

AMENDED IN ASSEMBLY JANUARY 11, 2012

AMENDED IN ASSEMBLY MAY 10, 2011

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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 383 to~~ amend Section 381.2 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1124, as amended, Skinner. ~~Low-Income Energy Efficiency program.~~ Energy: energy efficiency.

Existing law requires the Public Utilities Commission (PUC) to order certain electrical corporations to collect and spend certain funds for public benefit programs, including cost-effective energy efficiency and conservation programs. Existing law requires the PUC, by March 1, 2010, to have opened a new proceeding or amended an existing proceeding to investigate the ability of electrical corporations and gas corporations to provide energy efficiency financing options to their customers to implement the comprehensive energy efficiency program for certain residential and nonresidential buildings developed by the State Energy Resources Conservation and Development Commission pursuant to a specified provision of law. Existing law also requires the PUC to include an assessment of each electrical corporation's and each gas corporation's implementation of that program in a specified triennial report required under existing law.

This bill would require the PUC, in its review of the energy efficiency programs of electrical corporations and gas corporations, to ensure compliance with certain principles, as specified.

~~Existing law authorizes the Public Utilities Commission to establish programs to provide financial assistance for energy efficiency improvements. The Public Utilities Commission established the Low-Income Energy Efficiency (LIEE) program to pay for the cost of energy efficiency improvements 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 modify the application of those decisions and would 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. Section 381.2 of the Public Utilities Code is
- 2 amended to read:
- 3 381.2. (a) By March 1, 2010, the commission, by opening a
- 4 new proceeding or amending an existing proceeding, shall
- 5 investigate the ability of electrical corporations and gas
- 6 corporations to provide various energy efficiency financing options
- 7 to their customers for the purposes of implementing the program
- 8 developed pursuant to Section 25943 of the Public Resources Code.
- 9 (b) In the report prepared pursuant to Section 384.2, the
- 10 commission shall include an assessment of each electrical
- 11 corporation’s and each gas corporation’s implementation of the
- 12 program developed pursuant to Section 25943 of the Public
- 13 Resources Code.

1 (c) *In its review of the energy efficiency programs of electrical*
2 *corporations and gas corporations, the commission shall ensure*
3 *compliance with the following principles. The energy efficiency*
4 *programs shall:*

5 (1) *Encourage job creation and training opportunities, with an*
6 *emphasis on skilled occupations necessary for installation of highly*
7 *efficient energy savings measures.*

8 (2) *Achieve maximum energy savings for all types of customers*
9 *by adopting whole building, performance-based approaches.*

10 (3) *Maximize opportunities of leveraging private capital by*
11 *increasing and streamlining access to on-bill repayment programs*
12 *without increasing utility costs.*

13 (4) *Facilitate access to the energy efficiency programs for*
14 *prospective customers using approaches that streamline and*
15 *simplify procedures for determining property-level program*
16 *enrollment and customer eligibility.*

17 (5) *Create a single point of contact to coordinate access to*
18 *energy efficiency programs for prospective customers to maximize*
19 *energy savings and encourage customer participation.*

20 (6) *Provide equivalent funding and comparable measures for*
21 *all eligible customers within the energy efficiency programs,*
22 *particularly those customers that are more difficult to reach and*
23 *have not yet been served by the programs, including small*
24 *businesses, renters, multifamily renters, persons with disabilities,*
25 *and those located in remote areas.*

26 **SECTION 1.** ~~(a) The Legislature finds and declares all of the~~
27 ~~following:~~

28 ~~(1) The Legislature enacted Chapter 470 of the Statutes of 2009~~
29 ~~(Chapter 470) and directed the Public Utilities Commission (PUC)~~
30 ~~and the State Energy Resources Conservation and Development~~
31 ~~Commission (Energy Commission) to develop policies and plans~~
32 ~~to encourage improvement to all existing buildings in California.~~

33 ~~(2) Pursuant to Chapter 470, the Energy Commission is required~~
34 ~~to develop a comprehensive program to achieve greater energy~~
35 ~~savings in the state's existing residential and nonresidential~~
36 ~~building stock and energy efficiency financing options.~~

37 ~~(3) Pursuant to Chapter 470, the PUC is required to investigate~~
38 ~~the ability of the electrical corporations and gas corporations to~~
39 ~~provide various energy efficiency financing options to their~~
40 ~~customers for the purposes of implementing the program developed~~

1 by the Energy Commission and to assess the implementation of
2 the program by the electrical corporations and the gas corporations.

