

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 14, 2009
POSITION: Neutral

BILL NUMBER: SB 412
AUTHOR: C. Kehoe

BILL SUMMARY: Electricity: Self-Generation Incentive Program

Existing law requires the California Public Utilities Commission to administer the Self-Generation Incentive Program (SGIP) for fuel cells and wind distributed generation technologies until January 1, 2012.

This bill would extend the SGIP until January 1, 2013 and limit the incentive program to any distributed generation resource that promotes greenhouse gas (GHG) emission reductions. Additionally, the bill would exempt California Alternate Rates for Energy (CARE) program recipients from the SGIP surcharge.

FISCAL SUMMARY

The PUC estimates that this bill would create no additional costs because the SGIP is an existing program.

The California Constitution requires the state to reimburse local government for the cost of any program or increased level of service mandated by the Legislature or any state agency. Any local government costs resulting from the mandate in this measure would not be state-reimbursable because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act.

COMMENTS

Finance is neutral on this bill and notes that the bill could encourage the use of renewable energy resources and reduce GHG emissions.

The SGIP was created in 2001 to promote the use of distributed generation resources, like fuel cells, and will sunset December 31, 2011. The program is administered by California's investor owned utilities (IOUs) and, in each of the last two years, provided \$83 million towards the installation of clean energy generation projects throughout California. The SGIP is funded by a charge on all IOU ratepayers that is reflected in the distribution charge on utility bills.

This bill would extend the program's sunset date to January 1, 2013 for non-solar distributed generation resources and would limit the eligibility for incentives to distributed generation resources that the PUC determines will support the state's goals for the reduction of emissions of GHG pursuant to the California Global Warming Solutions Act of 2006 (AB 32).

The SGIP technologies are not generally used in residential settings. This bill would make the technology available to all IOU ratepayers, residential included.

The CARE program provides a 20 percent discount on monthly bills for qualified low- or fixed-income households and housing facilities. The bill would prohibit the costs of the program from being recovered by utility customers participating in the CARE program.

Analyst/Principal (0691) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

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SB 412

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	
8660/PUC	SO	No		-----	No/Minor Fiscal Impact	-----			0462
<u>Fund Code</u>	<u>Title</u>								
0462	Publ Utilities Comm Utilities Reimb Acct								