

AMENDED IN SENATE APRIL 18, 2002

**SENATE BILL**

**No. 1524**

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**Introduced by Senator Sher**

February 20, 2002

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~~An act to repeal Article 2 (commencing with Section 334) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code, relating to public utilities.~~ *An act to amend Sections 25620, 25620.1, 25620.2, 25620.3, 25620.5, 25620.7, 25648, 25648.4, and 25684 of, and to add and repeal Section 25620.9 of, the Public Resources Code, and to amend Sections 381, 383.5, 394.25, and 445 of the Public Utilities Code, relating to energy.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1524, as amended, Sher. ~~Electricity Oversight Board~~  
*Renewable energy.*

*(1) Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to develop, implement, and administer the Public Interest Research, Development, and Demonstration Program. Existing law requires the program to consist of a balanced portfolio that addresses California's energy and environmental needs, technology opportunities, and system reliability. Existing law, until January 1, 2000, required the Energy Commission to adopt regulations to ensure the success of electricity industry restructuring in the transition to a new market structure and to implement the program. Existing law authorizes the Energy Commission to solicit applications for awards, using a sealed competitive bid, competitive negotiation process, multiparty agreement, single source, or sole source method.*

*This bill would require the Energy Commission, not later than 6 months after the enactment of this bill to designate a panel of independent experts with special expertise in public interest research, development, and demonstration programs to conduct an evaluation of the program and to submit a preliminary report to the Governor and the Legislature not later than 18 months after the enactment of this bill, and a final report not later than 30 months after the enactment of this bill.*

*Existing law authorizes the Energy Commission to solicit applications for awards and specifies criteria for funding projects under the program.*

*The bill would authorize the Energy Commission to adopt regulations governing the administration of the program, in accordance with specified procedures, until January 1, 2007.*

*The bill would make technical and conforming changes.*

*(2) Existing law requires the Public Utilities Commission (commission) to order specified electrical corporations to collect and spend certain funds for cost-effective energy efficiency and conservation activities, public interest research and development, and development of renewable resources technology. Existing law provides that the commission's authority to collect funds for in-state operation and development of existing and new and emerging renewable resource technologies becomes inoperative on March 31, 2002.*

*This bill would require the San Diego Gas and Electric Company to spend no less than \$13,900,000 per year, the Southern California Edison Company to spend no less than \$65,300,000 per year, and the Pacific Gas and Electric Company to spend no less than \$55,800,000 per year, for the years 2002 to 2011, inclusive, to accomplish the funding of in-state operation and development of existing and new and emerging renewable resources technologies. The bill would delete the provision making the commission's authority to collect funds for these purposes inoperative on March 31, 2002. The bill would make additional technical, nonsubstantive changes.*

*(3) Existing law defines "in-state renewable electricity generation technology" for the purposes of these provisions. Existing law defines, for the purposes of these provisions, "report" as the Policy Report on AB 1890 Renewables Funding (March 1997, Publication Number P500-97-002) submitted to the Legislature by the Energy Commission.*

*This bill would define "in-state renewable electricity generation facility" instead of "in-state renewable electricity generation technology" and would modify the existing definition to no longer only*



include facilities that were placed in operation after September 26, 1996. The bill would include within the definition of “in-state renewable electricity generation facility” a facility using ocean thermal, tidal current, and wave energy generation technologies, located within the state’s territorial boundaries. The bill would provide that on and after January 1, 2002, “report,” for the purposes of these provisions, means the report entitled “Investing in Renewable Electricity Generation in California” (June 2001, Publication Number P500-00-022) submitted to the Governor and the Legislature by the Energy Commission.

(4) Existing law requires 45% of the money collected for in-state operation and development of existing and new and emerging renewable resources technologies, up to \$243,000,000, to be used for programs that are designed to improve the competitiveness of existing in-state renewable electricity generation technology facilities. Existing law requires 30% of the money collected for in-state operation and development of existing and new and emerging renewable resources technologies, up to \$162,000,000, to be used for programs that are designed to foster the development of new in-state renewable electricity generation technology facilities. Existing law requires 10% of the money collected for in-state operation and development of existing and new and emerging renewable resources technologies, up to \$54,000,000, to be used for a multiyear, consumer-based program to foster the development of emerging renewable technologies in distributed generation applications. Existing law requires 15% of the money collected for in-state operation and development of existing and new and emerging renewable resources technologies, up to \$81,000,000, to be used for programs designed to provide customer credits for purchases of renewable energy produced by certified energy providers, to disseminate information regarding renewable energy technologies, to promote purchases of renewable energy, to help develop a consumer market for renewable energy, and to help develop a consumer market for renewable energy technologies.

This bill would instead require 20% of the funds collected to accomplish the funding of in-state operation and development of existing and new and emerging renewable resources technologies, to be spent by the San Diego Gas and Electric Company, the Southern California Edison Company, and the Pacific Gas and Electric Company, to be used for programs that are designed to improve the competitiveness of existing in-state renewable electricity generation



facilities. The bill would instead require 50% of the funds collected to accomplish the funding of in-state operation and development of existing and new and emerging renewable resources technologies, to be spent by the San Diego Gas and Electric Company, the Southern California Edison Company, and the Pacific Gas and Electric Company, to be used for programs that are designed to foster the development of new in-state renewable electricity generation facilities. The bill would instead require 17.5% of the funds collected to accomplish the funding of in-state operation and development of existing and new and emerging renewable resources technologies, to be spent by the San Diego Gas and Electric Company, the Southern California Edison Company, and the Pacific Gas and Electric Company, to be used for a multiyear, consumer-based program to foster the development of emerging renewable technologies in distributed generation applications. The bill would instead require 10% of the funds collected to accomplish the funding of in-state operation and development of existing and new and emerging renewable resources technologies, to be spent by the San Diego Gas and Electric Company, the Southern California Edison Company, and the Pacific Gas and Electric Company, to be used to provide customer credits for purchases of renewable energy produced by certified generating facilities. The bill would require 2.5% of the funds collected to accomplish the funding of in-state operation and development of existing and new and emerging renewable resources technologies, to be spent by the San Diego Gas and Electric Company and the Pacific Gas and Electric Company, to be used to promote renewable energy and to disseminate information on renewable energy technologies, and to help develop a consumer market for renewable energy and for small-scale emerging renewable energy technologies.

(5) Existing law provides for the Renewable Resource Trust Fund in the State Treasury and establishes certain accounts in the Renewable Resource Trust Fund, including the Customer-Side Renewable Resource Purchases Account. Existing law provides that the money in the fund and the accounts are continuously appropriated to the Energy Commission. Existing law provides that unallocated funds in any account shall remain in the respective account until December 31, 2001.

This bill would instead establish the Customer-Credit Renewable Resources Account and the Renewable Resources Consumer Education Account. The bill would require that unallocated funds in any account



remain in the respective account until the Energy Commission submits a specified report.

~~Existing law establishes the Electricity Oversight Board to oversee the Independent System Operator and the Power Exchange, serve as an appeal board for decisions of the Independent System Operator, and investigate any matter related to the wholesale market for electricity to ensure that the interests of the people of the state are served.~~

~~This bill would repeal these provisions and would declare the intent of the Legislature to enact subsequent legislation to require the Public Utilities Commission to perform these duties instead of the Electricity Oversight Board.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

1     ~~SECTION 1. Article 2 (commencing with Section 334) of~~  
2     ~~SECTION 1. Section 25620 of the Public Resources Code is~~  
3     ~~amended to read:~~  
4     25620. The Legislature hereby finds and declares all of the  
5     following:  
6     (a) It is in the best interests of the people of this state that the  
7     quality of life of its citizens be improved by providing  
8     environmentally sound, safe, reliable, and affordable energy  
9     services and products.  
10    (b) To improve the quality of life of this state's citizens, it is  
11    proper and appropriate for the state to undertake public interest  
12    energy research, development, and demonstration projects that are  
13    not adequately provided for by competitive and regulated energy  
14    markets.  
15    (c) Public interest energy research, demonstration, and  
16    development projects should advance energy science or  
17    technologies of value to California citizens and should be  
18    consistent with the policies of ~~Chapter 854 of the Statutes of 1996~~  
19    ~~Section 399.7 of the Public Utilities Code.~~  
20    (d) The commission should use its adopted "~~Strategic Plan for~~  
21    ~~Implementing the Research, Demonstration, and Development~~  
22    ~~Provisions of AB 1890~~" "*Five-Year Investment Plan, 2002*  
23    *Through 2006 for the Public Interest Energy Research (PIER)*  
24    *Program (Volume 1)*" (P600-01-004a, March 1, 2001) to ensure

1 compliance with *the* policies and provisions of ~~Chapter 854 of the~~  
2 ~~Statutes of 1996 Section 399.7 of the Public Utilities Code~~ in the  
3 administration of public interest energy research, demonstration,  
4 and development programs.

5 *SEC. 2. Section 25620.1 of the Public Resources Code is*  
6 *amended to read:*

7 25620.1. (a) The commission shall develop, implement, and  
8 administer the Public Interest Research, Development, and  
9 Demonstration Program, which is hereby created. The program  
10 shall include a full range of research, development, and  
11 demonstration activities that, as determined by the commission,  
12 are not adequately provided for by competitive and regulated  
13 markets.

