

AMENDED IN ASSEMBLY JUNE 2, 2015

AMENDED IN ASSEMBLY APRIL 27, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1330

Introduced by Assembly Member Bloom

February 27, 2015

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 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 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 establish an annual percentage of peak demand *reductions* 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 the energy savings of 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 retail seller of electricity and gas utility to annually file with the State Energy Resources Conservation and Development Commission, a report that analyzes the energy savings achieved by the utility during the prior year, divided by the energy 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 a community choice aggregator, electric service provider, 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:

3

4

CHAPTER 7. ENERGY EFFICIENCY

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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 community choice aggregators,
11 as defined in Section 331.1, electric service providers, electrical
12 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) “Energy savings” means a reduction in electricity use in
23 kilowatthours or in fossil fuel use in thermal units.

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

26 (c) “Retail seller” has the same meaning as that term is defined
27 in Section 399.12, except that retail seller includes local publicly
28 owned electric utilities.

29 8405. (a) Each retail seller of electricity shall establish an
30 energy efficiency resource standard that shall increase the amount
31 of energy efficiency resources, inclusive of all of its energy
32 efficiency activities, of the utility so that the minimum amount of
33 incremental energy savings achieved in any given year amounts
34 to not less than 1 ½ percent of its total retail sales of electricity by
35 2020, and not less than 2 percent of its total retail sales of electricity

1 by 2025. The total amount of incremental energy savings shall be
2 determined based upon the average retail sales of electricity of the
3 immediately preceding three years, measured in gigawatthours per
4 year based on comparison of the Energy Commission’s integrated
5 energy policy reports made pursuant to Section 25302 of the Public
6 Resources Code.

7 (b) The Energy Commission, in consultation with the
8 commission, shall adopt a cost limitation, as necessary, for each
9 retail seller of electricity, for meeting the requirements of this
10 section.

11 8406. (a) The commission shall establish an annual percentage
12 of peak demand *reductions* that shall be achieved through
13 event-based demand response.

14 (b) The commission shall require that community choice
15 aggregators, electric service providers, and electrical corporations
16 achieve the annual percentage established in subdivision (a).

17 (c) The governing board of each local publicly owned electric
18 utility shall be responsible for achieving the annual percentage
19 established in subdivision (a).

20 8410. Each gas utility shall establish an energy efficiency
21 resource standard that shall increase the amount of energy
22 efficiency resources, inclusive of all of its energy efficiency
23 activities, of the utility so that the minimum amount of incremental
24 energy savings achieved in any given year amounts to not less than
25 three-fourths of 1 percent of its total system natural gas retail sales
26 by 2020, and not less than 1 percent of its system natural gas retail
27 sales by 2025. The total amount of incremental energy savings
28 shall be determined based upon the average retail sales of natural
29 gas of the immediately preceding three years, measured in millions
30 of therms per year based on comparison of the Energy
31 Commission’s integrated energy policy reports made pursuant to
32 Section 25302 of the Public Resources Code.

33 8415. (a) The energy savings of a retail seller of electricity or
34 gas utility shall first come from disadvantaged communities
35 identified by the California Environmental Protection Agency
36 pursuant to Section 39711 of the Health and Safety Code.

37 (b) Each retail seller of electricity and gas utility shall annually
38 file with the Energy Commission, a report that analyzes the energy
39 savings achieved by the utility during the prior year, divided by
40 the energy retail sales in the immediately preceding year.

1 SEC. 2. No reimbursement is required by this act pursuant to
2 Section 6 of Article XIII B of the California Constitution because
3 a local agency or school district has the authority to levy service
4 charges, fees, or assessments sufficient to pay for the program or
5 level of service mandated by this act or because costs that may be
6 incurred by a local agency or school district will be incurred
7 because this act creates a new crime or infraction, eliminates a
8 crime or infraction, or changes the penalty for a crime or infraction,
9 within the meaning of Section 17556 of the Government Code, or
10 changes the definition of a crime within the meaning of Section 6
11 of Article XIII B of the California Constitution.

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