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AMENDED IN SENATE JUNE 30, 2014  
AMENDED IN SENATE JUNE 16, 2014  
AMENDED IN ASSEMBLY MAY 28, 2014  
AMENDED IN ASSEMBLY APRIL 21, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2581**

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**Introduced by Assembly Member Bradford**

February 21, 2014

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An act to amend Sections 25402, 25402.1, and 25942 of the Public Resources Code, ~~and to add Section 454.58 to the Public Utilities Code,~~ relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2581, as amended, Bradford. Energy: appliance standards: public domain computer program: home energy ~~rating: energy efficiency program for appliances: rating.~~

(1) Existing law requires the State Energy Resources Conservation and Development Commission to prescribe, by regulation, standards for minimum levels of operating efficiency, and authorizes the commission to prescribe other cost-effective measures, to promote the use of energy-efficient and water-efficient appliances whose use requires a significant amount of energy or water on a statewide basis.

This bill would instead authorize the commission to prescribe or adopt other cost-effective measures. The bill would authorize the commission

to consider or recognize voluntary agreements in lieu of regulation described above and to take voluntary agreements into account in its planning. The bill would require the commission to consider adopting a process for the repeal, or suspension of enforcement, of a standard for minimum levels of operating efficiency for an appliance that the commission finds to be duplicative or inconsistent with federal or state law. The bill would require any labeling requirement prescribed by the commission to allow a manufacturer to use electronic labeling as appropriate. The bill would require the commission to consider the most current data provided to the commission regarding a proposed standard for an appliance before the publication of the notice of the proposed action to consider adoption or amendment of a standard for an appliance. The bill would require the commission to explain in the final statement of reasons how it considered those data.

(2) Existing law requires the commission to prescribe, by regulation, lighting, insulation climate control system, and other building design and construction standards that increase the efficiency in the use of energy and water for new residential and new nonresidential buildings. Existing law also requires the commission to prescribe, by regulation, energy and water conservation design standards for new residential and new nonresidential buildings. In order to implement these requirements, existing law requires the commission to develop a public domain computer program that enables contractors, builders, architects, engineers, and government officials to estimate energy consumed by residential and nonresidential buildings and requires the commission to establish a formal process for certification of compliance options for new products, materials, and calculation methods, as prescribed.

This bill would require the commission to approve and make publicly available, not less than 6 months prior to the effective date of adopted or updated efficiency standards, the public domain computer program. The bill would require the commission, before approving the public domain computer program, to perform preliminary tests of the public domain computer program using common examples of residential and nonresidential buildings and building systems to ensure the usability of the program by users of the program. The bill would require the commission to make the results of those preliminary tests publicly available.

(3) Existing law requires the commission to establish criteria for adopting a statewide home energy rating program for residential dwellings.

For existing single-family residential dwellings and multifamily residential dwellings with up to 4 units, the bill would require the commission, in administering the statewide home energy rating program, to ensure that energy assessment tools used by the commission are routinely adjusted to improve modeling accuracy and to ensure that consumers receive a notice with the output of the energy assessment tools explaining the assumptions used in the energy assessment tools and how they may differ from actual usage patterns.

~~(4) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The Public Utilities Act requires the commission to review and accept, modify, or reject a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives. The act requires that an electrical corporation’s proposed procurement plan include certain elements, including a showing that the electrical corporation will first meet its unmet needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.~~

~~This bill would require the Public Utilities Commission, no later than January 1, 2016, to include in its energy efficiency portfolio program, a program to provide incentives to an electrical corporation that adopts an energy efficiency program to reduce electrical demand from indoor appliances. In order to receive incentives from the program, the bill would require the commission to require an energy efficiency program for indoor appliances adopted by an electrical corporation to be established and maintained at a net to gross ratio of 0.8 for 36 consecutive months. After 36 months, the bill would authorize the commission to evaluate the energy efficiency program and adjust the net to gross ratio on a prospective basis.~~

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 25402 of the Public Resources Code is
- 2 amended to read:
- 3 25402. The commission shall, after one or more public
- 4 hearings, do all of the following, in order to reduce the wasteful,
- 5 uneconomic, inefficient, or unnecessary consumption of energy,
- 6 including the energy associated with the use of water:

