

AMENDED IN ASSEMBLY MAY 24, 2001

AMENDED IN ASSEMBLY APRIL 16, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 1

Introduced by Assembly Member Aanestad

December 4, 2000

An act to amend Section 399.8 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1, as amended, Aanestad. Electrical restructuring: energy efficiency programs.

Under the Public Utilities Act, the Public Utilities Commission, until January 1, 2012, requires electrical corporations to identify a separate rate component to collect a system benefits charge to fund energy efficiency, renewable energy, and research, development, and demonstration programs.

~~This bill would require the commission to establish a single universal rebate rate for all energy efficiency technologies used for large nonresidential standard performance contract programs allocated funds under those provisions.~~
under these establish a dispute resolution process for the Large Nonresidential Standard Performance Contract Program funded under these provisions.

Existing law provides that a violation of the Public Utilities Act is a crime. Because a violation of the provisions of this bill would be a crime, this bill would impose a state-mandated local program by creating a new crime.

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: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 399.8 of the Public Utilities Code, as
2 added by Chapter 1050 of the Statutes of 2000, is amended to read:
3 399.8. (a) In order to ensure that the citizens of this state
4 continue to receive safe, reliable, affordable, and environmentally
5 sustainable electric service, it is the policy of this state and the
6 intent of the Legislature that prudent investments in energy
7 efficiency, renewable energy, and research, development and
8 demonstration shall continue to be made.
9 (b) (1) Every customer of an electrical corporation, shall pay
10 a nonbypassable system benefits charge authorized pursuant to
11 this article. The system benefits charge shall fund energy
12 efficiency, renewable energy, and research, development and
13 demonstration.
14 (2) Local publicly owned electric utilities shall continue to
15 collect and administer system benefits charges pursuant to Section
16 385.
17 (c) (1) The commission shall require each electrical
18 corporation to identify a separate rate component to collect
19 revenues to fund energy efficiency, renewable energy, and
20 research, development and demonstration programs authorized
21 pursuant to this section beginning January 1, 2002, through
22 January 1, 2012. The rate component shall be a nonbypassable
23 element of the local distribution service and collected on the basis
24 of usage.
25 (2) This rate component may not exceed, for any tariff
26 schedule, the level of the rate component that was used to recover
27 funds authorized pursuant to Section 381 on January 1, 2000. If the
28 amounts specified in paragraph (1) of subdivision (d) are not
29 recovered fully in any year, the commission shall reset the rate



1 component to restore the unrecovered balance, provided that the
2 rate component may not exceed, for any tariff schedule, the level
3 of the rate component that was used to recover funds authorized
4 pursuant to Section 381 on January 1, 2000. Pending restoration,
5 any annual shortfalls shall be allocated pro rata among the three
6 funding categories in the proportions established in paragraph (1)
7 of subdivision (d).

8 (d) The commission shall order San Diego Gas and Electric
9 Company, Southern California Edison Company, and Pacific Gas
10 and Electric Company to collect these funds commencing on
11 January 1, 2002, as follows:

12 (1) Two hundred twenty-eight million dollars (\$228,000,000)
13 per year in total for energy efficiency and conservation activities,
14 one hundred thirty-five million dollars (\$135,000,000) in total per
15 year for renewable energy, and sixty-two million five hundred
16 thousand dollars (\$62,500,000) in total per year for research,
17 development and demonstration. The funds for energy efficiency
18 and conservation activities shall continue to be allocated in
19 proportions established for the year 2000 as set forth in paragraph
20 (1) of subdivision (c) of Section 381.

21 (2) The amounts shall be adjusted annually at a rate equal to the
22 lesser of the annual growth in electric commodity sales or
23 inflation, as defined by the gross domestic product deflator.

24 (e) The commission and the Energy Commission shall retain
25 and continue their oversight responsibilities as set forth in Sections
26 381, 383, 383.5, and 445, and Chapter 7.1 (commencing with
27 Section 25620) of the Public Resources Code.

28 (f) (1) On or before January 1, 2004, the Governor shall
29 appoint an independent review panel including, but not limited to,
30 members with expertise on the energy service needs of large and
31 small electricity consumers, system reliability issues, and
32 energy-related public policy. On or before January 1, 2005, the
33 panel shall prepare and submit to the Legislature and the Energy
34 Commission a report evaluating the energy efficiency, renewable
35 energy, and research, development and demonstration programs
36 funded under this section. Reasonable costs associated with the
37 review in each of the three program categories, including technical
38 assistance, may be charged to the relevant program category under
39 procedures to be developed by the commission for energy

1 efficiency and by the Energy Commission for renewable energy
2 and research, development and demonstration.

3 (2) The report shall also assess all of the following:

4 (A) Whether ongoing programs are consistent with the
5 statutory goals.

6 (B) Whether potential synergies among the program categories
7 described in paragraph (1) that could provide enhanced public
8 value have been identified and incorporated in the programs.

9 (C) If established targets for increased renewable generation
10 are likely to be achieved.

11 (D) What changes should be made to result in a more efficient
12 use of public resources.

