

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

STD. 388 (Rev. 2-98)

See SAM Sections 6600 - 6680 for Instructions and Code Citations

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|---|------------------------------|------------------------------|
| DEPARTMENT NAME California Energy Commission | CONTACT PERSON Rob Hudler | TELEPHONE NUMBER 654-4072 |
| DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 California Building Energy Efficiency Standards | | NOTICE FILE NUMBER Z |

DOCKET
07-BSTD-1
DATE _____
RECD. APR 21 2008

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.) _____

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

2. Enter the total number of businesses impacted: unknown Describe the types of businesses (Include nonprofits): The energy savings and reduced operating costs from these regulations will benefit all businesses including small businesses in new or altered space

Enter the number or percentage of total businesses impacted that are small businesses: 80%

3. Enter the number of businesses that will be created: _____ eliminated: _____
Explain: Businesses that provide energy efficiency products and services will benefit from the demand of product and services

4. Indicate the geographic extent of impacts: Statewide Local or regional (list areas): _____

5. Enter the number of jobs created: _____ or eliminated: 0 Describe the types of jobs or occupations impacted: The benefit to companies that provide energy efficiency products and services may create additional jobs

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? \$ 338 million

- a. Initial costs for a small business: \$ 7,800 Annual ongoing costs: \$ 0 Years: _____
- b. Initial costs for a typical business: \$ 7,800 Annual ongoing costs: \$ 0 Years: _____
- c. Initial costs for an individual: \$ 995 Annual ongoing costs: \$ 0 Years: _____

d. Describe other economic costs that may occur: Increased costs will result from improved windows, increased insulation, improved space conditioning installation, expanded daylighting requirements, lower lighting levels.

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: Nonresidential 34%, Residential 64%
Local Government 3%, State Government 1%

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.): \$ _____

4. Will this regulation directly impact housing costs? Yes No If yes, enter the annual dollar cost per housing unit: \$ 995 and the number of units: 150K

5. Are there comparable Federal regulations? Yes No Explain the need for State regulation given the existence or absence of Federal regulations: Federal regulations are not designed for California's diversified climate, nor are they as stringent in their cost ana.

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

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: Individuals and businesses alike will benefit from the reduction in energy costs. Businesses that provide energy efficiency products and services may experience an increase in business. Local and state government, schools and other public agencies and their tenants will benefit.

2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority? Explain: The Commission has been granted broad authority by statute to adopt Building Energy Efficiency Standards.

3. What are the total statewide benefits from this regulation over its lifetime? \$ 1,855 mil

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: The alternative to setting the Proposed efficiency Standards would be to allow market forces to drive the building standards industry. Historically, this approach has not guaranteed increases in efficiency that offset increases in utility costs.

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

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|----------------|------------------------------|-----------------------------|
| Regulation: | Benefit: \$ <u>1,855 mil</u> | Cost: \$ <u>338 MILLION</u> |
| Alternative 1: | Benefit: \$ _____ | Cost: \$ _____ |
| Alternative 2: | Benefit: \$ _____ | Cost: \$ _____ |

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: _____
The only alternative is no improvement to the regulations. This would result in no savings to individuals and businesses. In addition, the added comfort and health benefits of the regulations would not be attained.

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: Performance Standards are a fundamental part of the proposed Energy Efficiency Standards.

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: _____

Alternative 2: _____

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

Regulation: \$ 338 million. Cost-effectiveness ratio: 5:1
Alternative 1: \$ n.a. Cost-effectiveness ratio: n.a.
Alternative 2: \$ n.a. Cost-effectiveness ratio: n.a.

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 \$ 684,000 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.

3. Savings of approximately \$ 5,572,200 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)

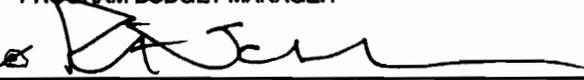
- 5. No fiscal impact exists because this regulation does not affect any local entity or program.
- 6. Other.

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 \$ 228,000 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 \$ 1,519,700 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.

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|--|--|--------------------------|
| SIGNATURE  | | TITLE CHAIRMAN |
| AGENCY SECRETARY ¹ |  | DATE 12/09 |
| APPROVAL/CONCURRENCE | PROGRAM BUDGET MANAGER | DATE |
| DEPARTMENT OF FINANCE ² |  | 4/7/08 |
| APPROVAL/CONCURRENCE | | |

- 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.
- Finance approval and signature is required when SAM sections 6600-6670 require completion of the Fiscal Impact Statement in the STD. 399.

DEPARTMENT OF FINANCE
CAPITAL OUTLAY

07 OCT 36 PM 1:17

