

STATE OF CALIFORNIA

Public Utilities Commission  
San Francisco**M e m o r a n d u m**

**Date:** June 9, 2014

**To:** The Commission  
(Meeting of June 12, 2014)

**From:** Lynn Sadler, Director  
Office of Governmental Affairs (OGA) – Sacramento

**Subject:** **AB 2229 (Bradford) – Energy efficiency: military bases and facilities.  
As amended: April 21, 2014**

**RECOMMENDED POSITION: SUPPORT WITH AMENDMENTS****SUMMARY OF BILL**

This bill would require the California Public Utilities Commission (CPUC), through an existing or new proceeding, to consult with the Energy Commission, the US Coast Guard and the US Department of Defense to do the following:

- (a) Encourage electrical and gas corporations, using existing military contracting procedures or new partnerships with the federal government, to expedite the implementation of energy efficiency measures and enable the achievement of additional energy goals (for example, demand response, self-generation, and energy storage) at US Military and US Coast Guard bases and facilities.
- (b) Authorize an energy efficiency program for the purposes of subdivision (b) (sic) through existing energy efficiency programs administered by the electrical and gas corporations.

Additionally the bill states:

- The California constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that no reimbursement is required by this act because a violation of an order or a direction of the CPUC is a crime, and this bill would impose a state mandated local program. (Section 17556 of the Government Code, Section 6 of Article XIII B of the California Constitution)
- To the extent that the CPUC finds that funds in addition to funds collected from ratepayers are needed to achieve EE saving goals in military bases and facilities and US Coast Guard facilities, the CPUC, in consultation with the CEC, the US Department of Defense, and the US Coast Guard, shall identify other potential sources of funding to supplement funds collected from ratepayers to achieve those savings goals.

- This section shall remain in effect until January 1, 2020, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2020, deletes or extends that date.

## **CURRENT LAW**

General Order 96B, Rule 8.2.3 states the following:

- A utility other than a telephone corporation may provide service (other than resale service) to a government agency for free, or at reduced rates and charges, or under terms and conditions otherwise deviating from its tariffs then in effect.
- The utility may begin such service without prior Commission approval.
- The utility shall promptly submit an advice letter to the appropriate Industry Division to notify the Commission of the utility's provision of such service and of the rates, charges, terms and conditions under which the service is provided.
- The advice letter may be effective pending disposition under General Rule 7.5.3.
- The Commission may determine, in an appropriate proceeding, the reasonableness of such service.
- For purposes of this General Rule 8.2.3, "government agency" means the United States and its departments, Indian tribes recognized by the United States or the State of California, the State of California and its political subdivisions and municipal corporations, including the departments thereof, and public fairs and celebrations.

## **AUTHOR'S PURPOSE**

Section 1 of the amended bill indicates the following findings as supportive of the bill's revised directives:

- (a) the US Department of Defense and the US Coast Guard, as the nation's largest energy users, are required to comply with laws enacted by congress, executive orders, and goals established by military leaders, including requirements for 3 percent annual reductions in facility energy intensity, which is measured by energy use per gross square foot.
- (c) The US Department of Defense and the US Coast Guard facilities have leveraged the energy efficiency programs of the electrical and gas corporations and have used turnkey contracts to facilitate energy efficiency upgrades while bundling energy and water efficiency, demand response, and distributed generation.
- (d) Additional energy efficiency incentives to assist the US Department of Defense and the US Coast Guard to perform energy projects will help in meeting the State's greenhouse gas reduction goals.

The amended bill proposes the creation of an additional program to support existing mandates for the US Military and Coast Guard to meet current federal requirements to reduce their energy usage and intensity. The bill suggests that funding a targeted program

for the US Military and Coast Guard will also help California meet greenhouse gas reduction goals.

### **DIVISION ANALYSIS (Energy Division):**

Subdivision (c) and (d) above coincide with the fact that the California Investor Owned Utilities (IOUs) have many programs and partnerships that are provided to the US Military and Coast Guard. These programs are described in more detail in Attachment A.

