

AMENDED IN ASSEMBLY APRIL 5, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

SENATE BILL

No. 31

Introduced by Senator ~~Bowen~~ Alpert

(Coauthors: Assembly Members Kehoe, Cedillo, Correa, Frommer, Goldberg, Jackson, Keeley, Lowenthal, Nation, Oropeza, Pescetti, Reyes, Shelley, Simitian, Steinberg, Strom-Martin, Pavley, Liu, Negrete McLeod, and Alquist)

February 5, 2001

~~An act to amend Sections 335, 337, and 341.2 of the Public Utilities Code, relating to public utilities.~~ *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 5.3 (commencing with Section 25425) to Division 15 of, and to add and repeal Chapter 4 (commencing with Section 14420) of Division 12 of, the Public Resources Code, to amend Section 739 of, to amend, repeal, and add Section 2827 of, to add Sections 739.10, 2827.5, and 2827.7 to, and to add and repeal Section 739.11 of, the Public Utilities Code, relating to energy, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 31, as amended, ~~Bowen~~ Alpert. ~~Electrical restructuring Oversight Board: Independent System Operator~~ *Energy.*



~~The existing restructuring of the electrical services industry within the Public Utilities Act provides for the authorization of direct transactions between electricity suppliers and end-use customers and for the establishment of an Independent System Operator and a Power Exchange as separately incorporated public benefit, nonprofit corporations. An Electricity Oversight Board is also established to oversee the Independent System Operator and the Power Exchange. Under existing law, the Oversight Board has the exclusive right to decline to confirm the appointments of members of the governing board of the Independent System Operator. Under existing law, the existing Independent System Operator governing board is required to be replaced, within a specified period of time, by a 5-member independent governing board of directors appointed by the Governor for one-year terms. Existing law requires that a member of the independent governing board of the Independent System Operator not be affiliated with any actual or potential market participant administered by the Independent System Operator.~~

~~This bill would delete the Electricity Oversight Board's exclusive right to decline to confirm the appointments of members of the governing board of the Independent System Operator. This bill would require the Independent System Operator governing board appointed by the Governor to be confirmed by the Senate. The bill would require these appointments to be for 3-year terms, with initial appointments of one member for a one-year term, 2 members for a 2-year term, and 2 members for a 3-year term. The bill would specify that a member of the governing board of the Power Exchange is not considered to be affiliated with a market participant solely as a consequence of service on the governing board of the Power Exchange.~~

~~This bill would make a conforming change in existing law.~~

~~(1) Existing law establishes the State Energy Resources Conservation and Development Commission in the Resources Agency (Energy Commission), 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 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. 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 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) Existing law exempts an electrical corporation that provides distribution service for direct transactions from the obligation to provide net energy metering to a customer, if the customer participates



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

This bill would revise the definition of an electric service provider, until 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) 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) Existing law provides 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, provide 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) 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 distributed 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) Existing law authorizes the State Public Works Board to develop energy and water conservation and cogeneration and alternative energy and water supply sources at state facilities. Existing law requires the buildings acquired or constructed by the board to be operated and maintained by the board until they are placed under the jurisdiction of the Department of General Services or another state agency.

This bill would require the department to identify, from the department's state property inventory, all buildings where it is feasible to reduce energy consumption and achieve energy efficiencies, as well as to produce onsite electrical generation or reduce the level of peak-period electrical consumption for that building using alternative energy equipment thermal energy storage or cogeneration equipment.

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



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

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

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

(14) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

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

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

(15) The bill would appropriate or reappropriate \$408,650,000 from specified funds to the Controller to be allocated as scheduled to accomplish the purposes of this bill.

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

Vote: ~~majority~~ ²/3. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: ~~no~~ yes.

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

- 1 ~~SECTION 1.~~ Section 335 of the Public Utilities Code, as
- 2 SECTION 1. Article 2 (commencing with Section 81610) is
- 3 added to Chapter 3 of Part 49 of the Education Code, to read:
- 4

1



1 Article 2. Summer 2001 Energy Efficiency Projects By
2 Community College Districts
3

4 81610. It is the intent of the Legislature to permit community
5 college districts to implement energy conservation, efficiency,
6 cogeneration, and alternate energy supply sources on public
7 property in accordance with this chapter in the most expedient
8 manner possible. It is also the intent of the Legislature that the
9 California Community College system take all steps necessary to
10 ensure that the energy efficiency projects contemplated by this
11 chapter are in place by the summer of 2001.

12 81611. For the purposes of this article, "energy project"
13 means equipment, load management techniques, or other
14 measures or services that reduce energy consumption and provide
15 for more efficient use of energy in buildings or facilities owned or
16 operated by community college districts, and that can be
17 completed and energy savings realized by the summer of 2001 in
18 order to minimize the need for future state resources to pay for
19 increased energy costs.

20 81612. (a) Notwithstanding any other provision of law, prior
21 to awarding, or entering into, any contract, agreement, or lease
22 pursuant to this article, a community college district shall request
23 proposals from qualified persons. After evaluating those
24 proposals, the community college district shall award contracts to
25 responsible persons or entities who submit responses to a request
26 for proposal which are responsive to the requirements of the
27 request for proposals. A community college may award a contract
28 for an energy project under this article to any responsible person
29 or entity timely submitting a responsive answer to the request for
30 proposals based on qualifications, including the consideration of
31 all of the following factors:

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

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

36 (3) Cost to the district.

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

38 (b) Notwithstanding any other provision of law, community
39 college districts may award contracts pursuant to a request for
40 proposals issued under this article or award contracts to persons



1 or entities selected from the pool of qualified energy service
2 companies established pursuant to Section 388 of the Public
3 Utilities Code, when it is determined they are qualified to perform
4 the work on a particular project. A request for proposal does not
5 have to be prepared if a community college district elects to award
6 a contract for an energy project to only those persons or entities
7 included in the pool of qualified energy service companies under
8 Section 388 of the Public Utilities Code. If a community college
9 district elects to seek proposals for an energy project pursuant to
10 a request for proposals and from the pool of qualified energy
11 service companies under Section 388 of the Public Utilities Code,
12 the community college district shall prepare a request for
13 proposals. Award of such a contract shall be based upon the
14 factors described in subdivision (a).

15 81613. (a) Notwithstanding the repeal of this section by
16 Section 81615, on or before January 1, 2002, each community
17 college district receiving funds appropriated pursuant to this
18 section shall provide a report to the Chancellor of the California
19 Community Colleges with the following information:

20 (1) The amount of funding expended.

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

22 (3) A description of the effectiveness of the measures,
23 programs, or activities funded in reducing peak electricity demand
24 and improving energy efficiency, as measured in kilowatthours of
25 electricity or British thermal unit hours reduced per dollar
26 expended.

27 (b) Notwithstanding the repeal of this section by Section 81615,
28 on or before March 1, 2002, the Chancellor of the California
29 Community Colleges shall provide a summary of the reports
30 provided pursuant to subdivision (a) to the Chairperson of the
31 Joint Legislative Budget Committee, to the chairpersons of the
32 appropriate policy and fiscal committees of both houses of the
33 Legislature, and to the Governor.

