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THIRD READING

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Bill No: AB 793  
Author: Quirk (D)  
Amended: 8/31/15 in Senate  
Vote: 21

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SENATE ENERGY, U. & C. COMMITTEE: 6-1, 6/30/15  
AYES: Hueso, Hill, Lara, Leyva, McGuire, Pavley  
NOES: Morrell  
NO VOTE RECORDED: Fuller, Cannella, Hertzberg, Wolk

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 77-0, 5/7/15 - See last page for vote

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**SUBJECT:** Energy efficiency

**SOURCE:** Author

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**DIGEST:** This bill furthers the adoption of “energy management technology” – meaning a product, service, or software that allows a customer to better understand and manage energy use in the customer’s home or business – through mandatory education efforts, monetary awards and inclusion of such technology in home weatherization programs for low-income electric or gas utility customers.

*Senate Amendments of 8/31/15* remove language from one section of the Public Utilities Code and insert the same language in another section of the Public Utilities Code. The amendments also replace one reference to “energy” use with “electricity or gas” use, which makes the bill internally consistent.

**ANALYSIS:**

Existing law:

- 1) Requires an electrical corporation to first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. (Public Utilities Code §454.5 (b)(9)(C))
- 2) Requires the California Public Utilities Commission (CPUC) to establish energy efficiency targets for electrical and gas corporations. (Public Utilities Code §§454.55 and 454.56)
- 3) Requires electric and gas corporations to provide weatherization assistance to low-income customers and specifies that weatherization may include attic insulation, caulking, weatherstripping, a low-flow showerhead, water heater blanket, and door and building envelope repairs to reduce air infiltration. (Public Utilities Code §2790 (a), (b))
- 4) Specifies that weatherization may also include other building conservation measures, energy-efficient appliances, and energy education programs determined by the CPUC to be feasible and considering the cost effectiveness of the measures as a whole and the policy of reducing energy-related hardships facing low-income households. (Public Utilities Code §2790 (c))
- 5) Requires the CPUC to establish policies and procedures by which any party, including, but not limited to, a local entity that establishes a community choice aggregation program, may apply to become administrators for cost-effective energy efficiency and conservation programs. (Public Utilities Code §381.1)

This bill:

- 1) Adds energy management technology (EMT) to the list of things that may also be considered as weatherization, if determined by the CPUC to be feasible.
- 2) Directs the CPUC to require an electrical or gas corporation to (a) develop a program, by January 1, 2017, to provide incentives to residential or small or medium business customers to acquire EMT for use in the customer's home or business, and to (b) develop, by June 30, 2016, a plan to educate residential and small and medium business customers about the incentive program described above.
- 3) Specifies the CPUC may require that the education plan described in (2) be integrated into, or coordinated with, any education campaign required by the CPUC.

- 4) Requires each electrical or gas corporation to report annually to the CPUC on actual energy savings resulting from the incentive program.
- 5) Requires the CPUC to evaluate all electrical or gas corporation energy savings claims achieved pursuant to the incentive program in a manner consistent with commission-adopted evaluation protocols and determine if the program shall continue or be modified.
- 6) States that bill's provisions do not amend or limit the ability of a community choice aggregator (CCA) to apply to administer an energy efficiency or conservation program or a demand-side management program.

## **Background**

*Energy management technology.* EMT, as used in this bill, refers to a broad range of products, services, or software that allows a customer to better understand and manage energy use in their home or place of business. Based on supporting documents provided by this bill's proponents, such technology seems to have in common the ability to allow a customer to read his or her energy usage in real time or near real time through, generally, communication with a home or business's smart meter. Bill proponents contend that such technologies have the potential to allow customers to better understand and manage their energy usage, thereby leading to reductions in energy use. These proponents note that, to date, adoption of such technologies, especially by residential and smaller business customers, has been very limited.

The author's office and many bill supporters blame this current low level of adoption of EMT on a lack of education and outreach. The author seeks to remedy this situation by: (1) including EMT among the measures and products that might be included in the weatherization services the CPUC requires electric and gas utilities to provide to low-income customers, and (2) requiring electrical and gas corporations to offer a rebate program, within the existing energy efficiency program, for customers who purchase EMT devices. Both the existing weatherization program and the existing energy efficiency program are described below.

*Weatherization services for low-income customers.* In keeping with statute, the CPUC created the Energy Savings Assistance Program by which the investor-owned utilities (IOUs) provide no-cost weatherization services to low-income

households who meet the California Alternate Rates for Energy, known as [CARE](#) income guidelines. (According to the CPUC, customers are CARE-eligible if their household income falls below certain defined amounts.) Services provided include attic insulation, energy efficient refrigerators, energy efficient furnaces, weatherstripping, caulking, low-flow showerheads, waterheater blankets, and door and building envelope repairs which reduce air infiltration. Statute governing this program is worded strangely in that it lists measures and technologies that may be included, when feasible, as weatherization, and then separately lists additional measures and technologies that may also be included as weatherization, if determined by the CPUC to be feasible, taking into consideration cost-effectiveness of the measures as a whole and the policy of reducing energy-related hardships facing low-income households. This bill adds EMT to the list of measures and technologies that may also be included as weatherization, if it determined by CPUC to meet the specified standards.