In addition to existing energy efficiency programs that engage the US Military, the CPUC's Rule 8.2.3 (referenced above) already allows the IOUs to "provide service to a government agency for free, or at reduced rates and charges". Services can include the technical services needed to identify all potentially achievable cost-effective natural gas and electricity efficiency savings at military bases and facilities in the state and establish efficiency targets as described in the originally proposed bill. This rule recognizes the CPUC's jurisdiction by requiring the IOUs to submit an advice letter to notify the Commission of the utility's provision of such service and provides the CPUC the means to determine the reasonableness of such services. These IOU / military engagements continue in the current program cycle (2013-2014) and will continue in the post-2014 programs.

The CPUC's existing rules, and the IOUs' existing energy efficiency programs targeting military facilities in response to these rules, support one objective of the bill identified as (a) in Section 1 above. Through these existing programs and partnerships, the Military and Coast Guard are already engaged in pursuing electric and gas efficiency improvements and facility operators are becoming more educated about what kinds of efficiency measures are needed in their facilities. The IOUs continue to work with their Military and Coast Guard customers to pursue energy improvements.

### **SAFETY IMPACT**

The proposed bill neither reduces nor enhances safety concerns.

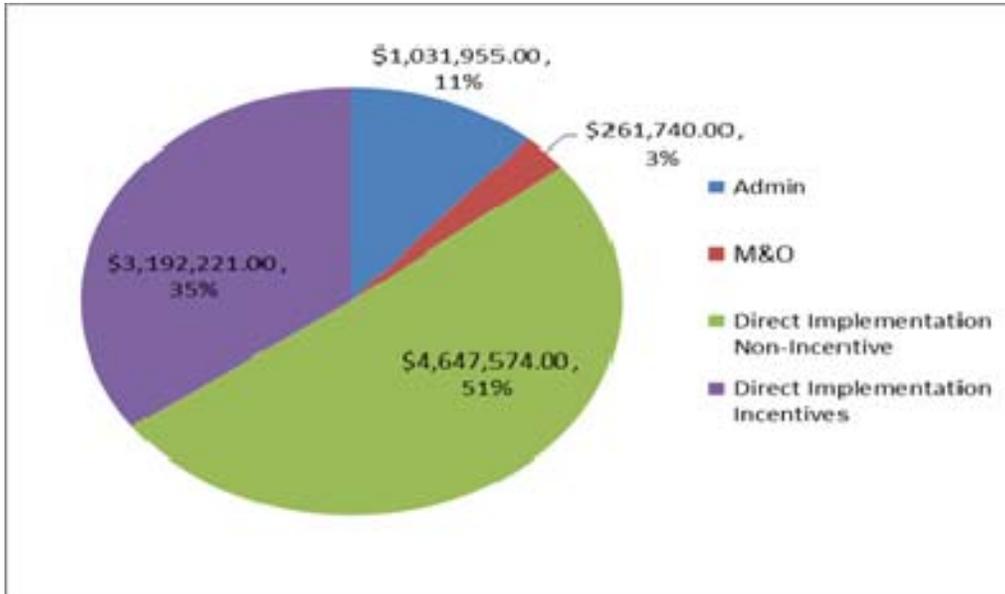
### **RELIABILITY IMPACT**

The proposed bill neither reduces nor enhances reliability of service.

### **RATEPAYER IMPACT**

The current version of the bill requires development of a dedicated program to support Military and Coast Guard existing federal mandates to reduce energy usage. When developing new programs, additional ratepayer costs are incurred. We include in the table below an estimate of the annual program costs of all four utilities (San Diego Gas and Electric, Pacific Gas and Electric, Southern California Edison, and Southern California Gas Company) associated with the creation of a dedicated program for the US Military and Coast Guard per the mandates included in this bill:

<b>Estimated Costs to Create a US Military / Coast Guard Statewide Annual Program (includes all four IOU programs)</b>	
<b>Admin</b>	<b>\$ 1,031,955.00</b>
<b>M&amp;O</b>	<b>\$ 261,740.00</b>
<b>Direct implementation Non-Incentive</b>	<b>\$ 4,647,574.00</b>
<b>Direct implementation Incentives</b>	<b>\$ 3,192,221.00</b>
<b>Total Costs</b>	<b>\$ 9,133,490.00</b>



The amended bill results in additional annual ratepayer costs of \$9,133,490 for the first year of implementation. Since the bill mandates the program to be provided through January 1<sup>st</sup> of 2020 (“unless extended”) we multiplied this amount by four years assuming a program start date of January 2016. This results in a total estimated ratepayer costs for the program of \$36,533,960. We note that administrative costs and marketing and outreach (M&O) costs associated with creation of a new program represents roughly 15% of these costs, or \$5.5 million dollars.