34 81614. Any contracts entered into pursuant to this chapter by
35 a community college district are exempt from the following
36 requirements:

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



1 (b) All contracts are exempt from Article 3.5 (commencing with
2 Section 81660).

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

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

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

20 (f) If required by the terms of a request for proposals issued by
21 a community college district under this article, the person or entity
22 awarded such a contract shall obtain a performance bond
23 conforming with the applicable requirements of the request for
24 proposals.

25 81615. This article shall remain in effect only until January 1,
26 2002, and as of that date is repealed, unless a later enacted statute,
27 that is enacted before January 1, 2002, deletes or extends that date.

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

30

31 Article 2.5. Statewide Energy Management Program

32

33 81620. This article shall be known, and may be cited, as the
34 Statewide Energy Management Program.

35 81621. The definitions set forth in this section govern the
36 construction of this article:

37 (a) "Commission" means the State Energy Resources
38 Conservation and Development Commission.

39 (b) "Energy independence" means the utilization of existing
40 and developing technologies to meet energy needs onsite,



1 *including, but not necessarily limited to, the utilization of solar,*
2 *fuel cells, and other renewable and clean onsite energy sources, the*
3 *optimization of the use of daylighting, the use of passive solar*
4 *orientation, and the use of construction techniques that minimize*
5 *energy loss, such as appropriate insulation and lighting fixtures.*

6 (c) *“Energy management plans” means the plans that*
7 *community colleges develop with guidance from the Statewide*
8 *Energy Management Program to implement energy efficiency*
9 *projects such as sustainable green buildings, renovations, and*
10 *wind or solar farms that will move the community colleges toward*
11 *energy independence.*

12 (d) *“Program” means the Statewide Energy Management*
13 *Program, established under this article, which is a state program*
14 *modeled after the Federal Energy Management Program.*

15 (e) *“Renewable or other distributed energy systems” means*
16 *alternative efficient sources of energy such as daylighting,*
17 *photovoltaic panels (rooftops or solar farms), passive solar*
18 *heating, fuel cells, and steam. Diesel- fueled electric generating*
19 *systems are not included in this definition.*

20 (f) *“Sustainable green building” means a building that has*
21 *been designed to reduce both direct and indirect environmental*
22 *consequences associated with construction, occupancy,*
23 *operation, maintenance, and eventual decommissioning, and*
24 *whose design is evaluated for cost, quality of life, future flexibility,*
25 *ease of maintenance, energy and resource efficiency, and overall*
26 *environmental impact, with an emphasis on life-cycle cost*
27 *analysis.*

28 81622. (a) (1) *In Executive Order D-16-00, issued August 2,*
29 *2000, Governor Davis directed state agencies to design and*
30 *construct buildings that incorporate energy efficiency, resource*
31 *conservation, and renewable technologies. In his State of the State*
32 *Address delivered on January 8, 2001, Governor Davis expressed*
33 *his support for the goal of moving the California Community*
34 *Colleges toward energy independence.*

35 (2) *The Federal Energy Management Program, upon which the*
36 *State Energy Management Program is modeled, has resulted in*
37 *approximately four dollars (\$4) in savings for every one dollar*
38 *(\$1) spent. The federal investment of two billion dollars*
39 *(\$2,000,000,000) in energy efficiency has resulted in savings of six*



1 billion three hundred million dollars (\$6,300,000,000) on energy
2 bills.

3 (b) In consultation with the commission, the Board of
4 Governors of the California Community Colleges shall further
5 develop and refine certain guidelines for a Statewide Energy
6 Management Program that have been established under an
7 ongoing joint effort of the commission and DeAnza College. This
8 statewide effort shall allow community college districts to achieve
9 energy independence through the development of energy
10 management plans, the construction of sustainable green
11 buildings, the use of renewable or other distributed energy
12 systems, and the expansion of statewide energy education
13 programs and services.

14 (c) By 2010, the program shall, at a minimum, facilitate the
15 completion of 20 district energy management plans, 15 renewable
16 or other distributed energy systems, and 3 sustainable green
17 buildings on community college campuses statewide.

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

20 (1) Review and comment on academic, occupational, and
21 vocational education materials developed by the commission, the
22 Electric Power Research Institute, public utilities, and the
23 community colleges to improve energy education programs and
24 services.

25 (2) Review and recommend actions regarding successful
26 energy education programs and services that can be identified for
27 replication, personnel exchanges, or implementation of successful
28 practices.

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

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

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

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

38 (7) Review and comment on occupational and vocational
39 training programs and services to meet current employment
40 standards in energy occupations.



1 81623. *The board of governors shall encourage the*
 2 *construction of community college sustainable green buildings*
 3 *that implement energy efficiency, sustainable building concepts,*
 4 *and solar electric, fuel cell, and other technologies. On the*
 5 *effective date of this article, the board of governors shall*
 6 *immediately seek a prototype sustainable green community*
 7 *college instructional building that can be a model for all new*
 8 *construction and retrofit projects statewide.*

9 81624. *The Chancellor of the California Community Colleges*
 10 *shall establish an advisory committee for the Statewide Energy*
 11 *Management Program, and determine the membership of that*
 12 *committee. The advisory committee, with technical assistance*
 13 *from the commission, shall make recommendations to the*
 14 *chancellor regarding overall program development, resource*
 15 *development and deployment, and strategies for implementation*
 16 *and coordination of the program.*

17 *A leadership role on this committee shall initially be provided*
 18 *by the staff of the commission and DeAnza College who have been*
 19 *involved since 1992 in a joint effort to promote training, energy*
 20 *efficiency, and energy independence in the California Community*
 21 *Colleges. This leadership role shall rotate to other community*
 22 *colleges as they complete their own district energy management*
 23 *plans.*

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

27

28 *Article 6. State Building Energy Retrofits*

29

30 14710. *As used in this article, the following terms have the*
 31 *following meanings:*

32 (a) *“Alternative energy equipment” means alternative energy*
 33 *equipment, as defined in subdivision (d) of Section 15814.11, and,*
 34 *in the case of fossil fuel generation, complies with emission*
 35 *standards and guidance adopted by the State Air Resources Board*
 36 *pursuant to Sections 41514.9 and 41514.10 of the Health and*
 37 *Safety Code. Prior to the adoption of those standards and*
 38 *guidance, for the purposes of this article, distributed energy*
 39 *resources shall meet emission levels equivalent to nine ppm oxides*
 40 *of nitrogen, averaged over a three-hour period, or best available*



1 control technology for the applicable air district, whichever is
2 lower.

3 (b) “Cogeneration equipment” means equipment used for
4 cogeneration, as defined in Section 218.5 of the Public Utilities
5 Code.

