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THIRD READING

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Bill No: SB 1261  
Author: Stern (D), et al.  
Amended: 5/19/22  
Vote: 21

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SENATE ENERGY, U. & C. COMMITTEE: 10-0, 3/28/22  
AYES: Hueso, Becker, Bradford, Dodd, Gonzalez, Hertzberg, McGuire, Min,  
Rubio, Stern  
NO VOTE RECORDED: Dahle, Borgeas, Eggman, Grove

SENATE NATURAL RES. & WATER COMMITTEE: 7-1, 4/26/22  
AYES: Stern, Allen, Eggman, Hertzberg, Hueso, Laird, Limón  
NOES: Jones  
NO VOTE RECORDED: Grove

SENATE APPROPRIATIONS COMMITTEE: 5-1, 5/19/22  
AYES: Portantino, Bradford, Kamlager, Laird, Wieckowski  
NOES: Jones  
NO VOTE RECORDED: Bates

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**SUBJECT:** Energy assistance: residential building extreme heat zone mitigation  
assistance program

**SOURCE:** Author

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**DIGEST:** This bill requires the California Energy Commission (CEC) to develop  
a residential building extreme heat zone mitigation assistance grant program.

**ANALYSIS:**

Existing law:

- 1) Requires the Department of Community Services and Development (CSD) to  
receive and administer the federal Low-Income Home Energy Assistance

Program (LIHEAP) Block Grant. Prescribes amounts to be applied to certain services under the program, including for weatherization and related services and the reduction of home energy needs, among other things. (Government Code §16367.5)

- 2) Establishes programs designed to provide long-term reductions in energy consumption by low-income household dwelling units, including assistance for the purchase of energy-efficient appliances. (Public Utilities Code §2790)
- 3) Requires the CEC, via the Energy Conservation Act of 2001, to establish a grant program to provide financial assistance to eligible low-income individuals for constructing and retrofitting buildings to be more energy efficient by using design elements, including, among other things, the use of products certified by the CEC as energy-efficient zone heating products. (Public Resources Code §25433)
- 4) Establishes the Building Initiative for Low-Emissions Development (BUILD) Program to require gas corporations to provide incentives to eligible applicants for the deployment of near-zero-emission building technologies to significantly reduce the emissions of greenhouse gases (GHG) from those buildings below the minimum projected emissions reductions that would otherwise be expected to result from the implementation of the prescriptive standards described in Section 150.1 of Subchapter 8 of Part 6 of Title 24 of the California Code of Regulations. (Public Utilities Code §921.1)
- 5) Requires the California Public Utilities Commission (CPUC) to develop and supervise the administration of the Technology and Equipment for Clean Heating (TECH) Initiative, a statewide market development initiative, to require gas corporations to advance the state's market for low-emission space and water heating equipment for new and existing residential buildings through upstream market development, consumer education, contractor and vendor training, and the provision of upstream and midstream incentives to install low-emission space and water heating equipment in existing and new buildings, with technologies identified pursuant to subdivision (b). (Public Utilities Code §922)

This bill:

- 1) Requires, upon appropriation by the Legislature, the CEC, in consultation with the Natural Resources Agency, to develop a residential building extreme heat

zone mitigation program to provide grants to residents to mitigate extreme heat-related impacts.

- 2) Requires the program provide assistance in areas that include, but are not limited to, weatherization, energy and water efficiency, and net-zero retrofits for heating and cooling.
- 3) Requires the CEC, beginning February 1 of the year following the first year in which grants are awarded and annually thereafter, to report to the appropriate policy committees of the Legislature a summary of the grants awarded under the program, as specified.

