall be known, and may be cited, as the
15 Statewide Energy Management Program.

16 81621. The definitions set forth in this section govern the
17 construction of this article:

18 (a) "Commission" means the State Energy Resources
19 Conservation and Development Commission.

20 (b) "Energy independence" means the utilization of existing
21 and developing technologies to meet energy needs onsite,
22 including, but not necessarily limited to, the utilization of solar,
23 fuel cells, and other renewable and clean onsite energy sources, the
24 optimization of the use of daylighting, the use of passive solar
25 orientation, and the use of construction techniques that minimize
26 energy loss, such as appropriate insulation and lighting fixtures.

27 (c) "Energy management plans" means the plans that
28 community colleges develop with guidance from the Statewide
29 Energy Management Program to implement energy efficiency
30 projects such as sustainable green buildings, renovations, and
31 wind or solar farms that will move the community colleges toward
32 energy independence.

33 (d) "Program" means the Statewide Energy Management
34 Program, established under this article, which is a state program
35 modeled after the Federal Energy Management Program.

36 (e) "Renewable or other distributed energy systems" means
37 alternative efficient sources of energy such as daylighting,
38 photovoltaic panels (rooftops or solar farms), passive solar
39 heating, fuel cells, and steam. Diesel-fueled electric generating
40 systems are not included in this definition.



1 (f) “Sustainable green building” means a building that has
2 been designed to reduce both direct and indirect environmental
3 consequences associated with construction, occupancy, operation,
4 maintenance, and eventual decommissioning, and whose design is
5 evaluated for cost, quality of life, future flexibility, ease of
6 maintenance, energy and resource efficiency, and overall
7 environmental impact, with an emphasis on life-cycle cost
8 analysis.

9 81622. (a) (1) *In Executive Order D-16-00, issued August 2,*
10 *2000, Governor Davis directed state agencies to design and*
11 *construct buildings that incorporate energy efficiency, resource*
12 *conservation, and renewable technologies. In his State of the State*
13 *Address delivered on January 8, 2001, Governor Davis expressed*
14 *his support for the goal of moving the California Community*
15 *Colleges toward energy independence.*

16 (2) *The Federal Energy Management Program, upon which the*
17 *State Energy Management Program is modeled, has resulted in*
18 *approximately four dollars (\$4) in savings for every one dollar*
19 *(\$1) spent. The federal investment of two billion dollars*
20 *(\$2,000,000,000) in energy efficiency has resulted in savings of six*
21 *billion three hundred million dollars (\$6,300,000,000) on energy*
22 *bills.*

23 (b) In consultation with the commission, the Board of
24 Governors of the California Community Colleges shall further
25 develop and refine certain guidelines for a Statewide Energy
26 Management Program that have been established under an
27 ongoing joint effort of the commission and DeAnza College. This
28 statewide effort shall allow community college districts to achieve
29 energy independence through the development of energy
30 management plans, the construction of sustainable green
31 buildings, the use of renewable or other distributed energy
32 systems, and the expansion of statewide energy education
33 programs and services.

34 ~~(b)~~

35 (c) By 2010, the program shall, at a minimum, facilitate the
36 completion of 20 district energy management plans, ~~15~~ 15
37 renewable or other distributed energy systems, and ~~20~~ three
38 sustainable green buildings on community college campuses
39 statewide.

40 ~~(e)~~



1 (d) In consultation with the commission, the board of
2 governors shall accomplish all of the following:

3 (1) Review and comment on academic, occupational, and
4 vocational education materials developed by the commission, the
5 Electric Power Research Institute, public utilities, and the
6 community colleges to improve energy education programs and
7 services.

8 (2) Review and recommend actions regarding successful
9 energy education programs and services that can be identified for
10 replication, personnel exchanges, or implementation of successful
11 practices.

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

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

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

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

21 (7) Review and comment on occupational and vocational
22 training programs and services to meet current employment
23 standards in energy occupations.

24 81623. The board of governors shall encourage the
25 construction of community college sustainable green buildings
26 that implement energy efficiency, sustainable building concepts,
27 and solar electric, fuel cell, and other technologies. On the
28 effective date of this article, the board of governors shall
29 immediately seek a prototype sustainable green community
30 college instructional building that can be a model for all new
31 construction and retrofit projects statewide.

32 81624. The Chancellor of the California Community
33 Colleges shall establish an advisory committee for the Statewide
34 Energy Management Program, and determine the membership of
35 that committee. The advisory committee, with technical assistance
36 from the commission, shall make recommendations to the
37 chancellor regarding overall program development, resource
38 development and deployment, and strategies for implementation
39 and coordination of the program. A leadership role on this
40 committee shall initially be provided by the staff of the



1 commission and DeAnza College who have been involved since
2 1992 in a joint effort to promote training, energy efficiency, and
3 energy independence in the California Community Colleges. This
4 leadership role shall rotate to other community colleges as they
5 complete their own district energy management plans.

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

9

10 Article 6. State Building Energy Retrofits

11

12 14710. As used in this article, the following terms have the
13 following meanings:

14 (a) “Alternative energy equipment” means alternative energy
15 equipment, as defined in subdivision (d) of Section 15814.11, and,
16 in the case of fossil fuel generation, complies with emission
17 standards and guidance adopted by the State Air Resources Board
18 pursuant to Sections 41514.9 and 41514.10 of the Health and
19 Safety Code. Prior to the adoption of those standards and guidance,
20 for the purposes of this article, distributed energy resources shall
21 meet emission levels equivalent to nine ppm oxides of nitrogen,
22 averaged over a three-hour period, or best available control
23 technology for the applicable air district, whichever is lower.

24 (b) “Cogeneration equipment” means equipment used for
25 cogeneration, as defined in Section 218.5 of the Public Utilities
26 Code.

27 (c) “Feasible” means capable of being accomplished in a
28 successful manner within a reasonable period of time, taking into
29 account life-cycle costing analyses, and environmental, social,
30 and technological factors, however, renewable technologies shall
31 not be exempt based solely on cost considerations.

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

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

37 14711.5. (a) The department in consultation with the State
38 Energy Resources Conservation and Development Commission,
39 with the concurrence of the Department of Finance, shall identify
40 each public building in the department’s state property inventory



1 where it is feasible for that building to reduce energy consumption
2 and achieve energy efficiencies, as well as to produce its own
3 onsite electrical generation or reduce its level of peak demand
4 electricity consumption using alternative energy equipment,
5 thermal energy storage technologies, or cogeneration equipment.

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

11 14712. The director may enter into third party agreements that
12 the director, with the concurrence of the Department of Finance,
13 determines are appropriate and cost-effective to implement energy
14 efficiencies and feasible onsite electric generation pursuant to
15 Section 14711.5 and to achieve the goals of this section. The
16 director may enter into negotiated agreements with parties on the
17 terms and conditions that the director, with the concurrence of the
18 Department of Finance, deems are in the state’s interests to
19 accomplish all of the following objectives:

20 (a) Reduce overall energy consumption in state facilities by 30
21 percent.

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

25 (c) Maximize the use of renewable energy technologies for
26 both onsite electrical generation as well as thermal energy
27 production.

28 (d) Utilize private third party financing, where feasible, for the
29 construction, operation, and maintenance of such energy
30 investments.

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

34 14713. (a) Notwithstanding subdivision (b) of Section
35 15814.12, the department shall retrofit all public buildings,
36 identified in Section 14711.5, where feasible, provided that work
37 on public buildings of the California State University shall be
38 performed only at the request or with the consent of the university.



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

4 14714. On or before two years after the effective date of the
5 act adding this section, and every two years thereafter, the
6 Department of General Services shall prepare and submit to the
7 Legislature and the Governor, a report of the energy savings, if
8 any, in terms of megawatts per year, for each public building
9 retrofitted pursuant to this article.

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

13
14 Article 4. Renewable Energy Loan Guarantee Program

15
16 15350. The Legislature finds and declares all of the
17 following:

18 (a) California is experiencing severe electrical shortages,
19 which endanger the health, safety, and economic development
20 opportunity of its citizens.

21 (b) Immediate measures are needed to increase the electrical
22 generation capacity within California, including energy from
23 economical renewable systems.

