

Senate Bill No. 1414

Passed the Senate August 25, 2016

Secretary of the Senate

Passed the Assembly August 23, 2016

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2016, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

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, Wolk. Energy.

Existing law requires the State Energy Resources Conservation and Development Commission (Energy 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 Energy 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 operating efficiency standards to be sold or offered for sale in the state unless it is certified by the manufacturer to be in compliance with those standards.

This bill would require the Energy Commission, by January 1, 2019, to approve a plan that will promote compliance with specified regulations in the installation of central air conditioning and heat pumps. The bill would authorize the Energy Commission to adopt regulations to increase compliance with permitting and inspection requirements for central air conditioning and heat pumps, and associated sales and installations, consistent with that plan.

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 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 limit the application of the above energy efficiency rebate and incentive provisions to customer or contractor recipients. The bill would require a customer or contractor to certify that an energy efficiency improvement or installation complies with any applicable specifications or requirements set forth in the California Building Standards Code in order to receive a rebate or incentive. The bill would require a customer or contractor receiving a rebate or incentive offered by a public utility for purchasing or installing central air conditioning or a heat pump, and their related fans, to additionally provide a proof of permit closure. The bill would also more specifically identify the Public Utility Commission's statutory authority for supervising cost-effective energy efficiency programs.

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

SECTION 1. Section 25402.12 is added to the Public Resources Code, to read:

25402.12. (a) On or before January 1, 2019, the commission, in consultation with the Contractors' State License Board, local building officials, and other stakeholders, shall approve a plan that will promote compliance with Part 6 of Title 24 of the California Code of Regulations in the installation of central air-conditioning and heat pumps.

(b) Prior to approving the plan described in subdivision (a), the commission shall do all of the following:

(1) Evaluate the best available technological and economic information to ensure that data collection and its use is feasible and achievable at a reasonable cost to government, industry, and homeowners.

(2) Consider the impact of the plan on all of the following:

- (A) Property owners.
 - (B) The heating, ventilation, and air-conditioning industry, including manufacturers, distributors, and contractors.
 - (C) Local governments.
 - (D) Building officials.
 - (E) The Contractors' State License Board.
- (3) Provide the public with the opportunity to review and comment on the proposed plan.
- (c) The commission may adopt regulations to increase compliance with permitting and inspection requirements for central air-conditioning and heat pumps, and associated sales and installations, consistent with the plan approved pursuant to subdivision (a).

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

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

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

(b) (1) If a customer or contractor is the recipient of a rebate or incentive offered by a public utility for an energy efficiency improvement or installation of energy efficient components, equipment, or appliances in a building, the public utility shall provide the rebate or incentive only if the customer or contractor certifies that the improvement or installation has complied with any applicable permitting requirements, including any applicable specifications or requirements set forth in the California Building Standards Code (Title 24 of the California Code of Regulations), and, if a contractor performed the installation or improvement,

that the contractor holds the appropriate license for the work performed.

(2) In addition to the requirements of paragraph (1), if a customer or contractor is the recipient of a rebate or incentive offered by a public utility for the purchase or installation of central air-conditioning or a heat pump, and their related fans, the public utility shall provide the rebate or incentive only if the customer or contractor provides proof of permit closure. The public utility is not responsible for verifying the proof of permit closure documentation provided by the customer or contractor.

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

(4) Nothing in this subdivision shall limit the authority of the commission to impose any additional requirements on a recipient of any rebate or incentive.

(c) The commission, in evaluating energy efficiency investments under its statutory authority, shall also ensure that local and regional interests, multifamily dwellings, and energy service industry capabilities are incorporated into program portfolio design and that local governments, community-based organizations, and energy efficiency service providers are encouraged to participate in program implementation where appropriate.

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

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

(2) Authorize pay for performance programs that link incentives directly to measured energy savings. As part of pay for performance programs authorized by the commission, customers should be reasonably compensated for developing and implementing an

energy efficiency plan, with a portion of their incentive reserved pending post project measurement results.

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

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

Approved _____, 2016

Governor