

AMENDED IN SENATE APRIL 13, 2009

SENATE BILL

No. 806

Introduced by Senator Wiggins

February 27, 2009

An act to amend Section 399.4 of, *and to add Section 710 to*, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 806, as amended, Wiggins. Electrical corporation energy efficiency programs.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law restructuring the electrical service industry states that it is the policy of the state and the intent of the Legislature that the commission continue to administer cost-effective energy efficiency programs. Pursuant to decisions and orders of the commission, the commission supervises energy efficiency programs administered by electrical corporations.

This bill would require the commission to limit the administrative costs, as defined, of energy efficiency programs to not more than 5% of the funds expended. *The bill would, if the commission determines that incentive payments should be made to electrical corporations and gas corporations for achieving energy efficiency savings pursuant to commission-supervised energy efficiency programs, require that the commission ensure that (1) no incentive payments are awarded to an electrical corporation or gas corporation unless an independent verification of energy savings is obtained through an audit conducted by a party that is not financially interested in the results of the audit, (2) incentive payments are only awarded based upon actual achievement*

of energy efficiency goals, (3) incentive payments are only awarded based on long-term cumulative energy efficiency goals, and (4) any overpayment of incentives to an electrical corporation or gas corporation be returned to ratepayers.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

1 SECTION 1. Section 399.4 of the Public Utilities Code is
2 amended to read:

3 399.4. (a) (1) In order to ensure that prudent investments in
4 energy efficiency continue to be made that produce cost-effective
5 energy savings, reduce customer demand, and contribute to the
6 safe and reliable operation of the electric distribution grid, it is the
7 policy of this state and the intent of the Legislature that the
8 commission shall continue to administer cost-effective energy
9 efficiency programs authorized pursuant to existing statutory
10 authority.

11 (2) As used in this section, the term “energy efficiency” includes,
12 but is not limited to, cost-effective activities to achieve peak load
13 reduction that improve end-use efficiency, lower customers’ bills,
14 and reduce system needs.

15 (b) The commission, in evaluating energy efficiency investments
16 under its existing statutory authority, shall also ensure that local
17 and regional interests, multifamily dwellings, and energy service
18 industry capabilities are incorporated into program portfolio design
19 and that local governments, community-based organizations, and

1 energy efficiency service providers are encouraged to participate
2 in program implementation where appropriate.

3 (c) In order to ensure that energy efficiency programs achieve
4 the maximum benefits for each dollar of ratepayer funding collected
5 to support those programs, the commission shall limit the
6 administrative costs to not more than 5 percent of the funds
7 expended. For the purposes of this subdivision, “administrative
8 costs” means personnel and overhead costs associated with the
9 implementation of each measure and program, but does not include
10 costs associated with the marketing or evaluation of a measure or
11 a program.

12 *SEC. 2. Section 710 is added to the Public Utilities Code, to*
13 *read:*

14 *710. If the commission determines that incentive payments*
15 *should be made to electrical corporations and gas corporations*
16 *for achieving energy efficiency savings pursuant to*
17 *commission-supervised energy efficiency programs, the commission*
18 *shall ensure all of the following:*

19 (a) *No incentive payments are awarded to an electrical*
20 *corporation or gas corporation unless an independent verification*
21 *of energy savings is obtained through an audit conducted by a*
22 *party that is not financially interested in the results of the audit.*
23 *The results of the audit shall be approved by the commission in a*
24 *public proceeding. The results of the audit shall be made available*
25 *to the public at least 30 days prior to any public proceeding in*
26 *which the commission will determine whether to accept the results.*

27 (b) *That incentive payments are only awarded based upon actual*
28 *achievement of energy efficiency goals, not as a means of providing*
29 *earnings to an electrical corporation or gas corporation. It is the*
30 *intent of the Legislature that the steps outlined in Decision*
31 *07-09-043 be used to determine actual achievement of energy*
32 *efficiency goals by electrical corporations and gas corporations.*

33 (c) *That incentive payments are only awarded based on*
34 *long-term cumulative energy efficiency goals. It is the intent of the*
35 *Legislature that the steps outlined in Decision 07-09-043 be used*
36 *to determine actual achievement of long-term cumulative energy*
37 *efficiency goals by electrical corporations and gas corporations.*

38 (d) *That any overpayment of incentives to an electrical*
39 *corporation or gas corporation be returned to ratepayers.*

1 ~~SEC. 2.~~

2 SEC. 3. No reimbursement is required by this act pursuant to
3 Section 6 of Article XIII B of the California Constitution because
4 the only costs that may be incurred by a local agency or school
5 district will be incurred because this act creates a new crime or
6 infraction, eliminates a crime or infraction, or changes the penalty
7 for a crime or infraction, within the meaning of Section 17556 of
8 the Government Code, or changes the definition of a crime within
9 the meaning of Section 6 of Article XIII B of the California
10 Constitution.

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