14 ~~(b) The program shall consist of a balanced portfolio that~~  
15 ~~addresses California's energy and environmental needs,~~  
16 ~~technology opportunities, and system reliability. To achieve~~  
17 ~~balance, the commission shall actively solicit applications for the~~  
18 ~~underrepresented subject areas of end-use energy efficiency,~~  
19 ~~renewable technologies, and environmental enhancements. The~~  
20 ~~portfolio shall include the relevant core subject areas of~~  
21 ~~environmental enhancements, end-use efficiency,~~  
22 ~~environmentally-preferred advanced generation technologies,~~  
23 ~~renewable technologies, and other strategic energy research,~~  
24 ~~including public interest system reliability research,~~  
25 ~~demonstration, and development not adequately addressed by the~~  
26 ~~Public Utilities Commission. The portfolio shall be reviewed~~  
27 ~~annually by the commission through a public process. That annual~~  
28 ~~review process shall consider technology status, development~~  
29 ~~barriers, and expected benefits. goal of the program is to provide~~  
30 ~~California and its citizens with a clean, affordable, reliable, and~~  
31 ~~resilient supply of energy, where customers have energy choices~~  
32 ~~that can meet their individual needs, California's industries can~~  
33 ~~grow and prosper, and California is established as the world leader~~  
34 ~~in energy efficiency and clean, advanced energy technologies and~~  
35 ~~systems. To meet this goal, the commission shall adopt a portfolio~~  
36 ~~approach for the program to effectively balance the risks, benefits,~~  
37 ~~and time horizons for various activities and investments that will~~  
38 ~~provide tangible benefits for California electricity ratepayers. The~~  
39 ~~portfolio shall emphasize innovative energy supply and end-use~~  
40 ~~technologies, focusing on their reliability, affordability, and~~



environmental attributes. The portfolio may also include projects that have the potential to enhance the reliability, peaking power, and storage capabilities of renewable energy. The priorities for funding projects under the program shall be based upon at least one of the following:

(1) The potential for exploiting emerging opportunities.

(2) The potential for mitigating important energy system problems.

(3) The potential for expanding upon the benefits derived from prior projects funded by the program.

(c) The commission shall review the portfolio adopted pursuant to subdivision (b) in accordance with the “Five-Year Investment Plan, 2002 Through 2006 for the Public Interest Energy Research (PIER) Program (Volume 1)” (P600-01-004a, March 1, 2001).

~~(e)~~

(d) The term “award,” as used in this chapter, may include, but is not limited to, contracts, grants, *interagency agreements*, loans, *purchase orders*, and other financial agreements designed to fund public interest research, demonstration, and development projects or programs.

SEC. 3. Section 25620.2 of the Public Resources Code is amended to read:

25620.2. (a) The commission shall administer the program in a manner that is consistent with the purposes of ~~Chapter 854 of the Statutes of 1996~~ Section 399.7 of the Public Utilities Code, and shall ensure that the program meets all of the following criteria:

(1) Demonstrates a balance of benefits to all sectors that contribute to the funding under Section 381 of the Public Utilities Code.

(2) Addresses key technical and scientific barriers.

(3) Demonstrates a balance between short-term, mid-term, and long-term potential.

(4) Ensures that research currently, previously, or about to be undertaken by research organizations is not unnecessarily duplicated.

(b) To ensure the efficient implementation and administration of the program, the commission shall do both of the following:

(1) Develop procedures for the solicitation of award applications for project or program funding, and to ensure efficient program management.

(2) Evaluate and select programs and projects, based on merit, that will be funded under the program.

~~(c) To ensure the success of electric industry restructuring in the transition to a new market structure and to implement the program, the commission shall adopt regulations, as defined in Section 11342.600 of the Government Code, The commission may adopt regulations~~ in accordance with the following procedures:

(1) Prepare a preliminary text of the proposed regulation and provide a copy of the preliminary text to any person requesting a copy.

(2) Provide public notice of the proposed regulation to any person who has requested notice of the regulations prepared by the commission. The notice shall contain all of the following:

(A) A clear overview explaining the proposed regulation.

(B) Instructions on how to obtain a copy of the proposed regulations.

(C) A statement that if a public hearing is not scheduled for the purpose of reviewing a proposed regulation, any person may request, not later than 15 days prior to the close of the written comment period, a public hearing conducted in accordance with ~~the commission procedures set forth in Section 11346.8 of the Government Code.~~

~~(D) A deadline for the submission of written comments.~~

(3) Accept written public comments for 30 calendar days after providing the notice required in paragraph (2).

(4) Certify that all written comments were read and considered by the commission.

(5) Place all written comments in a record that includes copies of any written factual support used in developing the proposed regulation, including written reports and copies of any transcripts or minutes in connection with any public hearings on the adoption of the regulation. The record shall be open to public inspection and available to the courts.

(6) Provide public notice of any substantial revision of the proposed regulation at least 15 days prior to the expiration of the deadline for public comments and comment period using the procedures provided in paragraph (2).

(7) Conduct public hearings, if a hearing is requested by an interested party, that shall be conducted in accordance with ~~the~~



~~procedures set forth in Section 11346.8 of the Government Code  
commission procedures.~~

(8) Adopt any proposed regulation at a regularly scheduled and noticed meeting of the commission. The regulation shall become effective immediately unless otherwise provided by the commission.

(9) Publish any adopted regulation in a manner that makes copies of the regulation easily available to the public. Any adopted regulation shall also be made available on the Internet. The commission shall transmit a copy of an adopted regulation to the Office of Administrative Law for publication, or, if the commission determines that printing the regulation is impractical, an appropriate reference as to where a copy of the regulation may be obtained.

(10) Notwithstanding any other provision of law, this subdivision provides an interim exception from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code for regulations required to implement Sections ~~25621 and 25622~~ 25620.1 and 25620.2 that are adopted under the procedures specified in this subdivision.

(11) This subdivision shall become inoperative on January 1, ~~2000~~ 2007, unless a later enacted statute deletes or extends that date. However, after January 1, ~~2000~~ 2007, the commission ~~shall~~ is not be required to repeat any procedural step in adopting a regulation that has been completed before January 1, ~~2000~~ 2007, using the procedures specified in this subdivision.

*SEC. 4. Section 25620.3 of the Public Resources Code is amended to read:*

25620.3. (a) The commission may, consistent with the requirements of Section 25620.2, provide awards to any individual or entity ~~proposing a public interest research, demonstration, and development project or program.~~ to participate in any or all of the planning, developing, executing, implementing, administering, evaluating, and supporting the program. The commission may solicit that expertise using, among other approaches, the methods set forth in Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code. The commission may also solicit for multiple awardees for similar work using, among other approaches, a

1 *commission-issued intradepartmental master services agreement.*  
2 *Regardless of the method of making the award, in the event that*  
3 *awards have been made to multiple entities and their*  
4 *subcontractors for similar purposes, the commission may select*  
5 *from among the awardees the particular expertise needed for a*  
6 *specified type of work. Selection of the particular expertise may be*  
7 *based solely on a review of qualifications, including the specific*  
8 *expertise required, availability of the expertise, or access to a*  
9 *resource of special relevance to the work, including, but not limited*  
10 *to, a database, model, technical facility, or a collaborative or*  
11 *institutional affiliation that would expedite the quality and*  
12 *performance of the work.*

13 *(b) If the committee of the commission with oversight of the*  
14 *program determines that it is necessary, in order to ensure that*  
15 *research may commence in a timely manner to assist the*  
16 *development of a product that has significant commercial*  
17 *potential and that could help mitigate potential energy supply*  
18 *shortfalls, it may exempt awards made pursuant to this chapter*  
19 *from any or all of the following:*

20 *(1) Article 4 (commencing with Section 10335) of Chapter 2 of*  
21 *Part 2 of Division 2 of the Public Contract Code.*

22 *(2) Chapter 10 (commencing with Section 4525) of Division 5*  
23 *of Title 1 of the Government Code, and Sections 6106 and 6106.5*  
24 *of the Public Contract Code.*

25 *(3) Section 10295 of the Public Contract Code.*

26 *(4) Chapter 6 (commencing with Section 14825) of Part 5.5 of*  
27 *Division 3 of Title 2 of the Government Code.*

28 *(5) Subdivisions (f) and (g) of Section 25620.5.*

29 *(c) The commission may provide an award to a project or*  
30 *program that includes a group of related projects, or to a party who*  
31 *aggregates projects that directly benefit from the award.*

32 *(d) The commission may establish multiparty agreements. In a*  
33 *multiparty agreement, the commission may be a signatory to a*  
34 *common agreement among two or more parties. These agreements*  
35 *include, but are not limited to, cofunding, leveraged research,*  
36 *collaborations, and membership arrangements. If the commission*  
37 *enters into these agreements, it shall be a party to these agreements*  
38 *and may share in the roles, responsibilities, risks, investments, and*  
39 *results.*

1 (e) The commission may issue awards that include the ability  
2 to make advance payments to federal agencies, national  
3 laboratories, or other state agencies when those entities are  
4 subcontractors to a binding and enforceable prime contract with  
5 the commission that provides for specific performance milestones  
6 and the ability to assign tasks on a work authorization basis.

7 (f) The commission may delegate approval of awards up to one  
8 million dollars (\$1,000,000) to the executive director, to the  
9 committee with oversight of the program, or to their designee.

10 (g) The commission may delegate to a public entity, in any  
11 award, its authority for a portion of the program, and any or all  
12 of the planning, developing, executing, implementing,  
13 administering, evaluation, and supporting functions. This  
14 delegation of authority includes the authority to conduct a  
15 solicitation using reasonable competitive bidding methods,  
16 reasonable sole and single source methods, or the sole and single  
17 source authorities of the program for subcontracts or agreements  
18 and the execution of those agreements.

19 SEC. 5. Section 25620.5 of the Public Resources Code is  
20 amended to read:

21 25620.5. (a) The commission may solicit applications for  
22 awards, using a sealed competitive bid, competitive negotiation  
23 process, ~~multiparty~~ interagency agreement, single source, or sole  
24 source method. When scoring teams are convened to review and  
25 score proposals, the scoring teams may include persons not  
26 employed by the commission, as long as employees of the state  
27 constitute no less than 50 percent of the membership of the scoring  
28 team. A person participating on a scoring team may not have any  
29 conflict of interest with respect to the proposal before the scoring  
30 team.

