

AMENDED IN SENATE AUGUST 24, 2012
AMENDED IN SENATE AUGUST 6, 2012
AMENDED IN SENATE JUNE 6, 2012
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
(Principal coauthor: Senator Pavley)

February 18, 2011

An act to add ~~Section 640 to the Public Utilities Code, relating to energy Article 13 (commencing with Section 16429.40) to Chapter 2 of Part 2 of Division 4 of Title 2 of the Government Code, relating to greenhouse gases, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1186, as amended, Skinner. ~~Investor-owned utilities: school~~
~~School energy efficiency: efficiency: grants.~~

Existing law creates the Greenhouse Gas Reduction Fund as a special fund in the State Treasury and requires any moneys collected by the State Air Resources Board under the California Global Warming Solutions Act of 2006 from the auction or sale of allowances pursuant to a market-based compliance mechanism to be deposited into the fund and available for appropriation by the Legislature. Existing law requires a state agency, prior to expending any moneys appropriated to it by the Legislature from the fund, to prepare a record consisting of a

description of proposed expenditures and how they will further the regulatory purposes of the California Global Warming Solutions Act of 2006, how they will achieve specified greenhouse gas emissions reductions, how the agency considered other objectives of that act, and how the agency will document expenditure results.

This bill would enact the School Energy Efficiency and Greenhouse Gas Reduction Act. The bill would create the School Energy Efficiency and Greenhouse Gas Reduction Fund as a special fund in the State Treasury. The bill would require that 20% of specified revenues deposited during the 2012–13 fiscal year in the Greenhouse Gas Reduction Fund be transferred into the School Energy Efficiency and Greenhouse Gas Reduction Fund. This bill would continuously appropriate the funds in the School Energy Efficiency and Greenhouse Gas Reduction Fund to the State Energy Resources Conservation and Development Commission for the purposes of a grant program for eligible K-12 schools for energy efficiency improvements that achieve greenhouse gas reductions.

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

~~This bill would require the commission to hold a proceeding to establish a program to award grants to public schools providing instruction in kindergarten or grades 1 to 12, inclusive, for energy efficiency improvements including, but not limited to, advanced controls, lighting, upgrades to heating, ventilation, and air-conditioning systems, as well as hot water and kitchen appliances. The bill would require the commission to direct gas corporations and electrical corporations to implement that program within their respective service areas.~~

~~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.~~

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

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

1 SECTION 1. (a) Over 70 percent of the state’s K–12 public
2 school classrooms are over 25 years old.

3 (b) Schools account for approximately 12 percent of all
4 commercial energy consumption, representing not only a significant
5 cost to the state’s public schools, but also demonstrating that
6 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
10 *energy-efficient* buildings, operations, and maintenance. These
11 financial savings could provide schools with the flexibility to pay
12 for other upgrades that enhance the learning environment.

13 (d) It is in the best interest of the state to quickly reduce energy
14 consumption from schools, *especially through building retrofits*
15 *that achieve the deep levels of energy efficiency improvement, such*
16 *as those called for in the Long Term Energy Efficiency Strategic*
17 *Plan adopted by the Public Utilities Commission.*

18 ~~SEC. 2. Section 640 is added to the Public Utilities Code, to~~
19 ~~read:~~

20 ~~640. (a) The commission shall hold a proceeding to establish~~
21 ~~a program to award grants to public schools providing instruction~~
22 ~~in kindergarten or grades 1 to 12, inclusive, for energy efficiency~~
23 ~~improvements including, but not limited to, advanced controls,~~
24 ~~lighting, upgrades to heating, ventilation, and air-conditioning~~
25 ~~systems, as well as hot water and kitchen appliances.~~

26 ~~(b) The commission shall direct gas corporations and electrical~~
27 ~~corporations to implement the program established pursuant to~~
28 ~~subdivision (a) for public schools providing instruction in~~
29 ~~kindergarten or grades 1 to 12, inclusive, within the respective~~
30 ~~service areas of those corporations.~~

31 ~~SEC. 3. No reimbursement is required by this act pursuant to~~
32 ~~Section 6 of Article XIII B of the California Constitution because~~
33 ~~the only costs that may be incurred by a local agency or school~~

1 ~~district will be incurred because this act creates a new crime or~~
 2 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
 3 ~~for a crime or infraction, within the meaning of Section 17556 of~~
 4 ~~the Government Code, or changes the definition of a crime within~~
 5 ~~the meaning of Section 6 of Article XIII B of the California~~
 6 ~~Constitution.~~

7 *SEC. 2. Article 13 (commencing with Section 16429.40) is*
 8 *added to Chapter 2 of Part 2 of Division 4 of Title 2 of the*
 9 *Government Code, to read:*

10

11 *Article 13. School Energy Efficiency and Greenhouse Gas*
 12 *Reduction*

13

14 *16429.40. This article shall be known and may be cited as the*
 15 *School Energy Efficiency and Greenhouse Gas Reduction Act.*

