

ASSEMBLY BILL

No. 1124

Introduced by Assembly Member Skinner
(Coauthors: Senators DeSaulnier and Hancock)

February 18, 2011

An act to add Section 385.5 to the Public Utilities Code, relating to the Low-Income Energy Efficiency program.

LEGISLATIVE COUNSEL'S DIGEST

AB 1124, as introduced, Skinner. Low-Income Energy Efficiency program.

Existing law authorizes the Public Utilities Commission to establish programs to provide financial assistance for energy efficiency improvements for existing residential and nonresidential building stock. Pursuant to this authorization, the Public Utilities Commission established the Low-Income Energy Efficiency (LIEE) program to pay for the cost of energy efficiency improvements to dwellings occupied by low-income households. Decisions issued by the commission held, among other things, that repairs or replacements of furnaces or water heating systems for a multifamily building occupied by low-income households do not qualify for financial assistance under the LIEE program.

This bill would state the intent of the Legislature to disapprove the above holding of those decisions and would provide that the energy efficiency improvements to furnaces or water heating systems for multifamily buildings occupied by low-income households in a majority of the units are eligible for financial assistance under the LIEE program and other energy efficiency programs under the jurisdiction of the commission.

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

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

- 1 SECTION 1. (a) The Legislature finds and declares all of the
- 2 following:
- 3 (1) The Legislature enacted Chapter 470 of the Statutes of 2009
- 4 (Chapter 470) and directed the Public Utilities Commission (PUC)
- 5 and the State Energy Resources Conservation and Development
- 6 Commission (Energy Commission) to develop policies and plans
- 7 to encourage improvement to all existing buildings in California.
- 8 (2) Pursuant to Chapter 470, the Energy Commission is required
- 9 to develop a comprehensive program to achieve greater energy
- 10 savings in the state’s existing residential and nonresidential
- 11 building stock and energy efficiency financing options.
- 12 (3) Pursuant to Chapter 470, the PUC is required to investigate
- 13 the ability of the electrical corporations and gas corporations to
- 14 provide various energy efficiency financing options to their
- 15 customers for the purposes of implementing the program developed
- 16 by the Energy Commission and to assess the implementation of
- 17 the program by the electrical corporations and the gas corporations.
- 18 (4) The residential sectors represents approximately 32 percent
- 19 of the total electricity usage and 36 percent of the total natural gas
- 20 consumption, and low-income households consume 27 percent
- 21 more energy due to the age and condition of the housing they can
- 22 afford to live in.
- 23 (5) The PUC has approved the use of ratepayer funds to pay for
- 24 100 percent of the cost of certain energy efficiency improvements
- 25 to dwellings occupied by low-income households with incomes
- 26 below 200 percent of the federal poverty level in the form of
- 27 Low-Income Energy Efficiency (LIEE) program.
- 28 (6) More than one-half of the eligible low-income households
- 29 with incomes below 200 percent of the federal poverty level live
- 30 in multifamily buildings.
- 31 (7) The primary opportunity for energy savings in many
- 32 multifamily buildings is in increasing the efficiency of the heating
- 33 and hot water systems.

1 (8) Decision 07-12-051 issued by the PUC on December 12,
2 2007, stated that “[w]e are not convinced that utility ratepayers
3 should assume the costs of appliance repairs and replacements.”

4 (8) Decision 08-11-031 issued by the PUC on November 10,
5 2008, reaffirmed the position of the PUC stated in Decision
6 07-12-051 by ruling that “no furnace repair and replacement or
7 water heater repair or replacement work shall occur in violation
8 of our holding in D.07-12-051 that heating and water heating in
9 rental housing are the responsibility of the landlord.”

10 (9) The PUC has interpreted that decision to mean that, with
11 respect to the LIEE program, only minor repairs and adjustments
12 may be made to furnaces and water heaters for the purpose of
13 increasing energy efficiency. As a consequence, contractors
14 implementing the LIEE program have generally avoided investing
15 LIEE funds in improving the efficiency of furnaces and water
16 heaters even though this is the largest potential energy saving in
17 multifamily buildings.

18 (b) It is the intent of the Legislature to do all of the following:

19 (1) Promote the investment of existing ratepayer energy
20 efficiency funds to increase the efficiency of furnace and water
21 heating systems in multifamily housing occupied by low-income
22 households to achieve the maximum potential energy savings in
23 the residential sector.

24 (2) Promote the use of ratepayer funds to pay for improvements
25 to heating and water heater systems in multifamily properties and
26 in particular in those that have contracts with federal, state, or local
27 agencies that require them to serve low-income households in a
28 majority of the units for not less than 30 years.

29 (3) Disapprove the Decision 07-12-051 and Decision 08-11-031,
30 insofar as those decisions disallowed the repair or replacement of
31 furnaces and water heaters through the LIEE or other residential
32 energy efficiency programs under the PUC’s jurisdiction.

33 SEC. 2. Section 385.5 is added to the Public Utilities Code, to
34 read:

35 385.5. (a) Energy efficiency improvements to furnaces and
36 water heating systems for multifamily buildings occupied by
37 low-income households in a majority of the units shall be eligible
38 for financial assistance pursuant to the Low-Income Energy
39 Efficiency (LIEE) program and other energy efficiency program
40 under the jurisdiction of the commission.

- 1 (b) The commission shall give priority consideration in the
2 approval of an eligible energy efficiency improvement as specified
3 in subdivision (a) that has all of the following objectives:
4 (1) Demonstrate the greater cost-effectiveness of energy retrofits
5 to larger multifamily buildings using a whole building,
6 performance-based approach.
7 (2) Demonstrate the advantage of a program with a single point
8 of entry for low-income multifamily properties, recognizing the
9 unique needs of low-income multifamily housing.
10 (3) Eliminate barriers to accessing energy retrofit programs for
11 providers of low-income multifamily properties.
12 (4) Align income eligibility and other programmatic
13 requirements with other federal and state energy rebate and
14 incentive programs to maximize leveraging opportunities.

O