31 (b) A sealed bid method may be used when goods and services  
32 to be acquired can be described with sufficient specificity so that  
33 bids can be evaluated against specifications and criteria set forth  
34 in the solicitation for bids.

35 (c) The commission may use a competitive negotiation process  
36 in any of the following circumstances:

37 (1) Whenever the desired ~~contract~~ award is not for a fixed  
38 price.

39 (2) Whenever project specifications cannot be drafted in  
40 sufficient detail so as to be applicable to a sealed competitive bid.

1 (3) Whenever there is a need to compare the different price,  
2 quality, and ~~contractual~~ *structural* factors of the bids submitted.

3 (4) Whenever there is a need to afford bidders an opportunity  
4 to revise their proposals.

5 (5) Whenever oral or written discussions with bidders  
6 concerning the technical and price aspects of their proposals will  
7 provide better ~~projects~~ *results* to the state.

8 (6) Whenever the price of the ~~contract~~ *award* is not the  
9 determining factor.

10 (d) The commission may establish ~~multiparty and interagency~~  
11 ~~agreements with other entities to advance a defined research,~~  
12 ~~development, and demonstration project purposes. The~~  
13 ~~commission shall be a party to those agreements and shall share in~~  
14 ~~the roles, responsibilities, risks, investments, and results of the~~  
15 ~~agreement agreements.~~

16 (e) The commission may ~~choose~~ *provide awards on a single*  
17 *source basis by choosing* from among two or more ~~business~~  
18 ~~entities parties or by soliciting multiple applications from parties~~  
19 ~~capable of supplying or providing goods or services that meet a~~  
20 ~~specified need of the commission similar goods or services.~~ The  
21 cost to the state shall be reasonable and the commission ~~shall~~ *may*  
22 only enter into a single source ~~contract~~ *agreement* with a particular  
23 entity if the commission determines that it is in the state's best  
24 interests.

25 (f) The commission, in accordance with subdivision (g), may  
26 ~~select projects~~ *provide awards* on a sole source basis when the cost  
27 to the state is reasonable ~~and~~ when, in consultation with the  
28 Department of General Services, the commission makes any of the  
29 following determinations *concerning sole source contracts*:

30 (1) The proposal was unsolicited and meets the evaluation  
31 criteria of this chapter.

32 (2) The expertise, service, or product is unique.

33 (3) The urgency of the need for the information or deliverable  
34 is such that a competitive solicitation would frustrate timely  
35 performance.

36 (4) The contract funds the next phase of a multiphased proposal  
37 and the existing agreement is being satisfactorily performed.

38 (5) When it is determined by the commission to be in the best  
39 interests of the state.

(g) The commission ~~shall~~ *may not utilize* use a sole source basis for a ~~project contract~~ pursuant to subdivision (f), unless both of the following conditions are met:

(1) The commission, at least 30 days prior to taking an action pursuant to subdivision (f), notifies the Joint Legislative Budget Committee, in writing, of its intent to take the proposed action.

(2) The Joint Legislative Budget Committee either approves or does not disapprove the proposed action within 30 days from the date of notification required by paragraph (1).

(h) The commission shall submit semiannual reports to the Legislative Analyst and to the appropriate fiscal and policy committees of the Legislature that review bills relating to energy and public utilities. The reports shall contain an evaluation of the progress and status of the implementation of this section. *In addition, the reports shall identify each instance in which an exemption authorized by subdivision (b) of Section 25620.3 was utilized.*

(i) The provisions of this section are severable. If any provision of this section or its application is held to be invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

*SEC. 6. Section 25620.7 of the Public Resources Code is amended to read:*

25620.7. The commission may contract for, or through interagency agreement obtain, technical, *scientific*, or administrative services ~~support to reduce the overhead and administrative costs of implementing from one or more entities, to support~~ the program. Funding for this purpose shall be made from money in the Public Interest Research, Development, and Demonstration Fund.

*SEC. 7. Section 25620.9 is added to the Public Resources Code, to read:*

25620.9. (a) *Not later than six months after the enactment of this section, the commission shall designate a panel of independent experts with special expertise in public interest research, development, and demonstration programs. The panel shall conduct a comprehensive evaluation of the program established pursuant to this chapter. The evaluation shall include a review of the public value of programs established pursuant to this chapter, including, but not limited to, the monetary and nonmonetary*

1 *benefits to public health and the environment, and the benefit of*  
2 *providing funds for technology development that would otherwise*  
3 *not be funded.*

4 *(b) Not later than 18 months after the enactment of this section,*  
5 *the panel designated pursuant to subdivision (a) shall submit a*  
6 *preliminary report to the Governor and to the Legislature on its*  
7 *findings and recommendations on the implementation of the*  
8 *program established pursuant to this chapter. The panel, not later*  
9 *than 30 months after the enactment of this section, shall submit a*  
10 *final report to the Governor and to the Legislature, including any*  
11 *additional findings and recommendations regarding*  
12 *implementation of the program.*

13 *(c) This section shall remain in effect only until July 1, 2006,*  
14 *and as of that date is repealed, unless a later enacted statute, that*  
15 *is enacted before January 1, 2007, deletes or extends that date.*

16 *SEC. 8. Section 25648 of the Public Resources Code is*  
17 *amended to read:*

18 25648. (a) The commission shall make loans, and research  
19 contract and grant awards, for purposes of making existing energy  
20 technologies more efficient, cost-effective, and environmentally  
21 acceptable, and to research, develop, demonstrate, and  
22 commercialize new, cost-effective alternative sources of energy,  
23 technologies ~~which~~ *that* displace conventional fuels, and energy  
24 efficiency and conservation devices.

25 (b) In selecting projects, the commission shall consider, but is  
26 not limited to, the list of opportunity technologies developed in the  
27 most current energy development report produced pursuant to  
28 Section 25604, or a subset of those opportunity technologies.

29 (c) The commission shall select the projects through  
30 competitive bid procedures, such as invitations for bids, requests  
31 for proposals, program opportunity notices, and multistep bids  
32 using preapplications, by demonstrating the need for sole source  
33 awards, or by evaluating small business grant and loan  
34 applications.

35 (d) The criteria for the selection of projects shall include, but  
36 not be limited to, all of the following factors:

37 (1) The potential of the project to reduce energy consumption  
38 or provide an alternative source of energy.

39 (2) The financial, technical, and management strength of the  
40 project applicant.



- 1 (3) The near-term and long-term feasibility of the project.
- 2 (4) The ability of the project technology to be used throughout
- 3 California.
- 4 (5) The potential of the project for promoting diverse, secure,
- 5 and resilient energy supplies.
- 6 (6) The potential of the project to displace petroleum.
- 7 (7) The potential of the project for reducing adverse
- 8 environmental impacts.
- 9 (8) The potential of the project to stimulate economic
- 10 development, employment, and tax revenues for California.
- 11 (9) The potential of the project for reducing short-term and
- 12 long-term energy costs for the ratepayers of California.
- 13 (10) The need of the project for state financing.
- 14 (11) The ability of the project to attract private and other public
- 15 investment.
- 16 (12) The investment payback period for the project.
- 17 (13) The probability of success in overcoming the risk of the
- 18 project.
- 19 (14) The potential for stimulating small business competition
- 20 in the field of alternative energy development.
- 21 (15) The ability of the project to generate needed community
- 22 economic development for participating local jurisdictions.
- 23 (16) The extent of the applicant's financial participation.
- 24 (17) The degree of innovation of the project.
- 25 (18) Whether the project is, in general, consistent with the
- 26 energy policies of California regarding the energy technologies
- 27 and priorities as set forth in the biennial report of the commission.
- 28 (19) The cost of the project.
- 29 (e) The commission shall apply the criteria specified in
- 30 subdivision (d) consistently within each competitive bid
- 31 solicitation.
- 32 (f) ~~Loans, research contracts, and grants entered into Awards~~
- 33 ~~provided pursuant to this section chapter~~ are not subject to Article
- 34 4 (commencing with Section 10335) ~~or Article 5 (commencing~~
- 35 ~~with Section 10355) of Chapter 2 of Part 2 of Division 2 of the~~
- 36 ~~Public Contract Code.~~
- 37 *SEC. 9. Section 25648.4 of the Public Resources Code is*
- 38 *amended to read:*
- 39 25648.4. The commission shall apply this chapter to research,
- 40 development, demonstration, and commercialization projects that

1 are not subject to Chapter 6 (commencing with Section 3800) of  
2 Division 3 and Chapter 7.1 (*commencing with Section 25620*), and  
3 Chapter 7.8 (commencing with Section ~~25680~~) of this division  
4 ~~25680~~).

5 SEC. 10. Section 25684 of the Public Resources Code is  
6 amended to read:

7 25684. (a) The commission shall make loans and repayable  
8 research contracts, and may provide primary research contracts  
9 funding from the account for the purposes of making energy  
10 technologies more efficient and cost-effective, and to develop new  
11 cost-effective alternative sources of energy. The commission shall  
12 select recipients through a procedure using an invitation for bids  
13 or a request for proposals. Each invitation for bids and request for  
14 proposals shall specify the criteria to be used in selecting projects  
15 for financing. The criteria shall include, but not be limited to, all  
16 of the following factors:

17 ~~(a)–~~

18 (1) The potential of the project to reduce consumption and  
19 increase the efficiency of nonrenewable energy sources and  
20 systems.

21 ~~(b)–~~

22 (2) The financial, technical, and management strength of the  
23 project applicant.

24 ~~(c)–~~

25 (3) The near-term and long-term feasibility of the project.

26 ~~(d)–~~

27 (4) The ability of the project technology to be used on other  
28 applications throughout California.

29 ~~(e)–~~

30 (5) The potential of the project for promoting diverse, secure,  
31 and resilient energy supplies.

