



burden on Edison ratepayers. The alternatives approved by the Commission will cost Edison only \$30 million.

The required construction of an artificial kelp bed reef is designed to replace the lost and damaged resources at the San Onofre Kelp Bed Reef and produce a persistent giant kelp forest and associated ecosystem. The reef will be located in the vicinity of SONGS, but outside the influence of the SONGS discharge plume and water intake. The required wetland restoration project is intended to compensate for fish loss; Edison may choose from among the Tijuana Estuary in San Diego County, San Dieguito River Valley in San Diego County, Huntington Beach Wetland in Orange County, Los Cerritos Wetland in Los Angeles County, Ballona Wetland in Los Angeles County, or other sites as approved by the Commission's Executive Director. Because the MRC also found that SONGS is exceeding the terms of its National Pollutant Discharge Elimination System (NPDES) permit issued by the San Diego Regional Quality Control Board (Regional Board), the Commission also agreed to recommend that the Regional Board modify Edison's discharge permits to incorporate regular monitoring by Edison and set specific measurement standards which Edison must follow in filing its monitoring reports.

#### RECENT MEETINGS:

At its September 10 meeting in Marina Del Rey, the Commission unanimously approved a plan allowing the City of Morro Bay to construct a temporary emergency desalination facility. Due to the ongoing drought, the City of Morro Bay, which is dependent upon groundwater as its primary water supply, declared a Level 5 Emergency Water Supply Condition in February. The permit for the project allows the intake of seawater to and discharge of brine from the desalination plant only during the period of Level 5 Emergency as declared by the City Council, and the City of Morro Bay's Contingency Water Rationing Program adopted on August 13, 1990. The desalination facility is able to produce up to 645 acre-feet of desalted water over a six-month period using a reverse osmosis technology. The permit is limited to two years and, at the end of that period, the project must be abandoned and the site returned to its previous condition.

#### FUTURE MEETINGS:

January 13-16 in Marina del Rey.  
February 18-21 in San Diego.  
March 10-13 in Marina del Rey.

April 7-10 in San Rafael.  
May 12-15 in Marina del Rey.  
June 9-12 in San Diego.

#### CALIFORNIA ENERGY COMMISSION

*Executive Director: Stephen Rhoads*  
*Chairperson: Charles R. Imbrecht*  
(916) 324-3008

In 1974, the legislature enacted the Warren-Alquist State Energy Resources Conservation and Development Act, Public Resources Code section 25000 *et seq.*, and established the State Energy Resources Conservation and Development Commission—better known as the California Energy Commission (CEC)—to implement it. The Commission's major regulatory function is the siting of powerplants. It is also generally charged with assessing trends in energy consumption and energy resources available to the state; reducing wasteful, unnecessary uses of energy; conducting research and development of alternative energy sources; and developing contingency plans to deal with possible fuel or electrical energy shortages. CEC is empowered to adopt regulations to implement its enabling legislation; these regulations are codified in Division 2, Title 20 of the California Code of Regulations (CCR).

The Governor appoints the five members of the Commission to five-year terms, and every two years selects a chairperson from among the members. Commissioners represent the fields of engineering or physical science, administrative law, environmental protection, economics, and the public at large. The Governor also appoints a Public Adviser, whose job is to ensure that the general public and interested groups are adequately represented at all Commission proceedings.

There are five divisions within the Energy Commission: (1) Administrative Services; (2) Energy Forecasting and Planning; (3) Energy Efficiency and Local Assistance; (4) Energy Facilities Siting and Environmental Protection; and (5) Energy Technology Development.

CEC publishes *Energy Watch*, a summary of energy production and use trends in California. The publication provides the latest available information about the state's energy picture. *Energy Watch*, published every two months, is available from the CEC, MS-22, 1516 Ninth Street, Sacramento, CA 95814.

