

**ECONOMIC AND FISCAL IMPACT STATEMENT****(REGULATIONS AND ORDERS)**

STD. 399 (REV. 12/2008)

See **SAM Section 6601 - 6616 for Instructions and Code Citations**

DEPARTMENT NAME <b>Energy Commission</b>	CONTACT PERSON <b>Cheryl Closson</b>	TELEPHONE NUMBER <b>(916) 327-2312</b>
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 <b>Geothermal Grant and Loan Program Regulation Amendments</b>		NOTICE FILE NUMBER <b>Z -2013-0813-</b>

**ECONOMIC IMPACT STATEMENT****A. ESTIMATED PRIVATE SECTOR COST IMPACTS (Include calculations and assumptions in the rulemaking record.)**

1. Check the appropriate box(es) below to indicate whether this regulation:

- a. Impacts businesses and/or employees
  e. Imposes reporting requirements  
 b. Impacts small businesses
  f. Imposes prescriptive instead of performance  
 c. Impacts jobs or occupations
  g. Impacts individuals  
 d. Impacts California competitiveness
  h. None of the above (Explain below. Complete the Fiscal Impact Statement as appropriate.)

h. (cont.) \_\_\_\_\_

(If any box in Items 1 a through g is checked, complete this Economic Impact Statement.)

2. Enter the total number of businesses impacted: <1000 Describe the types of businesses (Include nonprofits.): Geothermal energy exploration, development or production businesses, and others eligible to apply for a grant or loan under the program.

Enter the number or percentage of total businesses impacted that are small businesses: 50-75%

3. Enter the number of businesses that will be created: 0 eliminated: 0  
 Explain: The amendments primarily streamline and simplify the application process for the Geothermal Grant & Loan Program

4. Indicate the geographic extent of impacts:  Statewide  Local or regional (List areas.): \_\_\_\_\_

5. Enter the number of jobs created: 0 or eliminated: 0 Describe the types of jobs or occupations impacted: Geothermal energy developers, producers, drillers, drilling services, consultants eligible to apply for a grant or loan under the program

6. Will the regulation affect the ability of California businesses to compete with other states by making it more costly to produce goods or services here?

Yes  No If yes, explain briefly: \_\_\_\_\_

**B. ESTIMATED COSTS (Include calculations and assumptions in the rulemaking record.)**1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? \$ \$202,400

- a. Initial costs for a small business: \$ 0 Annual ongoing costs: \$ see explain Years: 20  
 b. Initial costs for a typical business: \$ 0 Annual ongoing costs: \$ see explain Years: 20  
 c. Initial costs for an individual: \$ 0 Annual ongoing costs: \$ 0 Years: 0

d. Describe other economic costs that may occur: Costs to business are \$1,000 per application and, if the business wins a grant or loan, \$40 per award. Applications to the Geothermal Grant and Loan Program are voluntary.

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

2. If multiple industries are impacted, enter the share of total costs for each industry: N/A

3. If the regulation imposes reporting requirements, enter the annual costs a typical business may incur to comply with these requirements. (Include the dollar costs to do programming, record keeping, reporting, and other paperwork, whether or not the paperwork must be submitted.): \$ N/A

4. Will this regulation directly impact housing costs?  Yes  No If yes, enter the annual dollar cost per housing unit: \_\_\_\_\_ and the number of units: \_\_\_\_\_

5. Are there comparable Federal regulations?  Yes  No Explain the need for State regulation given the existence or absence of Federal regulations: \_\_\_\_\_

Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ 0

C. ESTIMATED BENEFITS (Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.)

1. Briefly summarize the benefits that may result from this regulation and who will benefit: Businesses applying for grants and loans under the program will benefit from the shorter and simpler application process by saving time and associated labor costs.

2. Are the benefits the result of:  specific statutory requirements, or  goals developed by the agency based on broad statutory authority? Explain: Benefits derive primarily from the simpler application process.

3. What are the total statewide benefits from this regulation over its lifetime? \$ \$530,400

D. ALTERNATIVES TO THE REGULATION (Include calculations and assumptions in the rulemaking record. Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.)

1. List alternatives considered and describe them below. If no alternatives were considered, explain why not: Alternative 1 is to require no written proof from private entity applicants that their award was approved by the local agency in which the project is to be located. Alternative 2 is to require a resolution as proof of approval. Procuring a resolution is estimated to cost \$1,000.