32 ~~(f)–~~

33 (6) The potential of the project for reducing adverse  
34 environmental impacts.

35 ~~(g)–~~

36 (7) The potential of the project to stimulate economic  
37 development, employment, and tax revenues for California.

38 ~~(h)–~~

39 (8) The potential of the project for reducing short-term and  
40 long-term energy costs for the ratepayers of California.



~~(i)~~

(9) The need of the project for state financing.

~~(j)~~

(10) The ability of the project to garner private investment.

~~(k)~~

(11) The investment payback period for the project.

~~(l)~~

(12) The probability of success in overcoming the risk of the project.

~~(m)~~

(13) The potential for stimulating small business competition in the field of alternative energy development.

~~(n)~~

(14) The ability of the project to generate needed community economic development for participating local jurisdictions.

~~(o)~~

(15) The extent of the applicant's financial participation.

~~(p)~~

(16) The degree of innovation of the project.

~~(q)~~

(17) Whether the project is in general agreement with the energy policies of California regarding the energy technologies and priorities as set forth in the biennial report of the commission.

~~Contracts entered into~~

(b) Awards provided pursuant to this ~~section~~ chapter are not subject to Article 4 (commencing with Section 10335) ~~or Article 5 (commencing with Section 10355)~~ of Chapter 2 of Part 2 of Division 2 of the Public Contract Code.

*SEC. 11. Section 381 of the Public Utilities Code is amended to read:*

381. (a) To ensure that the funding for the programs described in subdivision (b) and Section 382 are not commingled with other revenues, the commission shall require each electrical corporation to identify a separate rate component to collect the revenues used to fund these programs. The rate component shall be a nonbypassable element of the local distribution service and collected on the basis of usage. This rate component shall fall within the rate levels identified in subdivision (a) of Section 368.

(b) The commission shall allocate funds collected pursuant to subdivision (a), and any interest earned on collected funds, to

1 programs ~~which~~ *that* enhance system reliability and provide  
2 in-state benefits as follows:

3 (1) Cost-effective energy efficiency and conservation  
4 activities.

5 (2) Public interest research and development not adequately  
6 provided by competitive and regulated markets.

7 (3) In-state operation and development of existing and new and  
8 emerging renewable resource technologies defined as electricity  
9 produced from other than a conventional power source within the  
10 meaning of Section 2805, provided that a power source utilizing  
11 more than 25 percent fossil fuel may not be included.

12 (c) The Public Utilities Commission shall order the respective  
13 electrical corporations to collect and spend these funds, as follows:

14 (1) Cost-effective energy efficiency and conservation activities  
15 shall be funded at not less than the following levels commencing  
16 January 1, 1998, through December 31, 2001: for San Diego Gas  
17 and Electric Company a level of thirty-two million dollars  
18 (\$32,000,000) per year; for Southern California Edison Company  
19 a level of ninety million dollars (\$90,000,000) for each of the years  
20 1998, 1999, and 2000; fifty million dollars (\$50,000,000) for the  
21 year 2001; and for Pacific Gas and Electric Company a level of one  
22 hundred six million dollars (\$106,000,000) per year.

23 (2) Research, development, and demonstration programs to  
24 advance science or technology that are not adequately provided by  
25 competitive and regulated markets shall be funded at not less than  
26 the following levels commencing January 1, 1998 through  
27 December 31, ~~2001~~ 2011: for San Diego Gas and Electric  
28 Company a level of four million dollars (\$4,000,000) per year; for  
29 Southern California Edison Company a level of twenty-eight  
30 million five hundred thousand dollars (\$28,500,000) per year; and  
31 for Pacific Gas and Electric Company a level of thirty million  
32 dollars (\$30,000,000) per year.

33 (3) In-state operation and development of existing and new and  
34 emerging renewable resource technologies shall be funded at not  
35 less than the following levels on a statewide basis: one hundred  
36 nine million five hundred thousand dollars (\$109,500,000) per  
37 year for each of the years 1998, 1999, and 2000, and one hundred  
38 thirty-six million five hundred thousand dollars (\$136,500,000)  
39 for the year 2001. To accomplish these funding levels over the  
40 period described herein the San Diego Gas and Electric Company

1 shall spend twelve million dollars (\$12,000,000) per year, the  
 2 Southern California Edison Company shall expend no less than  
 3 forty-nine million five hundred thousand dollars (\$49,500,000)  
 4 for the years 1998, 1999, and 2000, and no less than seventy-six  
 5 million five hundred thousand dollars (\$76,500,000) for the year  
 6 2001, and the Pacific Gas and Electric Company shall expend no  
 7 less than forty-eight million dollars (\$48,000,000) per year  
 8 through the year 2001. Additional funding not to exceed  
 9 seventy-five million dollars (\$75,000,000) shall be allocated from  
 10 moneys collected pursuant to subdivision (d) in order to provide  
 11 a level of funding totaling five hundred forty million dollars  
 12 (\$540,000,000).

13 (4) Up to fifty million dollars (\$50,000,000) of the amount  
 14 collected pursuant to subdivision (d) may be used to resolve  
 15 outstanding issues related to implementation of subdivision (a) of  
 16 Section 374. Moneys remaining after fully funding the provisions  
 17 of this paragraph shall be reallocated for purposes of paragraph  
 18 (3).

19 (5) Up to ninety million dollars (\$90,000,000) of the amount  
 20 collected pursuant to subdivision (d) may be used to resolve  
 21 outstanding issues related to contractual arrangements in the  
 22 Southern California Edison service territory stemming from the  
 23 Biennial Resource Planning Update auction. Moneys remaining  
 24 after fully funding the provisions of this paragraph shall be  
 25 reallocated for purposes of paragraph (3).

26 (6) *To accomplish the funding of in-state operation and*  
 27 *development of existing and new and emerging renewable*  
 28 *resources technologies in accordance with the intent of Section*  
 29 *399, the San Diego Gas and Electric Company shall spend no less*  
 30 *than thirteen million nine hundred thousand dollars*  
 31 *(\$13,900,000) per year from January 1, 2002, to December 31,*  
 32 *2011, inclusive, the Southern California Edison Company shall*  
 33 *spend no less than sixty-five million three hundred thousand*  
 34 *dollars (\$65,300,000) per year from January 1, 2002, to December*  
 35 *31, 2011, inclusive, and the Pacific Gas and Electric Company*  
 36 *shall spend no less than fifty-five million eight hundred thousand*  
 37 *dollars (\$55,800,000) per year from January 1, 2002, to December*  
 38 *31, 2011, inclusive.*

39 (d) Notwithstanding any other provisions of this chapter, *the*  
 40 *commission may allow* entities subject to ~~the~~ *its* jurisdiction ~~of the~~

~~Public Utilities Commission shall~~ to extend the period for competition transition charge collection up to three months beyond its otherwise applicable termination of December 31, 2001, *or to allow these entities to impose an alternative nonbypassable system benefits charge*, so as to ensure that the aggregate portion of the research, environmental, and low-income funds allocated to renewable resources shall equal five hundred forty million dollars (\$540,000,000) and that the costs specified in paragraphs (3), (4), and (5) of subdivision (c) are collected.

(e) Each electrical corporation shall allow customers to make voluntary contributions through their utility bill payments as either a fixed amount or a variable amount to support programs established pursuant to paragraph (3) of subdivision (b). Funds collected by electrical corporations for these purposes shall be forwarded in a timely manner to the appropriate fund as specified by the commission.

~~(f) The commission's authority to collect funds pursuant to this section for purposes of paragraph (3) of subdivision (b) shall become inoperative on March 31, 2002.~~

~~(g)~~ For purposes of this article, "emerging renewable technology" means a new renewable technology, including, but not limited to, *fuel cells using renewable fuels* and photovoltaic technology, that is determined by the ~~California~~ State Energy Resources Conservation and Development Commission to be emerging from research and development and that has significant commercial potential.

SEC. 12. *Section 383.5 of the Public Utilities Code is amended to read:*

383.5. (a) ~~As used in this section, the following terms have the following meaning:~~

(1) ~~"In-state renewable electricity generation technology" means biomass, solar thermal, photovoltaic, wind, geothermal, small hydropower of 30 megawatts or less, waste tire, digester gas, landfill gas, and municipal solid waste generation technologies, as described in the report, defined in paragraph (2), including any additions or enhancements thereto, that are produced in facilities located in this state and placed in operation after September 26, 1996, or that were operational prior to that date, and that are also certified under Section 292.2904 of Title 18 of the Code of Federal Regulations as a qualifying small power production facility either~~



1 ~~located in California, or that began selling electricity to a~~  
2 ~~California electrical corporation prior to September 26, 1996,~~  
3 ~~under a Standard Offer Power Purchase Agreement authorized by~~  
4 ~~the commission.~~

5 ~~(2) “Report” means the Policy Report on AB 1890~~  
6 ~~Renewables Funding (March 1997, Publication Number~~  
7 ~~P500-97-002) submitted to the Legislature by the State Energy~~  
8 ~~Resources Conservation and Development Commission.~~

9 ~~(b) (1) Forty-five percent of the money collected pursuant to~~  
10 ~~paragraph (3) of subdivision (c) of Section 381, up to two hundred~~  
11 ~~forty-three million dollars (\$243,000,000), shall be used for~~  
12 ~~programs that are designed to improve the competitiveness of~~  
13 ~~existing in-state renewable electricity generation technology~~  
14 ~~facilities, and to secure for the state the environmental, economic,~~  
15 ~~and reliability benefits that continued operation of those facilities~~  
16 ~~will provide.~~

17 ~~(2) Any funds used to support in-state renewable electricity~~  
18 ~~generation technology facilities pursuant to this subdivision shall~~  
19 ~~be expended in accordance with the provisions of the report,~~  
20 ~~subject to all of the following requirements:~~

