

AMENDED IN ASSEMBLY JULY 7, 1999

AMENDED IN SENATE APRIL 28, 1999

AMENDED IN SENATE APRIL 5, 1999

SENATE BILL

No. 655

Introduced by Senator Peace

February 24, 1999

An act to amend Section 801.5 of the Civil Code, to add Section 25260.92 to, and to add and repeal Sections 25619 and 25620.91 of the Public Resources Code, relating to energy programs.

LEGISLATIVE COUNSEL'S DIGEST

SB 655, as amended, Peace. State Energy Resources Conservation and Development Commission: grant program: solar energy systems.

Existing law, for purposes of provisions governing property rights, defines the term "solar energy system" to mean any solar collector or other solar energy device whose primary purpose is to provide for the collection, storage, and distribution of solar energy for space heating or cooling, or for water heating, or any structural design feature of a building, whose primary purpose is to provide for the collection, storage, and distribution of solar energy for space heating or cooling, or for water heating.

This bill would revise that definition of "solar energy system" to additionally include within that definition of a "solar energy system" any solar collector or other solar energy device whose primary purpose is to provide for electricity

generation, or any structural design feature of a building whose primary purpose is to provide for electricity generation.

Existing law requires the State Energy Resources Conservation and Development Commission to expand and accelerate development of alternative sources of energy including solar resources.

This bill, *beginning July 1, 2000, and until January 1, 2004 2005*, would require the commission, to the extent that funds are appropriated for that purpose in the annual Budget Act, to implement a grant program to accomplish specified goals including making solar energy systems cost competitive with alternate forms of energy. The bill would require the grants to be based on either the performance of, or the type of, the solar energy system, as determined by the commission, and would prohibit duplicate grants from other grant programs administered by the commission for solar systems that produce electricity, as specified. The bill would require the commission to develop and adopt guidelines, as specified. The bill would authorize the commission to use up to 3% of the funds appropriated for the program to fund the commission's costs in administering the program.

The bill, *beginning July 1, 2000, and until January 1, 2004 2005*, would also require the commission, to the extent that funds are appropriated for that purpose in the annual Budget Act, to develop and implement a grant program to offset a portion of the costs of eligible distributed generation systems, as prescribed. The bill would authorize the commission to use up to 3% of the funds appropriated for the program to fund the commission's costs in administering the program.

The bill would require the ~~commission, subject to the review and approval of the~~ Public Utilities Commission, to establish appropriate interconnection and safety requirements and operating agreements for distributed generation, as defined, in accordance with specified requirements.

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

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

SECTION 1. The Legislature finds and declares both of the following:

(a) Solar technologies produce clean, renewable energy while reducing California's energy deficit, creating in-state businesses and jobs in the manufacturing, contracting, and distribution industries, and preserving California's preeminent role as home to the world's largest concentration of solar energy companies.

(b) High-efficiency, low polluting distributed generation resources, installed on customer sites, can reduce customer costs of energy, reduce environmental pollution associated with central station powerplants, and provide customers with improved reliability in the event of an electricity outage.

SEC. 2. Section 801.5 of the Civil Code is amended to read:

801.5. (a) The right of receiving sunlight as specified in subdivision 18 of Section 801 shall be referred to as a solar easement. "Solar easement" means the right of receiving sunlight across real property of another for any solar energy system.

As used in this section, "solar energy system" means either of the following:

(1) Any solar collector or other solar energy device whose primary purpose is to provide for the collection, storage, and distribution of solar energy for electricity generation, space heating or cooling, or for water heating.

(2) Any structural design feature of a building, whose primary purpose is to provide for the collection, storage, and distribution of solar energy for electricity generation, space heating or cooling, or for water heating.

(b) Any instrument creating a solar easement shall include, at a minimum, all of the following:

(1) A description of the dimensions of the easement expressed in measurable terms, such as vertical or horizontal angles measured in degrees, or the hours of the day on specified dates during which direct sunlight to a

1 specified surface of a solar collector, device, or structural
2 design feature may not be obstructed, or a combination
3 of these descriptions.