On May 2, CEC Public Adviser Tom Maddock left the Commission to join

the Department of Consumer Affairs. At this writing, Governor Wilson has not named a new CEC Public Adviser. On June 28, Governor Wilson named Grace Bos as Associate Public Adviser

#### MAJOR PROJECTS:

**CEC Releases Update on Low-Emission Vehicles and Fuels Report.** Public Resources Code section 25310.1 requires CEC to prepare a report on the expected availability and price of methanol and other clean-burning fuels for use in low-emission motor vehicles. In August, CEC released the first update to its original report produced in August 1989.

The report notes the importance of the California Air Resources Board's (ARB) promulgation of low-emission vehicle regulations since the publication of CEC's original report. ARB's regulations establish a program for phasing in new, low-emission light- and medium-duty vehicles beginning in 1994. In 1994, manufacturers will be required to produce vehicles that meet one of four sets of vehicle exhaust emission standards: traditional low-emission, low-emission, ultra low-emission, and zero-emission. (See CRLR Vol. 11, No. 1 (Winter 1991) p. 113 for background information.) These regulations have precipitated a reevaluation by various organizations of their alternative-fueled vehicle development efforts, as well as a sharper focus on corporate decisionmaking in this area.

The draft report also takes these regulations into account in its analysis of future vehicle and fuel costs. Using \$12,664 as its base price for a new 1990 passenger car, the report estimates the following prices for alternative-fueled vehicles meeting ARB's emission standards for the year 2002 in constant 1990 dollars: \$13,911 for a vehicle fueled by reformulated gasoline; \$13,802 for a vehicle fueled by methanol or ethanol; and \$18,148 for a vehicle fueled by liquid petroleum gas. The report also estimates the following costs for two other alternative-fueled vehicles using a \$11,699 passenger van as the base vehicle: \$16,382 for a passenger van fueled by natural gas and \$17,010 for a passenger van powered by electricity. The report's estimates take into account such things as lower future costs associated with the mass production of low-emission vehicles and government tax credits. The prices reflect only the incremental costs associated with the low-emission standards.

In addition, the report projects fuel prices in 2002. The following price estimates are based on the equivalent of



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one gallon of gasoline: \$1.39 for unleaded gas; \$1.54 for premium gas; \$1.56 for reformulated gas; \$1.56–\$1.86 for methanol; \$2.45 for ethanol; \$1.01 for natural gas; and \$1.22 for liquid petroleum gas.

**CEC Committee Releases Draft Energy Plan.** In July, the CEC Biennial Report Committee released a final draft of *California's Energy Plan*, CEC's 1991 Biennial Report. The Energy Plan, California's principal energy planning and policy document, identifies emerging trends in energy supply and demand and, once approved by the Governor, becomes the state's official energy policy. Once approved by CEC, the Plan forms the basis for action by the legislature, the Governor, other government agencies, utilities, and the private sector to meet California's future energy needs. CEC's findings and recommendations regarding California's energy needs include the following:

- increased efficiency should supply most of California's new energy needs because it is usually the least expensive and most environmentally benign option;

- California should continue to capture energy savings in new buildings and appliances as cost-effective technology and design improvements occur;

- California should promote building retrofit programs because existing structures are the largest untapped source of energy efficiency improvement opportunities in the state;

- California should require the most cost-effective and efficient operation of its existing electricity generation, transmission, and distribution systems to minimize the economic and environmental impacts of existing facilities and new construction;

- California should continue to pursue diverse energy supplies and the commercialization of new technologies to improve energy security and environmental quality;

- new vehicle, engine, and fuel technologies should be demonstrated and commercialized in California to provide transportation energy security, price competition, and environmental quality; and

- the full costs and benefits of environmental impacts should be included in the economic evaluation of all proposed energy activities to capture the full benefits of the market place.

The full Commission was scheduled to adopt the final 1991 Biennial Report at its October 31 meeting.

