

ASSEMBLY BILL

No. 942

Introduced by Assembly Member Calderon

February 26, 2015

An act to amend Section 2851 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 942, as introduced, Calderon. California Solar Initiative: low-income residential housing.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Decisions of the commission adopted the California Solar Initiative. Existing law requires the commission to undertake certain steps in implementing the California Solar Initiative.

This bill would make a nonsubstantive change to the law requiring the commission to undertake certain steps in implementing the California Solar Initiative.

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

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

- 1 SECTION 1. Section 2851 of the Public Utilities Code is
2 amended to read:
3 2851. (a) In implementing the California Solar Initiative, the
4 commission shall do all of the following:
5 (1) (A) The commission shall authorize the award of monetary
6 incentives for up to the first megawatt of alternating current

1 generated by solar energy systems that meet the eligibility criteria
2 established by the Energy Commission pursuant to Chapter 8.8
3 (commencing with Section 25780) of Division 15 of the Public
4 Resources Code. The commission shall determine the eligibility
5 of a solar energy system, as defined in Section 25781 of the Public
6 Resources Code, to receive monetary incentives until the time the
7 Energy Commission establishes eligibility criteria pursuant to
8 Section 25782. Monetary incentives shall not be awarded for solar
9 energy systems that do not meet the eligibility criteria. The
10 incentive level authorized by the commission shall decline each
11 year following implementation of the California Solar Initiative,
12 at a rate of no less than an average of 7 percent per year, and,
13 except as provided in subparagraph (B), shall be zero as of
14 December 31, 2016. The commission shall adopt and publish a
15 schedule of declining incentive levels no less than 30 days in
16 advance of the first decline in incentive levels. The commission
17 may develop incentives based upon the ~~output of electricity from~~
18 *electricity generated by* the system, provided those incentives are
19 consistent with the declining incentive levels of this paragraph and
20 the incentives apply to only the first megawatt of electricity
21 generated by the system.

22 (B) The incentive level for the installation of a solar energy
23 system pursuant to Section 2852 shall be zero as of December 31,
24 2021.

25 (2) The commission shall adopt a performance-based incentive
26 program so that by January 1, 2008, 100 percent of incentives for
27 solar energy systems of 100 kilowatts or greater and at least 50
28 percent of incentives for solar energy systems of 30 kilowatts or
29 greater are earned based on the actual electrical output of the solar
30 energy systems. The commission shall encourage, and may require,
31 performance-based incentives for solar energy systems of less than
32 30 kilowatts. Performance-based incentives shall decline at a rate
33 of no less than an average of 7 percent per year. In developing the
34 performance-based incentives, the commission may:

35 (A) Apply performance-based incentives only to customer
36 classes designated by the commission.

37 (B) Design the performance-based incentives so that customers
38 may receive a higher level of incentives than under incentives
39 based on installed electrical capacity.

1 (C) Develop financing options that help offset the installation
2 costs of the solar energy system, provided that this financing is
3 ultimately repaid in full by the consumer or through the application
4 of the performance-based rebates.

5 (3) By January 1, 2008, the commission, in consultation with
6 the Energy Commission, shall require reasonable and cost-effective
7 energy efficiency improvements in existing buildings as a condition
8 of providing incentives for eligible solar energy systems, with
9 appropriate exemptions or limitations to accommodate the limited
10 financial resources of low-income residential housing.

11 (4) Notwithstanding subdivision (g) of Section 2827, the
12 commission may develop a time-variant tariff that creates the
13 maximum incentive for ratepayers to install solar energy systems
14 so that the system's peak electricity production coincides with
15 California's peak electricity demands and that ensures that
16 ratepayers receive due value for their contribution to the purchase
17 of solar energy systems and customers with solar energy systems
18 continue to have an incentive to use electricity efficiently. In
19 developing the time-variant tariff, the commission may exclude
20 customers participating in the tariff from the rate cap for residential
21 customers for existing baseline quantities or usage by those
22 customers of up to 130 percent of existing baseline quantities, as
23 required by Section 739.9. Nothing in this paragraph authorizes
24 the commission to require time-variant pricing for ratepayers
25 without a solar energy system.

26 (b) Notwithstanding subdivision (a), in implementing the
27 California Solar Initiative, the commission may authorize the award
28 of monetary incentives for solar thermal and solar water heating
29 devices, in a total amount up to one hundred million eight hundred
30 thousand dollars (\$100,800,000).

31 (c) (1) In implementing the California Solar Initiative, the
32 commission shall not allocate more than fifty million dollars
33 (\$50,000,000) to research, development, and demonstration that
34 explores solar technologies and other distributed generation
35 technologies that employ or could employ solar energy for
36 generation or storage of electricity or to offset natural gas usage.
37 Any program that allocates additional moneys to research,
38 development, and demonstration shall be developed in
39 collaboration with the Energy Commission to ensure there is no
40 duplication of efforts, and adopted by the commission through a

1 rulemaking or other appropriate public proceeding. Any grant
2 awarded by the commission for research, development, and
3 demonstration shall be approved by the full commission at a public
4 meeting. This subdivision does not prohibit the commission from
5 continuing to allocate moneys to research, development, and
6 demonstration pursuant to the self-generation incentive program
7 for distributed generation resources originally established pursuant
8 to Chapter 329 of the Statutes of 2000, as modified pursuant to
9 Section 379.6.

10 (2) The Legislature finds and declares that a program that
11 provides a stable source of monetary incentives for eligible solar
12 energy systems will encourage private investment sufficient to
13 make solar technologies cost effective.

