

## MAJOR REGULATIONS STANDARDIZED REGULATORY IMPACT ASSESSMENT SUMMARY

DF-131 (NEW 11/13)

### STANDARDIZED REGULATORY IMPACT ASSESSMENT SUMMARY

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<p>1. Statement of the need for the proposed major regulation.</p> <p>The regulation is necessary to implement PRC Section 25402(c)(1) which requires the Energy Commission to "Prescribe, by regulation, standards for minimum levels of operating efficiency... to promote the use of energy and water efficient appliances whose use, as determined by the commission, requires a significant amount of energy or water on a statewide basis... that will reduce the energy or water consumption growth rates." The appliances in the scope of the regulations meet this criteria.</p>		
<p>2. The categories of individuals and business enterprises who will be impacted by the proposed major regulation and the amount of the economic impact on each such category.</p> <p>In 2025 manufacturers will pass on all costs (see incremental costs to consumer and business).  In 2025 consumers will pay \$0.6M incremental costs and will see utility bill savings of \$251M for electricity, \$371M for natural gas, and \$324M for water.  In 2025 California businesses will pay \$3M in incremental cost, and will see utility bill savings of \$42M for electricity, \$69M for natural gas, and \$160M for water.  Utilities will have lower sales: \$293M in electricity and \$440M in natural gas. Water sales would decrease by \$484M, but agricultural customers are likely to purchase freed water resources.</p>		
<p>3. Description of all costs and all benefits due to the proposed regulatory change (calculated on an annual basis from estimated date of filing with the Secretary of State through 12 months after the estimated date the proposed major regulation will be fully implemented as estimated by the agency).</p> <p>See number 2. There will also be significant greenhouse gas, air pollution, and environmental quality benefits to reducing the consumption of natural resources. The Energy Commission staff estimated the monetary worth of the air pollution reduction to be \$7M-15.7M in 2025. The Energy Commission staff estimate greenhouse gas reductions up to 2025 would avoid \$570M in damages using the federal social cost of carbon and have economic value of \$113M in California at a cap-and-trade value of \$12 per ton.</p>		
<p>4. Description of the 12-month period in which the agency estimates the economic impact of the proposed major regulation will exceed \$50 million.</p> <p>All years of the regulations when effective are estimated to have an economic impact that exceeds \$50 million. The Energy Commission evaluated the first 10 years after the standards would come into effect up and through 2025.</p>		

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## 5. Description of the agency's baseline:

The Energy Commission utilized the REMI model and DOF data for economic baseline. The baseline of appliance efficiency was based on market and expert information about appliance efficiency today. This was developed in Energy Commission staff reports and stakeholder participation.

## 6. For each alternative that the agency considered (including those provided by the public or another governmental agency), please describe:

- a. All costs and all benefits of the alternative
- b. The reason for rejecting alternative

## 1) More stringent standards

- a) Would cost slightly more and would yield net savings of \$120M more from 2016-2025.
- b) These levels of stringency had technical and feasibility barriers.

## 2) Less stringent standards

- a) Would cost slightly less and would yield net savings \$1,370M less from 2016-2025.
- b) These levels of stringency had lower net benefit.

## 7. A description of the methods by which the agency sought public input. (Please include documentation of that public outreach).


The Energy Commission staff has been working with public input from stakeholders and has held 3 public workshops over the course of 2 years in addition to smaller stakeholder meetings. The Energy Commission staff explicitly sought data, alternative proposals, and reactions to draft regulations prior to proposing the regulations in a formal rulemaking.

The process can be found here:

<http://www.energy.ca.gov/appliances/2013rulemaking/documents/index.html> and  
<http://www.energy.ca.gov/appliances/2014-AAER-01/prerulemaking/documents/index.html>.

## 8. A description of the economic impact method and approach (including the underlying assumptions the agency used and the rationale and basis for those assumptions).

The Energy Commission is required to develop cost-effectiveness and feasibility in order to use its authority to set standards for appliance efficiency. The Energy Commission estimates the statewide costs and savings based on sales and stock information about appliances as part of its standard rulemaking process predating SRIA requirements. A full report regarding the sources of data and calculations of energy savings is documented in the Energy Commission's staff report. This data was used to generate inputs for the REMI PI+ Model (Version 1.6.7). The REMI model generated the jobs and macro-economic impact.

Agency Signature 	Date 12-2-14
Agency Head (Printed) Robert B. Weisenmiller, Chair	