

April 22, 2024

Honorable Scott D. Wiener, Chair  
Joint Legislative Budget Committee  
Senate Budget and Fiscal Review  
Committee

Honorable Jesse Gabriel, Chair  
Assembly Budget Committee

Honorable Anna M. Caballero, Chair  
Senate Appropriations Committee

Honorable Buffy Wicks, Chair  
Assembly Appropriations Committee

### **Section 28.00—California Energy Commission—Resilient and Efficient Codes Implementation Project**

Pursuant to the provisions of Section 28.00, Budget Act of 2023, the following report is respectfully submitted.

The Department of Finance has received the attached section 28.00 application from the California Energy Commission (CEC) to augment its federal expenditure authority for fiscal year 2023-24 for the Resilient and Efficient Codes Implementation (RECI) Project. Under this project, the CEC will utilize federal funds to improve code enforcement and compliance with California's Building Energy Efficiency Standards (CA Energy Code) through the following efforts:

- Meeting with local partners to understand their workflow processes, enforcement challenges, and their needs to better enforce the code.
- Surveying existing systems used by local authorities and evaluating areas of compliance.
- Deploying software to interested parties to test the impact on compliance outcomes as well as the comparative burden on users. The software will help to identify how the designs and plans comply with the 2022 CA Energy Code and where they do not.

The CEC's existing expenditure authority for 2023-24 is \$30,304,000. The CEC received notice of an increased federal award for the RECI Project on September 19, 2023, for \$2,250,000 and submitted the budget revision to the Department of Finance on November 22, 2023. Factors contributing to this delayed letter include efforts related to developing the 2024-25 Governor's Budget. The CEC requests an augmentation of its federal expenditure authority for a total of \$32,554,000 in 2023-24 for encumbrance or expenditure until June 30, 2028.

This request meets the following criteria, as required in subdivision (b) of Section 28.00:

- The funds will be expended for a purpose consistent with state law.

- The funds are made available to the state under conditions permitting their use only for the specified purpose, and the additional expenditure proposed would apply to this specified funding purpose.

Finance concurs with the necessity of this change to the approved budget and will be approving the Section 28.00 application no sooner than 30 days from the above date.

If you have any questions or need additional information regarding this matter, please call Steve Wells, Principal Program Budget Analyst, at (916) 322-2263.

JOE STEPHENSHAW

Director

By:



ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 4  
Honorable Josh Becker, Chair, Senate Budget and Fiscal Review Subcommittee No. 2  
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee  
Honorable Vince Fong, Vice Chair, Assembly Budget Committee  
Gabriel Petek, Legislative Analyst (3)  
Elisa Wynne, Staff Director, Senate Budget and Fiscal Review Committee  
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office  
Christopher W. Woods, Senate President pro Tempore's Office (2)  
Christian Griffith, Chief Consultant, Assembly Budget Committee  
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy and Budget  
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office  
Katja Townsend, Capitol Director, Assembly Republican Leader's Office  
Jason Sisney, Assembly Speaker's Office (2)  
Mark McKenzie, Staff Director, Senate Appropriations Committee  
Jay Dickenson, Chief Consultant, Assembly Appropriations Committee  
Wade Crowfoot, Secretary, California Natural Resources Agency  
Amanda Martin, Deputy Assistant Secretary for Administration and Finance, California Natural Resources Agency  
Le-Quyen Nguyen, Deputy Secretary for Energy, California Natural Resources Agency  
Drew Bohan, Executive Director, California Energy Commission  
Robert Cook, Division Director of Administrative and Financial Services, California Energy Commission  
Damien Mimnaugh, Chief Financial Officer, California Energy Commission  
Patrick Steggall, Budget Manager, California Energy Commission

Please report dollars in thousands.

<b>DEPARTMENT</b> California Energy Commission	<b>ITEM NO./ FISCAL YEAR</b> 3360-003-0890 2023-24	<b>NOTIFICATION LETTER TO LEGISLATURE:</b> <input checked="" type="checkbox"/> 30-DAY NOTICE <input type="checkbox"/> REQUEST WAIVER OF 30-DAY NOTICE
---	--	--

**PROGRAM TITLE PER GOVERNOR'S BUDGET:**

2385010-Building and Appliance

<b>FUNDING (SPECIFY FUND)</b>	<b>CURRENTLY BUDGETED</b>	<b>REQUESTED CHANGE (+) OR (-)</b>	<b>TOTAL</b>
0890 - Federal Trust Fund	30,304,000	2,250,000	32,554,000

