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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. Demand response.~~

Under existing law, the Public Utilities Commission (*PUC*) 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 State Energy Commission, *Resources Conservation and Development Commission (Energy Commission)*, on or before November 1, 2007, and every 3 years thereafter, in consultation with the Public Utilities Commission *PUC* 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 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 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 community choice aggregator that administers energy efficiency programs, electrical utility, and gas utility, as defined, meeting specified energy delivered thresholds, to establish an energy efficiency resource standard that increases the amount of energy efficiency resources, as defined, of the community choice aggregator, electrical utility, 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 electrical utility, gas utility, and community choice aggregator for meeting the energy efficiency resource standard. The bill would require the State Energy Resources Conservation and Development Commission to establish an annual demand response procurement goal, as specified. The bill would require the Public Utilities Commission to require electrical corporations achieve the annual procurement goal 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 the annual procurement goal. The bill would require that benefits, including energy savings achieved, within disadvantaged communities identified by the California Environmental Protection Agency, as specified, be given the highest priority for energy efficiency activities undertaken pursuant to the bill's requirements. The bill would require each 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 within the utility’s service territory during the prior year, divided by the energy retail sales in the immediately preceding year.

This bill would require the PUC, in consultation with the Energy Commission, electrical corporations, local publicly owned electric utilities, and community choice aggregators, to establish an annual procurement goal for demand response designed to lower peak demand, with a timetable for achieving that percentage. The bill would require the PUC to require electrical corporations to achieve the annual procurement goal. The bill would specify that the governing boards of local publicly owned electric utilities and certain community choice aggregators are responsible for achieving the annual procurement goal.

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

Because a violation of an order or decision of the Public Utilities 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:

3

4

CHAPTER 7. DEMAND RESPONSE

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6 8400. (a) By November 1, 2017, the commission, in
7 consultation with the Energy Commission, electrical corporations,
8 local publicly owned electric utilities, and community choice
9 aggregators, in a public process that allows input from other
10 stakeholders, shall establish an annual procurement goal for

1 demand response designed to lower peak demand, with a timetable
 2 for achieving that goal, that shall support renewable energy
 3 resources integration, greenhouse gas reductions, and grid
 4 reliability and that shall be achieved by each electrical utility
 5 through supply-side demand response and types of load-modifying
 6 demand response, including nonevent-based demand response. In
 7 doing so, the commission shall consider the role of clean
 8 technologies, such as consumer-sited energy storage, electric
 9 vehicle charging, and distributed generation resources.

10 (b) The commission shall require electrical corporations to
 11 achieve the procurement goal established pursuant to subdivision
 12 (a).

13 (c) The governing board of each local publicly owned electric
 14 utility and each community choice aggregator that elects to
 15 administer energy efficiency programs for its customers pursuant
 16 to Section 381.1 shall be responsible for achieving the procurement
 17 goal established pursuant to subdivision (a).

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

29 SECTION 1. ~~Chapter 7 (commencing with Section 8400) is~~
 30 ~~added to Division 4.1 of the Public Utilities Code, to read:~~

31
 32 ~~CHAPTER 7. ENERGY EFFICIENCY~~

33
 34 ~~8400. (a) This chapter shall be known, and may be cited, as~~
 35 ~~the Energy Efficiency Resource Standard Act.~~

36 ~~(b) The commission, in consultation with the Energy~~
 37 ~~Commission, shall be responsible for supervising the~~
 38 ~~implementation of this chapter by electrical corporations and gas~~
 39 ~~corporations. The governing board of a community choice~~
 40 ~~aggregator, in consultation with the commission, shall be~~

1 responsible for implementation of this chapter if the community
2 choice aggregator administers energy efficiency programs for its
3 customers pursuant to Section 381.1.

