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# SENATE COMMITTEE ON EDUCATION

Senator Carol Liu, Chair  
2015 - 2016 Regular

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**Bill No:** AB 1150  
**Author:** Levine  
**Version:** May 14, 2015  
**Urgency:** No  
**Consultant:** Olgalilia Ramirez  
**Hearing Date:** June 17, 2015  
**Fiscal:** Yes

**Subject:** Energy: University of California and California State University partnership

**NOTE:** This bill has been referred to the Committee on Education and the Committee on Energy, Utilities and Communications. A "do pass" motion should include referral to the Committee on Energy, Utilities and Communications.

## SUMMARY

This bill requests the University of California (UC) and requires the California State University (CSU), in consultation with the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC), to expand their partnership with the investor-owned utilities (IOU) to include those publicly owned utilities (POU) that choose to participate.

## BACKGROUND

Existing law:

- 1) Establishes the UC as a public trust, administered by the Regents and provides that statutes related to UC are applicable only to the extent that the UC Regents make such provisions applicable. (Constitution of California, Article IX, Section 9)
- 2) Confers upon the CSU Trustees the powers, duties, and functions with respect to the management, administration, and control of the CSU system. (Education Code § 66606)
- 3) Requires the CEC to develop and administer a series of programs to provide cost-effective energy efficiency and conservation contracts, grants, and loans to eligible entities. Additional financial assistance is available through IOUs, as required by the PUC. (Public Resources Code § 25410-25474)
- 4) Requires POUs to encourage energy savings and greenhouse gas emissions reductions in existing residential and non-residential buildings, while taking into consideration the effect of the program on rates, reliability, and financially resources. (PUC § 9503)

## ANALYSIS

This bill:

- 1) Requests the University of California (UC) and requires the California State University (CSU), in consultation with the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC), to do all of the following:
  - a) Expand their partnership with the investor-owned utilities (IOU), known as the Energy Efficiency Partnership, to include those publicly owned utilities (POU) that choose to participate.
  - b) Create integrated and flexible programs across all the CSU and UC facilities.
  - c) Evaluate projects based on their effect in reducing emissions of greenhouse gases and the cost effectiveness in achieving those reductions, as specified.
- 2) Requires the use of meter based verification in order to reduce costs and streamlines the existing administrative framework related to energy projects in order to accommodate for multiple funding sources, as specified.
- 3) Requires UC and CSU to report to the applicable utilities their annual reduction in emissions of greenhouse gases as a result of the project performed under the expanded partnership.
- 4) Requires funds associated with an investor-owned energy utility to be used only for projects that comply with CPUC requirements at facilities located within its service territory.
- 5) Makes a variety of Legislative findings and declarations regarding UC's commitment to achieving carbon neutrality and developing renewable energy resources through various measures including expanding its statewide partnerships.
- 6) Specifies, that the provision of this bill does not affect UC and CSU eligibility to receive or leverage resources from various entities.
- 7) Defines various terms for the purposes of this bill.

## STAFF COMMENTS

- 1) ***Need for the bill:*** According to the author, current law limits the UC's and CSU's energy efficient program known as the Energy Efficiency Partnership, to those campuses located within an IOU service territory. This approach limits a POU served campus from participating in the program. Additionally, the program's current structure is outdated and the provisions in this bill provide for advanced and long-lasting "deep" energy efficient projects that will ultimately deliver ongoing savings and assist UC and CSU in meeting their energy goals.

This bill codifies and streamlines the expanded partnership program, proposes a new metric of carbon reduction for evaluating energy efficiency projects and updates

the existing administrative framework related to energy efficiency programs to accommodate future funds.

- 2) **Energy Efficiency Partnership:** In 2004 the University of California (UC) and the California State University (CSU) each established partnerships with California's four largest IOUs (Pacific Gas and Electric, San Diego Gas and Electric, Southern California Edison and Southern California Gas Company) to provide an energy management program and improve the energy performance of existing buildings. As a result of this partnership, UC has achieved an annual savings of 373 million kilowatt-hours (electricity), and 18.7 million therms-per-year (gas) through 2014. In total, the UC has received \$63.6 million in incentives from utilities.

However, six CSU and UC campuses are unable to participate in the Energy Efficiency Partnership given that they are located within a publicly owned utilities (POU) service territory. Those campuses include the University of California at Los Angeles, University of California at Riverside, UC Davis Medical Center, and California State University at Sacramento, Northridge, and Los Angeles. A key difference between a public and investor owned utility is that investor-owned utilities (IOU) are required to use a portion of ratepayer funds for projects that comply with California Public Utilities Commission (CPUC) requirements. In contrast, POU's are independent of the CPUC requirements and are regulated by locally elected boards or city councils each with their own methods for reaching energy saving goals. According to the UC, the absence of the partnership incentives for POU served campuses has limited the ability of some campuses to implement energy efficiency projects.

This bill would help position UC and CSU campuses located within the territories of POU's to receive incentives generated as a result of the partnership by inviting POU's to participate if they so choose. It is unclear if there are implications of publicly-owned utilities participating in a partnership with investor-owned utilities. This issue can be explored in the next committee.

### 3) **Prior Legislation**

AB 1959 (Skinner, 2014) would have required the California Energy Commission (CEC) to develop a financial assistance program for energy efficiency projects on the UC and CSU campuses. This bill died in the Senate Appropriations Committee.

## **SUPPORT**

Sierra Club California  
University of California

## **OPPOSITION**

None received.

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