

**ASSEMBLY BILL**

**No. 1330**

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**Introduced by Assembly Member Bloom**

February 27, 2015

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An act to add Chapter 7 (commencing with Section 8400) to Division 4.1 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1330, as introduced, Bloom. Energy Efficiency Resource Standard Act.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined, while local publicly owned electric utilities, as defined, and local publicly owned gas utilities are under the direction of their governing boards. The Public Utilities Act requires the Public Utilities Commission to review and accept, modify, or reject a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives, 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. The act requires the Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, to identify all potentially achievable cost-effective electricity efficiency savings and to establish efficiency targets for electrical corporations to achieve pursuant to their procurement plan. The act requires the Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, to identify all potentially achievable cost-effective natural gas efficiency savings and to establish efficiency

targets for gas corporations to achieve and requires that a gas corporation first meet its unmet resource needs through all available gas efficiency and demand reduction resources that are cost effective, reliable, and feasible.

Existing law requires each local publicly owned electric utility, in procuring energy, to first acquire all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. Existing law additionally requires each local publicly owned electric utility to report annually to its customers and to the State Energy Resources Conservation and Development Commission, its investment in energy efficiency and demand reduction programs, which report is to include a description of programs, expenditures, and expected and actual energy savings results. Existing law requires a local publicly owned electric utility to be responsible for implementing an energy efficiency program that recognizes the Legislature's intent to encourage energy savings and greenhouse gas emission reductions in existing residential and nonresidential buildings, and to include in the above-described report, its status in implementing the program.

The existing Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission. Existing law requires the Energy Commission, on or before November 1, 2007, and every 3 years thereafter, in consultation with the Public Utilities Commission and local publicly owned electric utilities, in a public process that allows input from other stakeholders, to develop a statewide estimate of all potentially achievable cost-effective electricity and natural gas efficiency savings and establish statewide annual targets for energy efficiency savings and demand reduction over 10 years.

This bill would enact the Energy Efficiency Resource Standard Act. The Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, would be responsible for supervising the implementation of the act by electrical corporations and gas corporations. The governing board of each local publicly owned electric utility and local publicly owned gas utility, in consultation with the State Energy Resources Conservation and Development Commission, would be responsible for the implementation of the act by the utility. The bill would require the State Energy Resources Conservation and Development Commission, in a public stakeholder engagement process, to determine how the energy savings goals of the act are measured and reported. The act would require each

electric utility and gas utility, as defined, to establish an energy efficiency resource standard that shall increase the amount of energy efficiency resources of the utility so that the total amount of incremental energy savings achieved in any given year amounts to not less than specified amounts. The bill would require the Public Utilities Commission to require that Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company jointly achieve a reduction in nonemergency, event-based demand response of 7% by 2020 and 10% by 2025, as measured by the sum of their peak demands. The bill would require that not less than 25% of the energy savings of an electric utility or gas utility come from disadvantaged communities identified by the California Environmental Protection Agency, as specified. The bill would require each electric utility and gas utility to annually file with the State Energy Resources Conservation and Development Commission, a report that analyses the energy savings achieved by the utility during the prior year, divided by the energy consumption in the immediately preceding year.

Under existing law, a violation of any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because a violation of an order or decision of the commission implementing the bill's requirements with respect to an electrical corporation or gas corporation would be a crime, the bill would impose a state-mandated local program by creating a new crime. By placing additional requirements upon local publicly owned electric and gas utilities, the bill would impose a state-mandated local program.

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 specified reasons.

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 7 (commencing with Section 8400) is
- 2 added to Division 4.1 of the Public Utilities Code, to read:

CHAPTER 7. ENERGY EFFICIENCY

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8400. (a) This chapter shall be known, and may be cited, as the Energy Efficiency Resource Standard Act.

(b) The commission, in consultation with the Energy Commission, shall be responsible for supervising the implementation of this chapter by electrical corporations and gas corporations.

(c) The governing board of each local publicly owned electric utility and local publicly owned gas utility, in consultation with the Energy Commission, shall be responsible for the implementation of this chapter by the utility.

(d) The Energy Commission shall, in a public stakeholder engagement process, determine how the energy savings goals of this chapter are measured and reported.

8401. For purposes of this chapter, the following terms have the following meanings:

(a) “Electric utility” means an electrical corporation or local publicly owned electric utility serving retail end-use customers in California.

(b) “Gas utility” means a gas corporation or local publicly owned gas utility serving retail end-use customers in California.

8405. Each electric utility shall establish an energy efficiency resource standard that shall increase the amount of energy efficiency resources of the utility so that the total amount of incremental energy savings achieved in any given year amounts to not less than 1 ½ percent of total system electricity consumption by 2020, and not less than 2 percent of total electricity consumption by 2025. The total amount of incremental energy savings shall be determined based upon the average electricity consumption of the immediately preceding three years, measured in gigawatthours per year based on comparison of the Energy Commission’s integrated energy policy reports and energy policy reviews made pursuant to Section 25302 of the Public Resources Code.

8406. The commission shall require that Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company jointly achieve a reduction in nonemergency, event-based demand response of 7 percent by 2020 and 10 percent by 2025, as measured by the sum of their peak demands.

1 8410. Each gas utility shall establish an energy efficiency  
2 resource standard that shall increase the amount of energy  
3 efficiency resources of the utility so that the total amount of  
4 incremental energy savings achieved in any given year amounts  
5 to not less than three-fourths of 1 percent of total system natural  
6 gas consumption by 2020, and not less than 1 percent of system  
7 natural gas consumption by 2025. The total amount of incremental  
8 energy savings shall be determined based upon the average natural  
9 gas consumption of the immediately preceding three years,  
10 measured in millions of therms per year based on comparison of  
11 the Energy Commission's integrated energy policy reports and  
12 energy policy reviews made pursuant to Section 25302 of the  
13 Public Resources Code.

14 8415. (a) Not less than 25 percent of the energy savings of an  
15 electric utility or gas utility shall come from disadvantaged  
16 communities identified by the California Environmental Protection  
17 Agency pursuant to Section 39711 of the Health and Safety Code.

18 (b) Each electric utility and gas utility shall annually file with  
19 the Energy Commission, a report that analyses the energy savings  
20 achieved by the utility during the prior year, divided by the energy  
21 consumption in the immediately preceding year.

22 SEC. 2. No reimbursement is required by this act pursuant to  
23 Section 6 of Article XIII B of the California Constitution because  
24 a local agency or school district has the authority to levy service  
25 charges, fees, or assessments sufficient to pay for the program or  
26 level of service mandated by this act or because costs that may be  
27 incurred by a local agency or school district will be incurred  
28 because this act creates a new crime or infraction, eliminates a  
29 crime or infraction, or changes the penalty for a crime or infraction,  
30 within the meaning of Section 17556 of the Government Code, or  
31 changes the definition of a crime within the meaning of Section 6  
32 of Article XIII B of the California Constitution.