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

27 (d) California must take all reasonable actions necessary to
28 encourage the continuing construction of renewable energy
29 infrastructure and to maximize reliable, renewable energy systems
30 for homes and businesses.

31 (e) In order to maximize the commercial lending available to
32 renewable energy projects, it is necessary and appropriate to
33 establish a loan guarantee program to assist in obtaining
34 commercial loans to purchase and install renewable energy system
35 projects.

36 15351. For the purposes of this article, the following
37 definitions apply:

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



1 (b) “Financial institution” means a financial institution
2 organized, chartered, or holding a license or authorization
3 certificate under a law of this state or the United States to make
4 loans or extend credit, and subject to supervision by an official or
5 agency of this state or the United States.

6 (c) “Guarantee” means a written agreement between the
7 agency and a financial institution, by which the agency agrees to
8 pay a specified percentage of loan interest and principal for any
9 combination of the following: permitting, acquisition,
10 construction, or installation of one or more renewable energy
11 systems located in the state if the eligible business defaults on the
12 loan and the financial institution complies with the terms of the
13 guarantee.

14 (d) “Loan” means a contract providing financing for a
15 renewable energy system.

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

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

20 (A) Heat.

21 (B) Process heat.

22 (C) Space heating.

23 (D) Water heating.

24 (E) Steam.

25 (F) Space cooling.

26 (G) Refrigeration.

27 (H) Mechanical energy.

28 (I) Electricity.

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

31 (2) Does not expend or use conventional energy fuels, any fuel
32 derived from petroleum deposits, including, but not limited to, oil,
33 heating oil, gasoline, fuel oil, or natural gas, including liquified
34 natural gas, or nuclear fissionable materials, except as provided in
35 subsection (b) of Section 292.204 of Title 18 of the Code of
36 Federal Regulations.

37 (3) Uses one of more of the following renewable electricity
38 generation technologies:

39 (A) Biomass.

40 (B) Solar thermal.



- 1 (C) Photovoltaic.
- 2 (D) Wind.
- 3 (E) Geothermal.
- 4 (F) Small hydropower (30 megawatts or less).
- 5 (G) Digester gas.
- 6 (H) Landfill gas.

7 15352. (a) The agency, in consultation with the State Energy
8 Resources Conservation and Development Commission, shall
9 administer the California Renewable Energy Loan Guarantee
10 Program to guarantee loans made by financial institutions to
11 eligible businesses for the permitting, acquisition, construction, or
12 installation of renewable energy systems that are intended to
13 decrease the demand on the electricity grid.

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

20 15353. (a) The secretary shall establish a Renewable Energy
21 Loan Guarantee Committee for the purpose of approving loan
22 guarantees based upon the criteria and procedures established by
23 the agency. The secretary may include agency staff, the Director
24 of Finance, representatives of other state agencies, and
25 representatives of the public on the committee.

26 The secretary or his or her designee shall serve as the
27 chairperson of the committee.

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

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

31 (2) Approve loan guarantees under this article.

32 (c) The committee shall not approve any guarantee without a
33 determination that, at a minimum, the applicant appears able to
34 repay the guaranteed financing and the financing is adequately
35 collateralized.

36 15354. (a) The Renewable Energy Loan Guarantee
37 Committee shall comply with the California Public Records Act
38 (Chapter 3.5 (commencing with Section 6250) of Division 7),
39 except as specified in subdivision (c).



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

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

9 (1) The disclosure of financial data contained in applications
10 for loan guarantees from the Renewable Energy Loan Guarantee
11 Committee, where the committee determines that disclosure of the
12 financial data would be competitively injurious to the applicant.
13 For this purpose, financial data includes, but is not limited to,
14 financial statements, details of accounts receivable and accounts
15 payable, income tax returns, owner-officer compensation records,
16 collateral details, cash-flow analysis, orders, contracts, financing
17 commitments and agreements, and other documents that would
18 disclose specific names or addresses of customers and suppliers,
19 potential customers and suppliers, or agency and consultant
20 reports analyzing the financial data.

21 (2) Any loan guarantee review by the Renewable Energy Loan
22 Guarantee Committee. For this purpose, the committee or a
23 subcommittee of the committee may review and approve loan
24 guarantee requests by means of a telephone conference, or in a
25 meeting not open to the public.

26 15355. There is hereby created in the State Treasury the
27 Renewable Energy Loan Loss Reserve Fund. All money in the
28 fund is appropriated for the support of the agency and shall be
29 available for expenditure for the purposes stated in this article. The
30 fund shall be available for the receipt of federal, state, and local
31 moneys, and private donations.

32 15356. (a) The agency shall determine the percentage of the
33 reserve in the Renewable Energy Loan Loss Reserve Fund
34 required to secure loan guarantees made by the committee.
35 However, in no event shall the reserve be less than 25 percent of
36 the fund.

37 (b) The minimum amount that the agency may guarantee for
38 any renewable energy system is twenty-five thousand dollars
39 (\$25,000) and the maximum amount is two million dollars
40 (\$2,000,000). The agency may elect to lower or raise the minimum



1 or maximum amount if a change is found to be in the best interest
2 of the state.

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

6 (d) The amount guaranteed shall not exceed 90 percent of a
7 loan, or an amount equal to the anticipated proportion of
8 renewable fuel usage to fuel the renewable energy system, as
9 authorized by paragraph (2) of subdivision (d) of Section 15351,
10 whichever is less.

11 15357. The agency shall adopt criteria and procedures for the
12 implementation of this article. The criteria and procedures shall be
13 exempt from the requirements of Chapter 3.5 (commencing with
14 Section 11340) of Part 1. The criteria and procedures shall include
15 provisions for determining the maximum guarantee amount,
16 leverage, percentage guaranteed, guarantee term, and other
17 conditions of a guarantee. In developing the criteria and
18 procedures for the program, the agency may consult with other
19 state agencies, including the State Energy Resources Conservation
20 and Development Commission. A consultation and public
21 comment period shall begin on the effective date of this article, and
22 shall end 30 days thereafter. Notwithstanding the 120-day limit
23 specified in subdivision (e) of Section 11346.1, the regulations
24 shall be repealed 180 days after their effective date, unless the
25 department complies with Chapter 3.5 (commencing with Section
26 11340) of Part 1 of Division 3 of Title 2, as provided in subdivision
27 (e) of Section 11346.1.

28 15358. (a) The agency shall execute guarantees supported
29 solely by funds in the Renewable Energy Loan Loss Reserve Fund.

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

35 15359. (a) The agency shall establish a reasonable schedule
36 of administrative fees, not to exceed 2 percent of the guarantee
37 amount, which shall be paid by the eligible business to reimburse
38 the state for the costs of administering this article, including
39 promotion and outreach.



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

5 15360. The agency may contract with any state or other
6 agency, persons, or firms to enable the agency to properly perform
7 the duties of this article.

8 15361. The state shall not be liable or obligated in any way
9 beyond the money that is allocated to the Renewable Energy Loan
10 Loss Reserve Fund as a result of any loan guarantee under this
11 article.

12 15362. The agency, with the approval of the Director of
13 Finance, may request the Treasurer to invest the money in the
14 Renewable Energy Loan Loss Reserve Fund. Returns from these
15 investments shall be deposited in the fund and shall be used to
16 support this article.

17 15362.5. Because of the need to immediately increase the
18 availability of renewable energy sources, it is necessary to
19 implement this article without delay. Therefore, from the effective
20 date of this article, and for a period of 18 months thereafter,
21 Section 10295 and Article 4 (commencing with Section 10335) of
22 Chapter 2 of Part 2 of Division 2 of the Public Contract Code shall
23 not apply to contracts entered into pursuant to this article. Any
24 contract that is entered into during that 18-month period shall be
25 awarded based upon the receipt of at least three bids, and the award
26 shall be based on a combination of the expertise of the bidder, the
27 bid price, and the probability that the services offered will meet the
28 needs of the program.

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

31

32 CHAPTER 4. MOBILE EFFICIENCY BRIGADE

33

34 14420. This chapter shall be known and may be cited as the
35 Mobile Efficiency Brigade.

