

AMENDED IN SENATE MAY 18, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1511

**Introduced by ~~Committee on Insurance~~ Assembly Members Perea,
Daly, and Salas
(Coauthors: Assembly Members Cooley, Cooper, Frazier, Gipson,
and O'Donnell)**

March 5, 2015

~~An act to amend Sections 985.5, 1067.13, 1858.35, 11629.81 of, and to repeal Section 11759.2 of, the Insurance Code, relating to insurance. An act to add Section 399.33 to, and to repeal and add Sections 381.2 and 740.2 of, the Public Utilities Code, relating to energy.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1511, as amended, ~~Committee on Insurance Perea. Insurance: reports. Energy.~~

(1) Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission), by March 1, 2010, to establish a regulatory proceeding to develop and implement a comprehensive program to achieve greater energy savings in California's existing residential and nonresidential building stock.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations. Existing law authorizes the PUC to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. Existing law requires the PUC, in consultation with the Energy 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. Existing law requires the PUC, in consultation with the Energy 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 the PUC, by March 1, 2010, to investigate the ability of electrical corporations and gas corporations to provide various energy efficiency financing options to their customers for the purposes of implementing the comprehensive program developed by the Energy Commission described above.

This bill would require the PUC to authorize electrical corporations and gas corporations to recover in rates the reasonable costs of a program that provides financial incentives or rebates to customers of the utility to increase energy efficiency in existing buildings based on all estimated energy savings and energy usage reductions, taking into consideration overall reduction in normalized metered energy consumption as a measure of energy savings. The bill would require the program to include energy usage reductions resulting from the installation of a measure or equipment required for modifications to existing buildings to bring them into conformity with, or exceed, existing energy efficiency building standards.

(2) The California Renewables Portfolio Standard Program requires the PUC to implement annual procurement targets for the procurement of eligible renewable energy resources for all retail sellers to achieve the targets and goals of the program. Existing law requires each electrical corporation to submit to the PUC a distribution resources plan proposal to identify optimal locations for the deployment of distributed resources.

This bill would authorize a retail seller of electricity or a local publicly owned electric utility to include electricity generated by, or saved as a result of the use of, distributed resources in meeting its renewables portfolio standard procurement obligations.

(3) Existing law requires the PUC, in consultation with the Energy Commission, the State Air Resources Board, electrical corporations, and the motor vehicle industry, to evaluate policies to develop infrastructure sufficient to overcome any barriers to the widespread deployment and use of plug-in hybrid and electric vehicles and, by July 1, 2011, to adopt rules that address specified matters.

This bill would delete the requirement that the PUC evaluate policies to develop infrastructure sufficient to overcome any barriers to the widespread deployment and use of plug-in hybrid and electric vehicles and, by July 1, 2011, to adopt rules that address specified matters. The bill would require the PUC to require each electrical corporation to file an electric vehicle infrastructure plan to develop, own, and operate electric vehicle charging stations and service equipment to support the widespread deployment and use of plug-in hybrid and electric vehicles. The bill would require that the plans encourage and support the widespread deployment of electric vehicles, protect competitive markets for electric vehicle charging equipment, and support consumer choice in electric vehicle charging equipment. The bill would require the PUC, by March 1, 2016, after notice and an opportunity to comment, to approve, or modify and approve, the electric vehicle infrastructure plan filed by each electrical corporation and the rate changes to implement the plan, if the PUC determines that the plan reasonably assists in achieving the state's electric vehicle deployment goals necessary to reduce emissions of greenhouse gases and reduce the use of petroleum.

(4) The Public Utilities Act makes any public utility that violates the act, or that fails to comply with any part of any order, decision, rule, direction, demand, or requirement of the PUC, guilty of a crime.

Because the provisions of this bill are within the act and require action by the PUC to implement its requirements, a violation of these provisions would impose a state-mandated local program by creating a new crime.

(5) 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 a specified reason.