4 (2) The restrictions placed upon vegetation,
5 structures, and other objects which would impair or
6 obstruct the passage of sunlight through the easement.

7 (3) The terms or conditions, if any, under which the
8 easement may be revised or terminated.

9 SEC. 3. Section 25619 is added to the Public Resources
10 Code, to read:

11 25619. (a) The commission shall develop a grant
12 program to offset a portion of the cost of eligible solar
13 energy systems. The goals of the program are all of the
14 following:

15 (1) To make solar energy systems cost competitive
16 with alternate forms of energy.

17 (2) To reduce the cost of solar energy systems so that
18 after four years these systems will not need state support
19 to be cost competitive.

20 (3) To provide support for electricity storage
21 capabilities in solar electric applications to facilitate
22 enhanced reliability in the event of a power outage.

23 (4) To encourage the purchase by California residents
24 of California-made solar systems.

25 (b) (1) The grant for an eligible solar energy system
26 shall be based on either the performance of, or the type
27 of, the solar energy system, as the commission
28 determines, and the amount of the grant shall not exceed
29 seven hundred fifty dollars (\$750). Except as provided in
30 paragraph (2), if a grant is awarded pursuant to this
31 section for an eligible solar energy system that produces
32 electricity, no grant shall be made for that system from
33 any other grant program administered by the
34 commission.

35 (2) An applicant who receives a grant for a
36 photovoltaic solar energy system from another program
37 administered by the commission, may also receive a grant
38 for that system pursuant to this section, if all of the
39 following conditions are met:



1 (A) The system will accomplish the purpose specified
2 in paragraph (3) of subdivision (a).

3 (B) The system is an eligible solar energy system.

4 (C) The system includes adequate battery storage, as
5 determined by the commission.

6 (c) Only the owner of the solar energy system may
7 apply for a grant under this section. An owner-builder or
8 owner-developer of a new single-family dwelling on
9 which a system is installed may elect not to apply for a
10 grant on a solar energy system installed on a new
11 single-family dwelling. If an owner-builder or
12 owner-developer of a new single-family dwelling on
13 which a system is installed irrevocably elects not to apply
14 for the grant for a solar energy system, the original
15 purchaser of the dwelling may apply for the grant if a
16 written document conveying entitlement to the grant is
17 provided by the owner-builder or owner-developer to the
18 original purchaser of the dwelling.

19 (d) The commission shall develop and adopt
20 guidelines to provide appropriate consumer protection
21 under the grant program and to govern other aspects of
22 the grant program. The guidelines shall be adopted at a
23 publicly noticed meeting and all interested parties shall
24 be provided an opportunity to comment either orally or
25 in writing. Not less than 30 days notice shall be provided
26 for the public meeting. Subsequent substantive changes
27 to adopted guidelines shall be adopted by the commission
28 at a public meeting upon written notice to the public of
29 not less than 10 days. Any guidelines adopted pursuant to
30 this subdivision that are adopted on or before July 1, 2000,
31 are not subject to the requirements of Chapter 3.5
32 (commencing with Section 11340) of Division 3 of Title
33 2 of the Government Code.

34 (e) The person who provides the solar energy system
35 shall be properly licensed to do so by the Contractors'
36 State License Board.

37 (f) The award of a grant pursuant to this section is
38 subject to appeal to the commission upon a showing that
39 factors other than those described in the guidelines
40 adopted by the commission were applied in making the

1 award. Any action taken by an applicant to apply for, or
2 become or remain eligible to receive an award, including
3 satisfying conditions specified by the commission, does
4 not constitute the rendering of goods, services, or a direct
5 benefit to the commission. Awards made pursuant to this
6 section are not subject to any repayment requirements of
7 Chapter 7.4 (commencing with Section 25645).