2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

Regulation:	Benefit: \$ <u>\$530,400</u>	Cost: \$ <u>\$202,400</u>
Alternative 1:	Benefit: \$ <u>\$530,400</u>	Cost: \$ <u>\$200,000</u>
Alternative 2:	Benefit: \$ <u>\$530,400</u>	Cost: \$ <u>\$260,000</u>

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: Benefits apply to all applicants to the program. Costs in an application to explain how local approval would be obtained apply to all business applicants. Costs to obtain local approval apply only to businesses winning an award.

4. Rulemaking law requires agencies to consider performance standards as an alternative, if a regulation mandates the use of specific technologies or equipment, or prescribes specific actions or procedures. Were performance standards considered to lower compliance costs?  Yes  No

Explain: Flexibility for obtaining local approval of awards by private entity applicants was considered and accepted.

E. MAJOR REGULATIONS (Include calculations and assumptions in the rulemaking record.) Cal/EPA boards, offices, and departments are subject to the following additional requirements per Health and Safety Code section 57005.

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

1. Will the estimated costs of this regulation to California business enterprises exceed \$10 million?  Yes  No (If No, skip the rest of this section.)

2. Briefly describe each equally as an effective alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:

Alternative 1: \_\_\_\_\_

Alternative 2: \_\_\_\_\_

3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:

Regulation: \$ \_\_\_\_\_ Cost-effectiveness ratio: \$ \_\_\_\_\_
Alternative 1: \$ \_\_\_\_\_ Cost-effectiveness ratio: \$ \_\_\_\_\_
Alternative 2: \$ \_\_\_\_\_ Cost-effectiveness ratio: \$ \_\_\_\_\_

FISCAL IMPACT STATEMENT

A. FISCAL EFFECT ON LOCAL GOVERNMENT (Indicate appropriate boxes 1 through 6 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.)

1. Additional expenditures of approximately \$ \_\_\_\_\_ in the current State Fiscal Year which are reimbursable by the State pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code. Funding for this reimbursement:

a. is provided in \_\_\_\_\_, Budget Act of \_\_\_\_\_ or Chapter \_\_\_\_\_, Statutes of \_\_\_\_\_

b. will be requested in the \_\_\_\_\_ Governor's Budget for appropriation in Budget Act of \_\_\_\_\_ (FISCAL YEAR)

2. Additional expenditures of approximately \$ \_\_\_\_\_ in the current State Fiscal Year which are not reimbursable by the State pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code because this regulation:

a. implements the Federal mandate contained in \_\_\_\_\_

b. implements the court mandate set forth by the \_\_\_\_\_ court in the case of \_\_\_\_\_ vs. \_\_\_\_\_

c. implements a mandate of the people of this State expressed in their approval of Proposition No. \_\_\_\_\_ at the \_\_\_\_\_ election; (DATE)

d. is issued only in response to a specific request from the \_\_\_\_\_, which is/are the only local entity(s) affected;

e. will be fully financed from the \_\_\_\_\_ (FEES, REVENUE, ETC.) authorized by Section \_\_\_\_\_ of the \_\_\_\_\_ Code;

f. provides for savings to each affected unit of local government which will, at a minimum, offset any additional costs to each such unit;

g. creates, eliminates, or changes the penalty for a new crime or infraction contained in \_\_\_\_\_

3. Savings of approximately \$ \_\_\_\_\_ annually.

4. No additional costs or savings because this regulation makes only technical, non-substantive or clarifying changes to current law regulations.



**ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)**

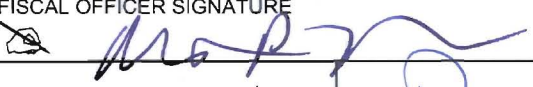


5. No fiscal impact exists because this regulation does not affect any local entity or program.
6. Other. **A local agency may also have to supply written evidence of approval of a private entity's award, at \$20 per award. An estimated six approvals are required for each funding cycle, or an average of three per year statewide.** +

**B. FISCAL EFFECT ON STATE GOVERNMENT** (Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.)

1. Additional expenditures of approximately \$ \_\_\_\_\_ in the current State Fiscal Year. It is anticipated that State agencies will:
- a. be able to absorb these additional costs within their existing budgets and resources.
- b. request an increase in the currently authorized budget level for the \_\_\_\_\_ fiscal year.
2. Savings of approximately \$ \$52,952 in the current State Fiscal Year.
3. No fiscal impact exists because this regulation does not affect any State agency or program.
4. Other.

