

Assembly Bill No. 2404

CHAPTER 240

An act relating to energy.

[Approved by Governor August 1, 2008. Filed with
Secretary of State August 1, 2008.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2404, Salas. Energy efficiency: water efficiency programs.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations. Existing law requires the commission to require electrical corporations to identify a separate rate component to fund programs that enhance system reliability and provide in-state benefits. This rate component is a nonbypassable element of local distribution and is collected on the basis of usage. The funds are collected, in part, to support cost-effective energy efficiency and conservation activities. Existing law establishes a surcharge on all natural gas consumed in the state to fund certain low-income assistance programs, cost-effective energy efficiency and conservation activities, and public interest research and development. Existing law requires a public utility gas corporation, as defined, to collect the surcharge from natural gas consumers, as specified. The money from the surcharge is deposited in the Gas Consumption Surcharge Fund and is continuously appropriated to specified entities, including to the commission, or to an entity designated by the commission, to fund low-income assistance programs, cost-effective energy efficiency and conservation activities. An existing decision of the commission approved pilot programs for the state's largest electrical and gas corporations through which they will develop partnerships with water agencies to undertake specific water conservation programs and will measure the results and fund studies necessary to understand more accurately the relationship between water savings and the reduction of energy use and the extent to which those reductions would vary for different water agencies.

This bill would require the commission, by March 31, 2010, to report to the Legislature on the results of the pilot programs, provide conclusions drawn from the pilot programs, and make recommendations as to whether the electrical and gas corporations would or could achieve cost-effective energy efficiency improvements through water conservation programs.

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

SECTION 1. The Legislature finds and declares all of the following:

(a) The Department of Water Resources concluded in the most recent California Water Plan that the largest single new supply available for meeting the state's growing demand for water over the next 25 years is water use efficiency.

(b) In the report titled "California's Water-Energy Relationship" prepared by the State Energy Resources Conservation and Development Commission (Energy Commission) as part of its 2005 Integrated Energy Policy Report proceeding, the Energy Commission concluded that water-related energy use consumes 19 percent of the state's electricity, 30 percent of the state's natural gas, and 88 billion gallons of diesel fuel each year.

(c) It may be possible to obtain significant energy savings by reducing the use of water and developing and treating water more effectively.

(d) If the Public Utilities Commission finds that water efficiency improvement programs can achieve cost-effective energy efficiency savings, electrical corporations and gas corporations should consider potential energy savings that could be achieved through water efficiency improvements and, where cost effective, incorporate those programs into their energy efficiency programs.

(e) Because water may be transported from or through one electrical utility's service territory and used in the service territory of a different electrical utility, an electrical utility should be authorized to partner in water efficiency programs outside their service territory if the Public Utilities Commission or the local publicly owned electric utility's governing board finds that by partnering the utilities would optimize energy efficiency programs and result in energy savings within their service territory.

(f) In Decision 07-12-050 the Public Utilities Commission approved pilot programs for the state's largest electrical and gas corporations through which they will develop partnerships with water agencies to undertake specific water conservation programs and will measure the results and fund studies necessary to understand more accurately the relationship between water savings and the reduction of energy use and the extent to which those reductions would vary for different water agencies.

(g) Pursuant to Decision 07-12-050, the electrical and gas corporations are to design their programs beginning January 1, 2008, and are to implement the programs for one year, beginning July 1, 2008, or by an earlier date if the Energy Division of the Public Utilities Commission is able to obtain certain consultants.

SEC. 2. The Public Utilities Commission shall by March 31, 2010, report to the Legislature on the results of the pilot programs approved in Decision 07-12-050. The commission shall provide conclusions drawn from the pilot programs and make recommendations as to whether the electrical and gas corporations would or could achieve cost-effective energy efficiency improvements through water conservation programs.