*Energy utility energy efficiency programs.* The “loading order” guides the state’s energy policies and decisions according to the following order of priority: (1) decreasing electricity demand by increasing energy efficiency; (2) responding to energy demand by reducing energy usage during peak hours; (3) meeting new energy generation needs with renewable resources; and (4) meeting new energy generation needs with clean fossil-fueled generation. This policy has been adopted by the energy agencies – the California Energy Commission and CPUC – and its principles guide all energy programs.

Consistent with the loading order, statute requires both electric and gas IOUs to meet unmet resource needs with all available energy efficiency and demand reduction that is cost-effective, reliable and feasible. The CPUC uses these criteria to establish energy efficiency targets for the IOUs. To achieve those targets, the IOUs (and, in some cases, CCAs such as Sonoma Clean Power) administer energy efficiency programs with ratepayer funds approved by the CPUC. Currently funded at about \$1 billion per year, the programs include a portfolio of financial incentives, loans, and rebates for installing energy efficient appliances, lighting, windows, HVAC systems, whole-house retrofits, and specialized programs aimed at a variety of sectors. According to existing CPUC rules, each IOU claims credit for energy savings from the energy efficiency measures resulting from its program. The CPUC evaluates the claimed energy savings and, after adjustment, authorizes financial rewards for the IOUs.

This bill requires the electrical and gas corporations to implement programs, within the existing energy efficiency programs, to provide incentives to a residential or

small- or medium-sized business customer who acquires EMT for use in the customer's home or place of business. In addition, this bill requires the electrical and gas corporations to implement a plan to educate residential and small and medium business customers about the incentive program.

### **Prior/Related Legislation**

AB 802 (Williams, 2015) directs the CPUC to change its calculation of savings from an energy efficiency project so as to allow IOUs to recover in rates the cost energy efficiency savings to bring an existing building up to code. The bill passed the Assembly on a vote of 74-0 and is currently awaiting consideration by the Senate Floor.

AB 1330 (Bloom, 2015) establishes an annual energy efficiency resource standard for every retail seller of electricity and every gas utility. The bill passed the Assembly on a vote of 46-29 and is currently awaiting consideration by the Senate Floor.

SB 350 (De Leon, 2015) requires the California Energy Commission to adopt and periodically update a program to achieve a doubling of the energy efficiency of buildings by January 1, 2030. The bill passed the Senate on a vote of 24-14 and is currently awaiting consideration by the Assembly Floor.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: Yes

**SUPPORT:** (Verified 9/1/15)

California Energy Efficiency Industry Council  
Center for Sustainable Energy  
Clean Power Campaign  
Environmental Defense Fund  
Marin Clean Energy  
Mission:Data Coalition  
Office of Ratepayer Advocates  
Sierra Club California  
Silicon Valley Leadership Group  
TechNet

**OPPOSITION:** (Verified 9/1/15)

None received

**ARGUMENTS IN SUPPORT:** The author and proponents contend the education plan required by this bill, and deployment of EMT that the bill incentivizes, will arm residential and business customers with a better understanding of their energy usage. This will allow them to make informed decisions on how to optimize their energy consumption and reduce their bills. Customer will be able to monitor their electricity usage and costs in real-time or near real-time, allowing them to adjust their usage instantaneously in response to changes in prices or system reliability events. This will increase overall energy efficiency, alleviate pressure on the system's energy grid, and help reduce Greenhouse Gas emissions by reducing the need for gas-fired "peaker" plants to meet high demand.

**ASSEMBLY FLOOR:** 77-0, 5/7/15

**AYES:** Achadjian, Alejo, Travis Allen, Baker, Bigelow, Bloom, Bonilla, Bonta, Brough, Brown, Burke, Calderon, Chang, Chau, Chávez, Chiu, Chu, Cooley, Cooper, Dababneh, Dahle, Daly, Dodd, Eggman, Frazier, Beth Gaines, Gallagher, Cristina Garcia, Eduardo Garcia, Gatto, Gipson, Gomez, Gonzalez, Gordon, Gray, Grove, Hadley, Harper, Holden, Irwin, Jones, Jones-Sawyer, Kim, Lackey, Levine, Linder, Lopez, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Melendez, Mullin, Nazarian, Obernolte, O'Donnell, Olsen, Patterson, Perea, Quirk, Rendon, Ridley-Thomas, Rodriguez, Salas, Santiago, Mark Stone, Thurmond, Ting, Wagner, Waldron, Weber, Wilk, Williams, Wood, Atkins

**NO VOTE RECORDED:** Campos, Roger Hernández, Steinorth

Prepared by: Jay Dickenson / E., U., & C. / (916) 651-4107

9/1/15 20:29:44

\*\*\*\* **END** \*\*\*\*