

Assembly Bill No. 26

Passed the Assembly September 15, 2001

Chief Clerk of the Assembly

Passed the Senate September 14, 2001

Secretary of the Senate

This bill was received by the Governor this _____ day of
_____, 2001, at _____ o'clock __M.

Private Secretary of the Governor



CHAPTER _____

An act to amend Section 32960 of the Financial Code, to amend Sections 25415 and 25443 of the Public Resources Code, and to amend Section 353.13 of the Public Utilities Code, relating to energy, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 26, Calderon. Electrical energy: State Energy Resources Conservation and Development Commission: energy loans: electrical corporations: tariffs.

(1) The existing State Assistance Fund for Enterprise Act of 1989 establishes the State Assistance Fund for Energy, California Business and Industrial Development Corporation. Under the act, the corporation, until July 1, 2001, is authorized to make energy efficiency improvement loans to small businesses for a fixed rate of interest for a term not exceeding 5 years.

This bill would extend the operative date of the act until July 1, 2011.

(2) Under existing law, a school, hospital, public care institution, or a unit of local government may submit an application to the State Energy Resources Conservation and Development Commission for an allocation for the purposes of financing projects such as energy audits, energy conservation and operating procedures, energy conservation measures, energy conservation projects, and technical assistance programs. Existing law requires each eligible institution to which an allocation has been made to repay the principal amount of the allocation, plus interest, as specified. Under existing law, the commission, except as specified, must periodically set interest rates on the loans based on surveys of existing financial markets and at rates not lower than the Pooled Money Investment Account.

This bill would instead require the interest rates to be not less than 3% per annum.

(3) Existing law requires the commission to provide loans to local jurisdictions for purposes that include purchase, maintenance, and evaluation of both energy efficient equipment for existing and new facilities and small power production



systems, and to improve the operating efficiency of existing local transportation systems. Existing law requires the commission, except as specified, to periodically set interest rates on the loans based on surveys of existing financial markets and at rates not lower than the Pooled Money Investment Account.

This bill would instead require the interest rates to be not less than 3% per annum.

(4) Existing law requires the Public Utilities Commission to require each electrical corporation to establish new tariffs on or before January 1, 2003, for customers using distributed energy resources.

This bill would require the commission, in establishing those tariffs, to consider coincident peakload, and the reliability of the onsite generation, as determined by the frequency and duration of outages, so that customers with more reliable onsite generation and those that reduce peak demand pay a lower cost-based rate.

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

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

SECTION 1. Section 32960 of the Financial Code is amended to read:

32960. This chapter shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 2. Section 25415 of the Public Resources Code is amended to read:

25415. (a) Each eligible institution to which an allocation has been made under this chapter shall repay the principal amount of the allocation, plus interest, in not more than 22 equal semiannual payments, as determined by the commission. The first semiannual payment shall be made on or before December 22 of the fiscal year following the year in which the project is completed.

(b) Notwithstanding any other provision of law, the commission shall, unless it determines that the purposes of this chapter would be better served by establishing an alternative interest rate schedule, periodically set interest rates on the loans



based on surveys of existing financial markets and at rates not less than 3 percent per annum.

(c) The governing body of each eligible institution shall annually budget an amount at least sufficient to make the semiannual payments required in this section. The amount shall not be raised by the levy of additional taxes but shall instead be obtained by a savings in energy costs.

SEC. 3. Section 25443 of the Public Resources Code is amended to read:

25443. (a) Principal and interest payments on loans under this article shall be returned to the commission and shall be used to make additional loans to local jurisdictions pursuant to Section 25442 or to provide financial assistance to local jurisdictions pursuant to Section 25441.

(b) Notwithstanding any other provision of law, the commission shall, unless it determines that the purposes of this chapter would be better served by establishing an alternative interest rate schedule, periodically set interest rates on the loans based on surveys of existing financial markets and at rates not less than 3 percent per annum.

SEC. 4. Section 353.13 of the Public Utilities Code is amended to read:

353.13. (a) The commission shall require each electrical corporation to establish new tariffs on or before January 1, 2003, for customers using distributed energy resources, including, but not limited to, those that do not meet all of the criteria described in Section 353.1. However, after January 1, 2003, distributed energy resources that meet all of the criteria described in Section 353.1 shall continue to be subject only to those tariffs in existence pursuant to Section 353.3, until June 1, 2011, except that installations that do not operate in a combined heat and power application will be subject to those tariffs in existence pursuant to Section 353.3 only until June 1, 2006. Those tariffs required pursuant to this section shall ensure that all net distribution costs incurred to serve each customer class, taking into account the actual costs and benefits of distributed energy resources, proportional to each customer class, as determined by the commission, are fully recovered only from that class. The commission shall require each electrical corporation, in establishing those rates, to ensure that customers with similar load



profiles within a customer class will, to the extent practicable, be subject to the same utility rates, regardless of their use of distributed energy resources to serve onsite loads or over-the-fence transactions allowed under Sections 216 and 218. Customers with dedicated facilities shall remain responsible for their obligations regarding payment for those facilities.

(b) The commission shall prepare and submit to the Legislature, on or before June 1, 2002, a report describing its proposed methodology for determining the new rates and the process by which it will establish those rates.

(c) In establishing the tariffs, the commission shall consider coincident peakload, and the reliability of the onsite generation, as determined by the frequency and duration of outages, so that customers with more reliable onsite generation and those that reduce peak demand pay a lower cost-based rate.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to implement energy conservation and efficiency measures as soon as possible, to protect the public peace, health, and safety, it is necessary that this act take effect immediately.



Approved _____, 2001

Governor

