

**California Community Colleges
Government Relations Division
2007-08 Legislative Bill Analysis**

BILL No.	AUTHOR	SUBJECT	BILL VERSION (DATE)	STATUS/LOCATION
AB 625	Levine	Energy Efficiency retrofits.	Amended June 1, 2007	Energy, Utilities and Communications
POSITION	POSITION STATUS	ANALYSIS VERSION (DATE)	GR STAFF	DIVISION LIAISON
Support, if amended	Recommended for Position based on SO 317	06/10/08	P.Stark M. Magee	Facilities Dan Estrada Fred Harris

Summary: AB 625 authorizes the use of funds and interest generated by a settlement agreement with the Williams Companies, Inc. and Williams Energy Marketing & Trading Company. This bill permits California's higher education facilities to request funding from awards derived from Williams Settlement agreement (WSA) to integrate energy efficiency technologies in the educational curriculum and perform energy-efficiency retrofits on schools and public buildings.

AB 625 requires WSA funds to be appropriated by the Legislature in the annual budget process for energy efficiency retrofit of schools and public buildings. Upon appropriation by the Legislature the funds would be allocated to energy conservation projects and related educational services at the University of California, the California State University, or the California Community Colleges.

It must be noted that AB 625 does not affect the Williams Settlement funds that resulted from a lawsuit with the same name that was pursued in 2000 by public interest advocates representing students across the state that claimed that the State failed to provide poor and underprivileged students with equal educational opportunities.

Background: On November 11, 2002, State entities came to an agreement with the Williams Companies to settle a case the state had against Williams for manipulating wholesale market prices during the energy crisis in 2000-01. The Electricity Oversight Board, California Public Utilities Commission, and the Attorney General negotiated the settlement on behalf of the State. The Ratepayer Relief Fund (RRF) was established in 2003 to require any energy settlement agreement entered into by the Attorney General, after reimbursing litigation and investigation expenses, to direct funds to reduce ratepayer costs of those utility ratepayers harmed by the actions of the settling parties.

As a result of the WSA, the Williams Companies remitted \$69.2 million over an eight-year period "for the retrofit of schools and public buildings." Also, the WSA requires the Williams Companies to remit \$19.9 million over an eight-year period "for costs associated with site and installation of the generator units obtained through this settlement."

Policy Analysis: The funds from the WSA are designated for energy efficiency and conservation projects and AB 625 directs all monies derived from the WSA toward energy conservation projects at the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC); makes all funds subject to appropriation by the Legislature in the Budget Act or other appropriations bills for projects selected based on specified criteria, including integration with college curriculum; and,

requires the Department of Water Resources (DWR) to report annually on the amount collected and expended for costs associated with generator units obtained through the WSA. The distribution of the funds, and the potential share the community colleges could apply for, are not described in the bill.

AB 625 passed the Assembly floor in 2007 on a party-line vote of 50-29. Minority opposition notes the following concerns:

- The ratepayers directly affected by market manipulation should receive the funds from the settlement rather than create a state program.
 - Committee staff notes that the use of the funds has already been established, and any changes would require bringing all parties back to the table.
- To maximize the use of the WSA funds, funds should be distributed through loans rather than by grants.
- WSA funds should be added to an existing energy efficiency program rather than to create a new one.

In 2006, the Governor vetoed AB 2756 (Levine), which would have performed almost the same objectives of this bill, stating that "While the intent of this bill may be meritorious, establishing a new undefined program in the school system to provide grants is not prudent." The Governor's message also recommends giving the funds to an existing energy-efficiency grant program so it can be invested right away.

Fiscal Analysis: AB 625 allocates approximately \$70 million in current and future WSA monies to higher education energy projects, subject to future appropriation. These funds are not part of the State's general fund, or those monies designated for Proposition 98. State operations costs for the Department of Water Resources to report on the funds expenditures and other duties are described in the legislative analyses as minor and absorbable.

Reasons for Support, if amended: AB 625 provides an opportunity for community colleges to access non-Proposition 98 funds that our system would not have access to without legislation. A "support, if amended" position allows staff to work with the author on amendments to enable community colleges to get a share of the funding commensurate with the population our system serves. Additionally, opposition to the bill will need to be addressed since there were concerns that resulted in a veto of a similar bill by the Governor in 2006.