

AMENDED IN ASSEMBLY MARCH 11, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2017

Introduced by Assembly Member Muratsuchi

February 20, 2014

An act to add Chapter 8.1 (commencing with Section 2846) to Part 2 of Division 1 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2017, as amended, Muratsuchi. Energy: financing: rental properties.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. Existing law authorizes the Public Utilities Commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable.

This bill would authorize the commission to require an electrical or gas corporation with 250,000 or more service connections to develop and implement an on-bill repayment program providing financial assistance for energy efficiency, ~~renewable energy, distributed generation, energy storage, or demand response~~ improvements for rental properties by allowing for the repayment of the financial assistance to be included in the utility customer's utility bill. Because a violation of any part of any order, decision, rule, direction, demand, or requirement of the Public Utilities Commission is a crime, this bill would impose a state-mandated local program.

(2) 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. Fiscal committee: yes.

State-mandated local program: yes.

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

1 SECTION 1. Chapter 8.1 (commencing with Section 2846) is
2 added to Part 2 of Division 1 of the Public Utilities Code, to read:

3
4 CHAPTER 8.1. ENERGY IMPROVEMENTS FOR RENTAL PROPERTIES

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6 2846. For the purposes of this chapter, the following the terms
7 have the following meanings:

8 (a) "OBR improvement" means an eligible energy *efficiency*
9 improvement financed through an OBR obligation.

10 (b) "OBR obligation" means an obligation to repay a financing
11 provided to a utility customer by an OBR partner pursuant to an
12 on-bill repayment program approved by the commission.

13 (c) "OBR partner" means a person or entity providing financing
14 for eligible energy *efficiency* improvements pursuant to an on-bill
15 repayment program. OBR partners include, but are not limited to,
16 banks, savings and loan institutions, credit unions, or project
17 developers. Financing may be provided in the form of a loan, lease,
18 power purchase agreement, energy service agreement, or other
19 financing structure approved by the commission.

20 (d) "On-bill repayment program" or "OBR program" means a
21 program, which may include one or more pilot test programs,
22 approved by the commission that enables financing of eligible
23 energy *efficiency* improvements for rental properties to be repaid
24 through OBR repayment charges to be associated with the same
25 utility account or accounts where savings are anticipated to be
26 realized as a result of the improvements.

27 (e) "OBR repayment charge" means a charge, constituting
28 repayment of all or a portion of any OBR obligation, that is
29 included on a utility bill in accordance with a commission-approved
30 utility tariff.

1 (f) “Utility” means an electrical corporation or gas corporation
2 that develops, or is required to develop, an on-bill repayment
3 program.

4 2846.1. (a) The commission may require an electrical
5 corporation or gas corporation with 250,000 or more service
6 connections in the state to develop and implement one or more
7 on-bill repayment programs for eligible energy efficiency;
8 ~~renewable energy, distributed generation, energy storage, or~~
9 ~~demand response~~ improvements.

10 (b) A utility shall not implement the on-bill repayment program
11 without the express approval of the commission.

12 (c) The commission shall supervise on-bill repayment programs
13 to ensure that the programs are administered in compliance with
14 the terms approved by the commission.

15 2846.2. In approving an OBR program, the commission shall
16 consider whether the program contains appropriate rules and
17 criteria including all of the following:

18 (a) (1) Eligibility criteria for the types of energy *efficiency*
19 ~~improvements and technologies~~ that would be financed by the
20 OBR program.

21 (2) The commission may include nonenergy reducing
22 improvements as an eligible improvement for financing if it deems
23 appropriate.

24 (b) Rules prohibiting the unauthorized removal from the rental
25 property of an OBR improvement.

26 (c) Rules for project inspection and verification services to
27 ~~ensure the cost-effectiveness of the OBR program.~~ *economic*
28 *benefits for tenants of properties with an OBR improvement.*

29 ~~(d) Requirements regarding the investment quality and~~
30 ~~performance of the financing instruments for the OBR program.~~

31 (e)

32 (d) Consumer protections for ~~low-income residential~~ customers
33 *subject to an OBR repayment charge*, including protections that
34 prevent increases in the number of service terminations, a loan
35 loss reserve, bill neutrality, ~~prepayment options~~, and other
36 mechanisms deemed appropriate by the commission.

37 SEC. 2. No reimbursement is required by this act pursuant to
38 Section 6 of Article XIII B of the California Constitution because
39 the only costs that may be incurred by a local agency or school
40 district will be incurred because this act creates a new crime or

1 infraction, eliminates a crime or infraction, or changes the penalty
2 for a crime or infraction, within the meaning of Section 17556 of
3 the Government Code, or changes the definition of a crime within
4 the meaning of Section 6 of Article XIII B of the California
5 Constitution.

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