

AMENDED IN ASSEMBLY APRIL 27, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**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 amended, 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 *community choice aggregators, electric service providers, 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~~ *retail seller of electricity* 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~~ *minimum* amount of incremental energy savings achieved in any given year amounts to not less than specified amounts. *The bill would require the State Energy Resources Conservation and Development Commission, in consultation with the Public Utilities Commission, to adopt a cost limitation, as necessary, for each retail seller of electricity for meeting the energy efficiency resource standard.* 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.~~ *establish an annual percentage of peak demand that shall be achieved through event-based demand response and would require that annual percentage to be achieved by retail sellers of electricity.* The bill would require that ~~not less than 25% of the energy savings of an electric utility~~ *a retail seller of electricity* or gas utility *first* come from disadvantaged communities identified by the California Environmental Protection Agency, as specified. The bill would require each ~~electric utility~~ *retail seller of electricity* and gas utility to annually file with the State Energy Resources Conservation and Development Commission, a report that ~~analyses~~ *analyzes* the energy savings achieved by the utility during the prior year, divided by the energy ~~consumption~~ *retail sales* 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 a community choice aggregator, electric service provider, electrical corporation~~ *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:

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CHAPTER 7. ENERGY EFFICIENCY

6 8400. (a) This chapter shall be known, and may be cited, as  
7 the Energy Efficiency Resource Standard Act.

8 (b) The commission, in consultation with the Energy  
9 Commission, shall be responsible for supervising the  
10 implementation of this chapter by ~~electrical corporations~~  
11 *community choice aggregators, as defined in Section 331.1, electric*  
12 *service providers, electrical corporations, and gas corporations.*

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

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

20 8401. For purposes of this chapter, the following terms have  
21 the following meanings:

22 ~~(a) "Electric utility" means an electrical corporation or local~~  
23 ~~publicly owned electric utility serving retail end-use customers in~~  
24 ~~California.~~

25 (a) "Energy savings" means a reduction in electricity use in  
26 kilowatthours or in fossil fuel use in thermal units.

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

29 (c) "Retail seller" has the same meaning as that term is defined  
30 in Section 399.12, except that retail seller includes local publicly  
31 owned electric utilities.

32 8405. ~~Each electric utility~~ (a) Each retail seller of electricity  
33 shall establish an energy efficiency resource standard that shall

1 increase the amount of energy efficiency ~~resources~~ *resources*,  
2 *inclusive of all of its energy efficiency activities*, of the utility so  
3 that the ~~total~~ *minimum* amount of incremental energy savings  
4 achieved in any given year amounts to not less than 1 ½ percent  
5 of ~~its total system electricity consumption~~ *retail sales of electricity*  
6 by 2020, and not less than 2 percent of ~~its total electricity~~  
7 ~~consumption~~ *retail sales of electricity* by 2025. The total amount  
8 of incremental energy savings shall be determined based upon the  
9 average ~~retail sales of electricity consumption~~ of the immediately  
10 preceding three years, measured in gigawatthours per year based  
11 on comparison of the Energy Commission's integrated energy  
12 policy reports ~~and energy policy reviews~~ made pursuant to Section  
13 25302 of the Public Resources Code.

14 (b) *The Energy Commission, in consultation with the*  
15 *commission, shall adopt a cost limitation, as necessary, for each*  
16 *retail seller of electricity, for meeting the requirements of this*  
17 *section.*

18 8406. (a) ~~The commission shall require that Pacific Gas and~~  
19 ~~Electric Company, Southern California Edison Company, and San~~  
20 ~~Diego Gas and Electric Company jointly achieve a reduction in~~  
21 ~~nonemergency, event-based demand response of 7 percent by 2020~~  
22 ~~and 10 percent by 2025, as measured by the sum of their peak~~  
23 ~~demands.~~ *establish an annual percentage of peak demand that*  
24 *shall be achieved through event-based demand response.*

25 (b) *The commission shall require that community choice*  
26 *aggregators, electric service providers, and electrical corporations*  
27 *achieve the annual percentage established in subdivision (a).*

28 (c) *The governing board of each local publicly owned electric*  
29 *utility shall be responsible for achieving the annual percentage*  
30 *established in subdivision (a).*

31 8410. Each gas utility shall establish an energy efficiency  
32 resource standard that shall increase the amount of energy  
33 efficiency ~~resources~~ *resources*, *inclusive of all of its energy*  
34 *efficiency activities*, of the utility so that the ~~total~~ *minimum* amount  
35 of incremental energy savings achieved in any given year amounts  
36 to not less than three-fourths of 1 percent of ~~its total system natural~~  
37 ~~gas consumption~~ *retail sales* by 2020, and not less than 1 percent  
38 of ~~its system natural gas consumption~~ *retail sales* by 2025. The  
39 total amount of incremental energy savings shall be determined  
40 based upon the average ~~retail sales of natural gas consumption~~ of

1 the immediately preceding three years, measured in millions of  
 2 therms per year based on comparison of the Energy Commission’s  
 3 integrated energy policy reports ~~and energy policy reviews~~ made  
 4 pursuant to Section 25302 of the Public Resources Code.

5 8415. (a) ~~Not less than 25 percent of the~~ *The* energy savings  
 6 ~~of an electric utility~~ *a retail seller of electricity* or gas utility shall  
 7 *first* come from disadvantaged communities identified by the  
 8 California Environmental Protection Agency pursuant to Section  
 9 39711 of the Health and Safety Code.

10 (b) Each ~~electric utility~~ *retail seller of electricity* and gas utility  
 11 shall annually file with the Energy Commission, a report that  
 12 ~~analyses~~ *analyzes* the energy savings achieved by the utility during  
 13 the prior year, divided by the energy ~~consumption~~ *retail sales* in  
 14 the immediately preceding year.

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