14 (3) On or before June 30, 2009, and by June 30th of every year
15 thereafter, the commission shall submit to the Legislature an
16 assessment of the success of the California Solar Initiative program.
17 That assessment shall include the number of residential and
18 commercial sites that have installed solar thermal devices for which
19 an award was made pursuant to subdivision (b) and the dollar value
20 of the award, the number of residential and commercial sites that
21 have installed solar energy systems, the electrical generating
22 capacity of the installed solar energy systems, the cost of the
23 program, total electrical system benefits, including the effect on
24 electrical service rates, environmental benefits, how the program
25 affects the operation and reliability of the electrical grid, how the
26 program has affected peak demand for electricity, the progress
27 made toward reaching the goals of the program, whether the
28 program is on schedule to meet the program goals, and
29 recommendations for improving the program to meet its goals. If
30 the commission allocates additional moneys to research,
31 development, and demonstration that explores solar technologies
32 and other distributed generation technologies pursuant to paragraph
33 (1), the commission shall include in the assessment submitted to
34 the Legislature, a description of the program, a summary of each
35 award made or project funded pursuant to the program, including
36 the intended purposes to be achieved by the particular award or
37 project, and the results of each award or project.

38 (d) (1) The commission shall not impose any charge upon the
39 consumption of natural gas, or upon natural gas ratepayers, to fund
40 the California Solar Initiative.

1 (2) Notwithstanding any other provision of law, any charge
2 imposed to fund the program adopted and implemented pursuant
3 to this section shall be imposed upon all customers not participating
4 in the California Alternate Rates for Energy (CARE) or family
5 electric rate assistance (FERA) programs, including those
6 residential customers subject to the rate limitation specified in
7 Section 739.9 for existing baseline quantities or usage up to 130
8 percent of existing baseline quantities of electricity.

9 (3) The costs of the program adopted and implemented pursuant
10 to this section shall not be recovered from customers participating
11 in the California Alternate Rates for Energy or CARE program
12 established pursuant to Section 739.1, except to the extent that
13 program costs are recovered out of the nonbypassable system
14 benefits charge authorized pursuant to Section 399.8.

15 (e) Except as provided in subdivision (f), in implementing the
16 California Solar Initiative, the commission shall ensure that the
17 total cost over the duration of the program does not exceed three
18 billion five hundred fifty million eight hundred thousand dollars
19 (\$3,550,800,000). Except as provided in subdivision (f), financial
20 components of the California Solar Initiative shall consist of the
21 following:

22 (1) Programs under the supervision of the commission funded
23 by charges collected from customers of San Diego Gas and Electric
24 Company, Southern California Edison Company, and Pacific Gas
25 and Electric Company. Except as provided in subdivision (f), the
26 total cost over the duration of these programs shall not exceed two
27 billion three hundred sixty-six million eight hundred thousand
28 dollars (\$2,366,800,000) and includes moneys collected directly
29 into a tracking account for support of the California Solar Initiative.

30 (2) Programs adopted, implemented, and financed in the amount
31 of seven hundred eighty-four million dollars (\$784,000,000), by
32 charges collected by local publicly owned electric utilities pursuant
33 to Section 2854. Nothing in this subdivision shall give the
34 commission power and jurisdiction with respect to a local publicly
35 owned electric utility or its customers.

36 (3) Programs for the installation of solar energy systems on new
37 construction (New Solar Homes Partnership Program),
38 administered by the Energy Commission, and funded by charges
39 in the amount of four hundred million dollars (\$400,000,000),
40 collected from customers of San Diego Gas and Electric Company,

1 Southern California Edison Company, and Pacific Gas and Electric
2 Company. If the commission is notified by the Energy Commission
3 that funding available pursuant to Section 25751 of the Public
4 Resources Code for the New Solar Homes Partnership Program
5 and any other funding for the purposes of this paragraph have been
6 exhausted, the commission may require an electrical corporation
7 to continue administration of the program pursuant to the guidelines
8 established for the program by the Energy Commission, until the
9 funding limit authorized by this paragraph has been reached. The
10 commission, in consultation with the Energy Commission, shall
11 supervise the administration of the continuation of the New Solar
12 Homes Partnership Program by an electrical corporation. An
13 electrical corporation may elect to have a third party, including
14 the Energy Commission, administer the utility's continuation of
15 the New Solar Homes Partnership Program. After the exhaustion
16 of funds, the Energy Commission shall notify the Joint Legislative
17 Budget Committee 30 days prior to the continuation of the
18 program.

19 (4) The changes made to this subdivision by Chapter 39 of the
20 Statutes of 2012 do not authorize the levy of a charge or any
21 increase in the amount collected pursuant to any existing charge,
22 nor do the changes add to, or detract from, the commission's
23 existing authority to levy or increase charges.

24 (f) Upon the expenditure or reservation in any electrical
25 corporation's service territory of the amount specified in paragraph
26 (1) of subdivision (e) for low-income residential housing programs
27 pursuant to subdivision (c) of Section 2852, the commission shall
28 authorize the continued collection of the charge for the purposes
29 of Section 2852. The commission shall ensure that the total amount
30 collected pursuant to this subdivision does not exceed one hundred
31 eight million dollars (\$108,000,000). Upon approval by the
32 commission, an electrical corporation may use amounts collected
33 pursuant to subdivision (e) for purposes of funding the general
34 market portion of the California Solar Initiative, that remain
35 unspent and unencumbered after December 31, 2016, to reduce
36 the electrical corporation's portion of the total amount collected
37 pursuant to this subdivision.

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