Date of Hearing: April 28, 2015

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Jose Medina, Chair
AB 1150 (Levine) – As Introduced February 27, 2015

[Note: This bill is doubled referred. On April 20, 2015, this bill was heard and approved by a vote of 14-0 in the Assembly Committee on Utilities and Commerce.]

SUBJECT: Energy: University of California partnership

SUMMARY: Expands the existing Energy Efficiency Partnership Program between the University of California (UC) and investor-owned utilities to include publicly owned utilities that are willing to participate in the program. Specifically, **this bill**:

1) Establishes the following findings and declarations:

   a) UC has committed to achieving carbon neutrality through aggressive measures to increase energy efficiency and develop renewable energy resources.

   b) Because of its size and subsequent required energy consumption, there are significant opportunities for reducing emissions of carbon dioxide and other greenhouse gases at UC facilities.

   c) Collectively UC has substantially contributed to the state's energy efficiency goals by saving 373 million kilowatthours per year and 18,700,000 therms per year through 2014 as part of an institutional statewide partnership with investor-owned energy utilities established in 2004.

   d) Additional deep energy efficiency potential exists at UC facilities. The identified potential deep energy efficiency projects could produce savings of 426,000,000 kilowatthours per year and 15,700,000 therms per year, equating to $59 million per year in utility cost savings.

   e) There is a need to expand the existing UC institutional statewide partnership to capture carbon and reduce emissions of greenhouse gases and to ensure meaningful and reliable energy assessments, cost-effective energy efficiency improvements, and the incorporation of projects that are demonstrated to be cost effective on a carbon basis.

2) Requires the California Energy Commission (CEC) to expand existing partnerships to create an integrated and flexible energy efficiency program across all UC campuses.

3) Requires UC to report to the CEC the annual reduction in emissions of greenhouse gases (GHG) as a result of the expanded partnership.

4) Requires UC to evaluate projects based on their effect in reducing emissions of greenhouse gases and the cost effectiveness in achieving those reductions.

5) Requires the California Public Utilities Commission (CPUC) and the CEC to leverage their existing partnership to allow flexibility and to accommodate the potential for multiple funding sources.

EXISTING LAW: Establishes UC as a public trust and confers the full powers of the UC upon the UC Regents. The Constitution establishes that the UC is subject to legislative control only to the degree necessary to ensure the security of its funds and compliance with the terms of its endowments. Judicial decisions have held that there are three additional areas in which there may be limited legislative intrusion into university operations: authority over the appropriation of state moneys; exercise of the general police power to provide for the public health, safety and welfare; and, legislation on matters of general statewide concern not involving internal university affairs. (Constitution of California, Article IX, Section 9)

FISCAL EFFECT: Unknown

COMMENTS: *Purpose of this bill.* According to the author, UC currently participates in the Energy Efficiency Partnership with California's large investor-owned utilities (IOUs) such as Pacific Gas & Electric, Southern California Edison and San Diego Gas and Electric. This Partnership was established in 2004 as a framework for providing energy efficiency resources for UC and CSU campuses. UC has received a total of $63.6 million in incentives from utilities as part of the program, and has saved more than 265 million kWh/year and 14.4 million therms/year, substantially contributing to the State's energy efficiency goals.

According to the author, in the ten years since the program's inception, the structure of the partnership has not grown or evolved to account for changing realities within California's energy environment. The current approach limits energy efficiency programs to only those campuses located within IOU service territory, and continues to bases funding levels on cost-effectiveness calculations that favor easy energy efficiency upgrades. This practice limits UC's ability to obtain additional resources for advanced, long lasting energy efficiency projects that are more costly and complex, but ultimately deliver greater savings.

According to the author, this bill expands the existing Energy Efficiency Partnership Program between the UC and IOUs to include publicly owned utilities who are willing to participate, requires the UC to utilize a new metric of carbon reduction for the evaluation of future energy efficiency projects, and updates UC's existing administrative framework related to energy efficiency programs to accommodate potential funds from new revenue sources.

Arguments in support. UC is the sponsor of this bill, which seeks to allow UC to expand its successful statewide institutional partnership with IOUs, creating an integrated and flexible energy efficiency program across all UC facilities and reducing emission of greenhouse gases. UC estimates that savings from the expanded partnership, as detailed in this bill, could be in the millions of dollars for UC. Of note, UC is not requesting state funding through the proposed legislation, but instead seeking to establish a framework and policy that will enable UC to utilize future funding in the most efficient and cost effective manner.

REGISTERED SUPPORT / OPPOSITION:

Support

University of California (sponsor)

Opposition

None on File

Analysis Prepared by: Laura Metune / HIGHER ED. / (916) 319-3960