

Date of Hearing: May 9, 2011

ASSEMBLY COMMITTEE ON UTILITIES AND COMMERCE

Steven Bradford, Chair

AB 1073 (Fuentes) – As Amended: March 31, 2011

SUBJECT: Energy Efficiency Programs: application requirements

SUMMARY: Requires that a written building or construction permit be submitted when customers apply to electric utilities for ratepayer funded energy efficiency incentives. Specifically, this bill:

Requires a written building or construction permit to be submitted at the time of application for any ratepayer-funded energy efficiency incentive for a project that involves a physical alteration or addition to a residential, commercial, or industrial structure.

Provides an exemption for energy efficiency incentives for appliances or changes, alterations, or repairs to structures that are of a minor nature not affecting structural features, egress, sanitation, safety, or accessibility, as determined by the entity of local government responsible for the issuance of building or construction permits.

EXISTING LAW

Requires the California Public Utilities Commission to review and adopt a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives.

Requires investor owned utilities' procurement plan include 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.

Requires the PUC, in consultation with the California Energy 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.

Requires the Energy Commission to develop and implement a comprehensive program to achieve greater energy savings in California's existing residential and nonresidential building stock.

Requires building and construction permits for all construction, reconstruction, installation, moving or alteration of any building or structure, except for changes, alterations or repairs of a minor nature not affecting structural features, egress, sanitation, safety or accessibility as determined by the enforcing agency.

Requires training for contractors conducting renovation or demolition activities in buildings constructed in or before 1978 from a U.S. EPA-accredited training provider.

Authorizes building officials to enforce and interpret state and local health and safety codes related to construction (building, structural, plumbing, mechanical, electrical, fire, energy efficiency).

Exempts contractors' licensing for do-it-yourselfers and contracts for which labor and materials sum to less than \$500 (so long as those small contracts are not for the purpose of evading licensing requirements).

Requires a person who is employed by a licensed contractor to solicit, sell, negotiate, or execute contracts for home improvements, to register with the Contractors State License Board. (Salespersons who only sell goods at the initiative of the prospective buyer or with a general merchandise retail establishment are not considered home improvement salespersons, provided that the establishment operates from a fixed location where the goods or services are offered for sale.)

FISCAL EFFECT: Unknown

COMMENTS:

According to the author, this bill is designed to increase compliance with appropriate state and local building codes that govern energy efficiency construction projects. Contractors and consumers have repeatedly lodged complaints to the California Energy Commission about violations of the state's building and appliance energy efficiency standard. A recent analysis indicates that proper permits are obtained in less than 10 percent of heating, ventilation and air conditioning replacements in existing buildings, even though they are required by state health and safety laws for building construction.

The author also states that contractors who comply with permitting requirements are placed at a competitive disadvantage compared to those who do not obtain a permit. Even though state contractors' licensing is not required for do-it-yourselfers or projects that are less than \$500, construction permits from the local jurisdiction are required for all projects.

As California moves toward more stringent energy efficiency requirements for existing buildings, new challenges may arise with regard to modifying existing buildings due to the possibly of outdated construction materials (such as knob and tube wiring, asbestos insulation, sub-optimal electrical service for current technology needs, possible presence of asbestos and/or lead paint, etc.) that may need to be updated or replaced in conjunction with an energy efficiency retrofit measure.

According to the US Environmental Protection Agency, "Weatherization generally does not cause indoor air problems by adding new pollutants to the air. However, measures such as installing storm windows, weather stripping, Caulking, and blown-in wall insulation can reduce the amount of outdoor air infiltrating into a home. Consequently, after weatherization, concentrations of indoor air pollutants from sources inside the home can increase." US EPA goes on to state that building occupants "should be alert to the emergence of signs of inadequate ventilation, such as stuffy air, moisture condensation on cold surfaces, or mold and mildew growth. Additional weatherization measures should not be undertaken until these problems have been corrected."

Permitting is not only the law but important for building occupants. Lacking appropriate verification of code compliance, building occupants (including but not limited to residential housing, commercial housing, office buildings, etc.) could be subjected to unsafe living conditions because there is no assurance that alterations or improvements comply with current state construction codes.

Permits are obtained from the local jurisdiction having authority, which may mean a city building department, a county building department and, in some locales, a separate permit from the local fire marshal. It may be less of an administrative burden if the rebate applicant could instead self-certify that they have obtained all appropriate permits.

The author may wish to consider the following amendments:

1. Expanding the requirement to include gas utilities and publicly owned utilities.
2. Require that the rebate applicant self-certify that they have obtained appropriate building permits from the local jurisdiction having authority and received final permit approval.
3. Clarify that nothing in this bill is intended to prohibit an owner who builds or improves a structure on his or her property and personally does all his or her own work installing energy efficiency measures from receiving energy efficiency rebates.
4. Clarify that nothing in this bill is intended to prohibit entities, which are lawfully exempt from state contractors' license requirements, from installing measures that will receive energy efficiency rebates.

REGISTERED SUPPORT / OPPOSITION:

Support

Natural Resources Defense Council (NRDC)
Western State Council of Sheet Metal Workers (Sponsor)

Opposition

None on file.

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