36 14421. The Legislature finds and declares all of the
37 following:

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



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

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

9 (d) Current state programs can work in conjunction with
10 community-based organizations to significantly penetrate
11 communities and rapidly implement programs aimed at
12 conservation and demand reduction.

13 (e) The state currently has programs operated and administered
14 by the Department of Community Services and Development and
15 the California Conservation Corps, working in conjunction with
16 and through community-based organizations, that can be
17 expanded to assist in the statewide conservation effort initiated
18 through pending programs.

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

23 14422. As used in this chapter:

24 (a) “Community-based organization” means a nonprofit
25 corporation that is exempt from income taxation under Section
26 501(c)(3) of the Internal Revenue Code of 1986.

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

28 ~~(1) The the~~ Energy Conservation Act of 2001 (Chapter 5.3
29 (commencing with Section 25425) of Division 15).

30 (c) “Energy efficient appliance or measure” means anything
31 that meets the efficiency standards of the United States
32 Department of Energy that are effective on and after July 1, 2001,
33 and, if applicable, products certified as energy efficient zone
34 heating products by the State Energy Resources Conservation and
35 Development Commission.

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

38 (e) “Low-income household,” in the context of the
39 implementation of a specific program, shall be defined as each



1 program specifies. Outside of a specific program, it means
2 households at or below 200 percent of the federal poverty level.

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

7 14423. Notwithstanding any other provision of law, the
8 California Conservation Corps and the Department of Community
9 Services and Development, in consultation with the State Energy
10 Resources Conservation and Development Commission, shall
11 expand their current weatherization, energy-efficiency, and
12 rehabilitation programs and assist in the implementation of
13 pending programs as defined in Section 14422, in accordance with
14 the following objectives:

15 (a) Determine the specifics of program expansion and focus on
16 energy efficiency measures including, but not limited to, energy
17 audits, weatherization including the insulation of doors, windows,
18 walls and ceilings, light bulb replacement with subcompact
19 flourescent lights, installation of water-saving devices and heater
20 exchanges, minor repairs and retrofits, appliance removal and
21 replacement, and tree planting.

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

24 (c) Establish qualifications and priorities consistent with the
25 objectives of this chapter for making grants and working with
26 community-based organizations.

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

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

32 14424. Any contracts entered into pursuant to this chapter by
33 a state agency are exempt from the following requirements of the
34 Government Code and the Public Contract Code:

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

38 (b) All contracts are exempt from Section 10295 of the Public
39 Contract Code, relating to approval from the Department of
40 General Services.

[1]



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

4 14425. This chapter shall remain in effect only until January
5 1, 2003, and as of that date is repealed, unless a later enacted
6 statute, that is enacted before January 1, 2003, deletes or extends
7 that date.

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

10
11 CHAPTER 5.3. ENERGY CONSERVATION ACT OF 2001

12
13 Article 1. General Provisions

14
15 25425. This chapter shall be known, and may be cited, as the
16 Energy Conservation Act of 2001.

17 25426. As used in this article, the following terms have the
18 following meanings:

19 (a) “Commercial refrigeration” means a refrigerator that is not
20 a federally regulated consumer product.

21 (b) “Energy-efficient model” means any appliance that meets
22 the efficiency standards of the United States Department of Energy
23 that are effective on and after July 1, 2001, and, if applicable,
24 products certified as energy efficient zone heating products by the
25 State Energy Resources Conservation and Development
26 Commission.

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

30
31 Article 2. Loans and Grants for Construction and Retrofit
32 Projects

33
34 25433. It is the intent of the Legislature to establish incentives
35 in the form of grants and loans to low-income residents, small
36 businesses, and residential property owners for constructing and
37 retrofitting buildings to be more energy efficient by using design
38 elements, including, but not limited to, energy-efficient siding,
39 insulation, products certified as energy efficient zone heating



1 products by the State Energy Resources Conservation and
2 Development Commission, and double-paned windows.

3 25433.5. (a) In consultation with the Public Utilities
4 Commission, the commission shall do both of the following for the
5 purpose of full or partial funding of an eligible construction or
6 retrofit project:

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

9 (2) Establish a 2-percent interest per annum loan program to
10 provide financial assistance to a small business owner, residential
11 property owner, or individual who is not eligible for a grant
12 pursuant to paragraph (1). The loans shall be available to a small
13 business owner who has a gross annual income that does not
14 exceed one hundred thousand dollars (\$100,000) or to an
15 individual or residential property owner who has a gross annual
16 household income that does not exceed one hundred thousand
17 dollars (\$100,000).

18 (b) (1) The commission shall use the design guidelines
19 adopted pursuant to clause (ii) of subparagraph (D) of paragraph
20 (3) of subdivision (d) of Section 14 of the act that added this section
21 as standards to determine eligible energy-efficiency projects.

22 (2) The award of a grant pursuant to this section is subject to
23 appeal to the commission upon a showing that the commission
24 applied factors, other than those adopted by the commission, in
25 making the award.

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

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

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

36 25434. The commission may contract with one or more
37 business entities capable of supplying or providing goods or
38 services necessary for the commission to carry out the
39 responsibilities for the programs conducted pursuant to this
40 article, and shall contract with one or more business entities to

[1]



1 evaluate the effectiveness of the programs implemented pursuant
2 to subdivision (a) of Section 25433.5. The commission may select
3 an entity on a sole source basis for one or both of those purposes
4 if the cost to the state will be reasonable and the commission
5 determines that it is in the best interest of the state.

6 25434.5. As used in this article, the following terms have the
7 following meanings:

8 (a) “Eligible construction or retrofit project” means a project
9 for making improvements to a home or building in existence on the
10 effective date of the act adding this section, through an addition,
11 alteration, or repair, which effectively increases the energy
12 efficiency or reduces the energy consumption of the home or
13 building as specified by the commission’s guidelines under clause
14 (ii) of subparagraph (D) of paragraph (3) of subdivision (d) of
15 Section 14 of the act that added this section. The improvements
16 shall be deemed to be cost-effective.

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

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

23

24 Article 3. Small Business Energy Efficient Refrigeration Loan
25 Program

26

27 25435. The commission shall administer the Small Business
28 Energy Efficient Refrigeration Loan Program, as provided for in
29 Section 25436.

30 25436. (a) Within 45 days of the effective date of this chapter,
31 the commission shall implement a Small Business Energy
32 Efficient Refrigeration Loan Program for qualifying small
33 businesses to purchase and install energy efficient refrigeration
34 equipment.

35 (b) The program shall offer loans at 3 percent interest on terms
36 that will ensure the small business owner will repay the loan over
37 time in accordance with terms established by the Energy
38 Commission, but in no event may the term exceed the useful life
39 of the purchase.



1 (c) The commission may enter into agreements with lending
2 institutions and qualifying vendors to facilitate making and
3 administering loans. Any loan made by the commission for the
4 purchase of equipment shall be secured against the equipment
5 purchased.

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

8 26003. As used in this division, unless the context otherwise
9 requires:

10 (a) “Authority” means the California Alternative Energy and
11 Advanced Transportation Financing Authority established
12 pursuant to Section 26004, and any board, commission,
13 department, or officer succeeding to the functions of the authority,
14 or to which the powers conferred upon the authority by this
15 division shall be given.

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

34 (c) (1) “Alternative sources” means the application of
35 cogeneration technology, as defined in Section 25134; the
36 conservation of energy; or the use of solar, biomass, wind,
37 geothermal, hydroelectricity under 30 megawatts and meeting the
38 criteria set forth in subdivision (b) of Section 15352 of the
39 Government Code, or any other source of energy, the efficient use
40 of which will reduce the use of fossil and nuclear fuels.



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

5 (d) “Advanced transportation technologies” means emerging
6 commercially competitive transportation-related technologies
7 identified by the authority as capable of creating long-term, high
8 value-added jobs for Californians while enhancing the state’s
9 commitment to energy conservation, pollution reduction, and
10 transportation efficiency. Those technologies may include, but are
11 not limited to, any of the following:

- 12 (1) Intelligent vehicle highway systems.
- 13 (2) Advanced telecommunications for transportation.
- 14 (3) Command, control, and communications for public transit
15 vehicles and systems.
- 16 (4) Electric vehicles and ultra-low emission vehicles.
- 17 (5) High-speed rail and magnetic levitation passenger systems.
- 18 (6) Fuel cells.

