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Amdt. #2-5

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INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

January 4, 2007

Ms. Krystal Paris, Initiative Coordinator  
Office of the Attorney General  
1300 I Street  
Sacramento, CA 95814

Re: THE CALIFORNIA RENEWABLE ENERGY AND CLEAN ALTERNATIVE  
FUEL ACT – Version 2 (Reference Number 07-0102)

Dear Ms. Paris:

The undersigned proponents hereby submit the attached amendments to THE CALIFORNIA RENEWABLE ENERGY CLEAN ALTERNATIVE FUEL ACT – Version 2 (Reference Number 07-0102). We consider these amendments to be typographical only and therefore non-substantive under the law.

Enclosed is the amended initiative, as well as a document identifying the amendments in “red-line” format for your convenience.

If you have any legal questions about this matter, please contact our counsel, Daniel K. Abramson, at (213) 624-6200.

Sincerely,

Allison Hart  
Proponent

Mitzi Dudley  
Proponent

Thomas Daly ¶  
Proponent

Enclosures

**Text of Proposed Law****THE CALIFORNIA RENEWABLE ENERGY AND CLEAN  
ALTERNATIVE FUEL ACT - Version 2**

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative adds sections to the Public Resources Code.

**SECTION 1. Title.** This measure shall be known and may be cited as "The California Renewable Energy and Clean Alternative Fuel Act."

**SECTION 2. Findings and declarations.** The people of California find and declare the following:

A. California's excessive dependence on petroleum products threatens our health, our environment, our economy and our national security.

B. Transportation accounts for 40 percent of California's annual greenhouse gas emissions, and we rely on petroleum-based fuels for an overwhelming 96 percent of our transportation needs. This petroleum dependency contributes to climate change and leaves workers, consumers and businesses vulnerable to price spikes from an unstable energy market.

C. The landmark California Global Warming Solutions Act of 2006 requires California to reduce statewide greenhouse gas emissions to 1990 levels by 2020.

D. Governor Schwarzenegger has issued an Executive Order establishing a groundbreaking low carbon fuel standard that will reduce the carbon intensity of California's passenger vehicle fuels by at least 10 percent by 2020. This standard is expected to triple the state's renewable fuels market and put 20 times the number of alternative fuel or hybrid vehicles on our roads.

E. Government should provide public funds to meet these policy goals by creating incentives for businesses and consumers to conserve energy and use alternative energy sources.

F. A comprehensive alternative energy strategy must be implemented. This strategy should concentrate on three areas: renewable electricity generation, clean alternative fuels for transportation, and energy efficiency and conservation.

G. A variety of clean domestic fuels are available to power automobiles, including natural gas, cellulosic ethanol, biodiesel and hydrogen.

H. Clean and renewable domestic sources of energy are available for the generation of electricity, including solar, wind, geothermal and tidal power.

I. An effective clean energy strategy must consist of short- and long-term objectives. The strategy must utilize clean energy technologies and clean alternative fuels that are commercially available while investing in clean energy technologies and fuels for the future. Emissions reduction and energy efficiency are an important component of this strategy.

J. Energy conservation will increase as the public is educated in the use of new, clean energy alternatives, such as improved computerized monitoring and control systems, energy-efficient appliances and more efficient engines for vehicles.

K. Local governments can play an important role in educating the public on the use of alternative energy by creating alternative energy demonstration projects in communities throughout California.

L. California's history of technological innovation and entrepreneurship, international leadership in promoting energy efficiency, abundance of world-leading academic institutions, and national leadership in environmental stewardship qualifies California to lead the way into an era of renewable energy and clean alternative fuels.

**SECTION 3. Purpose and intent.** It is the intent of the people of California in enacting this measure to:

A. Invest \$6 billion in projects and programs designed to enhance California's energy independence and to reduce our dependence on foreign oil, reduce greenhouse gas emissions, implement the California Global Warming Solutions Act of 2006 and improve air quality.

B. Provide incentives for the engineering, design and construction of facilities and related infrastructure for the large-scale production of electricity using renewable energy technologies, such as solar, wind, geothermal, and tidal power.