### **FISCAL IMPACT**

Because the amended bill mandates development of a new program, the CPUC will also incur additional costs that will ultimately be paid by ratepayers. In addition to the program costs estimated above, there will also be CPUC program evaluation costs of roughly \$2,000,000 to evaluate the overall effectiveness of the four utility Military programs in terms of energy savings and program implementation. In addition, as depicted in the Fiscal Impact sheet attached to this analysis, we estimate a need of one full-time staff person to monitor development of the program including evaluation efforts. This results in additional annual costs of \$125,168 or \$625,840 for the four year period. Both CPUC evaluation and staffing costs would be attributable to fund 0462, the Public Utilities Commission Utilities Reimbursement Account.

### **ECONOMIC IMPACT**

Due to limited budgets designated to statewide energy efficiency programs, the IOUs have developed programs that target the broadest number of participants within the four main market sectors (Agriculture, Industrial, Commercial, and Residential). Within each statewide market sector program are sub-programs which may target specific measures and actions. Currently US Military and Coast Guard facilities are eligible to participate in the statewide Commercial Program. This bill proposes to create a separate program dedicated to the US Military and Coast Guard within the State of California. Potential economic impacts may result in funding being shifted away from other statewide market sectors in order to fund US Military and Coast Guard facilities. Additionally, if more funding is needed than what is already included in the statewide program portfolio, than a transfer of money from ratepayers may be needed to fund this program.

## LEGAL IMPACT

This bill mandates the creation of a dedicated program for US Military and Coast Guard customers of the IOUs. Existing California law allows for the IOUs to “provide service to a government agency for free, or at reduced rates and charges.” This law maintains CPUC jurisdiction over the IOUs' interactions with the military by also requiring the IOUs to submit an advice letter for review by the appropriate Industry Division in accordance with Rule 7.5.3 providing for the CPUC to determine, in an appropriate proceeding, the reasonableness of such service. (General Order 96B, Rule 8.2.3). Because CPUC oversight and authority will be maintained when the IOUs submit Program Implementation Plans (PIPs) for CPUC consideration within the relevant energy efficiency program portfolio proceeding (in lieu of the advice letter process described above) there is no significant impact on existing laws and policies if this bill were adopted.

## LEGISLATIVE HISTORY

This bill is an amended version of a previous bill. In the previous bill, the CPUC was mandated to require the IOUs to identify all potentially achievable cost-effective electricity and gas efficiency savings at military bases and facilities in the state and establish efficiency targets for electrical corporations to achieve at military bases and facilities in the state pursuant to Section 454.5. The amended version of this bill goes beyond the original bill description to now mandate a dedicated IOU energy program for the US Military and Coast Guard.

## PROGRAM BACKGROUND

### Existing US Military and Utility Partnerships

Existing IOU programs already target military facilities for efficiency improvements. In the 2010 – 2012 program cycle, military facilities in California received over \$3 million dollars in energy efficiency incentives resulting in almost 4,000 kW in peak savings and almost 350,000 therm in natural gas savings. The table below breaks out, by IOU, the level of incentives, number of projects, amount of anticipated savings, number of military participants, and number of military projects. Because there are approximately 32 military bases/facilities in California and there were 32 participants in IOU efficiency programs in the 2010 – 2012 program cycle a reasonable assumption is that nearly 100% of military facilities / bases participated in energy efficiency programs during this time.