**C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS** (Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.)

1. Additional expenditures of approximately \$ \_\_\_\_\_ in the current State Fiscal Year.
2. Savings of of approximately \$ \_\_\_\_\_ in the current State Fiscal Year.
3. No fiscal impact exists because this regulation does not affect any federally funded State agency or program.
4. Other.

FISCAL OFFICER SIGNATURE 	DATE <u>6-27-13</u>
AGENCY SECRETARY <sup>1</sup> APPROVAL/CONCURRENCE 	DATE <u>7/15/13</u>
DEPARTMENT OF FINANCE <sup>2</sup> APPROVAL/CONCURRENCE 	PROGRAM BUDGET MANAGER DATE

1. The signature attests that the agency has completed the STD.399 according to the instructions in SAM sections 6601-6616, and understands the impacts of the proposed rulemaking. State boards, offices, or department not under an Agency Secretary must have the form signed by the highest ranking official in the organization.
2. Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD.399.

## **Geothermal Grant and Loan Program Regulation Amendments Cost Estimating Methodology**

This document contains an analysis of the potential economic and fiscal impacts resulting from amendments to the Geothermal Grant and Loan Program regulations, California Code of Regulations, title 20, sections 1660-1665.

### **STATEMENT OF THE MANDATE**

The proposed amendments do not impose a mandate on local agencies, because they do not require local agencies to undertake a new program or increase the level of service in an existing program. (Cal. Const., Art. XIII B, § 6; Gov. Code, § 17514; State Administrative Manual, § 6606.) The proposed amendments do not affect school districts.

Most of the amendments consist of the deletion of existing requirements, resulting in a simpler and shorter application and review process. Other amendments making grammatical and stylistic changes are non-substantive in nature. Finally, updating the regulations to reflect changes in statute and Energy Commission practice will have no effect on local agencies.

There are two amendments that change – as opposed to eliminate - application requirements that could affect local agencies. These amendments provide guidance to applicants regarding several statutory requirements. First, the existing regulations imply that CEQA compliance has occurred prior to submittal of an application. This may be the case for projects with activities requiring permits or other authorization, where the local jurisdiction or other agency is the Lead Agency under CEQA and the Energy Commission is a Responsible Agency. In such a case, the Energy Commission will consider the CEQA documents and the determination made by the Lead Agency, and then make its own determination as required by CEQA, when approving an award for a project. However, for projects where no permit or other authorization is required, the Energy Commission is the Lead Agency and it will need to conduct any necessary CEQA analysis and determination prior to approving an award. The existing regulations do not address the information needs of the Energy Commission in the latter circumstance. These amendments address the Energy Commission's CEQA information needs under both circumstances, but do not change the CEQA obligations currently applicable to local jurisdictions. Where the local jurisdiction is the Lead Agency, it will continue to be required to prepare a CEQA determination and associated documentation. Where the local jurisdiction is the applicant but not the Lead Agency, it

will still be required – as are all applicants – to submit the information needed to enable the Lead Agency, be it another agency or the Energy Commission, to prepare the CEQA determination and documentation. Therefore, the proposed amendments remove a potential incompatibility with CEQA, but do not require local agencies to undertake any additional work or analyses. Hence, this modification does not create a local mandate.

The second amendment provides guidance to private entity applicants regarding the statutory requirement to obtain approval for the grant or loan from the city, county, or Indian reservation where the project is to be located. Local agency approval is an existing requirement of the statute (Pub. Resources Code, section 3822, subd. (g)(3)), but the existing regulations do not address how the applicant or the Energy Commission can address the requirement. Therefore, the proposed amendments: 1) require private entity applicants to describe how, if awarded a grant or loan, they will obtain approval for the grant or loan from the city, county, or Indian reservation where the project is to be located, in accordance with Public Resources Code section 3822(g)(3); 2) identify what written documentation the Energy Commission will accept from private entity applicants who must obtain approval of the award from the local city, county, or Indian reservation within which the project will be located, and 3) state that the Energy Commission will not disburse funds for an award until evidence of such approval is provided. The amendments both make the applicants aware of the statutory requirement as part of the application process, and specify that the approval must be provided in writing to the Energy Commission before award funds will be disbursed. Requiring written documentation, in the form of an e-mail or other written evidence of the approval is necessary so that the Energy Commission can demonstrate compliance with the statutory requirement. These amendments apply only to the private entity applicant and awardee but entail action by local agencies in order for the approved projects to be funded. However, the cost of providing written notice of an approval that has already been made does not constitute a new program or increase the level of service in an existing program and hence does not create a local mandate.

