



SRIA Process Overview for Utility and Public Agency Right-of-Way Exemption Amendments

Agenda

- Introduction to SRIAs
- Contents of a SRIA
- Plans for Assessing Economic Impact
- Alternatives Analysis



Standard Regulatory Impact Analysis

- Senate Bill 617 (Chapter 496, Statutes of 2011) established additional regulatory impact assessment standards for major regulations.
- State agencies must conduct a Standardized Regulatory Impact Assessment (SRIA) when it estimates that a proposed regulation has an economic impact exceeding \$50 million
- The Department of Finance has adopted regulations for state agencies to follow when conducting a SRIA for major regulations. (1 CCR § § 2000-2004)
- Department of Finance (DOF) reviews the completed SRIA submitted by agencies and provide comment(s) to the agency on the extent to which the assessment adheres to the regulations adopted by DOF.

When is a SRIA Required?

GOV § 11346.3 “Each state agency proposing to adopt, amend, or repeal a major regulation on or after November 1, 2013, shall prepare a standardized regulatory impact analysis in the manner prescribed by the Department of Finance pursuant to Section 11346.36. “

1 CCR § 2000. Definitions: "Major regulation" means any proposed rulemaking action adopting, amending or repealing a regulation subject to review by OAL that will have an economic impact on California business enterprises and individuals in an amount exceeding fifty million dollars (\$ 50,000,000) in any 12-month period between the date the major regulation is estimated to be filed with the Secretary of State through 12 months after the major regulation is estimated to be fully implemented (as estimated by the agency), computed without regard to any offsetting benefits or costs that might result directly or indirectly from that adoption, amendment or repeal.

SRIA Contents



1 CCR 2003. Methodology for Making Estimates:

- 1. In conducting the SRIA required by Government Code § 11346.3(c), an agency shall use an economic impact method and approach that has all of the following capabilities:
 - a. Can estimate the total economic effects of changes due to regulatory policies over a multi-year time period.
 - b. Can generate California economic variable estimates such as personal income, employment by economic sector, exports and imports, and gross state product, based on inter-industry relationships that are equivalent in structure to the Regional Industry Modeling System published by the Bureau of Economic Analysis.

SRIA Contents

1 CCR 2003. Methodology for Making Estimates:

- 1. c. Can produce (to the extent possible) quantitative estimates of economic variables that address or facilitate the quantitative or qualitative estimation of the following:
 - i. The creation or elimination of jobs within the state;
 - ii. The creation of new businesses or the elimination of existing businesses within the state;
 - iii. The competitive advantages or disadvantages for businesses currently doing business within the state;
 - iv. The increase or decrease of investment in the state;
 - v. The incentives for innovation in products, materials, or processes; and
 - vi. The benefits of the regulations, including but not limited to benefits to the health, safety, and welfare of California residents, worker safety, and the state's environment.

Assessing Impacts

- This rulemaking addresses permitting for Timber Operations for the construction or maintenance of Utility and Public Agency Right-of-Ways in Timberland in California.
 - How does this change operations for Utilities?
 - How does this change operations for Public Agencies?
 - What are the costs and benefits of those changes?
 - How does this rulemaking affect the public? Which members of the public does it impact?
 - What are the costs and benefits of impacts to the public?
 - Where is Timberland?

Where is Timberland?

- CAL FIRE Forest Practice will be providing a draft GIS overview of Timberland.
- OSFM has locations of transmission and distribution lines.
- We'll rely on their staff for a GIS overview of how many line miles there are total within timberland.
- And approximately how many line miles each utility will need to maintain.
- For public agencies, Board staff will use information on total Timberland area within a county or municipality to determine potential impacts.

Evaluating Changes in Operations for Utilities

- Board staff will coordinate with the Public Utilities Commission about outreach to Utilities operating in California.
- Utilities will be asked to estimate impacts of regulations based on regional input-output multipliers (RIMS) industry type including:
 - Forestry and logging
 - Support activities for agriculture and forestry
 - Environmental and other technical consulting services
- For utilities that do not provide this information, Board staff will calculate an average cost per line mile.

Evaluating Changes in Operations for Public Agencies

- Board staff will contact County Boards of Supervisors in counties with Timberland and City Councils in areas governed by municipal corporations within the state.
- Public Agencies will be asked to estimate impacts of regulations based on RIMS II industry type.

Evaluating Public Impacts



- Outreach strategy remains under development by Board staff.
- Outreach will include contact with organizations and people who have thus far contributed at meetings and workshops.
- Some costs will be calculated on a per line-mile basis – for example, Board staff will obtain estimates for piecemeal costs of wood management for landowners in areas where regulatory changes would require utilities to manage slash and woody debris.

Demographic Impacts



1 CCR 2003(e)(4) “ If there are significant differences between the incidence or timing of costs and benefits of a regulation, distributional effects should be addressed, including how the effects of the regulation are distributed, for example, by industry, income, race, sex, or geography, and how the effects are distributed over time.”

Board staff will use the Department of Finance’s demographic information to determine impacts within Timberland and to customers of utilities within Timberland.

Other Mandatory Considerations:

- The creation or elimination of jobs within the state;
- The creation of new businesses or the elimination of existing businesses within the state;
- The competitive advantages or disadvantages for businesses currently doing business within the state;
- The increase or decrease of investment in the state;
- The incentives for innovation in products, materials, or processes; and
- The benefits of the regulations, including but not limited to benefits to the health, safety, and welfare of California residents, worker safety, and the state's environment and quality of life, among any other benefits identified by the agency.

Regional Input-Output Model (RIMS)

- Board Staff will use the RIMS II model (from the Bureau of Economic Assessment (Federal), via the Department of Finance (California) to determine the economic impacts of the rulemaking.
- This includes potential downstream impacts to specific industries and likely creation or elimination of jobs.
- Potential alternatives within the rulemaking are also assessed at this time.
- After economic modeling is complete, Board staff will draft a SRIA detailing all of the information used to inform the economic assessment.
- The SRIA must be submitted to the Department of Finance for review at least 60 days (or 90 days if the rulemaking is not addressed in the agency's DF-130) before the rulemaking and ISOR are approved for noticing.



Alternatives

1 CCR 2003 “The agency shall compare regulatory alternatives with a baseline that reflects the anticipated behavior of individuals and businesses in the absence of the proposed major regulation.”

- Whenever possible, at least two alternatives should be compared to the proposed major regulation.
- Include a comparison of the cost-effectiveness of different alternatives.



Requirements for Alternatives

1 CCR 2003

Whenever possible, at least two alternatives should be compared to the proposed major regulation, including:

- i. An alternative that could achieve additional benefits beyond those associated with the proposed major regulation; and
- ii. A next-best alternative that would not yield the same level of benefits associated with the proposed major regulation, or is less likely to yield the same level of benefits.



Help Board Staff Choose Alternatives

Final Notes

- SRIA must be filed with the Department of Finance at least 60 days before Notice is sent to OAL.
- Department of Finance must confirm that the SRIA meets statutory and regulatory requirements.