

AMENDED IN SENATE FEBRUARY 20, 2001

AMENDED IN SENATE FEBRUARY 5, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

SENATE BILL

No. 5

Introduced by Senators Sher, Alarcon, Bowen, and Burton
(Principal coauthor: ~~Senator Chesbro~~) coauthors: Senators
Chesbro, Machado, and Perata)

(Principal coauthors: Assembly Member Shelley)

(Coauthors: Senators Alarcon, Figueroa, Karnette, Murray,
Polanco, Scott, Soto, and Torlakson)

(Coauthors: Assembly Members Aroner, Keeley, Pavley,
Strom-Martin, and Thomson)

January 17, 2001

An act to amend Section 15814.20 of, and to add and repeal Chapter 3.5 (commencing with Section 4240) of Division 5 of Title 1 of, the Government Code, and to amend Section 25402.5 of the Public Resources Code, relating to public utilities, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 5, as amended, Sher. ~~Public~~ *State* energy projects.

(1) Existing law authorizes state and local agencies to develop energy conservation, cogeneration, and alternate energy supply sources at the facilities of public agencies through contracts and leases in accordance with specified criteria.

This bill, until January 1, 2004, would authorize ~~these public state~~ agencies to ~~establish~~ *implement energy related* projects, ~~in whole or in~~

[1] Corrected 2-22-01—See last page.

part, for the purchase or installation, or both, of alternate energy equipment, cogeneration equipment, conservation measures, or environmentally preferable distributed energy generation equipment or facilities located on property owned or leased by the public agencies subject to certain criteria, and to enter into contracts for these purposes subject to certain criteria. The bill would authorize the Director of General Services to exempt state energy projects from the advertising and competitive bidding requirements set forth in state law, if the director deems it necessary to implement these provisions. The bill would exempt state energy projects from a specified capital outlay process at the discretion of the Department of Finance.

(2) Existing law prohibits the State Public Works Board from entering into leases and energy service contracts sooner than 45 days after notification to the Joint Legislative Budget Committee. Existing law authorizes the joint committee to hold a hearing within 45 days of receipt of the notification.

This bill would prohibit the board from entering into a lease and energy services contract sooner than 15 days after notification and would authorize the joint committee to hold a hearing within 15 days of receipt of the notification.

(3) Existing law requires the State Energy Resources Conservation and Development Commission to adopt interior and exterior lighting energy conservation standards, as specified.

This bill would require the commission to adopt lighting standards for outdoor lighting, as defined, that is not subject to the above standards.

~~(2)~~

(4) Existing law provides for the establishment and implementation of various energy efficiency programs administered by the State Energy Resources Conservation and Development Commission and the Public Utilities Commission.

This bill would, until January 1, 2005, appropriate ~~\$1,269,700,000~~ \$1,026,500,000 from the General Fund and the State Highway Account in the State Transportation Fund to implement energy efficiency programs and supplement existing energy efficiency programs. Of that amount, ~~\$478,800,000~~ from the General Fund, \$353,000,000 would be allocated to the Public Utilities Commission, \$404,500,000 would be allocated to the State Energy Resources Conservation and Development Commission ~~\$519,400,000~~ would be allocated to the Public Utilities Commission, \$10,000,000 would be allocated to the Department of

Consumer Affairs, ~~\$100,000,000~~ \$50,000,000 would be allocated to the Department of General Services, ~~\$41,500,000~~ \$24,000,000 would be allocated to the Department of Corrections, \$50,000,000 would be allocated for programs in state buildings and community colleges upon approval of the Department of Finance, and \$120,000,000 would be allocated to the Department of Community Services and Development and from the State Highway Account in the State Transportation Fund, \$15,000,000 would be allocated to the Department of Transportation, to fund various energy efficiency programs, as scheduled, and subject to reallocation and conditions. Under the bill any funds that are unencumbered or unexpended by January 1, 2005, would revert to the General Fund on that date.

~~(3)~~

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

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

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

1 SECTION 1. The Legislature finds and declares as follows:

2 (a) California is currently experiencing an energy crisis which
3 threatens to adversely affect the economic and environmental
4 well-being of the state.

5 (b) One of the most cost-effective, efficient, and
6 environmentally beneficial methods of meeting the state's energy
7 needs is to encourage the efficient use of energy.

8 (c) The purpose of ~~the act adding this section~~ is to ensure the
9 immediate implementation of energy efficiency programs in order
10 to reduce consumption of energy and to assist in reducing the costs
11 associated with energy demand.