1 (a) (1) Prescribe, by regulation, lighting, insulation climate  
2 control system, and other building design and construction  
3 standards that increase the efficiency in the use of energy and water  
4 for new residential and new nonresidential buildings. The  
5 commission shall periodically update the standards and adopt any  
6 revision that, in its judgment, it deems necessary. Six months after  
7 the commission certifies an energy conservation manual pursuant  
8 to subdivision (c) of Section 25402.1, a city, county, city and  
9 county, or state agency shall not issue a permit for a building unless  
10 the building satisfies the standards prescribed by the commission  
11 pursuant to this subdivision or subdivision (b) that are in effect on  
12 the date an application for a building permit is filed. Water  
13 efficiency standards adopted pursuant to this subdivision shall be  
14 demonstrated by the commission to be necessary to save energy.

15 (2) Prior to adopting a water efficiency standard for residential  
16 buildings, the Department of Housing and Community  
17 Development and the commission shall issue a joint finding  
18 whether the standard (A) is equivalent or superior in performance,  
19 safety, and for the protection of life, health, and general welfare  
20 to standards in Title 24 of the California Code of Regulations and  
21 (B) does not unreasonably or unnecessarily impact the ability of  
22 Californians to purchase or rent affordable housing, as determined  
23 by taking account of the overall benefit derived from water  
24 efficiency standards. This subdivision does not in any way reduce  
25 the authority of the Department of Housing and Community  
26 Development to adopt standards and regulations pursuant to Part  
27 1.5 (commencing with Section 17910) of Division 13 of the Health  
28 and Safety Code.

29 (3) Water efficiency standards and water conservation design  
30 standards adopted pursuant to this subdivision and subdivision (b)  
31 shall be consistent with the legislative findings of this division to  
32 ensure and maintain a reliable supply of electrical energy and be  
33 equivalent to or superior to the performance, safety, and protection  
34 of life, health, and general welfare standards contained in Title 24  
35 of the California Code of Regulations. The commission shall  
36 consult with the members of the coordinating council as established  
37 in Section 18926 of the Health and Safety Code in the development  
38 of these standards.

39 (b) (1) Prescribe, by regulation, energy and water conservation  
40 design standards for new residential and new nonresidential

1 buildings. The standards shall be performance standards and shall  
2 be promulgated in terms of energy consumption per gross square  
3 foot of floorspace, but may also include devices, systems, and  
4 techniques required to conserve energy and water. The commission  
5 shall periodically review the standards and adopt any revision that,  
6 in its judgment, it deems necessary. A building that satisfies the  
7 standards prescribed pursuant to this subdivision need not comply  
8 with the standards prescribed pursuant to subdivision (a). Water  
9 conservation design standards adopted pursuant to this subdivision  
10 shall be demonstrated by the commission to be necessary to save  
11 energy. Prior to adopting a water conservation design standard for  
12 residential buildings, the Department of Housing and Community  
13 Development and the commission shall issue a joint finding  
14 whether the standard (A) is equivalent or superior in performance,  
15 safety, and for the protection of life, health, and general welfare  
16 to standards in the California Building Standards Code and (B)  
17 does not unreasonably or unnecessarily impact the ability of  
18 Californians to purchase or rent affordable housing, as determined  
19 by taking account of the overall benefit derived from the water  
20 conservation design standards. Nothing in this subdivision in any  
21 way reduces the authority of the Department of Housing and  
22 Community Development to adopt standards and regulations  
23 pursuant to Part 1.5 (commencing with Section 17910) of Division  
24 13 of the Health and Safety Code.

25 (2) In order to increase public participation and improve the  
26 efficacy of the standards adopted pursuant to subdivisions (a) and  
27 (b), the commission shall, prior to publication of the notice of  
28 proposed action required by Section 18935 of the Health and Safety  
29 Code, involve parties who would be subject to the proposed  
30 regulations in public meetings regarding the proposed regulations.  
31 All potential affected parties shall be provided advance notice of  
32 these meetings and given an opportunity to provide written or oral  
33 comments. During these public meetings, the commission shall  
34 receive and take into consideration input from all parties  
35 concerning the parties' design recommendations, cost  
36 considerations, and other factors that would affect consumers and  
37 California businesses of the proposed standard. The commission  
38 shall take into consideration prior to the start of the notice of  
39 proposed action any input provided during these public meetings.