C. Provide incentives for individuals and businesses to purchase or lease and install equipment in California for the production of electrical energy utilizing renewable energy technologies.

D. Provide rebates for individuals and businesses to purchase clean alternative energy vehicles, including hybrid, plug-in hybrid and natural gas powered vehicles. Funds will also be provided for testing and certification of alternative fuel vehicles and research and development of low-carbon fuels.

E. Provide funds for local governments to create renewable energy demonstration projects and educational projects in their communities.

F. Provide grants to California public universities, colleges and community colleges for the purpose of training students to work with clean and renewable energy technologies.

G. Provide consumer education on the availability and use of clean and renewable energy products and services.

H. Make full use of California's resources and its capability for innovation to develop new ways to meet the state's important long-term goals: the Renewable Portfolio Standard, Control of Greenhouse Gas Emissions and Criteria Air Pollutants from Motor Vehicles and the state's petroleum reduction goals set forth in this Act.

I. Ensure that the revenues from this measure are invested wisely in commercially viable technology achieving short-term and longer-term measurable results while supporting research and new technologies, and require mandatory independent audits and annual progress reports so that project administrators are accountable to the people of California.

**SECTION 4. Addition of Division 16.6, commencing with Section 26410, to the Public Resources Code.** Division 16.6, commencing with Section 26410, is hereby added to the Public Resources Code to read in its entirety as follows:

#### Division 16.6

### THE CALIFORNIA RENEWABLE ENERGY AND CLEAN ALTERNATIVE FUEL ACT

#### Chapter 1. General Provisions

26410. This division shall be known and may be cited as "The California Renewable Energy and Clean Alternative Fuel Act."

26411. Each state agency that is designated by this division to administer or expend money appropriated from the California Renewable Energy and Clean Alternative Fuel Fund accounts established pursuant to subdivision (a) of Section 26416 shall perform the following functions in addition to its other powers, duties and responsibilities:

(a) Administer and expend money in the accounts appropriated from the fund within ten (10) years of the effective date of this Act to achieve the objectives of the Act from either the proceeds of bonds or other resources of the agency or from the fund accounts. Notwithstanding the

preceding, and to the maximum extent permitted, reasonable efforts should be used to award the rebates provided by subdivision (a) of Section 26419 within five (5) years of the effective date of this Act. The agency shall expend any additional amounts remaining in the fund and appropriated to the agency in furtherance of the purposes of this Act.

(b) Adopt milestones to measure the agency's success in meeting the goals of this Act. For the purposes of this subdivision, "milestones" means interim goals prescribed by the agency that indicate the nature, level and timing of progress expected from the implementation of this Act.

(c) Ensure the completion of an annual independent financial audit of the agency's operations and issue public reports regarding the agency's activities, including without limitation the expenditures and programs authorized in accordance with this Act.

(d) Notwithstanding Section 11005 of the Government Code, accept additional revenue and real and personal property, including but not limited to gifts, bequests, royalties, interest and appropriations to supplement the agency's funding. Notwithstanding Chapter 5, donors may earmark gifts for any particular purpose authorized by this Act.

(e) Apply for federal matching funds where possible.

(f) Establish standards requiring that all research grants made pursuant to this Act shall be subject to intellectual property agreements that balance the opportunity of the State of California to benefit from the patents, royalties, and licenses that result from the research with the need to assure that such research is not unreasonably hindered by those intellectual property agreements.

(g) Establish procedures, standards and forms for the oversight of the agency's award of incentives including, but not limited to, grants, loans, loan guarantees, credits, buydowns and rebates made under this Act to ensure compliance with all applicable terms and requirements. The

standards shall include periodic reporting, including financial and performance audits, to ensure the purposes of this Act are being met.

(h) Adopt regulations pursuant to the Administrative Procedure Act (Chapter 3.5, commencing with Section 11340, of Part 1 of Division 3 of Title 2 of the Government Code) as necessary to implement this Act.

## Chapter 2. Definitions

26412. As used in this Act, the following terms shall have the following meanings:

(a) "Buydown" means a cash payment to individual consumers and entities for the purchase of equipment for the production of electrical energy utilizing renewable energy technologies.