## Background

*State has many energy assistance programs.* There are several energy assistance programs to help low-income residents and households. These include:

- *Energy Savings Assistance (ESA) Program.* The ESA Program is one of the state's oldest energy assistance programs, with origins in a 1983 decision by the CPUC, and one of the key assistance programs administered by the state's four largest investor-owned energy utilities. The ESA Program offers no-cost energy efficiency measures and non-energy benefits for income-qualified households. Services provided include attic insulation, energy-efficient refrigerators, energy-efficient furnaces, weather-stripping, caulking, low-flow showerheads, water-heater blankets, and door and building envelope repairs that reduce air infiltration. In providing these energy efficiency and weatherization measures, the ESA Program is able to help low-income families reduce energy consumption and optimize a more efficient use of energy, while improving quality of life and comfort. Both participating and non-participating ratepayers fund the ESA Program via a surcharge on electric and gas utility bills.
- *Low-Income Home Energy Assistance Program (LIHEAP).* LIHEAP is a federally funded program administered through the CSD and its network of local government and nonprofit providers. LIHEAP provides one-time emergency utility bill assistance for eligible customers of any electric or gas utility in the state. The LIHEAP also provides some weatherization assistance, although more limited than the ESA Program.
- *Weatherization Assistance Program (WAP).* The United States Department of Energy's WAP is administered by CSD and its network of providers in

California. WAP helps reduce energy usage and costs by providing services intended to improve energy efficiency in the homes of eligible low-income households.

- *Other Energy Assistance Programs.* In addition to the programs noted above, there are additional assistance programs to help low-income customers. Most notably, in previous years, the state has also provided funding for energy assistance programs, through the greenhouse gas reduction fund (GGRF), for a Low-Income Weatherization Program (LIWP) also administered by CSD and which largely provide solar installations on eligible homes. The CPUC also administers a number of programs that provide financial assistance, in many cases for solar other distributed energy resources including energy storage batteries, with some funding targeted at low-income or disadvantaged communities. These programs include: the Self Generation Incentive Program (SGIP) and Solar on Multifamily Affordable Housing.
- *SB 1477 BUILD and TECH programs.* SB 1477 (Stern, Chapter 378, Statutes of 2018) made available \$50 million annually for four years, for a total of \$200 million, derived from the revenue generated from the GHG emission allowances directly allocated to gas corporations and consigned to auction as part of the California Air Resources Board's (CARB's) Cap-and-Trade program. The CPUC decision appropriates 40 percent of the \$200 million budget for the BUILD Program and 60 percent for the TECH Initiative. The BUILD Program is administered by the CEC with CPUC oversight. Per the CPUC direction, the CEC should aim to design the BUILD Program with the goal to deploy near-zero emission building technologies in the largest number of new residential housing units possible. To achieve that aim, at least 30 percent of the total \$200 million in total funding authorized by SB 1477 (i.e., \$60 million) is appropriated for new low-income residential housing under BUILD Program.

*International Panel on Climate Change (IPCC) issued its Working Group II report.* The second installment of the IPCC's Sixth Assessment Report was recently issued. The report identified the following extreme heat concerns:

- In all regions extreme heat events have resulted in human mortality and morbidity.
- Hot extremes including heatwaves have intensified in cities, where they have also aggravated air pollution events and limited functioning of key infrastructure.

- Globally, population exposure to heatwaves will continue to increase with additional warming, with strong geographical differences in heat-related mortality without additional adaptation

*State Action Plan.* The draft *Protecting Californians Amidst Extreme Heat: a State Action Plan to Build Community Resilience* issued by the California Resources Agency provides a range of options that must be considered and implemented to address extreme heat effects, including utilizing existing energy efficiency programs (as noted above), as well as, outdoor mitigation, public health interventions, and workplace protections.

*Extreme heat in California.* As noted in several studies, the state will be impacted in years and decades to come by higher average temperatures and more frequent and severe heat waves. Extreme heat threatens public health and safety, economic prosperity, and communities and natural systems. It also poses profoundly disproportionate consequences for the most vulnerable populations, including tribal nations, low-income neighborhoods, communities of color, and older and disabled adults.

*Governor's Budget Proposal includes funding to address extreme heat impacts.* The Governor's budget proposes \$962.4 million General Fund over two years for critical investments that include:

- \$622.4 million over two years for a statewide low-income direct-install building retrofit program.
- \$300 million for consumer rebates for building upgrades, such as replacement of fossil fuel equipment with electric appliances.
- \$40 million to accelerate the adoption of ultra-low-global warming potential refrigerants.

The 2021 Budget committed \$800 million one-time General Fund over three years to reduce urgent risks and build long-term resilience to the impacts of extreme heat across California.