19 (e) “Financial assistance” includes, but is not limited to, either,
20 or any combination, of the following:

21 (1) Loans, loan loss reserves, interest rate reductions, proceeds
22 of bonds issued by the authority, insurance, guarantees or other
23 credit enhancements or liquidity facilities, contributions of
24 money, property, labor, or other items of value, or any combination
25 thereof, as determined by, and approved by the resolution of, the
26 board.

27 (2) Any other type of assistance the authority determines is
28 appropriate.

29 (f) “Participating party” means either of the following:

30 (1) Any person or any entity or group of entities engaged in
31 business or operations in the state, whether organized for profit or
32 not for profit, that applies for financial assistance from the
33 authority for the purpose of implementing a project in a manner
34 prescribed by the authority.

35 (2) Any public agency or nonprofit corporation that applies for
36 financial assistance from the authority for the purpose of
37 implementing a project in a manner prescribed by the authority.

38 (g) “Project” means any land, building, improvement thereto,
39 rehabilitation, work, property, or structure, real or personal,
40 stationary or mobile, including, but not limited to, machinery and



1 equipment, whether or not in existence or under construction, that
 2 utilizes, or is designed to utilize, an alternative source, or that is
 3 utilized for the design, technology transfer, manufacture,
 4 production, assembly, distribution, or service of advanced
 5 transportation technologies.

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

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

- 15 (A) Biomass.
- 16 (B) Solar thermal.
- 17 (C) Photovoltaic.
- 18 (D) Wind.
- 19 (E) Geothermal.

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

24 (3) Notwithstanding paragraph (1), for purposes of this section,
 25 “renewable energy” also means ultralow emission equipment for
 26 energy generation based on thermal energy systems such as natural
 27 gas turbines and fuel cells.

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

36 SEC. 7. Section 26011.5 of the Public Resources Code is
 37 amended to read:

38 26011.5. The authority, in consultation with the State Energy
 39 Resources Conservation and Development Commission, shall
 40 establish criteria for the selection of projects to receive financing



1 assistance from the authority. In the selection of projects, the
2 authority shall, in accordance with the legislative intent, provide
3 financial assistance under this division in a manner consistent with
4 sound financial practice. In developing project selection criteria,
5 the authority shall consider, but not be limited to, all of the
6 following:

7 (a) The technological feasibility of the projects.

8 (b) The economic soundness of the projects and a realistic
9 expectation that all financial obligations can and will be met by the
10 participating parties.

11 (c) The contribution that the projects can make to a reduction
12 or more efficient use of fossil fuels.

13 (d) The contribution that the project can make toward
14 diversifying California's energy resources by fostering renewable
15 energy systems that can substitute, or preferably eliminate, the
16 demand for conventional energy fuels.

17 (e) Any other such factors that the authority finds significant in
18 achieving the purposes and objectives of this division.

19 SEC. 8. Section 26011.6 is added to the Public Resources
20 Code, to read:

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

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



1 welfare. Notwithstanding the 120-day limitation specified in
2 subdivision (e) of Section 11346.1 of the Government Code, the
3 regulations shall be repealed 180 days after their effective date,
4 unless the authority complies with Sections 11346.2 to 11347.3,
5 inclusive, as provided in subdivision (e) of Section 11346.1 of the
6 Government Code.

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

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

13 SEC. 9. Section 739 of the Public Utilities Code is amended
14 to read:

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

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

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

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1 hemodialysis machines, suction machines, electric nerve
2 stimulators, pressure pads and pumps, aerosol tents, electrostatic
3 and ultrasonic nebulizers, compressors, IPPB machines, and
4 motorized wheelchairs.

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

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

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

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

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

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

39 (3) At least until December 31, 2003, the commission shall
40 require that all charges for residential electric customers are



1 volumetric, and shall prohibit any electrical corporation from
2 imposing any charges on residential consumption that are
3 independent of consumption, unless those charges are in place
4 prior to the effective date of the act that added this paragraph.

5 (d) As used in this section:

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

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

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

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

27 SEC. 10. Section 739.10 is added to the Public Utilities Code,
28 to read:

29 739.10. The commission shall ensure that errors in estimates
30 of demand elasticity or sales do not result in material over or
31 undercollections of the electrical corporations.

32 SEC. 10.2. Section 739.11 is added to the Public Utilities
33 Code, to read:

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



1 (b) The commission shall conduct a pilot study of real time
2 metering for nonresidential customers. The purpose of the study
3 is to determine the effectiveness of real time metering in reducing
4 energy demand and overall energy consumption, to examine
5 customer response, to determine how real time metering should be
6 implemented, and to determine whether more widespread use of
7 real time metering is in the public interest. The study shall not
8 duplicate the study required pursuant to Section 393 of the Public
9 Utilities Code. The study shall include rates that vary as the cost
10 of electricity varies and provide appropriate telemetry and other
11 equipment. The study shall include agricultural, large commercial,
12 and industrial customer classes, and may include other customer
13 classes if the commission determines that to do so would be in the
14 public interest. The commission shall report to the Legislature on
15 the results of the study by June 30, 2002.

16 (c) This section shall remain in effect only until January 1,
17 2003, and as of that date is repealed, unless a later enacted statute,
18 that is enacted before January 1, 2003, deletes or extends that date.

19 *SEC. 10.3. Section 740.7 of the Public Utilities Code, as*
20 *proposed to be added by Senate Bill 5 of the First Extraordinary*
21 *Session of 2001–02 is repealed.*

22 ~~740.7. (a) Interruptible service or curtailment programs~~
23 ~~adopted by the commission shall assure that the programs allow~~
24 ~~for agricultural and water supplier customers to aggregate multiple~~
25 ~~accounts to meet any minimum kilowatt requirements for~~
26 ~~participation in the program.~~

27 ~~(b) As used in this section, “agricultural customers” means~~
28 ~~any customer involved in the production of or processing of~~
29 ~~agricultural products. “Water suppliers” means those water~~
30 ~~agencies or suppliers as defined in Section 20200 of the Water~~
31 ~~Code and Section 241 of the Public Utilities Code.~~

32 *SEC. 10.4. Section 740.7 is added to the Public Utilities Code,*
33 *to read:*

34 *740.7. (a) Interruptible service or curtailment programs*
35 *adopted by the commission may allow for agricultural and water*
36 *supplier customers to aggregate multiple accounts to meet any*
37 *minimum kilowatt requirements for participation in the program.*

38 *(b) As used in this section, “agricultural customers” means*
39 *any customer involved in the production of or processing of*
40 *agricultural products. “Water suppliers” means those water*



1 agencies or suppliers as defined in Section 20200 of the Water
2 Code and Section 241 of the Public Utilities Code.

3 SEC. 10.5. Section 740.9 of the Public Utilities Code, as
4 proposed to be added by Senate Bill 5 of the First Extraordinary
5 Session of 2001–02 is repealed.

6 ~~740.9.—(a) Any binding mandatory curtailment programs~~
7 ~~adopted by the commission, which exempt customers from~~
8 ~~Stage III rotating outages in exchange for partial load curtailments~~
9 ~~during every rotating outage period, shall include the following for~~
10 ~~agricultural and water supplier customers:~~

11 ~~(1) Provisions allowing for the use of backup generation to~~
12 ~~offset the curtailed load under the program, to the extent such use~~
13 ~~of backup generation is allowed under existing law.~~

14 ~~(2) Provisions limiting maximum daily curtailments to no~~
15 ~~more than four hours and monthly curtailments to no more than 20~~
16 ~~hours per month.~~

17 ~~(b) As used in this section, “agricultural customers” means~~
18 ~~any customer involved in the production of or processing of~~
19 ~~agricultural products. “Water suppliers” means those water~~
20 ~~agencies or suppliers as defined in Section 20200 of the Water~~
21 ~~Code and Section 241 of the Public Utilities Code.~~

22 SEC. 10.6. Section 740.9 is added to the Public Utilities Code,
23 to read:

24 740.9. (a) The commission shall consider whether any
25 binding mandatory curtailment programs adopted by the
26 commission, which exempt customers from Stage III rotating
27 outages in exchange for partial load curtailments during every
28 rotating outage period, should include the following for
29 agricultural and water supplier customers:

30 (1) Provisions allowing for the use of backup generation to
31 offset the curtailed load under the program, to the extent such use
32 of backup generation is allowed under existing law.

