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**SENATE COMMITTEE ON ENERGY, UTILITIES AND  
COMMUNICATIONS**

**Senator Ben Hueso, Chair**

**2021 - 2022 Regular**

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<b>Bill No:</b>	SB 1063	<b>Hearing Date:</b>	4/26/2022
<b>Author:</b>	Skinner		
<b>Version:</b>	4/18/2022 Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Sarah Smith		

**SUBJECT:** Energy: appliance standards and cost-effective measures

**DIGEST:** This bill allows the California Energy Commission (CEC) to implement certain appliance efficiency standards sooner if the CEC first makes a specified good cause finding.

**ANALYSIS:**

Existing law:

- 1) Requires the CEC to establish appliance efficiency standards based on a reasonable use pattern. The CEC may prescribe other cost-effective measures, including incentive programs, fleet averaging, energy and water consumption labeling not preempted by federal labeling law, and consumer education programs, to promote the use of energy and water efficient appliances whose use requires a significant amount of energy or water use on a statewide basis. An appliance manufactured on or after the effective date of these standards may not be offered for sale in California unless it complies with the standards. Appliance efficiency standards may not become effective sooner than one year after the CEC adopts or revises the standards. (Public Resources Code §25402(c)(1))
- 2) Requires the CEC to adopt standards for appliances to facilitate the deployment of flexible demand technologies. These regulations may include labeling provisions to promote the use of appliances with flexible demand capabilities. The flexible demand appliance standards must be based on the ability of the appliance's functions to be scheduled, shifted, or curtailed to reduce greenhouse gas (GHG) emissions associated with electricity generation. The standards shall become effective no sooner than one year after the date of their adoption or updating. (Public Resources Code §25402(f))
- 3) Authorizes the CEC to adopt regulations establishing an administrative enforcement process for appliance efficiency violations and allows the CEC to

assess a civil money penalty for violations up to \$2,500 for each violation. Penalties assessed for appliance efficiency violations are deposited into the CEC's Appliance Efficiency Enforcement Subaccount and fund the CEC's appliance efficiency enforcement activities upon appropriation by the Legislature. (Public Resources Code §25402.11)

This bill:

- 1) Allows the CEC to implement an appliance efficiency standard sooner than one year after adopting or updating the standard if the CEC makes a specified finding of good cause.
- 2) Requires the CEC to consider the following factors when making a finding of good cause to implement an appliance standard sooner than one year following its adoption:
  - a) The availability of products on the market that meet the adopted or revised standard.
  - b) The impact of an earlier effective date on manufacturers.
  - c) The health and safety benefits of an earlier effective date.
  - d) The impact on innovation resulting from a one-year delay between the date of adoption or revision and the effective date of the standard.

## Background

*Title 20: CEC's Appliance Efficiency Authority.* Existing law establishes the CEC's authority to create energy and water efficiency standards for appliances. These standards are contained in Title 20 of the California Code of Regulations. Existing law requires the CEC to base the standards on a reasonable pattern of use for the appliance. The CEC's appliance standards apply to categories of appliances offered for sale in California, and the CEC enforces these standards at the manufacturer and retailer level.

*Bill enables CEC to set a shorter deadline for enforcing changes to appliance standards.* Under existing law, the CEC may not enforce changes to appliance standards sooner than one year after the CEC adopts the changes. This yearlong grace period was established in the original Warren-Alquist Act (AB 1575, Warren, Chapter 276 Statutes of 1974) to provide manufacturers with time to adjust to the new standards and give retailers time to sell and clear out old stock that would not comply with the new rules. While grace periods can ensure that retailers are more likely to only stock compliant products, long grace periods also result in lost potential energy savings. Since the CEC's appliance standards only apply to products offered for sale in California, energy savings are realized over

the life of a compliant product after the appliance's purchase. Long-term sales of non-compliant products prevent consumers from realizing the energy savings that would have been achieved over the life of the appliance. These losses are particularly harmful in circumstances where most manufacturers are voluntarily complying before the enforcement deadline. In 2018, the CEC updated standards for portable electric spas. At the time of the standards' adoption, more than 77 percent of the models already complied with the new standard. The CEC estimates that the one-year grace period resulted a loss of potential energy savings worth up to \$22 million per year.

*Bill requires the CEC to consider certain factors before shortening the one-year grace period.* This bill requires the CEC to make a finding of good cause before shortening the deadline for enforcing changes to the appliance standard. This bill also specifies certain factors the CEC must consider when making this finding. These factors include product availability, impacts on manufacturers, health and safety concerns, and impacts associated with allowing the sale noncompliant products for a year after adopting new standards. While this bill enables the CEC to establish an effective date sooner than one year after adopting the standards, the bill does not allow the CEC to completely waive the process of specifying a future effective date. Additionally, this bill does not exempt the appliance standards from the regulatory requirements of the Administrative Procedures Act.

*Appliance standards changes can also respond to manufacturer concerns and increase access to appliances.* Revisions to the CEC's appliance standards may be made for a number of reasons that would not result in the elimination of any products in the marketplace. Updates may be made to the appliance standards to adjust the rules for testing products to demonstrate their compliance with the standards. These updates may increase consumers' access to products as changes to testing could allow more products to demonstrate compliance with the rules. Additionally, testing rules for appliance standards may be changed to reflect requests from manufacturers and changes in the ways that appliances are used. For example, the CEC is currently in the process of updating appliance standards for air filters to eliminate ambiguity in the testing process. The CEC undertook this update to address concerns from air filter manufacturers regarding existing air filter testing requirements.

### **Prior/Related Legislation**

SB 49 (Skinner, Chapter 697, Statutes of 2019) expanded the CEC's appliance energy efficiency authority by requiring the CEC develop standards for appliances to facilitate the deployment of flexible demand technologies. The standards must

be based on the ability of an appliance's operations to be scheduled, shifted, or curtailed to reduce GHG emissions associated with electricity generation.

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

**SUPPORT:**

California Efficiency + Demand Management Council  
Environment California

**OPPOSITION:**

Association of Home Appliance Manufacturers  
Air-Conditioning, Heating and Refrigeration Institute, unless amended

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

California is a mecca for technological innovation – home to global tech companies innovating the newest devices. This includes state-of-the-art efficient and “green” appliance technologies that help California’s homeowners and business owners use less energy and water and fight climate change. Despite the fast pace of innovation, California’s appliance standards process requires strict waiting periods before new technology standards are adopted.

SB 1063 will help California access new technologies more quickly by allowing new appliance standards to be applied more quickly, if the CA Energy Commission makes a “good cause” finding that accelerated adoption is warranted.

**ARGUMENTS IN OPPOSITION:** The Air-Conditioning, Heating, and Refrigeration Institute (AHRI) is opposed this bill unless it is amended to add additional factors the CEC must consider when making a good cause finding. These additional factors include the shortened time frame’s impact on consumers and smaller businesses, supply chain challenges, and potentially overlapping regulatory requirements. The Association of Home Appliance Manufacturers (AHAM) opposes this bill because it argues that a shorter time frame for compliance would limit consumer choice by restricting manufacturers’ ability to redesign and test a wider range of compliant products before changes take effect. In opposition, AHAM states:

Providing the CEC with this unbridled authority to make a rule effective immediately would be unreasonable for appliance manufacturers as it would provide manufacturers no time to change their products to meet any new standard. Under Federal law, manufacturers have five years to comply with Department of Energy, energy conservation standards for new products and three years to comply with amended energy conservation standards, both of which allow for redesign, retooling of factories, pilot product testing, safety testing, and many other requirements to ensure the product is ready for the market.

**-- END --**