**CEC Global Climate Change Report.** Pursuant to AB 4420 (Sher) (Chap-

ter 1506, Statutes of 1988), CEC is required to conduct a study and report its findings to the legislature and Governor on "how global warming trends may affect California's energy supply and demand, economy, environment, agriculture, and water supplies." (See CRLR Vol. 11, No. 3 (Summer 1991) p. 157 for background information.) CEC staff held an April 25 public hearing on its draft report, has reviewed the comments received, and incorporated them into its final draft of the report. The report consists of six sections which discuss the theories supporting global warming predictions; the potential impacts of global warming on California; California and worldwide contribution to greenhouse emissions; California's policies on greenhouse gas emissions in consideration of regional and worldwide effects; methods to reduce carbon dioxide, methane, and chlorofluorocarbon emissions; and plans for adaptation to potential climate change. CEC was scheduled to consider and adopt the revised report at its November 20 meeting.

**Proposed Building Efficiency Standards.** On May 15, CEC adopted extensive amendments to its building efficiency standards in sections 5301–5363, Part 2, Chapter 2-53, Title 24 of the CCR. (See CRLR Vol. 11, No. 2 (Spring 1991) p. 144 and Vol. 11, No. 1 (Winter 1991) pp. 138–39 for background information on these regulatory changes.) The amended standards apply to residential and non-residential building buildings and would take effect in July 1992. For residential buildings, the amended standards would establish standardized window testing and labeling, minimum duct performance and testing requirements, consistent calculations for determining thermal mass, and requirements for home additions; adopt federal appliance standards for water heaters and space-conditioning equipment; modify water heating budgets; and clarify enforcement standards. For non-residential buildings, the amended standards would establish uniform standards for various commercial building types and varying insulation requirements; require automatic shut-off controls on lighting systems and double-glazed windows for inland climate zones; separate building component requirements to provide compatibility with construction practice; and incorporate American Society of Heating, Refrigeration & Air Conditioning Energy efficiency requirements for space conditioning equipment. CEC predicts the amended standards will reduce new home energy consumption by more than 10%.

On October 15, the Building Standards Commission was scheduled to hold a hearing to decide whether to formally approve CEC's proposed amendments.

**CEC Releases First Quarter Oil Report.** In July, CEC released its Quarterly Oil Report for the first quarter of 1991. The report indicated that the total volume of petroleum fuels supplied to California in the first quarter declined 5% from the previous year and 0.6% from the previous quarter. The amount of both imported fuel and California-produced fuel declined in volume from the prior year while exports increased, indicating weaker demand for several products.

Meanwhile, the average international crude oil price in the first quarter was \$18.43 per barrel, 1.1% higher than the previous year, but 37% below the previous quarter. Self-serve retail gasoline prices were 12–17% higher than the previous year. Oil company revenues in the first quarter of 1991 increased an average of 11% from the prior year; net income increased by an average of 28%.

**Intervenor Funding Guidelines Amendments.** Earlier this year, CEC adopted amendments to its Intervenor Funding Program (IFP) guidelines. The IFP is intended to encourage public participation in certain CEC proceedings by awarding financial reimbursement to eligible organizations and individuals who make a compensable contribution to those proceedings. (See CRLR Vol. 11, No. 3 (Summer 1991) p. 156; Vol. 11, No. 2 (Spring 1991) p. 142; and Vol. 9, No. 4 (Fall 1989) p. 128 for background information.)

CEC now intends to adopt a proposed regulatory package which is virtually identical to the guidelines. The proposed regulations (sections 2570–2582, 2584, and 2588, Division 2, Title 20 of the CCR) were drafted by former CEC Public Adviser Tom Maddock to implement, interpret, and make specific SB 2211 (Rosenthal) (Chapter 1661, Statutes of 1990), which provided a budget augmentation for the IFP in the amount of \$250,000. However, CEC was unable to complete the rulemaking process by June and was hesitant to proceed further without a Public Adviser. Thus, rulemaking regarding this regulatory package is on hold pending Governor's the appointment of a new Public Adviser.

**Intervenor Funding Awards.** For the 1991–92 fiscal year, CEC set aside \$100,000 for allocation to Intervenor Funding applicants eligible under its IFP guidelines. Additionally, CEC placed \$25,000 in reserve for allocation during



this fiscal year for special cases or where new or unforeseen issues arise for which an intervenor merits funding. (See CRLR Vol. 11, No. 3 (Summer 1991) p. 156 for background information.) On June 26, CEC made its final allocation of these funds to the following recipients: \$21,720 to the Natural Resources Defense Council; \$34,635 to Robert Mowris; \$33,645 to the California Hotel & Motel Association; and \$10,000 to the Environmental Health Network. To be eligible to receive allocated funding, applicants must apply for compensation in accordance with section 16 of CEC's IFP guidelines.