33 (2) Provisions limiting maximum daily curtailments to no more
34 than four hours and monthly curtailments to no more than 20 hours
35 per month.

36 (b) As used in this section, “agricultural customers” means
37 any customer involved in the production of or processing of
38 agricultural products. “Water suppliers” means those water
39 agencies or suppliers as defined in Section 20200 of the Water
40 Code and Section 241 of the Public Utilities Code.



1 *SEC. 10.7. Section 740.10 of the Public Utilities Code, as*
2 *proposed to be added by Senate Bill 5 of the First Extraordinary*
3 *Session of 2001–02 is repealed.*

4 ~~740.10. (a) Each public utility electrical corporation shall~~
5 ~~develop and offer its agricultural customers, including those~~
6 ~~customers involved in the production or processing, or both, of~~
7 ~~agricultural products, and water suppliers, on or before April 30,~~
8 ~~2001, the opportunity to participate, in addition to other programs~~
9 ~~developed by the commission, in a demand reduction program as~~
10 ~~described in this section.~~

11 ~~(b) The program required by this subdivision shall be known as~~
12 ~~the Scheduled Load Reduction Program, or SLRP. Agricultural~~
13 ~~customers and water suppliers may identify specific two-to-six~~
14 ~~hour periods coincident with Independent System~~
15 ~~Operator-determined morning or evening system peak conditions~~
16 ~~within which they agree to drop a preset amount of load. The~~
17 ~~commission shall develop appropriate incentives to be paid for~~
18 ~~participation in the SLRP program.~~

19 ~~(c) As used in this section, “agricultural customers” means any~~
20 ~~customer involved in the production of or processing of~~
21 ~~agricultural products. “Water suppliers” means those water~~
22 ~~agencies or suppliers as defined in Section 20200 of the Water~~
23 ~~Code and Section 241 of the Public Resources Code.~~

24 *SEC. 10.8. Section 740.10 is added to the Public Utilities*
25 *Code, to read:*

26 740.10. (a) *Each public utility electrical corporation shall*
27 *develop and offer its customers, on or before May 30, 2001, the*
28 *opportunity to participate, in addition to other programs*
29 *developed by the commission, in a demand reduction program as*
30 *described in this section.*

31 *(b) The program required by this section may identify specific*
32 *time periods coincident with Independent System*
33 *Operator-determined morning or evening system peak conditions*
34 *within which customers agree to drop a preset amount of load. The*
35 *commission shall develop appropriate incentives to be paid for*
36 *participation in the program.*

37 *SEC. 10.9. Section 740.11 of the Public Utilities Code, as*
38 *proposed to be added by Senate Bill 5 of the First Extraordinary*
39 *Session of 2001–02, is repealed.*



1 ~~740.11. In recognition of the fact that these customers~~
 2 ~~necessarily have high electricity usage during peak summer~~
 3 ~~demand periods, the Legislature strongly urges that the~~
 4 ~~commission consider including all agricultural commodity~~
 5 ~~processing customers in the definition of customers eligible to be~~
 6 ~~served under agricultural tariffs, if the customer chooses.~~

7 SEC. 11. Section 2827 of the Public Utilities Code is amended
 8 to read:

9 2827. (a) The Legislature finds and declares that a program
 10 to provide net energy metering for eligible customer-generators is
 11 one way to encourage substantial private investment in renewable
 12 energy resources, stimulate in-state economic growth, reduce
 13 demand for electricity during peak consumption periods, help
 14 stabilize California’s energy supply infrastructure, enhance the
 15 continued diversification of California’s energy resource mix, and
 16 reduce interconnection and administrative costs for electricity
 17 suppliers.

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

19 (1) “Electric service provider” means an electrical
 20 corporation, as defined in Section 218, a local publicly owned
 21 electric utility, as defined in Section 9604, or an electrical
 22 cooperative, as defined in Section 2776, or any other entity that
 23 offers electrical service.

24 (2) “Eligible customer-generator” means a residential, small
 25 commercial customer as defined in subdivision (h) of Section 331,
 26 commercial, industrial, or agricultural customer of an electric
 27 service provider, who uses a solar or a wind turbine electrical
 28 generating facility, or a hybrid system of both, with a capacity of
 29 not more than one megawatt that is located on the customer’s
 30 owned, leased, or rented premises, is interconnected and operates
 31 in parallel with the electric grid, and is intended primarily to offset
 32 part or all of the customer’s own electrical requirements.

33 (3) “Net energy metering” means measuring the difference
 34 between the electricity supplied through the electric grid and the
 35 electricity generated by an eligible customer-generator and fed
 36 back to the electric grid over a 12-month period as described in
 37 subdivision (e). Net energy metering shall be accomplished using
 38 a single meter capable of registering the flow of electricity in two
 39 directions. An additional meter or meters to monitor the flow of
 40 electricity in each direction may be installed with the consent of

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1 the customer-generator, at the expense of the electric service
2 provider, and the additional metering shall be used only to provide
3 the information necessary to accurately bill or credit the
4 customer-generator pursuant to subdivision (e), or to collect solar
5 or wind electric generating system performance information for
6 research purposes. If the existing electrical meter of an eligible
7 customer-generator is not capable of measuring the flow of
8 electricity in two directions, the customer-generator shall be
9 responsible for all expenses involved in purchasing and installing
10 a meter that is able to measure electricity flow in two directions.
11 If an additional meter or meters are installed, the net energy
12 metering calculation shall yield a result identical to that of a single
13 meter. An eligible customer-generator who already owns an
14 existing solar or wind turbine electrical generating facility, or a
15 hybrid system of both, is eligible to receive net energy metering
16 service in accordance with this section.

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

21 (2) If a customer participates in direct transactions pursuant to
22 paragraph (1) of subdivision (b) of Section 365 with an electric
23 supplier that does not provide distribution service for the direct
24 transactions, the service provider that provides distribution service
25 for an eligible customer-generator is not obligated to provide net
26 energy metering to the customer.

27 (3) If a customer participates in direct transactions pursuant to
28 paragraph (1) of subdivision (b) of Section 365 with an electric
29 supplier, and the customer is an eligible customer-generator, the
30 service provider that provides distribution service for the direct
31 transactions may recover from the customer's electric service
32 provider the incremental costs of metering and billing service
33 related to net energy metering in an amount set by the commission.

34 (d) Each net energy metering contract or tariff shall be
35 identical, with respect to rate structure, all retail rate components,
36 and any monthly charges, to the contract or tariff to which the same
37 customer would be assigned if such customer was not an eligible
38 customer-generator, except that eligible customer-generators shall
39 not be assessed standby charges on the electrical generating
40 capacity or the kilowatthour production of an eligible solar or wind



1 electrical generating facility. The charges for all retail rate
2 components for eligible customer-generators shall be based
3 exclusively on the customer-generator's net kilowatthour
4 consumption over a 12-month period, without regard to the
5 customer-generator's choice of electric service provider. Any new
6 or additional demand charge, standby charge, customer charge,
7 minimum monthly charge, interconnection charge, or other charge
8 that would increase an eligible customer-generator's costs beyond
9 those of other customers in the rate class to which the eligible
10 customer-generator would otherwise be assigned are contrary to
11 the intent of this legislation, and shall not form a part of net energy
12 metering contracts or tariffs.

13 (e) For eligible residential and small commercial
14 customer-generators, the net energy metering calculation shall be
15 made by measuring the difference between the electricity supplied
16 to the eligible customer-generator and the electricity generated by
17 the eligible customer-generator and fed back to the electric grid
18 over a 12-month period. The following rules shall apply to the
19 annualized net metering calculation:

20 (1) The eligible residential or small commercial
21 customer-generator shall, at the end of each 12-month period
22 following the date of final interconnection of the eligible
23 customer-generator's system with an electric service provider, and
24 at each anniversary date thereafter, be billed for electricity used
25 during that period. The electric service provider shall determine if
26 the eligible residential or small commercial customer-generator
27 was a net consumer or a net producer of electricity during that
28 period.