1 (3) The standards adopted or revised pursuant to subdivisions  
2 (a) and (b) shall be cost-effective when taken in their entirety and  
3 when amortized over the economic life of the structure compared  
4 with historic practice. When determining cost-effectiveness, the  
5 commission shall consider the value of the water or energy saved,  
6 impact on product efficacy for the consumer, and the life-cycle  
7 cost of complying with the standard. The commission shall consider  
8 other relevant factors, as required by Sections 18930 and 18935  
9 of the Health and Safety Code, including, but not limited to, the  
10 impact on housing costs, the total statewide costs and benefits of  
11 the standard over its lifetime, economic impact on California  
12 businesses, and alternative approaches and their associated costs.

13 (c) (1) (A) Prescribe, by regulation, standards for minimum  
14 levels of operating efficiency, based on a reasonable use pattern,  
15 and may prescribe or adopt other cost-effective measures, including  
16 incentive programs, fleet averaging, energy and water consumption  
17 labeling not preempted by federal labeling law, and consumer  
18 education programs, to promote the use of energy and water  
19 efficient appliances whose use, as determined by the commission,  
20 requires a significant amount of energy or water on a statewide  
21 basis. The minimum levels of operating efficiency shall be based  
22 on feasible and attainable efficiencies or feasible improved  
23 efficiencies that will reduce the energy or water consumption  
24 growth rates. The standards shall become effective no sooner than  
25 one year after the date of adoption or revision. A new appliance  
26 manufactured on or after the effective date of the standards shall  
27 not be sold or offered for sale in the state, unless it is certified by  
28 the manufacturer thereof to be in compliance with the standards.  
29 The standards shall be drawn so that they do not result in any added  
30 total costs for consumers over the designed life of the appliances  
31 concerned.

32 (B) In order to increase public participation and improve the  
33 efficacy of the standards adopted pursuant to this subdivision, the  
34 commission shall, prior to publication of the notice of proposed  
35 action required by Section 18935 of the Health and Safety Code,  
36 involve parties who would be subject to the proposed regulations  
37 in public meetings regarding the proposed regulations. All potential  
38 affected parties shall be provided advance notice of these meetings  
39 and given an opportunity to provide written or oral comments.  
40 During these public meetings, the commission shall receive and

1 take into consideration input from all parties concerning the parties’  
2 design recommendations, cost considerations, and other factors  
3 that would affect consumers and California businesses of the  
4 proposed standard. The commission shall take into consideration  
5 prior to the start of the notice of proposed action any input provided  
6 during these public meetings.

7 (C) The standards adopted or revised pursuant to this subdivision  
8 shall not result in any added total costs for consumers over the  
9 designed life of the appliances concerned. When determining  
10 cost-effectiveness, the commission shall consider the value of the  
11 water or energy saved, impact on product efficacy for the  
12 consumer, and the life-cycle cost to the consumer of complying  
13 with the standard. The commission shall consider other relevant  
14 factors, as required by Sections 11346.5 and 11357 of the  
15 Government Code, including, but not limited to, the impact on  
16 housing costs, the total statewide costs and benefits of the standard  
17 over its lifetime, economic impact on California businesses, and  
18 alternative approaches and their associated costs.

19 (D) Any labeling requirement prescribed by the commission  
20 pursuant to subparagraph (A) shall allow a manufacturer to use  
21 electronic labeling as appropriate. The use of electronic labeling  
22 does not alter requirements to submit data to the commission’s  
23 appliance efficiency database.

24 (2) A new appliance, except for any plumbing fitting, regulated  
25 under paragraph (1), that is manufactured on or after July 1, 1984,  
26 shall not be sold, or offered for sale, in the state, unless the date  
27 of the manufacture is permanently displayed in an accessible place  
28 on that appliance.