**Solar Energy Tax Credit Regulations Approved.** On August 14, 1991, the Office of Administrative Law (OAL) formally approved CEC's regulatory package which repeals sections 2601-2607 and adopts new sections 2600-2607, Title 20 of the CCR, thereby creating a new state tax credit for commercial solar energy systems of 30 megawatts or more for tax years 1990-93, inclusive. (See CRLR Vol. 11, No. 3 (Summer 1991) p. 156 and Vol. 11, No. 2 (Spring 1991) p. 143 for background information.)

**Appliance Efficiency Rulemaking.** Earlier this year, OAL rejected CEC's proposed amendments to its appliance efficiency regulations in sections 1601-1608, Title 20 of the CCR. The regulations set forth and establish energy efficiency standards, test methods, certification requirements, identification requirements, and enforcement requirements for various appliances. (See CRLR Vol. 11, No. 3 (Summer 1991) p. 156 for background information.) CEC is revising its rulemaking package to comply with OAL's criteria and expects to resubmit the modified language to OAL in October.

**OAL Examination of CEC Policies.** Pursuant to a request for a regulatory determination submitted by the California Municipal Utilities Association (CMUA), OAL is currently determining whether nine separate CEC policies are regulations as defined in Government Code section 11342(b), and are therefore subject to the rulemaking requirements of the Administrative Procedure Act. (See CRLR Vol. 11, No. 3 (Summer 1991) pp. 156-57 for background information.) OAL's deadline for releasing its determination was April 10. However, OAL has indicated that it does not expect to release its decision before the end of the year.

**CEC Proposes Amendments to Conflict of Interest Code.** The Political Reform Act, Government Code section 81000 *et seq.*, requires state and local

government agencies to adopt and promulgate conflict of interest codes. In September, CEC announced its intent to update and expand its list of employees who are required to disclose certain financial interests under its conflict of interest code, sections 2401 and 2402, Title 20 of the CCR. The proposed amendments would list eight disclosure categories and assign one or more categories to each employee position. CEC's current code requires disclosure of all sources of income by employees in listed positions. The amendments would include more lower-level employees, but would require less disclosure than under the current broad rule. Commissioners, the executive and deputy directors, officer managers, and some supervisors would be subject to "Category 1" disclosure that requires the reporting of all sources of income, interests in real property, and investments and business positions in business entities. Engineers, specialists, some supervisors, and most professional employees involved in siting activities would be required to disclose their interests in electric power producers, vendors to electric power producers, real property in California zoned commercial or industrial, and vendors of computer equipment to the Commission. A public hearing on the proposed amendments was scheduled for October 23 in Sacramento.

**CEC Solicits Proposals for Advanced Energy Technologies.** In September, CEC announced its plans to release two requests for proposals (RFPs) for both the private and public sectors for repayable funding available under its Energy Technologies Advancement Program (ETAP). Up to \$4 million is anticipated to be available to co-fund projects qualifying under the ETAP, including advanced energy projects that will increase the energy efficiency or cost-effectiveness of energy technologies, or help to develop new, cost-effective alternative sources of energy. CEC expected to release the RFPs in late October; proposals were scheduled to be due by December 20; and CEC funding decisions were scheduled to be made by May or June 1992.

## LEGISLATION:

**AB 2147 (Chandler).** Existing law authorizes CEC to make loans and repayable research contracts for the purpose of making energy technologies more efficient and cost-effective, and to develop alternative energy sources. Existing law also requires state agency contracts, including consulting services contracts, to be approved by the Department of General Services. As

amended July 18, this bill makes the DGS approval requirement inapplicable to those research contracts entered into by CEC. This bill was signed by the Governor on October 14 (Chapter 1156, Statutes of 1991).