29 (2) At the end of each 12-month period, where the electricity
30 supplied during the period by the electric service provider exceeds
31 the electricity generated by the eligible residential or small
32 commercial customer-generator during that same period, the
33 eligible residential or small commercial customer-generator is a
34 net electricity consumer and the electric service provider shall be
35 owed compensation for the eligible customer-generator's net
36 kilowatthour consumption over that same period. The
37 compensation owed for the eligible residential or small
38 commercial customer-generator's consumption shall be
39 calculated as follows:



1 (A) For all eligible customer-generators taking service under
2 tariffs employing “baseline” and “over baseline” rates, any net
3 monthly consumption of electricity shall be calculated according
4 to the terms of the contract or tariff to which the same customer
5 would be assigned to or be eligible for if the customer was not an
6 eligible customer-generator. If those same customer-generators
7 are net generators over a billing period, the net kilowatthours
8 generated shall be valued at the same price per kilowatthour as the
9 electric service provider would charge for the baseline quantity of
10 electricity during that billing period, and if the number of
11 kilowatthours generated exceeds the baseline quantity, the excess
12 shall be valued at the same price per kilowatthour as the electric
13 service provider would charge for electricity over the baseline
14 quantity during that billing period.

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

28 (C) For all residential and small commercial
29 customer-generators and for each monthly period, the net balance
30 of moneys owed to the electric service provider for net
31 consumption of electricity or credits owed to the
32 customer-generator for net generation of electricity shall be
33 carried forward until the end of each 12-month period. For all
34 commercial, industrial, and agricultural customer-generators the
35 net balance of moneys owed shall be paid in accordance with the
36 electric service provider’s normal billing cycle, except that if the
37 commercial, industrial, or agricultural customer-generator is a net
38 electricity producer over a normal billing cycle, any excess
39 kilowatthours generated during the billing cycle shall be carried
40 over to the following billing period, valued according to the



1 procedures set forth in this section, and appear as a credit on the
2 customer-generator’s account, until the end of the annual period
3 when paragraph (3) of subdivision (e) shall apply.

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

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

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

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

39 (f) A solar or wind turbine electrical generating system, or a
40 hybrid system of both, used by an eligible customer-generator



1 shall meet all applicable safety and performance standards
2 established by the National Electrical Code, the Institute of
3 Electrical and Electronics Engineers, and accredited testing
4 laboratories such as Underwriters Laboratories and, where
5 applicable, rules of the Public Utilities Commission regarding
6 safety and reliability. A customer-generator whose solar or wind
7 turbine electrical generating system, or a hybrid system of both,
8 meets those standards and rules shall not be required to install
9 additional controls, perform or pay for additional tests, or purchase
10 additional liability insurance.

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

14 SEC. 12. Section 2827 is added to the Public Utilities Code,
15 to read:

16 2827. (a) The Legislature finds and declares that a program
17 to provide net energy metering for eligible customer-generators is
18 one way to encourage private investment in renewable energy
19 resources, stimulate in-state economic growth, enhance the
20 continued diversification of California's energy resource mix, and
21 reduce interconnection and administrative costs for electricity
22 suppliers.

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

24 (1) "Electric service provider" means an electric corporation,
25 as defined in Section 218, a local publicly owned electric utility,
26 as defined in Section 9604, or an electrical cooperative, as defined
27 in Section 2776. "Electric service provider" also means an entity
28 that offers electrical service to residential and small commercial
29 customers, as defined in Section 394, if that entity offers net
30 energy metering. Any entity that offers net energy metering to
31 residential and small commercial customers shall comply with this
32 section.

33 (2) "Eligible customer-generator" means a residential
34 customer, or a small commercial customer as defined in
35 subdivision (h) of Section 331, of an electric service provider, who
36 uses a solar or a wind turbine electrical generating facility, or a
37 hybrid system of both, with a capacity of not more than 10
38 kilowatts that is located on the customer's premises, is
39 interconnected and operates in parallel with the electric grid, and



1 is intended primarily to offset part or all of the customer's own
2 electrical requirements.

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

27 (4) "Ratemaking authority" means, for an electrical
28 corporation as defined in Section 218, or an electrical cooperative
29 as defined in Section 2776, the commission, and for a local
30 publicly owned electric utility as defined in Section 9604, the local
31 elected body responsible for regulating the rates of the utility.

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

39 (2) On an annual basis, beginning in 1999, every electric
40 service provider shall make available to the ratemaking authority



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

15 (3) Notwithstanding paragraph (1), an electric service provider
16 is not obligated to provide net energy metering to additional
17 customer-generators in its service area when the combined total
18 peak demand of all customer-generators served by all the electric
19 service providers in that service area furnishing net energy
20 metering to eligible customer-generators equals one-tenth of 1
21 percent of the aggregate customer peak demand of those electric
22 service providers.

23 (4) If a customer participates in direct transactions pursuant to
24 paragraph (1) of subdivision (b) of Section 365 with an electric
25 supplier that does not offer net energy metering and is therefore not
26 an electric service provider, the customer is not an eligible
27 customer-generator and the electric corporation, as defined in
28 Section 218, that provides distribution service for the direct
29 transactions, is not obligated to provide net energy metering to the
30 customer.

31 (5) If a customer participates in direct transactions pursuant to
32 paragraph (1) of subdivision (b) of Section 365 with an electric
33 supplier that offers net energy metering and is therefore an electric
34 service provider, and the customer is an eligible
35 customer-generator, the electric corporation, as defined in Section
36 218, that provides distribution service for the direct transactions
37 may recover from the customer's electric service provider the
38 incremental costs of metering and billing service related to net
39 energy metering in an amount set by the commission.



1 (d) Each net energy metering contract or tariff shall be
2 identical, with respect to rate structure, all retail rate components,
3 and any monthly charges, to the contract or tariff to which the same
4 customer would be assigned if such customer was not an eligible
5 customer-generator. The charges for all retail rate components for
6 eligible customer-generators shall be based exclusively on the
7 customer-generator's net kilowatthour consumption over a
8 12-month period, without regard to the customer-generator's
9 choice of electric service provider that offers net energy metering
10 and is subject to this section pursuant to paragraph (1) of
11 subdivision (b), in accordance with subdivision (e). Any new or
12 additional demand charge, standby charge, customer charge,
13 minimum monthly charge, interconnection charge, or other charge
14 that would increase an eligible customer-generator's costs beyond
15 those of other customers in the rate class to which the eligible
16 customer-generator would otherwise be assigned are contrary to
17 the intent of this legislation, and shall not form a part of net energy
18 metering contracts or tariffs.

19 (e) The net energy metering calculation shall be made by
20 measuring the difference between the electricity supplied to the
21 eligible customer-generator and the electricity generated by the
22 eligible customer-generator and fed back to the electric grid over
23 a 12-month period. The following rules shall apply to the
24 annualized net metering calculation:

25 (1) The eligible customer-generator shall, at the end of each
26 12-month period following the date of final interconnection of the
27 eligible customer-generator's system with an electric service
28 provider, and at each anniversary date thereafter, be billed for
29 electricity used during that period. The electric service provider
30 shall determine if the eligible customer-generator was a net
31 consumer or a net producer of electricity during that period.

32 (2) At the end of each 12-month period, where the electricity
33 supplied during the period by the electric service provider exceeds
34 the electricity generated by the eligible customer-generator during
35 that same period, the eligible customer-generator is a net
36 electricity consumer and the electric service provider shall be
37 owed compensation for the eligible customer-generator's net
38 kilowatthour consumption over that same period. The
39 compensation owed for the eligible customer-generator's net



1 12-month kilowatthour consumption shall be calculated as
2 follows:

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

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

30 (C) For all customer-generators and for each monthly period,
31 the net balance of moneys owed to the electric service provider for
32 net consumption of electricity or credits owed to the
33 customer-generator for net generation of electricity shall be
34 carried forward until the end of each 12-month period.

35 (3) At the end of each 12-month period, where the electricity
36 generated by the eligible customer-generator during the 12-month
37 period exceeds the electricity supplied by the electric service
38 provider during that same period, the eligible customer-generator
39 is a net electricity producer and the electric service provider shall
40 retain any excess kilowatthours generated during the prior



1 12-month period. The eligible customer-generator shall not be
2 owed any compensation for those excess kilowatthours unless the
3 electric service provider enters into a purchase agreement with the
4 eligible customer-generator for those excess kilowatthours.

