

**ASSEMBLY BILL**

**No. 3232**

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**Introduced by Assembly Member Friedman**  
**(Coauthors: Assembly Members Bloom, Chiu, and Mark Stone)**  
(Coauthors: Senators Allen and Stern)

February 16, 2018

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An act to add Sections 25328 and 25403 to the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 3232, as introduced, Friedman. Zero-emissions buildings and sources of heat energy.

The Warren-Alquist State Energy Resources Conservation and Development Act requires the State Energy Resources Conservation and Development Commission (Energy Commission) to adopt building design and construction standards and energy and water conservation standards for new residential and nonresidential buildings to reduce the wasteful, uneconomic, inefficient, or unnecessary consumption of energy, including energy associated with the use of water. The act requires those standards to be cost effective when taken in their entirety and when amortized over the economic life of the structure compared with historic practice.

This bill would require the Energy Commission, by January 1, 2020, to establish a plan to achieve the goal that all new residential and nonresidential buildings built on or after January 1, 2030, to be zero-emission buildings, as defined, and to develop a strategy to achieve a reduction in the emissions of greenhouse gases from the state's residential and nonresidential building stock of 50% below 1990 levels by January 1, 2030. The bill would require the Energy Commission, by

January 1, 2020, to develop standards for use by electrical corporations, gas corporations, local publicly owned electric utilities, and local publicly owned gas utilities for reporting the emissions of greenhouse gases associated with the supply of energy to their customers, on a geographic area basis. The bill would require those utilities to report those emissions to the Energy Commission and would require the Energy Commission to make those reports publicly available. By requiring local publicly owned electric and gas utilities to submit this report, this bill would impose a state-mandated local program.

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 for a specified reason.

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

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

- 1 SECTION 1. (a) The Legislature finds and declares all of the
- 2 following:
- 3 (1) Chapter 249 of the Statutes of 2016 directs the state to
- 4 achieve a reduction in the emissions of greenhouse gases of 40%
- 5 below 1990 levels by 2030.
- 6 (2) Building-related emissions are the second largest category
- 7 of emissions of greenhouse gases in the state, accounting for 25%
- 8 of all emissions of greenhouse gases.
- 9 (3) Direct emissions from the combustion of fossil fuels in
- 10 buildings, primarily for space and water heating, accounts for 10%
- 11 of all emissions of greenhouse gases in California.
- 12 (4) Approximately half of all energy used in buildings in
- 13 California is in the form of on-site combustion of fossil fuels.
- 14 (5) The state has many ambitious energy efficiency building
- 15 goals. Chapter 470 of the Statutes of 2009 requires the State Energy
- 16 Resources Conservation and Development Commission to establish
- 17 a comprehensive program to achieve greater energy savings in the
- 18 state’s existing residential and nonresidential building stock. The
- 19 Clean Energy and Pollution Reduction Act of 2015 (Chapter 547
- 20 of the Statutes of 2015) establishes a goal of achieving a cumulative
- 21 doubling of statewide energy efficiency savings in electricity and

1 natural gas final end uses of retail customers by January 1, 2030.  
2 However, the state has not established greenhouse gas emission  
3 reduction goals for buildings.

4 (6) Decarbonizing California’s buildings is essential to achieve  
5 the state’s greenhouse gas emission reduction goals at the lowest  
6 possible cost.

7 (b) It is the intent of the Legislature to do both of the following:

8 (1) Establish the goal that new residential and nonresidential  
9 buildings built on or after January 1, 2030, should be  
10 zero-greenhouse-gas-emission buildings.

11 (2) Achieve significant reduction in the emissions of greenhouse  
12 gases in the state’s building stock by January 1, 2030.

13 SEC. 2. Section 25328 is added to the Public Resources Code,  
14 to read:

15 25328. (a) On or before January 1, 2020, the commission shall  
16 develop reporting standards for use by electrical corporations, gas  
17 corporations, local publicly owned electric utilities, and local  
18 publicly owned gas utilities to report the emissions of greenhouse  
19 gases associated with the supply of energy to their residential and  
20 commercial customers, on a geographic area basis as determined  
21 by the commission.

22 (b) (1) Each electrical corporation, gas corporation, local  
23 publicly owned electric utility, and local publicly owned gas utility,  
24 using the standards developed pursuant to subdivision (a), shall  
25 report to the commission the emissions of greenhouse gases  
26 associated with its supply of energy.

27 (2) The commission shall make the reports publicly available  
28 on its Internet Web site.

29 SEC. 3. Section 25403 is added to the Public Resources Code,  
30 to read:

31 25403. (a) For purposes of this section, “zero-emission  
32 building” means a building with operational parameters that result  
33 in zero or negative emissions of greenhouse gases, as measured  
34 on an annual basis, when considering the hourly marginal emissions  
35 factors from both thermal fuels and electricity at the time when  
36 energy is used in the building.

37 (b) By January 1, 2020, the commission shall do both of the  
38 following:

1 (1) Develop a plan to achieve the goal that all new residential  
2 and nonresidential buildings built on or after January 1, 2030, be  
3 zero-emission buildings.

4 (2) Establish a strategy to achieve a reduction in the emissions  
5 of greenhouse gases by the state’s residential and nonresidential  
6 building stock of 50 percent below the 1990 levels by January 1,  
7 2030.

8 (c) The plan and strategy shall include the adoption of policy  
9 changes needed in the regulations adopted pursuant to Section  
10 25402 to achieve the goals specified in subdivision (b) and  
11 incentive programs that may be authorized by the Public Utilities  
12 Commission to transform the market for low-emission space and  
13 water heating technologies.

14 SEC. 4. No reimbursement is required by this act pursuant to  
15 Section 6 of Article XIII B of the California Constitution because  
16 a local agency or school district has the authority to levy service  
17 charges, fees, or assessments sufficient to pay for the program or  
18 level of service mandated by this act, within the meaning of Section  
19 17556 of the Government Code.