12 (d) *To the maximum extent feasible, the expenditure of funds*
13 *appropriated pursuant to this act shall be prioritized based upon*
14 *immediate benefits in peak energy demand reduction and more*
15 *efficient use of energy.*

16 SEC. 2. *Section 15814.20 of the Government Code is*
17 *amended to read:*

18 15814.20. The board shall not enter into leases and energy
19 service contracts authorized under this chapter sooner than ~~45~~ 15
20 days after notification in writing of the necessity therefor has been



1 submitted to the Chairperson of the Joint Legislative Budget
 2 Committee and the chairpersons of the fiscal committees of each
 3 house, or sooner than whatever lesser time the chairperson of the
 4 joint committee, or his or her designee, may in each instance
 5 determine. At the request of the chairperson of the joint
 6 committee, the ~~Joint Legislative Budget Committee~~ *joint*
 7 *committee* may hold a hearing within ~~45~~ 15 days of receipt of the
 8 notification. If a hearing is held, the affected agencies shall be
 9 provided all information available to the ~~Joint Legislative Budget~~
 10 ~~Committee~~ *joint committee* at least 10 days in advance of the
 11 hearing. In the event that a hearing is conducted, the ~~Joint~~
 12 ~~Legislative Budget Committee~~ *joint committee* may recommend
 13 to the board approval, modification, or rejection of leases or
 14 energy service contracts.

15 *SEC. 3.* Chapter 3.5 (commencing with Section 4240) is
 16 added to Division 5 of Title 1 of the Government Code, to read:

17

18 CHAPTER 3.5. ~~PUBLIC STATE~~ ENERGY PROJECTS

19

20 ~~4240. The Legislature finds and declares that there is an~~
 21 ~~energy crisis in the State of California. To assist in energy~~
 22 ~~conservation and efficiency, energy generation, and peak demand~~
 23 ~~reduction capacity, it is the intent of the Legislature to expedite the~~
 24 ~~acquisition of materials, goods, and services necessary to produce~~
 25 ~~solutions to the current energy shortages facing the state, thereby~~
 26 ~~preventing or mitigating an emergency situation. The Legislature~~
 27 ~~further declares that the energy crisis threatens to disrupt the~~
 28 ~~economy of our state, impair the delivery of critical public~~
 29 ~~services, and endanger persons and property. It is the intent of the~~
 30

31

32 *4240. It is the intent of the* Legislature to permit *public state*
 33 agencies to develop energy conservation, efficiency, cogeneration,
 34 and alternate energy supply sources on public property in
 35 accordance with this chapter in the most expedient manner
 possible.

36

37 ~~4241. To implement the intent set forth in Section 4240, a~~
 38 ~~public agency may use the methods set forth in this chapter to~~
 39 ~~establish energy projects.~~

40

~~4242. As used in this chapter and Section 3 of the act adding~~
 this chapter, the following terms have the following meanings:

1 ~~(a) “Alternate energy equipment” means equipment for the~~
2 ~~production or conversion of energy from alternate sources as its~~
3 ~~primary fuel source, solar, biomass, wind, geothermal,~~
4 ~~hydroelectricity under 30 megawatts, remote natural gas of less~~
5 ~~than one billion cubic feet estimated reserves per mile from an~~
6 ~~existing gas gathering line, natural gas containing 850 or fewer~~
7 ~~British Thermal Units per standard cubic foot, or any other source~~
8 ~~of energy, the efficient use of which will reduce the use of fossil~~
9 ~~or nuclear fuels.~~

10 ~~(b) “Cogeneration equipment” means equipment for~~
11 ~~cogeneration, as defined in Section 218.5 of the Public Utilities~~
12 ~~Code.~~

13 ~~(c) “Conservation measures” means equipment, maintenance,~~
14 ~~load management techniques and equipment, or other measures to~~
15 ~~reduce energy use or make for a more efficient use of energy.~~

16 ~~(d) “Conservation services” means the electrical, thermal, or~~
17 ~~other energy savings resulting from conservation measures, which~~
18 ~~shall be treated as a supply source of that energy.~~

19 ~~(e) “Energy generation equipment” means equipment used to~~
20 ~~produce electrical or thermal energy for use on the public property~~
21 ~~in which it is located or for distribution or sale.~~

22 ~~(f) “Energy project” means a project, in whole or in part, for~~
23 ~~the purchase or installation, or both, of alternate energy~~
24 ~~equipment, cogeneration equipment, conservation measures, or~~
25 ~~environmentally preferable distributed energy generation~~
26 ~~equipment or facilities located on property owned or leased by~~
27 ~~public agencies.~~

28 ~~(g) “Environmentally preferable distributed energy~~
29 ~~generation” means generation complying with environmental~~
30 ~~performance standards adopted pursuant to Sections 41514.9 and~~
31 ~~41514.10 of the Health and Safety Code.~~

32 ~~(h) “Person” means, but is not limited to, any individual,~~
33 ~~company, corporation, partnership, limited liability company,~~
34 ~~public agency, association, proprietorship, trust, joint venture, or~~
35 ~~other entity or group of entities.~~

36 ~~(i) “Public agency” means the state, a county, city and county,~~
37 ~~city, district, community college district, school district, joint~~
38 ~~powers authority or other entity designated or established by a~~
39 ~~political subdivision relating to energy projects, and any other~~
40 ~~political subdivision or public corporation in the state.~~