13 (3) The report shall also compare the Energy Commission's
14 programs with efforts undertaken by other states and assess, as an
15 alternative, the relative costs and benefits of adopting a tradable
16 minimum renewable energy requirement in California. The
17 evaluation shall include recommendations intended to optimize
18 renewable resource development at the least cost.

19 (4) For energy efficiency programs, the report shall include an
20 evaluation of all of the following:

21 (A) The net benefits secured for residential customers, taking
22 into account both public and private costs, including
23 improvements in that customer group's ability to avoid or reduce
24 consumption of relatively costly peak electricity.

25 (B) Whether the programs provide a balance of benefits to all
26 sectors that contribute to the funding.

27 (C) The extent to which competition in energy markets
28 including, but not limited to, load participation in ancillary
29 services markets, and improvements in technology affect the
30 continuing need for such programs.

31 (D) The status and growth of the private, competitive energy
32 services industry that provides energy efficiency services and
33 other energy products to customers.

34 (E) The commercial availability of any new technologies that
35 reduce electricity demands during high-priced periods.

36 (F) Customers' willingness and ability to reduce consumption
37 or adopt energy efficiency measures without program support.

38 (G) The extent to which the programs have delivered
39 cost-effective energy efficiency not adequately provided by



1 markets and as a result have reduced energy demand and
2 consumption.

3 (H) The relative cost effectiveness of program expenditures
4 compared to other current or potential expenditures to enhance
5 system reliability.

6 (5) The report shall include specific recommendations aimed
7 at assisting the Legislature in determining whether to change or
8 eliminate the collection of the system benefits charge on or after
9 January 1, 2007.

10 (6) The panel may update and revise the report as needed.

11 (g) Promptly after receiving the panel's report, the commission
12 shall convene a proceeding to address implementation of the
13 panel's energy efficiency recommendations.

14 ~~(h) The commission shall establish a single universal rebate~~
15 ~~rate for all energy efficiency technologies used for large~~
16 ~~nonresidential standard performance contract programs allocated~~
17 ~~funds under paragraph (1) of subdivision (b).~~

18 *(h) An applicant for the Large Nonresidential Standard*
19 *Performance Contract Program funded pursuant to paragraph (1)*
20 *of subdivision (b) and an electrical corporation shall promptly*
21 *attempt to resolve disputes that arise related to the program's*
22 *guidelines and parameters prior to entering into a program*
23 *agreement. The applicant shall provide the electrical corporation*
24 *with written notice of any dispute. Within 10 business days after*
25 *receipt of the notice, the parties shall meet to resolve the dispute.*
26 *If the dispute is not resolved within 10 business days after the*
27 *meeting, the electrical corporation shall notify the applicant of his*
28 *or her right to file a complaint with the Consumer Affairs Division*
29 *of the commission, which complaint shall describe the grounds for*
30 *the complaint, injury, and relief sought. The Consumer Affairs*
31 *Division shall issue its findings in response to a filed complaint*
32 *within 30 business days of receipt of the complaint. Prior to*
33 *issuance of its findings, the Consumer Affairs Division shall*
34 *provide a copy of the complaint to the electrical corporation,*
35 *which shall provide a response to the complaint to the Consumer*
36 *Affairs Division within five business days of receipt. During the*
37 *dispute period, the amount of estimated financial incentives shall*
38 *be held in reserve until the dispute is resolved.*

39 SEC. 2. Section 399.8 of the Public Utilities Code, as added
40 by Chapter 1051 of the Statutes of 2000, is amended to read:

399.8. (a) In order to ensure that the citizens of this state continue to receive safe, reliable, affordable, and environmentally sustainable electric service, it is the policy of this state and the intent of the Legislature that prudent investments in energy efficiency, renewable energy, and research, development and demonstration shall continue to be made.

(b) (1) Every customer of an electrical corporation, shall pay a nonbypassable system benefits charge authorized pursuant to this article. The system benefits charge shall fund energy efficiency, renewable energy, and research, development and demonstration.

(2) Local publicly owned electric utilities shall continue to collect and administer system benefits charges pursuant to Section 385.

(c) (1) The commission shall require each electrical corporation to identify a separate rate component to collect revenues to fund energy efficiency, renewable energy, and research, development and demonstration programs authorized pursuant to this section beginning January 1, 2002, through January 1, 2012. The rate component shall be a nonbypassable element of the local distribution service and collected on the basis of usage.

(2) This rate component may not exceed, for any tariff schedule, the level of the rate component that was used to recover funds authorized pursuant to Section 381 on January 1, 2000. If the amounts specified in paragraph (1) of subdivision (d) are not recovered fully in any year, the commission shall reset the rate component to restore the unrecovered balance, provided that the rate component may not exceed, for any tariff schedule, the level of the rate component that was used to recover funds authorized pursuant to Section 381 on January 1, 2000. Pending restoration, any annual shortfalls shall be allocated pro rata among the three funding categories in the proportions established in paragraph (1) of subdivision (d).

