

AMENDED IN SENATE MAY 30, 2000

SENATE BILL

No. 1345

Introduced by Senator Peace

January 10, 2000

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 1345, 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, 2001, and until January 1, 2006, 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. *This bill would declare that any action taken by an applicant to receive a grant award, including, but not limited to, satisfying conditions specified by the commission, would not constitute the rendering of any type of benefit to the commission.*

The bill, beginning July 1, 2001, and until January 1, 2006, 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%~~ \$250,000 of the funds appropriated for the program to fund the commission's costs in administering the program.

The bill would require 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 space heating ~~or cooling, or for water heating.~~, *space cooling, electric generation, or 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

1 day on specified dates during which direct sunlight to a
2 specified surface of a solar collector, device, or structural
3 design feature may not be obstructed, or a combination
4 of these descriptions.

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

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

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

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

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

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

21 (3) To encourage the purchase by California residents
22 of California-made solar systems.

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

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

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

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

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

~~(c) Only the owner~~ *Purchasers, sellers, owner-builders, or owner-developers* of the solar energy system may apply for a grant under this section. An owner-builder or owner-developer of a new single-family dwelling on which a system is installed may elect not to apply for a grant on a solar energy system installed on a new single-family dwelling. If an owner-builder or owner-developer of a new single-family dwelling on which a system is installed ~~irrevocably~~ elects not to apply for the grant for a solar energy system, the ~~original~~ purchaser of the dwelling may apply for the grant ~~if a written document conveying entitlement to the grant is provided by the owner-builder or owner-developer to the original purchaser of the dwelling.~~ *The seller, owner-builder, or owner-developer shall reflect the amount of the grant received on the purchaser's bill of sale.*

(d) The commission shall develop and adopt guidelines to provide appropriate consumer protection under the grant program and to govern other aspects of the grant program. The guidelines shall be adopted at a publicly noticed meeting and all interested parties shall be provided an opportunity to comment either orally or in writing. Not less than 30 days notice shall be provided for the public meeting. Subsequent substantive changes to adopted guidelines shall be adopted by the commission at a public meeting upon written notice to the public of not less than 10 days. ~~Any guidelines adopted pursuant to this subdivision that are adopted on or before July 1, 2001,~~ *The guidelines adopted pursuant to this subdivision* are not subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code.

~~(e) The person who provides the solar energy system shall~~

(e) The commission shall require installers of solar energy systems funded through grants under this section to be properly licensed to do so by the Contractors' State

1 License Board. *This requirement does not apply to the*
2 *owner of a single-family dwelling who installs a solar*
3 *energy system on his or her single-family dwelling.*

4 (f) The award of a grant pursuant to this section is
5 subject to appeal to the commission upon a showing that
6 factors other than those described in the guidelines
7 adopted by the commission were applied in making the
8 award. Any action taken by an applicant to apply for, or
9 become or remain eligible to receive an award, including
10 satisfying conditions specified by the commission, does
11 not constitute the rendering of goods, services, or a direct
12 benefit to the commission. Awards made pursuant to this
13 section are not subject to any repayment requirements of
14 Chapter 7.4 (commencing with Section 25645).

15 (g) The commission shall only implement this section
16 to the extent that moneys are appropriated for the
17 purposes of this section in the annual Budget Act. The
18 commission may expend up to 3 percent of the funds
19 available for this program each year to fund the
20 commission's costs of administering the program.

21 (h) For the purposes of this section, the following
22 terms have the following meanings:

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

32 (2) (A) "Eligible solar energy system" means any
33 new, previously unused solar energy device whose
34 primary purpose is to provide for the collection,
35 conversion, transfer, distribution, storage, or control of
36 solar energy for water heating or electricity generation,
37 and that meets applicable standards and requirements
38 imposed by state and local permitting authorities,
39 including, but not limited to, the National Electric Code.
40 Eligible solar energy systems for water heating purposes

1 shall be certified by the Solar Rating and Certification
2 Corporation (SRCC) or any other nationally recognized
3 certification agency that certifies complete systems.
4 Major components of eligible solar energy systems for
5 electricity generation shall be listed by a certified testing
6 agency, such as the Underwriters Laboratory.

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

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

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

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

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

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

20 (j) This section shall become operative on July 1, 2001,
21 and shall remain in effect only until January 1, 2006, and
22 as of that date is repealed, unless a later enacted statute,
23 that is enacted before January 1, 2006, deletes or extends
24 that date.

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

27 25620.91. (a) The commission shall develop and
28 implement a grant program to offset a portion of the costs
29 of eligible distributed generation systems.

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

36 (c) An applicant who receives a grant for an eligible
37 distributed generation system from another program
38 administered by the commission, may also receive a grant
39 for that system pursuant to this section if the system

1 possesses adequate black-start capability, as determined
2 by the commission.