(b) "Clean alternative fuel" means natural gas and any fuel that achieves a reduction of at least ten percent (10%) carbon intensity as contained in Governor Schwarzenegger's Executive Order S-01-07.

(c) "Clean alternative fuel vehicle" means a vehicle produced by an original equipment manufacturer or a small volume manufacturer that is powered by a clean alternative fuel and has the ability to meet applicable vehicular emission standards and that, relative to petroleum use, produces no net material increase in air pollution (including global warming emissions and air quality pollutants), water pollution or any other substances that are known to damage human health and that meet all applicable safety certifications and standards necessary to operate in California.

(d) "Dedicated clean alternative fuel vehicle" means a clean alternative fuel vehicle, as defined in subdivision (c), that is powered exclusively by biomethane, electricity, hydrogen, natural gas, or propane, or any combination thereof, but which may use no more than ten percent (10%) of diesel for the primary purpose of ignition in a diesel compression cycle engine.

(e) "Energy efficiency technologies" means methods of obtaining greater benefits using less energy, compared with typical current practices in California.

(f) "Full fuel cycle assessment," also known as a "well-to-wheels analysis," means an evaluation and comparison of the full environmental and health impacts of each step in the life cycle of a fuel, including but not limited to all of the following:

(1) Feedstock production, extraction, transport and storage.

(2) Fuel production, distribution, transport and storage.

(3) Vehicle operation, including refueling, combustion or conversion, and evaporation.

(g) "Fund" means the California Renewable Energy and Clean Alternative Fuel Fund established by Section 26413.

(h) "Heavy-duty vehicle" means a vehicle of twenty-five thousand (25,000) or more pounds in Gross Vehicle Weight.

(i) "Heavy-medium-duty vehicle" means a vehicle of fourteen thousand (14,000) pounds or more in Gross Vehicle Weight and less than twenty-five thousand (25,000) pounds in Gross Vehicle Weight.

(j) "High fuel economy vehicle" means a light-duty vehicle produced by an original equipment manufacturer or a small volume manufacturer that can achieve a combined fuel economy of not less than forty-five (45) miles per gallon for highway use as determined by the United States Environmental Protection Agency and that meets the criteria air emission standards of the California Air Resources Board.

(k) "Light-duty vehicle" means a vehicle less than eight thousand five hundred (8,500) pounds in Gross Vehicle Weight that is authorized to be operated on all roads and highways in California.

(l) "Light-medium-duty vehicle" means a vehicle of eight thousand five hundred (8,500) pounds or more in Gross Vehicle Weight and less than fourteen thousand (14,000) pounds in Gross Vehicle Weight.

(m) "Original purchaser" means an individual or entity that purchases a new home clean alternative fuel refueling system or an individual consumer or private (non-governmental) entity that purchases a new or repowered clean alternative fuel vehicle produced by an original equipment manufacturer or a small volume manufacturer that is certified by the California Air Resources Board. An original purchaser for purposes of a rebate in connection with a new or repowered clean alternative fuel vehicle under Section 26419 shall include a lessee of a vehicle with a lease term of not less than twenty-four (24) months.

(n) "Petroleum reduction" means methods of reducing total petroleum use in California either through increased energy efficiency, clean alternative fuels or a combination of both.

(o) "Rebate" means a cash payment to an original purchaser of a clean alternative fuel vehicle, a dedicated clean alternative fuel vehicle, a high fuel economy vehicle, a very high fuel economy vehicle or a home clean alternative fuel refueling system pursuant to Section 26419.

(p) "Renewable energy technologies" means energy production techniques, products or systems, distribution techniques, products or systems and transportation machinery, products or systems, all of which solely utilize energy resources that are naturally regenerated over a short time period and delivered directly from the sun (such as thermal, photochemical and photoelectric), indirectly from the sun (such as wind, hydropower facilities and photosynthetic energy stored in biomass), or from other natural movements or mechanisms of the environment, such as geothermal, wave and tidal energy.

(q) "Repowered" means a new or used vehicle that is modified to operate on a system certified by the California Air Resources Board and is powered by a dedicated clean alternative fuel and is produced by an original equipment



manufacturer or a small volume manufacturer that is certified by the California Air Resources Board.