(d) The commission shall order San Diego Gas and Electric Company, Southern California Edison Company, and Pacific Gas and Electric Company to collect these funds commencing on January 1, 2002, as follows:

(1) Two hundred twenty-eight million dollars (\$228,000,000) per year in total for energy efficiency and conservation activities,

1 one hundred thirty-five million dollars (\$135,000,000) in total per
2 year for renewable energy, and sixty-two million five hundred
3 thousand dollars (\$62,500,000) in total per year for research,
4 development and demonstration. The funds for energy efficiency
5 and conservation activities shall continue to be allocated in
6 proportions established for the year 2000 as set forth in paragraph
7 (1) of subdivision (c) of Section 381.

8 (2) The amounts shall be adjusted annually at a rate equal to the
9 lesser of the annual growth in electric commodity sales or
10 inflation, as defined by the gross domestic product deflator.

11 (e) The commission and the Energy Commission shall retain
12 and continue their oversight responsibilities as set forth in Sections
13 381, 383, 383.5, and 445, and Chapter 7.1 (commencing with
14 Section 25620) of Division 15 of the Public Resources Code.

15 (f) (1) On or before January 1, 2004, the Governor shall
16 appoint an independent review panel including, but not limited to,
17 members with expertise on the energy service needs of large and
18 small electricity consumers, system reliability issues, and
19 energy-related public policy. On or before January 1, 2005, the
20 panel shall prepare and submit to the Legislature and the Energy
21 Commission a report evaluating the energy efficiency, renewable
22 energy, and research, development and demonstration programs
23 funded under this section. Reasonable costs associated with the
24 review in each of the three program categories, including technical
25 assistance, may be charged to the relevant program category under
26 procedures to be developed by the commission for energy
27 efficiency and by the Energy Commission for renewable energy
28 and research development and demonstration.

29 (2) The report shall also assess all of the following:

30 (A) Whether ongoing programs are consistent with the
31 statutory goals.

32 (B) Whether potential synergies among the program categories
33 described in paragraph (1) that could provide enhanced public
34 value have been identified and incorporated in the programs.

35 (C) If established targets for increased renewable generation
36 are likely to be achieved.

37 (D) What changes should be made to result in a more efficient
38 use of public resources.

39 (3) The report shall also compare the Energy Commission's
40 programs with efforts undertaken by other states and assess, as an

1 alternative, the relative costs and benefits of adopting a tradable
2 minimum renewable energy requirement in California. The
3 evaluation shall include recommendations intended to optimize
4 renewable resource development at the least cost.

5 (4) For energy efficiency programs, the report shall include an
6 evaluation of all of the following:

7 (A) The net benefits secured for residential customers, taking
8 into account both public and private costs, including
9 improvements in that customer group's ability to avoid or reduce
10 consumption of relatively costly peak electricity.

11 (B) Whether the programs provide a balance of benefits to all
12 sectors that contribute to the funding.

13 (C) The extent to which competition in energy markets
14 including, but not limited to, load participation in ancillary
15 services markets, and improvements in technology affect the
16 continuing need for such programs.

17 (D) The status and growth of the private, competitive energy
18 services industry that provides energy efficiency services and
19 other energy products to customers.

20 (E) The commercial availability of any new technologies that
21 reduce electricity demands during high-priced periods.

22 (F) Customers' willingness and ability to reduce consumption
23 or adopt energy efficiency measures without program support.

24 (G) The extent to which the programs have delivered
25 cost-effective energy efficiency not adequately provided by
26 markets and as a result have reduced energy demand and
27 consumption.

28 (H) The relative cost effectiveness of program expenditures
29 compared to other current or potential expenditures to enhance
30 system reliability.

31 (5) The report shall include specific recommendations aimed
32 at assisting the Legislature in determining whether to change or
33 eliminate the collection of the system benefits charge on or after
34 January 1, 2007.

35 (6) The panel may update and revise the report as needed.

36 (g) Promptly after receiving the panel's report, the commission
37 shall convene a proceeding to address implementation of the
38 panel's energy efficiency recommendations.

39 ~~(h) The commission shall establish a single universal rebate~~
40 ~~rate for all energy efficiency technologies used for large~~

~~nonresidential standard performance contract programs allocated funds under paragraph (1) of subdivision (b).~~

(h) An applicant for the Large Nonresidential Standard Performance Contract Program funded pursuant to paragraph (1) of subdivision (b) and an electrical corporation shall promptly attempt to resolve disputes that arise related to the program's guidelines and parameters prior to entering into a program agreement. The applicant shall provide the electrical corporation with written notice of any dispute. Within 10 business days after receipt of the notice, the parties shall meet to resolve the dispute. If the dispute is not resolved within 10 business days after the meeting, the electrical corporation shall notify the applicant of his or her right to file a complaint with the Consumer Affairs Division of the commission, which complaint shall describe the grounds for the complaint, injury, and relief sought. The Consumer Affairs Division shall issue its findings in response to a filed complaint within 30 business days of receipt of the complaint. Prior to issuance of its findings, the Consumer Affairs Division shall provide a copy of the complaint to the electrical corporation, which shall provide a response to the complaint to the Consumer Affairs Division within five business days of receipt. During the dispute period, the amount of estimated financial incentives shall be held in reserve until the dispute is resolved.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because 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.