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

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

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

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

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

30 14712. The director may enter into third party agreements
31 that the director, with the concurrence of the Department of
32 Finance, determines are appropriate and cost-effective to
33 implement energy efficiencies and feasible onsite electric
34 generation pursuant to Section 14711.5 and to achieve the goals
35 of this section. The director may enter into negotiated agreements
36 with parties on the terms and conditions that the director, with the
37 concurrence of the Department of Finance, deems are in the state’s
38 interests to accomplish all of the following objectives:

39 (a) Reduce overall energy consumption in state facilities by 30
40 percent.



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

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

6 (d) Utilize private third party financing, where feasible, for the
7 construction, operation, and maintenance of such energy
8 investments.

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

12 14713. (a) Notwithstanding subdivision (b) of Section
13 15814.12, the department shall retrofit all public buildings,
14 identified in Section 14711.5, where feasible, provided that work
15 on public buildings of the California State University shall be
16 performed only at the request or with the consent of the university.

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

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

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

29

30 Article 4. Renewable Energy Loan Guarantee Program

31

32 15350. The Legislature finds and declares all of the following:

33 (a) California is experiencing severe electrical shortages,
34 which endanger the health, safety, and economic development
35 opportunity of its citizens.

36 (b) Immediate measures are needed to increase the electrical
37 generation capacity within California, including energy from
38 economical renewable systems.



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

4 (d) California must take all reasonable actions necessary to
5 encourage the continuing construction of renewable energy
6 infrastructure and to maximize reliable, renewable energy systems
7 for homes and businesses.

8 (e) In order to maximize the commercial lending available to
9 renewable energy projects, it is necessary and appropriate to
10 establish a loan guarantee program to assist in obtaining
11 commercial loans to purchase and install renewable energy system
12 projects.

13 15351. For the purposes of this article, the following
14 definitions apply:

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

18 (b) “Financial institution” means a financial institution
19 organized, chartered, or holding a license or authorization
20 certificate under a law of this state or the United States to make
21 loans or extend credit, and subject to supervision by an official or
22 agency of this state or the United States.

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

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

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

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

37 (A) Heat.

38 (B) Process heat.

39 (C) Space heating.

40 (D) Water heating.



- 1 (E) Steam.
2 (F) Space cooling.
3 (G) Refrigeration.
4 (H) Mechanical energy.
5 (I) Electricity.
6 (J) Energy in any form convertible to any of the uses specified
7 in subparagraphs (A) to (I), inclusive.
- 8 (2) Does not expend or use conventional energy fuels, any fuel
9 derived from petroleum deposits, including, but not limited to, oil,
10 heating oil, gasoline, fuel oil, or natural gas, including liquified
11 natural gas, or nuclear fissionable materials, except as provided
12 in subsection (b) of Section 292.204 of Title 18 of the Code of
13 Federal Regulations.
- 14 (3) Uses one of more of the following renewable electricity
15 generation technologies:
- 16 (A) Biomass.
17 (B) Solar thermal.
18 (C) Photovoltaic.
19 (D) Wind.
20 (E) Geothermal.
21 (F) Small hydropower (30 megawatts or less).
22 (G) Digester gas.
23 (H) Landfill gas.
- 24 15352. (a) The agency, in consultation with the State Energy
25 Resources Conservation and Development Commission, shall
26 administer the California Renewable Energy Loan Guarantee
27 Program to guarantee loans made by financial institutions to
28 eligible businesses for the permitting, acquisition, construction, or
29 installation of renewable energy systems that are intended to
30 decrease the demand on the electricity grid.
- 31 (b) Notwithstanding any other provision of this article, the
32 California Renewable Energy Loan Guarantee Program shall not
33 be used to guarantee a loan for any small hydropower project that
34 will require a new or increased diversion from any natural stream,
35 lake, or other body of water, as described in Section 1200 of the
36 Water Code.
- 37 15353. (a) The secretary shall establish a Renewable Energy
38 Loan Guarantee Committee for the purpose of approving loan
39 guarantees based upon the criteria and procedures established by
40 the agency. The secretary may include agency staff, the Director



1 of Finance, representatives of other state agencies, and
2 representatives of the public on the committee.

3 The secretary or his or her designee shall serve as the
4 chairperson of the committee.

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

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

8 (2) Approve loan guarantees under this article.

9 (c) The committee shall not approve any guarantee without a
10 determination that, at a minimum, the applicant appears able to
11 repay the guaranteed financing and the financing is adequately
12 collateralized.

13 15354. (a) The Renewable Energy Loan Guarantee
14 Committee shall comply with the California Public Records Act
15 (Chapter 3.5 (commencing with Section 6250) of Division 7),
16 except as specified in subdivision (c).

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

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

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

37 (2) Any loan guarantee review by the Renewable Energy Loan
38 Guarantee Committee. For this purpose, the committee or a
39 subcommittee of the committee may review and approve loan



1 *guarantee requests by means of a telephone conference, or in a*
2 *meeting not open to the public.*

3 *15355. There is hereby created in the State Treasury the*
4 *Renewable Energy Loan Loss Reserve Fund. All money in the fund*
5 *is appropriated for the support of the agency and shall be available*
6 *for expenditure for the purposes stated in this article. The fund*
7 *shall be available for the receipt of federal, state, and local*
8 *moneys, and private donations.*

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

13 *(b) The minimum amount that the agency may guarantee for*
14 *any renewable energy system is twenty-five thousand dollars*
15 *(\$25,000) and the maximum amount is two million dollars*
16 *(\$2,000,000). The agency may elect to lower or raise the minimum*
17 *or maximum amount if a change is found to be in the best interest*
18 *of the state.*

19 *(c) The term of the guaranteed loan shall not exceed the useful*
20 *life of the renewable energy system or 15 years, whichever is*
21 *shorter.*

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

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



1 department complies with Chapter 3.5 (commencing with Section
2 11340) of Part 1 of Division 3 of Title 2, as provided in subdivision
3 (e) of Section 11346.1.

4 15358. (a) The agency shall execute guarantees supported
5 solely by funds in the Renewable Energy Loan Loss Reserve Fund.

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

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

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

20 15360. The agency may contract with any state or other
21 agency, persons, or firms to enable the agency to properly perform
22 the duties of this article.

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

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

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



1 award shall be based on a combination of the expertise of the
2 bidder, the bid price, and the probability that the services offered
3 will meet the needs of the program.

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

6

7

CHAPTER 4. MOBILE EFFICIENCY BRIGADE

8

9 14420. This chapter shall be known and may be cited as the
10 Mobile Efficiency Brigade.

11 14421. The Legislature finds and declares all of the following:

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

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

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

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

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

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

37 14422. As used in this chapter:

38 (a) "Community-based organization" means a nonprofit
39 corporation that is exempt from income taxation under Section
40 501(c)(3) of the Internal Revenue Code of 1986.



1 (b) “Program” means the Energy Conservation Act of 2001
2 (Chapter 5.3 (commencing with Section 25425) of Division 15).

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

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

11 (e) “Low-income household,” in the context of the
12 implementation of a specific program, shall be defined as each
13 program specifies. Outside of a specific program, it means
14 households at or below 200 percent of the federal poverty level.

