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CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL
No. 1124

Introduced by Assembly Member Skinner
(Coauthors: Senators DeSaulnier and Hancock)

February 18, 2011

An act to add Section 383 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL’S DIGEST

AB 1124, as amended, Skinner. Low-Income Energy Efficiency program.

Existing law authorizes the Public Utilities Commission to establish programs to provide financial assistance for energy efficiency improvements. The Public Utilities Commission established the Low-Income Energy Efficiency (LIEE) program to pay for the cost of energy efficiency improvements for low-income households. Decisions issued by the commission held, among other things, that repairs or replacements of furnaces or water heating systems for a multifamily building occupied by low-income households do not qualify for financial assistance under the LIEE program.

This bill would state the intent of the Legislature to modify the application of those decisions and would require the commission to ensure that low-income multifamily rental apartment buildings, as defined, receive energy efficient furnaces and water heating systems and energy efficiency measures in common areas recommended by an energy audit pursuant to the LIEE program, a successor program, or
other energy efficiency program under the jurisdiction of the commission. The bill would impose additional requirements on the LIEE program in serving low-income multifamily rental apartment buildings.


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

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

(1) The Legislature enacted Chapter 470 of the Statutes of 2009 (Chapter 470) and directed the Public Utilities Commission (PUC) and the State Energy Resources Conservation and Development Commission (Energy Commission) to develop policies and plans to encourage improvement to all existing buildings in California.

(2) Pursuant to Chapter 470, the Energy Commission is required to develop a comprehensive program to achieve greater energy savings in the state’s existing residential and nonresidential building stock and energy efficiency financing options.

(3) Pursuant to Chapter 470, the PUC is required to investigate the ability of the electrical corporations and gas corporations to provide various energy efficiency financing options to their customers for the purposes of implementing the program developed by the Energy Commission and to assess the implementation of the program by the electrical corporations and the gas corporations.

(4) The residential sector represents approximately 32 percent of the total electricity usage and 36 percent of the total natural gas consumption, and low-income households consume 27 percent more energy due to the age and condition of the housing they can afford to live in.

(5) The PUC has approved the use of ratepayer funds to pay for 100 percent of the cost of certain energy efficiency improvements to dwellings occupied by low-income households with incomes below 200 percent of the federal poverty level in the form of the Low-Income Energy Efficiency (LIEE) program.

(6) More than one-half of the eligible low-income households with incomes below 200 percent of the federal poverty level live in multifamily rental apartment buildings.
(7) The primary opportunity for energy savings in many multifamily rental apartment buildings is in increasing the efficiency of the heating and hot water systems.
(8) Decision 07-12-051 issued by the PUC on December 12, 2007, stated that “[w]e are not convinced that utility ratepayers should assume the costs of appliance repairs and replacements.”
(9) Decision 08-11-031 issued by the PUC on November 10, 2008, reaffirmed the position of the PUC stated in Decision 07-12-051 by ruling that “no furnace repair and replacement or water heater repair or replacement work shall occur in violation of our holding in D.07-12-051 that heating and water heating in rental housing are the responsibility of the landlord.”
(10) The PUC has interpreted that decision to mean that, with respect to the LIEE program, only minor repairs and adjustments may be made to furnaces and water heaters for the purpose of increasing energy efficiency. As a consequence, contractors implementing the LIEE program have generally avoided investing LIEE funds in improving the efficiency of furnaces and water heaters even though these are the largest potential energy savings in many multifamily rental apartment buildings.
(b) It is the intent of the Legislature to do all of the following:
(1) Promote the investment of existing ratepayer energy efficiency funds to increase the efficiency of furnace and water heating systems in multifamily rental apartment buildings occupied by low-income households to achieve the maximum potential energy savings in the residential sector.
(2) Promote the use of ratepayer funds to pay for energy efficient heating and water heater systems in multifamily rental apartment buildings and in particular in those that have contracts with federal, state, or local governmental agencies that require them to serve low-income households.
(3) Modify the application of Decision 07-12-051 and Decision 08-11-031, insofar as those decisions disallowed the repair or replacement of furnaces and water heaters through the LIEE or other residential energy efficiency programs under the PUC’s jurisdiction.
SEC. 2. Section 383 is added to the Public Utilities Code, to read:
383. (a) (1) As used in this section, “low-income multifamily rental apartment building” means a building that meets all of the following requirements prior to receiving assistance:

(A) Has five or more dwelling units.

(B) At least 66 percent of the total dwelling units are occupied by households with incomes below 200 percent of the federal poverty level.

(C) A deed restriction or affordability covenant is held by a federal, state, or local governmental entity that ensures that the percentage of units described in subparagraph (B) will be available at an affordable rent for a period of at least 15 years following installation of the energy efficiency improvement.

(2) The commission shall establish certification requirements to implement this subdivision based on the United States Department of Energy’s Weatherization Assistance Program for Low-Income Persons.

(b) The commission shall ensure that low-income multifamily rental apartment buildings receive the following forms of assistance pursuant to the Low-Income Energy Efficiency (LIEE) program, a successor program, or other energy efficiency program under the jurisdiction of the commission:

(1) Energy efficient furnaces and water heating systems.

(2) Energy efficiency measures in common areas recommended by an energy audit.

(c) Financial

(1) Except as otherwise provided in paragraph (2), financial assistance pursuant to this section shall be for 100 percent of the cost of the improvement less a percentage equal to the percentage of total dwelling units not occupied by households with incomes below 200 percent below of the federal poverty level.

(2) Total expenditures on furnace and water heating replacement shall not exceed two thousand seven hundred dollars ($2,700) per dwelling unit.

(d) Financial assistance pursuant to this section only includes expenditures for equipment and installation costs, and does not include expenditures for the costs of hiring a consultant to perform an energy audit or a related service.

(e) The owner or operator of the low-income multifamily rental apartment building shall pass any cost savings it receives pursuant to this section to its tenants.
(f) Each gas corporation or electrical corporation implementing a program pursuant to this section shall publish data on the installed cost of products funded pursuant to this section.

(g) The commission shall require the Low-Income Energy Efficiency (LIEE) program, as implemented by an electrical corporation or gas corporation, to incorporate all of the following elements in serving low-income multifamily rental apartment buildings:

1. Use a whole building, performance-based approach based on site-specific measures recommended by an energy audit of the building.
2. Provide a single point of entry for low-income multifamily rental apartment building residents so that they can access efficiently and effectively the Low-Income Energy Efficiency (LIEE) program and other energy efficiency program resources.
3. Eliminate barriers to accessing energy retrofit programs for owners of low-income multifamily rental apartment buildings.