AMENDED IN SENATE AUGUST 17, 2009

AMENDED IN SENATE JULY 14, 2009

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 nonresidential building stock. In developing the requirements, the Energy Commission would be required to coordinate with specified entities and to consider certain 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 new proceeding or amend an existing proceeding to investigate the ability of electrical corporations and gas 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 bill would also require the PUC to include an assessment of each electrical corporation's and each gas corporation's implementation of that program in a specified annual report required under existing law.*

(3) Existing law requires a local publicly owned electric utility to establish annual targets for energy efficiency savings and demand reduction for the next 10-year period and to provide to its customers and to the Energy Commission an annual report on its energy efficiency and demand reduction programs.

This bill would require a local publicly owned electric 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 nonresidential buildings. A local publicly owned electric utility would be required to include in the above-referenced report its status in implementing the program. Because a local publicly owned utility would be responsible for the implementation of an energy efficiency program and the provision of additional information in 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.

(4) 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:

SECTION 1. (a) The Legislature recognizes both of the following:

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

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

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

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

25943. (a) (1) By March 1, 2010, the commission shall 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. This program shall comprise a complementary portfolio of techniques, applications, and practices that will achieve greater energy efficiency in existing residential and nonresidential structures that fall significantly below the current standards in Title 24 of the California Code of Regulations, as determined by the commission.

(2) The comprehensive program may include, but need not be limited to, a broad range of energy ~~audits~~ *assessments*, building benchmarking, energy rating, cost-effective energy efficiency improvements, public and private sector energy efficiency financing options, public outreach and education efforts, and green workforce training.

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

(1) Coordinate with the Public Utilities Commission and consult with representatives from the Department of Real Estate, the Department of Housing and Community Development, investor-owned and publicly owned utilities, local governments, real estate licensees, commercial and home builders, commercial

property owners, small businesses, mortgage lenders, financial institutions, home appraisers, inspectors, energy rating organizations, consumer groups, environmental and environmental justice groups, and other entities the commission deems appropriate.

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

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

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

(2) The most cost-effective means and reasonable timeframes ~~to increase the number of annual energy audits conducted on existing residential and nonresidential buildings, pursuant to subdivision (a).~~ *to achieve the goals of the program.*

(3) The various climatic zones within the state.

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

(5) The most effective way to report the ~~audit~~ *energy assessment* results and the corresponding energy efficiency improvements to the owner of the residential or nonresidential building, including, among other things, the following:

(A) Prioritizing the identified energy efficiency improvements.

(B) The payback period or cost-effectiveness of each improvement identified.

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

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

(i) Mortgages or sales agreement components.

(ii) On-bill financing.

(iii) Contractual property tax assessments.

(iv) Home warranties.

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

(7) A broad range of implementation approaches, including both utility and nonutility administration of energy efficiency programs.

~~(7)~~

(8) Any other considerations deemed appropriate by the commission.

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

(1) Minimize the overall costs of establishing and implementing the comprehensive energy efficiency program requirements.

(2) Ensure, for residential buildings, that the energy efficiency ~~audits,~~ *assessments,* ratings, or improvements do not unreasonably or unnecessarily affect the home purchasing process or the ability of individuals to rent housing. A transfer of property subject to the program implemented pursuant to this section shall not be invalidated solely because of the failure of a person to comply with a provision of the program.

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

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

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

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

(7) Coordinate with, and avoid duplication of, existing proceedings of the Public Utilities Commission and programs administered by utilities.

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

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

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

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

(i) For purposes of this section, "energy assessment" means a determination of an energy user's energy consumption level, relative efficiency compared to other users, and opportunities to achieve greater efficiency or improve energy resource utilization.

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

381.2. (a) By March 1, 2010, the commission, by opening a new proceeding or amending an existing proceeding, shall 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 program developed pursuant to Section 25943 of the Public Resources Code.

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

(b) In the report prepared pursuant to Section 321.6, the commission shall include an assessment of each electrical corporation's and each gas corporation's implementation of the program developed pursuant to Section 25943 of the Public Resources Code.

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

385.2. (a) Upon the completion and promulgation of regulations pursuant to subdivision (a) of Section 25943 of the Public Resources Code, each governing body of a local publicly owned electric utility, as defined in Section 224.3, shall be responsible for implementing an energy efficiency program that recognizes the intent of the Legislature to encourage energy savings and greenhouse gas emission reductions in existing residential and nonresidential buildings, while taking into consideration the effect of the program on rates, reliability, and financial resources.

(b) In the report prepared pursuant to Section 9615, each local publicly owned electric utility shall include both of the following:

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

(2) The net energy savings from energy efficiency improvements installed pursuant to this section.

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

O