US Military Customer Energy Efficiency Participation by IOU (2010 - 2012)

	# of Customers	# of Projects	Incentives \$	kW Savings	kWh Savings	Therm Savings
SDG&E	8	285	\$ 2,400,925	1,716	14,329,133	293,567
SCE	8	27	\$ 434,316	1,183	5,383,919	N/A
SCG	1	1	\$ 12,420	N/A	N/A	14,966
PG&E	15	88	\$ 383,282	957	3,413,104	38,567
<b>Total:</b>	<b>32</b>	<b>401</b>	<b>\$3,230,942</b>	<b>3,856</b>	<b>23,126,156</b>	<b>347,100</b>

### Potential Limits to Incremental Benefits of this Program

Section 1, (d) states that “Additional energy efficiency incentives to assist the US Department of Defense and the US Coast Guard to perform energy projects will help in meeting the State’s greenhouse gas reduction goals.” The language in the bill does not distinguish between the existing activities and the incremental benefit or increase in energy efficiency activities as a result of this bill. Many of the improvements suggested are already occurring as a result of the federal mandates, and federal funding provided to the Department of Defense and US Coast Guard to meet said federal mandates and it is already true that these are supporting the State’s greenhouse gas reduction goals.

However, ratepayer funded programs which support projects at Department of Defense and US Coast Guard installations must provide savings and benefits in addition to the federal mandates already required. If this is not the case, rate payer funds are at risk of being funneled to projects that would have happened anyway because they were mandated and already funded by the federal government.

Existing rules and regulations for utility programs require identification of incremental benefits in order to attribute these benefits (i.e. energy savings and related GHG reductions) to a program’s savings calculation.

Because the US Military and Coast Guard are already mandated, and in many cases funded, to achieve a 3 percent annual reduction in facility energy intensity and would need to meet this reduction objective despite the existence of a dedicated program, the only incremental-benefit that could be attributed to this program would be the savings and related GHG reductions above and beyond the 3 percent mandate. Hence, the costs associated with developing a dedicated program for this customer group may not be justified given the incremental savings that could be achieved.

### **OTHER STATES’ INFORMATION**

Not applicable.

## SUMMARY OF SUPPORTING ARGUMENTS FOR RECOMMENDATION

The CPUC supports efforts to achieve energy efficiencies and lauds efforts thus far to partner with the US Military and Coast Guard. We recommend amendments to this bill that remove the mandate to develop a dedicated program. The costs associated with developing a dedicated program for this customer group may not be justified given the incremental savings that could be achieved beyond the federal mandates. We note that the IOUs currently target and partner with their US Military and Coast Guard customers as described in Attachment A. As described in the previous version of this bill, the CPUC could direct the IOUs to increase their efforts to partner with the US Military and Coast Guard facilities within the State as well as direct them to develop specific goals and objectives when working with these entities without having to initiate a whole new program. This level of partnership achieves similar objectives described in this bill while saving ratepayers roughly \$8.1 million dollars in related program evaluation, administration, and marketing and outreach costs over the course of 4 years.

Focusing on increasing activities in existing programs (as opposed to developing a new dedicated program) is a more cost effective strategy to achieve the same end goal of reducing greenhouse gas emissions in the state.

## SUMMARY OF SUGGESTED AMENDMENTS

Amend the bill to mirror the previous, introduced version (see Attachment B).

The amended version of this bill adds objective (b) in Section 1 above by requiring the CPUC to authorize an energy efficiency program “for the purposes of subdivision (b) (sic)...” Unfortunately sub-division (b) referenced in this language was deleted from the prior version of the bill. In order to complete this bill analysis Energy Division staff assumed sub-division (b) refers to the prior bill’s language for sub-division (b) as well as sub-division (a) (see below) which is not referenced in the current version of this bill. Commission staff suggests the bill be amended again to correct this error:

(a) *“Identify all potentially achievable cost-effective natural electric efficiency savings at military bases and facilities in the state and establish efficiency targets for electric corporations to achieve at military bases and facilities in the state pursuant to Section 454.56”.*

## STATUS

AB 2229 is set for hearing in Senate Energy, Utilities & Communications on June 23, 2014.