The following is a status update on bills reported in detail in CRLR Vol. 11, No. 3 (Summer 1991) at pages 157-59:

**AB 1267 (Sher),** as amended July 2, would have declared the policy of the state and the intent of the legislature to employ a wide range of measures to reduce the state's contribution to global climate change and the production of greenhouse gases; required CEC to submit a report to the legislature by July 1, 1993, addressing the impacts of, and the mitigation or reduction of, greenhouse emissions; and enacted the Global Climate Change Act of 1991. This bill was vetoed by the Governor on October 12.

**SB 1212 (Committee on Energy and Public Utilities),** as amended September 11, would have required specified percentages of the new motor vehicles purchased by the state in 1993 and thereafter to be low-emission or alternative-fueled motor vehicles meeting certain requirements, if available. This bill was vetoed by the Governor on October 4.

**AB 1273 (Speier),** as amended September 12, requires all new public buildings constructed after January 1, 1993, to be models of energy efficiency and requires all existing buildings when renovated or remodeled to be retrofitted to meet specified standards. This bill was signed by the Governor on October 13 (Chapter 962, Statutes of 1991).

**SB 1214 (Killea),** as amended September 11, requires CEC to perform various planning and program identification functions relative to achieving petroleum use reduction targets. This bill was signed by the Governor on October 13 (Chapter 900, Statutes of 1991).

**AB 2198 (Sher),** as amended September 5, requires every major publicly owned electric utility, as determined by CEC, to report to CEC on or before July 1, 1992, on the level of fuel and technological diversity achieved through its electric resource acquisition programs. This bill was signed by the Governor on October 14 (Chapter 1225, Statutes of 1991).

**AB 1338 (Harvey),** as amended August 20, requires CEC to develop recommendations for a program to be implemented on the campuses of the University of California and the California State University to expand the use of alternative fuels in medium-duty vehicles; CEC is required to submit its recommendations to the legislature by



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March 1, 1992. This bill was signed by the Governor on October 7 (Chapter 705, Statutes of 1991).

**AB 1090 (Hayden)**, as amended September 5, requires the Public Utilities Commission (PUC) to direct that a portion of electrical generating capacity be reserved or set aside for renewable resources until it completes a specified electrical generation procurement methodology. This bill was signed by the Governor on October 13 (Chapter 1023, Statutes of 1991).

**SB 634 (Rogers)**. Existing law authorizes CEC to make loans from geothermal revenues deposited in the Geothermal Resources Development Account to entities engaged in the exploration and development of geothermal energy. As amended July 2, this bill also authorizes CEC to make grants to those entities. This bill was signed by the Governor on October 5 (Chapter 520, Statutes of 1991).

**SB 1206 (Committee on Energy and Public Utilities)**, as amended September 3, requires the Department of General Services to develop a multi-year plan for cost-effective energy efficiency in state facilities. This bill was signed by the Governor on October 14 (Chapter 1121, Statutes of 1991).

**AB 1732 (Costa)**, as amended September 5, requires CEC to develop best practice/best technology model codes for energy-efficient new residential and nonresidential buildings, which shall be available for voluntary adoption by local governments. This bill was signed by the Governor on July 26 (Chapter 172, Statutes of 1991).

**SB 1216 (Rosenthal)**, as amended May 23, would enact the Energy Security and Clean Fuels Act of 1992, which would authorize, for purposes of financing a specified energy security and clean fuels program, the issuance of bonds in the amount of \$100 million. This two-year bill is pending in the Senate Appropriations Committee.

**AB 920 (Hayden)**, as amended September 11, would require CEC, if funds are appropriated, to develop and deliver to the appropriate policy committees of the legislature by May 1, 1994, a plan to reduce greenhouse gas emissions. This two-year bill is pending in the Senate Appropriations Committee.

