

AMENDED IN SENATE JUNE 16, 2015

AMENDED IN ASSEMBLY APRIL 30, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 693

Introduced by Assembly Member Members Eggman and Williams

February 25, 2015

An act to amend ~~Sections 1812.84 and 1812.85 of the Civil Code, relating to health studio services. Section 748.5 of, and to add Chapter 9.5 (commencing with Section 2870) to Part 2 of Division 1 of, the Public Utilities Code, relating to energy.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 693, as amended, Eggman. ~~Health studio services: cancellation. Multifamily Affordable Housing Renewables Program.~~

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

The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. That act requires the state board to adopt a statewide greenhouse gas emissions limit, as defined, to be achieved by 2020, equivalent to the statewide greenhouse gas emissions level in 1990. The state board is authorized to include market-based compliance mechanisms to comply with the regulations. The implementing regulations adopted by the state board

provide for the direct allocation of greenhouse gas allowances to electrical corporations pursuant to a market-based compliance mechanism.

Existing law authorizes the commission to allocate 15% of these revenues for clean energy and energy efficiency projects established pursuant to statute that are administered by electrical corporations and requires the commission to direct the balance of the revenues to be credited directly to the residential, small business, and emissions-intensive trade-exposed retail customers of the electrical corporations, as specified.

This bill would authorize a qualified 3rd-party administrator to administer the clean energy and energy efficiency projects.

Existing law requires the commission to establish a program of assistance to low-income electric and gas customers, referred to as the California Alternate Rates for Energy or CARE program. Existing law requires the commission to ensure that not less than 10% of the funds for the California Solar Initiative are utilized for the installation of solar energy systems, as defined, on low-income residential housing, as defined. Pursuant to this requirement, the commission adopted decisions that established the Single-Family Affordable Solar Homes Program and the Multifamily Affordable Solar Housing Program, pursuant to which the electrical corporations provide monetary incentives for the installation of solar energy systems on low-income residential housing.

This bill would require the commission to annually authorize the allocation of \$100,000,000, beginning with the fiscal year commencing July 1, 2016, and ending with the fiscal year ending June 30, 2026, from the greenhouse gas allowance revenues received by electrical corporations set aside for clean energy and energy efficiency projects for the Multifamily Affordable Housing Renewables Program, which the bill would create. The bill would require the program to be administered by a qualified 3rd-party administrator, selected by the commission through a competitive bidding system, with not more than 10% of the allocated funds to be used for administration. The bill would require the commission to authorize the award of monetary incentives for qualifying renewable energy systems, as defined, that are installed on qualified multifamily affordable housing properties, as defined, through December 31, 2030, with the target of the program being to install a combined generating capacity of 300 megawatts on qualified multifamily affordable housing properties. The bill would require the

commission to require that the electricity generated by qualifying renewable energy systems installed on qualified multifamily affordable housing properties pursuant to the program be primarily used to offset electricity usage by low-income tenants. The bill would require that low-income customers participating in the program receive offsets on utility bills from the program through virtual net metering tariffs, as defined. The bill would require the commission, by July 30, 2018, and by July 30 of every even year thereafter through 2032, to submit an assessment, as specified, to the Legislature of the success of the Multifamily Affordable Housing Renewables Program.

Existing law makes any public utility and any corporation or person other than a public utility that violates any part of any order, decision, rule, direction, demand, or requirement of the commission guilty of a crime.

Because the provisions of this bill require action by the commission to implement its requirements, a violation of these commission-ordered requirements 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.

~~Existing law authorizes a consumer to cancel a contract for health studio services within specified timeframes after the contract is executed, if the health studio fails to provide the specific facilities advertised or offered, or if the health studio eliminates or reduces the scope of the facilities, as specified.~~

~~The bill would specify that a contract for health studio services may be canceled by the buyer in person, via first-class mail or from an email address. The bill would make other conforming changes.~~

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

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

1 SECTION 1. The Legislature finds and declares all of the
2 following:

1 (a) *It is necessary to provide assistance to low-income utility*
2 *customers to make sure they can afford to pay their energy bills.*