1 (j) ~~“Public property” includes any land, structure, building,~~
2 ~~facility, or work that a public agency owns or leases, and any~~
3 ~~easements or rights-of-way appurtenant thereto, or necessary for~~
4 ~~its full use.~~

5 ~~4243. In order to identify, acquire, design, implement, or~~
6 ~~construct, or any combination of these, an energy project, a public~~
7 ~~agency may enter into any contract, lease, or any other agreement~~
8 ~~necessary to implement the project. These projects are deemed to~~
9 ~~be necessary to prevent or mitigate an emergency within the~~
10 ~~meaning of Section 21080 of the Public Resources Code.~~
11 ~~Notwithstanding any other provision of law, the person~~
12 ~~performing these services may be selected without advertising and~~
13 ~~competitive bidding and may use the method of selection provided~~
14 ~~in this chapter.~~

15 ~~4244. —~~

16 *4241. As used in this chapter, and as used in Section 3 of the*
17 *act adding this chapter, “state energy project” means either of the*
18 *following:*

19 *(a) Equipment, load management techniques, and other*
20 *measures or services that reduce energy consumption and provide*
21 *for more efficient use of energy.*

22 *(b) Clean renewable distributed generation equipment for use*
23 *in state buildings or facilities.*

24 ~~4242. State energy projects may be implemented under this~~
25 ~~chapter with the approval of the Director of General Services and~~
26 ~~the Director of Finance and may be funded through any authorized~~
27 ~~appropriation or other funding source.~~

28 ~~4245.~~

29 ~~4243. Prior to awarding or entering into a contract,~~
30 ~~agreement, or lease, the public state agency shall request proposals~~
31 ~~from qualified persons. After evaluating the proposals, the public~~
32 ~~state agency shall award contracts based on qualifications,~~
33 ~~including the consideration of such factors as the experience of the~~
34 ~~contractor, the type of technology to be employed by the contractor~~
35 ~~on the energy project, the cost to the agency, and any other relevant~~
36 ~~considerations. Public State agencies may also award contracts to~~
37 ~~persons selected from the pool of qualified energy service~~
38 ~~companies established pursuant to Section 388 of the Public~~
39 ~~Utilities Code, when it is determined they are qualified to perform~~
40 ~~the work on a particular project. For purposes of this chapter,~~

[1]



1 energy projects shall be exempt from Chapter 10 (commencing
2 with Section 4525).

3 ~~4246.~~

4 ~~4244.~~ Notwithstanding Section ~~4245~~ 4243, the Director of
5 General Services may exempt a state energy project from the
6 advertising and competitive bidding requirements of this code and
7 the Public Contract Code, if the director deems ~~it~~ *the exemption*
8 necessary to implement the purpose of this chapter, *to reduce peak*
9 *electricity demand, and to improve energy efficiency.*

10 ~~4247.~~

11 ~~4245.~~ At the discretion of the Department of Finance, state
12 energy projects may be exempted from the capital outlay process,
13 including, but not limited to, as provided in Section 13332.11.

14 ~~4248.~~ ~~This chapter does not limit the authority of any public~~
15 ~~agency to construct energy conservation projects or to enter into~~
16 ~~other leases or contracts relating to the financing, design,~~
17 ~~construction, operation, maintenance, or use of alternate energy~~
18 ~~type facilities in any manner authorized under existing law. This~~
19 ~~chapter shall not be construed to abrogate Section 14671.6.~~

20 ~~4249.~~ ~~Procedures established by the Department of General~~
21 ~~Services for state energy projects to implement this chapter shall~~
22 ~~be exempt from the rulemaking provisions of the Administrative~~
23 ~~Procedures Act, (Chapter 3.5 (commencing with Section 11340)~~
24 ~~of Part 1 of Division 3 of Title 2).~~

25 ~~4250.~~—

26 ~~4246.~~ *The Department of General Services may adopt*
27 *regulations for purposes of this chapter as emergency regulations*
28 *in accordance with Chapter 3.5 (commencing with Section 11340)*
29 *of Part 1 of Division 3 of Title 2. For purposes of Chapter 3.5,*
30 *including, but not limited to, Section 11349.6, the adoption of the*
31 *regulations shall be considered by the Office of Administrative*
32 *Law to be necessary for the immediate preservation of public*
33 *peace, health, safety, and general welfare. Notwithstanding the*
34 *120 day limit specified in subdivision (e) of Section 11346.1, the*
35 *regulations shall be repealed 180 days after their effective date,*
36 *unless the department complies with Chapter 3.5 (commencing*
37 *with Section 11340) of Part 1 of Division 3 of Title 2 as provided*
38 *in subdivision (e) of Section 11346.1.*

39 ~~4247.~~ This chapter shall become inoperative on June 30,
40 2003, and, as of January 1, 2004, is repealed, unless a later enacted



1 statute, that becomes operative on or before January 1, 2004,
2 deletes or extends the dates on which it becomes inoperative and
3 is repealed.