**AB 1064 (Sher)**, as amended July 1, would require CEC to include in its biennial report recommendations relative to practicable and cost-effective conservation and energy efficiency improvements for investor-owned and publicly-owned utilities. It would also require CEC, in conjunction with the PUC and investor-owned and municipal utili-

ties, to establish a comprehensive demand-side data monitoring and evaluation system to provide detailed and reliable statistics on actual energy savings from all classes of demand-side management programs. This two-year bill is pending in the Senate Committee on Energy and Public Utilities.

**AB 1586 (Moore)**, as amended May 30, would require CEC, on or before January 1, 1993, to certify home energy conservation rating systems and procedures that calculate energy and utility bill savings to be expected from conservation measures. This two-year bill is pending in the Senate Committee on Energy and Public Utilities.

**SB 1203 (Committee on Energy and Public Utilities)**, as introduced March 8, would abolish CEC and create the California Energy Resources Board, and authorize the Board to succeed to all powers, authority, responsibilities, and programs of CEC. This two-year bill is pending in the Senate Committee on Energy and Public Utilities.

**SB 1204 (Committee on Energy and Public Utilities)**, as introduced March 8, would return, effective January 1, 1993, CEC's authority to certify new powerplant sites and facilities to cities and counties for projects utilizing non-nuclear energy. Cities and counties would be authorized to refer an application for such certification to CEC. This two-year bill is pending in the Senate Committee on Energy and Public Utilities.

**SB 1205 (Committee on Energy and Public Utilities)**, as amended September 13, would require CEC, on or before December 31, 1994, to determine whether any appliances that are currently not subject to a CEC standard should be regulated and, for any such appliance, to adopt standards in accordance with prescribed procedures. This two-year bill is pending in the Senate inactive file.

**SB 1207 (Committee on Energy and Public Utilities)**, as introduced March 8, would amend existing law which requires CEC to adopt, by June 30, 1992, home energy rating and labeling guidelines that may be used by homeowners to make cost-effective decisions regarding the energy efficiency of their homes. The bill would require CEC to adopt a single, consistent method for rating the energy efficiency of both new and existing homes by January 1, 1993. This two-year bill is pending in the Assembly Natural Resources Committee.

**SB 1208 (Committee on Energy and Public Utilities)**, as amended September 13, would require CEC, as part of its biennial report, to establish priority tech-

nologies for research, development, and demonstration; establish specific performance goals for these priority technologies; and develop research, development, and demonstration programs which pursue these technologies. This two-year bill is pending on the Assembly floor.

**AB 2130 (Brown)**, as amended May 7, would direct CEC to prescribe, by regulation, standards for minimum levels of operating efficiency, maximum energy consumption, or efficiency design requirements, based on a reasonable use pattern, for appliances whose use, as determined by CEC, requires a significant amount of energy on a state-wide basis; and require CEC, by January 1, 1993, to adopt energy conservation measures that are cost-effective and feasible for privately-owned residential buildings. This two-year bill is pending in the Assembly Ways and Means Committee.

### LITIGATION:

In *Department of Water and Power, City of Los Angeles v. CEC*, No. B-055524, currently pending in the Second District Court of Appeal, CEC seeks review of the trial court's decision that the Los Angeles Department of Water and Power's (LADWP) Harbor Generating Project is not subject to CEC's jurisdiction. The Los Angeles County Superior Court agreed with LADWP that the repowering project is not subject to CEC's jurisdiction as it cannot be considered a "modification of an existing facility" under Public Resources Code section 25123 or a "construction of any facility" under section 25110. (See CRLR Vol. 11, No. 3 (Summer 1991) p. 159; Vol. 11, No. 1 (Winter 1991) p. 140; and Vol. 10, No. 4 (Fall 1990) pp. 167-68 for detailed background information on this case.) All briefs have been submitted by the parties; oral argument was scheduled for November 25. The California Municipal Utilities Association (CMUA) has requested permission to file an *amicus* brief; at this writing, no decision has been rendered on CMUA's petition.

### FUTURE MEETINGS:

CEC meets every other Wednesday in Sacramento.

### DEPARTMENT OF FISH AND GAME

Director: Pete Bontadelli  
(916) 653-7664

The Department of Fish and Game (DFG), created pursuant to Fish and