3 (b) *Programs that reduce the costs of the energy utilities'*
4 *California Alternate Rates for Energy, or CARE, program can*
5 *support the long-term ability of the CARE program to meet the*
6 *needs of low-income customers.*

7 (c) *Installing qualifying renewable energy systems, including*
8 *solar energy systems, in disadvantaged communities can provide*
9 *local economic development benefits while advancing the state's*
10 *renewable energy policies and policies to reduce emissions of*
11 *greenhouse gases.*

12 (d) *The Greenhouse Gas Reduction Fund Investment Plan and*
13 *Communities Revitalization Act (Chapter 4.1 (commencing with*
14 *Section 39710) of Part 2 of Division 26 of the Health and Safety*
15 *Code) requires that a minimum of 25 percent of the available*
16 *moneys in the Greenhouse Gas Reduction Fund be allocated to*
17 *projects that provide benefits to disadvantaged communities and*
18 *10 percent fund projects in disadvantaged communities.*

19 (e) *It is the goal of the state to make qualifying renewable energy*
20 *systems, including solar energy resources, more accessible to*
21 *low-income and disadvantaged communities and, as in the case*
22 *of the Multifamily Affordable Housing Renewables Program, to*
23 *install those systems in a manner that represents the geographic*
24 *diversity of the state.*

25 (f) *It is the goal of the state to install qualifying renewable*
26 *energy systems that have a generating capacity equivalent to at*
27 *least 300 megawatts for the express purpose of lowering the energy*
28 *bills of CARE-eligible tenants at low-income multifamily housing.*

29 SEC. 2. *Section 748.5 of the Public Utilities Code is amended*
30 *to read:*

31 748.5. (a) Except as provided in subdivision (c), the
32 commission shall require revenues, including any accrued interest,
33 received by an electrical corporation as a result of the direct
34 allocation of greenhouse gas allowances to electric utilities pursuant
35 to subdivision (b) of Section 95890 of Title 17 of the California
36 Code of Regulations to be credited directly to the residential, small
37 business, and emissions-intensive trade-exposed retail customers
38 of the electrical corporation.

39 (b) Not later than January 1, 2013, the commission shall require
40 the adoption and implementation of a customer outreach plan for

1 each electrical corporation, including, but not limited to, such
 2 measures as notices in bills and through media outlets, for purposes
 3 of obtaining the maximum feasible public awareness of the
 4 crediting of greenhouse gas allowance revenues. Costs associated
 5 with the implementation of this plan are subject to recovery in
 6 rates pursuant to Section 454.

7 (c) The commission may allocate up to 15 percent of the
 8 revenues, including any accrued interest, received by an electrical
 9 corporation as a result of the direct allocation of greenhouse gas
 10 allowances to electrical distribution utilities pursuant to subdivision
 11 (b) of Section 95890 of Title 17 of the California Code of
 12 Regulations, for clean energy and energy efficiency projects
 13 established pursuant to statute that are administered by the
 14 electrical ~~corporation~~ corporation, or a qualified third-party
 15 administrator as approved by the commission, and that are not
 16 otherwise funded by another funding source.

17 SEC. 3. Chapter 9.5 (commencing with Section 2870) is added
 18 to Part 2 of Division 1 of the Public Utilities Code, to read:

19
 20 CHAPTER 9.5. MULTIFAMILY AFFORDABLE HOUSING
 21 RENEWABLES PROGRAM
 22

23 2870. (a) As used in this section, the following terms have the
 24 following meanings:

25 (1) "CARE program" means the California Alternate Rates for
 26 Energy program established pursuant to Section 739.1.

27 (2) "Program" means the Multifamily Affordable Housing
 28 Renewables Program established pursuant to this chapter.

29 (3) "Qualified multifamily affordable housing property" means
 30 a multifamily residential complex of at least five rental housing
 31 units that is low-income residential housing, as defined in
 32 subdivision (a) of Section 2852, and that meets at least one of the
 33 following requirements:

34 (A) The property is located in a disadvantaged community, as
 35 identified by the California Environmental Protection Agency
 36 pursuant to Section 39711 of the Health and Safety Code.

37 (B) At least 80 percent of the residents reside in households,
 38 adjusted by size, having incomes not in excess of 60 percent of the
 39 area median income of the county.

