

AMENDED IN ASSEMBLY APRIL 14, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 758

**Introduced by Assembly Members Skinner and Bass
(Coauthor: Assembly Member Torrico)**

February 26, 2009

An act to add Section 25943 to the Public Resources Code, and to add Sections 381.2 and 385.2 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 758, as amended, Skinner. Energy: energy audit.

(1) Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission), in its biennial energy conservation report, to report on the progress made to implement a statewide home energy rating program.

This bill would require the Energy Commission, by March 1, 2010, to establish a regulatory proceeding to develop a comprehensive program to achieve greater energy savings in the state's existing residential and commercial building stock. In developing the requirements, the Energy Commission would be required to coordinate with specified entities and to consider certain—specified factors. Before adopting the requirements, the Energy Commission would be required to consult with specified entities and to hold at least 3 public hearings. The Energy Commission would be required to periodically update the comprehensive program to improve or refine the program requirements. The Energy Commission would be required to report on the status of the program in the integrated energy policy report.

(2) Existing law requires the Public Utilities Commission (PUC) to order certain electrical corporations to collect and spend certain funds for public benefit programs, including cost-effective energy efficiency and conservation programs.

The bill would require the PUC, by March 1, 2010, to open a proceeding to investigate the ability of electrical corporations to provide energy efficiency financing options to their customers to implement the comprehensive program *that would be* developed by the Energy Commission pursuant to this act. The PUC, by January 1, 2011, after consultation with the Energy Commission, would be required to authorize an electrical corporation to provide a targeted number of low- or no-cost energy efficiency audits each calendar year. The electrical corporation would be required to recommend to a building owner cost-effective energy efficiency improvements after the completion of the energy audit. The PUC would be required to report annually to the Legislature and the Energy Commission on specified information.

This bill would require a local publicly owned utility, by a specified date, 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 commercial buildings. A local publicly owned utility would be required annually to report to its customers and the Energy Commission on the implementation of the program. Because a local publicly owned utility would be responsible for the implementation of an energy efficiency program and ~~to provide~~ *the provision of* an annual report to its customers and the Energy Commission on the implementation of the program, this bill would increase the level of service provided by a local agency, thereby imposing a state-mandated local program.

(3) 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.

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. (a) The Legislature recognizes both of the
2 following:

1 (1) The significant energy savings and greenhouse gas emission
2 reductions inherent in the state's existing residential and
3 commercial building stock.

4 (2) The need to establish a comprehensive energy efficiency
5 program to capture these reductions.

6 (b) The Legislature further recognizes that a comprehensive
7 energy efficiency program should include components necessary
8 to ensure meaningful and reliable energy audits, cost-effective
9 energy efficiency improvements, public and private sector energy
10 efficiency financing options, public outreach and education, and
11 green workforce training.

12 SEC. 2. Section 25943 is added to the Public Resources Code,
13 to read:

14 25943. (a) (1) By March 1, 2010, the commission shall
15 establish a regulatory proceeding to develop and implement a
16 comprehensive program to achieve greater energy savings in
17 California's existing residential and commercial building stock.
18 This program shall comprise a complementary portfolio of
19 techniques, applications, and practices that will achieve greater
20 energy efficiency in existing residential and commercial structures
21 that fall significantly below the current standards in Title 24 of the
22 California Code of Regulations, as determined by the commission.

23 (2) The comprehensive program may include, but need not be
24 limited to, a broad range of energy audits, building benchmarking,
25 energy rating, cost-effective energy efficiency improvements,
26 public and private sector energy efficiency financing options,
27 public outreach and education efforts, expanded utility energy
28 efficiency programs, and green workforce training.

29 (b) To develop and implement the program specified in
30 subdivision (a), the commission shall do both of the following:

31 (1) Coordinate with the Public Utilities Commission and consult
32 with representatives from the Department of Real Estate, the
33 Department of Housing and Community Development,
34 investor-owned and publicly owned utilities, local governments,
35 real estate licensees, commercial and home builders, commercial
36 property owners, small businesses, mortgage lenders, financial
37 institutions, home appraisers, inspectors, energy rating
38 organizations, consumer groups, environmental and environmental
39 justice groups, and other entities the commission deems
40 appropriate.

1 (2) Hold at least three public hearings in geographically diverse
2 locations throughout the state.

3 (c) In developing the requirements for the program specified in
4 subdivision (a), the commission shall consider all of the following:

5 (1) The amount of annual and peak energy savings, greenhouse
6 gas emission reductions, and projected customer utility bill savings
7 that will accrue from the program.

8 (2) The most cost-effective means and reasonable timeframes
9 to increase the number of annual energy audits conducted on
10 existing residential and commercial buildings, pursuant to
11 subdivision (a), to meet the statewide reduction targets and goals
12 in subdivision (b) of Section 381.2 of the Public Utilities Code.

13 (3) The various climatic zones within the state.

14 (4) An appropriate method to inform and educate the public
15 about the need for, benefits of, and environmental impacts of, the
16 comprehensive energy efficiency program.

17 (5) The most effective way to report the audit results and the
18 corresponding energy efficiency improvements to the owner of
19 the residential or commercial building, including, among other
20 things, the following:

21 (A) Prioritizing the identified energy efficiency improvements.

22 (B) The payback period of each improvement identified.

23 (C) The various incentives, loans, grants, and rebates offered
24 to finance the improvements.