(Check appropriate boxes)

- The funds will be expended for a purpose that is consistent with state law (explain use of funds in Part A below).
- The funds are made available to the state under conditions permitting their use only for a specified purpose, and the additional expenditure proposed under this section would apply to that specified funding purpose (as supported by explanation for the purpose of the funds).
- Acceptance of additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.
- The need exists to expend the additional funding during the current fiscal year (explain in Part B below).
- This application is provided to Finance within 45-days of official notice of receipt of funds.
- Explanation of delayed notification to Finance is attached (required if 45-day notification period is exceeded).
- A copy of the official notice of fund availability is attached to this application.
- One-time expenditure.
- Ongoing commitment from this source (if checked, explain under Program Proposal).
- Matching funds required (if checked, explain under Program Proposal).
- Expenditure either supplements or supplants an existing state-funded program (if checked, explain under Program Proposal).

**PART A: For what purpose will the funds be expended?**

These funds will be expended in support of the federal Building Codes Implementation for Efficiency and Resilience program under the Infrastructure Investment and Jobs Act (IIJA). The program seeks to enable sustained, cost-effective implementation of updated building energy codes to save customers money on their energy bills. With the funding, CEC will pursue a demonstration of the innovative CodeCycle compliance software with authorities having jurisdiction, and outreach, planning, and scoping for development of the commission compliance document repository, an electronic database that will store compliance documents and data and provide CEC with valuable information to allow for better CEC oversight of energy code compliance processes.

**PART B: Explain the need to expend the funds in the current fiscal year, including the consequence of waiting until budget year to expend the funds:**

The federal Department of Energy signed the award in late September 2023. CEC seeks to accelerate the use of these federal funds.

---

---

**PROGRAM PROPOSAL** (Attach additional information as necessary)**TITLE:**  
**DIGITAL INFRASTRUCTURE TO SUPPORT ENERGY CODE COMP****STATUTORY AUTHORITY:** (state, federal, as appropriate)  
Infrastructure Investment and Jobs Act, Public Law 117-58**DESCRIPTION:**

The project will focus on improving code enforcement and compliance with California's Building Energy Efficiency Standards (CA Energy Code). The California Energy Commission (CEC) seeks to achieve this by implementing strategies to digitize and automate the compliance and documentation process. The project objectives are:

1) Authorities Having Jurisdiction (AHJ) Outreach and Engagement.

The CEC will meet with AHJs to recruit AHJ partners for the proof of concept for digital tools. The CEC will also provide outreach and training on CA Energy Code compliance. The goal is to interact with AHJs to understand their workflow processes, enforcement challenges, and their needs to better enforce the code. The CEC will survey existing systems used by AHJs and evaluate areas of compliance and process benefits for new software tools.

2) Proof of Concept for Digital Tools.

The Resilient and Efficient Codes Implementation (RECI) project will deploy the CodeCycle Software to interested AHJs to test the impact on compliance outcomes as well as the comparative burden on users. The CodeCycle Software uses map-based visuals; automated regulatory analysis; prioritized questions; and a refined interface. The software also generates required compliance documents ("certificates"). The software will help to identify how the designs and plans comply with the 2022 CA Energy Code and where it does not. The goal is to demonstrate the technical advantage of using digital tools such as CodeCycle, prove the value of these tools in the AHJ enforcement process, and increase the interest and adoption of these digital tools.

---

**JUSTIFICATION:**

Explanation of Exceeding 45-day Notification Period

- The agreement was signed on 9/19/23, and CEC alerted DOF that this award was made on September 27, 2023.
- CEC submitted the budget revision to DOF on 11/22/23. Factors that contributed to the delay include efforts related to the development of the 2024-25 Governor's Budget, such as 2022-23 reconciliation and discussions about budget adjustments.

Elaboration on Match Funding Required

- This opportunity requires a total of \$444,694 in match funding. CEC anticipates that subrecipients will contribute \$180,000 in match funding, and the remaining \$264,694 will come from CEC's existing budget.

---

---

**SUBMITTED BY:****BUDGET OFFICER:**

Damien Mimnaugh

**DATE:**

11/22/23

**APPROVED BY DEPARTMENT OF FINANCE:****DATE SUBMITTED TO LEGISLATURE:**

4/22/24

**DIRECTOR:****DATE:****PPBA:**

Steve Wells

**DATE:**

2/1/24