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

19 14423. Notwithstanding any other provision of law, the
20 California Conservation Corps and the Department of Community
21 Services and Development, in consultation with the State Energy
22 Resources Conservation and Development Commission, shall
23 expand their current weatherization, energy-efficiency, and
24 rehabilitation programs and assist in the implementation of
25 pending programs as defined in Section 14422, in accordance with
26 the following objectives:

27 (a) Determine the specifics of program expansion and focus on
28 energy efficiency measures including, but not limited to, energy
29 audits, weatherization including the insulation of doors, windows,
30 walls and ceilings, light bulb replacement with subcompact
31 fluorescent lights, installation of water-saving devices and heater
32 exchanges, minor repairs and retrofits, appliance removal and
33 replacement, and tree planting.

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

36 (c) Establish qualifications and priorities consistent with the
37 objectives of this chapter for making grants and working with
38 community-based organizations.



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

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

6 14424. Any contracts entered into pursuant to this chapter by
 7 a state agency are exempt from the following requirements of the
 8 Government Code and the Public Contract Code:

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

12 (b) All contracts are exempt from Section 10295 of the Public
 13 Contract Code, relating to approval from the Department of
 14 General Services.

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

18 14425. This chapter shall remain in effect only until January
 19 1, 2003, and as of that date is repealed, unless a later enacted
 20 statute, that is enacted before January 1, 2003, deletes or extends
 21 that date.

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

24

25 CHAPTER 5.3. ENERGY CONSERVATION ACT OF 2001

26

27 Article 1. General Provisions

28

29 25425. This chapter shall be known, and may be cited, as the
 30 Energy Conservation Act of 2001.

31 25426. As used in this article, the following terms have the
 32 following meanings:

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

35 (b) "Energy-efficient model" means any appliance that meets
 36 the efficiency standards of the United States Department of Energy
 37 that are effective on and after July 1, 2001, and, if applicable,
 38 products certified as energy efficient zone heating products by the
 39 State Energy Resources Conservation and Development
 40 Commission.

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

4
5 Article 2. Loans and Grants for Construction and Retrofit
6 Projects
7

8 25433. It is the intent of the Legislature to establish incentives
9 in the form of grants and loans to low-income residents, small
10 businesses, and residential property owners for constructing and
11 retrofitting buildings to be more energy efficient by using design
12 elements, including, but not limited to, energy-efficient siding,
13 insulation, products certified as energy efficient zone heating
14 products by the State Energy Resources Conservation and
15 Development Commission, and double-paned windows.

16 25433.5. (a) In consultation with the Public Utilities
17 Commission, the commission shall do both of the following for the
18 purpose of full or partial funding of an eligible construction or
19 retrofit project:

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

22 (2) Establish a 2-percent interest per annum loan program to
23 provide financial assistance to a small business owner, residential
24 property owner, or individual who is not eligible for a grant
25 pursuant to paragraph (1). The loans shall be available to a small
26 business owner who has a gross annual income that does not
27 exceed one hundred thousand dollars (\$100,000) or to an
28 individual or residential property owner who has a gross annual
29 household income that does not exceed one hundred thousand
30 dollars (\$100,000).

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

35 (2) The award of a grant pursuant to this section is subject to
36 appeal to the commission upon a showing that the commission
37 applied factors, other than those adopted by the commission, in
38 making the award.

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



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

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

9 25434. The commission may contract with one or more
10 business entities capable of supplying or providing goods or
11 services necessary for the commission to carry out the
12 responsibilities for the programs conducted pursuant to this
13 article, and shall contract with one or more business entities to
14 evaluate the effectiveness of the programs implemented pursuant
15 to subdivision (a) of Section 25433.5. The commission may select
16 an entity on a sole source basis for one or both of those purposes
17 if the cost to the state will be reasonable and the commission
18 determines that it is in the best interest of the state.

19 25434.5. As used in this article, the following terms have the
20 following meanings:

21 (a) "Eligible construction or retrofit project" means a project
22 for making improvements to a home or building in existence on the
23 effective date of the act adding this section, through an addition,
24 alteration, or repair, which effectively increases the energy
25 efficiency or reduces the energy consumption of the home or
26 building as specified by the commission's guidelines under Section
27 25495 clause (ii) of subparagraph (D) of paragraph (3) of
28 subdivision (d) of Section 14 of the act that added this section.

29 The improvements shall be deemed to be cost-effective.

30 (b) "Low income" means an individual with a gross annual
31 income equal to or less than 200 percent of the federal poverty
32 level.

33 (c) "Small business" means any small business as defined in
34 paragraph (1) of subdivision (d) of Section 14837 of the
35 Government Code.

36



1 Article 3. *Small Business Energy Efficient Refrigeration Loan*
2 *Program*

3
4 25435. *The commission shall administer the Small Business*
5 *Energy Efficient Refrigeration Loan Program, as provided for in*
6 *Section 25436.*

7 25436. (a) *Within 45 days of the effective date of this chapter,*
8 *the commission shall implement a Small Business Energy Efficient*
9 *Refrigeration Loan Program for qualifying small businesses to*
10 *purchase and install energy efficient refrigeration equipment.*

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

16 (c) *The commission may enter into agreements with lending*
17 *institutions and qualifying vendors to facilitate making and*
18 *administering loans. Any loan made by the commission for the*
19 *purchase of equipment shall be secured against the equipment*
20 *purchased.*

21 SEC. 6. *Section 26003 of the Public Resources Code is*
22 *amended to read:*

23 26003. *As used in this division, unless the context otherwise*
24 *requires:*

25 (a) *“Authority” means the California Alternative Energy and*
26 *Advanced Transportation Financing Authority established*
27 *pursuant to Section 26004, and any board, commission,*
28 *department, or officer succeeding to the functions of the authority,*
29 *or to which the powers conferred upon the authority by this*
30 *division shall be given.*

31 (b) *“Cost” as applied to a project or portion thereof financed*
32 *under this division means all or any part of the cost of construction*
33 *and acquisition of all lands, structures, real or personal property or*
34 *an interest therein, rights, rights-of-way, franchises, easements,*
35 *and interests acquired or used for a project; the cost of demolishing*
36 *or removing any buildings or structures on land so acquired,*
37 *including the cost of acquiring any lands to which those buildings*
38 *or structures may be moved; the cost of all machinery, equipment,*
39 *and furnishings, financing charges, interest prior to, during, and*
40 *for a period after, completion of construction as determined by the*



1 authority; provisions for working capital; reserves for principal
2 and interest and for extensions, enlargements, additions,
3 replacements, renovations, and improvements; the cost of
4 architectural, engineering, financial, accounting, auditing and
5 legal services, plans, specifications, estimates, administrative
6 expenses, and other expenses necessary or incident to determining
7 the feasibility of constructing any project or incident to the
8 construction, acquisition, or financing of any project.

