

AMENDED IN ASSEMBLY APRIL 7, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1124

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

February 18, 2011

An act to add Section ~~385.5~~ 383 to the Public Utilities Code, relating to the ~~Low-Income Energy Efficiency program~~ *energy*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1124, as amended, 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 ~~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~~ for 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~~ *modify the application* 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~~ *require the commission to ensure that low-income multifamily rental apartment buildings, as defined, receive energy efficient furnaces and water heating systems and energy efficiency measures in common areas recommended by an energy audit pursuant to the LIEE program, a successor program, or other energy efficiency program under the jurisdiction of the commission. The bill would impose additional requirements on the LIEE program in serving low-income multifamily rental apartment buildings.*

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~~ *sector* represents approximately 32
19 percent of the total electricity usage and 36 percent of the total
20 natural gas consumption, and low-income households consume
21 27 percent more energy due to the age and condition of the housing
22 they can 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 *the*
27 Low-Income Energy Efficiency (LIEE) program.

1 (6) More than one-half of the eligible low-income households
2 with incomes below 200 percent of the federal poverty level live
3 in multifamily *rental apartment* buildings.

4 (7) The primary opportunity for energy savings in many
5 multifamily *rental apartment* buildings is in increasing the
6 efficiency of the heating and hot water systems.

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

10 ~~(8)~~

11 (9) Decision 08-11-031 issued by the PUC on November 10,
12 2008, reaffirmed the position of the PUC stated in Decision
13 07-12-051 by ruling that “no furnace repair and replacement or
14 water heater repair or replacement work shall occur in violation
15 of our holding in D.07-12-051 that heating and water heating in
16 rental housing are the responsibility of the landlord.”

17 ~~(9)~~

18 (10) The PUC has interpreted that decision to mean that, with
19 respect to the LIEE program, only minor repairs and adjustments
20 may be made to furnaces and water heaters for the purpose of
21 increasing energy efficiency. As a consequence, contractors
22 implementing the LIEE program have generally avoided investing
23 LIEE funds in improving the efficiency of furnaces and water
24 heaters even though ~~this is the largest potential energy saving in~~
25 ~~multifamily buildings~~ *these are the largest potential energy savings*
26 *in many multifamily rental apartment buildings.*

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

28 (1) Promote the investment of existing ratepayer energy
29 efficiency funds to increase the efficiency of furnace and water
30 heating systems in multifamily ~~housing~~ *rental apartment buildings*
31 occupied by low-income households to achieve the maximum
32 potential energy savings in the residential sector.

33 (2) Promote the use of ratepayer funds to pay for ~~improvements~~
34 ~~to energy efficient~~ heating and water heater systems in multifamily
35 ~~properties~~ *rental apartment buildings* and in particular in those
36 that have contracts with federal, state, or local *governmental*
37 agencies that require them to serve low-income households ~~in a~~
38 ~~majority of the units for not less than 30 years.~~

39 (3) ~~Disapprove the~~ *Modify the application of* Decision 07-12-051
40 and Decision 08-11-031, insofar as those decisions disallowed the

1 repair or replacement of furnaces and water heaters through the
2 LIEE or other residential energy efficiency programs under the
3 PUC's jurisdiction.

4 ~~SEC. 2. Section 385.5 is added to the Public Utilities Code, to~~
5 ~~read:~~

6 ~~385.5. (a) Energy efficiency improvements to furnaces and~~
7 ~~water heating systems for multifamily buildings occupied by~~
8 ~~low-income households in a majority of the units shall be eligible~~
9 ~~for financial assistance pursuant to the Low-Income Energy~~
10 ~~Efficiency (LIEE) program and other energy efficiency program~~
11 ~~under the jurisdiction of the commission.~~

12 ~~(b) The commission shall give priority consideration in the~~
13 ~~approval of an eligible energy efficiency improvement as specified~~
14 ~~in subdivision (a) that has all of the following objectives:~~

15 ~~(1) Demonstrate the greater cost-effectiveness of energy retrofits~~
16 ~~to larger multifamily buildings using a whole building,~~
17 ~~performance-based approach.~~

18 ~~(2) Demonstrate the advantage of a program with a single point~~
19 ~~of entry for low-income multifamily properties, recognizing the~~
20 ~~unique needs of low-income multifamily housing.~~

21 ~~(3) Eliminate barriers to accessing energy retrofit programs for~~
22 ~~providers of low-income multifamily properties.~~

23 ~~(4) Align income eligibility and other programmatic~~
24 ~~requirements with other federal and state energy rebate and~~
25 ~~incentive programs to maximize leveraging opportunities.~~

26 ~~SEC. 2. Section 383 is added to the Public Utilities Code, to~~
27 ~~read:~~

28 ~~383. (a) (1) As used in this section, "low-income multifamily~~
29 ~~rental apartment building" means a building that meets all of the~~
30 ~~following requirements prior to receiving assistance:~~

31 ~~(A) Has five or more dwelling units.~~

32 ~~(B) At least 66 percent of the total dwelling units are occupied~~
33 ~~by households with incomes below 200 percent of the federal~~
34 ~~poverty level.~~

35 ~~(C) A deed restriction or affordability covenant is held by a~~
36 ~~federal, state, or local governmental entity that ensures that the~~
37 ~~percentage of units described in subparagraph (B) will be available~~
38 ~~at an affordable rent for a period of at least 15 years following~~
39 ~~installation of the energy efficiency improvement.~~

1 (2) *The commission shall establish certification requirements*
2 *to implement this subdivision the United States Department of*
3 *Energy's Weatherization Assistance Program for Low-Income*
4 *Persons.*

5 (b) *The commission shall ensure that low-income multifamily*
6 *rental apartment buildings receive the following forms of assistance*
7 *pursuant to the Low-Income Energy Efficiency (LIEE) program,*
8 *a successor program, or other energy efficiency program under*
9 *the jurisdiction of the commission:*

10 (1) *Energy efficient furnaces and water heating systems.*

11 (2) *Energy efficiency measures in common areas recommended*
12 *by an energy audit.*

13 (c) *Financial assistance pursuant to this section shall be for*
14 *100 percent of the cost of the improvement less a percentage equal*
15 *to the percent of total dwelling units not occupied by households*
16 *with incomes 200 percent below the federal poverty level.*

17 (d) *The commission shall require the Low-Income Energy*
18 *Efficiency (LIEE) program, as implemented by an electrical*
19 *corporation or gas corporation, to incorporate all of the following*
20 *elements in serving low-income multifamily rental apartment*
21 *buildings:*

22 (1) *Use a whole building, performance-based approach based*
23 *on site-specific measures recommended by an energy audit of the*
24 *building.*

25 (2) *Provide a single point of entry for low-income multifamily*
26 *rental apartment building residents so that they can access*
27 *efficiently and effectively the Low-Income Energy Efficiency (LIEE)*
28 *program and other energy efficiency program resources.*

29 (3) *Eliminate barriers to accessing energy retrofit programs*
30 *for owners of low-income multifamily rental apartment buildings.*