1 (4) “Qualifying renewable energy system” means a facility that
2 generates electricity using biomass, solar thermal, photovoltaic,
3 wind, geothermal, fuel cells using renewable fuels, small
4 hydroelectric generation of 30 megawatts or less, digester gas,
5 municipal solid waste conversion, landfill gas, ocean wave, ocean
6 thermal, or tidal current, and any additions or enhancements to
7 the facility using that technology, and that, for a photovoltaic
8 facility, meets the eligibility criteria established by the Energy
9 Commission pursuant to subdivisions (a) and (c) of Section 25782
10 of the Public Resources Code.

11 (5) “Virtual net metering tariffs” mean the tariffs that the
12 commission approves pursuant to Section 2827 to provide net
13 energy metering to multitenant or multimeter properties.

14 (b) The commission shall annually authorize the allocation of
15 one hundred million dollars (\$100,000,000) from the revenues
16 described in subdivision (c) of Section 748.5 for the Multifamily
17 Affordable Housing Renewables Program, beginning with the
18 fiscal year commencing July 1, 2016, and ending with the fiscal
19 year ending June 30, 2026.

20 (c) The commission shall require the administration of the
21 program by a qualified third-party administrator, selected by the
22 commission through a competitive bidding process. Not more than
23 10 percent of the funds allocated to the program shall be used for
24 administration.

25 (d) (1) The commission shall authorize the award of monetary
26 incentives for qualifying renewable energy systems that are
27 installed on qualified multifamily affordable housing properties
28 through December 31, 2030. The target of the program is to install
29 a combined generating capacity of 300 megawatts on qualified
30 multifamily affordable housing properties.

31 (2) For a photovoltaic facility, the commission shall establish
32 conditions for the monetary incentives that require appropriate
33 siting and high-quality installation of the solar energy system that
34 maximize the performance of the system and prevent qualified
35 systems from being inefficiently or inappropriately installed. The
36 goal of this paragraph is to achieve efficient installation of solar
37 energy systems to promote the greatest energy production for the
38 moneys expended. In meeting this goal, the commission may
39 require performance-based incentives for the program if it
40 determines those incentives are appropriate.

1 (3) *The commission shall require that the electricity generated*
2 *by qualifying renewable energy systems installed pursuant to the*
3 *program be primarily used to offset electricity usage by low-income*
4 *tenants. These requirements may include required covenants and*
5 *restrictions in deeds. Ratepayers participating in the CARE*
6 *program shall be eligible for utility billing offsets.*

7 (4) *The commission shall require that qualifying renewable*
8 *energy systems owned by third-party owners are subject to*
9 *contractual restrictions to ensure that no additional costs for the*
10 *system be passed on to low-income tenants at the properties*
11 *receiving incentives pursuant to the program. The commission*
12 *shall require a lifetime guarantee for energy production over the*
13 *useful life of the system.*

14 (5) *The commission shall ensure that incentive levels for*
15 *photovoltaic installations receiving incentives through the program*
16 *are aligned with the installation costs for solar energy systems in*
17 *affordable housing markets and take account of federal investment*
18 *tax credits and contributions from other sources to the extent*
19 *feasible.*

20 (6) *The commission shall require that no individual installation*
21 *receive incentives at a rate greater than 100 percent of the total*
22 *system installation costs.*

23 (7) *The commission shall establish local hiring requirements*
24 *for the program to provide economic development benefits to*
25 *disadvantaged communities.*

26 (8) *The commission shall establish energy efficiency*
27 *requirements for program participants that are equal to, or greater*
28 *than the energy efficiency requirements established for the program*
29 *described in Section 2852.*

30 (e) (1) *Eligible customers who participate in the program shall*
31 *receive offsets on utility bills from the program. The commission*
32 *shall ensure that utility bill reductions are achieved through virtual*
33 *net metering tariffs.*

34 (2) *The commission shall ensure that electrical corporation rate*
35 *structures affecting the low-income tenants participating in the*
36 *program continue to provide a direct economic benefit from the*
37 *qualifying renewable energy system.*

38 (f) *Nothing in this chapter is intended to supplant CARE*
39 *program rates as the primary mechanism for achieving the goals*
40 *of the CARE program.*