21 ~~(A) Funding for existing renewable electricity generation~~  
22 ~~technologies shall be grouped into three technology tiers, as~~  
23 ~~follows:~~

24 ~~(i) Twenty-five percent of the money, up to one hundred~~  
25 ~~thirty-five million dollars (\$135,000,000), shall be used to fund~~  
26 ~~first tier technologies, including biomass, solar thermal, and whole~~  
27 ~~waste tire technologies.~~

28 ~~(ii) Thirteen percent of the money, up to seventy million two~~  
29 ~~hundred thousand dollars (\$70,200,000), shall be used to fund~~  
30 ~~second tier wind technologies.~~

31 ~~(iii) Seven percent of the money, up to thirty-seven million~~  
32 ~~eight hundred thousand dollars (\$37,800,000), shall be used to~~  
33 ~~fund third tier technologies, including geothermal, small~~  
34 ~~hydropower, digester gas, landfill gas, and municipal solid waste~~  
35 ~~technologies~~ *It is the intent of the Legislature in establishing this*  
36 *program, to increase the amount of renewable electricity*  
37 *generated per year, so that it equals at least 17 percent of the total*  
38 *electricity generated for consumption in California per year by*  
39 *2006.*

1     (b) As used in this section, the following terms have the  
2 following meaning:

3     (1) “In-state renewable electricity generation facility” means  
4 a facility using biomass, solar thermal, photovoltaic, wind,  
5 geothermal, fuel cells using renewable fuels, small hydroelectric  
6 generation facility of 30 megawatts or less, waste tire, digester  
7 gas, landfill gas, and municipal solid waste generation  
8 technologies, as described in the report, defined in paragraph (2),  
9 including any additions or enhancements thereto, that are located  
10 in this state or located near the boarder of this state and with the  
11 first point of connection to the Western States Coordinating  
12 Council (WSCC) transmission system located within this state.  
13 “In-state renewable electricity generation facility” also includes  
14 a facility using ocean thermal, tidal current, and wave energy  
15 generation technologies, located within the state’s territorial  
16 boundaries.

17     (2) “Report” means the report entitled “Investing in  
18 Renewable Electricity Generation in California” (June 2001,  
19 Publication Number P500-00-022) submitted to the Governor and  
20 the Legislature by the State Energy Resources Conservation and  
21 Development Commission.

22     (c) (1) Twenty percent of the funds collected pursuant to  
23 paragraph (6) of subdivision (c) of Section 381 shall be used for  
24 programs that are designed to improve the competitiveness of  
25 existing in-state renewable electricity generation facilities, and to  
26 secure for the state the environmental, economic, and reliability  
27 benefits that continued operation of those facilities will provide.

28     (2) Any funds used to support in-state renewable electricity  
29 generation facilities pursuant to this subdivision shall be expended  
30 in accordance with the provisions of the report, subject to all of the  
31 following requirements:

32     (A) Funding for existing renewable electricity generation  
33 facilities shall be grouped into two technology tiers, as follows:

34     (i) Fifteen percent of the money shall be used to fund first tier  
35 technologies, including biomass and solar thermal electric  
36 technologies.

37     (ii) Five percent of the money shall be used to fund second tier  
38 wind technologies.

39     (iii) The state Energy Resources Conservation and  
40 Development Commission shall reexamine the tier structure as

*proposed in the report and adjust the structure to reflect market conditions. The State Energy Resources Conservation and Development Commission may also consider inflation when adjusting the structure.*

(B) The State Energy Resources Conservation and Development Commission shall establish a cents per kilowatthour production incentive, not to exceed the payment caps per kilowatthour established in the report representing the difference between target prices and the market clearing price for electricity, if sufficient funds are available. If there are insufficient funds in any payment period to pay either the difference between the target and market price or the payment caps, production incentives shall be based on the amount determined by dividing available funds by eligible generation. ~~The target price for Tier 1 technologies shall not be based on less than four cents (\$0.04) per kilowatthour. The market clearing price for electricity shall be the energy prices paid to nonutility power generators as provided in Section 390.~~

~~(C) Funding for each type of existing in-state renewable electricity generation technology shall be reduced each year during the period from January 1, 1998, to January 1, 2002, to encourage the development of increasingly competitive technologies.~~

~~(D) Facilities that are eligible to receive funding pursuant to this section shall be certified in accordance with the requirements set forth in the report and may not receive payments for any electricity produced that has any of the following characteristics:~~

~~(i) Is sold under a fixed energy price payment under a long-term contract with an existing in-state electrical corporation.~~

~~(ii) Derives from a utility-owned facility that is receiving, or is eligible to receive, recovery of above-market facility costs through a competitive transition charge.~~

~~(iii) Is used onsite, sold to customers in a manner that excludes competitive transition charge payments, or is otherwise excluded from competitive transition charge payments.~~

~~(e) (1) Thirty percent of the money, up to one hundred sixty-two million dollars (\$162,000,000), collected pursuant to paragraph (3) of subdivision (c) of Section 381, shall be used for programs designed to foster the development of new in-state renewable electricity generation technology facilities, and to secure for the state the environmental, economic, and reliability~~

~~benefits that continued operation of those facilities will provide.  
Funds to further the purposes of this subdivision may be  
committed for multiple years.~~

~~(2) Any funds used for new in-state renewable electricity  
generation technology facilities pursuant to this subdivision shall  
be expended in accordance with the report, subject to all of the  
following requirements:~~

~~(A) Funds shall be allocated for proposed projects based on a  
competitive solicitation process whereby production incentives,  
not to exceed one and one-half cents (\$0.015) per kilowatthour, are  
awarded to the lowest bidders, provided that not more than 25  
percent of the funds allocated pursuant to paragraph (1) may be  
awarded to a single project.~~

~~(B) Funds expended for production incentives shall be paid  
over a five-year period commencing on the date that a project  
begins electricity production, provided that the project shall be  
operational prior to January 1, 2002, unless the State Energy  
Resources Conservation and Development Commission finds that  
the project will not be operational prior to January 1, 2002, due to  
circumstances beyond the control of the developer. Upon making  
this finding, the State Energy Resources Conservation and  
Development Commission shall pay production incentives over a  
five-year period, commencing on the date of operation, provided  
that the date that a project begins electricity production may not  
extend beyond January 1, 2007.~~

~~(C) The amount of funds expended shall be increased for each  
successive year during the period from January 1, 1998, to January  
1, 2002, as fewer projects are expected to be funded during the first  
few years after funding becomes available.~~

~~(D) Facilities that are eligible to receive payments from the  
New Renewable Resources Account created pursuant to paragraph  
(2) of subdivision (a) of Section 445 shall be certified as specified  
in the report and may not receive payments for any electricity  
produced that has any of the following characteristics:~~

~~(i) Is sold under an existing long-term contract with an existing  
in-state electrical corporation if the contract includes fixed energy  
or capacity payments.~~

~~(ii) Is used onsite and is sold to customers in a manner that  
excludes competitive transition charge payments, or is otherwise  
excluded from competitive transition charge payments.~~

~~(iii) Is produced by a facility that is owned by customer-owned electricity generating systems~~ market price for electricity shall be determined by the State Energy Resources Conservation and Development Commission based on the energy prices paid to nonutility power generators as provided in Section 390, or on otherwise available measures of market price.

(C) Facilities that are eligible to receive funding pursuant to this subdivision shall be registered in accordance with criteria developed by the State Energy Resources Conservation and Development Commission and those facilities may not receive payments for any electricity produced that has any of the following characteristics:

(i) Is sold at monthly average rates equal to or greater than the applicable target price, as determined by the State Energy Resources Conservation and Development Commission.

(ii) Is that portion of electricity generation attributable to the use of qualified agricultural biomass fuel, for a facility that is receiving fuel-based incentives through the Agricultural Biomass-to-Energy Incentive Grant Program established pursuant to Part 3 (commencing with Section 1101) of Division 1 of the Food and Agricultural Code. Notwithstanding subdivision (f) of Section 1104 of the Food and Agricultural Code, facilities that receive funding from the Agricultural Biomass-to-Energy Incentive Grant Program are eligible to receive funding pursuant to this subdivision.

(iii) Is used onsite or is sold to customers in a manner that does not include independent metering of the electricity generated, upon which production incentives may be based.

(d) (1) Fifty percent of the money collected pursuant to paragraph (6) of subdivision (c) of Section 381 shall be used for programs designed to foster the development of new in-state renewable electricity generation facilities, and to secure for the state the environmental, economic, and reliability benefits that operation of those facilities will provide.