## **BACKGROUND**

The California Energy Commission's Geothermal Grant and Loan Program was created by Assembly Bill 1905 (Stats.1980, c. 139, p. 330, § 1) and has been in operation since 1981. During the first decade, the program promoted geothermal energy development in the state by extending financial and technical assistance to public entities to support direct uses, planning, and mitigation projects. In 1992, the program was expanded to extend financial assistance to private entities as well as local jurisdictions, for a wide variety of geothermal research, development, and commercialization projects. The

mission of the program is to promote research and development of California's vast geothermal energy resources. The program funding comes from payments made to the State by the federal government for a portion of the royalty and lease revenues generated by geothermal development on federal lands in California. Typically, the Energy Commission makes program awards roughly every two to three years through competitive project solicitations called Program Opportunity Notices.

The regulations implementing the Energy Commissions Grant and Loan Program are in the California Code of Regulations, title 20, sections 1660 through 1665 and Appendix A. The regulations have not been amended since their adoption in 1985. These amendments have four objectives. The primary purpose of the amendments is to simplify both the procedures for applicants seeking to obtain loans and grants under the program and the procedures for the Energy Commission's review of applications and awarding of loans and grants. The proposed amendments would also clarify several statutory requirements by identifying what the Energy Commission will accept as documentation for local approval of grants or loans awarded to private entities, and addressing the information needed for the Energy Commission to be able to determine that a decision approving an award for the project is in compliance with CEQA. In addition, the amendments would delete provisions that are outdated due to changes in statute or Energy Commission practice. Finally, the amendments make non-substantive stylistic and grammatical changes to clarify the regulations.

### **WORKING DATA**

To develop estimates of the economic and fiscal impacts, staff reviewed documents from previous solicitations, and also conducted informal surveys by phone of previous applicants and awardees to the Geothermal Grant and Loan Program. Raw data is represented on the "Baseline Figures" page of the "Geothermal Grant and Loan Program Amendments Calculations" spreadsheet.

Historically, a maximum of 18 private entities have submitted applications during a single funding cycle and a maximum of 8 local jurisdictions have submitted applications during a single funding cycle. To supply conservative estimates of impacts, staff used 20 as the baseline number of private entity applicants and 10 as the baseline number of local agency applicants, for a total of 30 applications projected for a given funding cycle.

### **ECONOMIC IMPACTS**

Private entity applicants to the Geothermal Grant and Loan Program will incur costs as part of the application, which are more than offset by savings due to the simpler

application process. Should a private entity win an award, the entity will also incur minor costs to supply proof of local approval of that award.

## **Costs**

Application—Discussion of Obtaining Local Approval. Section 3822(g) of the Public Resources Code requires that any loan or grant made to a private entity in the program be approved by the city, county, or Indian reservation within which the project is to be located. Proposed regulation section 1665(a)(8) requires that a private entity explain how it plans to obtain approval should the project win a grant or loan. Based on informal interviews with prior applicants, staff estimates the explanation in the application will cost private entities 10 hours of labor at an average cost of \$100 per hour, with a total of cost of \$1,000 per application.

Application--CEQA Documentation. Proposed regulation section 1665(a)(9) requires an applicant to provide analyses, assessments, or other documents sufficient to support an Energy Commission determination that a decision approving an award for the project is in compliance with the California Environmental Quality Act (CEQA). As explained in the above Statement of the Mandate, the amendment corrects a problem with the existing language that requires “evidence” of CEQA compliance without squarely addressing the Energy Commission’s role in determining CEQA compliance when giving an award. Because CEQA analysis must be conducted in any case, the amendment imposes no new costs on a private entity applicant.

