



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Dennis Hawkins, CMC  
City Clerk

A handwritten signature in black ink, appearing to read "Dennis Hawkins".

**SUBJECT:** SEE BELOW

**DATE:** 07-27-11

---

**SUBJECT:** AB 723 (BRADFORD) PUBLIC GOODS CHARGE FOR ENERGY  
EFFICIENCY

## RECOMMENDATION

As referred by the Rules and Open Government Committee on July 27, 2011 and outlined in the attached memo previously submitted to the Rules and Open Government Committee, approve a support position for AB 723 (Bradford) Public Goods Charge for Energy Efficiency.



Subject: **AB 723 (Bradford)**  
**Public Goods Charge for Energy Efficiency**

**RULES COMMITTEE: 7-27-11**  
**ITEM: D.1.c**

**Recommend Position: Support**

**Rules and Open Government Committee Action Request**

<b>Department:</b> ESD	<b>DATE:</b> 07/12/11	<b>Coordination:</b> City Manager/ City Attorney/ Legis. Rep in Sacramento	<b>CMO Approval:</b> 
			<b>Dept. Approval:</b> Kerrie Romanow /s/

**RECOMMENDED ACTION:**

1. Pursuant to the City's streamlined bill process for responding quickly to legislative proposals, approve support for AB 723 (Bradford)
2. Recommend a one-week turnaround to the City Council so that the City's legislative staff can advocate the City's support for AB 723.

**BILL SYNOPSIS:**

This bill extends until January 1, 2020 authority to collect the Public Goods Charge (PGC), which funds statewide energy efficiency programs. The authority to collect the funds for these programs currently ends January 1, 2012. The electricity PGC is a nonbypassable surcharge imposed on all retail sales to fund public goods research, development and demonstration (RD&D), and energy efficiency activities. The electricity PGC funds three primary programs: 1) Public Interest Energy Research (PIER)--\$62.5 million annually, administered by the California Energy Commission (CEC); 2) Renewable Energy Program -- \$65.5 million annually, administered by CEC; and, 3) Energy Efficiency--\$228 million annually, administered by the CPUC.

**IMPACTS TO CITY OF SAN JOSÉ:**

The Public Goods Charge funding (PGC), currently administered by the Investor-Owned Utilities (PG&E), has provided the bulk of financial resources for the City's community energy efficiency programs (over \$2.9M through the City's Silicon Valley Energy Watch Program since 2004). These funds have been used for direct installation of energy efficiency measures for the residential and business sectors, marketing and outreach, and training activities for energy and construction industry professionals as well as resident homeowners. The PGC has also funded energy efficiency audits, upgrades, new technology installations, and rebates for energy efficiency in San José City facilities (\$1.3M since 2006). As a PG&E ratepayer, the City contributes to the overall funding through its utility rates, at an estimated total of about \$550,000 per year. These fees are required of us with no guarantee that we will receive funding in return.

**POLICY ALIGNMENT:**

Included in the Council approved 2011 Legislative Guiding Principles and Priorities under Principle F (Promote Livability, Sustainable Development, and Environmental Protection) is language supporting state and federal incentives that foster energy innovation, including energy efficiency. It also states that the City should support legislation that advances initiatives and secures funding to address climate change, and San Jose's Green Vision efforts.

**SUPPORTERS/OPPONENTS:**

**Support:**

South Bay Cities Council of Governments  
City of Chula Vista  
California Association of Sanitation Agencies  
Association of Bay Area Governments  
California Biomass Energy Alliance  
California Energy Efficiency Industry Council  
California State Pipe Trades Council  
Coalition of California Utility Employees  
International Brotherhood of Electrical Workers  
Western States Council of Sheet Metal Workers

**Opposed:**

California Manufacturers Association  
Howard Jarvis Taxpayers Association  
International Union of Elevator Constructors  
Utility Workers Union of America  
Los Angeles County Board of Supervisors  
Santa Clara County Board of Supervisors  
Environmental Defense Fund  
The Nature Conservancy  
Union of Concerned Scientists  
Clean Power Campaign  
Natural Resources Defense Council

**STATUS OF BILL:**

Passed out of the Assembly. Amended and re-referred to the Senate Committee on Energy, Utilities and Commerce.

**FOR QUESTIONS, CONTACT: Mary Tucker – 408-975-2581 or Linden Skjeie – 975-2577**