3 (4) The residential sector represents approximately 32 percent
4 of the total electricity usage and 36 percent of the total natural gas
5 consumption, and low-income households consume 27 percent
6 more energy due to the age and condition of the housing they can
7 afford to live in.

8 (5) The PUC has approved the use of ratepayer funds to pay for
9 100 percent of the cost of certain energy efficiency improvements
10 to dwellings occupied by low-income households with incomes
11 below 200 percent of the federal poverty level in the form of the
12 Low-Income Energy Efficiency (LIEE) program.

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

16 (7) The primary opportunity for energy savings in many
17 multifamily rental apartment buildings is in increasing the
18 efficiency of the heating and hot water systems.

19 (8) Decision 07-12-051 issued by the PUC on December 12,
20 2007, stated that “[w]e are not convinced that utility ratepayers
21 should assume the costs of appliance repairs and replacements.”

22 (9) Decision 08-11-031 issued by the PUC on November 10,
23 2008, reaffirmed the position of the PUC stated in Decision
24 07-12-051 by ruling that “no furnace repair and replacement or
25 water heater repair or replacement work shall occur in violation
26 of our holding in D.07-12-051 that heating and water heating in
27 rental housing are the responsibility of the landlord.”

28 (10) The PUC has interpreted that decision to mean that, with
29 respect to the LIEE program, only minor repairs and adjustments
30 may be made to furnaces and water heaters for the purpose of
31 increasing energy efficiency. As a consequence, contractors
32 implementing the LIEE program have generally avoided investing
33 LIEE funds in improving the efficiency of furnaces and water
34 heaters even though these are the largest potential energy savings
35 in many multifamily rental apartment buildings.

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

37 (1) Promote the investment of existing ratepayer energy
38 efficiency funds to increase the efficiency of furnace and water
39 heating systems in multifamily rental apartment buildings occupied

1 by low-income households to achieve the maximum potential
2 energy savings in the residential sector.

3 (2) ~~Promote the use of ratepayer funds to pay for energy efficient
4 heating and water heater systems in multifamily rental apartment
5 buildings and in particular in those that have contracts with federal,
6 state, or local governmental agencies that require them to serve
7 low-income households.~~

8 (3) ~~Modify the application of Decision 07-12-051 and Decision
9 08-11-031, insofar as those decisions disallowed the repair or
10 replacement of furnaces and water heaters through the LIEE or
11 other residential energy efficiency programs under the PUC's
12 jurisdiction.~~

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

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

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

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

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

27 ~~(2) The commission shall establish certification requirements
28 to implement this subdivision based on the United States
29 Department of Energy's Weatherization Assistance Program for
30 Low-Income Persons.~~

31 ~~(b) The commission shall ensure that low-income multifamily
32 rental apartment buildings receive the following forms of assistance
33 pursuant to the Low-Income Energy Efficiency (LIEE) program,
34 a successor program, or other energy efficiency program under
35 the jurisdiction of the commission:~~

36 ~~(1) Energy efficient furnaces and water heating systems.~~

37 ~~(2) Energy efficiency measures in common areas recommended
38 by an energy audit.~~

39 ~~(e) (1) Except as otherwise provided in paragraph (2), financial
40 assistance pursuant to this section shall be for 100 percent of the~~

- 1 cost of the improvement less a percentage equal to the percentage
2 of total dwelling units not occupied by households with incomes
3 below 200 percent of the federal poverty level.
- 4 ~~(2) Total expenditures on furnace and water heating replacement~~
5 ~~shall not exceed two thousand seven hundred dollars (\$2,700) per~~
6 ~~dwelling unit.~~
- 7 ~~(d) Financial assistance pursuant to this section only includes~~
8 ~~expenditures for equipment and installation costs, and does not~~
9 ~~include expenditures for the costs of hiring a consultant to perform~~
10 ~~an energy audit or a related service.~~
- 11 ~~(e) The owner or operator of the low-income multifamily rental~~
12 ~~apartment building shall pass any cost savings it receives pursuant~~
13 ~~to this section to its tenants.~~
- 14 ~~(f) Each gas corporation or electrical corporation implementing~~
15 ~~a program pursuant to this section shall publish data on the installed~~
16 ~~cost of products funded pursuant to this section.~~
- 17 ~~(g) 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~~
28 ~~(LIEE) program and other energy efficiency program resources.~~
- 29 ~~(3) Eliminate barriers to accessing energy retrofit programs for~~
30 ~~owners of low-income multifamily rental apartment buildings.~~