

AMENDED IN ASSEMBLY MARCH 26, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1918**

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**Introduced by Assembly Member Williams**

February 19, 2014

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An act to add Section ~~7110.05~~ to the Business and Professions Code, and to add Section 381.3 to the Public Utilities Code, relating to ~~air conditioner systems~~: *central heating and air cooling equipment*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1918, as amended, Williams. ~~Air conditioner systems~~. *Central heating and air cooling equipment*.

Existing law, the Contractors' State License Law, provides for the licensing and regulation of contractors by the Contractors' State License Board in the Department of Consumer Affairs. Under existing law, a willful or deliberate disregard by a licensed contractor of various state building, labor, and safety laws constitutes a cause for disciplinary action.

This bill would require the board to develop a system to track air conditioner appliance sales and installations and to ensure that air conditioner appliance systems are installed according to applicable building codes and with the necessary permits.

Existing law requires the State Energy Resources Conservation and Development Commission to prescribe, by regulation, building design and construction standards and energy and water conservation design standards for new residential and nonresidential buildings. Existing law requires the State Energy Resources Conservation and Development Commission to prescribe, by regulation, standards for minimum levels

*of operating efficiency to promote the use of energy and water efficient appliances whose use requires a significant amount of energy or water on a statewide basis. Existing law requires that the minimum levels of operating efficiency be based on feasible and attainable efficiencies or feasible improved efficiencies that will reduce the energy or water consumption growth rates. Existing law prohibits a new appliance manufactured on or after the effective date of the standards to be sold or offered for sale in the state unless it is certified by the manufacturer to be in compliance with the standards.*

*This bill would require the State Energy Resources Conservation and Development Commission to develop a system to track central heating and air cooling equipment sales and installations in the state.*

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, as defined.

This bill would require the ~~commission to open a new proceeding or expand the scope of commission~~, in an existing proceeding, to establish, by January 1, 2016, an incentive program for contractors and local governments to improve the verification of building code compliance and acceptance of ~~air conditioner appliance systems~~ *central heating and air cooling equipment* following installation.

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

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

- 1     ~~SECTION 1. Section 7110.05 is added to the Business and~~
- 2     ~~Professions Code, to read:~~
- 3     ~~7110.05. The board shall, pursuant to Section 7110, develop~~
- 4     ~~a system to track air conditioner appliance sales and installations~~
- 5     ~~in the state and to ensure that air conditioner appliance systems~~
- 6     ~~are installed according to applicable building codes and with the~~
- 7     ~~necessary permits.~~
- 8     ~~SECTION 1. The Legislature finds and declares all of the~~
- 9     ~~following:~~
- 10    ~~(a) California's building energy efficiency standards are~~
- 11    ~~recognized as leading the nation in energy savings. They are an~~
- 12    ~~important component of the state's programs to manage its energy~~
- 13    ~~consumption, conserve natural resources, and improve the quality~~
- 14    ~~of life for all its citizens.~~

1     ***(b) Heating and cooling buildings is one of the largest electricity***  
2     ***end uses in the state and is also the single largest contributor to***  
3     ***peak electricity demand, comprising up to 30 percent of total***  
4     ***demand in the hot summer months.***

5     ***(c) In the 2008 Strategic Plan to Reduce the Energy Impact of***  
6     ***Air Conditioners, the State Energy Resources Conservation and***  
7     ***Development Commission identified that a heating, ventilation,***  
8     ***and air conditioning system (HVAC) can increase energy use by***  
9     ***20 or 30 percent if it is poorly installed regardless of its efficiency***  
10    ***rating.***

11    ***(d) Permits are required for the replacement of heating and***  
12    ***cooling equipment and a code official must verify installation in***  
13    ***compliance with the building energy efficiency standards. The***  
14    ***effectiveness of the building energy efficiency standards is***  
15    ***dependent upon the conscientious efforts of licensed contractors***  
16    ***in California to follow these permitting requirements to build***  
17    ***buildings and install components and equipment in compliance***  
18    ***with the standards which deliver cost-effective energy savings to***  
19    ***consumers.***