16

17 *16429.41. As used in this article:*
 18 *(a) "Commission" means the State Energy Resources*
 19 *Conservation and Development Commission.*

20

21 *(b) "Eligible institution" means a public school providing*
 22 *instruction in kindergarten or grades 1 to 12, inclusive.*

23

24 *(c) "Fund" means the School Energy Efficiency and Greenhouse*
 25 *Gas Reduction Fund established pursuant to Section 16429.42.*

26

27 *(d) "Superintendent" means the Superintendent of Public*
 28 *Instruction.*

29

30 *16429.42. (a) The School Energy Efficiency and Greenhouse*
 31 *Gas Reduction Fund is hereby created as a special fund in the*
 32 *State Treasury. Notwithstanding Section 13340, moneys in the*
 33 *fund are continuously appropriated, without regard to fiscal years,*
 34 *to the commission for the purposes of this article.*

35

36 *(b) Of the revenues deposited during the 2012–13 fiscal year*
 37 *in the Greenhouse Gas Reduction Fund, created by Section*
 38 *16428.8, which are not used or allocated by the Director of*
 39 *Finance to make commensurate reductions to General Fund*
expenditure authority pursuant to Section 15.11 of the Budget Act
of 2012, 20 percent of that amount shall be transferred into the
fund.

37

38 *(c) Of the moneys deposited into the fund pursuant to subdivision*
 39 *(b), the commission may expend up to 5 percent of those moneys*
for administrative costs in implementing this article.

1 (d) The commission shall award the remainder of the moneys
2 in the fund as grants to eligible institutions for greenhouse gas
3 reductions achieved through energy efficiency improvements.

4 (e) The commission shall comply with Section 16428.9 in the
5 award of funds.

6 16429.43. (a) It is the intent of the Legislature that the
7 commission administer the fund and implement this article in
8 coordination with the Superintendent to provide grants to eligible
9 institutions for building retrofits that maximize energy savings and
10 greenhouse gas reductions.

11 (b) The commission shall award the moneys described in
12 subdivision (d) of Section 16429.42 as grants through the
13 commission's Bright Schools Program, subject to the following:

14 (1) The grants made pursuant to this article through the Bright
15 Schools Program shall be awarded only to eligible institutions,
16 as defined in Section 16429.41.

17 (2) The commission shall ensure that adequate energy audit,
18 measurement, and verification procedures are employed to ensure
19 that energy savings and greenhouse gas emissions reductions
20 occur as a result of any grants made pursuant to this article.

21 (3) The commission shall use a net present value analysis or
22 life-cycle cost analysis when determining eligible measures for
23 energy savings and greenhouse gas reductions.

24 (c) (1) The commission shall adopt any regulations or
25 guidelines necessary to implement this article. Notwithstanding
26 any other law, regulations pursuant to this section may be adopted
27 as emergency regulations pursuant to Chapter 3.5 (commencing
28 with Section 11340) of Part 1 of Division 3.

29 (2) For the purposes of Chapter 3.5 (commencing with Section
30 11340) of Part 1 of Division 3, including Section 11349.6, the
31 Office of Administrative Law shall consider the adoption of the
32 regulations pursuant to this subdivision to be necessary for the
33 immediate preservation of the public peace, health and safety, and
34 general welfare.

35 (d) The commission, to the extent possible, shall utilize existing
36 resources and expertise in implementing this article.

37 (e) The commission, in consultation with the Superintendent,
38 shall establish a system to prioritize schools for grants through
39 this article. Prioritization shall take into consideration
40 circumstances that shall include, but not be limited to, the age of

1 *the school facilities, the proportion of students receiving free and*
2 *reduced-price meals, whether the facilities have been recently*
3 *modernized, whether the facilities are operated as a year-round*
4 *school, the potential for demand reduction, and the school's score*
5 *from an energy rating system such as the United States*
6 *Environmental Protection Agency's Energy Star system.*

7 *(f) The commission shall determine, based on the annual energy*
8 *savings reported by the institutions pursuant to subdivision (h),*
9 *the total greenhouse gas reductions achieved pursuant to this*
10 *article.*

11 *(g) This article does not affect the eligibility of schools awarded*
12 *grants to receive other incentives available from federal, state,*
13 *and local government, or from public utilities or other sources,*
14 *and to leverage the grant with those incentives.*

15 *(h) (1) Any eligible institution may submit an application to*
16 *the commission for a grant from the fund for greenhouse gas*
17 *reductions achieved through energy efficiency improvements.*

18 *(2) Each year, on a schedule established by the commission,*
19 *each eligible institution that receives a grant pursuant to this*
20 *article shall report the amount of energy saved to the commission.*
21 *Each eligible institution shall compute the cost of energy saved as*
22 *a result of implementing projects funded by the grant. The cost*
23 *shall be calculated in a manner established by the commission.*