## SUPPORT/OPPOSITION

Support: Clean Power Campaign  
Sierra Club California

Opposition: None on file.

## VOTES

May 27, 2014 – Passed by the Assembly (Floor) to the Senate (Vote: Y:77 N:0 A:2).

May 21, 2014 – Assembly Appropriations (Vote: Y:17 N:0 A:0).

April 29, 2014 – Assembly Utilities & Commerce (Vote: Y:14 N:0 A:1).

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## **ATTACHMENT A**

### **Additional SDG&E Military Partnerships**

#### **Strengthening San Diego's Partnership with the Military**

Oct 27, 2013

Category: Community, General

[Link to Article](#)

Few cities have formed such an integral connection to the military as San Diego. Home to one of the largest concentrations of military installations in the world, San Diego plays a key role in the defense of the country. The military, in turn, strengthens the local economy and creates thousands of jobs in the area.

In fact, one of every five jobs in San Diego is directly related to the Navy. The military sector is responsible for more than 300,000 of the region's total jobs, including 100,000 active duty personnel and 30,000 full-time civilian workers. In 2012, defense spending generated \$32 billion in economic activity for San Diego.

A vital partnership has formed between the military and local companies to encourage the hiring of veterans once they leave the service. Dave Guebert is one such veteran, having served in naval aviation on the USS Ranger aircraft carrier during the Vietnam War, where he flew Hawkeye early warning aircraft. His most memorable moment during his service was seeing the prisoners of war released and helping to support their homecoming through his duties on the Ranger. Guebert now is one of the many veterans who work at SDG&E. He oversees SDG&E's relationship with the military, ensuring that their energy needs are met, while helping other veterans find employment at the utility and other companies.

Because of SDG&E's focus on hiring veterans, approximately 10 percent of the utility's 5,000 employees are veterans like Guebert as a result – well above the national average. SDG&E also supports veterans in its purchase of supplies and other contracts, and in 2012 spent more than \$42 million with businesses owned by service-disabled veterans. This was the highest rate of veteran spending of any utility in California and demonstrated the utility's focus on promoting economic growth and partnerships with veteran owned-businesses.

SDG&E also has worked extensively with the military to provide training for veterans and to promote their hiring throughout the community. Last year, SDG&E hosted San Diego's first ever military job summit at the Marine Corps Recruit Depot to expand the hiring of veterans throughout the region and help them transition into civilian life. The event attracted approximately 450 veterans and allowed them to connect with dozens of potential employers in the local business sector, as well as government and academia. The event offered one-on-one career counseling sessions for veterans on developing resumes and enhancing interview skills. Several panel discussions with leading companies focused on identifying potential job opportunities for veterans and demonstrating how key military training and expertise can help veterans land jobs in the civilian world.

San Diego State University (SDSU) and SDG&E have partnered on the Troops to Engineers Program, which provides step-by-step guidance to veterans on pursuing careers in the engineering field. This program supports veterans earning an engineering degree from SDSU and supplements their academic education with internships, part time jobs, and other career experiences that pave the way for success in engineering careers. The graduates of this program can then go on to high-paying jobs as engineers. SDG&E has hired three interns from this program.

Even as SDG&E supports the troops and welcomes them home with increased access to training and worthwhile employment opportunities, the utility provides reliable support on the home front, in the form of reliable energy services. With such a high concentration of national defense assets in the San Diego region, this is a large part of SDG&E's mandate. In total, San Diego has 18 different Naval and Marine bases and provides support to more than 60 percent of Naval assets located or re-locating to the Pacific Region. This fleet includes two large aircraft carriers, namely the USS Ronald Reagan and USS Carl Vinson, as well as surface ships, submarines and aircraft. SDG&E provides electricity and natural gas services to all the San Diego County based installations and powers a wide range of national defense and base support activities. In fact, the Navy is SDG&E's single largest customer. SDG&E also supplies energy to approximately 10,000 military family housing units for active duty personnel, empowering these troops and their families with basic energy needs.

"Having reliable energy resources is vital to our mission of defending the country," said Rear Admiral Patrick J. Lorge, Commander, Navy Region Southwest. "The Navy continues to work closely with SDG&E to improve our sustainable and energy conservation practices of these invaluable resources that support our Fleet, Fighters and Families throughout San Diego."