4 ~~SEC. 3.—~~

5 *SEC. 4. Section 25402.5 of the Public Resources Code is*
6 *amended to read:*

7 25402.5. (a) As used in this section, “lighting device”
8 includes, but is not limited to, a lamp, luminaire, light fixture,
9 lighting control, ballast, or any component of those devices.

10 (b) (1) The commission shall consider both new and
11 replacement, and both interior and exterior, lighting devices as
12 lighting which is subject to subdivision (a) of Section 25402.

13 (2) The commission shall include both indoor and outdoor
14 lighting devices as appliances to be considered in prescribing
15 standards pursuant to paragraph (1) of subdivision (c) of Section
16 25402.

17 (3) The Legislature hereby finds and declares that paragraphs
18 (1) and (2) are declarative of existing law.

19 (c) (1) The commission shall establish an advisory group to
20 provide technical advice, and, after public review, shall prepare
21 and submit a report to the Legislature on or before January 1, 1997,
22 identifying which lighting devices, whether indoor or outdoor, and
23 residential or commercial, may be appropriate either for the
24 commission to include in lighting efficiency regulations and other
25 state energy or lighting efficiency programs or for federal
26 government consideration in setting national lighting efficiency
27 standards. The advisory group shall include, but not be limited to,
28 representatives of the Illuminating Engineering Society of North
29 America, the International Association of Lighting Designers, the
30 National Electrical Manufacturers Association, the Association of
31 Professional Energy Managers, the Lighting Research Institute,
32 the Electric Power Research Institute, the Natural Resources
33 Defense Council, the Department of Energy, the Environmental
34 Protection Agency, and California’s electric utilities. No state
35 funds shall be used to support the advisory group.

36 (2) The commission’s report and recommendations shall
37 identify proposed lighting efficiency regulations, standards, or
38 programs that are technologically feasible and cost-effective and
39 that would result in a significant level of energy savings. The
40 report shall emphasize, but not be limited to, residential lighting



1 efficiency, and shall consider requiring manufacturers of light
2 fixtures to produce fixtures which are physically compatible with
3 fluorescent lamps. The report shall also consider educational and
4 labeling programs that could help increase the use of efficient
5 lighting devices.

6 (d) (1) To the extent not preempted by federal law, on or before
7 February 1, 1997, the commission shall initiate a formal
8 rulemaking proceeding, including public review and hearings, to
9 consider efficiency standards for lighting devices as
10 recommended in the report required by subdivision (c). Any
11 regulations issued pursuant to this paragraph shall be subject to the
12 requirements of paragraph (1) of subdivision (c) of Section 25402.

13 (2) The commission may also actively participate in
14 proceedings of the Department of Energy concerning the
15 development and adoption of national lighting efficiency
16 standards as recommended in the report.

17 (e) *The commission shall adopt efficiency standards for*
18 *outdoor lighting. The standards shall be technologically feasible*
19 *and cost-effective. As used in this subdivision, "outdoor lighting"*
20 *refers to all electrical lighting that is exterior to buildings but not*
21 *subject to standards adopted pursuant to Section 25402, and*
22 *includes, but is not limited to, street lights, traffic lights, parking*
23 *lot lighting, and billboard lighting.*

24 SEC. 5. In order to achieve a total reduction in peak electricity
25 demand of not less than 2,585 megawatts, the sum of ~~one billion~~
26 ~~two hundred sixty-nine million seven hundred thousand dollars~~
27 ~~(\$1,269,700,000)~~ *one billion twenty-six million five hundred*
28 *thousand dollars (\$1,026,500,000), of which one billion eleven*
29 *million five hundred thousand dollars (\$1,011,500,000) is from the*
30 *General Fund and fifteen million dollars (\$15,000,000) is from the*
31 *State Highway Account in the State Transportation Fund, is*
32 hereby appropriated from the General Fund to the Controller for
33 allocation according to the following schedule:

34 (a) In order to achieve a reduction in peak electricity demand
35 of ~~315 megawatts~~ and meet urgent needs of low-income
36 households, ~~five hundred nineteen million four hundred thousand~~
37 ~~dollars (\$519,400,000)~~ *three hundred fifty-three million dollars*
38 *(\$353,000,000) for allocation by the Public Utilities Commission*
39 ~~for investor-owned electric and natural gas utilities~~ *electric and*
40 *gas electrical corporations* subject to commission jurisdiction, to

1



1 be expended in the following ~~amounts for purposes including, but~~
 2 ~~not limited to, the following, based on guidelines adopted by the~~
 3 ~~Public Utilities Commission allowing reasonable flexibility to~~
 4 ~~shift funds among program categories to secure cost-effective~~
 5 ~~energy and peak savings:~~ *amounts:*

6 (1) Sixty-six million dollars (\$66,000,000) to encourage the
 7 purchase of *residential* high-efficiency heating, ventilating, and
 8 air-conditioning (HVAC) equipment and appliances.

