AMENDED IN SENATE MAY 28, 2009

AMENDED IN SENATE MAY 20, 2009

AMENDED IN SENATE MAY 5, 2009

AMENDED IN SENATE APRIL 14, 2009

SENATE BILL No. 488

Introduced by Senator Pavley

February 26, 2009

An act to add Chapter 10.9 (commencing with Section 25945) to Division 15 of the Public Resources Code, and to amend Section 739 of, and to add Section 9505 to, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 488, as amended, Pavley. Energy: energy usage information.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. The existing Public Utilities Act requires each electrical corporation and each gas corporation to disclose on the residential customer's billing statement specified information on usage and cost, and contact information for the commission's Consumer Affairs Branch, and to make available online to residential customers specified information on usage and energy conservation measures. The act authorizes the commission to modify, adjust, or add to these requirements as the individual circumstances of each electrical corporation or gas corporation merit, or for master-meter customers, as individual circumstances merit. The act requires the commission, as part of the general rate case of an electrical corporation or gas corporation, to assess opportunities to

improve the quality of information contained in the utility's periodic billings.

This bill would require the commission, on or before July 1, 2010, to require each electrical corporation and each gas corporation to adopt a pilot program to disclose, not less frequently than quarterly, either in a separate mailing or on the billing statement of a residential subscriber, information documenting the amount of energy used by the metered residence compared to similar residences in the subscriber's geographical area. The bill would require the commission to require each electrical corporation and each gas corporation to identify those residences that used significantly more energy during the period than was used by similar residences with comparable household square footage in the subscriber's geographical area and to ensure that information is provided most frequently to those subscribers on energy saving strategies or programs available to assist in financing energy efficiency improvements, in addition to the above-described information relative to energy usage. *The bill would require that the cost of any pilot program adopted pursuant to these requirements be recovered only from the residential ratepayers of the electrical corporation or gas corporation.* The bill would require each electrical corporation and each gas corporation, on or before July 1, 2011, and each July 1 thereafter, to submit to the commission and the Legislature a report on the energy savings resulting from the pilot program adopted by the utility.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

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

(2) Existing law defines weatherization and requires each publicly owned electric and gas utility that provides the energy for space heating for low-income customers to provide home weatherization services for those customers if a significant need for those services exists in the utility's service territory, taking into consideration both the cost-effectiveness of the services and the public policy of reducing financial hardships facing low-income households. Existing law requires each publicly owned electric and gas utility to submit a biennial report to the State Energy Resources Conservation and Development

Commission (Energy Commission) describing the status of its low-income weatherization programs.

This bill would require each local publicly owned electric utility and each local publicly owned gas utility, on or before July 1, 2010, to adopt a pilot program to disclose, not less frequently than quarterly, either in a separate mailing or on the billing statement of a residential subscriber, information documenting the amount of energy used by the metered residence compared to similar residences in the subscriber's geographical area. The bill would require each local publicly owned electric utility and each local publicly owned gas utility to identify those residences that used significantly more energy during the period than was used by similar residences with comparable household square footage in the subscriber's geographical area and to ensure that information is provided most frequently to those subscribers on energy saving strategies or programs available to assist in financing energy efficiency improvements, in addition to the above-described information relative to energy usage. The bill would require each local publicly owned electric utility and each local publicly owned gas utility, on or before July 1, 2011, and by July 1 each year thereafter, to report to the Energy Commission on the energy savings resulting from the pilot program adopted by the utility pursuant to these requirements. By placing additional requirements upon local publicly owned electric and gas utilities, the bill would impose 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 specified reasons.

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. Chapter 10.9 (commencing with Section 25945) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 10.9. ENERGY EFFICIENCY FINANCING PROGRAM

25945. The Legislature finds and declares all of the following:

(a) The California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) requires the State Air Resources Board to design emissions reduction measures in a manner that minimizes costs and maximizes benefits for California's economy, maximizes additional environmental and economic cobenefits for California, and complements the state's efforts to improve air quality.

(b) To achieve the goals of the California Global Warming Solutions Act of 2006, every sector must explore opportunities to reduce energy consumption and related greenhouse gas emissions.

(c) There exist significant opportunities for cost-effective energy efficiency improvements in all types of existing structures, including residential, commercial, industrial, and municipal.