Besides providing vital energy services on a daily basis, SDG&E is bringing innovative new projects to the military to promote energy security and sustainability. For example, SDG&E has helped the military to integrate more than 10 megawatts (MW) of solar power at local bases, which supplies the grid with enough electricity for more than 7,000 homes. In addition, SDG&E is partnering with Defense Department contractors, the Navy and UC San Diego to develop

and demonstrate a “microgrid” on three naval bases (San Diego, Coronado and Point Loma). Microgrids use local power generation, energy storage and other technology to create a more robust, resilient grid in the area. This project will provide valuable insight and lessons-learned for the Navy to consider for future energy security initiatives.

SDG&E will continue to work diligently to provide these vital energy services, which create a strong foundation for the military's ongoing operations and needs. The utility also will continue to work with the military to promote economic growth and job opportunities for veterans. These efforts will help strengthen the military's longstanding ties to San Diego while showing appreciation for the troops as they protect and defend the nation.

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## Camp Pendleton Saves Energy & Earns \$1 Million from SDG&E

Dec 14, 2012

Category: Community, Energy Efficiency

[Link to Article](#)

SDG&E recently presented a check for more than \$1 million to Camp Pendleton for the base's energy efficiency measures completed through the Savings by Design program, a utility-funded initiative that supports high-performance building design in new construction or renovations.

### Setting the bar for military energy efficiency nationally

“Camp Pendleton has been a proven leader in showcasing what the future for green building in San Diego looks like, and it's really set the bar high for other military facilities around the nation,” said SDG&E Vice President of Customer Services Caroline Winn, who was on hand to present the check. “The five projects here provide an overall energy savings of more than 4 million kilowatt hours, which is the equivalent of powering more than 600 homes for an entire year and also almost 200,000 therms, the equivalent of taking almost 450 vehicles off of the road.”

### SDG&E partnership with Marine Corps & improved quality of life

Recent renovations at Camp Pendleton have achieved reduced power and water consumption at many enlisted barracks, with the introduction of geothermal power and water-recycling systems. Natural light and natural ventilation designs have also helped to reduce energy consumption, according to Navy Capt. Marko Medved, the officer in charge of construction at Camp Pendleton.

“Our partnership with SDG&E is very important,” said Brig. Gen. Vincent A. Coglianese, the base commanding general and regional authority for five Marine Corps installations in the Southwestern United States. “They've stood shoulder to shoulder with us on these projects, and it is a visible improvement on the quality of life for our Marines and sailors aboard the base. And we appreciate everyone who's helped us achieve these goals.” (source: [United States Marine Corps article, Dec. 12, 2012](#))

## Description of US Military Participation by IOU

### Pacific, Gas, and Electric (PG&E)

Currently PG&E has projects with NASA, IRS, VA, Coast Guard, FAS, and the U.S. Army. Below are links to PG&E websites describing some of PG&E's energy efficiency efforts catering to their federal government customers, including the U.S. Military.

[http://www.pge.com/en/mybusiness/save/rebates/bybusiness/govt\\_federal.page](http://www.pge.com/en/mybusiness/save/rebates/bybusiness/govt_federal.page)

<http://www.pgecurrents.com/2012/05/02/how-pge-helps-federal-agencies-do-more-with-less/>

PG&E is continuing to work with its US Military customers in the 2013 – 2014 program cycle and to-date have helped the military save close to 390 kW in peak savings and 114,000 therms of natural gas savings while providing \$383,000 in ratepayer funded incentives toward these savings.

### Southern California Edison

Many of SCE's EE incentive programs, such as the statewide Commercial Energy Efficiency Program, the Non-Residential HVAC Program, and the Commercial New Construction Programs, are open to military customers. All of SCE's large military and federal customers have assigned account representatives working with them to participate in energy efficiency programs. In 2010 – 2012 SCE offered Demand Response (DR) funded Federal Power Partnership (FPP) Program to assist federal agencies, including the military, with integrated facility audits to identify EE and DR savings opportunities. Other services included outreach and energy education. Projects identified through FPP created opportunities for SCE's military customers to also apply for incentives through SCE's EE and DR programs.