8 (g) The commission shall only implement this section
9 to the extent that moneys are appropriated for the
10 purposes of this section in the annual Budget Act. The
11 commission may expend up to 3 percent of the funds
12 available for this program each year to fund the
13 commission's costs of administering the program.

14 (h) For the purposes of this section, the following
15 terms have the following meanings:

16 (1) "Cost" includes equipment, installation charges,
17 and all components necessary to carry out the intended
18 use of the system if those components are an integral part
19 of the system. In the case of a system that is leased, "cost"
20 means the principal recovery portion of all lease
21 payments scheduled to be made during the full term of
22 the lease, which is the cost incurred by the taxpayer in
23 acquiring the solar energy system, excluding interest
24 charges and maintenance expenses.

25 (2) (A) "Eligible solar energy system" means any
26 new, previously unused solar energy device whose
27 primary purpose is to provide for the collection,
28 conversion, transfer, distribution, storage, or control of
29 solar energy for water heating or electricity generation,
30 and that meets applicable standards and requirements
31 imposed by state and local permitting authorities,
32 including, but not limited to, the National Electric Code.
33 Eligible solar energy systems for water heating purposes
34 shall be certified by the Solar Rating and Certification
35 Corporation (SRCC) or any other nationally recognized
36 certification agency that certifies complete systems.
37 Major components of eligible solar energy systems for
38 electricity generation shall be listed by a certified testing
39 agency, such as the Underwriters Laboratory.



(B) “Eligible solar energy system” does not include any of the following:

(i) Wind energy devices that produce electricity or provide mechanical work.

(ii) Additions to or augmentation of existing solar energy systems.

(iii) A device that produces electricity for a structure unless the device is interconnected and operates in parallel with the electric grid.

(C) Eligible solar energy systems shall have a warranty of not less than three years.

(3) “Installed” means placed in a functionally operative state.

(j) This section shall *become operative on July 1, 2000, and shall remain in effect only until January 1, 2004* 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2004~~ 2005, deletes or extends that date.

SEC. 4. Section 25620.91 is added to the Public Resources Code, to read:

25620.91. (a) The commission shall develop and implement a grant program to offset a portion of the costs of eligible distributed generation systems.

(b) A grant for an eligible distributed generation system shall be based on either the performance or type of distributed generation system, as determined by the commission. The amount of the grant shall not exceed the lesser of 10 percent of the costs of the eligible distributed generation system or two thousand dollars (\$2,000).

(c) An applicant who receives a grant for an eligible distributed generation system from another program administered by the commission, may also receive a grant for that system pursuant to this section if the system possesses adequate black-start capability, as determined by the commission.

(d) Only the owner of the eligible distributed generation system may apply for a grant under this section. If the owner-developer or owner-builder of the property on which a system is installed irrevocably elects to not apply for a grant under this section, the purchaser

1 of the property may apply if the original
2 owner-developer or owner-builder conveys entitlement
3 to the grant in a written document.

4 (e) The commission shall develop and adopt
5 guidelines to provide appropriate consumer protection
6 under the grant program and to govern other aspects of
7 the grant program, which shall be made available to the
8 public. Not less than 30 days' notice shall be provided for
9 a public meeting to adopt the guidelines. Public meetings
10 to adopt subsequent substantive guideline changes
11 require written public notice of not less than 10 days. Any
12 guidelines adopted pursuant to this subdivision that are
13 adopted on or before July 1, 2000, are not subject to the
14 requirements of Chapter 3.5 (commencing with Section
15 11340) of Part 1 of Division 3 of Title 2 of the Government
16 Code.

17 (f) The person who provides the eligible distributed
18 generation system shall be properly licensed to do so by
19 the Contractors' State License Board.

20 (g) The award of a grant pursuant to this section is
21 subject to appeal to the commission upon a showing that
22 factors other than those adopted by the commission were
23 applied in making the award.