29 (3) During the period of five years after the commission has  
30 adopted a standard for a particular appliance under paragraph (1),  
31 an increase or decrease in the minimum level of operating  
32 efficiency required by the standard for that appliance shall not  
33 become effective, unless the commission adopts other cost-effective  
34 measures for that appliance.

35 (4) Neither the commission nor any other state agency shall  
36 take any action to decrease any standard adopted under this  
37 subdivision on or before June 30, 1985, prescribing minimum  
38 levels of operating efficiency or other energy conservation  
39 measures for any appliance, unless the commission finds by a  
40 four-fifths vote that a decrease is of benefit to ratepayers, and that

1 there is significant evidence of changed circumstances. Before  
2 January 1, 1986, the commission shall not take any action to  
3 increase a standard prescribing minimum levels of operating  
4 efficiency for any appliance or adopt a new standard under  
5 paragraph (1). Before January 1, 1986, any appliance manufacturer  
6 doing business in this state shall provide directly, or through an  
7 appropriate trade or industry association, information, as specified  
8 by the commission after consultation with manufacturers doing  
9 business in the state and appropriate trade or industry associations  
10 on sales of appliances so that the commission may study the effects  
11 of regulations on those sales. These informational requirements  
12 shall remain in effect until the information is received. The trade  
13 or industry association may submit sales information in an  
14 aggregated form in a manner that allows the commission to carry  
15 out the purposes of the study. The commission shall treat any sales  
16 information of an individual manufacturer as confidential and that  
17 information shall not be a public record. The commission shall not  
18 request any information that cannot be reasonably produced in the  
19 exercise of due diligence by the manufacturer. At least one year  
20 prior to the adoption or amendment of a standard for an appliance,  
21 the commission shall notify the Legislature of its intent, and the  
22 justification to adopt or amend a standard for the appliance. The  
23 commission shall consider the most current data provided to the  
24 commission regarding any proposed standard under this subdivision  
25 before the publication of the notice of proposed action pursuant  
26 to paragraph (5) of subdivision (a) of Section 11346.4 of the  
27 Government Code to consider adoption or amendment of a standard  
28 for an appliance pursuant to this subdivision. The commission  
29 shall explain in the final statement of reasons prepared pursuant  
30 to Section 11346.9 of the Government Code how it considered  
31 this data provided to the commission. Notwithstanding paragraph  
32 (3) and this paragraph, the commission may do any of the  
33 following:

34 (A) Increase the minimum level of operating efficiency in an  
35 existing standard up to the level of the National Voluntary  
36 Consensus Standards 90, adopted by the American Society of  
37 Heating, Refrigeration, and Air Conditioning Engineers or, for  
38 appliances not covered by that standard, up to the level established  
39 in a similar nationwide consensus standard.

1 (B) Change the measure or rating of efficiency of any standard,  
2 if the minimum level of operating efficiency remains substantially  
3 the same.

4 (C) Adjust the minimum level of operating efficiency in an  
5 existing standard in order to reflect changes in test procedures that  
6 the standards require manufacturers to use in certifying compliance,  
7 if the minimum level of operating efficiency remains substantially  
8 the same.

9 (D) Readopt a standard preempted, enjoined, or otherwise found  
10 legally defective by an administrative agency or a lower court, if  
11 final legal action determines that the standard is valid and if the  
12 standard that is readopted is not more stringent than the standard  
13 that was found to be defective or preempted.

14 (E) Adopt or amend any existing or new standard at any level  
15 of operating efficiency, if the Governor has declared an energy  
16 emergency as described in Section 8558 of the Government Code.

17 (5) Notwithstanding paragraph (4), the commission may adopt  
18 standards pursuant to Commission Order No. 84-0111-1, on or  
19 before June 30, 1985.

20 (6) (A) The commission may consider or recognize voluntary  
21 agreements in lieu of regulation pursuant to paragraph (1).

22 (B) The commission may take voluntary agreements into account  
23 in its planning.

24 (7) The commission shall consider, as part of the rulemaking  
25 proceeding instituted by Commission Order No. 12-0112-06,  
26 adopting a process for the repeal, or suspension of enforcement,  
27 of a standard prescribed by paragraph (1) that the commission  
28 finds is duplicative or inconsistent with federal or state law.