~~Existing law requires the Insurance Commissioner to submit specified reports, including reports on the insolvency of admitted insurers and the number of complaints by persons aggrieved by a rate charged, to the Governor and the Legislature. Existing law requires the California Life and Health Insurance Guarantee Association to submit a financial report on its activities to the Governor and the Legislature.~~

~~This bill would require those reports to be submitted to the Senate Committee on Insurance and the Assembly Committee on Insurance instead of to the Legislature.~~

~~Existing law requires the California Automobile Assigned Risk Plan to submit a report regarding the status of the low-cost automobile insurance program administered by the plan to the commissioner annually and as the plan deems prudent.~~

~~This bill would require the plan to submit the report to the Senate Committee on Insurance and the Assembly Committee on Insurance, in addition to the commissioner.~~

~~Existing law requires a licensed rating organization designated as the commissioner’s statistical agent to prepare a report on the potential underreporting of workers’ compensation exposure in the taxicab industry, and to submit that report to the commissioner by April 1, 2003, and to the Governor and the Legislature by May 1, 2003.~~

~~This bill would repeal that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. *The Legislature finds and declares all of the*
- 2 *following:*
- 3 (a) *In January of 2013, Governor Brown issued a zero-emission*
- 4 *vehicle action plan calling for one and one-half million*
- 5 *zero-emission vehicles in California by 2025 and the infrastructure*
- 6 *to support one million zero-emission vehicles by 2020.*
- 7 (b) *In Decision 14-12-079 (December 18, 2014), Phase 1*
- 8 *Decision Establishing Policy to Expand the Utilities’ Role in*
- 9 *Development of Electric Vehicle Infrastructure, the Public Utilities*
- 10 *Commission set aside that part of Decision 11-07-029 that had*
- 11 *required electrical corporations to demonstrate a “market failure”*
- 12 *or “underserved market” as part of any request for authority to*
- 13 *own plug-in electric vehicle charging infrastructure.*
- 14 (c) *In January of 2015, Governor Brown proposed a plan to*
- 15 *reduce petroleum use in cars and trucks by 50 percent by 2030.*
- 16 (d) *A significant barrier still exists relative to the availability*
- 17 *of electric vehicle charging stations and service equipment to*
- 18 *support electric vehicle charging needed in public locations,*
- 19 *multifamily dwellings, workplaces, and fleet locations to support*
- 20 *California’s goals for reducing the use of petroleum.*
- 21 (e) *It is estimated that in order to support the need for electric*
- 22 *vehicle charging stations and service equipment, at least one*

1 *electric vehicle charging station and related service equipment is*
2 *needed for every four electric vehicles, compared to the current*
3 *ratio of twenty to one.*

4 *(f) If California is to achieve its aggressive goals for reducing*
5 *emissions of greenhouse gases, as well as its goals for reducing*
6 *the use of petroleum, significant electric vehicle and service*
7 *equipment infrastructure investments will need to be made by*
8 *electrical corporations.*

9 *SEC. 2. Section 381.2 of the Public Utilities Code is repealed.*

10 ~~381.2. (a) By March 1, 2010, the commission, by opening a~~
11 ~~new proceeding or amending an existing proceeding, shall~~
12 ~~investigate the ability of electrical corporations and gas~~
13 ~~corporations to provide various energy efficiency financing options~~
14 ~~to their customers for the purposes of implementing the program~~
15 ~~developed pursuant to Section 25943 of the Public Resources Code.~~

16 ~~(b) In the report prepared pursuant to Section 384.2, the~~
17 ~~commission shall include an assessment of each electrical~~
18 ~~corporation's and each gas corporation's implementation of the~~
19 ~~program developed pursuant to Section 25943 of the Public~~
20 ~~Resources Code.~~

21 *SEC. 3. Section 381.2 is added to the Public Utilities Code, to*
22 *read:*

23 *381.2. (a) (1) In coordination with the program approved*
24 *pursuant to Section 25943 of the Public Resources Code to achieve*
25 *greater energy savings in California's existing residential and*
26 *nonresidential building stock, the commission shall authorize*
27 *electrical corporations and gas corporations to recover in their*
28 *rates the reasonable costs of a program that provides financial*
29 *incentives or rebates to customers of those corporations to increase*
30 *energy efficiency in existing buildings based on all estimated*
31 *energy savings and energy usage reductions, taking into*
32 *consideration overall reduction in normalized metered energy*
33 *consumption as a measure of energy savings.*