5 (4) The electric service provider shall provide every eligible
6 customer-generator with net electricity consumption information
7 with each regular bill. That information shall include the current
8 monetary balance owed the electric service provider for net
9 electricity consumed since the last 12-month period ended.
10 Notwithstanding subdivision (e), an electric service provider shall
11 permit that customer to pay monthly for net energy consumed.

12 (5) If an eligible customer-generator terminates the customer
13 relationship with the electric service provider, the electric service
14 provider shall reconcile the eligible customer-generator's
15 consumption and production of electricity during any part of a
16 12-month period following the last reconciliation, according to the
17 requirements set forth in this subdivision, except that those
18 requirements shall apply only to the months since the most recent
19 12-month bill.

20 (6) If an electric service provider providing net metering to a
21 customer-generator ceases providing that electrical service to that
22 customer during any 12-month period, and the customer-generator
23 enters into a new net metering contract or tariff with a new electric
24 service provider, the 12-month period, with respect to that new
25 electric service provider, shall commence on the date on which the
26 new electric service provider first supplies electric service to the
27 customer-generator.

28 (f) A solar or wind turbine electrical generating system, or a
29 hybrid system of both, used by an eligible customer-generator
30 shall meet all applicable safety and performance standards
31 established by the National Electrical Code, the Institute of
32 Electrical and Electronics Engineers, and accredited testing
33 laboratories such as Underwriters Laboratories and, where
34 applicable, rules of the Public Utilities Commission regarding
35 safety and reliability. A customer-generator whose solar or wind
36 turbine electrical generating system, or a hybrid system of both,
37 meets those standards and rules shall not be required to install
38 additional controls, perform or pay for additional tests, or purchase
39 additional liability insurance.

40 (g) This section shall become operative on January 1, 2003.



1 SEC. 12.5. Section 2827.5 is added to the Public Resources
2 *Utilities* Code, to read:

3 2827.5. The Legislature finds and declares that the repeal of
4 the provisions of the net metering program for large customers
5 merely reflects a legislative desire to revisit and more closely
6 evaluate the cumulative value and effect of the state's policy
7 regarding renewable energy sources on the economics of
8 investment in solar and wind sources for large net metering
9 customers and to ensure further legislative discussion regarding
10 this issue.

11 SEC. 12.6. Section 2827.7 is added to the Public Resources
12 *Utilities* Code, to read:

13 2827.7. Generation eligible for net metering that is installed
14 on or before December 31, 2002, shall be entitled, for the life of
15 the installation, to the net metering terms in effect on the date of
16 installation.

17 SEC. 13. No reimbursement is required by this act pursuant
18 to Section 6 of Article XIII B of the California Constitution for
19 certain costs that may be incurred by a local agency or school
20 district because in that regard this act creates a new crime or
21 infraction, eliminates a crime or infraction, or changes the penalty
22 for a crime or infraction, within the meaning of Section 17556 of
23 the Government Code, or changes the definition of a crime within
24 the meaning of Section 6 of Article XIII B of the California
25 Constitution.

26 However, notwithstanding Section 17610 of the Government
27 Code, if the Commission on State Mandates determines that this
28 act contains other costs mandated by the state, reimbursement to
29 local agencies and school districts for those costs shall be made
30 pursuant to Part 7 (commencing with Section 17500) of Division
31 4 of Title 2 of the Government Code. If the statewide cost of the
32 claim for reimbursement does not exceed one million dollars
33 (\$1,000,000), reimbursement shall be made from the State
34 Mandates Claims Fund.

35 SEC. 14. The sum of four hundred eight million six hundred
36 fifty thousand dollars (\$408,650,000) is hereby appropriated or
37 reappropriated to the Controller from the following sources:

38 (a) Twenty-five million one hundred fifty thousand dollars
39 (\$25,150,000) from the Proposition 98 Reversion Account,
40 reappropriated on a one-time basis from the Proposition 98



1 Reversion Account from moneys appropriated in the 2000–01
2 fiscal year to community colleges.

3 (b) Three hundred sixty-eight million five hundred thousand
4 dollars (\$368,500,000) from the General Fund.

5 (c) The moneys reappropriated from the Proposition 98
6 Reversion Account shall be allocated to the Chancellor of the
7 California Community Colleges who shall allocate those funds as
8 follows:

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

24 (2) One hundred fifty thousand dollars (\$150,000) as a grant to
25 the Community College League of California to provide a
26 statewide data base of community college district utility usage for
27 immediate application. The data base shall be accessible to the
28 Chancellor’s Office of the California Community Colleges as well
29 as to all community college districts statewide to assist in
30 conservation, facilities planning and energy management. The
31 data base shall track the usage of electricity and natural gas, and
32 may track the usage of water, sewer and other utilities. The data
33 base shall further provide an ongoing audit of utility billings to
34 check for billing errors and to ensure that districts recover potential
35 billings that exceed cost of actual usage.

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

38 (1) The sum of forty million dollars (\$40,000,000) shall be
39 deposited in the Renewable Energy Loan Loss Reserve Fund for
40 the purposes of Article 4 (commencing with Section 15350) of



1 Chapter 1 of Part 6.7 of Division 3 of Title 2 of the Government
2 Code.

3 (2) (A) The sum of forty million dollars (\$40,000,000) shall
4 be allocated to the California Conservation Corps for costs
5 associated with the purchase, distribution, and installation of
6 subcompact fluorescent lights, other energy savings measures, and
7 water-saving devices for the purposes of Chapter 4 (commencing
8 with Section 14420) of Division 12 of the Public Resources Code.
9 It is the intent of the Legislature that the California Conservation
10 Corps complete the distribution of the purchased materials by
11 August 31, 2001.

12 (B) The California Conservation Corps, in implementing the
13 provisions of subparagraph (A), shall consult with the Department
14 of Community Services and Development and the State Energy
15 Resources Conservation and Development Commission, and shall
16 provide for broad geographic distribution of the purchased
17 materials throughout the state, identify neighborhoods and areas
18 with dense populations that can easily be served in large numbers,
19 and take into account community need.

20 (C) The California Conservation Corps shall report to the
21 Legislature on or before October 31, 2001, on the use of the funds
22 allocated pursuant to this paragraph, the cost effectiveness of the
23 activities, and the number of homes and businesses reached.

24 (3) The sum of twenty million dollars (\$20,000,000) shall be
25 allocated to the Department of Community Services and
26 Development for disbursement in the forms of grants to
27 community-based organizations for the purposes of Chapter 4
28 (commencing with Section 14420) of Division 12 of the Public
29 Resources Code, including, but not limited to, the rapid
30 installation of energy efficiency measures.

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

35 (A) Fifty million dollars (\$50,000,000) shall be expended in
36 accordance with Article 2 (commencing with Section 25433) of
37 Chapter 5.3 of Division 15 of the Public Resources Code.

38 (B) Fifty million dollars (\$50,000,000) shall be expended for
39 electric metering programs. Thirty-five million dollars
40 (\$35,000,000) shall be used to provide time-of-use or real time



1 meters for customers whose usage is greater than 200 kilowatt.
2 Fifteen million dollars (\$15,000,000) shall be provided to the
3 Public Utilities Commission to fund the program described in
4 Section 739.11 of the Public Utilities Code, which may be used for
5 the purchase and installation of meters, related equipment, and
6 other associated costs.

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

10 (5) (A) The sum of fifty million dollars (\$50,000,000) shall be
11 allocated to the State Energy Conservation Assistance Account
12 created by Section 25416 of the Public Resources Code for
13 expenditure by the State Energy Resources Conservation and
14 Development Commission to provide loans *at not less than a 3*
15 *percent per annum interest rate*, and grants, as determined by the
16 commission, pursuant to Chapter 5.2 (commencing with Section
17 25410) of Division 15 of the Public Resources Code.