(2) Any funds used for new in-state renewable electricity generation facilities pursuant to this subdivision shall be expended in accordance with the report, subject to all of the following requirements:

(A) Funds shall be allocated for proposed projects based on a competitive solicitation process whereby production incentives,

1 *not to exceed a maximum amount, as specified by the State Energy*  
2 *Resources Conservation and Development Commission, are*  
3 *awarded to the lowest bidders, provided that not more than 25*  
4 *percent of the funds allocated in any competitive solicitation*  
5 *pursuant to paragraph (1) may be awarded to a single project.*

6 *(B) Funds expended for production incentives shall be paid*  
7 *over a five-year period commencing on or after the date that a*  
8 *project begins electricity production, provided that the project*  
9 *shall be operational within four years after the date of the*  
10 *competitive solicitation in which the project was allocated*  
11 *funding. A project that becomes operational later than four years*  
12 *after the date of the competitive solicitation in which the project*  
13 *was allocated funding may not receive payments except upon the*  
14 *extension and reapproval of its award by the State Energy*  
15 *Resources Conservation and Development Commission, and may*  
16 *not receive any payments for energy generated beyond the date*  
17 *nine years after the date of the competitive solicitation. The State*  
18 *Energy Resources Conservation and Development Commission*  
19 *may extend and reapprove a project award if it finds that the*  
20 *project will not be operational within the expected four-year*  
21 *period, due to circumstances specific to the project and beyond the*  
22 *control of the project developer. Upon making this finding, the*  
23 *State Energy Resources Conservation and Development*  
24 *Commission shall pay production incentives over a five-year*  
25 *period, commencing on the date of operation, provided that the*  
26 *date that a project begins electricity production may not extend*  
27 *beyond six years after the date of the applicable competitive*  
28 *solicitation or January 1, 2007, whichever is later.*

29 *(C) The State Energy Resources Conservation and*  
30 *Development Commission may determine as part of a solicitation*  
31 *that a facility that does not meet the definition of “in-state*  
32 *renewable generation facility” solely because it is located outside*  
33 *the state is eligible for funding from this subdivision if it satisfies*  
34 *both of the following requirements:*

35 *(i) It is located so that it is or will be connected to the WSCC*  
36 *grid.*

37 *(ii) It is developed with guaranteed contracts to sell its*  
38 *generation to end-use customers within California, or to*  
39 *marketers that provide this guarantee for resale of the generation,*



1 *for a period at least equal to the amount of time it receives incentive*  
2 *payments pursuant to this subdivision.*

3 *(D) Facilities that are eligible to receive funding pursuant to*  
4 *this subdivision shall be registered in accordance with criteria*  
5 *developed by the State Energy Resources Conservation and*  
6 *Development Commission and those facilities may not receive*  
7 *payments for any electricity produced that has any of the following*  
8 *characteristics:*

9 *(i) Is sold under an existing long-term contract with an existing*  
10 *in-state electrical corporation if the contract includes fixed energy*  
11 *or capacity payments, except for that electricity that satisfies the*  
12 *provisions of subparagraph (C) of paragraph (1) of subdivision (c)*  
13 *of Section 399.6.*

14 *(ii) Is used onsite or is sold to customers in a manner that does*  
15 *not include independent metering of the electricity generated,*  
16 *upon which production incentives may be based.*

17 *(iii) Is produced by a facility that is owned by an electrical*  
18 *corporation or a local publicly owned electric utility as defined in*  
19 *subdivision (d) of Section 9604.*

20 *(iv) Is a hydroelectric generation project that will require a new*  
21 *or increased appropriation of water under Part 2 (commencing*  
22 *with Section 1200) of Division 2 of the Water Code.*

23 *(E) Eligibility to compete for funds or to receive funds shall not*  
24 *be contingent upon the location or nature of the power purchaser.*

25 ~~(3) Repowered wind projects shall be eligible for funding~~  
26 ~~under this subdivision if the new investment is at least 80 percent~~  
27 ~~of the value of the repowered facility.~~

28 ~~(d) (1) Ten percent of the money collected pursuant to~~  
29 ~~paragraph (3) of subdivision (c) of Section 381, up to fifty-four~~  
30 ~~million dollars (\$54,000,000), shall be used for a multiyear,~~  
31 ~~consumer-based program to foster the development of emerging~~  
32 ~~renewable technologies in distributed generation applications.~~  
33 ~~Funds to further the purposes of this subdivision may be~~  
34 ~~committed for multiple years.~~

35 ~~(2) Any funds used for emerging technologies pursuant to this~~  
36 ~~subdivision shall be expended in accordance with all of the~~  
37 ~~following requirements:~~

38 ~~(A) Funding for emerging technologies shall be provided~~  
39 ~~through a competitive, market-based process that shall be in place~~  
40 ~~for a period of not less than four years, and shall be structured so~~

1 as to allow eligible emerging technology manufacturers and  
2 suppliers to anticipate and plan for increased sale and installation  
3 volumes over the life of the program.

4 (B) The program shall provide monetary rebates, buydowns, or  
5 equivalent incentives, subject to subparagraph (C) of paragraph  
6 (2) of subdivision (d), to purchasers, lessees, lessors, or sellers of  
7 eligible electricity generating systems. Incentives shall benefit the  
8 end-use consumer of renewable generation by directly and  
9 exclusively reducing the cost of the eligible system, or the cost of  
10 electricity produced by the eligible system. Incentives shall be  
11 issued on the basis of the rated electrical capacity of the system  
12 measured in watts. The amount of the per-watt incentive shall  
13 decline over the term of the program, with a corresponding  
14 increase in the amount of total electrical capacity eligible for the  
15 incentive, thereby encouraging the manufacturers and suppliers of  
16 eligible systems to reduce system costs. Incentives shall be limited  
17 to a maximum percentage of the system price, as defined by the  
18 State Energy Resources Conservation and Development  
19 Commission, and the maximum incentive percentage shall decline  
20 over the term of the program, as shall the per-watt incentive, in  
21 amounts to be determined by the State Energy Resources  
22 Conservation and Development Commission.

23 (C) Eligible distributed emerging technologies are  
24 photovoltaic, solar thermal electric, fuel cell technologies that  
25 utilize renewable fuels, and wind turbines of not more than ten  
26 kilowatts rated electrical capacity per customer site, provided that  
27 the technologies meet the emerging technology eligibility criteria  
28 contained in the report prepared by State Energy Resources  
29 Conservation and Development Commission. Eligible electricity  
30 generating systems are intended primarily to offset part or all of the  
31 consumer's own electrical energy demand, and shall not be owned  
32 by electrical corporations or publicly owned utilities, be located at  
33 a customer site that is not receiving distribution service from  
34 existing in-state electrical corporations. Not less than 60 percent  
35 of the available incentive funds shall be reserved for systems of 10  
36 kilowatts rated electrical capacity or smaller, and not less than 15  
37 percent of the funds shall be reserved for systems of 100 kilowatts  
38 rated electrical capacity or smaller. All eligible electricity  
39 generating system components shall be new and unused, and shall  
40 not have been previously placed in service in any other location or

for any other application. Systems and their fuel resource shall be located on the premises of the end use consumer of the electricity produced, and all eligible electricity generating systems shall be connected to the utility grid in California.

(D) The State Energy Resources Conservation and Development Commission shall also determine, in collaboration with industry and consumer interests, if a program provision limiting the amount of funds available for any single project is warranted, and determine how federal, state, or other funds or incentives not related to this section that are already available, or that may become available for eligible electricity generating systems, may impact the availability of funds allocated under this section, if at all. The emerging renewable technologies program shall be implemented not later than March 31, 1998, and incentives shall be available for eligible electricity generating systems that are placed in service after January 1, 1998, in accordance with the program provisions developed by the State Energy Resources Conservation and Development Commission. However, projects placed in service after January 1, 1998, and prior to September 1, 1998, shall not be subject to limits, if any, that may be determined by the commission, pursuant to this subparagraph.

(e) Fifteen percent of the money collected pursuant to paragraph (3) of subdivision (c) of Section 381, up to eighty-one million dollars (\$81,000,000), shall be used for programs designed to provide customer credits for purchases of renewable energy produced by certified energy providers, to disseminate information regarding renewable energy technologies, to promote purchases of renewable energy, to help develop a consumer market for renewable energy, and to help develop a consumer market for renewable energy technologies, as provided in the report, subject to the following requirements:

(1) (A) Fourteen percent of the money, up to seventy-five million six hundred thousand dollars (\$75,600,000), shall be expended to provide customer credits for purchases of renewable energy produced by certified energy providers. Customer credits shall be awarded to California retail customers located in the service territory of an investor-owned utility that is subject to Section 381 who purchase qualifying renewable electric power through transactions traceable to specific generation sources by any auditable contract trail or equivalent that provides commercial

1 ~~verification that the electricity source claimed has been sold not~~  
2 ~~more than~~

3 (F) The State Energy Resources Conservation and  
4 Development Commission may require applicants competing for  
5 funding to post a forfeitable bid bond or other financial guaranty  
6 as an assurance of the applicant's intent to move forward  
7 expeditiously with the project proposed. The amount of any bid  
8 bond or financial guaranty may not exceed 10 percent of the total  
9 amount of the funding requested by the applicant.

10 (G) In awarding funding, the State Energy Resources  
11 Conservation and Development Commission may provide  
12 preference to projects that provide tangible demonstrable benefits  
13 to communities with a plurality of minority or low-income  
14 populations.

15 (3) Repowered existing facilities shall be eligible for funding  
16 under this subdivision if the capital investment to repower the  
17 existing facility equals at least 80 percent of the value of the  
18 repowered facility.

19 (4) Facilities engaging in the combustion of municipal solid  
20 waste or tires are not eligible for funding under this subdivision.

21 (e) (1) Seventeen and one-half percent of the money collected  
22 pursuant to paragraph (6) of subdivision (c) of Section 381 shall  
23 be used for a multiyear, consumer-based program to foster the  
24 development of emerging renewable technologies in distributed  
25 generation applications.

26 (2) Any funds used for emerging technologies pursuant to this  
27 subdivision shall be expended in accordance with the report,  
28 subject to all of the following requirements:

29 (A) Funding for emerging technologies shall be provided  
30 through a competitive, market-based process that shall be in place  
31 for a period of not less than five years, and shall be structured so  
32 as to allow eligible emerging technology manufacturers and  
33 suppliers to anticipate and plan for increased sale and installation  
34 volumes over the life of the program. Notwithstanding  
35 subparagraphs (B), (C), and (D), up to 15 percent of the funds  
36 allocated by this subdivision may be used by the State Energy  
37 Resources Conservation and Development Commission to  
38 establish programs with alternative program structures, as long as  
39 the programs have goals consistent with this subparagraph. These  
40 programs may include incentives for in-state manufacturing of

renewable energy systems eligible for funding under this subdivision provided that these programs yield tangible benefits to California ratepayers that contribute to the Renewable Resources Trust Fund.