9 ~~(2) Five million eight hundred thousand dollars (\$5,800,000)~~
 10 ~~to encourage the purchase of whole-house and indoor fans.~~

11 ~~(3)~~

12 (2) One hundred million dollars (\$100,000,000) to increase
 13 and expand CARE discounts to low-income persons not currently
 14 enrolled in that program.

15 ~~(4) provide immediate assistance to electric and gas utility~~
 16 ~~customers enrolled in, or eligible to be enrolled in, the California~~
 17 ~~Alternative Rates for Energy (CARE) Program established~~
 18 ~~pursuant to Section 739.1 of the Public Utilities Code. Funds~~
 19 ~~appropriated pursuant to this paragraph shall be expended to~~
 20 ~~increase and supplement CARE discounts for electric and gas~~
 21 ~~utility bill increases resulting from increased electric and gas rates~~
 22 ~~incurred on and after the effective date of this act.~~

23 (3) Twenty million dollars (\$20,000,000) to augment funding
 24 for low-income weatherization programs to assist in reducing
 25 energy costs for low-income persons, in cooperation with
 26 community-based organizations.

27 ~~(5) Twenty-eight million dollars (\$28,000,000) to provide~~
 28 ~~incentives for construction of high-efficiency residences.~~

29 ~~(6) for low income weatherization services provided pursuant~~
 30 ~~to Section 2790 of the Public Utilities Code, and other energy~~
 31 ~~efficient measures to assist low-income energy users.~~

32 (4) Twenty million dollars (\$20,000,000) for high-efficiency
 33 and ultra low polluting pump and motor ~~retrofit~~ retrofits for oil or
 34 gas, or both, producers and pipelines.

35 ~~(7) Twenty-nine million two hundred thousand dollars~~
 36 ~~(\$29,200,000) to encourage the purchase of small, renewable~~
 37 ~~electricity generation systems and water delivery systems.~~

38 ~~(8) Fifty-eight million four hundred thousand dollars~~
 39 ~~(\$58,400,000) to encourage installation of environmentally~~

1 ~~preferable distributed energy generation systems for state and~~
2 ~~municipal buildings.~~

3 ~~(9)~~

4 (5) One hundred million dollars (\$100,000,000) to provide
5 incentives to encourage replacement of low-efficiency lighting
6 with high-efficiency lighting in commercial and residential
7 buildings.

8 ~~(10)~~

9 (6) Fifteen million dollars (\$15,000,000) to encourage
10 installation of demand-responsive and energy-efficient
11 technologies in ~~municipal buildings~~ *buildings owned and*
12 *operated by counties and cities.*

13 ~~(11)~~

14 (7) Thirty-two million dollars (\$32,000,000) to provide
15 incentives for construction of high-efficiency nonresidential
16 buildings.

17 ~~(12) Forty-five million dollars (\$45,000,000) to implement a~~
18 ~~program to implement innovative load reduction measures.~~

19 (b) In order to achieve a reduction in peak electricity demand
20 ~~of 1,000 megawatts, four hundred seventy-eight million eight~~
21 ~~hundred thousand dollars (\$478,800,000) to the State Energy, four~~
22 ~~hundred four million five hundred thousand dollars~~
23 ~~(\$404,500,000) to the State Energy Resources Conservation and~~
24 ~~Development Commission (hereafter the Energy Commission), to~~
25 ~~be expended in the following amounts for the following purposes:~~

26 ~~(1) Sixty-eight million three hundred thousand dollars~~
27 ~~(\$68,300,000)~~

28 (1) *Twenty-seven million dollars (\$27,000,000)* for allocation
29 by the Energy Commission to locally owned public utilities in the
30 following amounts for the following purposes:

31 (A) Twenty million two hundred thousand dollars
32 (\$20,200,000) to encourage the purchase of *residential*
33 high-efficiency air-conditioning equipment and appliances.

34 ~~(B) Two million two hundred thousand dollars (\$2,200,000) to~~
35 ~~encourage the purchase of whole-house and indoor fans.~~

36 ~~(C) Six million seven hundred thousand dollars (\$6,700,000)~~
37 ~~to provide incentives for construction of high-efficiency~~
38 ~~residences.~~



1 ~~(D) Ten million eight hundred thousand dollars (\$10,800,000)~~
2 ~~to encourage the purchase of small, renewable electricity~~
3 ~~generation systems.~~

4 ~~(E) Twenty one million six hundred thousand dollars~~
5 ~~(\$21,600,000) to encourage installation of environmentally~~
6 ~~preferable distributed energy generation systems for state and~~
7 ~~municipal buildings.~~

8 ~~(F)~~
9 (B) Six million eight hundred thousand dollars (\$6,800,000) to
10 provide incentives to encourage replacement of low-efficiency
11 lighting with high-efficiency lighting in commercial buildings.

12 (2) Seventy million dollars (\$70,000,000) to implement
13 programs to improve demand-responsiveness in heating,
14 ventilation, air-conditioning, lighting, advanced metering of
15 energy usage, and other systems in buildings.