18 (B) In allocating the funds pursuant to this paragraph, the State
19 Energy Resources Conservation and Development Commission
20 shall do the following:

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

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

26 (6) The sum of four million five hundred thousand dollars
27 (\$4,500,000) is hereby allocated to the State Energy Resources
28 Conservation and Development Commission (Energy
29 Commission) for expenditure to complete the Southeast Geysers
30 Effluent Injection System (SGEIS), Phase 2 Project of the Basin
31 2000 Project in Lake County. This appropriation is to enable Basin
32 2000 to come online in December 2001, to produce an additional
33 10 megawatts (MW) of geothermal power, which it and the
34 Northern California Power Agency, the sole partner with the Lake
35 County Sanitation District, commit to selling to the state at their
36 cost to help with California's electricity crisis.

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



1 (8) (A) The State Energy Resources Conservation and
2 Development Commission shall expand programs to promote
3 clean distributed generation technologies neither owned nor
4 controlled by electrical corporations. Pursuant to ~~subparagraphs~~
5 *subparagraph* (B) and ~~(C)~~ *subdivision* (e), the incentives that the
6 commission shall develop pursuant to this section shall address
7 existing barriers to the increased use of these technologies,
8 including, but not limited to, incentives to help reduce the initial
9 system purchase price, develop low-cost financing mechanisms,
10 offset interconnection fees charged by electrical corporations, and
11 streamline the utility interconnection process by reducing
12 administrative delay.

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

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

27 ~~(D)~~

28 (C) The money allocated pursuant this paragraph *and*
29 *subdivision* (e) may be expended by the commission only for the
30 following purposes:

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



1 support, such as for public schools and state and local
2 governmental facilities.

3 (ii) Eight million dollars (\$8,000,000) for rebates for small
4 distributed emerging technologies that are eligible for funding
5 pursuant to subdivision (d) of Section 383.5 of the Public Utilities
6 Code that have a peak generating capacity of 10 kilowatts or less
7 and that are located at a customer site receiving distribution service
8 from a local publicly owned electric utility, as defined in Section
9 9604 of the Public Utilities Code. The commission shall determine
10 the maximum rebate level for small systems to be awarded
11 pursuant to this clause. Within the maximum rebate level, the
12 commission may provide for different rebate levels, such as higher
13 rebate levels for systems installed and operational within a
14 specified timeframe, or for targeted end-use customers that need
15 additional financial support, such as for public schools and state
16 and local governmental facilities.

17 (iii) The commission shall ensure that projects eligible for
18 rebates pursuant to clauses (i) and (ii) shall not also receive rebates
19 from similar programs adopted by the Public Utilities
20 Commission.

21 ~~(D)~~

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

34 ~~(E)~~

35 (F) For purposes of this paragraph, “commission” means the
36 State Energy Resources Conservation and Development
37 Commission.

38 (9) In order to achieve a reduction in peak electricity demand,
39 the sum of twenty-four million dollars (\$24,000,000) shall be
40 allocated to the Department of Corrections to install systems to



1 retrofit generating units to improve the environmental
2 performance of existing electrical generating units.

3 (e) *The sum of fifteen million dollars (\$15,000,000) shall be*
4 *transferred from the Renewable Resource Trust Fund to the*
5 *Emerging Renewable Resources Account in the Renewable*
6 *Resource Trust Fund established under Section 445 of the Public*
7 *Utilities Code. The money allocated pursuant to this subdivision*
8 *may be expended by the commission only for the purposes specified*
9 *in subparagraph (C) of paragraph (8) of subdivision (d).*

10 (f) Funds appropriated pursuant to paragraph (4) of subdivision
11 (d) shall be expended pursuant to guidelines adopted by the Energy
12 Resources Conservation and Development Commission. The
13 guidelines shall be exempt from the requirements of Chapter 3.5
14 (commencing with Section 11340) of Part 1 of Division 3 of Title
15 2 of the Government Code and shall do all of the following:

16 (1) Establish cost effectiveness criteria for the programs
17 funded. Within 10 days from the date of the adoption of criteria
18 pursuant to this paragraph, the commission shall provide a copy of
19 the criteria to the Chairperson of the Legislative Budget
20 Committee, to the chairpersons of the appropriate policy and fiscal
21 committees of both houses of the Legislature, and to the Governor.

22 (2) Establish design guidelines for energy efficiency for
23 programs to be eligible for funding under Section 25433 of the
24 Public Resources Code. These guidelines shall exceed those
25 standards established in Part 6 of Title 24 of the California Code
26 of Regulations.

27 (3) Allow reasonable flexibility to shift funds among program
28 categories in order to achieve the maximum feasible amount of
29 energy conservation, peak load reduction, and energy efficiency
30 by the earliest feasible date.

31 (4) Establish matching fund criteria where appropriate to
32 ensure that entities eligible to receive funds appropriated pursuant
33 to paragraph (4) of subdivision (d) pay an appropriate share of the
34 cost of acquiring or installing measures to achieve the maximum
35 feasible amount of energy conservation, peak load reduction, and
36 energy efficiency by the earliest feasible date.

37 (5) Establish mechanisms and criteria that ensure that funds
38 expended pursuant to this subdivision through electric and gas
39 corporations are not seized by the creditors of those corporations
40 in the event of a bankruptcy. In implementing this paragraph, the



1 commission shall adopt mechanisms such as the segregation of
 2 funds by the electric and gas corporations, the holding of those
 3 funds in trust until they are expended, and the reversion of funds
 4 to the General Fund in the event of a bankruptcy.

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

7 SEC. 14.5. (a) Any contracts entered into on or before
 8 September 1, 2001, pursuant to this act due to the energy crisis are
 9 exempt from the following requirements of the Government Code
 10 and the Public Contract Code:

11 (1) Services contracts *and consulting services contracts* are
 12 exempt from Article 4 (commencing with Section 10335) of
 13 Chapter 2 of Part 2 of Division 2 of the Public Contract Code.

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

17 ~~(3)~~

18 (2) Architectural and engineering contracts are exempt from
 19 Chapter 10 (commencing with Section 4525) of Division 5 of Title
 20 1 of the Government Code, and from Sections 6106.5 of the Public
 21 Contract Code.

22 ~~(4)~~

23 (3) All contracts are exempt from Section 10295 of the Public
 24 Contract Code, relating to approval from the Department of
 25 General Services.

26 ~~(5)~~

27 (4) All contracts are exempt from Chapter 6 (commencing with
 28 Section 14825) of Part 5.5 of Division 3 of Title 2 of the
 29 Government Code, relating to advertising.

30 (b) Grants may be awarded for projects or programs that
 31 include a group of related projects, or to a party who aggregates
 32 projects that directly benefit from the grant. The grants do not
 33 constitute the rendering of goods or services or a direct benefit to
 34 the agency making the grant. A party who aggregates projects may
 35 retain for administrative costs not more than 2¹/₂ percent of the
 36 funds expended by the party.

37 (c) Approval of contracts and grants may be delegated to the
 38 agency executive director or an agency committee up to a
 39 maximum amount that is established by the respective commission
 40 or agency.

[1]



1 (d) Administrative costs for agencies participating in programs
 2 or projects pursuant to this act shall not exceed 2¹/₂ percent of the
 3 amount allocated to the agency. *For the purposes of this*
 4 *subdivision, “administrative costs” means personnel and*
 5 *overhead costs associated with the implementation of a measure*
 6 *or program. However, “administrative costs” does not include*
 7 *costs associated with marketing or evaluation of a measure of a*
 8 *program.*

9 (e) Each participating agency receiving funds under this act
 10 shall file reports with the Joint Legislative Budget Committee, the
 11 chairs of the appropriations committees, and the Governor, as
 12 follows:

- 13 (1) An interim report by January 1, 2002.
- 14 (2) A final report by July 1, 2002.
- 15 (3) Annual reports for continuing programs, if the agency or
 16 program is not otherwise required to file annual reports by this act
 17 or any other provision of law.

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

22 In order to prevent rolling blackouts, and the shortage of
 23 electrical generating capacity in the state that endangers the health,
 24 welfare, and safety of the people of this state, it is necessary that
 25 this act take effect immediately.

26 _____
 27 CORRECTIONS
 28 **Text — Pages 6,20,27,30,31,38,43,**
 29 **50,51,54,55,56.**
 30 _____
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