29 (d) (1) Recommend minimum standards of efficiency for the  
30 operation of a new facility at a particular site that are technically  
31 and economically feasible. A site and related facility shall not be  
32 certified pursuant to Chapter 6 (commencing with Section 25500),  
33 unless the applicant certifies that standards recommended by the  
34 commission have been considered, which certification shall include  
35 a statement specifying the extent to which conformance with the  
36 recommended standards will be achieved.

37 (2) Whenever this section and Chapter 11.5 (commencing with  
38 Section 19878) of Part 3 of Division 13 of the Health and Safety  
39 Code are in conflict, the commission shall be governed by that  
40 chapter of the Health and Safety Code to the extent of the conflict.

1 (e) The commission shall do all of the following:

2 (1) Not later than January 1, 2004, amend any regulations in  
3 effect on January 1, 2003, pertaining to the energy efficiency  
4 standards for residential clothes washers to require that residential  
5 clothes washers manufactured on or after January 1, 2007, be at  
6 least as water efficient as commercial clothes washers.

7 (2) Not later than April 1, 2004, petition the federal Department  
8 of Energy for an exemption from any relevant federal regulations  
9 governing energy efficiency standards that are applicable to  
10 residential clothes washers.

11 (3) Not later than January 1, 2005, report to the Legislature on  
12 its progress with respect to the requirements of paragraphs (1) and  
13 (2).

14 SEC. 2. Section 25402.1 of the Public Resources Code is  
15 amended to read:

16 25402.1. In order to implement the requirements of subdivisions  
17 (a) and (b) of Section 25402, all of the following shall apply:

18 (a) The commission shall develop a public domain computer  
19 program that will enable contractors, builders, architects, engineers,  
20 and government officials to estimate the energy consumed by  
21 residential and nonresidential buildings. The commission may  
22 charge a fee for the use of the program, which shall be based upon  
23 the actual cost of the program, including any computer costs.

24 (b) The commission shall establish a formal process for  
25 certification of compliance options for new products, materials,  
26 and calculation methods that provides for adequate technical and  
27 public review to ensure accurate, equitable, and timely evaluation  
28 of certification applications. Proponents filing applications for new  
29 products, materials, and calculation methods shall provide all  
30 information needed to evaluate the application that is required by  
31 the commission. The commission shall publish annually the results  
32 of its certification decisions and instructions to users and local  
33 building officials concerning requirements for showing compliance  
34 with the building standards for new products, materials, or  
35 calculation methods. The commission may charge and collect a  
36 reasonable fee from applicants to cover the costs under this  
37 subdivision. Any funds received by the commission for purposes  
38 of this subdivision shall be deposited in the Energy Resources  
39 Programs Account and, notwithstanding Section 13340 of the  
40 Government Code, are continuously appropriated to the

1 commission for the purposes of this subdivision. Any  
2 unencumbered portion of funds collected as a fee for an application  
3 remaining in the Energy Resources Programs Account after  
4 completion of the certification process for that application shall  
5 be returned to the applicant within a reasonable period of time.

6 (c) The commission shall include a prescriptive method of  
7 complying with the standards, including design aids such as a  
8 manual, sample calculations, and model structural designs.

9 (d) The commission shall conduct a pilot project of field testing  
10 of actual residential buildings to calibrate and identify potential  
11 needed changes in the modeling assumptions to increase the  
12 accuracy of the public domain computer program specified in  
13 subdivision (a) and to evaluate the impacts of the standards,  
14 including, but not limited to, the energy savings, cost-effectiveness,  
15 and the effects on indoor air quality. The pilot project shall be  
16 conducted pursuant to a contract entered into by the commission.  
17 The commission shall consult with the participants designated  
18 pursuant to Section 9202 of the Public Utilities Code, as that  
19 section read on December 31, 2003, to seek funding and support  
20 for field monitoring in each public utility service territory, with  
21 the University of California to take advantage of its extensive  
22 building monitoring expertise, and with the California Building  
23 Industry Association to coordinate the involvement of builders  
24 and developers throughout the state. The pilot project shall include  
25 periodic public workshops to develop plans and review progress.  
26 The commission shall prepare and submit a report to the Legislature  
27 on progress and initial findings not later than December 31, 1988,  
28 and a final report on the results of the pilot project on residential  
29 buildings not later than June 30, 1990. The report shall include  
30 recommendations regarding the need and feasibility of conducting  
31 further monitoring of actual residential and nonresidential  
32 buildings. The report shall also identify any revisions to the public  
33 domain computer program and energy conservation standards if  
34 the pilot project determines that revisions are appropriate.

