

AMENDED IN ASSEMBLY JULY 6, 2000

AMENDED IN ASSEMBLY JUNE 20, 2000

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 25620.11 to, and to add and repeal Sections 25619 and 25620.10 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, 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. 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, 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 a total of \$250,000 of the collective funds appropriated for the above-referenced grant programs to fund the commission's costs in administering those programs.

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, 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 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 that 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 provide support for electricity storage
18 capabilities in solar electric applications to facilitate
19 enhanced reliability in the event of a power outage.

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

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

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

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

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

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

3 (c) Purchasers, sellers, owner-builders, or
4 owner-developers of the solar energy system may apply
5 for a grant under this section. An owner-builder or
6 owner-developer of a new single-family dwelling on
7 which a system is installed may elect not to apply for a
8 grant on a solar energy system installed on a new
9 single-family dwelling. If an owner-builder or
10 owner-developer of a new single-family dwelling on
11 which a system is installed elects not to apply for the grant
12 for a solar energy system, the purchaser of the dwelling
13 may apply for the grant. The seller, owner-builder, or
14 owner-developer shall reflect the amount of the grant
15 received on the purchaser's bill of sale.

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

30 (e) The commission shall require installers of solar
31 energy systems funded through grants under this section
32 to be properly licensed to do so by the Contractors' State
33 License Board. This requirement does not apply to the
34 owner of a single-family dwelling who installs a solar
35 energy system on his or her single-family dwelling.

36 (f) The award of a grant pursuant to this section is
37 subject to appeal to the commission upon a showing that
38 factors other than those described in the guidelines
39 adopted by the commission were applied in making the
40 award. Any action taken by an applicant to apply for, or

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

7 (g) For the purposes of this section, the following
8 terms have the following meanings:

9 (1) “Cost” includes equipment, installation charges,
10 and all components necessary to carry out the intended
11 use of the system if those components are an integral part
12 of the system. In the case of a system that is leased, “cost”
13 means the principal recovery portion of all lease
14 payments scheduled to be made during the full term of
15 the lease, which is the cost incurred by the taxpayer in
16 acquiring the solar energy system, excluding interest
17 charges and maintenance expenses.

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

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

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

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

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

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

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

8 (h) This section shall remain in effect only until
9 January 1, 2006, and as of that date is repealed, unless a
10 later enacted statute, that is enacted before January 1,
11 2006, deletes or extends that date.

12 SEC. 4. Section 25620.10 is added to the Public
13 Resources Code, to read:

14 25620.10. (a) The commission shall develop and
15 implement a grant program to offset a portion of the costs
16 of eligible distributed generation systems.

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

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

29 (d) Purchasers, sellers, owner-builders, or
30 owner-developers of the eligible distributed generation
31 system may apply for a grant under this section. If the
32 owner-developer or owner-builder of the property on
33 which a system is installed elects to not apply for a grant
34 under this section, the purchaser of the property may
35 apply for the grant. The seller, owner-builder, or
36 owner-developer shall reflect the amount of the grant
37 received on the purchaser’s bill of sale.

38 (e) The commission shall develop and adopt
39 guidelines to provide appropriate consumer protection
40 under the grant program and to govern other aspects of

1 the grant program, which shall be made available to the
2 public. Not less than 30 days' notice shall be provided for
3 a public meeting to adopt the guidelines. Public meetings
4 to adopt subsequent substantive guideline changes
5 require written public notice of not less than 10 days. The
6 guidelines adopted pursuant to this subdivision are not
7 subject to the requirements of Chapter 3.5 (commencing
8 with Section 11340) of Part 1 of Division 3 of Title 2 of the
9 Government Code.

10 (f) The commission shall require installers of eligible
11 distributed generation systems funded through grants
12 under this section to be properly licensed to do so by the
13 Contractors' State License Board.

14 (g) The award of a grant pursuant to this section is
15 subject to appeal to the commission upon a showing that
16 factors other than those adopted by the commission were
17 applied in making the award. Any action taken by an
18 applicant to apply for, or become or remain eligible to
19 receive a grant award, including satisfying conditions
20 specified by the commission, does not constitute the
21 rendering of goods, services, or a direct benefit to the
22 commission. Awards made pursuant to this section are not
23 subject to any repayment requirements of Chapter 7.4
24 (commencing with Section 25645).

25 (h) Eligible distributed generation systems shall have
26 a warranty of not less than three years.

27 (i) For purposes of this section, the following terms
28 have the following meanings:

29 (1) "Black-start capability" means the capability to
30 provide electricity to the customer in the event of an
31 outage.

32 (2) "Cost" includes equipment, installation charges
33 and all components necessary to carry out the intended
34 use of the system if those components are an integral part
35 of the system. In the case of a system that is leased, "cost"
36 means the principal recovery portion of all lease
37 payments scheduled to be made during the full term of
38 the lease, which is the costs incurred by the customer in
39 acquiring the distributed generation system, excluding
40 interest charges and maintenance expenses.



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

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

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

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

(D) Ninety percent total system reliability.

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

(A) Microcogeneration.

(B) Gas turbines.

(C) Fuel cells.

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

(E) Reciprocating internal combustion engines.

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

(j) This section shall remain in effect only until January 1, 2006, and as of that date is repealed unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

SEC. 5. Section 25620.11 is added to the Public Resources Code, to read:

25620.11. (a) The Public Utilities Commission shall establish appropriate interconnection and safety requirements and operating agreements for distributed generation by developing all of the following:

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

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

4 (B) Do not provide for power sales.

5 (2) Simplified, nonburdensome, uniform operating
6 agreements and reasonable insurance requirements.

7 (3) Interconnection standards for solid-state power
8 conditioning systems.

9 (4) A process to precertify specific hardware and
10 software configurations for interconnection with the
11 electric grid.

12 (5) An expedited process whereby performance of
13 any necessary studies, safety inspections of the installed
14 system, and the signing of the operating agreement by
15 the utility distribution company are completed within a
16 prescribed period from the date of notification, which
17 shall not unduly or unnecessarily delay the
18 commencement of operation.

19 (b) The Public Utilities Commission shall establish fair
20 and reasonable standby rates.

21 (c) For purposes of this section, “distributed
22 generation” means any onsite generation,
23 interconnected and operating in parallel with the
24 electricity grid, that is used solely to meet onsite electric
25 load.

26 (d) *Nothing in this section shall affect the existing*
27 *authority of the Public Utilities Commission to adopt*
28 *regulations regarding interconnection standards and*
29 *standby charges for distributed generation that otherwise*
30 *comply with local, state, and federal law.*

31 SEC. 6. The commission shall only implement
32 Sections 25619 and 25620.10 to the extent that moneys are
33 appropriated for the purposes of those sections in the
34 annual Budget Act. The commission may expend up to a
35 total of two hundred fifty thousand dollars (\$250,000) of
36 the funds collectively available for those programs to
37 fund the commission’s cost of administering the
38 programs.

O