16 (3) Fifty million dollars (\$50,000,000) to implement a
17 low-energy usage building materials program, and other measures
18 to lower ~~urban~~ air-conditioning usage in schools, colleges,
19 universities, hospitals, and other nonresidential buildings.

20 (4) ~~Fifteen million dollars (\$15,000,000)~~ *Sixty million dollars*
21 *(\$60,000,000)* to implement a program ~~for~~ *to encourage third*
22 *parties to implement* innovative peak demand reduction measures
23 in the service areas of public utilities.

24 (5) Fifty million dollars (\$50,000,000) to implement a program
25 to reduce peak load electricity usage for the agricultural sector.

26 (6) Fourteen million five hundred thousand dollars
27 (\$14,500,000) to provide incentives for installation of
28 light-emitting diode (LED) traffic signals.

29 (7) Sixty-four millions dollars (\$64,000,000) to provide
30 incentives for water and wastewater treatment systems to reduce
31 peak usage.

32 (8) Fifteen million dollars (\$15,000,000) to encourage
33 installation of demand-responsive and energy-efficient
34 ~~technologies in municipal buildings.~~

35 ~~(9) One hundred million dollars (\$100,000,000) to provide~~
36 ~~incentives for purchase of large renewable and environmentally~~
37 ~~preferable distributed generation systems.~~

38 ~~(10) Three million dollars (\$3,000,000) to assist local~~
39 ~~governments in expediting the permitting of electricity generation~~
40 ~~facilities.~~



1 ~~(11) technologies in buildings owned and operated by counties~~
2 ~~and cities.~~

3 (9) Seven million dollars (\$7,000,000) to implement a program
4 to teach school children about energy efficiency in the home and
5 at school.

6 ~~(12) Twenty million dollars (\$20,000,000) to provide~~
7 ~~incentives for retrofit of generation units at municipal water~~
8 ~~districts to improve environmental performance.~~

9 ~~(13)~~

10 (10) Twenty million dollars (\$20,000,000) for incentives for the
11 retrofit of existing distributed generation owned and operated by
12 municipal water districts to replace diesel and natural gas
13 generation with cleaner technology that reduces oxides of nitrogen
14 emission to less than two parts per million.

15 (11) One million four hundred thousand dollars (\$1,400,000)
16 to fund 16 personnel years in the Energy Commission to
17 implement subdivision (a) of this section.

18 ~~(14).~~

19 (12) Twenty-five million dollars (25,000,000) to provide loans
20 to schools pursuant to the Energy Conservation Assistance Act
21 (Chapter 5.2 (commencing with Section 25410) of the Public
22 Resources Code).

23 (13) Six hundred thousand dollars (\$600,000) for four
24 personnel years to improve the ability of the Energy Commission
25 to provide timely and accurate assessments of electricity and
26 natural gas markets.

27 (c) Funds appropriated pursuant to subdivisions (a) and (b)
28 shall be expended pursuant to guidelines adopted by each
29 commission. The guidelines shall be exempt from the requirements
30 of Chapter 3.5 (commencing with Section 11340) of Part 1 of the
31 Division 3 of Title 2 of the Government Code and shall do all of the
32 following:

33 (1) Establish cost-effectiveness criteria for programs funded.

34 (2) Establish limitations on administrative overhead cost
35 associated with the programs that ensure that the maximum
36 feasible amount of funds are expended for direct and measurable
37 energy conservation, peak load reduction, and energy efficiency.

38 (3) Allow reasonable flexibility to shift funds among program
39 categories in order to achieve the maximum feasible amount of



1 energy conservation, peak load reduction, and energy efficiency by
2 the earliest feasible date.

3 (4) Establish matching fund criteria that, except for funds
4 appropriated pursuant to paragraphs (2) and (3) of subdivision
5 (a), ensure that entities eligible to receive funds appropriated
6 pursuant to subdivisions (a) and (b) pay an appropriate share of
7 the cost of acquiring or installing measures to achieve the
8 maximum feasible amount of energy conservation, peak load
9 reduction, and energy efficiency by the earliest feasible date.

10 (5) Establish mechanisms and criteria to prohibit any funds
11 from being provided to electric and gas electrical corporations
12 that are in bankruptcy.

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

15 (d) Within six months of the effective date of this section, each
16 commission shall contract for an independent audit of the
17 expenditures made pursuant to subdivisions (a) and (b) for the
18 purpose of determining whether the funds achieved demonstrable
19 energy peak demand reduction while limiting administrative costs
20 associated with expenditures made pursuant to those subdivisions.

21 (e) In order to achieve a reduction in peak electricity demand
22 of 1,000 megawatts, ten million dollars (\$10,000,000) to the
23 Department of Consumer Affairs to implement a public awareness
24 program to reduce peak electricity usage. The department shall
25 ensure that the program includes the use of nontraditional mass
26 media, including, but not limited to, the use of community based
27 organizations, mass media in different languages, and media
28 targeted to low-income and ethnically diverse communities.