(r) "Very high fuel economy vehicle" means a light-duty vehicle produced by an original equipment manufacturer or a small volume manufacturer that can achieve a combined fuel economy of not less than sixty (60) miles per gallon for highway use as determined by the United States Environmental Protection Agency and that meets the criteria air emission standards of the California Air Resources Board.

### Chapter 3. California Renewable Energy and Clean Alternative Fuel Fund

26413. The California Renewable Energy and Clean Alternative Fuel Fund is hereby created.

26414. All money deposited into the fund shall be used only for the purposes and in the amounts set forth in this division and for no other purpose.

26415. Except as otherwise expressly provided in this division, upon a finding by the state agency designated by this division to administer or expend money appropriated from the fund that a particular project or program for which money had been allocated or granted cannot be completed, or that the amount that was appropriated, allocated or granted is in excess of the total amount needed, each such state agency may reappropriate the money for other high priority needs consistent with this division.

### Chapter 4. Allocation of Funds

26416. (a) Funds in the California Renewable Energy and Clean Alternative Fuel Fund shall be allocated as follows:

(1) Two billion two hundred and fifty million dollars (\$2,250,000,000) shall be allocated to the Solar, Wind and Renewable Energy Account, which is hereby created.

(2) Three billion four hundred and twenty-five million dollars (\$3,425,000,000) shall be allocated to the Clean Alternative Fuels Account, which is hereby created.

(3) Two hundred million dollars (\$200,000,000) shall be allocated to the Demonstration Projects and Public Education Account, which is hereby created.

(4) One hundred and twenty-five million dollars (\$125,000,000) shall be allocated to the Education, Training and Outreach Account, which is hereby created.

(b) Any funds allocated to the accounts established by subdivision (a) that are not encumbered or expended in any fiscal year shall remain in the same account for the next fiscal year.

(c) Money deposited in the accounts of the fund created in subdivision (a) shall, to the maximum extent permitted, be used to supplement, and not to supplant, existing state funding for research, technological development, vocational training and deployment involving renewable energy, clean alternative fuels and energy efficiency.

(d) Not more than one percent (1%) of the funds in each account may be expended for the purpose of administering the implementation of the Act.

26417. Based on the standards set forth in Section 26418, the funds in the Solar, Wind and Renewable Energy Account shall be appropriated and expended by the California Energy Commission for the primary purpose of developing solar, wind and other means of electrical energy generation using renewable sources to displace traditional generation sources, for the following categories of expenditures:

(a) The sum of two hundred and fifty million dollars (\$250,000,000) shall be awarded for market-based incentives, including but not limited to conventional, low and zero interest loans, loan guarantees, credits, buydowns and grants, for the purchase or lease and installation of equipment in California for the production of electrical energy utilizing renewable energy technologies, such as solar, wind, geothermal, wave and tidal power.

(b) The sum of two billion dollars (\$2,000,000,000) shall be awarded for grants and other incentives for the

research, development, construction and production of advanced renewable electric generation technology for the purpose of reducing the cost and greenhouse gas content of California's in-state electric generation sources and to contribute to the State's greenhouse gas reduction targets. For purposes of this subdivision, "advanced technologies" means technological advancements in electric generation or storage capacities that have the potential to significantly reduce greenhouse gas emissions in a cost-effective manner, relative to current technologies. "Advanced technologies" include, but are not limited to, large-scale solar thermal, solar voltaic, energy storage, biogas, wave and tidal current. For purposes of this subdivision, "energy storage" and "storage technologies" means technologies that allow electricity produced by renewable sources during off-peak electric demand hours and utilized during peak electric demand hours.

26418. Standards for Solar, Wind and Renewable Energy Account Expenditures.

(a) The California Energy Commission shall make expenditures pursuant to Section 26417 consistent with the goal of improving the economic viability and accelerating the commercialization of renewable electrical energy resources, such as solar, wind, geothermal, wave and tidal current.

(b) Funding priority shall be given to proposals that utilize solar technology for the production of electrical energy, and not less than sixty percent (60%) of the total amount deposited in this account shall be used for such solar technology. Thereafter, priority shall be given to proposals that utilize more abundant renewable electrical energy resources, that offer the greatest potential for technological breakthroughs and that minimize variable and fixed rate costs.

