

AMENDED IN SENATE JUNE 30, 2015

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, 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 governing board of a community choice aggregator that administers energy efficiency programs, as specified, in consultation with the Public Utilities Commission, would be responsible for implementation of the act by that entity.* The bill would require the State Energy Resources Conservation and Development Commission, in a public stakeholder engagement ~~process~~, *process and in consultation with the Public Utilities Commission*, to determine how the energy savings goals of the act are measured and reported. The act would require each ~~retail seller of electricity~~ *community choice aggregator that administers energy efficiency programs, electrical utility, and gas utility, as defined, to meeting specified energy delivered thresholds*, to establish an energy efficiency resource standard that ~~shall increase~~ *increases* the amount of energy efficiency ~~resources~~ *resources, as defined, of the community choice aggregator, electrical or gas utility* so that the minimum amount of incremental energy savings achieved *within its service territory* in any given year amounts to not less than specified amounts. The bill would require the State Energy Resources Conservation and Development Commission, *in a public stakeholder process and in consultation with the Public Utilities Commission*, to adopt a cost limitation, as necessary, for each ~~retail seller of electricity~~ *electrical utility, gas utility, and community choice aggregator* for meeting the energy efficiency resource standard. The bill would require the ~~Public Utilities~~ *State Energy Resources Conservation and Development* Commission to establish ~~an annual percentage~~ *percentages* of peak demand reductions that ~~shall to be achieved through event-based demand response and would require that annual percentage to be achieved by retail sellers of electricity.~~ *in consideration of specified matter. The bill would require the Public Utilities Commission to require electrical corporations achieve these annual percentages and would require the governing board of each local publicly owned electric utility and community choice aggregator subject to the bill's requirements to be responsible for achieving these annual percentages.* The bill would require that the energy savings of a ~~retail seller of electricity or gas utility first come from~~ *benefits, including energy savings achieved, within disadvantaged communities identified by the California Environmental Protection Agency, as specified.* ~~specified, be given the highest priority for energy efficiency activities undertaken pursuant to the bill's requirements.~~ The bill would require each ~~retail seller of electricity~~ *electrical utility 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 within the utility's service territory~~ 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~~ *Public Utilities Commission* is a crime.

Because a violation of an order or decision of the ~~commission~~ *Public Utilities Commission* implementing the bill's requirements with respect to a ~~community choice aggregator, electric service provider, an 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:

3
4 CHAPTER 7. ENERGY EFFICIENCY

5
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,~~ *electrical corporations* and gas corporations. *The*
13 *governing board of a community choice aggregator, in consultation*
14 *with the commission, shall be responsible for implementation of*
15 *this chapter if the community choice aggregator administers energy*
16 *efficiency programs for its customers pursuant to Section 381.1.*

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

5 (d) The Energy ~~Commission~~ *Commission, in consultation with*
6 *the commission*, shall, in a public stakeholder engagement process,
7 determine how the energy savings goals of this chapter are
8 measured and reported.

9 8401. For purposes of this chapter, the following terms have
10 the following meanings:

11 (a) *“Electrical utility” means an electrical corporation or local*
12 *publicly owned electric utility.*

13 (b) *“Energy efficiency resources” mean activities that reduce*
14 *demand for energy from supply-side resources.*

15 ~~(a)~~

16 (c) *“Energy savings” means a reduction in electricity use in*
17 *kilowatthours or in fossil fuel use in thermal units.*

18 ~~(b)~~

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

21 ~~(e) “Retail seller” has the same meaning as that term is defined~~
22 ~~in Section 399.12, except that retail seller includes local publicly~~
23 ~~owned electric utilities.~~

24 8402. (a) *An electrical utility or community choice aggregator*
25 *is exempt from the energy efficiency resource standard*
26 *requirements of this chapter if its average annual retail sales of*
27 *electricity in the immediately preceding three years was less than*
28 *or equal to 1,000 gigawatthours. If three years of data are not*
29 *available, the best data available shall be used to determine if*
30 *sales exceed this threshold.*

