

AMENDED IN SENATE APRIL 12, 2016

SENATE BILL

No. 1414

Introduced by Senator Wolk
(Principal coauthor: Assembly Member Williams)

February 19, 2016

An act to *add Section 25402.12 to the Public Resources Code, and to amend Section 399.4 of the Public Utilities Code, relating to energy.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1414, as amended, Wolk. ~~Public Utilities Commission: energy efficiency programs.~~ *Energy.*

Existing law requires the State Energy Resources Conservation and Development Commission to prescribe, by regulation, building design and construction standards and energy and water conservation design standards for new residential and nonresidential buildings. Existing law requires the State Energy Resources Conservation and Development Commission to prescribe, by regulation, standards for minimum levels of operating efficiency to promote the use of energy-efficient and water-efficient appliances whose use requires a significant amount of energy or water on a statewide basis. Existing law requires that the minimum levels of operating efficiency be based on feasible and attainable efficiencies or feasible improved efficiencies that will reduce the energy or water consumption growth rates. Existing law prohibits a new appliance manufactured on or after the effective date of the standards to be sold or offered for sale in the state unless it is certified by the manufacturer to be in compliance with the standards.

This bill would require the State Energy Resources Conservation and Development Commission to develop a system to track central heating and air cooling equipment sales and installations in the state to verify

compliance with permitting, inspection, and equipment testing requirements.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. The Reliable Electric Service Investments Act states the intent of the Legislature that the ~~commission~~ *Public Utilities Commission* continue to administer cost-effective energy efficiency programs that produce cost-effective energy savings, reduce customer demand, and contribute to the safe and reliable operation of the electrical distribution grid. Under the act, in order to receive a rebate or incentive offered by a public utility for an energy efficiency improvement or for the installation of energy efficient components, equipment, or appliances in buildings, the recipient is required to certify that the improvement or installation complied with any applicable permitting requirements and, if a contractor performed the installation or improvement, that the contractor holds the appropriate license for the work performed.

This bill would additionally require the recipient of an energy efficiency rebate or incentive to provide proof of permit closure and certify that the improvement or installation complied with any specifications or requirements set forth in the California Building Standards Code. The bill would also more specifically identify the ~~commission's~~ *Public Utility Commission's* statutory authority for supervising cost-effective energy efficiency programs.

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

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

1 SECTION 1. Section 25402.12 is added to the Public Resources
2 Code, to read:
3 25402.12. *The commission, in consultation with the*
4 *Contractors' State License Board, local building officials, and*
5 *other stakeholders, shall develop a system to track central heating*
6 *and air cooling equipment sales and installations in the state to*
7 *verify compliance with permitting, inspection, and equipment*
8 *testing requirements. Any system developed by the commission*
9 *shall be adopted by regulation following one or more public*
10 *hearings.*

1 SECTION 1.

2 SEC. 2. Section 399.4 of the Public Utilities Code is amended
3 to read:

4 399.4. (a) (1) In order to ensure that prudent investments in
5 energy efficiency continue to be made that produce cost-effective
6 energy savings, reduce customer demand, and contribute to the
7 safe and reliable operation of the electrical distribution grid, it is
8 the policy of this state and the intent of the Legislature that the
9 commission shall supervise the administration of cost-effective
10 energy efficiency programs authorized pursuant to its statutory
11 authority, including Sections 381, 381.1, 381.2, 381.5, 382, 384.5,
12 400, 454.5, 454.55, 454.56, 589, 701.1, 749, and 769, Article 10
13 (commencing with Section 890) of Chapter 4, and Chapter 6
14 (commencing with Section 2781) of Part 2.

15 (2) As used in this section, the term “energy efficiency” includes,
16 but is not limited to, cost-effective activities to achieve peak load
17 reduction that improve end-use efficiency, lower customers’ bills,
18 and reduce system needs.

19 (b) (1) Any rebates or incentives offered by a public utility for
20 an energy efficiency improvement or installation of energy efficient
21 components, equipment, or appliances in buildings shall be
22 provided only if the recipient of the rebate or incentive provides
23 proof of permit closure and certifies that the improvement or
24 installation has complied with any applicable permitting
25 requirements and any specifications or requirements set forth in
26 the California Building Standards Code (Title 24 of the California
27 Code of Regulations), and, if a contractor performed the installation
28 or improvement, that the contractor holds the appropriate license
29 for the work performed.

30 (2) This subdivision does not imply or create authority or
31 responsibility, or expand existing authority or responsibility, of a
32 public utility for the enforcement of the building energy and water
33 efficiency standards adopted pursuant to subdivision (a) or (b) of
34 Section 25402 of the Public Resources Code, or appliance
35 efficiency standards and certification requirements adopted
36 pursuant to subdivision (c) of Section 25402 of the Public
37 Resources Code.

38 (c) The commission, in evaluating energy efficiency investments
39 under its statutory authority, shall also ensure that local and
40 regional interests, multifamily dwellings, and energy service

1 industry capabilities are incorporated into program portfolio design
2 and that local governments, community-based organizations, and
3 energy efficiency service providers are encouraged to participate
4 in program implementation where appropriate.

5 (d) The commission, in a new or existing proceeding, shall
6 review and update its policies governing energy efficiency
7 programs funded by utility customers to facilitate achieving the
8 targets established pursuant to subdivision (c) of Section 25310
9 of the Public Resources Code. In updating its policies, the
10 commission shall, at a minimum, do all of the following:

11 (1) Authorize market transformation programs with appropriate
12 levels of funding to achieve deeper energy efficiency savings.

13 (2) Authorize pay for performance programs that link incentives
14 directly to measured energy savings. As part of pay for performance
15 programs authorized by the commission, customers should be
16 reasonably compensated for developing and implementing an
17 energy efficiency plan, with a portion of their incentive reserved
18 pending post project measurement results.

19 (3) Authorize programs to achieve deeper savings through
20 operational, behavioral, and retrocommissioning activities.

21 (4) Ensure that customers have certainty in the values and
22 methodology used to determine energy efficiency incentives by
23 basing the amount of any incentives provided by gas and electrical
24 corporations on the values and methodology contained in the
25 executed customer agreement. Incentive payments shall be based
26 on measured results.