35 (e) The commission shall certify, not later than 180 days after  
36 approval of the standards by the State Building Standards  
37 Commission, an energy conservation manual for use by designers,  
38 builders, and contractors of residential and nonresidential buildings.  
39 The manual shall be furnished upon request at a price sufficient  
40 to cover the costs of production and shall be distributed at no cost

1 to all affected local agencies. The manual shall contain, but not be  
2 limited to, the following:

3 (1) The standards for energy conservation established by the  
4 commission.

5 (2) Forms, charts, tables, and other data to assist designers and  
6 builders in meeting the standards.

7 (3) Design suggestions for meeting or exceeding the standards.

8 (4) Any other information which the commission finds will  
9 assist persons in conforming to the standards.

10 (5) Instructions for use of the computer program for calculating  
11 energy consumption in residential and nonresidential buildings.

12 (6) The prescriptive method for use as an alternative to the  
13 computer program.

14 (f) The commission shall approve and make publicly available,  
15 not less than six months prior to the effective date of adopted or  
16 updated standards, the public domain computer program developed  
17 pursuant to subdivision (a). Before approving the public domain  
18 computer program, the commission shall do both of the following:

19 (1) Perform preliminary tests of the public domain computer  
20 program using common examples of residential and nonresidential  
21 buildings and building systems to ensure the usability of the public  
22 domain computer program by users of the program, including, but  
23 not limited to, architects, builders, contractors, and local code  
24 enforcement personnel.

25 (2) Make the results of the preliminary tests publicly available.

26 (g) The commission shall establish a continuing program of  
27 technical assistance to local building departments in the  
28 enforcement of subdivisions (a) and (b) of Section 25402 and this  
29 section. The program shall include the training of local officials  
30 in building technology and enforcement procedures related to  
31 energy conservation, and the development of complementary  
32 training programs conducted by local governments, educational  
33 institutions, and other public or private entities. The technical  
34 assistance program shall include the preparation and publication  
35 of forms and procedures for local building departments in  
36 performing the review of building plans and specifications. The  
37 commission shall provide, on a contract basis, a review of building  
38 plans and specifications submitted by a local building department,  
39 and shall adopt a schedule of fees sufficient to repay the cost of  
40 those services.

1 (h) Subdivisions (a) and (b) of Section 25402 and this section,  
2 and the rules and regulations of the commission adopted pursuant  
3 to those provisions, shall be enforced by the building department  
4 of every city, county, or city and county.

5 (1) A building permit for a residential or nonresidential building  
6 shall not be issued by a local building department, unless a review  
7 by the building department of the plans for the proposed residential  
8 or nonresidential building contains detailed energy system  
9 specifications and confirms that the building satisfies the minimum  
10 standards established pursuant to subdivision (a) or (b) of Section  
11 25402 and this section applicable to the building.

12 (2) Where there is no local building department, the commission  
13 shall enforce subdivisions (a) and (b) of Section 25402 and this  
14 section.

15 (3) If a local building department fails to enforce subdivisions  
16 (a) and (b) of Section 25402 and this section or any other provision  
17 of this chapter or standard adopted pursuant thereto, the  
18 commission may provide enforcement after furnishing 10 days'  
19 written notice to the local building department.

20 (4) A city, county, or city and county may, by ordinance or  
21 resolution, prescribe a schedule of fees sufficient to pay the costs  
22 incurred in the enforcement of subdivisions (a) and (b) of Section  
23 25402 and this section. The commission may establish a schedule  
24 of fees sufficient to pay the costs incurred by that enforcement.

25 (5) The construction of a state building shall not commence  
26 until the Department of General Services or the state agency that  
27 otherwise has jurisdiction over the property reviews the plans for  
28 the proposed building and certifies that the plans satisfy the  
29 minimum standards established pursuant to Chapter 2.8  
30 (commencing with Section 15814.30) of Part 10b of Division 3 of  
31 Title 2 of the Government Code, subdivision (a) or (b) of Section  
32 25402, and this section that are applicable to the building.