Awards--Proof of Local Approval Supplied to Energy Commission. As a second step to fulfilling the statutory requirements, private entities receiving a grant or loan must obtain the approval. (Pub. Resources Code, § 3822(g).) Proposed regulation section 1665(e) requires that the awardee submit evidence of the approval to the Energy Commission in written form, such as an e-mail. Staff estimates requesting the local approval be put in writing as the cost of a routine business letter, or \$20. (Dartnell Institute of Business Research (2006).) Additionally, sending the written approval to the Energy Commission is estimated at another \$20, for a total of \$40 per award.

## **Savings**

One-Step Application. Proposed regulation section 1665 reduces the application process from two steps (a preapplication and final application) to a single application. Based on informal interviews with prior private entity applicants, those applicants will save approximately 24 to 50 hours per application, with the labor estimated to cost \$48 to \$115 per hour. Survey respondents estimated the saved costs as \$2,544 to \$2,760.



(See Baseline Figures, p.1 of calculations spreadsheet.) Energy Commission staff averaged the data for an estimate of \$2,652 in savings per application.

## **ALTERNATIVES**

As discussed in the Initial Statement of Reasons, the Energy Commission has considered three alternatives to the proposed regulations.

Loan Interest Cap. The first alternative was a suggestion by a workshop participant that the current section 1663(a), capping loan interest rates at eight percent, be left unchanged. However, existing section 1663(a) potentially contradicts a statutory requirement that interest rates be no lower than the Pooled Money Investment Account. (Pub. Resources Code, § 3822, subd. (f)(2)). Historically, that account rate has sometimes risen above eight percent.<sup>1</sup> Although leaving the cap of eight percent potentially saves a loan awardee an unknown percentage of interest in paying back a loan, the proposed amendments align with the statutory requirement. The Energy Commission chose to ensure Program compliance with the statute by eliminating the cap.

Technical Advisory Committee. The second alternative was also a suggestion by a workshop participant to leave the Technical Advisory Committee as part of the application review and scoring process in the regulations. As explained in the Initial Statement of Reasons, removing the Technical Advisory Committee aligns application review with current Energy Commission practices. Elimination of the Technical Advisory Committee would have no cost impacts on private entities, and may speed review of their applications.

Local Approval. The third alternative was for the Energy Commission to require local agency approval from private entity awardees without requiring written documentation of that approval. This potentially would save applicants \$40 per award (see discussion above, Proof of Local Approval Supplied to Energy Commission.) At the other extreme, the Energy Commission considered requiring a resolution from the local agency expressing approval, similar to the requirement for local jurisdiction applicants in Public Resources Code, section 3822(b). The extra time to procure a resolution would presumably cost private entity applicants several hours of work, at \$100 an hour (the average costs of labor based on surveys for the explanation of obtaining local approval

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<sup>1</sup> See <http://www.treasurer.ca.gov/pmia-laif/historical/annual.asp>

in the application). By requiring that proof of approval be provided in writing, such as an e-mail, the Energy Commission has balanced the need to ensure that the statutory requirement is met while providing maximum flexibility for applicants.

## **FISCAL IMPACTS – LOCAL JURISDICTION APPLICANTS**

### **Costs**

CEQA Documentation. Local jurisdictions, as defined by Public Resources Code, section 3807, may apply for grants and loans under the program. As with private entity applicants, proposed regulation section 1665(a)(9) would require local jurisdiction applicants to provide analyses, assessments, or other documents sufficient to support an Energy Commission determination that a decision approving an award for the project is in compliance with the California Environmental Quality Act (CEQA). As explained in the above Statement of the Mandate, the amendment corrects a problem with the existing language that requires “evidence” of CEQA compliance without squarely addressing the Energy Commission’s role in determining CEQA compliance when giving an award. Because CEQA analysis must be conducted in any case, the amendment imposes no new costs on local jurisdiction applicants.

### **Savings**

One-Step Application. Based on informal interviews with prior local jurisdiction applicants, cost savings due to the one-step application process would range from \$4,000 to \$12,500. (See Baseline Figures, p.1 of calculations spreadsheet.) Energy Commission staff averaged the data, which resulted in the local jurisdiction cost savings estimate of \$7,700 per application.