(c) All expenditures made pursuant to subdivision (b) of Section 26417 shall be based upon a competitive selection process established by the California Energy Commission. The Commission shall, at a minimum:

(1) Ensure that the expenditure is for research in renewable electrical energy technologies or electrical energy efficiency technologies.

(2) Ensure, to the maximum extent permitted, that the expenditure does not supplant funds authorized or appropriated by the Legislature pursuant to Sections 44125 and 44270 of the Health and Safety Code.

(3) Evaluate the quality of the research proposal, the potential for achieving significant results, including consideration of how the expenditure will aid or result in the commercialization, or significant and permanent deployment, of renewable electrical energy technologies and resources, and the time frame for achieving that goal.

(4) Ensure that the expenditure is consistent with any applicable strategic plan adopted by the California Energy Commission.

(d) All expenditures made pursuant to subdivision (a) of Section 26417 shall be in accordance with procedures, standards and forms adopted by the California Energy Commission to substantiate and verify the award of incentives.

26419. Based on the standards set forth in Section 26420, the funds in the Clean Alternative Fuels Account shall be appropriated and expended for the primary purposes of improving air quality, decreasing greenhouse gas emissions and reducing dependence on foreign oil, for the following categories of expenditures:

(a) Two billion eight hundred and seventy-five million dollars (\$2,875,000,000) shall be allocated to an Alternative Fuel Vehicle Rebate Subaccount and expended as rebates pursuant to and in accordance with subdivision (a) of section 26420, as follows:

(1) The sum of two thousand dollars (\$2,000) to the original purchaser of any new high fuel economy vehicle. One hundred and ten million dollars (\$110,000,000) shall be allocated for this purpose.

(2) The sum of four thousand dollars (\$4,000) to the original purchaser of any new very high fuel economy vehicle. Two hundred and thirty million dollars (\$230,000,000) shall be allocated for this purpose.

(3) The sum of ten thousand dollars (\$10,000) to the original purchaser of any new or repowered light-duty dedicated clean alternative fuel vehicle. Five hundred and fifty million dollars (\$550,000,000) shall be allocated for this purpose.

(4) The sum of twenty-five thousand dollars (\$25,000) to the first five thousand (5,000) original purchasers of any new or repowered light-medium-duty dedicated clean alternative fuel vehicle, and the sum of fifteen-thousand dollars (\$15,000) to subsequent original purchasers of such vehicles. The first five thousand (5,000) original purchasers shall be determined by the State Board of Equalization based on the date and time of its receipt of requests for rebates. Three hundred and ten million dollars (\$310,000,000) shall be allocated for this purpose.

(5) The sum of thirty-five thousand dollars (\$35,000) to the first ten thousand (10,000) original purchasers of any new or repowered heavy-medium-duty dedicated clean alternative fuel vehicle, and the sum of twenty-five thousand dollars (\$25,000) to subsequent original purchasers of such vehicles. The first ten thousand (10,000) original purchasers shall be determined by the State Board of Equalization based on the date and time of its receipt of requests for rebates. Six hundred and fifty million dollars (\$650,000,000) shall be allocated for this purpose.

(6) The sum of fifty thousand dollars (\$50,000) to the first five thousand (5,000) original purchasers of any new or repowered heavy-duty dedicated clean alternative fuel vehicle, sum of forty thousand dollars (\$40,000) to the subsequent five thousand (5,000) original purchasers of such vehicles and the sum of thirty thousand dollars (\$30,000) to each subsequent original purchaser of such vehicles. The first five thousand (5,000) original purchasers and the subsequent five thousand (5,000) original purchasers shall be determined by the State Board of Equalization based on the date and time of its receipt of requests for rebates. One

billion dollars (\$1,000,000,000) shall be allocated for this purpose.

(7) The sum of two thousand dollars (\$2,000) to the original purchaser of any new clean alternative fuel home refueling appliance. Each purchaser must demonstrate ownership of a clean alternative fuel vehicle utilizing such appliance. Twenty-five million dollars (\$25,000,000) shall be allocated to this category.

