

AMENDED IN ASSEMBLY AUGUST 15, 2005

AMENDED IN ASSEMBLY JULY 1, 2005

AMENDED IN ASSEMBLY JUNE 22, 2005

AMENDED IN SENATE MAY 2, 2005

AMENDED IN SENATE APRIL 11, 2005

**SENATE BILL**

**No. 769**

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Introduced by ~~Senator Simitian~~ *Senators Simitian and Kehoe*  
(Principal coauthor: Assembly Member Levine)

February 22, 2005

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An act to amend and repeal Section 399.4 of, and to add and repeal Section 382.5 of, the Public Utilities Code, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 769, as amended, Simitian. Energy Reliability and Affordability Act: energy-efficient refrigerators.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Under the Public Utilities Act, the commission requires electrical corporations to identify a separate rate component to fund programs that enhance system reliability and provide in-state benefits. The funds are collected to support cost-effective energy efficiency and conservation activities, public interest research and development not adequately provided by competitive and regulated markets, and renewable energy resources.

Existing law requires the commission, in evaluating energy efficiency investments under its existing statutory authorities, to

ensure that no energy efficiency funds are used to provide incentives for the purchase of new energy-efficient refrigerators.

This bill would delete that refrigerator purchase restriction and would, instead, establish the Energy Reliability and Affordability Act, which would become operative on July 1, 2006, to increase energy reliability and affordability by reducing the demand for energy by ratepayers residing in low-income residential rental units. The goal of the program would be to expand existing refrigerator replacement programs by replacing a minimum of 20,000 ~~energy-inefficient~~ *energy-inefficient* refrigerators, as defined, in low-income residential rental units each year over the 5-year life of the program. The bill would require the commission to evaluate the targeted number of refrigerators to be replaced through the program in consideration of certain factors, and to establish a refrigerator replacement program to, among other things, provide incentives to owners of low-income rental residential units with energy-inefficient refrigerators to replace those refrigerators with more energy-efficient models. The bill would require the commission to adopt ~~guidelines and regulations~~ *those rules the commission determines are necessary* to implement the act. Because a violation of those ~~guidelines or regulations~~ *rules* would be a crime under existing law, this bill would impose a state-mandated local program by creating new crimes.

The bill would require the commission to ~~annually~~ prepare and submit to the Legislature a report containing specified information about the effectiveness of the program, as specified.

The bill would make the Energy Reliability and Affordability Act provisions inoperative on July 1, 2011, and would repeal the act as of January 1, 2012.

(2) 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: yes.

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

1 SECTION 1. Section 382.5 is added to the Public Utilities  
2 Code, to read:

3 382.5. (a) This section shall be known, and may be cited, as  
4 the Energy Reliability and Affordability Act. The purpose of the  
5 act is to increase energy reliability and affordability by reducing  
6 the demand for energy by residential customers in low-income  
7 residential rental units.

8 (b) The Legislature finds and declares all of the following:

9 (1) In California, refrigerators consume more energy than any  
10 other household appliance and consume more energy than any  
11 other residential use besides lighting.

12 (2) Replacing energy-inefficient refrigerators in low-income  
13 residential rental units will greatly benefit all ratepayers by  
14 reducing overall energy demand and reducing California  
15 Alternate Rates for Energy (CARE) program expenditures.

16 (3) Replacing energy-inefficient refrigerators in low-income  
17 residential rental units will further benefit those ratepayers by  
18 directly reducing their energy bills.

19 (4) Reducing energy consumption will reduce air pollution,  
20 thus improving public health and the environment and reducing  
21 health care costs. Reducing air pollution will increase the quality  
22 of life for all Californians.

23 (5) The average first use lifespan of a refrigerator is 19 years,  
24 and the average age of the refrigerator fleet in California is 11  
25 years.

26 (6) Federal standards for refrigerators have greatly increased  
27 the energy efficiency of new models over the past decade.

28 (7) The United States Department of Energy and the United  
29 States Environmental Protection Agency established the Energy  
30 Star program ~~in 1992~~ to identify and promote energy-efficient  
31 products to reduce greenhouse gas emissions. Energy Star  
32 qualified refrigerators use at least 15 percent less energy than  
33 required by current federal ~~energy efficiency~~ standards, and 40  
34 percent less energy than the conventional models sold in 2001.  
35 New Energy Star ~~certified~~ *qualified* refrigerators require about  
36 half as much energy as models manufactured before 1993.

37 (8) Owners of low-income residential rental housing units  
38 have ~~no~~ *little* incentive to replace older, energy-inefficient

1 refrigerators because renters, rather than the owners, typically are  
2 the responsible party for the payment of energy bills incurred in  
3 those rental units.

