

FINAL STATEMENT OF REASONS**GEOHERMAL GRANT AND LOAN PROGRAM RULEMAKING****CALIFORNIA CODE OF REGULATIONS, TITLE 20
DIVISION 2, CHAPTER 4, ARTICLE 7, SECTIONS 1660-1665, and Appendix A****CALIFORNIA ENERGY COMMISSION
DOCKET NUMBER 12-OIR-02
NOTICE FILE NUMBER Z2013-0813-01****OCTOBER 2013****INTRODUCTION**

This document is the Final Statement of Reasons required by Government Code section 11346.9(a). In 1980, the Legislature established the Geothermal Resources and Development Account (Stats.1980, c. 139, p. 330, § 1) for the receipt and management of royalty monies paid to the state by the federal government from geothermal leases on federal land in California. Thirty percent of the funds in the account are allocated to the Energy Commission's Geothermal Grant and Loan Program, the subject of the regulations and the proposed amendments. (Pub. Resources Code, § 3822 and generally, § 3800 et seq.) The Energy Commission uses the funds to provide loans and grants to local jurisdictions and private entities for geothermal energy research and development projects. Local jurisdictions and private entities applying for funds may devote a project to purposes related to the development of geothermal resources or to mitigate the effects of development. (See Pub. Resources Code, § 3823 [acceptable purposes for spending grants or loans].) Since 1981, the Energy Commission has distributed nearly \$69 million in grants or loans to applicants for a variety of geothermal projects. During the last round of funding in 2011, the Energy Commission distributed close to \$5.5 million in grants for geothermal research and development projects.

PROCEDURAL HISTORY OF THE RULEMAKING

Pre-Formal Rulemaking. Staff reviewed the existing regulations in detail and drafted proposed amendments. Staff conducted a publicly-noticed workshop on January 23, 2013, and collected comments regarding stakeholder concerns and their views on an early draft of the amendments. These stakeholder comments and concerns were taken into account and addressed in the proposed amendments.

45-Day Comment Period. On August 23, 2013, the Office of Administrative Law published a Notice of Proposed Action (NOPA) announcing the proposed amendments, launching a 45-day

public comment period. The NOPA was mailed to interested parties and announced via e-mail to subscribers of the Energy Commission's Geothermal listserv. The NOPA, the express terms of the amendments, the Initial Statement of Reasons explaining the necessity for each amendment, and all documents relied on for the rulemaking were also posted to the Energy Commission's Geothermal Grant and Loan Program rulemaking web page. No public comments were received during the comment period.

Adoption Hearing. On October 9, 2013, the Energy Commission held a duly noticed hearing to consider the proposed regulations. After considering the record in its entirety, including recommendations of Energy Commission Staff and documents relied upon, the Energy Commission adopted the amendments as published on August 23, 2013. Adoption Order No. 13-1009-03 was approved on October 9, 2013, and docketed on October 22, 2013. No public comments were received at the adoption hearing.

No Further Changes. No comments and no material in the record necessitate further changes to the proposed regulations as they were published on August 23, 2013.

UPDATE TO THE INITIAL STATEMENT OF REASONS [Government Code section 11346.9(a)(1)]

Government Code section 11346.9(a)(1) requires the Energy Commission to update the information in the Initial Statement of Reasons. The following represents the necessary update.

Update to Studies, Reports, and Documents Relied Upon: The studies, reports, and documents relied upon were identified in the Initial Statement of Reasons. No additional studies, reports, or documents were relied upon. The Energy Commission incorporates herein the studies, reports and documents relied upon from the Initial Statement of Reasons.

Update to the Purpose, Rationale and Necessity for Each Proposed Regulation: The purpose, rationale and necessity for each proposed regulation were identified in the Initial Statement of Reasons. No changes were made to the proposed regulations; thus the purpose, rationale and necessity remain the same as identified in the Initial Statement of Reasons. The Energy Commission incorporates herein the discussion of purpose, rationale and necessity from the Initial Statement of Reasons.

DETERMINATION WHETHER REGULATIONS IMPOSE A MANDATE UPON LOCAL AGENCIES OR SCHOOL DISTRICTS [Government Code section 11346.9(a)(2)]

As stated in the Notice of Proposed Action published August 23, 2013, the regulations do not impose a mandate on local agencies or school districts.

CONSIDERATION OF ALTERNATIVE PROPOSALS [Government Code section 11346.9 (a)(4)]

The Energy Commission incorporates herein the discussion of consideration of reasonable alternatives from the Initial Statement of Reasons.

As stated in the October 9, 2013, adoption order, pursuant to Government Code section 11346.9 (a)(4), the Energy Commission has determined that no alternative considered by the agency, or otherwise identified and brought to the attention of the agency, would be more effective in carrying out the purpose for which the regulation is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

INCORPORATION BY REFERENCE [California Code of Regulations section 20(c)(2)]

The NOPA, the express terms of the amendments, the Initial Statement of Reasons explaining the necessity for each amendment, and all documents relied on for the rulemaking were available upon request from the Energy Commission, and were reasonably available on the Energy Commission's Geothermal Grant and Loan Program rulemaking web page, as required by California Code of Regulations section 20(c)(2).

SUMMARY OF COMMENTS RECEIVED AND ENERGY COMMISSION RESPONSES [Government Code section 11346.9 (a)(3)]

Government Code section 11346.9(a)(3) requires the Energy Commission to include a summary of each comment received during the comment period, and a response to the comment. The Energy Commission did not receive any oral or written comments during the comment period or at the October 9, 2013, adoption hearing.