9 ~~(c) “Participating party” means any city, county, person,~~
10 ~~company, corporation, partnership, firm, or other entity or group~~
11 ~~of entities engaged in operations within this state which require~~
12 ~~financing pursuant to the terms of this division to aid and assist in~~
13 ~~the promotion of alternative energy sources or advanced~~
14 ~~transportation technologies in the state.~~

15 ~~(d)~~-(1) “Alternative sources” means the application of
16 cogeneration technology, as defined in Section 25134; the
17 conservation of energy; or the use of solar, biomass, wind,
18 geothermal, hydroelectricity under 30 megawatts *and meeting the*
19 *criteria set forth in subdivision (b) of Section 15352 of the*
20 *Government Code*, or any other source of energy, the efficient use
21 of which will reduce the use of fossil and nuclear fuels.

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

26 ~~(e)~~

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

34 (1) Intelligent vehicle highway systems.

35 (2) Advanced telecommunications for transportation.

36 (3) Command, control, and communications for public transit
37 vehicles and systems.

38 (4) Electric vehicles and ultra-low emission vehicles.

39 (5) High-speed rail and magnetic levitation passenger systems.

40 (6) Fuel cells.



1 ~~(f)~~

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

4 (1) Loans, loan loss reserves, interest rate reductions, proceeds
5 of bonds issued by the authority, insurance, guarantees or other
6 credit enhancements or liquidity facilities, contributions of money,
7 property, labor, or other items of value, or any combination
8 thereof, as determined by, and approved by the resolution of, the
9 board.

10 (2) Any other type of assistance the authority determines is
11 appropriate.

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

13 (1) Any person or any entity or group of entities engaged in
14 business or operations in the state, whether organized for profit or
15 not for profit, that applies for financial assistance from the
16 authority for the purpose of implementing a project in a manner
17 prescribed by the authority.

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

21 (g) “Project” means any land, building, improvement thereto,
22 rehabilitation, work, property, or structure, real or personal,
23 stationary or mobile, including, but not limited to, machinery and
24 equipment, whether or not in existence or under construction, that
25 utilizes, or is designed to utilize, an alternative source, or that is
26 utilized for the design, technology transfer, manufacture,
27 production, assembly, distribution, or service of advanced
28 transportation technologies.

29 ~~(g)~~

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

33 (i) (1) “Renewable energy” means any device or technology
34 that conserves or produces heat, processes heat, space heating,
35 water heating, steam, space cooling, refrigeration, mechanical
36 energy, electricity, or energy in any form convertible to these uses,
37 that does not expend or use conventional energy fuels, and that
38 uses any of the following electrical generation technologies:

39 (A) Biomass.

40 (B) Solar thermal.



1 (C) Photovoltaic.

2 (D) Wind.

3 (E) Geothermal.

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

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

12 (j) “Revenue” means all rents, receipts, purchase payments,
13 loan repayments, and all other income or receipts derived by the
14 authority from the sale, lease, or other disposition of alternative
15 source or advanced transportation technology facilities, or the
16 making of loans to finance alternative source or advanced
17 transportation technology facilities, and any income or revenue
18 derived from the investment of any money in any fund or account
19 of the authority.

20 ~~(h) “Public agency” means any federal or state agency, board,
21 or commission, or any county, city and county, city, regional
22 agency, public district, or other political subdivision.~~

23 SEC. 7. Section 26011.5 of the Public Resources Code is
24 amended to read:

25 26011.5. The authority, in consultation with the State Energy
26 Resources Conservation and Development Commission, shall
27 establish criteria for the selection of projects to receive financing
28 assistance from the authority. In the selection of projects, the
29 authority shall, in accordance with the legislative intent, provide
30 financial assistance under this division in a manner consistent with
31 sound financial practice. In developing project selection criteria,
32 the authority shall consider, but not be limited to, all of the
33 following:

34 (a) The technological feasibility of the projects.

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

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



1 (d) *The contribution that the project can make toward*
2 *diversifying California’s energy resources by fostering renewable*
3 *energy systems that can substitute, or preferably eliminate, the*
4 *demand for conventional energy fuels.*

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

7 SEC. 8. *Section 26011.6 is added to the Public Resources*
8 *Code, to read:*

9 26011.6. (a) *The authority shall establish a renewable energy*
10 *program to provide financial assistance to public power entities,*
11 *independent generators, utilities, or businesses manufacturing*
12 *components or systems, or both, to generate new and renewable*
13 *energy sources, develop clean and efficient distributed generation,*
14 *and demonstrate the economic feasibility of new technologies,*
15 *such as solar, photovoltaic, wind, and ultra-low emission*
16 *equipment. The authority shall give preference to utility-scale*
17 *projects that can be rapidly deployed to provide a significant*
18 *contribution as a renewable energy supply.*

19 (b) *The authority shall make every effort to expedite the*
20 *operation of renewable energy systems, and shall adopt*
21 *regulations for purposes of this section and Sections 26011.5 and*
22 *26011.7 as emergency regulations in accordance with Chapter 3.5*
23 *(commencing with Section 11340) of Part 1 of Division 3 of Title*
24 *2 of the Government Code. For purposes of that Chapter 3.5,*
25 *including Section 11349.6 of the Government Code, the adoption*
26 *of the regulations shall be considered by the Office of*
27 *Administrative Law to be necessary for the immediate*
28 *preservation of the public peace, health and safety, and general*
29 *welfare. Notwithstanding the 120-day limitation specified in*
30 *subdivision (e) of Section 11346.1 of the Government Code, the*
31 *regulations shall be repealed 180 days after their effective date,*
32 *unless the authority complies with Sections 11346.2 to 11347.3,*
33 *inclusive, as provided in subdivision (e) of Section 11346.1 of the*
34 *Government Code.*

35 (c) *The authority shall consult with the State Energy Resources*
36 *Conservation and Development Commission regarding the*
37 *financing of projects to avoid duplication of other renewable*
38 *energy projects.*

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



1 SEC. 9. Section 739 of the Public Utilities Code is amended
2 to read:

3 739. (a) The commission shall designate a baseline quantity
4 of gas and electricity which is necessary to supply a significant
5 portion of the reasonable energy needs of the average residential
6 customer. In estimating those quantities, the commission shall take
7 into account differentials in energy needs between customers
8 whose residential energy needs are currently supplied by
9 electricity alone or by both electricity and gas. The commission
10 shall develop a separate baseline quantity for all-electric
11 residential customers. For these purposes, “all-electric residential
12 customers” are residential customers having electrical service
13 only or whose space heating is provided by electricity, or both. The
14 commission shall also take into account differentials in energy use
15 by climatic zone and season.

16 (b) (1) The commission shall establish a standard limited
17 allowance which shall be in addition to the baseline quantity of gas
18 and electricity for residential customers dependent on life-support
19 equipment, including, but not limited to, emphysema and
20 pulmonary patients. A residential customer dependent on
21 life-support equipment shall be given a higher energy allocation
22 than the average residential customer.