(d) California needs a systematic approach to providing every utility-using structure in the state with an energy audit and the opportunity to increase energy efficiency by 2020, to meet the goals of the California Global Warming Solutions Act of 2006.

SEC. 2. Section 739 of the Public Utilities Code is amended to read:

739. (a) As used in this section:

(1) "Baseline quantity" means a quantity of electricity or gas allocated by the commission for residential customers based on from 50 to 60 percent of average residential consumption of these commodities, except that, for residential gas customers and for all-electric residential customers, the baseline quantity shall be established at from 60 to 70 percent of average residential consumption during the winter heating season. In establishing the baseline quantities, the commission shall take into account climatic and seasonal variations in consumption and the availability of gas service. The commission shall review and revise baseline quantities as average consumption patterns change in order to maintain these ratios.

(2) "Residential customer" means those customers receiving electrical or gas service pursuant to a domestic rate schedule and excludes industrial, commercial, and every other category of customer.

(b) The commission shall designate a baseline quantity of gas and electricity which is necessary to supply a significant portion of the reasonable energy needs of the average residential customer. In estimating those quantities, the commission shall take into account differentials in energy needs between customers whose residential energy needs are currently supplied by electricity alone or by both electricity and gas. The commission shall develop a separate baseline quantity for all-electric residential customers. For these purposes, "all-electric residential customers" are residential customers having electrical service only or whose space heating is provided by electricity, or both. The commission shall also take into account differentials in energy use by climatic zone and season.

(c) (1) The commission shall establish a standard limited allowance which shall be in addition to the baseline quantity of gas and electricity for residential customers dependent on life-support equipment, including, but not limited to, emphysema and pulmonary patients. A residential customer dependent on life-support equipment shall be allocated a higher energy allocation than the average residential customer.

(2) "Life-support equipment" means that equipment which utilizes mechanical or artificial means to sustain, restore, or supplant a vital function, or mechanical equipment which is relied upon for mobility both within and outside of buildings. "Life-support equipment," as used in this subdivision, includes all of the following: all types of respirators, iron lungs, hemodialysis machines, suction machines, electric nerve stimulators, pressure pads and pumps, aerosol tents, electrostatic and ultrasonic nebulizers, compressors, IPPB machines, and motorized wheelchairs.

(3) The limited allowance specified in this subdivision shall also be made available to paraplegic and quadriplegic persons in consideration of the increased heating and cooling needs of those persons.

(4) The limited allowance specified in this subdivision shall also be made available to multiple sclerosis patients in consideration of the increased heating and cooling needs of those persons.

(5) The limited allowance specified in this subdivision shall also be made available to scleroderma patients in consideration of the increased heating needs of those persons.

(6) The limited allowance specified in this subdivision shall also be made available to persons who are being treated for a life-threatening illness or have a compromised immune system, if

a licensed physician and surgeon or a person licensed pursuant to the Osteopathic Initiative Act certifies in writing to the utility that the additional heating or cooling allowance, or both, is medically necessary to sustain the life of the person or prevent deterioration of the person's medical condition.

(d) (1) The commission shall require that every electrical and gas corporation file a schedule of rates and charges providing baseline rates. The baseline rates shall apply to the first or lowest block of an increasing block rate structure which shall be the baseline quantity. In establishing these rates, the commission shall avoid excessive rate increases for residential customers, and shall establish an appropriate gradual differential between the rates for the respective blocks of usage.

(2) In establishing residential electric and gas rates, including baseline rates, the commission shall assure that the rates are sufficient to enable the electrical corporation or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable and while observing the principle that conservation is desirable in order to maintain an affordable bill.

(3) At least until December 31, 2003, the commission shall require that all charges for residential electric customers are volumetric, and shall prohibit any electrical corporation from imposing any charges on residential consumption that are independent of consumption, unless those charges are in place prior to April 12, 2001.

(e) (1) Each electrical corporation and each gas corporation shall, in a timeframe consistent with each electrical and gas corporation's next general rate case, disclose on the billing statement of a residential customer all of the following:

(A) Cost per kilowatthour or gas therm per tier.

(B) Allocation of kilowatthour or gas therm per tier.

(C) Visual representation of usage and cost per tier.

(D) Usage comparison with prior periods.

(E) Itemized cost components in the bill to identify state and local taxes.