34 *(2) The program shall include energy usage reductions resulting*
35 *from the installation of a measure or equipment required for*
36 *modifications to existing buildings to bring them into conformity*
37 *with, or exceed, the standards in Part 6 (commencing with Section*
38 *100.0) of Title 24 of the California Code of Regulations.*

39 *(3) The commission shall authorize electrical corporations and*
40 *gas corporations to count all energy savings achieved toward*

1 overall energy efficiency goals or targets established by the
2 commission.

3 (b) (1) By December 31, 2018, the commission shall, in
4 compliance with Section 9795 of the Government Code, report to
5 the Legislature summarizing the energy efficiency savings achieved
6 pursuant to subdivision (a).

7 (2) Pursuant to Section 10231.5 of the Government Code,
8 paragraph (1) is inoperative on December 31, 2022.

9 (c) It is the intent of the Legislature that, until January 1, 2020,
10 the implementation of the program described in subdivision (a)
11 would not result in an increase in rates for the support of the
12 energy efficiency programs of electrical corporations or gas
13 corporations.

14 SEC. 4. Section 399.33 is added to the Public Utilities Code,
15 to read:

16 399.33. Notwithstanding any other provision of this article, a
17 retail seller or a local publicly owned electric utility may include
18 electricity generated by, or saved as a result of the use of,
19 distributed resources, as defined in Section 769, in meeting its
20 renewables portfolio standard procurement obligations.

21 SEC. 5. Section 740.2 of the Public Utilities Code is repealed.

22 ~~740.2. The commission, in consultation with the Energy
23 Commission, State Air Resources Board, electrical corporations,
24 and the motor vehicle industry, shall evaluate policies to develop
25 infrastructure sufficient to overcome any barriers to the widespread
26 deployment and use of plug-in hybrid and electric vehicles. By
27 July 1, 2011, the commission shall adopt rules to address all of the
28 following:~~

29 ~~(a) The impacts upon electrical infrastructure, including
30 infrastructure upgrades necessary for widespread use of plug-in
31 hybrid and electric vehicles and the role and development of public
32 charging infrastructure.~~

33 ~~(b) The impact of plug-in hybrid and electric vehicles on grid
34 stability and the integration of renewable energy resources.~~

35 ~~(c) The technological advances that are needed to ensure the
36 widespread use of plug-in hybrid and electric vehicles and what
37 role the state should take to support the development of this
38 technology.~~

39 ~~(d) The existing code and permit requirements that will impact
40 the widespread use of plug-in hybrid and electric vehicles and any~~

1 ~~recommended changes to existing legal impediments to the~~
2 ~~widespread use of plug-in hybrid and electric vehicles.~~

3 ~~(e) The role the state should take to ensure that technologies~~
4 ~~employed in plug-in hybrid and electric vehicles work in a~~
5 ~~harmonious manner and across service territories.~~

6 ~~(f) The impact of widespread use of plug-in hybrid and electric~~
7 ~~vehicles on achieving the state's goals pursuant to the California~~
8 ~~Global Warming Solutions Act of 2006 and renewables portfolio~~
9 ~~standard program and what steps should be taken to address~~
10 ~~possibly shifting emissions reductions responsibilities from the~~
11 ~~transportation sector to the electrical industry.~~

12 *SEC. 6. Section 740.2 is added to the Public Utilities Code, to*
13 *read:*

14 *740.2. (a) The commission shall require each electrical*
15 *corporation to file an electric vehicle infrastructure plan to*
16 *develop, own, and operate electric vehicle charging stations and*
17 *service equipment to support the widespread deployment and use*
18 *of plug-in hybrid and electric vehicles. The plan shall encourage*
19 *and support the widespread deployment of electric vehicles, protect*
20 *competitive markets for electric vehicle charging equipment, and*
21 *support consumer choice in electric vehicle charging equipment.*
22 *Applications filed by an electrical corporation prior to January*
23 *1, 2016, for approval of electric vehicle infrastructure investments*
24 *shall be considered as having been filed pursuant to this section.*