1 (g) On or before July 30, 2018, and by July 30 of every even
2 year thereafter through 2032, the commission shall submit to the
3 Legislature an assessment of the success of the Multifamily
4 Affordable Housing Renewables Program. That assessment shall
5 include the number of qualified multifamily affordable housing
6 property sites that have a qualifying renewable energy system for
7 which an award was made pursuant to this chapter and the dollar
8 value of the award, the electrical generating capacity of the
9 qualifying renewable energy system, the bill reduction outcomes
10 of the program for the participants, the cost of the program, the
11 total electrical system benefits, the environmental benefits, the
12 progress made toward reaching the goals of the program, and the
13 recommendations for improving the program to meet its goals.
14 The report shall also include a summary of the other programs
15 intended to benefit disadvantaged communities, including, but not
16 limited to, the Single-Family Affordable Solar Homes Program,
17 the Multifamily Affordable Solar Housing Program, and the Green
18 Tariff Shared Renewables Program (Chapter 7.6 (commencing
19 with Section 2831)).

20 SEC. 4. No reimbursement is required by this act pursuant to
21 Section 6 of Article XIII B of the California Constitution because
22 the only costs that may be incurred by a local agency or school
23 district will be incurred because this act creates a new crime or
24 infraction, eliminates a crime or infraction, or changes the penalty
25 for a crime or infraction, within the meaning of Section 17556 of
26 the Government Code, or changes the definition of a crime within
27 the meaning of Section 6 of Article XIII B of the California
28 Constitution.

29 SECTION 1. ~~Section 1812.84 of the Civil Code is amended~~
30 ~~to read:~~

31 ~~1812.84. (a) A contract for health studio services may not~~
32 ~~require payments or financing by the buyer to exceed the term of~~
33 ~~the contract, nor may the term of the contract exceed three years.~~
34 ~~This subdivision does not apply to a member's obligation to pay~~
35 ~~valid, outstanding moneys due under the contract, including~~
36 ~~moneys to be paid pursuant to a termination notice period in the~~
37 ~~contract in which the termination notice period does not exceed~~
38 ~~30 days.~~

39 ~~(b) A contract for health studio services shall include a statement~~
40 ~~printed in a size at least 14-point type that discloses the length of~~

1 the term of the contract. This statement shall be placed above the
2 space reserved for the signature of the buyer.

3 (e) At any time a cancellation is authorized by this title, a
4 contract for health studio services may be canceled by the buyer
5 in person, via first-class mail or from an email address on file with
6 the health studio.

7 SEC. 2. Section 1812.85 of the Civil Code is amended to read:

8 1812.85. (a) Every contract for health studio services shall
9 provide that performance of the agreed-upon services will begin
10 within six months after the date the contract is entered into. The
11 consumer may cancel the contract and receive a pro rata refund if
12 the health studio fails to provide the specific facilities advertised
13 or offered in writing by the time indicated. If no time is indicated
14 in the contract, the consumer may cancel the contract within six
15 months after the execution of the contract and shall receive a pro
16 rata refund. If a health studio fails to meet a timeline set forth in
17 this section, the consumer may cancel the contract at any time after
18 the expiration of the timeline. However, if following the expiration
19 of the timeline, the health studio provides the advertised or
20 agreed-upon services, the consumer may cancel the contract up to
21 10 days after those services are provided.

22 (b) (1) Every contract for health studio services shall, in
23 addition, contain on its face, and in close proximity to the space
24 reserved for the signature of the buyer, a conspicuous statement
25 in a size equal to at least 10-point boldface type, as follows:

26 “You, the buyer, may choose to cancel this agreement at any
27 time prior to midnight of the fifth business day of the health studio
28 after the date of this agreement, excluding Sundays and holidays.
29 To cancel this agreement, mail, email, or deliver a signed and dated
30 notice that states that you, the buyer, are canceling this agreement,
31 or words of similar effect. The notice shall be sent via first-class
32 mail, from an email address on file with the health studio, or
33 delivered in person to;

34 _____

35 _____
36 (Name of health studio operator)

37 at _____

38 (Address and e-mail address of health studio operator).”