31 (b) *A gas utility is exempt from the energy efficiency resource*
32 *standard requirements of this chapter if its average annual retail*
33 *sales of natural gas in the immediately preceding three years was*
34 *less than or equal to 50 million therms. If three years of data are*
35 *not available, the best data available shall be used to determine*
36 *if sales exceed this threshold.*

37 8405. (a) ~~Each retail seller of electricity~~ *electrical utility shall*
38 *establish an energy efficiency resource standard that shall increase*
39 *the amount of energy efficiency resources, resources in its service*
40 *territory, inclusive of all of its energy efficiency activities, of the*

1 utility activities within its service territory, funded by its customers,
2 with the exception of energy efficiency activities administered by a
3 community choice aggregator within the community choice
4 aggregator's service territory pursuant to Section 381.1, so that
5 the minimum amount of incremental energy savings achieved in
6 any given year amounts to not less than 1½ percent of its total
7 retail sales of electricity by 2020, and not less than 2 percent of
8 its total annual retail sales of electricity by 2025. The total amount
9 of incremental energy savings shall be determined based upon the
10 average retail sales of electricity of in the immediately preceding
11 three years, measured in gigawatthours per year based on annual
12 comparison of the Energy Commission's integrated energy policy
13 reports made pursuant to Section 25302 of the Public Resources
14 Code. Code or a similar public report, excluding the measured or
15 reliably estimated sales of electricity associated with electric
16 vehicle charging and net, round-trip electricity losses associated
17 with electricity consumer-sited energy storage.

18 (b) Each community choice aggregator that elects to administer
19 energy efficiency programs for its customers pursuant to Section
20 381.1 shall establish an energy efficiency resource standard that
21 shall increase the amount of energy efficiency resources in its
22 service territory, inclusive of all of its energy efficiency activities,
23 so that the minimum amount of incremental energy savings
24 achieved in any given year amounts to not less than 1½ percent
25 of its total retail sales of electricity by 2020, and not less than 2
26 percent of its total annual retail sales of electricity by 2025. The
27 total amount of incremental energy savings shall be determined
28 based upon the community choice aggregator's average retail
29 sales of electricity of the immediately preceding three years,
30 measured in gigawatthours per year based on comparison of the
31 Energy Commission's integrated energy policy reports made
32 pursuant to Section 25302 of the Public Resources Code or a
33 similar public report, including electricity sales by electric service
34 providers and excluding the measured or reliably estimated sales
35 of electricity associated with electric vehicle charging and net,
36 round-trip electricity losses associated with electricity
37 consumer-sited energy storage. If a community choice aggregator
38 has fewer than three years of retail sales of electricity, the total
39 amount of incremental energy savings shall be determined based

1 *on the total annual retail sales of electricity of the immediately*
2 *preceding year or two.*

3 ~~(b)~~

4 (c) The Energy Commission, in consultation with the
5 commission, *in a public stakeholder engagement process*, shall
6 adopt a cost limitation, as necessary, for each ~~retail seller of~~
7 ~~electricity~~, *electric utility and community choice aggregator subject*
8 *to this chapter* for meeting the requirements of this section.

9 8406. (a) ~~The commission shall establish an annual percentage~~
10 *By July 31, 2017, the Energy Commission, in consultation with*
11 *the commission, shall establish annual percentages of peak demand*
12 *reductions that shall be achieved by each electrical utility and*
13 *community choice aggregator through event-based demand*
14 ~~response~~; *response with consideration of the role of electricity*
15 *consumer-sited energy storage, electric vehicle charging, and*
16 *distributed generation resources, with a timetable for achieving*
17 *those peak demand reductions.*

18 (b) The commission shall require that ~~community choice~~
19 ~~aggregators, electric service providers, and~~ electrical corporations
20 achieve the annual percentage established in subdivision (a).