24 (h) The commission shall only implement this section
25 to the extent that moneys are appropriated for the
26 purposes of this section in the annual Budget Act. The
27 commission may expend up to 3 percent of the funds
28 available for this program to fund the commission's cost
29 of administering this program.

30 (i) Eligible distributed generation systems shall have
31 a warranty of not less than three years.

32 (j) For purposes of this section, the following terms
33 have the following meanings:

34 (1) "Black-start capability" means the capability to
35 provide electricity to the customer in the event of an
36 outage.

37 (2) "Cost" includes equipment, installation charges
38 and all components necessary to carry out the intended
39 use of the system if those components are an integral part
40 of the system. In the case of a system that is leased, "cost"

1 means the principal recovery portion of all lease
2 payments scheduled to be made during the full term of
3 the lease, which is the costs incurred by the customer in
4 acquiring the distributed generation system, excluding
5 interest charges and maintenance expenses.

6 (3) “Eligible distributed generation system” means
7 any new, previously unused distributed generation
8 system, interconnected and operating in parallel with the
9 electricity grid, certified by the commission to provide
10 environmental and system reliability benefits equal to or
11 greater than the following specifications:

12 (A) Forty percent total fuel-to-energy conversion
13 efficiency for any nonrenewable fuel system.

14 (B) Thirty-five percent total fuel-to-energy
15 conversion efficiency for any renewable fuel system.

16 (C) Emission of oxides of nitrogen and any other
17 applicable criteria pollutants that equal or exceed Best
18 Achievable Control Technology (BACT) for natural gas
19 fired central station power plants. The commission shall,
20 in consultation with the State Air Resources Board,
21 prepare and update specifications for those emissions and
22 other applicable criteria pollutants.

23 (D) Ninety percent total system reliability.

24 (4) Potentially certifiable technologies include all of
25 the following:

26 (A) Microcogeneration.

27 (B) Gas turbines.

28 (C) Fuel cells.

29 (D) Wind turbines.

30 (E) Electricity storage technologies in systems not
31 eligible for grants under Section 25619.

32 (F) Solar Dish Stirling Engine.

33 (G) Reciprocating internal combustion engines.

34 (5) “Installed” means placed in a functionally
35 operative state.

36 (k) This section shall *become operative on July 1, 2000,*
37 *and shall remain in effect only until January 1, 2004 2005,*
38 *and as of that date is repealed unless a later enacted*
39 *statute, that is enacted before January 1, —2004 2005,*
40 *deletes or extends that date.*

1 SEC. 5. Section 25620.92 is added to the Public
2 Resources Code, to read:

3 ~~25620.92. (a) The commission shall establish, subject~~
4 ~~to the review and approval of the Public Utilities~~
5 ~~Commission, Public Utilities Commission shall establish~~
6 appropriate interconnection and safety requirements
7 and operating agreements for distributed generation by
8 developing all of the following:

9 (1) Simplified, uniform interconnection requirements
10 that do both of the following:

11 (A) Take into account generator size and interconnect
12 technology, including, but not limited to, synchronous,
13 inductive, or solid-state technology.

14 (B) Do not provide for power sales.

15 (2) Simplified, nonburdensome, uniform operating
16 agreements and reasonable insurance requirements.

17 (3) Interconnection standards for solid-state power
18 conditioning systems.

19 (4) A process to precertify specific hardware and
20 software configurations for interconnection with the
21 electric grid.

22 (5) A process, not lasting more than 14 calendar days
23 from the date of notification, whereby the utility
24 distribution company within whose service territory the
25 system is located, performs any necessary studies,
26 inspects the installation and safety of the installed system,
27 and signs the operating agreement.

28 (b) The commission shall establish fair and reasonable
29 standby rates that do not discriminate against distributed
30 generation.

31 (c) For purposes of this section, “distributed
32 generation” means any onsite generation,
33 interconnected and operating in parallel with the
34 electricity grid, that is used solely to meet onsite electric
35 load.

