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Docket Number:	16-AAER-02
Project Title:	Appliance Efficiency Rulemaking for Computers, Computer Monitors, and Signage Displays
TN #:	212997
Document Title:	Letter to Department of Finance - SRIA Response to Comments
Description:	N/A
Filer:	Harinder Singh
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	8/26/2016 3:07:08 PM
Docketed Date:	8/26/2016

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August 23, 2016

Irena Asmundson
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Dear Ms. Asmundson:

Thank you for your July 29, 2016, comments regarding the California Energy Commission's standardized regulatory impact assessment (SRIA) for the proposed regulations for computers, computer monitors, and signage displays. Below is a summary of each comment received from the Department of Finance and our response.

DOF Comment #1:

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.

Energy Commission's Response:

The average energy savings presented in Chapter 2 of the SRIA account for the fact that a number of computers are naturally complying with the proposed standards and therefore do not contribute to the energy savings. However, the Energy Commission agrees that this is not clearly stated in the SRIA and has revised Chapter 2 to explain the calculations more clearly. The Energy Commission also adjusted the total direct compliance costs in the final staff report to account for already-compliant products. This adjustment is not reflected in the SRIA, as it is within the range of alternatives analysis. More details can be found in the final staff report that is expected to be published in September and will be available on the Energy Commission's website.

DOF Comment #2:

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.

Energy Commission's Response:

The Energy Commission diligently reviewed many studies but couldn't find any information to determine conclusively how a user would respond to changes in computer equipment. Currently, we are working with the California Plug-Load Research Center at the University of California at Irvine, where they are conducting research studies on the user's behavior with regard to a computer's energy-saving settings. The Energy Commission revised its SRIA in Chapter 3 to clarify assumptions made regarding user behavior.

The Energy Commission has reviewed a few studies on compliance with efficiency standards, but these studies do not provide conclusive information about the compliance rate once the regulations are in effect. The Energy Commission revised Chapter 3 of its SRIA to clarify that the energy-savings numbers assume 100 percent compliance.

The Energy Commission is not expected to incur any additional enforcement or compliance costs, as enforcement of appliance efficiency standards is self-funded through fines levied against entities that violate the standards. The Energy Commission revised its SRIA in Chapter 5 to clarify this point.

DOF Comment #3:

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 upfront 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.

Energy Commission's Response:

The Energy Commission acknowledges that the proposed regulations will likely affect the purchase price of regulated computers and monitors, including those in lower price range. The Energy Commission staff conducted research to analyze the effect of the regulation on specified groups, which is included in chapter 3 of the SRIA. The Commission did not find information to suggest how older or low-income individuals make purchase decisions differently than other groups. All consumers ultimately benefit from the proposed regulations and the market is expected to naturally adjust to offer low cost products catered to the aforementioned groups. Furthermore, the estimated incremental cost is based on today's cost and by the time that regulations take effect, the costs are expected to be lower.

With regard to small manufacturers, the proposed efficiency regulations present both an advantage and a disadvantage. On the one hand, small manufacturers are (partially) exempt from the standards. On the other hand, small manufacturers are unable to achieve economies of scale compared to the larger manufacturers. Moreover, small manufacturers usually target a different group of customers than larger manufacturers by offering highly customized computers, and therefore, small manufacturers are not in direct competition with larger manufacturers. Finally, the exemption for small manufacturers only applies up to a specified number of units. If the manufacturer makes more than that number of units, those units must comply with the efficiency standards.

The Energy Commission appreciates the feedback that has been provided on the SRIA for proposed computers, computer monitors, and signage displays efficiency regulations. If you have any questions, please contact Soheila Pasha, Electrical Engineer, at (916) 657-1002, or soheila.pasha@energy.ca.gov.

Sincerely,

Robert P. Oglesby
Executive Director

cc: Soheila Pasha