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

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

12 8401. ~~For purposes of this chapter, the following terms have~~
13 ~~the following meanings:~~

14 (a) ~~“Electrical utility” means an electrical corporation or local~~
15 ~~publicly owned electric utility.~~

16 (b) ~~“Energy efficiency resources” mean activities that reduce~~
17 ~~demand for energy from supply-side resources.~~

18 (c) ~~“Energy savings” means a reduction in electricity use in~~
19 ~~kilowatthours or in fossil fuel use in thermal units.~~

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

22 8402. (a) ~~An electrical utility or community choice aggregator~~
23 ~~is exempt from the energy efficiency resource standard~~
24 ~~requirements of this chapter if its average annual retail sales of~~
25 ~~electricity in the immediately preceding three years was less than~~
26 ~~or equal to 1,000 gigawatthours. If three years of data are not~~
27 ~~available, the best data available shall be used to determine if sales~~
28 ~~exceed this threshold.~~

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

35 8405. (a) ~~Each electrical utility shall establish an energy~~
36 ~~efficiency resource standard that shall increase the amount of~~
37 ~~energy efficiency resources in its service territory, inclusive of all~~
38 ~~of its energy efficiency activities within its service territory, funded~~
39 ~~by its customers, with the exception of energy efficiency activities~~
40 ~~administered by a community choice aggregator within the~~

1 community choice aggregator's service territory pursuant to Section
2 381.1, so that the minimum amount of incremental energy savings
3 achieved in any given year amounts to not less than 1 ½ percent
4 of its total retail sales of electricity by 2020, and not less than 2
5 percent of its total annual retail sales of electricity by 2025. The
6 total amount of incremental energy savings shall be determined
7 based upon the average retail sales of electricity in the immediately
8 preceding three years, measured in gigawatthours per year based
9 on annual comparison of the Energy Commission's integrated
10 energy policy reports made pursuant to Section 25302 of the Public
11 Resources Code or a similar public report, excluding the measured
12 or reliably estimated sales of electricity associated with electric
13 vehicle charging and net, round-trip electricity losses associated
14 with electricity consumer-sited energy storage.

15 (b) Each community choice aggregator that elects to administer
16 energy efficiency programs for its customers pursuant to Section
17 381.1 shall establish an energy efficiency resource standard that
18 shall increase the amount of energy efficiency resources in its
19 service territory, inclusive of all of its energy efficiency activities,
20 so that the minimum amount of incremental energy savings
21 achieved in any given year amounts to not less than 1 ½ percent
22 of its total retail sales of electricity by 2020, and not less than 2
23 percent of its total annual retail sales of electricity by 2025. The
24 total amount of incremental energy savings shall be determined
25 based upon the community choice aggregator's average retail sales
26 of electricity of the immediately preceding three years, measured
27 in gigawatthours per year based on comparison of the Energy
28 Commission's integrated energy policy reports made pursuant to
29 Section 25302 of the Public Resources Code or a similar public
30 report, including electricity sales by electric service providers and
31 excluding the measured or reliably estimated sales of electricity
32 associated with electric vehicle charging and net, round-trip
33 electricity losses associated with electricity consumer-sited energy
34 storage. If a community choice aggregator has fewer than three
35 years of retail sales of electricity, the total amount of incremental
36 energy savings shall be determined based on the total annual retail
37 sales of electricity of the immediately preceding year or two.

38 (c) The Energy Commission, in consultation with the
39 commission, in a public stakeholder engagement process, shall
40 adopt a cost limitation, as necessary, for each electric utility and

1 community choice aggregator subject to this chapter for meeting
2 the requirements of this section.

