

AMENDED IN SENATE MAY 22, 2012
AMENDED IN ASSEMBLY MARCH 25, 2011
CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1186

Introduced by Assembly Member Skinner

February 18, 2011

An act to amend Section 398.4 of the Public Utilities Code, relating to electricity add Section 38578 to the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 1186, as amended, Skinner. ~~Electrical generation: source disclosures.~~ *California Global Warming Solutions Act of 2006: investor-owned utilities: school energy efficiency.*

(1) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990, to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas emissions reductions. The act authorizes the state board to include the use of market-based compliance mechanisms. The act authorizes the state board to adopt a schedule of fees to be paid by the sources of greenhouse gas emissions regulated pursuant to the act, and requires the revenues collected pursuant to that fee schedule be deposited into the Air Pollution Control

Fund and be available, upon appropriation by the Legislature, for the purposes of carrying out the act.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities. Existing law authorizes the commission to fix just and reasonable rates and charges.

This bill would require an investor-owned utility that receives proceeds from the monetization of greenhouse gas emissions allowances that may be directly allocated to the investor-owned utility by the state board pursuant to the act to submit to the commission an expenditure plan for those proceeds. The bill would prohibit the commission from approving that expenditure plan unless at least an unspecified percentage of those proceeds is available for certain cost-effective school energy efficiency improvements for schools in the individual investor-owned utility's service area.

(2) Under existing law, a violation of the Public Utilities Act or an order of the commission is a crime.

Because the provisions of this bill would require action by the commission to implement its requirements, a violation of the commission's orders 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.

~~Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law establishes a program under which retail suppliers of electricity disclose accurate, reliable, and simple to understand information on the sources of energy that are used to provide electric services.~~

~~This bill would require that usage of natural gas be separately disclosed: (1) when it is used for conventional powerplant and peaker plant generation, and (2) when it is used for combined heat and power system generation.~~

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

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

1 *SECTION 1. (a) Over 70 percent of the state’s public school*
2 *classrooms are over 25 years old.*

3 *(b) Schools account for approximately 12 percent of all*
4 *commercial energy consumption, representing not only a*
5 *significant cost to the state’s public schools, but also demonstrating*
6 *that schools have a sizeable greenhouse gas emissions footprint.*

7 *(c) Many school districts and local governments know there are*
8 *opportunities to reduce both the economic cost and carbon*
9 *footprints of schools by having more energy efficient buildings,*
10 *operations, and maintenance. These financial savings could*
11 *provide schools with the flexibility to pay for other upgrades that*
12 *enhance the learning environment.*

13 *(d) It is in the best interest of the state to quickly reduce energy*
14 *consumption from schools in a cost-effective manner.*

15 *(e) The California Global Warming Solutions Act of 2006*
16 *(Division 25.5 (commencing with Section 38500) of the Health*
17 *and Safety Code) requires the state to reduce carbon emissions to*
18 *1990 levels by 2020. As part of the regulations designed to achieve*
19 *this goal, the State Air Resources Board has developed a carbon*
20 *auction and trading system. Under the regulation, the state’s*
21 *investor-owned utilities will be given allowances for nearly 500*
22 *million tons of greenhouse gas emissions, all of which must be*
23 *auctioned. Revenues of those auctioned allowances become*
24 *revenues for the investor-owned utilities.*

25 *(f) The Public Utilities Commission, which oversees the*
26 *investor-owned utilities, has an obligation to oversee the use of*
27 *these revenues.*

28 *(g) By directing that some of the investor-owned utilities’*
29 *auction revenues be used to fund energy efficiency measures in*
30 *public schools located in the investor-owned utility’s service area,*
31 *ratepayers of the investor-owned utility will benefit from increased*
32 *budgetary flexibility, while also reducing greenhouse gas*
33 *emissions.*

34 *SEC. 2. Section 38578 is added to the Health and Safety Code,*
35 *to read:*

36 38578. *(a) Any investor-owned utility that receives proceeds*
37 *from the monetization of greenhouse gas emissions allowances*
38 *that may be directly allocated to the investor-owned utility by the*

1 state board pursuant to this part shall submit to the Public Utilities
2 Commission an expenditure plan for those proceeds.

3 (b) The Public Utilities Commission shall not approve any
4 expenditure plan submitted pursuant to subdivision (a) unless at
5 least ___ percent of any proceeds received from the monetization
6 of those greenhouse gas emissions allowances that are directly
7 allocated to investor-owned utilities by the state board pursuant
8 to this part is available to fund cost-effective school energy
9 efficiency improvements, including, but not limited to, advanced
10 lighting controls, upgrades to heating, ventilation, and
11 air-conditioning systems, hot water, and kitchen appliances, for
12 schools in the individual investor-owned utility's service area.