## **FISCAL IMPACTS – LOCAL AGENCY APPROVALS**

Local Approvals of Private Entity Awards. Section 3822(g)(3) of the Public Resources Code requires that a private entity obtain local approval of an Energy Commission award by the “city, county or Indian reservation within which the project to be located.” Proposed regulation section 1665(e) requires private entities to submit to the Energy Commission “evidence” that the local jurisdiction has approved the award before the Commission disburses funds. The regulation requires the evidence to be in writing, such as an e-mail. This may mean the city, county, or Indian reservation serves the private entity by supplying a copy of an approval document or composes an e-mail expressing the approval. Staff estimates this task to be about the same effort and time as it does to produce a business letter, or \$20 per (private entity) award. The number of

local agency approvals required is estimated to be 6 per funding cycle, based on the conservative estimate of the number of private entities receiving awards during a funding cycle. The total impact on local agencies will therefore be \$120 per funding cycle.

## **FISCAL IMPACTS -STATE AGENCIES**

### **ENERGY COMMISSION**

#### **Costs**

The amendments will not increase any costs to the Energy Commission in administering the Geothermal Grant and Loan Program.

#### **Savings**

Review of One-Step Application. Proposed regulation section 1665 reduces the application from a pre-application and final application process to a single application. Adopting a one-step application process saves the Energy Commission staff time that would have been spent reviewing and evaluating pre-applications. Staff estimates that saved time to be 8 hours per application, but conservatively estimates the savings at 6 hours because some elements of the pre-application will now be required in the single application. The maximum number of applications in a given funding cycle is estimated to be 30 applications. (See above discussion in Working Data/Baseline Numbers). Based on historical practice, four staff members review the applications. (See State Agency Savings, pp.8-9 of the calculations spreadsheet.) Management review may also be reduced; however, the number of those hours is not feasibly calculated. The total hours saved is therefore estimated at 6 hours x 30 applications x 4 staff members, or 720 hours of staff time per funding cycle.

This total amounts to .35 personnel years saved per funding cycle, which is approximately \$53,000 per funding cycle, or \$26,500 per year. These savings will be used for other program outreach activities or training workshops to help local agency and private entity applicants and awardees (e.g., workshops on CEQA, preparation of project applications, writing sound reports, etc.).

#### **Revenue Changes or Other Impacts.**

None.

## OTHER STATE AGENCIES

No impacts.

## FISCAL IMPACTS –FEDERAL FUNDING OF STATE PROGRAMS

None.

## OTHER ASSUMPTIONS

### Small Business (Percentage Affected)

Government Code, section 11342.610 defines a small business as a business activity in agriculture, general construction, special trade construction, retail trade, wholesale trade, services, transportation and warehousing, manufacturing, generation and transmission of electric power, and health care facilities, that is both independently owned and operated, and not dominant in its field.

Historically, an estimated 50%-75% of private entity applicants to the Geothermal Grant Program qualified as a small business under the definition, because 1) they generated or transmitted electric power or supplied services for the geothermal energy industry and 2) were both independently owned and operated and not dominant in the field of geothermal energy. The Energy Commission does not expect future applications to vary from this range.

## JOBS, BUSINESSES, AND BENEFITS

As required by Government Code, section 11346.3, subdivision (b)(1), the Energy Commission has determined that the proposed amendments:

- Will not create or eliminate jobs within the State of California.
- Will not create new or eliminate existing businesses within the state of California.
- Will not expand business currently doing business in the State of California.
- Will not impact the health and welfare of California residents or worker safety, or the state's environment.

## **CALCULATIONS**

See associated spreadsheet, “Geothermal Regulation Amendments Calculations.” The effective date of the amendments is assumed to be April 1, 2014, and the next solicitation is expected shortly after the amendments become effective. The costs and savings of the amendments are calculated per funding cycle. Solicitations are made roughly every other year, or 10 times within the 20-year life of the regulations. Estimated costs and savings are assigned to the fiscal year when the solicitation is made, with no costs or savings in non-solicitation years.

## **CONCLUSIONS**

The amendments do not require local entities to undertake a new program or to provide an increased level of service in an existing program. Additionally, no state funding is needed for state agency costs of compliance with the regulation.

