



**DEPARTMENT OF  
FINANCE**

**ARNOLD SCHWARZENEGGER, GOVERNOR**

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

To: Ms. Elaine T. Hebert  
Energy Resources Conservation and Development Commission  
1516 9<sup>th</sup> Street, MS 25  
Sacramento, CA 95814-5504

From: *P* John Doyle, Finance Analyst

Date: May 9, 2005

Subject: Economic Impact Statement - Changes to Title 24, Part 6, Section 118 (I) 3 to  
Add Alternate Roof Coating Test Method

Finance has reviewed the subject Economic Impact Statement. The proposed change in existing regulations will not have a fiscal impact on state or local government, or the private sector. Consequently, Finance approval of this form is not required based on the direction provided in State Administrative Manual, Section 6680.

Please contact me at 324-0043 if I can provide any additional information or clarification.

<b>DOCKET</b>	
05-BSTD-1	
DATE	MAY 09 2005
RECD.	JUN 03 2005

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

STD. 399 (Rev. 2-85)

See SAM Sections 6600 - 6680 for Instructions and Code Citations

DEPARTMENT NAME California Energy Commission	CONTACT PERSON Elaine Hebert	TELEPHONE NUMBER (916) 654-4800
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Changes to Title 24, Part 6, Section 118 (i) 3 to Add Alternate Roof Coating Test Method		NOTICE FILE NUMBER Z 05-0425-04

**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
- ☐ b. Impacts small businesses
- ☐ c. Impacts jobs or occupations
- ☐ d. Impacts California competitiveness

- ☐ e. Imposes reporting requirements
- ☐ f. Imposes prescriptive instead of performance standards
- ☐ g. Impacts individuals
- ☒ h. None of the above (Explain below. Complete the Fiscal Impact Statement as appropriate.)

h. (cont.) Adds alternate test approach that provides more flexibility for roof coating manufacturers

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

2. Enter the total number of businesses impacted: 0 Describe the types of businesses (Include nonprofits): N.A.Enter the number or percentage of total businesses impacted that are small businesses: N.A.3. Enter the number of businesses that will be created: 0 eliminated: 0Explain: N.A.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: N.A.

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? \$ \_\_\_\_\_

a. Initial costs for a small business: \$ 0Annual ongoing costs: \$ N.A.Years: N.A.b. Initial costs for a typical business: \$ 0Annual ongoing costs: \$ N.A.Years: N.A.c. Initial costs for an individual: \$ 0Annual ongoing costs: \$ N.A.Years: N.A.d. Describe other economic costs that may occur: Adds alternate test approach for roof coating manufacturers increasing their options for compliance, which will result in less restrictive regulations.

**ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 2-98)**

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.): \$ 0
4. Will this regulation directly impact housing costs? ☐ Yes ☒ No If yes, enter the annual dollar cost per housing unit: \$ 0 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: The proposed changes add an alternate test approach that roof coating manufacturers can use at their option to meet existing requirements for physical performance properties.  
The proposed changes add flexibility and therefore result in less restrictive regulations.
2. Are the benefits the result of: ☐ specific statutory requirements, or ☒ goals developed by the agency based on broad statutory authority?  
Explain: The Energy Commission has a policy of endeavoring to make Standards as practical and achievable as possible.
3. What are the total statewide benefits from this regulation over its lifetime? \$ 0

**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: 1) eliminate the performance requirements for roof coatings; 2) make no changes to the existing Standards. Elimination of the performance requirements would damage the reliability of the energy savings of the Standards. The proposed changes add useful flexibility.
2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:
- |                |                         |                      |
|----------------|-------------------------|----------------------|
| Regulation:    | Benefit: \$ <u>0</u>    | Cost: \$ <u>0</u>    |
| Alternative 1: | Benefit: \$ <u>N.A.</u> | Cost: \$ <u>N.A.</u> |
| Alternative 2: | Benefit: \$ <u>N.A.</u> | Cost: \$ <u>N.A.</u> |

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: \_\_\_\_\_  
The petitioners that requested the proposed changes believe that the added alternate test approach will result in an increase in the number of roof coatings that will be able to qualify to be considered cool roofs in California.
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: The proposed changes add a performance standard as an alternative to the existing Standards requirements.

**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. 2-98)*

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 effective alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:
- Alternative 1: N.A.
- Alternative 2: N.A.
3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:
- |                |                |                                       |
|----------------|----------------|---------------------------------------|
| Regulation:    | \$ <u>N.A.</u> | Cost-effectiveness ratio: <u>N.A.</u> |
| Alternative 1: | \$ <u>N.A.</u> | Cost-effectiveness ratio: <u>N.A.</u> |
| Alternative 2: | \$ <u>N.A.</u> | Cost-effectiveness ratio: <u>N.A.</u> |

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 (Item \_\_\_\_\_, 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 \_\_\_\_\_ authorized by Section \_\_\_\_\_  
(FEES, REVENUE, ETC.)  
\_\_\_\_\_ 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.
- ☐ 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 and regulations.

**ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 2-98)**

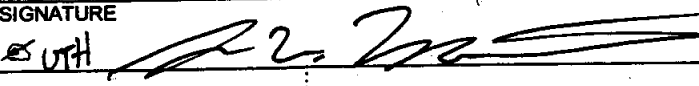


- ☒ 5. No fiscal impact exists because this regulation does not affect any local entity or program.
- ☐ 6. Other.

**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 \$ \_\_\_\_\_ 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 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.

SIGNATURE		TITLE	
		Acting Executive Director	
AGENCY SECRETARY <sup>1</sup>		DATE	
APPROVAL/CONCURRENCE		4/26/05	
DEPARTMENT OF FINANCE <sup>2</sup>		DATE	
APPROVAL/CONCURRENCE			

1. The signature attests that the agency has completed the STD. 399 according to the instructions in SAM sections 6600-6680, and understands the impacts of the proposed rulemaking. State boards, offices, or departments 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 6600-6670 require completion of the Fiscal Impact Statement in the STD. 399.