23 (2) “Life-support equipment” means that equipment which
24 utilizes mechanical or artificial means to sustain, restore, or
25 supplant a vital function, or mechanical equipment which is relied
26 upon for mobility both within and outside of buildings.
27 “Life-support equipment,” as used in this subdivision, includes
28 all of the following: all types of respirators, iron lungs,
29 hemodialysis machines, suction machines, electric nerve
30 stimulators, pressure pads and pumps, aerosol tents, electrostatic
31 and ultrasonic nebulizers, compressors, IPPB machines, and
32 motorized wheelchairs.

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

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



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

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

13 (c) (1) The commission shall require that every electrical and
14 gas corporation file a schedule of rates and charges providing
15 baseline rates. The baseline rates shall apply to the first or lowest
16 block of an increasing block rate structure which shall be the
17 baseline quantity. In establishing these rates, the commission shall
18 avoid excessive rate increases for residential customers, and shall
19 establish an appropriate gradual differential between the rates for
20 the respective blocks of usage.

21 (2) In establishing residential electric and gas rates, including
22 baseline rates, the commission shall assure that the rates are
23 sufficient to enable the electrical corporation or gas corporation to
24 recover a just and reasonable amount of revenue from residential
25 customers as a class, while observing the principle that electricity
26 and gas services are necessities, for which a low affordable rate is
27 desirable *and while observing the principle that conservation is*
28 *desirable in order to maintain an affordable bill.*

29 (3) *At least until December 31, 2003, the commission shall*
30 *require that all charges for residential electric customers are*
31 *volumetric, and shall prohibit any electrical corporation from*
32 *imposing any charges on residential consumption that are*
33 *independent of consumption, unless those charges are in place*
34 *prior to the effective date of the act that added this paragraph.*

35 (d) As used in this section:

36 (1) "Baseline quantity" means a quantity of electricity or gas
37 for residential customers to be established by the commission
38 based on from 50 to 60 percent of average residential consumption
39 of these commodities, except that, for residential gas customers
40 and for all-electric residential customers, the baseline quantity



1 shall be established at from 60 to 70 percent of average residential
2 consumption during the winter heating season. In establishing the
3 baseline quantities, the commission shall take into account
4 climatic and seasonal variations in consumption and the
5 availability of gas service. The commission shall review and revise
6 baseline quantities as average consumption patterns change in
7 order to maintain these ratios.

8 (2) “Residential customer” means those customers receiving
9 electrical or gas service pursuant to a domestic rate schedule and
10 excludes industrial, commercial, and every other category of
11 customer.

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

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

17 *SEC. 10. Section 739.10 is added to the Public Utilities Code,*
18 *to read:*

19 *739.10. The commission shall ensure that errors in estimates*
20 *of demand elasticity or sales do not result in material over or*
21 *undercollections of the electrical corporations.*

22 *SEC. 10.5. Section 739.11 is added to the Public Utilities Code,*
23 *to read:*

24 *739.11. (a) For purposes of this section, “real time*
25 *metering” means a system for measuring a customer’s usage of*
26 *electricity on at least an hourly basis, variably pricing that*
27 *electricity based on the cost of acquisition or production, and*
28 *regularly providing and updating that usage and pricing*
29 *information to the customer.*

30 *(b) The commission shall conduct a pilot study of real time*
31 *metering for nonresidential customers. The purpose of the study is*
32 *to determine the effectiveness of real time metering in reducing*
33 *energy demand and overall energy consumption, to examine*
34 *customer response, to determine how real time metering should be*
35 *implemented, and to determine whether more widespread use of*
36 *real time metering is in the public interest. The study shall not*
37 *duplicate the study required pursuant to Section 393 of the Public*
38 *Utilities Code. The study shall include rates that vary as the cost*
39 *of electricity varies and provide appropriate telemetry and other*
40 *equipment. The study shall include agricultural, large*



1 *commercial, and industrial customer classes, and may include*
2 *other customer classes if the commission determines that to do so*
3 *would be in the public interest. The commission shall report to the*
4 *Legislature on the results of the study by June 30, 2002.*

5 (c) *This section shall remain in effect only until January 1,*
6 *2003, and as of that date is repealed, unless a later enacted statute,*
7 *that is enacted before January 1, 2003, deletes or extends that date.*

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

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

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

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

29 (2) "Eligible customer-generator" means a residential
30 customer, or a small commercial customer as defined in
31 subdivision (h) of Section 331, *commercial, industrial, or*
32 *agricultural customer* of an electric service provider, who uses a
33 solar or a wind turbine electrical generating facility, or a hybrid
34 system of both, with a capacity of not more than ~~10 kilowatts one~~
35 *megawatt* that is located on the customer's *owned, leased, or*
36 *rented* premises, is interconnected and operates in parallel with the
37 electric grid, and is intended primarily to offset part or all of the
38 customer's own electrical requirements.

39 (3) "Net energy metering" means measuring the difference
40 between the electricity supplied through the electric grid and the



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

23 ~~(4) “Ratemaking authority” means, for an electrical~~
24 ~~corporation as defined in Section 218, or an electrical cooperative~~
25 ~~as defined in Section 2776, the commission, and for a local~~
26 ~~publicly owned electric utility as defined in Section 9604, the local~~
27 ~~elected body responsible for regulating the rates of the utility.~~

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

35 ~~(2) On an annual basis, beginning in 1999, every electric~~
36 ~~service provider shall make available to the ratemaking authority~~
37 ~~information on the total rated generating capacity used by eligible~~
38 ~~customer-generators that are customers of that provider in the~~
39 ~~provider’s service area. For those electric service providers who~~
40 ~~are operating pursuant to Section 394, they shall make available~~



1 ~~to the ratemaking authority the information required by this~~
2 ~~paragraph for each eligible customer-generator that is their~~
3 ~~customer for each service area of an electric corporation, local~~
4 ~~publicly owned electric utility, or electrical cooperative, in which~~
5 ~~the customer has net energy metering. The ratemaking authority~~
6 ~~shall develop a process for making the information required by this~~
7 ~~paragraph available to energy service providers, and for using that~~
8 ~~information to determine when, pursuant to paragraph (3), a~~
9 ~~service provider~~

10 (2) *If a customer participates in direct transactions pursuant to*
11 *paragraph (1) of subdivision (b) of Section 365 with an electric*
12 *supplier that does not provide distribution service for the direct*
13 *transactions, the service provider that provides distribution*
14 *service for an eligible customer-generator is not obligated to*
15 *provide net energy metering to additional customer-generators in*
16 *its service area the customer.*

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

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

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



1 service related to net energy metering in an amount set by the
2 commission.

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

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

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

1



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

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

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

39 (C) For *all residential or small commercial*
40 customer-generators and for each monthly period, the net balance



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

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

25 (4) The electric service provider shall provide every eligible
26 *residential or small commercial* customer-generator with net
27 electricity consumption information with each regular bill. That
28 information shall include the current monetary balance owed the
29 electric service provider for net electricity consumed since the last
30 12-month period ended. Notwithstanding subdivision (e), an
31 electric service provider shall permit that customer to pay monthly
32 for net energy consumed.