Economic costs for private entity applicants are \$1,000 per application and \$40 per award, for a total statewide impact of \$20,240 per funding cycle. The total economic cost over the twenty-year life of the regulation, assuming ten funding cycles, is therefore \$202,400. The total economic benefits (savings) are \$2,652 per application, or \$53,040 per funding cycle. The total economic savings over the twenty-year life of the regulation is therefore \$530,400.

The total cost to local jurisdiction applicants is zero. Local jurisdiction applicants will save \$7,700 per application, or \$77,000 per funding cycle. Savings to local jurisdiction applicants are therefore estimated at \$770,000 for the life of the regulation.

The total cost to local agencies supplying approvals of private entity awards is \$20 per award, or based on six awards per funding cycle, a total of \$120 per funding cycle. The total cost for local agencies over the life of the regulation is therefore \$1,200.

The total cost to state agencies is zero. The total savings for the Energy Commission is \$52,952 per solicitation, or \$529,524 for the life of the regulation. No savings are applicable to other state agencies.



Baseline Figures

	A	B	C	D	E	F	G
1	<b>BASELINE FIGURES</b>						
2							
3	Pre-Applications per funding cycle*:	Total	Private Entities		Local Jurisdictions		
4							
5	1999	21	16		5		
6	2002	16	14		2		
7	2007	21	18		3		
8	2011	21	13		8		
9							
10							
11	Final Applications per funding cycle*:	Total	Private Entities		Local Jurisdictions		
12							
13	1999	21	16		5		
14	2002	12	10		2		
15	2007	17	14		3		
16	2011	11	7		4		
17							
18							
19	Savings Due to One-Step Application						
20		Survey response 1	Survey response 2	Survey response 3	Average		
21							
22	Private	\$2,760	\$2,544	No estimate	\$2,652		
23							
24	Local Jurisdiction/Public	\$6,600	\$4,000	\$12,500	\$7,700		
25							
26							
27	*Each funding cycle is conducted every 2-3 years						

Economic Costs

	A	B	C	D	E	F	G	H	I
1	<b>ECONOMIC COSTS</b>								
2									
3	Assumption: 20 private entities apply per funding cycle								
4	Assumption: 6 private entities win awards per cycle								
5	Assumption: 10 funding cycles per 20 year life of regulations								
6	Based on surveys, cost per applicant to explain in application the process to be used to obtain Local Agency approval = 10 hours at \$100/hour (writing description of the process).								
7	Assumption: Cost per awardee to obtain written documentation of Local Agency approval and submit approval to the Energy Commission = \$40, based on the cost of preparing two business letters at \$20 each. This estimate is based on the costs identified for preparing a business letter according to a study by the Dartnell's Institute of Business Research (2006).								
8									
9	<b>Cost for Providing Explanation of Process for Obtaining Local Agency Approval in Application:</b>								
10	Applications	Cost per Application	Total						
11	20	\$ 1,000.00	\$ 20,000.00						
12									
13	<b>Cost to Supply Proof of Local Agency Approval of Award</b>								
14	Awards	Cost per Award	Total						
15	6	\$ 40.00	\$ 240.00						
16									
17	Total per Funding Cycle		\$ 20,240.00						
18									
19	<b>Explanation in Application</b>								
20	Per Funding Cycle	Funding Cycles	Total						
21	\$ 20,000.00	10	\$ 200,000.00						
22									
23	<b>Proof of Local Agency Approval</b>								
24	Per Funding Cycle	Funding Cycles							
25	\$ 240.00	10	\$ 2,400.00						
26									
27	<b>Total Costs</b>		\$ 202,400.00						
28									

Economic Costs

	A	B	C	D	E	F	G	H	I
29									

Economic Benefits

	A	B	C	D	E	F
1	<b>ECONOMIC BENEFITS</b>					
2						
3	Assumption: 20 private entities apply per funding cycle					
4	Assumption: 10 funding cycles per 20-year life of regulations					
5						
6	<b>Per Funding Cycle</b>					
7						
8	Savings due to one-step application					
9	Applications	Savings per Applicati	Total			
10	20	\$ 2,652.00	\$ 53,040.00			
11						
12	<b>Total for Regulation</b>					
13						
14	Total per Funding Cy	Funding Cycles per 20-year Life of Regulation	Total			
15	\$ 53,040.00	10	\$ 530,400.00			

