

## AB-802: Energy Efficiency

On September 11, 2015, the California Legislature passed Assembly Bill-802. The Bill is aimed at increasing the availability of building-wide energy use data and will fundamentally change how energy savings/efficiency is gauged. By September 1, 2016, California will measure energy efficiency via appraisals of “normalized metered energy consumption,” a precise measure of how energy efficiency influences the grid. Furthermore, the legislation will allow building owners to have access to their buildings’ energy usage information, opening the door for more cost-effective energy efficiency programs and incentives for bringing buildings up to California (efficiency) standards. With the passage of AB-802, a number of changes to existing law are on the horizon; these changes are detailed below.

Current law requires the State Resources Conservation and Development (i.e., Energy) Commission to conduct assessments and forecasts of all aspects of energy industry supply, demand, production, transportation, delivery, distribution, and prices at least every two years; these assessments and forecasts are to be used to develop energy policies. The Energy Commission prepares a comprehensive energy policy report every two years that includes an assessment (and forecast) of system reliability and the need for additional resources, energy efficiency, and conservation. Under AB-802, the Energy Commission will be required to consult with the Public Utilities Commission (PUC) and authorized to use PUC program data to make modifications to energy demand forecasts to adjust for market conditions and existing baselines. This, however, is not the only change to standing laws.

Currently, law requires that electric and gas utilities maintain records of energy consumption data of all *nonresidential* buildings receiving service for (at least) the most recent 12 months. This data is to remain confidential and must be delivered in a format compatible with the U.S. Environmental Protection Agency’s ENERGY STAR Portfolio Manager. Owner/operators are only required to disclose this data to a prospective buyer, lessee (of the entire building), or financing lender. AB-802 will require utilities to maintain records of energy usage data for *all* buildings (i.e., commercial and multifamily buildings over 50,000 square feet gross floor area); and beginning January 1, 2017, utilities will be required to deliver aggregated energy usage data for a covered building to the owner (owner’s agent or operator) or to their ENERGY STAR Portfolio Manager account. The bill also authorizes the Energy Commission to specify and request supplementary information from electric and gas utilities and eliminates the requirements (redundant, after 802’s passage) regarding disclosure of ENERGY STAR data to potential buyers, lessees, or financing lenders. The Energy Commission will be authorized to issue civil fines for violation of these data submission requirements.

A major shift resulting from the passage of AB-802 concerns energy efficiency programs. Presently, the Energy Commission is responsible for the development and implementation of a comprehensive program aimed at attaining greater energy savings in (non)residential building stock. The Public Utilities Commission (PUC) is required to investigate utilities’ ability to provide financing options to their customers regarding the implementation of the energy efficiency programs developed by the Energy Commission. However, effective September 1, 2016, the PUC will be required to authorize electrical and gas corporations to provide incentives, rebates, technical assistance, and support to their customers to increase the energy efficiency of existing buildings. AB-802 will allow utilities to recover the (“reasonable”) costs of these

programs through rate recovery mechanisms. The PUC will authorize utilities to count all energy savings realized via (authorized) programs and directed toward the overall energy efficiency goals established by the organization. The PUC will also be authorized to modify energy efficiency electrical and gas corporations' goals to reflect expected changes in energy savings due to program participation.