SCE is currently developing programs for 2015 that will directly target and work with federal customers, including military customers, to provide integrated demand-side management audits, technical assistance, support services, and enhanced incentives to support EE improvements.

### Southern California Gas Company

SCG's Federal Energy Retrofit Program (FERP) provides turnkey natural gas, electric and water conservation projects to the Federal Government. These projects also include renewables such as wind turbines, solar thermal, and photo voltaic systems

FERP turnkey conservation services include -

- Identification of specific conservation measures
- Develop/engineer conservation projects
- Negotiate and execute customer contracts
- Identify appropriate subcontractors and negotiate their contracts
- Identify and negotiate project financing where appropriate
- Install/construct projects

## San Diego Gas and Electric

SDG&E's core energy efficiency programs are available to non-residential customers, including military customers. Below are links to these programs:

Energy Efficiency Business Incentives (EEBI) provides financial incentives for the installation of high-efficiency equipment or systems. Non-Residential Customers that install energy-saving technology are eligible for energy efficiency incentives based on calculated energy savings and permanent peak demand reduction

<http://www.sdge.com/rebates-finder/save-energy-earn-incentives>

Energy Efficiency Business Rebates (EEBR) offer rebates to Non-Residential Customers for installing energy-efficient lighting, refrigeration, food service, natural gas and other technologies.

<http://www.sdge.com/rebates-finder/earn-rebates-your-improvements>

Savings By Design program encourages the design and construction of high-performance projects that offer economic, health and environmental advantages to building owners, building occupants and the public.

<http://www.sdge.com/clean-energy/savings-design/savings-design>

In addition to the military program opportunities provided by SDG&E above, Attachment A includes some web articles describing other SDG&E / military partnerships.

**ATTACHMENT B**

California Legislature—2013–14 regular session

**ASSEMBLY BILL No. 2229**

**Introduced by Assembly Member Bradford**

February 20, 2014

An act to add Section 454.57 to the Public Utilities Code, relating to energy.

Legislative Counsel's digest

AB 2229, as introduced, Bradford. Energy efficiency: military bases and facilities.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. The Public Utilities Act requires the Public Utilities Commission to review and adopt a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives. The act requires that an electrical corporation's proposed procurement plan include certain elements, including a showing that the electrical corporation will first meet its unmet needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. Existing law requires the Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, to identify all potentially achievable cost-effective electricity efficiency savings, and to establish efficiency targets for electrical corporations to achieve pursuant to their procurement plan.

The act requires the Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, to identify all potentially achievable cost-effective natural gas efficiency savings and to establish efficiency targets for gas corporations to achieve, and requires that a gas corporation first meet its unmet resource needs through all available gas efficiency and demand reduction resources that are cost effective, reliable, and feasible.

This bill would require the commission, in consultation with the Energy Commission and the Department of Defense, to identify all potentially achievable cost-effective electricity efficiency savings at military bases and facilities in the state, and to establish efficiency targets for an electrical corporation to achieve at military bases and facilities.

This bill would require the commission, in consultation with the Energy Commission and the Department of Defense, to identify all potentially achievable cost-effective natural gas efficiency savings at military bases and facilities in the state and to establish efficiency targets for the gas corporation to achieve at military bases and facilities.

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

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

Line 1 SECTION 1.

The Legislature finds and declares all of the line 2 following:

Line 3 (a) The Department of Defense is required to comply with laws line 4 enacted by Congress, executive orders, and goals established by line 5 military leaders, including requirements for 3 percent annual line 6 reductions in facility energy intensity , which is measured by line 7 energy used per gross square foot.

Line 8 (b) The Department of Defense is reducing energy demand line 9 through conservation and efficiency. The Department of Defense line 10 is improving the efficiency of its existing buildings through line 11 retrofitting, including the use of advanced lighting, heating, line 12 ventilation, and air conditioning technologies.