29 ~~(d) In order to achieve a reduction in peak electricity demand~~
30 ~~of 150 megawatts, one hundred million dollars (\$100,000,000) to~~
31 ~~the Department of General Services, to be expended in the~~
32 ~~following amounts for the following purposes:~~

33 ~~(1) Fifty million dollars (\$50,000,000) for programs to install~~
34 ~~environmentally preferable distributed generation systems at state~~
35 ~~buildings.~~

36 ~~(2) Fifty million dollars (\$50,000,000) for programs to~~
37 ~~encourage implementation of energy efficient programs in state~~
38 ~~buildings.~~

39 ~~(e) In order to achieve a reduction in peak electricity demand~~
40 ~~of 120 megawatts, forty one million five hundred thousand dollars~~



1 ~~(\$41,500,000) to the Department of Corrections, to be expended~~
2 ~~in the following amounts for the following purposes:~~

3 ~~(1) Seventeen million five hundred thousand dollars~~
4 ~~(\$17,500,000) to install environmentally preferable distributed~~
5 ~~generation systems at departmental facilities.~~

6 ~~(2) Twenty-four million dollars (\$24,000,000) to install~~
7 ~~(f) In order to achieve a reduction in peak electricity demand,~~
8 ~~twenty-four million dollars (\$24,000,000) to the Department of~~
9 ~~Corrections to install systems to retrofit generation units to~~
10 ~~improve environmental performance of existing electric~~
11 ~~generating units.~~

12 ~~(f) One hundred twenty million dollars (\$120,000,000) to the~~
13 ~~Department of Community Services and Development, to be~~
14 ~~expended in the following amounts for the following purposes:~~

15 ~~(1) Sixty million dollars (\$60,000,000) to provide a cash~~
16 ~~assistance program for low-income persons.~~

17 ~~(2) Sixty million dollars (\$60,000,000) to provide a~~
18 ~~low-income energy weatherization program to assist in expanding~~
19 ~~energy conservation efforts, thereby reducing energy costs to~~
20 ~~low-income persons.~~

21 ~~SEC. 4. (a) The Public Utilities Commission may modify the~~
22 ~~amounts listed in subdivision (a) of Section 3 of the act adding this~~
23 ~~section to reallocate funds among the programs included under~~
24 ~~that subdivision, and may modify its megawatt savings goals for~~
25 ~~each program, as it determines necessary to maximize electricity~~
26 ~~system peak demand reduction.~~

27 ~~(b) (1) The State Energy Resources Conservation and~~
28 ~~Development Commission (hereafter the Energy Commission)~~
29 ~~may modify the amounts listed in subdivision (b) of Section 3 of~~
30 ~~the act adding this section to reallocate funds among the programs~~
31 ~~included under that subdivision, and may modify its megawatt~~
32 ~~savings goals for each program, as it determines necessary to~~
33 ~~maximize electricity system peak demand reduction.~~

34 ~~(2) The Energy Commission, in consultation with the Public~~
35 ~~Utilities Commission, shall establish guidelines for the~~
36 ~~administration of subdivision (b) of Section 3 of the act adding this~~
37 ~~section. The guidelines shall include, but shall not be limited to,~~
38 ~~provisions that enable the Energy Commission to comply with~~
39 ~~paragraph (1). Notwithstanding any other provision of law, the~~
40 ~~guidelines adopted under this subdivision are not regulations~~



1 subject to the requirements of Chapter 3.5 (commencing with
2 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
3 Code.

4 (e) In order to ensure that the Energy Commission is able to
5 award grants to implement the programs included under
6 subdivision (b) of Section 3 of the act adding this section, in the
7 most expeditious manner and at the least cost to the state, all of the
8 following shall apply to the awarding of those grants:

9 (1) Grant awards may be made directly to grantees to
10 implement a project.

11 (2) Grant awards may be made to a grantee that proposes to
12 implement its program with a group of related or similar projects.

13 (3) Any action taken by an applicant to apply for, or to become
14 or remain eligible to receive, a grant award, including, but not
15 limited to, satisfying conditions specified by the Energy
16 Commission, does not constitute the rendering of goods, services,
17 or a direct benefit to the Energy Commission.

18 (4) Grants may fund allowed administrative expenses pursuant
19 to guidelines adopted by the Energy Commission under paragraph
20 (2) of subdivision (b).

21 (d) In order to ensure that the Energy Commission is able to
22 award contracts to implement the programs included under
23 subdivision (b) of Section 3 of the act adding this section, in the
24 most expeditious manner and at the least cost to the state, all of the
25 following shall apply to the awarding of those contracts:

26 (1) The Energy Commission may solicit applications for
27 contracts using a competitive bid or sole source method.

28 (2) The Energy Commission may award sole source contracts
29 if the cost to the state is reasonable and the Energy Commission
30 determines that it is in the state's best interest.

31 (3) The Energy Commission may award sole source contracts
32 by choosing from among one or more parties capable of supplying
33 or providing goods or services that meet a specified need of the
34 Energy Commission in carrying out the responsibilities imposed
35 under this section.

