

AMENDED IN SENATE APRIL 19, 2012

SENATE BILL

No. 1130

Introduced by Senator De León
(Principal coauthor: Assembly Member Skinner)

February 21, 2012

~~An act to add Division 16.3 (commencing with Section 26200) to the Public Resources Code, relating to energy, and making an appropriation therefor. An act to add Chapter 5.10 (commencing with Section 25499) to of Division 15 of the Public Resources Code, relating to energy.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1130, as amended, De León. Energy: energy assessment: commercial buildings: ~~financing: retrofitting.~~

Existing law establishes incentives in the form of grants and loans to low-income residents, small businesses, and residential property owners for constructing and retrofitting buildings to be more energy efficient.

The bill would require the State Energy Resources Conservation and Development Commission to analyze and evaluate standards for commercial energy building.

~~Existing law requires the California Alternative Energy and Advanced Transportation Financing Authority to establish programs to provide financial assistance to participating parties to purchase alternative source energy and to develop renewable energy projects. Existing law authorizes the authority to issue revenue bonds secured by revenues generated by a project to provide financing for those purposes.~~

~~This bill would enact the Commercial Building Energy Retrofit Financing Act of 2012 and would require the authority to establish the Commercial Building Energy Retrofit Financing Program to provide~~

financial assistance, through the issuance of revenue bonds, to owners of eligible buildings for implementing energy efficiency retrofit measures for the buildings. The bill would provide that the bonds are secured by the recording of an energy remittance repayment agreement, as defined, on the deed of the building for which the energy efficiency retrofits are performed. The bill would require the State Board of Equalization to collect installment payments from owners of eligible buildings whose applications have been approved by the authority. This bill would authorize the authority and the State Board of Equalization to assess a fee to reimburse them for the administrative costs incurred in implementing the program.

This bill would require the authority to meet, on a semiannual basis, for the purpose of issuing the revenue bonds to generate moneys sufficient to finance energy efficiency retrofit measures specified on applications that have been approved prior to the meeting.

This bill would establish the Commercial Building Energy Retrofit Debt Servicing Fund, the Loan Loss Reserve Account, the Administration Account, and the Collection Administration Account within the fund. The bill would require the State Board of Equalization to deposit the installment payment received from the owners of eligible buildings into the fund and the fees collected by the authority and the State Board of Equalization into the specified accounts. The bill would continuously appropriate the moneys in the fund and the accounts to repay the principal and interest on the bonds, and to cover the administrative costs incurred by the authority and the State Board of Equalization, thereby making an appropriation.

Vote: majority. Appropriation: *yes-no*. Fiscal committee: *yes*. State-mandated local program: *no*.

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

- 1 *SECTION 1. The Legislature finds and declares all of the*
- 2 *following:*
- 3 *(a) Commercial buildings represent a substantial opportunity*
- 4 *to significantly increase energy efficiency and reduce greenhouse*
- 5 *gas emissions. To accomplish these objectives, we need to address*
- 6 *the design, construction, and operation of these buildings.*
- 7 *(b) Energy use in the building sector accounts for approximately*
- 8 *20 percent of global emissions of carbon dioxide, or 10 billion*
- 9 *tons, annually.*

1 (c) *The lack of accessible and affordable financing for energy*
2 *efficiency results in energy-inefficient buildings, estimated to*
3 *consume up to 50 percent more energy than required to achieve*
4 *the same level of comfort.*

5 (d) *It is possible to retrofit the California commercial building*
6 *stock to use, on average, at least 50 percent less energy by 2050*
7 *through the wide adoption of deep energy retrofits that save more*
8 *energy and increase profits for building owners.*

9 (e) *Investment in building performance upgrades is an intelligent*
10 *business decision. Building performance upgrades lower operating*
11 *costs, improve occupant comfort, hedge against utility price*
12 *increases, demonstrate commitment to tenant well-being, reduce*
13 *exposure to regulation, help the environment, and ultimately boost*
14 *property values.*

15 (f) *It is in the best interest of the state and its citizens to enable*
16 *and encourage the owners of eligible commercial property to invest*
17 *in new energy improvements, including energy improvements and*
18 *renewable energy improvements, by enacting this act.*

19 (g) *New improvements, including energy efficiency*
20 *improvements and renewable energy improvements, can provide*
21 *positive cashflow as the costs of the improvements are spread out*
22 *over a long enough time and the owners' utility bill cost savings*
23 *exceed the amount of the liens recorded on the eligible buildings*
24 *to pay for the improvements.*

25 (h) *Reduction in the amount of emissions of greenhouse gases*
26 *and environmental pollutants, resulting from increased efficiencies*
27 *and the resulting decreased use of traditional nonrenewable fuels,*
28 *will improve air quality and may help to mitigate climate change.*

29 SEC. 2. Chapter 5.10 (commencing with Section 25499) is
30 added to Division 15 of the Public Resources Code, to read:

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32 *CHAPTER 5.10. COMMERCIAL BUILDING RETROFIT*

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34 25499. This act shall be known, and may be cited, as the
35 *Commercial Building Energy Retrofit Act of 2012.*

36 25499.1. *The purpose of this chapter is to enable private*
37 *commercial building owners to invest in clean energy*
38 *improvements, to incentivize private equity managers to invest in*
39 *clean energy improvements, to stimulate the state economy by*
40 *directly creating jobs for contractors and other persons who*

1 complete new energy improvements, and to reinforce the leadership
2 role of the state in the new energy economy, thereby attracting
3 energy manufacturing facilities and related jobs to the state.

4 25499.2. (a) On or before January 1, 2016, the commission
5 shall analyze and evaluate standards for commercial energy
6 building retrofits previously developed by various national and
7 international organizations to provide uniformity and transparency
8 for financial institutions evaluating loan proposals for energy
9 improvements to commercial properties.

10 (b) The evaluation shall evaluate existing protocols or
11 combination of elements of existing measurement protocols and
12 shall be made available in an electronic format to financial
13 institutions and local governments initiating PACE bonds as
14 defined in Section 26104.

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**All matter omitted in this version of the bill
appears in the bill as introduced in the
Senate, February 21, 2012. (JR11)**