39

1 ~~(2) The contract for health studio services shall contain on the~~
2 ~~first page, in a type size no smaller than that generally used in the~~
3 ~~body of the document, the following: (A) the name and address~~
4 ~~of the health studio operator to which the notice of cancellation is~~
5 ~~to be mailed, and (B) the date the buyer signed the contract.~~

6 ~~(3) The contract shall provide a description of the services,~~
7 ~~facilities, and hours of access to which the consumer is entitled.~~
8 ~~Any services, facilities, and hours of access that are not described~~
9 ~~in the contract shall be considered optional services, and these~~
10 ~~optional services shall be considered as separate contracts for the~~
11 ~~purposes of this title and Section 1812.83.~~

12 ~~(4) Until the health studio operator has complied with this~~
13 ~~section, the buyer may cancel the contract for health studio~~
14 ~~services.~~

15 ~~(5) All moneys paid pursuant to a contract for health studio~~
16 ~~services shall be refunded within 10 days after receipt of the notice~~
17 ~~of cancellation, except that payment shall be made for any health~~
18 ~~studio services received prior to cancellation.~~

19 ~~(e) If at any time during the term of the contract, including a~~
20 ~~transfer of the contractual obligation, the health studio eliminates~~
21 ~~or substantially reduces the scope of the facilities, such as~~
22 ~~swimming pools or tennis courts, that were described in the~~
23 ~~contract, in an advertisement relating to the specific location, or~~
24 ~~in a written offer, and available to the consumer upon execution~~
25 ~~of the contract, the consumer may cancel the contract and receive~~
26 ~~a pro rata refund. The consumer may not cancel the contract~~
27 ~~pursuant to this subdivision if the health studio, after giving~~
28 ~~reasonable notice to its members, temporarily takes facilities out~~
29 ~~of operation for reasonable repairs, modifications, substitutions,~~
30 ~~or improvements. This subdivision shall not be interpreted to give~~
31 ~~the consumer the right to cancel a contract because of changes to~~
32 ~~the type or quantity of classes or equipment offered, provided the~~
33 ~~consumer is informed in the contract that the health studio reserves~~
34 ~~the right to make changes to the type or quantity of classes or~~
35 ~~equipment offered and the changes to the type or quantity of classes~~
36 ~~or equipment offered are reasonable under the circumstances.~~

37 ~~(d) (1) If a contract for health studio services requires payment~~
38 ~~of one thousand five hundred dollars (\$1,500) to two thousand~~
39 ~~dollars (\$2,000), inclusive, including initiation fees or initial~~
40 ~~membership fees, by the person receiving the services or the use~~

1 of the facility, the person shall have the right to cancel the contract
2 within 20 days after the contract is executed.

3 ~~(2) If a contract for health studio services requires payment of
4 two thousand one dollars (\$2,001) to two thousand five hundred
5 dollars (\$2,500), inclusive, including initiation fees or initial
6 membership fees, by the person receiving the services or the use
7 of the facility, the person shall have the right to cancel the contract
8 within 30 days after the contract is executed.~~

9 ~~(3) If a contract for health studio services requires payment of
10 two thousand five hundred one dollars (\$2,501) or more, including
11 initiation fees or initial membership fees, by the person receiving
12 the services or the use of the facility, the person shall have the
13 right to cancel the contract within 45 days after the contract is
14 executed.~~

15 ~~(4) The right of cancellation provided in this subdivision shall
16 be set out in the membership contract.~~

17 ~~(5) The rights and remedies under this paragraph are cumulative
18 to any rights and remedies under other law.~~

19 ~~(6) A health studio entering into a contract for health studio
20 services that requires a payment of less than one thousand five
21 hundred dollars (\$1,500), including initiation or initial membership
22 fees and exclusive of interest or finance charges, by the person
23 receiving the services or the use of the facilities, is not required to
24 comply with paragraph (1), (2), or (3).~~

25 ~~(e) Upon cancellation, the consumer shall be liable only for that
26 portion of the total contract payment, including initiation fees and
27 other charges however denominated, that has been available for
28 use by the consumer, based upon a pro rata calculation over the
29 term of the contract. The remaining portion of the contract payment
30 shall be returned to the consumer by the health studio.~~

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