25 (D) Available financing options including all of the following:

26 (i) Mortgages or sales agreement components.

27 (ii) On-bill financing.

28 (iii) Contractual property tax assessments.

29 (iv) Home warranties.

30 (6) Existing statutory and regulatory requirements to achieve
31 energy efficiency savings and greenhouse gas emission reductions.

32 (7) Any other considerations deemed appropriate by the
33 commission.

34 (d) The program developed pursuant to this section shall do all
35 of the following:

36 (1) Minimize the overall costs of establishing the comprehensive
37 energy efficiency program requirements.

38 (2) Ensure, for residential buildings, that the energy efficiency
39 audits or improvements ~~are not required as a condition of sale and~~
40 do not unreasonably or unnecessarily affect the home purchasing

1 process or the ability of individuals to rent housing. *A transfer of*
2 *property subject to the program implemented pursuant to this*
3 *section shall not be invalidated solely because of the failure of a*
4 *person to comply with a provision of the program.*

5 (3) Ensure, for nonresidential buildings, that the energy
6 improvements do not have an undue economic impact on California
7 businesses.

8 (4) Determine, for residential buildings, the appropriateness of
9 the Home Energy Rating System (HERS) program to accomplish
10 the goals of this section and whether there are a sufficient number
11 of HERS-certified raters available to meet the program
12 requirements.

13 (5) Determine, for nonresidential structures, the availability of
14 an appropriate cost-effective energy efficiency auditing system
15 and whether there are a sufficient number of certified raters or
16 auditors available to meet the program requirements.

17 (6) Coordinate with the California Workforce Investment Board,
18 the Employment Training Panel, the California Community
19 Colleges, and other entities to ensure a qualified, well-trained
20 workforce is available to implement the program requirements.

21 (e) A home energy rating or audit service does not meet the
22 requirements of this section unless the service has been certified
23 by the commission to be in compliance with the program criteria
24 developed pursuant to this section and is in conformity with other
25 applicable elements of the program.

26 (f) The commission shall periodically update the criteria and
27 adopt any revision that, in its judgment, is necessary to improve
28 or refine program requirements after receiving public input.

29 (g) Before implementing an element of the program developed
30 pursuant to subdivision (a) that requires the expansion of statutory
31 authority of the commission or the Public Utilities Commission,
32 the commission and the Public Utilities Commission shall obtain
33 legislative approval for the expansion of their authorities.

34 (h) The commission shall report on the status of the program in
35 the integrated energy policy report pursuant to Section 25302.

36 SEC. 3. Section 381.2 is added to the Public Utilities Code, to
37 read:

38 381.2. (a) By March 1, 2010, the commission shall open a
39 proceeding to investigate the ability of electrical corporations to
40 provide various energy efficiency financing options to their

1 customers for the purposes of implementing the program developed
2 pursuant to Section 25943 of the Public Resources Code.

3 (b) By January 1, 2011, after consultation with the Energy
4 Commission, the commission shall authorize each electrical
5 corporation to provide a targeted number of low- or no-cost energy
6 efficiency audits to be completed in an expedited and cost-effective
7 manner each calendar year. Upon the completion of the energy
8 audit, the electrical corporation shall recommend to the building
9 owner cost-effective energy efficiency improvements based on
10 the criteria established by the Energy Commission pursuant to
11 Section 25943 of the Public Resources Code.

12 (c) The commission shall identify and attribute the energy
13 efficiency savings within each electrical corporation service
14 territory to the electrical corporation serving that territory.

15 (d) The commission shall provide an annual report to the
16 Legislature and the Energy Commission that details the number
17 of buildings audited, the amount of actual energy savings resulting
18 from the energy efficiency improvements, the types of financing
19 options used to implement the improvements, and the backlog of
20 unfulfilled energy efficiency audit requests.

21 SEC. 4. Section 385.2 is added to the Public Utilities Code, to
22 read:

23 385.2. (a) Upon implementation of subdivision (b) of Section
24 381.2, and the completion and promulgation of regulations pursuant
25 to subdivision (a) of Section 25943 of the Public Resources Code,
26 each governing body of a local publicly owned electric utility, as
27 defined in Section 9604, shall be responsible for implementing an
28 energy efficiency program that recognizes the intent of the
29 Legislature to encourage energy savings and greenhouse gas
30 emission reductions in existing residential and commercial
31 buildings, while taking into consideration the effect of the program
32 on rates, reliability, and financial resources.

33 (b) A local publicly owned electric utility shall report annually
34 to its customers and the Energy Commission, all of the following:

35 (1) The utility's status in implementing an energy efficiency
36 program pursuant to subdivision (a) and the utility's progress
37 toward attaining the goal of the program.

38 (2) The amount of money that was designated for energy
39 efficiency audits on an annual basis and the amount remaining in
40 the fund.

1 (3) The number of buildings that were audited.

2 (4) The backlog, if any, of requests for an energy efficiency
3 audit.

4 (5) The types of energy efficiency financing options offered by
5 the utility and the number of customers who have taken advantage
6 of these financing options.

7 (6) The net energy savings from energy efficiency improvements
8 installed after an audit pursuant to this section.

9 SEC. 5. No reimbursement is required by this act pursuant to
10 Section 6 of Article XIII B of the California Constitution because
11 a local agency or school district has the authority to levy service
12 charges, fees, or assessments sufficient to pay for the program or
13 level of service mandated by this act, within the meaning of Section
14 17556 of the Government Code.