Local Jurisdiction Savings

	A	B	C	D	E
1	<b>LOCAL JURISDICTION SAVINGS</b>				
2					
3	Assumption: 10 local jurisdictions apply per funding cycle				
4	Assumption: 10 funding cycles during 20-year life of regulations.				
5					
6	<b>Per Funding Cycle</b>				
7					
8	Savings due to one-step application				
9	Applicants	Savings per Application	Total		
10	10	\$ 7,700.00	\$ 77,000.00		
11					
12	<b>Total for Regulation</b>				
13					
14	Total per Funding Cycle	Funding cycles per 20-year regulation life	Total		
15	\$ 77,000.00	10	\$ 770,000.00		



Local Agency Costs

	A	B	C	D	E
1	<b>LOCAL AGENCY COSTS</b>				
2					
3	Assumption: 6 Local Agency approvals per funding cycle				
4	Assumption: 10 funding cycles during 20-year life of regulations.				
5	Assumption: Supplying written documentation of approval costs \$20, the same as a business letter.				
6					
7	<b>Per Funding Cycle</b>				
8					
9	Approvals	Cost per Approval	Total		
10	6	\$ 20.00	\$ 120.00		
11					
12	<b>Total for Regulation</b>				
13					
14	Total per Funding Cycle	Funding cycles per 20-year regulation	Total		
15	\$ 120.00	10	\$ 1,200.00		

State Agency Savings

	A	B	C	D	E	F
1	<b>STATE AGENCY (ENERGY COMMISSION) SAVINGS</b>					
2						
3	Assumption: 30 applications (20 private entity and 10 local jurisdiction applications) received per funding cycle					
4	Assumption: Saved time per staffperson per application = 6 hours. The average minimum review time per staffperson per pre-application is approximately 8 hours. However, the review time for final applications is assumed to be reduced slightly due to familiarity with project from prior review of pre-application. Therefore, assumed a savings of only 6 hours per staffperson per application to account for the potential extra time needed for review of a single application.					
5	Assumption: Staff time saved by eliminating pre-application will be used for other program outreach activities and/or training workshops to help local agency and private entity applicants and awardees (e.g., workshops on CEQA, preparation of project applications, and writing sound reports, etc.).					
6						
7	<b>Per Funding Cycle</b>					
8						
9	Savings due to one-step application:					
10						
11	Staff	Hours saved	Loaded Hourly Rate*	Total per Funding Cycle**	Total per year	
12	Energy Commission Specialist III	180	\$ 67.64	\$ 12,175.20	\$ 6,087.60	
13	Mechanical Engineer (Range D)	180	\$ 76.93	\$ 13,847.40	\$ 6,923.70	
14	Engineering Geologist (Range D)	180	\$ 77.19	\$ 13,894.20	\$ 6,947.10	
15	Electric Generation System Specialist I	180	\$ 72.42	\$ 13,035.60	\$ 6,517.80	
16	Total			\$ 52,952.40	\$ 26,476.20	
17						
18	*Loaded Hourly Rate based on salary at mid-step, benefits at 37%, and Standard Operating Complement of \$2,917 per month.					
19	**Each funding cycle is conducted every 2-3 years					
20						
21	<b>Total for Regulation</b>					
22	Total per Funding Cycle	Funding Cycles per 20-year Regulation Life	Total			
23	\$ 52,952.40	10	\$ 529,524.00			

Fiscal Year Impacts

	A	B	C	D	E	F
1	<b>FISCAL YEAR IMPACTS</b>					
2						
3	Assumption: Effective date of the amendments is April 1, 2014					
4	Assumption: Funding cycles are every 2-3 years, with next solicitation in March 2014.					
5						
6						
7	<b>Year</b>	<b>Economic Costs</b>	<b>Economic Benefits</b>	<b>Local Jurisdiction Savings</b>	<b>Local Agency Costs</b>	<b>State Agency Savings</b>
8						
9	2013-2014	\$ 20,240.00	\$ 53,040.00	\$ 77,000.00	\$ 120.00	\$ 52,952.40
10						
11						
12	2014-2015 (no solicitation)	\$ -	\$ -	\$ -	\$ -	\$ -
13						
14						
15	2015-2016	\$ 20,240.00	\$ 53,040.00	\$ 77,000.00	\$ 120.00	\$ 52,952.40
16						
17						
18						
19						
20						
21						
22						
23						