*SB 1261.* This bill is consistent with recommendations from the *draft Heat Action Plan*. In particular, Goal 3, R1 under the "Increase Resilience of our Built Environment" action track of the draft plan recommends the development and

implementation of a program to accelerate protection of low-income households in disadvantaged communities across the state that are impacted by extreme heat. According to the draft plan, the program would provide for the direct installation of new heat pump HVAC equipment and retrofits of existing air-conditioning systems, and complementary efficiency measures where needed, in existing residential single family or multifamily buildings. Further, Goal 3, R3 of this same action track recommends providing funding for additional heat pump HVAC equipment to low-income Californians as part of the TECH Initiative. This equipment provides air conditioning in summer and space heating in winter without relying on natural gas.

### **Related/Prior Legislation**

AB 2238 (L. Rivas, 2022) requires the Department of Insurance to develop a statewide extreme heat ranking system that includes specified data and partnering with other agencies to create extreme heat mitigation strategies. The bill is pending consideration before the full Assembly.

AB 2387 (E. Garcia, 2022) enacts a \$7,430,000,000 the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond to finance projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, and workforce development programs. The bill was held in the Assembly Committee on Appropriations.

SB 560 (Rubio, 2021) establishes the Climate Pollution Reduction in Homes Initiative and requires the CEC to administer the initiative to provide grants for projects, including, but not limited to, those that provide financial assistance to low-income households for the purchase of zero-carbon-emitting appliances, low-income weatherization projects to improve air quality and public health in low-income communities, and technology to address deenergization events. The bill is pending consideration in the Assembly Committee on Natural Resources.

SB 756 (Hueso, Chapter 248, Statutes of 2021) defined “low-income customers” for the purposes of eligibility for the ESA Program to mean low-income persons or families with household income at or below 250 percent of federal poverty level, instead of the current 200 percent of federal poverty.

AB 585 (L. Rivas, 2021) would have established the Extreme Heat and Community Resilience Program for coordinating state efforts supporting local and

regional efforts to mitigate the effects of extreme heat with OPR as the lead. The bill was held in the Senate Committee on Appropriations.

SB 1035 (Rubio, 2020) would have established the Climate Pollution Reduction in Low-Income Homes Initiative. The bill would have required the CEC to administer the initiative to provide grants to eligible entities to provide financial assistance to low-income households for the purchase of low-carbon-emitting appliances. The bill died in the Senate Committee on Energy, Utilities and Communications.

SB 1477 (Stern, Chapter 378, Statutes of 2018) required the CPUC, in consultation with the CEC, to develop and administer a program to require gas corporations to provide incentives for near-zero and zero-emissions building technologies to significantly reduce the emissions of GHGs from those buildings below the minimum projected emissions that would otherwise be expected to result from the implementation of the state's building standards.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- Unknown cost pressure, likely in the tens or hundreds of millions of dollars annually (General Fund, special fund, or bond fund), to provide funding for the grant program that would be established by this bill.
- Cost pressure of up to \$600,000 annually (General Fund or special fund) to provide funding for the CEC to implement the provisions of this bill. In addition, CEC notes that it would require 15 percent of the proposed program costs to cover administrative duties.
- CNRA estimates its costs would likely be minor and absorbable.

**SUPPORT:** (Verified 5/20/22)

California Environmental Voters  
Natural Resources Defense Council  
RMI  
Sierra Club California

**OPPOSITION:** (Verified 5/20/22)

None received

**ARGUMENTS IN SUPPORT:** According to the author:

The worsening effects of climate change have resulted in a global climate emergency. Our best science and data inform us that California will continue to feel the impacts of extreme heat events for decades to come. The warning signs have been posted for years, but recent extreme heat events lasting days at a time, in regions not accustomed to such events have left many communities off guard on how to mitigate the worsening effects of climate change. Extreme heat disproportionately affects the most vulnerable communities, including the elderly, the young and those with pre-existing health conditions. Rising temperatures will only exacerbate the problem of heat-health events. Currently, the average annual temperature in California has already exceeded 1°F, with some areas exceeding 2°F. By 2050, the daily maximum average temperature in California is expected to rise 4.4°F – 5.8°F with heat-health events projected to last two weeks longer in the Central Valley and four to ten times more often in the Northern Sierra region.

We have little time to spare in ensuring the state includes extreme heat zone mitigation programs in its arsenal of climate mitigation strategies.

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