

DOCKETED

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Comment Received From: Irena Asmundson

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Major Regulations Standardized Regulatory Impact Analysis needed

Additional submitted attachment is included below.



Erik Jensen
Lead AB802 Benchmarking Regulations
Efficiency Division
California Energy Commission
1516 Ninth Street, MS-26
Sacramento, CA 95814

April 10, 2017

Dear Mr. Jensen:

Based on our review of the Whole-Building Energy Use Data Access, Benchmarking and Public Disclosure Program regulations proposed by the California Energy Commission (CEC), the Department of Finance estimates that the proposed regulations have a total economic impact exceeding \$50 million in one 12-month period following full implementation of the rule. As a result, the proposed regulations are a major regulation, and a Standardized Regulatory Impact Assessment (SRIA) is required before the proposed regulations can be submitted for final review to the Office of Administrative Law (OAL).

The total economic impact of the regulation is the difference between what would happen under the regulation and what would happen in the absence of the regulation (the baseline). Assembly Bill 802 (AB 802), Chapter 590, Statutes of 2015, requires the CEC to create regulations to publicly disclose the benchmarking of energy use in buildings. While this gives CEC the authority to promulgate regulations, and sets out broad requirements, CEC has discretion to decide how to operationalize these requirements to unlock benefits of greater energy efficiency. The proposed regulations set additional informational requirements for utilities and building owners. Specifically, they determine the access data informational requirements that building owners are required to submit to utilities so that they can in return obtain their energy report (Section 1681, Data Request). They determine the data delivery methods that utilities can use to transmit the energy consumption data to building owners (Section 1681, Utility Requirements), they specify the energy reporting period that utilities have to include in each report (Section 1681, Utility Requirements), they set the reporting schedule that building owners have to follow in order to comply with CEC's energy data reporting requirements (Section 1682, Benchmarking and Disclosure) and they identify the information that CEC may start to publicly disclose after 2020 (Section 1682, Public Disclosure).

As we understand, starting 2019 and throughout 2021, utilities, building owners and the CEC are expected to incur additional yearly operational costs of around \$22 million. On the benefit side, the CEC estimates that this regulatory package is expected to produce statewide energy efficiency improvements in buildings. Leading to a decrease in energy demand and greenhouse gas emissions (CEC's Economic Impact Statement, Section C, page 4). However, the CEC's economic impact analysis does not provide an estimate of the economic magnitude of these expected benefits.

In the absence of specific program information that CEC might have, we estimated that the economic benefit of this regulatory package is determined by the savings implied by the decrease in energy consumption and energy related greenhouse emissions. The CEC

published an estimate of 10,512 gigawatt hours of Additional Achievable Energy Efficiency savings (AAEE) for 2019. If there is a reduction of at least 3 percent of the AAEE due to owners and residents being able to track their usage, then there is an impact of at least \$50 million. Using California 2016 commercial electricity and gas prices of 17.02 cents/KWh (CEC's 2016 California Energy Demand 2016-2026, Revised Electricity Forecast) and \$8.44 per million cubic feet (Energy Information Administration's 2016 Gas Price in California), and knowing that the price for electricity-related greenhouse emissions is \$30 per ton of CO2 equivalent (average price obtained from CEC's AB 32 Report Cards) the electricity, gas and greenhouse energy related emission savings are \$53.6 million, \$3.1 million and \$2.5 million. These total annual savings of \$59.2 million.

As the proposed regulation exceeds the major regulation threshold, Government Code section 11346.3 and California Code of Regulations, title 1, sections 2002 and 2003 require an agency promulgating major regulations to prepare and submit a SRIA to the Finance for comments. The agency must summarize and respond to Finance's comments, and include them with the notice of proposed action it files with the OAL. California Code of Regulations, title 1, section 2002(a)(1) requires that a SRIA be submitted to Finance not less than 60 days prior to the filing of a notice of proposed action with the OAL. As this deadline has already passed, as soon as CEC submits the SRIA, we will work to provide formal comments. The SRIA, a summary of Finance's comments, and CEC's response would then need to be circulated for an additional public comment period.

Again, we appreciate your efforts to identify the economic impact of the proposed regulation and your willingness to work with us to determine whether a SRIA is required.

Sincerely,

A handwritten signature in blue ink, appearing to read "Irena Asmundson".

Irena Asmundson
Chief Economist
California Department of Finance

Cc: Ms. Panorea Avdis, Governor's Office on Business and Economic Development
Ms. Debra Cornez, Office of Administrative Law
Ms. Abhilasha Wadhwa, Building Efficiency Division, California Energy Commission