



Soheila Pasha  
California Energy Commission  
MS-25  
1516 Ninth Street  
Sacramento, CA 95814-5512

Dear Ms. Pasha:

Thank you for submitting the standardized regulatory impact assessment (SRIA) and the summary (Form DF-131) for the proposed regulations that implement changes to the required energy efficiency standards of computers, computer monitors and signage displays, as required in California Code of Regulations, title 1, section 2002(a)(1). These comments are based on the SRIA and on the proposed regulatory language in the March 2016 Draft Staff Report.

The SRIA describes proposed regulations that set new minimum energy efficiency standards for computers, computer monitors and signage displays sold in California starting in 2018. Computer manufacturers can choose to upgrade hardware components, improve power management (sleep/idle) settings, or whichever improvements are most cost-effective. As older products used by individuals and businesses are replaced, higher initial costs (between \$1-18 per item) will be offset by lower electricity usage. The Energy Commission estimates that the new standards will imply higher annual costs for buyers of around \$100 million, and save users around \$450 million in electricity costs annually once most existing stock has been replaced. In the state economy, lower electricity costs should allow for additional spending in other sectors, benefiting those at the expense of the manufacturers of the equipment and electricity generators.

Finance generally concurs with the methodology used to estimate annual impacts under the proposed regulation. The analysis generally meets the requirements, the exceptions being in the description of the baseline, and a missing discussion of compliance. The SRIA also does an excellent job in presenting low and high impact scenarios to show a range of possible outcomes, although there are two areas where the discussion of impacts on particular groups could be improved. It may also benefit the reader to include a discussion of the proposed regulations, so that the SRIA could be read as a stand-alone document.

First, the required discussion of the baseline is incomplete without specifying how many units will be sold that would meet the efficiency standards even without the proposed regulations. For example, the SRIA could report the yearly forecast of the number of units that are expected to be replaced. This is the missing piece in understanding the estimates of compliance cost and energy savings that are reported in tables 4, 5 and 6.

Second, the discussion of impacts must include how users might respond to changes in their computer equipment, and how the regulation will be enforced. The analysis must specify whether the enforcement costs of verifying if manufacturers and retailers are implementing the new regulation are included, and if not included, must include a discussion of such costs. If, for

example users change the power management settings, or if retailers fail to comply by selling less energy efficient products, the calculations of the benefits of the regulation will be lower.

Third, there may also be particular impacts on certain groups. Older individuals are more likely to use desktop computers (which have larger cost increases under the proposed regulations), as do low-income households who prioritize cost over convenience in computer usage. While the lifetime energy savings for desktops and monitors more than compensate for the increased up-front costs, the up-front costs may present a burden for low-income and elderly households. The exemption of small manufacturers from the regulation could give them an advantage versus larger manufacturers. These impacts should be discussed to the extent possible.

These comments are intended to provide sufficient guidance outlining revisions to the SRIA. The SRIA, a summary of Finance's comments, and any responses must be included in the rulemaking file that is available for public comment. Finance understands that the proposed regulations may change during the rulemaking process. If any significant changes to the proposed regulations result in economic impacts not discussed in the SRIA, please note that the revised economic impacts must be reflected on the Standard Form 399 for the rulemaking file submittal to the Office of Administrative Law. Please let us know if you have any questions regarding our comments.

Sincerely,



Irena Asmundson  
Chief Economist  
Department of Finance

cc: Ms. Panorea Avdis, Director, Governor's Office on Business and Development  
Ms. Debra Cornez, Director, Office of Administrative Law  
Mr. Harinder Singh, Project Manager, California Energy Commission  
Mr. Pierre DuVair, Senior Climate Policy Analyst, California Energy Commission  
Mr. Michael Murza, Staff Attorney, California Energy Commission