Line 13 (c) Department of Defense military bases and facilities located line 14 in California pay into California energy public purpose programs line 15 that fund energy efficiency and other programs.

Line 16 (d) There is currently no targeted partnership with Department line 17 of Defense military bases and facilities located in California to line 18 ensure that funding available for energy efficiency improvements line 19 through programs authorized by the Public Utilities Commission line 20 are directed towards Department of Defense military bases and line 21 facilities located in California.

Line 1 SEC. 2. Section 454.57 is added to the Public Utilities Code, line 2 to read:

Line 3 454.57. Through an existing or new proceeding, the line 4 commission, in consultation with the Energy Commission and the line 5 Department of Defense, shall do the following:

Line 6 (a) Identify all potentially achievable cost-effective electricity line 7 efficiency savings at military bases and facilities in the state and line 8 establish efficiency targets for electrical corporations to achieve line 9 at military bases and facilities in the state pursuant to Section 454.5.

Line 10 (b) Identify all potentially achievable cost-effective natural gas line 11 efficiency savings at military bases and facilities in the state and line 12 establish efficiency targets for gas corporations to achieve at line 13 military bases and facilities in the state pursuant to Section 454.56.

**BILL LANGUAGE:**

**SECTION 1.**

*The Legislature finds and declares all of the following:*

- (a) The United States Department of Defense and the United States Coast Guard, as the nation's largest energy users, are required to comply with laws enacted by Congress, executive orders, and goals established by military leaders, including requirements for 3 percent annual reductions in facility energy intensity, which is measured by energy used per gross square foot.*
- (b) The United States Department of Defense and the United States Coast Guard are reducing energy demand through conservation and efficiency. The United States Department of Defense and the United States Coast Guard are improving the efficiency of their existing buildings through retrofitting, including the use of advanced lighting, heating, ventilation, and air-conditioning technologies.*
- (c) The United States Department of Defense and United States Coast Guard facilities have leveraged the energy efficiency programs of electrical corporations and gas corporations and have used turnkey contracts to facilitate energy efficiency upgrades while bundling energy and water efficiency, demand response, and distributed generation.*
- (d) Additional energy efficiency incentives to assist the United States Department of Defense and the United States Coast Guard to perform energy efficiency projects will help in meeting the state's greenhouse gas reduction goals.*

**SEC. 2.**

*Section 454.57 is added to the Public Utilities Code, to read:*

**454.57.**

- (a) For the purposes of this section, the following terms have the following meanings:*
  - (1) "Military bases and facilities" are those establishments under the jurisdiction of the United States Department of Defense that are classified in Code 928110 of the North American Industry Classification System.*
  - (2) "United States Coast Guard facilities" are those facilities under the jurisdiction of the United States Coast Guard that are classified in Code 926120 of the North American Industry Classification System.*
- (b) Military bases and facilities and United States Coast Guard facilities shall be eligible to calculate their energy efficiency savings by comparing the facilities' existing energy usage, as a whole, with the facilities' projected energy usage that would be achieved from the implementation of the energy efficiency measures.*
- (c) Through an existing or new proceeding, the commission, in consultation with the Energy Commission, the United States Department of Defense, and the United States Coast Guard, shall encourage electrical corporations and gas corporations, using existing military contracting procedures or new partnerships with the federal government, to expedite the implementation of energy efficiency measures and shall enable the achievement of additional energy goals, for example, demand response, self-generation, and energy storage, at military bases and facilities and United States Coast Guard facilities.*
- (d) The commission shall authorize a program for energy efficiency for the purposes of subdivision (b) through existing energy efficiency programs administered by electrical corporations and gas corporations.*
- (e) To the extent that the commission finds that funds in addition to funds collected from ratepayers are needed to achieve energy efficiency saving goals in military bases and facilities and United States Coast Guard facilities, the commission, in consultation with the Energy Commission, the United States Department of Defense, and the United States Coast Guard, shall identify other potential sources of funding to supplement funds collected from ratepayers to achieve those savings goals.*

*(f) This section shall remain in effect only until January 1, 2020, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2020, deletes or extends that date.*

**SEC. 3.**

*No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.*