36 (4) The Energy Commission may solicit multiple applications
37 for a sole source contract in order to evaluate the expertise of
38 applicants and select contracts that will best meet the needs of the
39 program.



1 ~~(5) The Energy Commission may contract for technical or~~
2 ~~administrative services support.~~

3 ~~(6) The Energy Commission may enter into contracts to~~
4 ~~develop or administer, or both, a portion of the program. The~~
5 ~~Energy Commission may delegate to a contractor its authority to~~
6 ~~implement a portion of the program, including, without limitation,~~
7 ~~conducting a solicitation using reasonable competitive bidding~~
8 ~~methods or the sole source authority of this program for~~
9 ~~subcontracts or agreements, and executing those agreements. The~~
10 ~~contractor shall follow the guidelines adopted by the Energy~~
11 ~~Commission under paragraph (2) of subdivision (b).~~

12 ~~(e) The Energy Commission shall contract with one or more~~
13 ~~parties for evaluation of the effectiveness of the programs~~
14 ~~implemented under subdivision (b) of Section 3 of the act adding~~
15 ~~this section. The evaluation contract may be awarded on a sole~~
16 ~~source basis.~~

17 ~~(f) All contracts executed pursuant to this section are exempt~~
18 ~~from the following statutes, and any and all law, regulations,~~
19 ~~policies, standard terms and conditions, and certifications related~~
20 ~~to these statutes are hereby expressly waived: The department~~
21 ~~shall report to the Legislature on or before ____ the amount of~~
22 ~~money it has earned as a result of increased generation due to~~
23 ~~retrofitting generation units.~~

24 ~~(g) Fifty million dollars (\$50,000,000) to the Department of~~
25 ~~General Services to be expended for the purposes of implementing~~
26 ~~Chapter 3.5 (commencing with Section 4240) of Division 5 of Title~~
27 ~~1 of the Government Code.~~

28 ~~(h) One hundred twenty million dollars (\$120,000,000) to the~~
29 ~~Department of Community Services and Development for the~~
30 ~~purpose of supplementing the Low-Income Home Energy~~
31 ~~Assistance Program (LIHEAP). The department may also use~~
32 ~~these funds for the purposes of increasing participation in the~~
33 ~~LIHEAP program.~~

34 ~~(i) In order to achieve a reduction in peak electricity demand~~
35 ~~of 120 megawatts, fifty million dollars (\$50,000,000), upon~~
36 ~~approval of the Department of Finance, for programs to~~
37 ~~encourage implementation of energy efficient programs in state~~
38 ~~buildings and at community colleges.~~

39 ~~(j) In order to achieve a reduction in peak electricity demand~~
40 ~~at facilities of the Department of Transportation, the fifteen million~~



1 dollars (\$15,000,000) appropriated from the State Highway
 2 Account by this section shall be allocated to the Department of
 3 Transportation, upon approval of the Department of Finance, to
 4 initiate energy audits and conservation projects at facilities of the
 5 Department of Transportation.

6 SEC. 6. Any contracts entered into pursuant to Section 5 of
 7 this act by a state agency are exempt from the following
 8 requirements of the Government Code and the Public Contracts
 9 Code:

10 ~~(1)~~

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

14 ~~(2)~~

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

18 ~~(3)~~

19 (c) Architectural and engineering contracts are exempt from
 20 Chapter 10 (commencing with Section 4525) of Division 5 of Title
 21 1 of the Government Code, and from Sections 6106 and 6106.5 of
 22 the Public Contract Code.

23 ~~(4)~~

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

27 ~~(5)~~

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

31 ~~(g) The exemptions authorized under subdivision (f) shall~~
 32 ~~extend to the contracts of contractors providing services to the~~
 33 ~~Energy Commission, if the contract is a subcontract or agreement~~
 34 ~~that uses program funds.~~

35 ~~(h) The Energy Commission may delegate, to either the~~
 36 ~~Executive Director of the Energy Commission or a committee of~~
 37 ~~the Energy Commission, approval of grants or contracts of not~~
 38 ~~more than an amount that shall be established by the Energy~~
 39 ~~Commission. Grants or contracts above the established amount~~
 40 ~~shall be approved by the Energy Commission.~~



1 ~~SEC. 5.~~

2 ~~SEC. 7.~~ Sections 3 and 4 of the act adding this section 5 and
3 6 of this act shall remain in effect only until January 1, 2005, and
4 as of that date is repealed unless a later enacted statute, that is
5 enacted before January 1, 2005, deletes or extends that date. Any
6 funds appropriated under Section 3 of the act adding this section
7 5 of this act that are unencumbered or unexpended by January 1,
8 2005, shall revert to the General Fund on that date.

9 ~~SEC. 6.~~

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

14 Due to the shortage of electric generation capacity to meet the
15 needs of the people of this state and in order to limit further impacts
16 of this shortage on the public health, safety, and welfare, it is
17 necessary that this act take effect immediately.

18 _____

19 CORRECTIONS

20 Text — Page 11.

21 _____

22