20    ***(e) However, the State Energy Resources Conservation and***  
21    ***Development Commission estimates that less than 10 percent of***  
22    ***replacement HVAC work is performed with the proper building***  
23    ***permits. This underground activity denies state and local***  
24    ***governments license and building permit revenue and diminishes***  
25    ***the ability of state and local agencies to provide enforcement***  
26    ***services intended to protect consumers. These practices***  
27    ***particularly damage and diminish the potential for conscientious***  
28    ***compliance with the building energy efficiency standards, as these***  
29    ***illegal installations undermine those who attempt to comply with***  
30    ***the law by following the permitting requirements.***

31    ***(f) These violations result in a substantial financial loss to***  
32    ***consumers who purchase energy efficiency goods and services,***  
33    ***and represent unfair competition that dramatically impacts the***  
34    ***economic viability of legitimate businesses. It is critical for***  
35    ***California to maintain a business climate favorable to legitimate***  
36    ***competition, so that conscientious contractors, manufacturers,***  
37    ***distributors, retailers, home energy rating system raters, and other***  
38    ***businesses are able to sustain their businesses against unfair***  
39    ***competition.***

1 (g) California building codes are updated regularly,  
2 necessitating more training and education for building officials  
3 performing permitting, plan checking, and inspections. Providing  
4 this education in tandem with incentives for beyond-code  
5 performance will motivate both local building departments and  
6 contractors to prioritize energy efficiency performance in their  
7 day-to-day operations.

8 (h) In an effort to increase permitted activity, some local  
9 jurisdictions have adopted practices that make it easier to obtain  
10 permits or have implemented pilot programs to educate and train  
11 local building staff. It is in California’s best interest to facilitate  
12 the adoption of demonstrated best practices for local building  
13 departments across the state to undertake to maximize compliance  
14 with building codes.

15 SEC. 2. Section 25402.12 is added to the Public Resources  
16 Code, to read:

17 25402.12. The commission, in consultation with the  
18 Contractors’ State License Board, local building officials, and  
19 other stakeholders, shall develop a system to track central heating  
20 and air cooling equipment sales and installations in the state. Any  
21 system developed by the commission shall be adopted by regulation  
22 following one or more public hearings.

23 ~~SEC. 2.~~

24 SEC. 3. Section 381.3 is added to the Public Utilities Code, to  
25 read:

26 381.3. ~~The commission shall open a new proceeding or expand~~  
27 ~~the scope of an existing proceeding to establish, by~~ By January 1,  
28 2016, ~~the commission, in an existing proceeding, shall establish~~  
29 an incentive program for contractors and local governments to  
30 improve the verification of building code compliance and  
31 acceptance of ~~air conditioner appliance systems~~ central heating  
32 and air cooling equipment following installation. The incentives  
33 may include, *but are not limited to*, all of the following:

34 (a) Funding for training and certification programs for ~~air~~  
35 ~~conditioning system installers and central heating and air cooling~~  
36 ~~equipment installers, local government building officials, officials,~~  
37 ~~and school building inspectors licensed through the Division of~~  
38 ~~the State Architect.~~

39 (b) Technical and financial support to establish performance  
40 protocols necessary to verify performance compliance of ~~air~~

1 ~~conditioner appliance systems: central heating and air cooling~~  
2 ~~equipment.~~

3 (c) ~~Grants~~ *Financial or other support* to assist local agencies  
4 in offsetting costs associated with *employing innovative approaches*  
5 *to reduce barriers in the permitting process for heating and cooling*  
6 *equipment, for example, expediting the permitting of air*  
7 ~~conditioning appliance systems that are designed to achieve greater~~  
8 ~~compliance with state and local building permit requirements.~~  
9 *process and measures to achieve greater compliance with state*  
10 *and local building permit requirements.*

11 (d) ~~Funding for the development of a system to track air~~  
12 ~~conditioner appliance sales and installations pursuant to Section~~  
13 ~~7110.05 of the Business and Professions Code.~~