(F) Identification of delivery, generation, public purpose, and other charges.

(G) Contact information for the commission's Consumer Affairs Branch.

(2) An electrical corporation and a gas corporation shall make available online to residential customers both of the following:

(A) Examples of how conservation measures, including changing thermostat settings and turning off unused lights, could reduce energy usage and costs.

(B) Examples of how energy-saving devices and weatherization measures could reduce energy usage and costs.

(3) The commission may modify, adjust, or add to the requirements of this subdivision as the individual circumstances of each electrical corporation or gas corporation merits, or for master-meter customers, as individual circumstances merit.

(4) The commission shall, as part of the general rate case of an electrical corporation or gas corporation, assess opportunities to improve the quality of information contained in the utility's periodic billings.

(f) (1) In order to encourage energy savings through behavioral change, on or before July 1, 2010, the commission shall require each electrical corporation and each gas corporation to adopt a pilot program to disclose, not less frequently than quarterly, either in a separate mailing or on the billing statement of a residential subscriber, information documenting the amount of energy used by the metered residence compared to similar residences in the subscriber's geographical area. The commission shall ensure that the pilot program reaches a statistically significant sampling of utility customers from, where applicable, diverse geographical areas, climate zones, and socio-economic backgrounds.

(2) The commission shall require each electrical corporation and each gas corporation to identify those residences that used significantly more energy during the period than was used by similar residences with comparable household square footage in the subscriber's geographical area and ensure that information is provided most frequently to those subscribers on energy saving strategies or programs available to assist in financing energy efficiency improvements, in addition to the information required pursuant to paragraph (1).

(3) The cost of any pilot program adopted pursuant to this subdivision shall be recovered only from the residential ratepayers of the electrical corporation or gas corporation.

(g) On or before July 1, 2011, and each July 1 thereafter, each electrical corporation and each gas corporation shall submit to the commission and the Legislature a report on the energy savings resulting from the pilot program adopted by the utility pursuant to subdivision (f). The commission shall assess the energy savings resulting from the pilot program and include those savings in the commission's evaluation of the utility's overall energy efficiency programs and in establishing targets for the utility pursuant to Section 454.55 or 454.56. Energy savings shall be measured using methodologies meeting the suggestions of the National Action Plan for Energy Efficiency, a private-public initiative to create a sustainable, aggressive national commitment to energy efficiency through the collaborative efforts of the natural gas and electrical industries, utility regulators, and other partner organizations and facilitated by the United States Department of Energy and the United States Environmental Protection Agency.

(h) Wholesale electrical or gas purchases, and the rates charged therefor, are exempt from this section.

(i) Nothing contained in this section shall be construed to prohibit experimentation with alternative gas or electrical rate schedules for the purpose of achieving energy conservation.

SEC. 3. Section 9505 is added to the Public Utilities Code, to read:

9505. (a) In order to encourage energy savings through behavioral change, on or before July 1, 2010, each local publicly owned electric utility and each local publicly owned gas utility shall adopt a pilot program to disclose, not less frequently than quarterly, either in a separate mailing or on the billing statement of a residential subscriber, information documenting the amount of energy used by the metered residence compared to similar residences in the subscriber's geographical area. The governing board of the utility shall ensure that the pilot program reaches a statistically significant sampling of utility customers from, where applicable, diverse geographical areas, climate zones, and socio-economic backgrounds.

(b) Each local publicly owned electric utility and each local publicly owned gas utility shall identify those residences that used significantly more energy during the period than was used by similar residences with comparable household square footage in the subscriber's geographical area and ensure that information is provided most frequently to those subscribers on energy saving strategies or programs available to assist in financing energy efficiency improvements, in addition to the information required pursuant to subdivision (a).

(c) On or before July 1, 2011, and each July 1 thereafter, each local publicly owned electric utility and each local publicly owned gas utility shall report to the Energy Commission on the energy savings resulting from the pilot program adopted by the utility pursuant to subdivision (a). Energy savings shall be measured using methodologies meeting the suggestions of the National Action Plan for Energy Efficiency, a private-public initiative to create a sustainable, aggressive national commitment to energy efficiency through the collaborative efforts of the natural gas and electrical industries, utility regulators, and other partner organizations and facilitated by the United States Department of Energy and the United States Environmental Protection Agency.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

With respect to certain other costs, 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.

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