13 SEC. 3. No reimbursement is required by this act pursuant to
14 Section 6 of Article XIII B of the California Constitution because
15 the only costs that may be incurred by a local agency or school
16 district will be incurred because this act creates a new crime or
17 infraction, eliminates a crime or infraction, or changes the penalty
18 for a crime or infraction, within the meaning of Section 17556 of
19 the Government Code, or changes the definition of a crime within
20 the meaning of Section 6 of Article XIII B of the California
21 Constitution.

22 SECTION 1. ~~Section 398.4 of the Public Utilities Code is~~
23 ~~amended to read:~~

24 ~~398.4. (a) Every retail supplier that makes an offering to sell~~
25 ~~electricity that is consumed in California shall disclose its~~
26 ~~electricity sources for the previous calendar year.~~

27 ~~(b) The disclosures required by this section shall be made to~~
28 ~~potential end-use consumers in all product-specific written~~
29 ~~promotional materials that are distributed to consumers by either~~
30 ~~printed or electronic means, including the retail supplier's Internet~~
31 ~~Web site, if one exists, except that advertisements and notices in~~
32 ~~general circulation media shall not be subject to this requirement.~~

33 ~~(c) The disclosures required by this section shall be made~~
34 ~~annually to end-use consumers of the offered electricity. The annual~~
35 ~~disclosure shall be made by the end of the first complete billing~~
36 ~~cycle for the third quarter of the year, and shall be consistent with~~
37 ~~information provided to the Energy Commission pursuant to~~
38 ~~Section 398.5.~~

39 ~~(d) The disclosures required by this section shall be made~~
40 ~~separately for each offering made by the retail supplier.~~

- 1 ~~(e) On or before January 1, 1998, the Energy Commission shall~~
2 ~~specify guidelines for the format and means for disclosure required~~
3 ~~by Section 398.3 and this section, based on the requirements of~~
4 ~~this article and subject to public hearing.~~
5 ~~(f) The costs of making the disclosures required by this section~~
6 ~~shall be considered to be generation related.~~
7 ~~(g) The disclosures required by this section shall comply with~~
8 ~~the following:~~
9 ~~(1) A retail supplier's disclosure of its electricity sources shall~~
10 ~~be expressed as a percentage of annual sales derived from each of~~
11 ~~the following categories:~~
12 ~~(A) Unspecified sources of electricity.~~
13 ~~(B) Specific purchases.~~
14 ~~(2) A retail supplier's disclosure of its electricity sources shall~~
15 ~~also separately identify total California system electricity, which~~
16 ~~is the sum of all in-state generation and net electricity imports by~~
17 ~~fuel type.~~
18 ~~(h) Each of the categories specified in subdivision (g) shall be~~
19 ~~additionally identified as a percentage of annual sales that is~~
20 ~~derived from the following fuels or sources of energy:~~
21 ~~(1) Coal.~~
22 ~~(2) Large hydroelectric (greater than 30 megawatts).~~
23 ~~(3) (A) Natural gas used for conventional powerplant and peaker~~
24 ~~plant generation.~~
25 ~~(B) Natural gas used for combined heat and power system~~
26 ~~generation.~~
27 ~~(4) Nuclear.~~
28 ~~(5) Eligible renewable energy resources pursuant to the~~
29 ~~California Renewables Portfolio Standard Program (Article 16~~
30 ~~(commencing with Section 399.11)), including any of the~~
31 ~~following:~~
32 ~~(A) Biomass and biowaste.~~
33 ~~(B) Geothermal.~~
34 ~~(C) Eligible hydroelectric.~~
35 ~~(D) Solar.~~
36 ~~(E) Wind.~~
37 ~~(6) Other categories as determined by the Energy Commission.~~
38 ~~(i) All electricity sources disclosed as specific purchases shall~~
39 ~~meet the requirements of subdivision (e) of Section 398.2.~~

- 1 ~~(j) Specific purchases identified pursuant to this section shall~~
- 2 ~~be from sources connected to the Western Electricity Coordinating~~
- 3 ~~Council interconnected grid.~~
- 4 ~~(k) Compliance with this section by a local publicly owned~~
- 5 ~~electric utility shall constitute compliance with paragraph (2) of~~
- 6 ~~subdivision (b) of Section 387.~~
- 7 ~~(l) The provisions of this section shall not apply to generators~~
- 8 ~~providing electric service onsite, under an over-the-fence~~
- 9 ~~transaction as described in Section 218, or to an affiliate or~~
- 10 ~~affiliates, as defined in subdivision (a) of Section 372.~~