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**Introduced by Senator Simitian**

February 22, 2005

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An act to add Chapter 10.8 (commencing with Section 25940) to Division 15 of the Public Resources Code, relating to energy resources, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 769, as introduced, Simitian. Energy Reliability and Affordability Act.

Existing law requires the State Energy Resources Conservation and Development Commission to implement and administer various energy generation and conservation programs in the state.

This bill would enact the Energy Reliability and Affordability Act, to increase energy reliability and affordability by reducing the demand for energy by residential customers. The bill would create the Energy Reliability and Affordability Fund in the State Treasury. The bill would provide that the moneys in the fund shall be continuously appropriated to the commission, without regard to fiscal year; and, would authorize the expenditure of moneys in the fund by the commission, for the purposes of the act, as provided. The bill would provide that the act shall be implemented by the commission to the extent that funds are available to the commission for the purposes of the bill.

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

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

- 1 SECTION 1. Chapter 10.8 (commencing with Section 25940)
- 2 is added to Division 15 of the Public Resources Code, to read:

1 CHAPTER 10.8. ENERGY RELIABILITY AND AFFORDABILITY ACT

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3 25940. This chapter shall be known, and may be cited, as the  
4 Energy Reliability and Affordability Act. The purpose of the act  
5 is to increase energy reliability and affordability by reducing the  
6 demand for energy by residential customers.

7 25940.1 The Legislature finds and declares all of the  
8 following:

9 (a) The oldest home appliances, such as refrigerators and small  
10 air-conditioners, are the least efficient. Those appliances  
11 consume unnecessary amounts of energy, and should be replaced  
12 with new, much more efficient appliances. Also, older homes and  
13 apartments tend to have insufficient amounts of insulation, and  
14 often have poor weatherstripping, outdated showerheads and  
15 faucets, and inefficient light bulbs, which waste even more  
16 energy.

17 (b) Owners and renters of older homes and apartments are  
18 often unable to afford energy saving appliances and devices,  
19 which would improve the energy efficiency of those dwellings;  
20 and, the modernization of those housing units would greatly  
21 benefit all energy consumers by reducing peak energy demand  
22 and overall energy demand.

23 (c) The current high cost of energy has made most energy  
24 saving improvements even less affordable; yet, the state's  
25 residents are in greater need of reducing their energy bills as a  
26 result.

27 (d) Air pollution continues to be a major problem in  
28 California, which harms the health of our residents, costs our  
29 economy billions of dollars related to health care costs, reduces  
30 agricultural productivity, and contributes to the deterioration of  
31 California's infrastructure, thereby decreasing the quality of life  
32 in our state. Reducing energy use will reduce air pollution.

33 25940.2. As used in this chapter, the following terms have  
34 the following meanings:

35 (a) "Certified local community conservation corps" means  
36 public or private nonprofit agencies that meet the requirements of  
37 Section 14406.

38 (b) "Fund" means the Energy Reliability and Affordability  
39 Fund created pursuant to Section 25940.3.

40 (c) "Local community based organization" means \_\_\_\_\_.

1 (d) “Program” means the Energy Reliability and  
2 Affordability Act Program established pursuant to this chapter.

3 25940.3. (a) All funds received pursuant to this chapter shall  
4 be deposited in the Energy Reliability and Affordability Fund,  
5 which is hereby created in the State Treasury.

6 (b) Notwithstanding Section 13340 of the Government Code,  
7 the moneys in the fund shall be continuously appropriated to the  
8 commission, without regard to fiscal year.

9 25940.4. Any activity proposed to be funded pursuant to this  
10 chapter shall be in compliance with Division 13 (commencing  
11 with Section 21000).

12 25940.5. The Commission may expend the money in the  
13 fund for the following purposes:

14 (a) To provide sufficient incentives to owners of old and  
15 inefficient home appliances, including, but not limited to,  
16 refrigerators, freezers, and room and other types of  
17 air-conditioners, to exchange these appliances for new  
18 appliances, or retire the old appliances. Appliances to be  
19 exchanged or retired shall be in operating condition. New  
20 refrigerators and freezers shall meet or exceed the United States  
21 Department of Energy October 2000 standards. New  
22 air-conditioning equipment shall meet or exceed the  
23 commission’s applicable standards. In determining which  
24 appliances are eligible for the incentives provided by the  
25 program, the commission shall require that the most efficient  
26 appliances be purchased pursuant to this program, taking into  
27 consideration market availability.

28 (b) To provide financial incentives for residential property  
29 owners to add insulation, install weatherstripping, replace  
30 inefficient light bulbs, and implement other low-cost,  
31 cost-effective energy conservation improvements.

32 25940.6. The commission may do all of the following to  
33 implement the program:

34 (a) Provide for rebates or other financial incentives to  
35 implement this act.

36 (b) Use the money in the fund to publicize the program, except  
37 that the commission shall not use more than 1 percent of the  
38 funds for this purpose.

1 (c) Expend money in the fund for administration of the  
2 program, except that the commission shall not spend more than  
3 one-half of 1 percent of the funds for that purpose.

4 (d) Adopt guidelines or regulations to carry out this chapter.

5 (e) Contract with an appropriate entity to implement and  
6 administer this chapter.

7 (f) Open exchange centers, or develop other convenient  
8 means, for the owners of appliances to trade them in for more  
9 efficient appliances and to carry out the other provisions of this  
10 act.

11 25940.7. (a) A person or entity implementing subdivision (a)  
12 of Section 25940.5 pursuant to a contract with the commission  
13 shall do all of the following:

14 (1) Assist in the pickup of an old appliance.

15 (2) Certify to the commission that the energy inefficient model  
16 was or will be destroyed or dismantled in an environmentally  
17 sound manner. No appliance exchanged as part of this program  
18 shall be refurbished or reused, but metal and other parts may be  
19 recycled.

20 (3) Carry out recycling of major appliances, as defined in  
21 Section 42166, in compliance with Article 10.1 (commencing  
22 with Section 25211) of Chapter 6.5 of Division 20 of the Health  
23 and Safety Code, and Chapter 3.5 (commencing with Section  
24 42160) of Part 3 of Division 30 of the Public Resources Code.

25 (b) The commission shall give first and highest priority to  
26 contracting with local community-based organizations, certified  
27 local community conservation corps and the California  
28 Conservation Corps in carrying out this act.

29 25940.8. (a) The moneys in the fund shall, to the greatest  
30 extent possible, be used to reduce the cost of energy for persons  
31 who can least afford high energy prices. The commission shall  
32 give highest priority to using the funds for improving the energy  
33 efficiency of housing owned or occupied by low-income persons.

34 (b) The commission shall consider cost effectiveness in  
35 reducing energy demand in adopting guidelines or regulations for  
36 the program, but shall give higher priority to reducing the energy  
37 costs borne by persons who can least afford high energy prices.

38 SEC. 2. The Energy Reliability and Affordability Act  
39 established pursuant to Chapter 10.8 (commencing with Section  
40 25940) of Division 15 of the Public Resources Code shall be

- 1 implemented by the State Energy Resources Conservation and
- 2 Development Commission, to the extent that funds are available
- 3 to the commission for those purposes.

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