25 *(b) By March 1, 2016, after notice and an opportunity to*
26 *comment, the commission shall approve, or modify and approve,*
27 *the electric vehicle infrastructure plan filed by each electrical*
28 *corporation and the rate changes to implement the plan, if the*
29 *commission determines that the plan reasonably assists in*
30 *achieving the state's electric vehicle deployment goals necessary*
31 *to reduce emissions of greenhouse gases and reduce the use of*
32 *petroleum. The commission shall not require individual electrical*
33 *corporation plans to be consistent, but shall encourage flexibility*
34 *and innovation by each electrical corporation in seeking to achieve*
35 *California's overall electric vehicle deployment goals.*

36 *SEC. 7. No reimbursement is required by this act pursuant to*
37 *Section 6 of Article XIII B of the California Constitution because*
38 *the only costs that may be incurred by a local agency or school*
39 *district will be incurred because this act creates a new crime or*
40 *infraction, eliminates a crime or infraction, or changes the penalty*

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

5 SECTION 1. Section 985.5 of the Insurance Code is amended
 6 to read:

7 985.5. In the case of the insolvency of an admitted insurer, the
 8 commissioner shall prepare a report, which shall be a public record,
 9 with respect to the causes and factors which contributed to that
 10 insolvency. The report shall be submitted to the Governor, the
 11 Senate Committee on Insurance, and the Assembly Committee on
 12 Insurance no later than one year from the date of the insolvency.

13 SEC. 2. Section 1067.13 of the Insurance Code is amended to
 14 read:

15 1067.13. The association shall be subject to examination and
 16 regulation by the commissioner. The board of directors shall submit
 17 to the commissioner, the Governor, the Senate Committee on
 18 Insurance, and the Assembly Committee on Insurance each year,
 19 not later than 120 days after the association's fiscal year, a financial
 20 report in a form approved by the commissioner and a report of its
 21 activities during the preceding fiscal year. Upon the request of a
 22 member insurer, the association shall provide the member insurer
 23 with a copy of the report.

24 SEC. 3. Section 1858.35 of the Insurance Code is amended to
 25 read:

26 1858.35. On or before May 1 of each year, the commissioner
 27 shall submit a report to the Senate Committee on Insurance, the
 28 Assembly Committee on Insurance, and the Governor stating the
 29 number and type of complaints received under this article and the
 30 status and disposition of these complaints. The commissioner may
 31 make any recommendations for improving the efficiency and
 32 effectiveness of complaint handling under this article.

33 No information shall be provided under this section pertaining
 34 to a specified complaint against a specific insurer or rating
 35 organization. However, the commissioner may report that
 36 information in the aggregate.

37 SEC. 4. Section 11629.81 of the Insurance Code is amended
 38 to read:

39 11629.81. (a) The California Automobile Assigned Risk Plan
 40 shall report to the commissioner, the Senate Committee on

1 ~~Insurance, and the Assembly Committee on Insurance on an annual~~
2 ~~basis, and at those additional times as it deems prudent, on the~~
3 ~~status of the program. The report shall include data regarding new~~
4 ~~policies, renewed policies, and policy cancellations or nonrenewals.~~
5 ~~(b) The department shall combine the report pursuant to~~
6 ~~subdivision (a) with the report required by Section 11629.85 and~~
7 ~~submit the combined report to the Legislature on or before March~~
8 ~~15 of each year.~~
9 ~~(c) A report submitted pursuant to subdivision (b) shall be~~
10 ~~submitted in compliance with Section 9795 of the Government~~
11 ~~Code.~~
12 ~~SEC. 5. Section 11759.2 of the Insurance Code is repealed.~~