33 (i) Subdivisions (a) and (b) of Section 25402 and this section  
34 shall apply only to new residential and nonresidential buildings  
35 on which actual site preparation and construction have not  
36 commenced prior to the effective date of rules and regulations  
37 adopted pursuant to those sections that are applicable to those  
38 buildings. Those sections shall not prohibit either of the following:

39 (1) The enforcement of state or local energy conservation or  
40 energy insulation standards, adopted prior to the effective date of

1 rules and regulations adopted pursuant to subdivisions (a) and (b)  
2 of Section 25402 and this section with regard to residential and  
3 nonresidential buildings on which actual site preparation and  
4 construction have commenced prior to that date.

5 (2) The enforcement of city or county energy conservation or  
6 energy insulation standards, whenever adopted, with regard to  
7 residential and nonresidential buildings on which actual site  
8 preparation and construction have not commenced prior to the  
9 effective date of rules and regulations adopted pursuant to  
10 subdivisions (a) and (b) of Section 25402 and this section, if the  
11 city or county files the basis of its determination that the standards  
12 are cost effective with the commission and the commission finds  
13 that the standards will require the diminution of energy  
14 consumption levels permitted by the rules and regulations adopted  
15 pursuant to those sections. If, after two or more years after the  
16 filing with the commission of the determination that those standards  
17 are cost effective, there has been a substantial change in the factual  
18 circumstances affecting the determination, upon application by  
19 any interested party, the city or county shall update and file a new  
20 basis of its determination that the standards are cost effective. The  
21 determination that the standards are cost effective shall be adopted  
22 by the governing body of the city or county at a public meeting.  
23 If, at the meeting on the matter, the governing body determines  
24 that the standards are no longer cost effective, the standards shall,  
25 as of that date, be unenforceable and no building permit or other  
26 entitlement shall be denied based on the noncompliance with the  
27 standards.

28 (j) The commission may exempt from the requirements of this  
29 section and of any regulations adopted pursuant to this section any  
30 proposed building for which compliance would be impossible  
31 without substantial delays and increases in cost of construction, if  
32 the commission finds that substantial funds have been expended  
33 in good faith on planning, designing, architecture, or engineering  
34 prior to the date of adoption of the regulations.

35 (k) If a dispute arises between an applicant for a building permit,  
36 or the state pursuant to paragraph (5) of subdivision (h), and the  
37 building department regarding interpretation of Section 25402 or  
38 the regulations adopted pursuant thereto, either party may submit  
39 the dispute to the commission for resolution. The commission's  
40 determination of the matter shall be binding on the parties.

1 (l) Nothing in Section 25130, 25131, or 25402, or in this section  
2 prevents enforcement of any regulation adopted pursuant to this  
3 chapter, or Chapter 11.5 (commencing with Section 19878) of Part  
4 3 of Division 13 of the Health and Safety Code as they existed  
5 prior to September 16, 1977.

6 SEC. 3. Section 25942 of the Public Resources Code is  
7 amended to read:

8 25942. (a) On or before July 1, 1995, the commission shall  
9 establish criteria for adopting a statewide home energy rating  
10 program for residential dwellings. The program criteria shall  
11 include, but are not limited to, all of the following elements:

12 (1) Consistent, accurate, and uniform ratings based on a single  
13 statewide rating scale.

14 (2) Reasonable estimates of potential utility bill savings, and  
15 reliable recommendations on cost-effective measures to improve  
16 energy efficiency.

17 (3) Training and certification procedures for home raters and  
18 quality assurance procedures to promote accurate ratings and to  
19 protect consumers.

20 (4) In coordination with home energy rating service organization  
21 databases, procedures to establish a centralized, publicly accessible,  
22 database that includes a uniform reporting system for information  
23 on residential dwellings, excluding proprietary information, needed  
24 to facilitate the program. There shall be no public access to  
25 information in the database concerning specific dwellings without  
26 the owner's or occupant's permission.