4 (9) In the service territories of California’s electrical  
5 corporations, approximately two million households have a  
6 combined household income equivalent to, or less than, 175  
7 percent of the federal poverty level.

8 (c) As used in this section, the following terms have the  
9 following meanings:

10 (1) “Certified appliance recycler” means a person or entity  
11 engaged in the business of removing and properly managing  
12 materials that require special handling from discarded major  
13 appliances, and who is certified pursuant to Section 25211.4 of  
14 the Health and Safety Code. “Certified appliance recycler” does  
15 not include a person described in subdivision (b) of Section  
16 25211.2 of the Health and Safety Code.

17 (2) “Energy efficient refrigerators” means those refrigerator  
18 models that meet the most current United States Department of  
19 Energy efficiency standard, ~~and that have also received the~~  
20 ~~Energy Star certification.~~ *and are Energy Star qualified.*

21 (3) “Energy-inefficient refrigerators” means those models that  
22 do not meet the most current United States Department of Energy  
23 efficiency standard.

24 (4) “Energy Star” means those models of refrigerators that are  
25 ~~certified through the United States Department of Energy/United~~  
26 ~~States Environmental Protection Agency Energy Star program.~~  
27 *qualified through the Energy Star program.*

28 (5) “Low income” means those individuals and households  
29 who qualify for assistance under the low-income energy  
30 efficiency program guidelines established by the commission.

31 (6) “Low-income energy efficiency” or “LIEE” programs  
32 means the energy efficiency and expenditure reducing programs  
33 for low-income electricity ratepayers established pursuant to  
34 Section 382.

35 (7) “Owner of a low-income residential rental unit” means the  
36 owner of record of any property occupied by a low-income  
37 individual or household for residential purposes.

38 (d) (1) The goal of the program established pursuant to this  
39 section is to expand existing refrigerator replacement programs,  
40 starting July 1, 2006, by replacing a minimum of 20,000

1 energy-inefficient refrigerators in low-income residential rental  
2 units each year, for a total of 100,000 new refrigerators over the  
3 ~~five-year~~ *five-year* life of the program, in addition to those  
4 refrigerators targeted for replacement through the current LIEE  
5 program. These refrigerators shall be replaced consistent with the  
6 guidelines for the LIEE program established pursuant to Section  
7 382.

8 (2) If, in any year, the goal of replacing 20,000  
9 energy-inefficient refrigerators in low-income residential rental  
10 units is not met, the goal in the following year shall be increased  
11 by the unmet amount, so that the goal of replacing 100,000  
12 energy-inefficient refrigerators in low-income residential rental  
13 units is met by June 30, 2011.

14 (e) The commission shall evaluate the targeted number of  
15 refrigerators to be replaced through the Energy Reliability and  
16 Affordability Act, concurrent with energy efficiency potential  
17 assessments, and may adjust upward the targeted number of  
18 refrigerators to be replaced through evaluations of CARE  
19 program expenditures avoided, bill defaults avoided, other cost  
20 avoidance benefits, the cost effectiveness of reducing overall  
21 energy demand, and the cost effectiveness of reducing the energy  
22 bills of low-income ratepayers and other factors the commission  
23 determines are material. The refrigerator program adopted by the  
24 commission pursuant to this act shall do all of the following:

25 (1) Provide sufficient incentives to owners of low-income  
26 residential rental units with energy-inefficient refrigerators to  
27 replace those refrigerators with energy-efficient models.

28 (2) Require that ~~incentives are only made available to owners~~  
29 ~~of low-income residential rental units upon proof of purchase of~~  
30 ~~the energy-efficient refrigerator and proof that the inefficient~~  
31 ~~refrigerator is in the control of~~ *for each energy-efficient*  
32 *refrigerator provided through the program, at least one*  
33 *energy-inefficient refrigerator is removed from usage and is*  
34 *recycled by a certified appliance recycler.*

35 (3) Require that all replaced inefficient refrigerators are *in*  
36 *operating condition.*

37 (4) Require that all replacement refrigerators are  
38 energy-efficient refrigerators.

39 (5) Prohibit any inefficient refrigerator replaced as part of this  
40 program from being refurbished or reused.

1 (6) Require the recycling of all recyclable components of all  
2 replaced inefficient refrigerators and the capture and proper  
3 management of chlorofluorocarbons, oils, and other materials  
4 harmful to human health and to the environment.

5 (7) Prioritize the replacement of the least efficient refrigerators  
6 consistent with the existing low-income energy efficiency  
7 refrigerator replacement program guidelines.

8 (f) The commission shall adopt ~~guidelines and regulations~~  
9 *those rules the commission determines are necessary* to  
10 accomplish the purposes of this section.

