
SB-350: Clean Energy and Pollution Reduction Act of 2015

At a high level, SB-350 sets a goal of increasing energy efficiency in buildings by 50% by 2030 by building on existing statutes. The law “gives California’s energy agencies the authority to review and revise our state’s energy efficiency programs to marshal the funds and regulatory actions necessary to reach this target.”

The bill builds on existing statutes to:

- Direct the CEC to update the AB 758 program by January 1, 2017, and then every three years thereafter.
- Define terms: energy savings and end uses.
- Direct the CEC to specify EE targets to meet the new goal and to specify programs that may be used to achieve the goal.
- Specify how the goals will be measured and counted.
- Require assessments of the effects of EE on electricity demand statewide and locally, hourly and seasonally.
- Direct the CPUC to authorize programs to meet the new goal.
- Specify CPUC energy efficiency procurement and reporting requirements.
- Direct POUs to meet the energy efficiency targets specified by the CEC.
- The commission shall adopt, implement, and enforce a responsible contractor policy for use across all ratepayer-funded energy efficiency programs that involve installation or maintenance, or both installation and maintenance, by building contractors to ensure that retrofits meet high-quality performance standards and reduce energy savings lost or foregone due to poor-quality workmanship.
- Direct the CEC to establish consumer protection guidelines for EE products, to direct the CEC to promote greater project penetration in disadvantaged communities, and to use workforce development and job training for residents in disadvantaged communities.

The sections below summarize key changes to existing law in SB-350.

EERS – Sec. 6. 25310 (c-d)

Existing Law

Every third year the CEC shall develop a statewide estimate of all potentially achievable cost effective EE savings and set targets for annual savings and demand reductions for the next 10-year period.

What changes?

- Updates and expands the electric and natural gas resources standard to double savings by 2030.
- Add definitions:
 - End use: “The purpose for which energy is used, including, but not limited to, heating, cooling, or lighting, or class of energy uses upon which an energy efficiency program is focused, typically categorized by equipment purpose, equipment energy use intensity, or building type.”

- Energy efficiency savings: “Reduced electricity or natural gas usage produced either by the installation of an energy efficiency measure or the adoption of an energy efficiency practice that maintains at least the same level of end-use service or by conservation actions that reduce energy use by reducing the quantity of baseline energy services demanded.”
- The commission shall assess the effects of energy efficiency on electricity demand statewide and locally, hourly and seasonally.
- Beginning in 2019, the PUC shall provide recommendations and an update on progress toward achieving the doubling of savings in the IEPR (integrated energy policy report). Updated every two years thereafter, the update will also include:
 - Assessment of effect of EE savings on demand statewide
 - Strategies for maximizing the contribution of EE savings in disadvantaged communities
 - As part of the 2019 IEPR, the commission shall evaluate the actual energy efficiency savings from negative therm interactive effects generated as a result of electricity efficiency improvements.
- Adds a list of program options to achieve targets, including but not limited to:
 1. Appliance and building energy efficiency standards
 2. A comprehensive program to achieve greater energy efficiency savings in California’s existing residential and nonresidential building stock
 3. Programs funded and authorized pursuant to the California Clean Energy Job Creation Act
 4. Programs funded by the Greenhouse Gas Reduction Fund
 5. Programs funded and authorized pursuant to this division
 6. IOU or POU programs that provide financial incentives, rebates, technical assistance, and support to their customers to increase energy efficiency authorized by the Public Utilities Commission
 7. IOU or POU programs that achieve energy efficiency savings through operational, behavioral, and retro-commissioning activities
 8. Conservation voltage reduction programs
 9. Programs that save energy in final end uses by using cleaner fuels to reduce greenhouse gas emissions as measured on a lifecycle basis from the provision of energy services
 10. PACE programs

Low-Income/Underserved Communities – Sec. 7. 25327 (b-d)

What changes?

New section of the Public Resources Code that requires the PUC to complete studies related to barrier and opportunities for low-income and underserved communities in clean energy. By January 1, 2017, the PUC must complete four studies on barriers for low-income and disadvantaged communities and increase access to clean energy programs and options, including:

- Barriers to and opportunities for solar photovoltaic energy generation
- Barriers to and opportunities for local small businesses in disadvantaged communities
- Barriers to and opportunities for energy efficiency and weatherization investments
- Barriers to and opportunities for zero-emission and near-zero-emission transportation options

Update to AB 758 Program – Sec. 8. 25943

Existing Law

Requires the CEC to develop and implement a comprehensive program to achieve greater energy savings in California’s existing residential and nonresidential building stock.

What changes?

- The program will promote greater project penetration in disadvantaged communities, including the deployment of EE surveys and audits, retrofits and upgrades, weatherization, and follow-up inspections.
- By January 1, 2017, and every three years thereafter, the commission shall update the program to achieve the cumulative goal of doubling statewide EE savings by 2030.
- The commission shall adopt, implement, and enforce a responsible contractor policy for use across all ratepayer-funded energy efficiency programs that involve installation or maintenance, or both installation and maintenance, by building contractors to ensure that retrofits meet high-quality performance standards and reduce energy savings lost or foregone due to poor-quality workmanship.
- The commission, in consultation with the Public Utilities Commission, shall establish consumer protection guidelines for energy efficiency products and services
- Comprehensive programs shall include consideration of workforce development and job training for residents in disadvantaged communities, including veterans, at-risk youth, and members of the state and local community conservation corps.

Update to the Reliable Electric Service Investments Act– Sec. 16. 399.4

Existing Law

PUC shall administer energy efficiency programs authorized pursuant to existing statutory authority that are cost-effective, shall reduce demand, and shall contribute to reliability. Rebate or incentive recipient shall certify that the improvement or installation has complied with any applicable permitting requirements and has been completed by a licensed contractor. The PUC shall ensure that local and regional interests, multifamily dwellings, and energy service industry capabilities are incorporated into program portfolio design and ensure that local governments, community-based organizations, and energy efficiency service providers are encouraged to participate in program implementation where appropriate.

What changes?

Adds to Public Utilities Code 399.4: In a new or existing proceeding the commission shall update policies governing programs to meet the new EE targets. At a minimum, this should include:

- Authorize market transformation programs to achieve deeper energy efficiency savings.
- Authorize pay for performance programs that link incentive to measured savings.
- Authorize program to achieve deeper savings through operational, behavioral, and retro-commissioning activities.

Ensures that customers have certainty in the values and methods used to determine EE incentives and that they are based on measured results.