(B) The program shall provide monetary rebates, buydowns, or equivalent incentives, subject to subparagraph (C), to purchasers, lessees, lessors, or sellers of eligible electricity generating systems. Incentives shall benefit the end-use consumer of renewable generation by directly and exclusively reducing the purchase or lease cost of the eligible system, or the cost of electricity produced by the eligible system. Incentives shall be issued on the basis of the rated electrical capacity of the system measured in watts, or the amount of electricity production of the system, measured in kilowatthours. Incentives shall be limited to a maximum percentage of the system price, as determined by the State Energy Resources Conservation and Development Commission.

(C) Eligible distributed emerging technologies are photovoltaic, solar thermal electric, fuel cell technologies that utilize renewable fuels, and wind turbines of not more than 50 kilowatts rated electrical capacity per customer site, and other distributed renewable emerging technologies that meet the emerging technology eligibility criteria established by the State Energy Resources Conservation and Development Commission. Eligible electricity generating systems are intended primarily to offset part or all of the consumer's own electrical energy demand, and shall not be owned by electrical corporations or local publicly owned electric utilities, nor be located at a customer site that is not receiving distribution service from an electrical corporation that is subject to Section 381 and contributing funds to support programs under this section. All eligible electricity generating system components shall be new and unused, shall not have been previously placed in service in any other location or for any other application, and shall have a warranty of not less than five years to protect against defects and undue degradation of electrical output. Systems and their fuel resources shall be located on the same premises of the end-use consumer where the consumer's own electricity demand is located, and all eligible electricity generating systems shall be connected to the utility grid in California. The State Energy Resources Conservation and

1 *Development Commission may require eligible electricity*  
2 *generating systems to have meters in place to monitor and measure*  
3 *a system's performance and generation.*

4 *(D) The State Energy Resources Conservation and*  
5 *Development Commission may limit the amount of funds available*  
6 *for any system or project of multiple systems and reduce the level*  
7 *of funding for any system or project of multiple systems that has*  
8 *received, or may be eligible to receive, any government or utility*  
9 *funds, incentives, or credit.*

10 *(E) In awarding funding, the State Energy Resources*  
11 *Conservation and Development Commission may provide*  
12 *preference to systems that provide tangible demonstrable benefits*  
13 *to communities with a plurality of minority or low-income*  
14 *populations.*

15 *(f) (1) Ten percent of the money collected pursuant to*  
16 *paragraph (6) of subdivision (c) of Section 381 shall be used to*  
17 *provide customer credits for purchases of the renewable attributes*  
18 *of renewable energy produced by registered generating facilities.*

19 *(2) Any funds used for customer credits pursuant to this*  
20 *subdivision shall be expended, as provided in the report, subject*  
21 *to all of the following requirements:*

22 *(A) Customer credits shall be awarded to California retail*  
23 *customers located in the service territory of an electrical*  
24 *corporation that is subject to Section 381 and contributing funds*  
25 *to support programs under this section, and who are purchasing*  
26 *qualifying renewable aspects of renewable electric power through*  
27 *transactions traceable to specific generation sources by any*  
28 *auditable contract trail or equivalent that provides commercial*  
29 *verification that the renewable aspect of the electricity source*  
30 *claimed has been sold once and only once to a retail customer.*

31 *Credits may be given without regard to whether the power supplier*  
32 *is also receiving funds under any other subdivision of this section.*

33 *(B) Credits awarded pursuant to this paragraph may be paid*  
34 *directly to energy marketers, aggregators, or generators if those*  
35 *persons or entities account for the credits on the recipient*  
36 *customer's utility bills. Credits shall not exceed one and one-half*  
37 *cents (\$0.015) per kilowatthour. Credits awarded to members of*  
38 *the combined class of customers, other than residential and small*  
39 *commercial customers, shall not exceed one thousand dollars*  
40 *(\$1,000) per customer in 1998 and 1999. Thereafter, the State*



~~Energy Resources Conservation and Development Commission shall determine by January 10 of each year the average customer incentive rebate level paid over the preceding calendar year. In the event that the payments have remained at the one and one-half cents (\$0.015) per kilowatthour cap over the preceding calendar year, the one thousand dollars (\$1,000) per customer cap shall be removed for that calendar year, except that in no event shall more than fifteen million dollars (\$15,000,000) of the total customer incentive funds be awarded to members of the combined class of customers other than residential and small commercial customers.~~

~~(C) Funding for credits pursuant to this paragraph shall be increased for each successive year during the period from January 1, 1998, to January 1, 2002, to encourage the increasing use of those credits.~~

~~(D) The State Energy Resources Conservation and Development Commission shall develop interim criteria and procedures for the certification of energy providers and for the identification of energy purchasers who are eligible to receive funds pursuant to this paragraph through a process consistent with this paragraph. The criteria and procedures shall apply only to funding eligibility and shall not extend to other renewable marketing claims.~~

~~(E) The commission shall notify the State Energy Resources Conservation and Development Commission in writing within 10 days of revoking or suspending the registration of any electric service provider pursuant to paragraph (4) of subdivision (b) of Section 394.25.~~

~~(2) One percent of the money, up to five million four hundred thousand dollars (\$5,400,000), shall be expended to promote renewable energy and to disseminate information on renewable energy technologies, including emerging renewable technologies, and to help develop a consumer market for renewable energy and for small-scale emerging renewable energy technologies.~~

~~(f) (1) The State Energy Resources Conservation and Development Commission shall adopt guidelines governing the funding programs authorized under this section, at a publicly noticed meeting offering all interested parties an opportunity to comment. Substantive changes to the guidelines shall not be adopted without at least 10 days' written notice to the public. The public notice of meetings required by this paragraph shall not be~~

1 ~~less than 30 days. Notwithstanding any other provision of law, any~~  
2 ~~guidelines adopted pursuant to this section shall be deemed to~~  
3 ~~satisfy the requirements of Chapter 3.5 (commencing with Section~~  
4 ~~11340) of Division 3 of Title 2 of the Government Code.~~

5 ~~(2) The State Energy Resources Conservation and~~  
6 ~~Development Commission shall, in collaboration with eligible~~  
7 ~~emerging technology industry stakeholders and consumer~~  
8 ~~interests, complete the emerging technology program design, as~~  
9 ~~outlined in subdivision (d), and implement its provisions.~~ *electric*  
10 *service providers, energy marketers, aggregators, or generators if*  
11 *those persons or entities account for the credits on the recipient*  
12 *customer's bills. Credits may not exceed one and one-half cents*  
13 *(\$0.015) per kilowatthour. Credits awarded to members of the*  
14 *combined class of customers, other than residential and small*  
15 *commercial customers, may not exceed one thousand dollars*  
16 *(\$1,000) per customer per calendar year. In no event may more*  
17 *than thirteen million five hundred thousand dollars (\$13,500,000)*  
18 *of the total customer incentive funds be awarded to members of the*  
19 *combined class of customers other than residential and small*  
20 *commercial customers.*

21 *(C) The State Energy Resources Conservation and*  
22 *Development Commission shall develop criteria and procedures*  
23 *for the registration of energy providers and for the identification*  
24 *of energy purchasers who are eligible to receive funds pursuant to*  
25 *this paragraph through a process consistent with this paragraph.*  
26 *These criteria and procedures shall apply only to funding*  
27 *eligibility and may not extend to other renewable marketing*  
28 *claims.*

29 *(D) The commission shall notify the State Energy Resources*  
30 *Conservation and Development Commission in writing within 10*  
31 *days of revoking or suspending the registration of any electric*  
32 *service provider pursuant to paragraph (4) of subdivision (b) of*  
33 *Section 394.25.*

34 *(g) Two and one-half percent of the money collected pursuant*  
35 *to paragraph (6) of subdivision (c) of Section 381 shall be used in*  
36 *accordance with the report to promote renewable energy and to*  
37 *disseminate information on renewable energy technologies,*  
38 *including emerging renewable technologies, and to help develop*  
39 *a consumer market for renewable energy and for small-scale*  
40 *emerging renewable energy technologies.*

(h) (1) The State Energy Resources Conservation and Development Commission shall adopt guidelines governing the funding programs authorized under this section, at a publicly noticed meeting offering all interested parties an opportunity to comment. Substantive changes to the guidelines may not be adopted without at least 10 days' written notice to the public. The public notice of meetings required by this paragraph may not be less than 30 days. Notwithstanding any other provision of law, any guidelines adopted pursuant to this section shall be exempt from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The Legislature declares that the changes made to this paragraph by the act amending this section during the 2002 portion of the 2001–02 Regular Session are declaratory of, and not a change in existing law.

(2) Funds to further the purposes of this section may be committed for multiple years.

(3) Awards made pursuant to this section are grants, subject to appeal to the State Energy Resources Conservation and Development Commission upon a showing that factors other than those described in the guidelines adopted by the State Energy Resources Conservation and Development Commission were applied in making the awards and payments. Any actions taken by an applicant to apply for, or become or remain eligible and ~~certified~~ registered to receive, payments or awards, including satisfying conditions specified by the State Energy Resources Conservation and Development Commission, shall not constitute the rendering of goods, services, or a direct benefit to the State Energy Resources Conservation and Development Commission.