3 (d) ~~Only the owner~~ *Purchasers, sellers,*
4 *owner-builders, or owner-developers* of the eligible
5 distributed generation system may apply for a grant
6 under this section. If the owner-developer or
7 owner-builder of the property on which a system is
8 installed ~~irrevocably~~ elects to not apply for a grant under
9 this section, the purchaser of the property may apply if
10 ~~the original owner-developer or owner-builder conveys~~
11 ~~entitlement to the grant in a written document.~~ *for the*
12 *grant. The seller, owner-builder, or owner-developer*
13 *shall reflect the amount of the grant received on the*
14 *purchaser's bill of sale.*

15 (e) The commission shall develop and adopt
16 guidelines to provide appropriate consumer protection
17 under the grant program and to govern other aspects of
18 the grant program, which shall be made available to the
19 public. Not less than 30 days' notice shall be provided for
20 a public meeting to adopt the guidelines. Public meetings
21 to adopt subsequent substantive guideline changes
22 require written public notice of not less than 10 days. ~~Any~~
23 ~~guidelines adopted pursuant to this subdivision that are~~
24 ~~adopted on or before July 1, 2001,~~ *The guidelines adopted*
25 *pursuant to this subdivision* are not subject to the
26 requirements of Chapter 3.5 (commencing with Section
27 11340) of Part 1 of Division 3 of Title 2 of the Government
28 Code.

29 (f) ~~The person who provides the commission shall~~
30 ~~require installers of eligible distributed generation~~
31 ~~system shall~~ *systems funded through grants under this*
32 *section to be properly licensed to do so by the*
33 *Contractors' State License Board.*

34 (g) The award of a grant pursuant to this section is
35 subject to appeal to the commission upon a showing that
36 factors other than those adopted by the commission were
37 applied in making the award. *Any action taken by an*
38 *applicant to apply for, or become or remain eligible to*
39 *receive a grant award, including satisfying conditions*
40 *specified by the commission, does not constitute the*

1 *rendering of goods, services, or a direct benefit to the*
2 *commission. Awards made pursuant to this section are not*
3 *subject to any repayment requirements of Chapter 7.4*
4 *(commencing with Section 25645).*

5 (h) The commission shall only implement this section
6 to the extent that moneys are appropriated for the
7 purposes of this section in the annual Budget Act. The
8 commission may expend up to ~~3 percent~~ *two hundred*
9 *fifty thousand dollars (\$250,000)* of the funds available for
10 this program to fund the commission's cost of
11 administering this program.

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

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

16 (1) "Black-start capability" means the capability to
17 provide electricity to the customer in the event of an
18 outage.

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

28 (3) "Eligible distributed generation system" means
29 any new, previously unused distributed generation
30 system, interconnected and operating in parallel with the
31 electricity grid, certified by the commission to provide
32 environmental and system reliability benefits equal to or
33 greater than the following specifications:

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

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

38 (C) Emission of oxides of nitrogen and any other
39 applicable criteria pollutants that equal or exceed Best
40 Achievable Control Technology (BACT) for natural gas

1 fired central station ~~power—plants~~ *powerplants*. The
2 commission shall, in consultation with the State Air
3 Resources Board, prepare and update specifications for
4 those emissions and other applicable criteria pollutants.

5 (D) Ninety percent total system reliability.

6 (4) Potentially certifiable technologies include all of
7 the following:

8 (A) Microcogeneration.

9 (B) Gas turbines.

10 (C) Fuel cells.

11 ~~(D) Wind turbines.~~

12 ~~(E)~~

13 (D) Electricity storage technologies in systems not
14 eligible for grants under Section 25619.

15 ~~(F) Solar Dish Stirling Engine.~~

16 ~~(G)~~

17 (E) Reciprocating internal combustion engines.

18 (5) “Installed” means placed in a functionally
19 operative state.

20 (k) This section shall become operative on July 1, 2001,
21 and shall remain in effect only until January 1, 2006, and
22 as of that date is repealed unless a later enacted statute,
23 that is enacted before January 1, 2006, deletes or extends
24 that date.

25 SEC. 5. Section 25620.92 is added to the Public
26 Resources Code, to read:

27 25620.92. (a) The Public Utilities Commission shall
28 establish appropriate interconnection and safety
29 requirements and operating agreements for distributed
30 generation by developing all of the following:

31 (1) Simplified, uniform interconnection requirements
32 that do both of the following:

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

36 (B) Do not provide for power sales.

37 (2) Simplified, nonburdensome, uniform operating
38 agreements and reasonable insurance requirements.

39 (3) Interconnection standards for solid-state power
40 conditioning systems.

1 (4) A process to precertify specific hardware and
2 software configurations for interconnection with the
3 electric grid.

4 (5) An expedited process whereby performance of
5 any necessary studies, safety inspections of the installed
6 system, and the signing of the operating agreement by
7 the utility distribution company are completed within a
8 prescribed period from the date of notification, which
9 shall not unduly or unnecessarily delay the
10 commencement of operation.

11 (b) The Public Utilities Commission shall establish fair
12 and reasonable standby rates that do not discriminate
13 against distributed generation.

14 (c) For purposes of this section, “distributed
15 generation” means any onsite generation,
16 interconnected and operating in parallel with the
17 electricity grid, that is used solely to meet onsite electric
18 load.