21 (c) The governing board of each local publicly owned electric
22 ~~utility utility, and community choice aggregator that elects to~~
23 *administer energy efficiency programs for its customers pursuant*
24 *to Section 381.1*, shall be responsible for achieving the annual
25 percentage established in subdivision (a).

26 8410. (a) Each gas utility shall establish an energy efficiency
27 resource standard that shall increase the amount of energy
28 efficiency resources, inclusive of all of its energy efficiency
29 activities, of the utility so that the minimum amount of incremental
30 energy savings achieved *within its service territory* in any given
31 year amounts to not less than three-fourths of 1 percent of its total
32 *annual* system natural gas retail sales by 2020, and not less than
33 1 percent of its system *annual* natural gas retail sales by 2025. The
34 total amount of incremental energy savings shall be determined
35 based upon the average retail sales of natural gas ~~of~~ *within its*
36 *service territory* in the immediately preceding three years,
37 measured in millions of therms per year based on *an annual*
38 comparison of the Energy Commission's integrated energy policy
39 reports made pursuant to Section 25302 of the Public Resources
40 ~~Code~~; *Code or a similar public report, excluding the measured or*

1 *reliably estimated sales of natural gas associated with natural gas*
2 *vehicle fueling during the preceding three years.*

3 *(b) The Energy Commission, in consultation with the*
4 *commission, in a public stakeholder engagement process, shall*
5 *adopt a cost limitation, as necessary for each gas utility subject*
6 *to this chapter for meeting the requirements of this section.*

7 8415. *(a) ~~The energy savings of a retail seller of electricity or~~*
8 *~~gas utility shall first come from disadvantaged communities~~*
9 *Benefits, including energy savings achieved, within disadvantaged*
10 *communities, as identified by the California Environmental*
11 *Protection Agency pursuant to Section 39711 of the Health and*
12 *Safety ~~Code~~. Code, shall be given the highest priority for energy*
13 *efficiency activities undertaken by electrical utilities, gas utilities,*
14 *and community choice aggregators pursuant to this chapter.*

15 *(b) The Legislature recognizes that the Energy Savings*
16 *Assistance Program (ESAP), formerly known as the Low Income*
17 *Energy Efficiency Program, for low-income households carried*
18 *out pursuant to Section 2790 provides not only energy benefits,*
19 *but also non-energy benefits such as health, comfort, and safety*
20 *benefits, which helps reduce the hardships facing low-income*
21 *households. The Legislature recognizes the importance of those*
22 *non-energy benefits. Therefore, nothing in this chapter results in*
23 *a reduction in energy related services that provide non-energy*
24 *benefits to low-income households pursuant to ESAP.*

25 ~~(b)~~

26 *(c) Each ~~retail seller of electricity~~ electrical utility and gas utility*
27 *shall annually file with the Energy Commission, a report that*
28 *analyzes the energy savings achieved ~~by the utility~~ within the*
29 *utility's service territory during the prior year, divided by the*
30 *energy retail sales in the immediately preceding year. An electrical*
31 *utility is not required to report energy savings achieved by*
32 *community choice aggregators within its service territory.*

33 *(d) Each community choice aggregator subject to an energy*
34 *efficiency resource standard pursuant to this chapter shall annually*
35 *file with the Energy Commission a report that analyzes the energy*
36 *savings achieved by the community choice aggregator within its*
37 *service territory during the prior year, divided by its energy retail*
38 *sales in the immediately preceding year.*

39 SEC. 2. No reimbursement is required by this act pursuant to
40 Section 6 of Article XIII B of the California Constitution because

1 a local agency or school district has the authority to levy service
2 charges, fees, or assessments sufficient to pay for the program or
3 level of service mandated by this act or because costs that may be
4 incurred by a local agency or school district will be incurred
5 because this act creates a new crime or infraction, eliminates a
6 crime or infraction, or changes the penalty for a crime or infraction,
7 within the meaning of Section 17556 of the Government Code, or
8 changes the definition of a crime within the meaning of Section 6
9 of Article XIII B of the California Constitution.

O