3 ~~8406. (a) By July 31, 2017, the Energy Commission, in~~
4 ~~consultation with the commission, shall establish an annual~~
5 ~~procurement goal for demand response that shall be achieved by~~
6 ~~each electrical utility and community choice aggregator, as~~
7 ~~appropriate. The demand response procurement goals shall support~~
8 ~~renewable energy integration, greenhouse gas reductions, and grid~~
9 ~~reliability through supply-side event-based demand response with~~
10 ~~consideration of the role of clean technologies, electricity~~
11 ~~consumer-sited energy storage, electric vehicle charging, and~~
12 ~~distributed generation resources.~~

13 ~~(b) The commission shall require that electrical corporations~~
14 ~~achieve the annual procurement goal established in subdivision~~
15 ~~(a).~~

16 ~~(c) The governing board of each local publicly owned electric~~
17 ~~utility, and community choice aggregator that elects to administer~~
18 ~~energy efficiency programs for its customers pursuant to Section~~
19 ~~381.1, shall be responsible for achieving the annual procurement~~
20 ~~goal established in subdivision (a).~~

21 ~~8410. (a) Each gas utility shall establish an energy efficiency~~
22 ~~resource standard that shall increase the amount of energy~~
23 ~~efficiency resources, inclusive of all of its energy efficiency~~
24 ~~activities, of the utility so that the minimum amount of incremental~~
25 ~~energy savings achieved within its service territory in any given~~
26 ~~year amounts to not less than three-fourths of 1 percent of its total~~
27 ~~annual system natural gas retail sales by 2020, and not less than 1~~
28 ~~percent of its system annual natural gas retail sales by 2025. The~~
29 ~~total amount of incremental energy savings shall be determined~~
30 ~~based upon the average retail sales of natural gas within its service~~
31 ~~territory in the immediately preceding three years, measured in~~
32 ~~millions of therms per year based on an annual comparison of the~~
33 ~~Energy Commission's integrated energy policy reports made~~
34 ~~pursuant to Section 25302 of the Public Resources Code or a~~
35 ~~similar public report, excluding the measured or reliably estimated~~
36 ~~sales of natural gas associated with natural gas vehicle fueling~~
37 ~~during the preceding three years.~~

38 ~~(b) The Energy Commission, in consultation with the~~
39 ~~commission, in a public stakeholder engagement process, shall~~

1 adopt a cost limitation, as necessary for each gas utility subject to
2 this chapter for meeting the requirements of this section.

3 ~~8415. (a) Benefits, including energy savings achieved, within~~
4 ~~disadvantaged communities, as identified by the California~~
5 ~~Environmental Protection Agency pursuant to Section 39711 of~~
6 ~~the Health and Safety Code, shall be given the highest priority for~~
7 ~~energy efficiency activities undertaken by electrical utilities, gas~~
8 ~~utilities, and community choice aggregators pursuant to this~~
9 ~~chapter.~~

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

20 ~~(c) Each electrical utility and gas utility shall annually file with~~
21 ~~the Energy Commission, a report that analyzes the energy savings~~
22 ~~achieved within the utility's service territory during the prior year,~~
23 ~~divided by the energy retail sales in the immediately preceding~~
24 ~~year. An electrical utility is not required to report energy savings~~
25 ~~achieved by community choice aggregators within its service~~
26 ~~territory.~~

27 ~~(d) Each community choice aggregator subject to an energy~~
28 ~~efficiency resource standard pursuant to this chapter shall annually~~
29 ~~file with the Energy Commission a report that analyzes the energy~~
30 ~~savings achieved by the community choice aggregator within its~~
31 ~~service territory during the prior year, divided by its energy retail~~
32 ~~sales in the immediately preceding year.~~

33 ~~SEC. 2. No reimbursement is required by this act pursuant to~~
34 ~~Section 6 of Article XIII B of the California Constitution because~~
35 ~~a local agency or school district has the authority to levy service~~
36 ~~charges, fees, or assessments sufficient to pay for the program or~~
37 ~~level of service mandated by this act or because costs that may be~~
38 ~~incurred by a local agency or school district will be incurred~~
39 ~~because this act creates a new crime or infraction, eliminates a~~
40 ~~crime or infraction, or changes the penalty for a crime or infraction,~~

- 1 ~~within the meaning of Section 17556 of the Government Code, or~~
- 2 ~~changes the definition of a crime within the meaning of Section 6~~
- 3 ~~of Article XIII B of the California Constitution.~~

O