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



1 (6) If an electric service provider providing net metering to a
2 *residential or small commercial* customer-generator ceases
3 providing that electrical service to that customer during any
4 12-month period, and the customer-generator enters into a new net
5 metering contract or tariff with a new electric service provider, the
6 12-month period, with respect to that new electric service
7 provider, shall commence on the date on which the new electric
8 service provider first supplies electric service to the
9 customer-generator.

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

22 (g) *This section shall remain in effect only until January 1,*
23 *2003, and as of that date is repealed, unless a later enacted statute,*
24 *that is enacted before January 1, 2003, deletes or extends that date.*

25 SEC. 12. *Section 2827 is added to the Public Utilities Code,*
26 *to read:*

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

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

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



1 *metering. Any entity that offers net energy metering to residential*
2 *and small commercial customers shall comply with this section.*

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

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

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



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

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

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

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



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

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

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

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



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

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

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

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



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

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

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

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

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

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



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

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

9 SEC. 12.5. Section 2827.5 is added to the Public Utilities
10 Code, to read:

11 2827.5. The Legislature finds and declares that the repeal of
12 the provisions of the net metering program for large customers
13 merely reflects a legislative desire to revisit and more closely
14 evaluate the cumulative value and effect of the state's policy
15 regarding renewable energy sources on the economics of
16 investment in solar and wind sources for large net metering
17 customers and to ensure further legislative discussion regarding
18 this issue.

19 SEC. 12.6. Section 2827.7 is added to the Public Utilities
20 Code, to read:

21 2827.7. Generation eligible for net metering that is installed
22 on or before December 31, 2002, shall be entitled, for the life of
23 the installation, to the net metering terms in effect on the date of
24 installation.

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

34 However, notwithstanding Section 17610 of the Government
35 Code, if the Commission on State Mandates determines that this
36 act contains other costs mandated by the state, reimbursement to
37 local agencies and school districts for those costs shall be made
38 pursuant to Part 7 (commencing with Section 17500) of Division
39 4 of Title 2 of the Government Code. If the statewide cost of the
40 claim for reimbursement does not exceed one million dollars



1 (\$1,000,000), reimbursement shall be made from the State
2 Mandates Claims Fund.

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

6 (a) Twenty-five million one hundred fifty thousand dollars
7 (\$25,150,000) from the Proposition 98 Reversion Account,
8 reappropriated on a one-time basis from the Proposition 98
9 Reversion Account from moneys appropriated in the 2000–01
10 fiscal year to community colleges.

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

13 (c) The moneys reappropriated from the Proposition 98
14 Reversion Account shall be allocated to the Chancellor of the
15 California Community Colleges who shall allocate those funds as
16 follows:

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

32 (2) One hundred fifty thousand dollars (\$150,000) as a grant
33 to the Community College League of California to provide a
34 statewide database of community college district utility usage for
35 immediate application. The data base shall be accessible to the
36 Chancellor's Office of the California Community Colleges as well
37 as to all community college districts statewide to assist in
38 conservation, facilities planning and energy management. The
39 data base shall track the usage of electricity and natural gas, and
40 may track the usage of water, sewer and other utilities. The data



1 *base shall further provide an ongoing audit of utility billings to*
2 *check for billing errors and to ensure that districts recover*
3 *potential billings that exceed cost of actual usage.*

4 *(d) The moneys appropriated from the General Fund shall be*
5 *allocated as follows:*

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

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

20 *(B) The California Conservation Corps, in implementing the*
21 *provisions of subparagraph (A), shall consult with the Department*
22 *of Community Services and Development and the State Energy*
23 *Resources Conservation and Development Commission, and shall*
24 *provide for broad geographic distribution of the purchased*
25 *materials throughout the state, identify neighborhoods and areas*
26 *with dense populations that can easily be served in large numbers,*
27 *and take into account community need.*

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

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

39 *(4) The sum of one hundred fifty-four million five hundred*
40 *thousand dollars (\$154,500,000) shall be allocated to the State*



1 *Energy Resources Conservation and Development Commission*
2 *for allocation in accordance with the following schedule:*

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

6 (B) *Fifty million dollars (\$50,000,000) shall be expended for*
7 *electric metering programs. Thirty-five million dollars*
8 *(\$35,000,000) shall be used to provide time-of-use or real time*
9 *meters for customers whose usage is greater than 200 kilowatt.*
10 *Fifteen million dollars (\$15,000,000) shall be provided to the*
11 *Public Utilities Commission to fund the program described in*
12 *Section 739.11 of the Public Utilities Code, which may be used for*
13 *the purchase and installation of meters, related equipment, and*
14 *other associated costs.*

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

18 (5) (A) *The sum of fifty million dollars (\$50,000,000) shall be*
19 *allocated to the State Energy Conservation Assistance Account*
20 *created by Section 25416 of the Public Resources Code for*
21 *expenditure by the State Energy Resources Conservation and*
22 *Development Commission to provide three percent loans, and*
23 *grants, as determined by the commission, pursuant to Chapter 5.2*
24 *(commencing with Section 25410) of Division 15 of the Public*
25 *Resources Code.*

26 (B) *In allocating the funds pursuant to this paragraph, the State*
27 *Energy Resources Conservation and Development Commission*
28 *shall do the following:*

29 (i) *Give priority to applications for energy conservation*
30 *projects or energy conservation measures that can be completed*
31 *on or before September 1, 2001.*

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

34 (6) *The sum of four million five hundred thousand dollars*
35 *(\$4,500,000) is hereby allocated to the State Energy Resources*
36 *Conservation and Development Commission (Energy*
37 *Commission) for expenditure to complete the Southeast Geysers*
38 *Effluent Injection System (SEGIS), Phase 2 Project of the Basin*
39 *2000 Project in Lake County. This appropriation is to enable Basin*
40 *2000 to come online in December 2001, to produce an additional*



1 10 megawatts (MW) of geothermal power, which it and the
2 Northern California Power Agency, the sole partner with the Lake
3 County Sanitation District, commit to selling to the state at their
4 cost to help with California's electricity crisis.

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

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

20 (B) The sum of fifteen million dollars (\$15,000,000) shall be
21 deposited in the Emerging Renewable Resources Account in the
22 Renewable Resource Trust Fund established pursuant to Section
23 445 of the Public Utilities Code. Notwithstanding Section 13340
24 of the Government Code, the money deposited in the Emerging
25 Renewable Resources Account by this subparagraph is hereby
26 continuously appropriated to the State Energy Resources
27 Conservation and Development Commission, without regard to
28 fiscal year, for the purposes specified in subparagraph (C).

29 (C) The sum of fifteen million dollars (\$15,000,000) shall be
30 transferred from the Renewable Resource Trust Fund to the
31 Emerging Renewable Resources Account in the Renewable
32 Resource Trust Fund established under Section 445 of the Public
33 Utilities Code.