27 (5) Labeling procedures that will meet the needs of home buyers,  
28 homeowners, renters, the real estate industry, and mortgage lenders  
29 with an interest in home energy ratings.

30 (b) The commission shall adopt the program pursuant to  
31 subdivision (a) in consultation with representatives of the Bureau  
32 of Real Estate, the Department of Housing and Community  
33 Development, the Public Utilities Commission, investor-owned  
34 and municipal utilities, cities and counties, real estate licensees,  
35 home builders, mortgage lenders, home appraisers and inspectors,  
36 home energy rating organizations, contractors who provide home  
37 energy services, consumer groups, and environmental groups.

38 (c) On and after January 1, 1996, a home energy rating services  
39 shall not be performed in this state unless the services have been  
40 certified, if such a certification program is available, by the

1 commission to be in compliance with the program criteria specified  
2 in subdivision (a) and, in addition, are in conformity with any other  
3 applicable element of the program.

4 (d) On or before July 1, 1996, the commission shall consult with  
5 the agencies and organizations described in subdivision (b), to  
6 facilitate a public information program to inform homeowners,  
7 rental property owners, renters, sellers, and others of the existence  
8 of the statewide home energy rating program adopted by the  
9 commission.

10 (e) The commission shall, as part of the biennial report prepared  
11 pursuant to Section 25302, report on the progress made to  
12 implement a statewide home energy rating program. The report  
13 shall include an evaluation of the energy savings attributable to  
14 the program, and a recommendation concerning which means and  
15 methods will be most efficient and cost-effective to induce home  
16 energy ratings for residential dwellings.

17 (f) For existing single-family residential dwellings and  
18 multifamily residential dwellings with up to four units, the  
19 commission shall do both of the following in administering the  
20 statewide home energy rating program:

21 (1) Ensure energy assessment tools used by the commission are  
22 routinely adjusted to improve modeling accuracy.

23 (2) Ensure that consumers receive a notice with the output of  
24 the energy assessment tools explaining the assumptions used in  
25 the energy assessment tools and how they may differ from actual  
26 usage patterns.

27 ~~SEC. 4. Section 454.58 is added to the Public Utilities Code,~~  
28 ~~to read:~~

29 ~~454.58. (a) No later than January 1, 2016, the commission~~  
30 ~~shall, in a new or existing proceeding, include a program in its~~  
31 ~~energy efficiency portfolio program to provide incentives to an~~  
32 ~~electrical corporation that adopts an energy efficiency program to~~  
33 ~~reduce electrical demand from indoor appliances.~~

34 ~~(b) The program established by the commission pursuant to~~  
35 ~~subdivision (a) shall address challenges and minimize~~  
36 ~~programmatically barriers that may limit or inhibit the achievement~~  
37 ~~of energy efficiency goals determined by the commission. The~~  
38 ~~energy efficiency goals shall include, but not be limited to, all of~~  
39 ~~the following:~~

40 ~~(1) Evaluation and attribution of energy savings.~~

1     ~~(2) Long-lasting, sustainable increases in the adoption of energy~~  
2 ~~efficiency technologies through structural changes in the market~~  
3 ~~and in behaviors of market actors for indoor appliances that receive~~  
4 ~~electricity through power outlets, such as 110-voltage alternating~~  
5 ~~current (VAC), and other emerging delivery mechanisms, including~~  
6 ~~universal serial bus (USB), Power over Ethernet (PoE), and 24-volt~~  
7 ~~direct current (VDC).~~

8     ~~(e) In order to receive incentives from the program, the~~  
9 ~~commission shall require an energy efficiency program adopted~~  
10 ~~by an electrical corporation pursuant to subdivision (a) to be~~  
11 ~~established and maintained at a net to gross ratio of 0.8 for a~~  
12 ~~minimum of 36 consecutive months. After 36 months, the~~  
13 ~~commission may evaluate the energy efficiency program and adjust~~  
14 ~~the net to gross ratio on a prospective basis.~~

15     ~~(d) The commission shall update cost-effectiveness tools to~~  
16 ~~account for long-term benefits and costs that accrue as a result of~~  
17 ~~the establishment of programs pursuant to subdivision (a).~~