

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Cottie Petrie-Norris, Chair

AB 2458 (Bennett) – As Introduced February 20, 2026

SUBJECT: Energy: appliance standards and cost-effective measures

SUMMARY: Existing law requires the California Energy Commission (CEC) to adopt appliance efficiency standards and prohibits the sale or offering for sale of appliances in California unless those appliances comply with applicable standards and are certified to the CEC. This bill extends those requirements to appliances that are rented, leased, imported, or distributed, or offered for rent, lease, importation, or distribution.

EXISTING LAW:

- 1) Requires the CEC to prescribe, by regulation, standards for minimum levels of operating efficiency for appliances whose use requires a significant amount of energy or water and authorizes the CEC to prescribe other cost-effective energy and water efficiency measures. (Public Resources Code § 25402)
- 2) Authorizes the CEC to establish flexible demand appliance standards for appliances that are capable of scheduling or shifting their electricity usage in response to grid signals, for appliances sold or offered for sale in California. (Public Resources Code § 25402.4)
- 3) Requires the CEC to adopt the Title 20 Appliance Efficiency Regulations, which currently apply to appliances sold or offered for sale in California and set minimum energy and water efficiency standards for a wide range of residential and commercial products. Public Resources Code § 25402 (c)(1)
- 4) States that the existing Flexible Demand Appliance Standards apply to new appliances sold or offered for sale, rented, imported, distributed, or leased for use in California — a broader scope than the Appliance Efficiency Regulations, which is the regulatory inconsistency this bill addresses. (California Code of Regulations, Title 20, § 1690)
- 5) Authorizes the CEC's Office of Compliance and Enforcement (OCAE) to operate the Title 20 Appliance Efficiency Standards Compliance Assistance and Enforcement Program, which administers and enforces California's appliance efficiency standards against noncompliant manufacturers and distributors. (Public Resources Code § 25402.11 et seq.)

FISCAL EFFECT: Unknown. This bill is keyed fiscal and will be referred to the Committee on Appropriations for review.

BACKGROUND:

California's Appliance Efficiency Program – The CEC adopted California's first appliance efficiency regulation in 1977, making California a national leader on appliance standards

decades before significant federal action.¹ Since then, the Appliance Efficiency Program has saved Californians tens of billions of dollars in utility costs. Specifically, according to the CEC, recently adopted appliance efficiency standards saved California households and businesses \$14.7 billion in 2025 alone. Savings come from standards applied across lighting, televisions, battery chargers, and other products, and have grown steadily year over year as more standards have taken effect.

Flexible Demand Appliance – A flexible demand appliance is one capable of scheduling or shifting its electricity usage in response to real-time signals from the electricity grid. Rather than drawing power whenever it is turned on, a flexible demand appliance can delay its operation to periods when renewable energy is abundant and electricity is cheap. For example, running a commercial dishwasher cycle during midday solar generation hours rather than at peak demand. Other examples include emergence of smart thermostats, heat pump water heaters with load shifting capability, electric vehicle charging systems and automated demand response-enabled HVACs. These technologies create a two-way connection between equipment and the grid, reducing customer electricity costs by shifting load away from peak periods and helping California manage grid reliability and reduce system costs.² In 2019, SB 49 (Skinner, Chapter 697, Statutes of 2019) authorized the CEC to establish flexible demand standards. However, the scope of those standards, like the broader Appliance Efficiency Regulations, applies only to appliances sold or offered for sale, leaving rented and leased appliances outside the regulatory framework.

Shifting Market for Appliances – California’s electrification policy and financing innovation supports the supply chain for most appliances to follow a manufacturer – distributor – contractor – installation model. In this service model, end users often have limited control over equipment selection while providers increasingly offer “Equipment-as-a-service” bundling installation, maintenance and sometimes energy optimization into a single offering. Moreover, capital cost constraints and rapid technology turnover make the lease model for most commercial equipment more preferred due to the bundled service (maintenance, repairs and replacement cycles) built into leasing contracts that are generally preferred by customers to avoid lost revenue during equipment downtime. With this, equipment is increasingly being leased or rented as opposed to traditional direct sale to customers. This market shift creates misalignment for the current standards that are triggered by point-of-sale transactions rather than equipment installation or use over time.