(b) Five hundred and fifty million dollars (\$550,000,000) shall be allocated to a Clean Alternative Fuel Research, Development and Demonstration Program Subaccount to be administered and expended by the California Air Resources Board as follows:

(1) The sum of one hundred million dollars (\$100,000,000) shall be available for incentives, including but not limited to conventional, low and zero interest loans, loan guarantees, credits and grants, for the development and/or demonstration of dedicated clean alternative fuel vehicles in California and, in addition, those vehicles that combine clean alternative fuels and high efficiency vehicle technology.

(2) The sum of four hundred million dollars (\$400,000,000) shall be available as incentives to support research and development for technologies of efficient and cost-effective production of liquid and gaseous low-carbon and non-carbon fuels. Of this sum, two hundred million dollars (\$200,000,000) shall be available for liquid low-carbon and non-carbon fuel development, and two hundred million dollars (\$200,000,000) shall be available for gaseous low-carbon and non-carbon fuel development.

(3) The sum of fifty million dollars (\$50,000,000) shall be available for incentives, including but not limited to conventional, low and zero interest loans, loan guarantees, credits and grants for reasonable costs associated with the testing and certification of dedicated clean alternative fuel vehicles.

26420. Standards for Clean Alternative Fuels Account Expenditures.

(a) The rebates authorized pursuant to subdivision (a) of Section 26419 shall be implemented in the following manner:

(1) Rebates shall be paid only after funds have been allocated to the Alternative Fuel Vehicle Rebate Subaccount. Notwithstanding the foregoing, qualifying purchases or leases from and after January 1, 2009 shall be eligible to receive rebates promptly after funds have been allocated to the Alternative Fuel Vehicle Rebate Subaccount.

(2) The licensed dealer of a vehicle eligible for a rebate is required, prior to the time of purchase or lease, to provide written notification to the original purchaser of such eligibility and the options, steps and requirements to obtain the rebate.

(3) An original purchaser entitled to a rebate may either obtain the full amount of the rebate from the State Board of Equalization or, with the written consent of the licensed dealer of the vehicle at the time of purchase or lease, assign the right to receive the rebate to the dealer.

(4) An original purchaser or the original purchaser's assignee electing to obtain the rebate from the State Board of Equalization shall submit proof of residency, proof of purchase or lease, proof that the vehicle is eligible for the rebate and proof of vehicle registration in California. The State Board of Equalization shall adopt such regulations and forms as deemed necessary to administer this provision.

(5) In the event a licensed dealer agrees at the time of purchase or lease to accept the original purchaser's assignment of the right to receive the rebate, the dealer shall notify the State Board of Equalization at the same time the dealer reports the sale or lease to the State Board of Equalization for the purpose of transmitting the sales or use tax owed by the original purchaser. Within five (5) business days of its receipt of the report of sale or lease, the State Board of Equalization shall remit the amount of the rebate to the dealer or credit the dealer's tax prepayment account.

The State Board of Equalization shall adopt such forms as necessary to administer and further implement this provision.

(6) The State Board of Equalization shall calculate the sales or use tax applicable to the sale or lease of a vehicle at the full purchase or lease price of the vehicle without regard to any possible rebate under subdivision (a) of Section 26419.

(7) Only one rebate pursuant to subdivision (a) of Section 26419 shall be allowed for a specific vehicle.

(b) For expenditures pursuant to subdivision (b) of Section 26419, the California Air Resources Board shall make expenditures consistent with the goal of reducing the rate of petroleum consumption, and causing permanent and long-term reductions in petroleum consumption in California by not less than twenty percent (20%) by 2020 and not less than thirty percent (30%) by 2030. In addition, such expenditures shall be based upon a competitive selection process established by the California Air Resources Board. The Board shall at a minimum:

(1) Ensure, to the maximum extent permitted, that the expenditure does not supplant, but supplements, existing state funding for the reduction of petroleum consumption in California.

(2) Ensure, to the maximum extent permitted, that the expenditure does not supplant funds authorized or appropriated by the Legislature pursuant to Sections 44125 and 44270 of the Health and Safety Code.