~~(g)–~~

(i) The State Energy Resources Conservation and Development Commission shall report to the Legislature on or before May 31, 2000, and on or before May 31 of every second year thereafter, regarding the results of the mechanisms funded pursuant to this section. Reports prepared pursuant to this ~~section~~ *subdivision* shall include a description of the allocation of funds among existing, new and emerging technologies; the allocation of funds among programs, including consumer-side incentives; and the need for the reallocation of money among those technologies. The reports shall also address the allocation of funds from interest

1 on the accounts described in this section, *and* money in the  
2 accounts described in subdivision (e) of Section 381, ~~and money~~  
3 ~~included in the accounts pursuant to Section 385.~~ 381.  
4 Notwithstanding paragraph (4) of subdivision (b) of Section 383  
5 ~~or~~ subdivisions (b), (c), (d), (e), (f), and (e) (g) of this section,  
6 money may be reallocated without further legislative action  
7 among existing, new, and emerging technologies and  
8 consumer-side programs in a manner consistent with the ~~report.~~  
9 *report and with the latest report provided to the Legislature*  
10 *pursuant to this subdivision.*

11 (j) *The State Energy Resources Conservation and Development*  
12 *Commission may expend money collected pursuant to paragraph*  
13 *(6) of subdivision (c) of Section 381 for statutory costs related to*  
14 *the State Energy Resources Conservation and Development*  
15 *Commission's implementation of a renewables portfolio standard*  
16 *program if that program is enacted during the 2002 portion of the*  
17 *2001–02 Regular Session.*

18 SEC. 13. Section 394.25 of the Public Utilities Code is  
19 amended to read:

20 394.25. (a) The commission may enforce the provisions of  
21 Sections 2102, 2103, 2104, 2105, 2107, 2108, and 2114 against  
22 electric service providers as if those electric service providers were  
23 public utilities as defined in these code sections. Notwithstanding  
24 the above, nothing in this section grants the commission  
25 jurisdiction to regulate electric service providers other than as  
26 specifically set forth in this part. Electric service providers shall  
27 continue to be subject to the provisions of Sections 2111 and 2112.  
28 Upon a finding by the commission's executive director that there  
29 is evidence to support a finding that the electric service provider  
30 has committed an act constituting grounds for suspension or  
31 revocation of registration as set forth in subdivision (b) of Section  
32 394.25, the commission shall notify the electric service provider  
33 in writing and notice an expedited hearing on the suspension or  
34 revocation of the electric service provider's registration to be held  
35 within 30 days of the notification to the electric service provider  
36 of the executive director's finding of evidence to support  
37 suspension or revocation of registration. The commission shall,  
38 within 45 days after holding the hearing, issue a decision on the  
39 suspension or revocation of registration, which shall be based on  
40 findings of fact and conclusions of law based on the evidence

1 presented at the hearing. The decision shall include the findings of  
2 fact and the conclusions of law relied upon.

3 (b) An electric service provider may have its registration  
4 suspended or revoked, immediately or prospectively, in whole or  
5 in part, for any of the following acts:

6 (1) Making material misrepresentations in the course of  
7 soliciting customers, entering into service agreements with those  
8 customers, or administering those service agreements.

9 (2) Dishonesty, fraud, or deceit with the intent to substantially  
10 benefit the electric service provider or its employees, agents, or  
11 representatives, or to disadvantage retail electric customers.

12 (3) Where the commission finds that there is evidence that the  
13 electric service provider is not financially or operationally capable  
14 of providing the offered electric service.

15 (4) The misrepresentation of a material fact by an applicant in  
16 obtaining a registration pursuant to Section 394.

17 (c) Pursuant to its authority to revoke or suspend registration,  
18 the commission may suspend a registration for a specified period  
19 or revoke the registration, or in lieu of suspension or revocation,  
20 impose a moratorium on adding or soliciting additional customers.  
21 Any suspension or revocation of a registration shall require the  
22 electric service provider to cease serving customers within the  
23 boundaries of investor-owned electric corporations, and the  
24 affected customers shall be served by the electrical corporation  
25 until the time when they may select service from another service  
26 provider. Customers shall not be liable for the payment of any  
27 early termination fees or other penalties to any electric service  
28 provider under the service agreement if the serving electric service  
29 provider's registration is suspended or revoked.

30 (d) The commission shall require any electric service provider  
31 whose registration is revoked pursuant to paragraph (4) of  
32 subdivision (b) to refund all of the customer credit funds that the  
33 electric service provider received from the State Energy Resources  
34 Conservation and Development Commission pursuant to  
35 paragraph (1) of subdivision ~~(e)~~ (f) of Section 383.5. The  
36 repayment of these funds shall be in addition to all other penalties  
37 and fines appropriately assessed the electric service provider for  
38 committing those acts under other provisions of law. All customer  
39 credit funds refunded under this subdivision shall be deposited in  
40 the Renewable Resource Trust Fund for redistribution by the State

1 Energy Resources Conservation and Development Commission  
2 pursuant to Section 383.5. This subdivision may not be construed  
3 to apply retroactively.

4 *SEC. 14. Section 445 of the Public Utilities Code is amended*  
5 *to read:*

6 445. (a) The Renewable Resource Trust Fund is hereby  
7 created in the State Treasury.

8 (b) The following accounts are hereby created within the  
9 Renewable Resource Trust Fund:

10 (1) The Existing Renewable Resources Account.

11 (2) New Renewable Resources Account.

12 (3) Emerging Renewable Resources Account.

13 ~~(4) Customer-Side Renewable Resource Purchases~~

14 (4) *Customer-Credit Renewable Resources Account.*

15 (5) *Renewable Resources Consumer Education Account.*

16 (c) The money in the fund may be expended for the state's  
17 administration of this article only upon appropriation by the  
18 Legislature in the annual Budget Act.

19 (d) Notwithstanding Section 383, that portion of revenues  
20 collected by electrical corporations for the benefit of in-state  
21 operation and development of existing and new and emerging  
22 renewable resource technologies, pursuant to ~~paragraph (3)~~  
23 *paragraphs (3) and (6)* of subdivision (c) of Section 381, shall be  
24 transmitted to the State Energy Resources Conservation and  
25 Development Commission at least quarterly for deposit in the  
26 Renewable Resource Trust Fund. After setting aside in the fund  
27 money that may be needed for expenditures authorized by the  
28 annual Budget Act in accordance with subdivision (c), the  
29 Treasurer shall immediately deposit money received pursuant to  
30 this section into the accounts created pursuant to subdivision (b)  
31 in proportions designated by the State Energy Resources  
32 Conservation and Development Commission for the current  
33 calendar year. Notwithstanding Section 13340 of the Government  
34 Code, the money in the fund and the accounts within the fund are  
35 hereby continuously appropriated to the State Energy Resources  
36 Conservation and Development Commission without regard to  
37 fiscal year for the purposes enumerated in Section 383.5.

38 (e) Upon notification by the State Energy Resources  
39 Conservation and Development Commission, the Controller shall  
40 pay all awards of the money in the accounts created pursuant to



1 subdivision ~~(e)~~ (b) for purposes of ~~furthering the purposes of~~  
2 ~~subdivision (e) of enumerated in~~ Section 383.5. The eligibility of  
3 each award shall be determined solely by the State Energy  
4 Resources Conservation and Development Commission based on  
5 the procedures it adopts under subdivision ~~(f)~~ (h) of Section 383.5.  
6 Based on the eligibility of each award, the State Energy Resources  
7 Conservation and Development Commission shall also establish  
8 the need for a multiyear commitment to any particular award and  
9 so advise the Department of Finance. Eligible awards submitted by  
10 the State Energy Resources Conservation and Development  
11 Commission to the Controller shall be accompanied by  
12 information specifying the account from which payment should be  
13 made and the amount of each payment; a summary description of  
14 how payment of the award furthers the purposes of ~~subdivision (e)~~  
15 ~~of enumerated in~~ Section 383.5; and an accounting of future costs  
16 associated with any award or group of awards known to the State  
17 Energy Resources Conservation and Development Commission to  
18 represent a portion of a multiyear funding commitment.

19 (f) The State Energy Resources Conservation and  
20 Development Commission may transfer funds between accounts  
21 for cash-flow purposes, provided that the balance due each  
22 account is restored and the transfer does not adversely affect any  
23 of the accounts. The State Energy Resources Conservation and  
24 Development Commission shall examine the cash-flow in the  
25 respective accounts on an annual basis, and shall annually prepare  
26 and submit to the Legislature a report that describes the status of  
27 account transfers and repayments. ~~Any other unallocated funds in~~  
28 ~~any account shall remain in the respective account, and be~~  
29 ~~available for the purposes of this section until December 31, 2001.~~  
30 ~~After that date, money may be reallocated without further~~  
31 ~~legislative action among existing, new, and emerging technologies~~  
32 ~~and consumer-side programs in a manner consistent with the~~  
33 ~~report described in subdivision (a) of Section 383.5.~~ repayments.

34 (g) The State Energy Resources Conservation and  
35 Development Commission shall, on a quarterly basis, report to the  
36 Legislature on the implementation of this article. Those quarterly  
37 reports shall be submitted to the Legislature not more than ~~45~~ 30  
38 days after the close of each quarter and shall include information  
39 describing the awards submitted to the ~~Treasurer~~ Controller for  
40 payment pursuant to this article, the cumulative commitment of

1 claims by account, the relative demand for funds by account, a  
2 forecast of future awards, and other matters the ~~commission~~ *State*  
3 *Energy Resources Conservation and Development Commission*  
4 determines may be of importance to the Legislature.

5 (h) The Department of Finance, commencing March 1, 1999,  
6 shall conduct an independent audit of the Renewable Resource  
7 Trust Fund and its related accounts annually, and provide an audit  
8 report to the Legislature not later than March ~~4~~ *31* of each year for  
9 which this article is operative. The Department of Finance's report  
10 shall include information regarding revenues, payment of awards,  
11 reserves held for future commitments, unencumbered cash  
12 balances, and other matters that the Director of Finance determines  
13 may be of importance to the Legislature.

14 ~~Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code is~~  
15 ~~repealed.~~

16 ~~SEC. 2.—It is the intent of the Legislature to enact subsequent~~  
17 ~~legislation to require the Public Utilities Commission to perform~~  
18 ~~those activities formerly performed by the Electricity Oversight~~  
19 ~~Board.~~