11 (g) The commission shall consider cost effectiveness when  
12 adopting ~~guidelines or regulations~~ *rules* for the program, but  
13 shall give higher priority to reducing the energy costs borne by  
14 persons who can least afford high energy bills.

15 (h) ~~The commission may administer the program under the~~  
16 ~~guidelines for an electrical or gas corporation to perform home~~  
17 ~~weatherization services for low-income customers adopted~~  
18 ~~pursuant to Section 2790, or pursuant to the guidelines and~~  
19 ~~regulations adopted pursuant to subdivision (f).~~

20 (h) *Notwithstanding Section 2790, the commission may adopt*  
21 *rules for the replacement of energy-inefficient refrigerators*  
22 *pursuant to the Energy Reliability and Affordability Act, without*  
23 *requiring home weatherization services.*

24 (i) The commission shall ~~annually~~ prepare and submit to the  
25 Legislature a report, ~~which may be included in the assessment~~  
26 ~~required in Section 382 relative to the Energy Reliability and~~  
27 ~~Affordability Act, which may be included in energy efficiency~~  
28 ~~potential assessments,~~ incorporating all of the following  
29 information:

30 (1) The number of rental units in which refrigerators have  
31 been replaced pursuant to ~~this section~~ *the act*.

32 (2) The average age of the refrigerators replaced pursuant to  
33 ~~this section~~ *the act*.

34 (3) An estimate of the remaining number of eligible rental  
35 units that are in need of refrigerator replacement in the service  
36 territories of the electrical corporations.

37 (4) An estimate of the energy savings per participating  
38 household.

39 (5) An estimate of the energy savings ~~for the program~~ *from the*  
40 *act* as a whole.

1 ~~(6) A diagram indicating the general areas where refrigerator~~  
2 ~~replacements have occurred and areas targeted for future~~  
3 ~~refrigerator replacement.~~

4 ~~(7) An assessment of the administrative and programmatic~~  
5 ~~costs of the program designed pursuant to this section.~~

6 ~~(8) An estimate of the CARE program funds saved as a result~~  
7 ~~of the program.~~

8 ~~(9) A description of any recommended program modifications~~  
9 ~~for the following fiscal year.~~

10 *(6) A description of the administrative and programmatic*  
11 *costs of the program designed pursuant to the act.*

12 *(7) An estimate of the CARE program expenditures avoided,*  
13 *bill defaults avoided, and any other cost-avoidance or other*  
14 *benefits that the commission determines are material, that result*  
15 *from the act.*

16 *(8) A description of any recommended program modifications.*

17 (j) This section shall become inoperative on July 1, 2011, and,  
18 as of January 1, 2012, is repealed, unless a later enacted statute  
19 that is enacted before January 1, 2012, deletes or extends the  
20 dates on which it becomes inoperative and is repealed.

21 SEC. 2. Section 399.4 of the Public Utilities Code, as added  
22 by Section 4 of Chapter 1050 of the Statutes of 2000, is amended  
23 to read:

24 399.4. (a) (1) In order to ensure that prudent investments in  
25 energy efficiency continue to be made that produce cost-effective  
26 energy savings, reduce customer demand, and contribute to the  
27 safe and reliable operation of the electric distribution grid, it is  
28 the policy of this state and the intent of the Legislature that the  
29 commission shall continue to administer cost-effective energy  
30 efficiency programs authorized pursuant to existing statutory  
31 authority.

32 (2) As used in this section, the term “energy efficiency”  
33 includes, but is not limited to, cost-effective activities to achieve  
34 peak load reduction that improve end-use efficiency, lower  
35 customers’ bills, and reduce system needs.

36 (b) The commission, in evaluating energy efficiency  
37 investments under its existing statutory authorities, shall also  
38 ensure that local and regional interests, multifamily dwellings,  
39 and energy service industry capabilities are incorporated into  
40 program portfolio design and that local governments,

1 community-based organizations, and energy efficiency service  
2 providers are encouraged to participate in program  
3 implementation where appropriate.

4 SEC. 3. Section 399.4 of the Public Utilities Code, as added  
5 by Section 4 of Chapter 1051 of the Statutes of 2000, is repealed.

6 SEC. 4. No reimbursement is required by this act pursuant to  
7 Section 6 of Article XIII B of the California Constitution because  
8 the only costs that may be incurred by a local agency or school  
9 district will be incurred because this act creates a new crime or  
10 infraction, eliminates a crime or infraction, or changes the  
11 penalty for a crime or infraction, within the meaning of Section  
12 17556 of the Government Code, or changes the definition of a  
13 crime within the meaning of Section 6 of Article XIII B of the  
14 California Constitution.

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