

Date of Hearing: April 1, 2014

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Das Williams, Chair
AB 1953 (Skinner) – As Introduced: February 19, 2014

SUBJECT: Higher Education Energy Efficiency Act: grants.

SUMMARY: Establishes the Higher Education Energy Efficiency Act to provide grants to eligible institutions for building retrofits that reduce energy demands. Specifically, this bill:

- 1) Finds and declares that the University of California (UC) and the California State University (CSU) have committed to lowering energy consumption and that the financial savings associated with energy-efficient buildings, operations, and maintenance could provide flexibility to enhance learning environments and increase access to higher education.
- 2) Establishes the Higher Education Energy Efficiency Act and Fund and directs the State Energy Resources Conservation and Development Commission (Energy Commission) to, upon appropriation by the Legislature and in coordination with the UC President and CSU Chancellor, provide grants to eligible UC and CSU campuses for building retrofits that reduce energy demand.
- 3) Requires the Energy Commission to ensure that adequate energy audit, measurement, and verification procedures are employed to ensure that energy savings occur as a result of the grants.
- 4) Authorizes the Energy Commission to adopt regulations or guidelines, including emergency regulations, and requires the Energy Commission to utilize existing resources to implement the requirements of this bill.
- 5) Authorizes an eligible institution to submit an application to the Energy Commission for a grant from the fund and requires the Energy Commission, in consultation with the CSU Chancellor and the UC President, to prioritize eligible grants, taking into consideration age of the facilities and any recent modernization, proportion of students receiving Cal Grant awards, the potential for demand reduction, and the campus's energy score.
- 6) Specifies that the provisions of this bill do not affect the institution's eligibility to receive other public funding incentives or to leverage the grant with those incentives.
- 7) Requires each institution that receives a grant to report to the Energy Commission the amount of energy saved as a result of implementing projects funded by the grant and requires the Energy Commission to determine the total amount of energy savings achieved.

EXISTING LAW establishes the University of California 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. Confers upon the CSU Trustees the powers, duties, and functions with respect to the management, administration, and control of the CSU system. Establishes the Energy Commission, consisting of five members appointed by the Governor and confirmed by the Senate, tasked with forecasting energy needs, setting appliance and building

efficiency standards, conducting research and developing programs, developing renewable and alternative energy technologies, licensing large thermal power plants, and responding to energy emergencies.

FISCAL EFFECT: Unknown

COMMENTS: Purpose of this bill. According to the author, "after years of budget cuts, deferred maintenance, tuition hikes and increasing fees, there is a need to reinvest in higher education for long-term stability. Since many UC and CSU facilities were built in the 1960's and 70's, before California had building efficiency standards, one opportunity to reduce economic cost from campus operations is through advanced energy efficiency projects. Moreover, there is an opportunity for California's higher education institutions to lead the nation in novel energy projects and more efficient buildings, operations, and maintenance. Most importantly, the financial savings from such measures would provide flexibility to the universities to pay for other upgrades that enhance the learning environment and improve education for students."

Background. In 2006, the Global Warming Solutions Act (AB 32) established the goal of reducing greenhouse gas emissions to 1990 levels by the year 2020, and directed the California Air Resources Board (ARB) to develop actions to reduce greenhouse gasses and prepare a scoping plan, to be updated every five years, to identify how best to reach the 2020 limit. The initial reduction measures, including Low Carbon Fuel Standard, Advanced Clean Car standards, and Cap-and-Trade have been adopted over the last five years and implementation activities are ongoing. The ARB is currently in the process of updating the plan.

In November 2012, California voters approved Prop 39 to close a corporate tax loophole and increase the state's annual corporate tax revenues by as much as \$1.1 billion. Prop 39 specified that half of the revenue generated from 2013-2018, up to \$550 million, should support energy efficiency and alternative energy projects at public schools, colleges, universities and other public buildings, as well as related public-private partnerships and workforce training. Several bills were introduced in 2013 which proposed a variety of approaches for distribution of funds. SB 73 (Budget and Fiscal Review Committee), Chapter 29, Statutes of 2013, specified the allocation of \$428 million Proposition 39 revenues for energy efficiency projects for K-12 local educational agencies (\$381 million) and community college districts (\$47 million). The State Energy Conservation Assistance Account at the California Energy Commission received \$28 million and the California Workforce Investment Board received \$3 million to develop and implement a competitive grant program for eligible community-based organizations and other training workforce organizations preparing disadvantaged youth or veterans for employment.

This bill does not currently identify a funding source for the grant program created by this legislation. Committee staff understands that the author's office is currently evaluating funding options, including Cap-and-Trade, Proposition 39 and/or one-time funding opportunities.

UC efforts. UC established a formal commitment to reduce greenhouse gas emissions in 2007, when all ten Chancellors signed the American College and University Presidents Climate Commitment; UC established the goal of achieving year 2000 emission levels by 2014, 1990 levels by 2020, and climate neutrality as soon as possible. In December 2011, UC leaders issued a report outlining strategies for meeting these goals. In fall of 2012, UC shared a comprehensive proposal with policymakers seeking funding to leverage climate action programs. In November 2013, President Napolitano set a new goal of UC achieving carbon neutrality by 2025. UC's

approach to achieving this goal includes: managing supply of wholesale electricity to the five campuses eligible for direct access; effective procurement of natural gas and biogas; management of Cap-and-Trade and other environmental attribute programs; and, securing Prop 39 funds to support campus energy efficiency and renewable energy projects.

CSU projects. CSU has similarly established a commitment to sustainability through efficient operation, design and construction of campuses. CSU aims to increase on-campus clean energy generation, utilize smart building controls, and increase student involvement and curriculum development to prepare future "green" professionals. CSU also seeks to use funding for energy efficiency projects, demand reduction programs, and renewable on-site generation to move toward the systemwide carbon reduction goal.

REGISTERED SUPPORT / OPPOSITION:

Support

Sierra Club of California
University of California

Opposition

None on file.

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