COMMENTS:

- 1) *Author’s Statement.* According to the author, “Flexible demand appliances provide users with the ability to schedule or shift their electricity usage. This allows an appliance to be in use at a time when renewables are abundant, and energy costs are low. Although the Energy Commission has established flexible demand standards for appliances sold in California, it does not have authority to ensure that these common sense standards apply

¹ CEC; “Appliance Efficiency Program: Outreach and Education”; <https://www.energy.ca.gov/programs-and-topics/programs/appliance-efficiency-program-outreach-and-education>

² California Energy Commission, *Flexible Demand Appliance Standards*, describing appliances that can shift electricity use in response to grid conditions to support reliability and integrate renewable energy, <https://www.energy.ca.gov/proceedings/active-proceedings/flexible-demand-appliances/flexible-demand-appliance-standards>

to appliances that are rented or leased. AB 2458 allows the Energy Commission to apply their existing regulations to all appliances used in California which will ultimately provide commercial appliance users a means by which to reduce their energy costs.”

- 2) *Targeted Change.* This bill expands the scope of the CEC’s Appliance Efficiency Regulations to apply not only to appliances sold or offered for sale, but also to those that are rented, leased, distributed, or imported for use in California. The bill does not establish new efficiency standards, direct the CEC to adopt specific efficiency levels, or create new compliance processes. Instead, it ensures that when the CEC adopts an efficiency standard for a given appliance category, that standard applies to all covered appliances used in California, regardless of how they enter the market. This change is particularly relevant in sectors where leasing is common. For example, in the commercial dishwasher market, where about 50% of units are leased and roughly 10,000 units are sold in California each year, the bill would expand the share of appliances subject to CEC standards, which may increase associated energy, water, and utility cost savings.
- 3) *The Bill that Pays for Itself.* For 16 of the 21 dishwasher types analyzed by the CEC, the efficiency upgrade pays for itself in under two and a half years. After that, the savings on electricity, gas, and water continue over the remaining life of the machine, which ranges from 12 to 20 years, depending on the type. The lifetime benefit-to-cost ratio ranges from 1.4 to 15.1, meaning total utility savings are approximately 1.4 to 15 times the incremental cost of meeting the standard. Statewide, those savings add up. The CEC estimates that efficiency standards for commercial dishwashers could save California about \$199.3 million annually, along with 399 GWh of electricity, 18 million therms of gas, and 2.62 billion gallons of water. However, those estimates assume the standard applies to the full market. Roughly half of California’s commercial dishwashers are leased, and under current law, leased equipment is not required to meet these standards. Therefore, AB 2458 seeks to extend those standards to leased equipment, ensuring the full savings are realized across the entire market.
- 4) *Prior Legislation.*

SB 49 (Skinner, Chapter 697, Statutes of 2019) authorized the CEC to establish flexible demand appliance standards — the most significant prior expansion of CEC appliance efficiency authority. SB 49 created the legal framework for flexible demand standards, but applied those standards only to appliances sold or offered for sale.

AB 32 (Nunez, Chapter 488, Statutes of 2006), the California Global Warming Solutions Act, designated CARB as the state agency responsible for monitoring and regulating greenhouse gas emissions and required CARB to prepare a Scoping Plan for achieving maximum technologically feasible and cost-effective GHG reductions.

REGISTERED SUPPORT / OPPOSITION:

Support

Appliance Standards Awareness Project
California Efficiency + Demand Management Council
California State Association of Electrical Workers

Ceres
Coalition of California Utility Employees
Consumer Federation of America
Edison International and Affiliates, Including Southern California Edison
Pacific Gas and Electric Company

Opposition

None on file.

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