(3) Evaluate the quality of the proposal for funding, including the availability of private matching funds, and the potential for achieving significant results, including the level of petroleum reduction within the state that is expected to be achieved as a result of the expenditure. Proposals with significant business validation and leverage from private equity funding or subordinate debt funding from private sources will be prioritized and given preference to establish the market viability of the proposals.



(4) Evaluate the probability that the proposal will result in a sustained, unsubsidized market-competitive technology or technologies that can achieve substantial consumer or business acceptance beyond the subsidy or incentive period.

(5) Ensure that the expenditure is consistent with any applicable strategic plan adopted by the California Air Resources Board.

26421. Based on the standards in Section 26422, the funds in the Demonstration Projects and Public Education Account shall be administered and expended by the California Energy Commission for grants in the following amounts to the following local governments for the purpose of capital projects and operating expenses promoting and demonstrating the actual use of alternative and renewable energy in park, recreation and cultural venues, including the education of students, residents and the visiting public about these technologies and practices.

(a) The sum of twenty-five million dollars (\$25,000,000) shall be available to the City of Los Angeles.

(b) The sum of twenty-five million dollars (\$25,000,000) shall be available to the City of San Diego.

(c) The sum of twenty-five million dollars (\$25,000,000) shall be available to the City of Long Beach.

(d) The sum of twenty-five million dollars (\$25,000,000) shall be available to the City of Irvine.

(e) The sum of twenty-five million dollars (\$25,000,000) shall be available to the City and County of San Francisco.

(f) The sum of twenty-five million dollars (\$25,000,000) shall be available to the City of Oakland.

(g) The sum of twenty-five million dollars (\$25,000,000) shall be available to the City of Fresno.

(h) The sum of twenty-five million dollars (\$25,000,000) shall be available to the City of Sacramento.

26422. Standards for Demonstration Projects and Public Education Account Expenditures:

(a) The California Energy Commission shall allocate funds to each public entity identified in Section 26421 upon the entity's submittal and the Commission's approval of a proposed capital project and/or operating expense program that complies with and conforms to the purpose specified in Section 26421.

(b) All projects and/or programs proposed by each public entity identified in Section 26421 shall comply with State content standards for educational programs that serve children in grades K-12.

26423. Based on the standards in Section 26424, the funds in the Education, Training and Outreach Account shall be appropriated and expended by the California Energy Commission for the following purposes:

(a) Make grants to California public universities, colleges and community colleges for:

(1) Staff development, training grants and research to train students to work with and to improve the economic viability and accelerate the commercialization of renewable energy technologies, energy efficiency technologies and clean alternative fuels in buildings, equipment, electricity generation and vehicles.

(2) Tuition assistance for low income students and former fossil fuel energy workers and certified vehicle mechanics to obtain training to work with renewable energy technologies, such as solar, geothermal, wind, wave and tidal technologies, clean alternative fuels, and energy efficiency technologies, in buildings, equipment, electricity generation and vehicles.

(b) The sum of twenty-five million dollars (\$25,000,000) shall be available for outreach to provide public information concerning the importance, availability and accessibility of clean alternative fuels and clean alternative fuel vehicles, energy efficiency devices and technologies and renewable energy technologies.

(c) Such other programs as may be determined by the California Energy Commission to advance the purpose and intent of this Act consistent with its stated goals and objectives.

26424. Standards for Education, Training and Outreach Account Expenditures.

(a) The California Energy Commission shall make expenditures pursuant to Section 26423 consistent with the goals of training students to work with renewable energy technologies, such as solar, geothermal, wind, wave and tidal power technologies, or energy efficiency technologies, in buildings, equipment, electricity generation, clean alternative fuels and clean alternative fuel vehicles.

(b) All expenditures made pursuant to Section 26423 shall, as deemed necessary or appropriate by the California Energy Commission, be based upon a competitive selection process established by the California Energy Commission.

26425. The Legislature shall enact such legislation as is necessary, if any, to implement this Chapter.

#### Chapter 5. Fiscal Provisions

26426. Bonds in the total amount of six billion dollars (\$6,000,000,000), not including the amount of any refunding bonds issued in accordance with Section 26435, or so much thereof as is necessary, may be issued and sold to be used for carrying out the purposes set forth in this division and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

26427. The bond proceeds shall be deposited into the California Renewable Energy and Clean Alternative Fuel Fund created by Section 26413. The bonds shall, when sold, be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of and interest on the bonds as they become due and payable.