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

36 (i) Twenty-two million dollars (\$22,000,000) for rebates
37 available for small distributed emerging technologies that are
38 eligible for funding pursuant to subdivision (d) of Section 383.5 of
39 the Public Utilities Code that have a peak generating capacity of
40 10 kilowatts or less. The commission shall determine the maximum



1 rebate level for small systems to be awarded pursuant to this
2 clause. Within the maximum rebate level, the commission may
3 provide for different rebate levels, such as higher rebate levels for
4 systems installed and operational within a specified timeframe, or
5 for targeted end-use customers that need additional financial
6 support, such as for public schools and state and local
7 governmental facilities.

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

22 (iii) The commission shall ensure that projects eligible for
23 rebates pursuant to clauses (i) and (ii) shall not also receive
24 rebates from similar programs adopted by the Public Utilities
25 Commission.

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

38 (E) For purposes of this paragraph, “commission” means the
39 State Energy Resources Conservation and Development
40 Commission.



1 (9) In order to achieve a reduction in peak electricity demand,
2 the sum of twenty-four million dollars (\$24,000,000) shall be
3 allocated to the Department of Corrections to install systems to
4 retrofit generating units to improve the environmental
5 performance of existing electrical generating units.

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

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

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

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

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

34 (5) Establish mechanisms and criteria that ensure that funds
35 expended pursuant to this subdivision through electric and gas
36 corporations are not seized by the creditors of those corporations
37 in the event of a bankruptcy. In implementing this paragraph, the
38 commission shall adopt mechanisms such as the segregation of
39 funds by the electric and gas corporations, the holding of those



1 funds in trust until they are expended, and the reversion of funds
2 to the General Fund in the event of a bankruptcy.

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

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

9 (1) Services contracts are exempt from Article 4 (commencing
10 with Section 10335) of Chapter 2 of Part 2 of Division 2 of the
11 Public Contract Code.

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

15 (3) Architectural and engineering contracts are exempt from
16 Chapter 10 (commencing with Section 4525) of Division 5 of Title
17 1 of the Government Code, and from Section 6106.5 of the Public
18 Contract Code.

19 (4) All contracts are exempt from Section 10295 of the Public
20 Contract Code, relating to approval from the Department of
21 General Services.

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

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

32 (c) Approval of contracts and grants may be delegated to the
33 agency executive director or an agency committee up to a
34 maximum amount that is established by the respective commission
35 or agency.

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

39 (e) Each participating agency receiving funds under this act
40 shall file reports with the Joint Legislative Budget Committee, the



1 chairs of the appropriations committees, and the Governor, as
2 follows:

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

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

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

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

12 In order to prevent rolling blackouts, and the shortage of
13 electrical generating capacity in the state that endangers the
14 health, welfare, and safety of the people of this state, it is necessary
15 that this act take effect immediately.

16 amended by Section 1 of Chapter 1 of the 2001-02 First
17 Extraordinary Session, is amended to read:

18 ~~335. In order to ensure that the interests of the people of~~
19 ~~California are served, a five-member Electricity Oversight Board~~
20 ~~is hereby created as provided in Section 336. For purposes of this~~
21 ~~chapter, any reference to the Oversight Board shall mean the~~
22 ~~Electricity Oversight Board. Its functions shall be all of the~~
23 ~~following:~~

24 (a) ~~To oversee the Independent System Operator and the Power~~
25 ~~Exchange.~~

26 (b) ~~To determine the composition and terms of service and to~~
27 ~~exercise the exclusive right to decline to confirm the appointments~~
28 ~~of specific members of the governing board of the Power~~
29 ~~Exchange.~~

30 (c) ~~To serve as an appeal board for majority decisions of the~~
31 ~~Independent System Operator governing board, as they relate to~~
32 ~~matters subject to exclusive state jurisdiction, as specified in~~
33 ~~Section 339.~~

34 (d) ~~Those members of the Power Exchange governing board~~
35 ~~whose appointments the Oversight Board has the exclusive right~~
36 ~~to decline to confirm include proposed governing board members~~
37 ~~representing agricultural end users, industrial end users,~~
38 ~~commercial end users, residential end users, end users at large,~~
39 ~~nonmarket participants, and public interest groups.~~



1 ~~SEC. 2.—Section 337 of the Public Utilities Code, as amended~~
2 ~~by Section 3 of Chapter 1 of the 2001-02 First Extraordinary~~
3 ~~Session, is amended to read:~~

4 ~~337.—(a) The Independent System Operator governing board~~
5 ~~shall be composed of a five-member independent governing board~~
6 ~~of directors appointed by the Governor and subject to confirmation~~
7 ~~by the Senate. Any reference in this chapter or in any other~~
8 ~~provision of law to the Independent System Operator governing~~
9 ~~board means the independent governing board appointed under~~
10 ~~this subdivision.~~

11 ~~(b) A member of the independent governing board appointed~~
12 ~~under subdivision (a) may not be affiliated with any actual or~~
13 ~~potential participant in any market administered by the~~
14 ~~Independent System Operator. A member of the governing board~~
15 ~~of the Power Exchange shall not be considered to be affiliated with~~
16 ~~a participant solely as a consequence of that individual's service~~
17 ~~on the governing board of the Power Exchange.~~

18 ~~(c) (1) All appointments shall be for three-year terms.~~

19 ~~(2) There is no limit on the number of terms that may be served~~
20 ~~by any member.~~

21 ~~(d) The Oversight Board shall require the articles of~~
22 ~~incorporation and bylaws of the Independent System Operator to~~
23 ~~be revised in accordance with this section, and shall make filings~~
24 ~~with the Federal Energy Regulatory Commission as the Oversight~~
25 ~~Board determines to be necessary.~~

26 ~~(e) For the purposes of the initial appointments to the~~
27 ~~Independent System Operator governing board, as provided in~~
28 ~~subdivision (a), the Governor shall appoint one member to a~~
29 ~~one-year term, two members to a two-year term, and two members~~
30 ~~to a three-year term.~~

31 ~~SEC. 3.—Section 341.2 of the Public Utilities Code, as~~
32 ~~amended by Section 4 of Chapter 1 of the 2001-02 First~~
33 ~~Extraordinary Session, is amended to read:~~

34 ~~341.2.—The Bagley-Keene Open Meeting Act (Article 9~~
35 ~~(commencing with Section 11120) of Chapter 1 of Part 1 of~~
36 ~~Division 3 of Title 2 of the Government Code) applies to meetings~~
37 ~~of the Oversight Board. In addition to the allowances of that act,~~
38 ~~the Oversight Board may hold a closed session to consider the~~
39 ~~appointment of one or more candidates to the governing board of~~
40 ~~the Power Exchange, deliberate on matters involving the removal~~



1 ~~of a member of the governing board of the Power Exchange, or to~~
2 ~~consider a matter based on information that has received a grant~~
3 ~~of confidential status pursuant to regulations of the Oversight~~
4 ~~Board, provided that any action taken on such a matter shall be~~
5 ~~taken by vote in an open session.~~

O