26428. The bonds authorized by this division shall be prepared, executed, issued, sold, paid and redeemed as provided in the State General Obligation Bond Law (Chapter 4, commencing with Section 16720, of Part 3 of Division 4 of Title 2 of the Government Code), and all provisions of that law shall apply to the bonds and to this division; provided, however, that the limitations set forth in Section 16727 of the Government Code shall not apply to the bonds and to this division.

26429. (a) Solely for purposes of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this division, the California Renewable Energy and Clean Alternative Fuel Finance Committee is hereby created. For purposes of this division, the California Renewable Energy and Clean Alternative Fuel Finance Committee is "the committee" as that term is defined and used by the State General Obligation Bond Law. The Committee shall consist of the Controller, the Director of Finance and the Treasurer, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(b) For the purposes of this chapter, the Secretary of the Resources Agency shall be "the board" as that term is defined and used by the State General Obligation Bond Law.

26430. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order to carry out the actions specified in this division and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time. The committee shall, to the maximum extent permitted, give priority to the issuance and sale of bonds necessary to allocate funds to the Alternative Fuel Vehicle Rebate Subaccount established in subdivision (a) of Section 26419.

26431. There shall be collected annually in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an

amount required to pay the principal of, and interest on, the bonds maturing each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do so and perform each and every act that is necessary to collect that additional sum.

26432. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund, for purposes of this division, an amount that will equal the total of (a) the sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this division, as the principal and interest become due and payable, and (b) the sum that is necessary to carry out the provisions of Section 26433, appropriated without regard to fiscal years.

26433. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized to be sold for the purposes of carrying out this division. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds that would otherwise be deposited in that fund.

26434. All money derived from premium and accrued interest on bonds sold shall be reserved and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

26435. Any bonds issued or sold pursuant to this division may be refunded by the issuance of refunding bonds in accordance with Article 6, commencing with Section 16780, of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of the bonds shall include approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

26436. The people of California hereby find and declare that inasmuch as the proceeds from the sale of bonds authorized

by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitation imposed by that article.

#### Chapter 6. Accountability.

26437. In addition to any other required reports, the California Energy Commission, the California Air Resources Board and the Controller shall each issue an annual report to the Governor, the Legislature, and the public that sets forth their activities and accomplishments relating to this Act and future program directions. Each annual report shall include, but not be limited to, the following information: the number and dollar amounts of incentives, including but not limited to grants, loans, loan guarantees, credits, buydowns and rebates; the recipients of incentives for the prior year; the administrative expenses relating to the Act; a summary of research findings, including promising new research areas and technological innovations; and an assessment of the relationship between the award of incentives and any applicable strategic plan.

#### **SECTION 5. Competing, regulatory alternative.**

A. In the event that another measure ("competing measure") appears on the same ballot as this Act that seeks to adopt or impose provisions or requirements that differ in any regard to, or supplement, the provisions or requirements contained in this Act, the voters hereby expressly declare their intent that if both the competing measure and this Act receive a majority of votes cast, and if this Act receives a greater number of votes than the competing measure, this Act shall prevail in its entirety over the competing measure without regard to whether specific provisions of each measure directly conflict with each other.

B. In the event that both the competing measure and this Act receive a majority of votes cast, and the competing measure receives a greater number of votes than this Act, this Act shall be deemed complementary to the competing measure. To this end, and to the maximum extent permitted by law, the provisions of this Act shall be fully adopted except to the extent that specific provisions contained in each measure are deemed to be in direct conflict with each other on a "provision-by-provision" basis pursuant to *Yoshisato v. Superior Court* (1992) 2 Cal.4th 978.

**SECTION 6. Amendment.** The provisions of this Act may be amended to carry out its purpose and intent by statutes approved by a two-thirds vote of each house of the Legislature and signed by the Governor.

**SECTION 7. Severability.** If any provision of this Act or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.