



**California Energy Commission  
March 13, 2024 Business Meeting  
Backup Materials for Agenda Item No 05:  
Petition For Rulemaking – Non-Energy Benefits and Social Costs.**

The following backup materials for the above-referenced agenda item are available as described below:

1. Proposed Order Granting in Part and Denying in Part Petition for Rulemaking, attached below.
2. Order Instituting Informational Proceeding
3. Staff Memo on Petition for Formal Rulemaking

The docket for this proceeding (23-OIR-01) can be found here: [California Energy Commission Docket Log](#)

STATE OF CALIFORNIA  
STATE ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION

**IN THE MATTER OF:**

Petition for Rulemaking on Non-energy  
Benefits and Social Costs

**[PROPOSED] ORDER GRANTING IN  
PART AND DENYING IN PART  
PETITION FOR RULEMAKING**

**I. INTRODUCTION AND PROCEDURAL HISTORY**

On February 5, 2024, the Center for Biological Diversity, Central California Asthma Collaborative, California Environmental Justice Alliance, Asian Pacific Environmental Network, Greenlining Institute, Local Clean Energy Alliance, Sierra Club California, The Climate Center, Center on Race, Poverty and the Environment, Clean Coalition, 350 Bay Area, GRID Alternatives, The Protect Our Communities Foundation, the BEEP Coalition, the Local Government Sustainable Energy Coalition, and Environment California (Petitioners) filed with the CEC’s Executive Director a petition to initiate a formal rulemaking pursuant to California Code of Regulations, title 20, sections 1221 and 1222. Petitioners request that the CEC institute a rulemaking proceeding regarding how non-energy benefits (NEBs) and social costs are incorporated into CEC planning and decision-making, including the 2025 Senate Bill (SB) 100 report. SB 100 requires, among other things, that the Public Utilities Commission, the CEC, and California Air Resources Board issue a joint report to the Legislature by January 1, 2021, and every 4 years thereafter, that includes specified information relating to the implementation of the policy that renewable energy and zero-carbon resources supply 100 percent of electric retail sales to end-use customers by 2045.

The Petitioners specifically request that the CEC “adopt an order to institute a rulemaking proceeding to determine methodologies to integrate [NEBs] and social costs into the CEC’s resource planning and investment decision-making processes,” including any cost-effectiveness determinations made by the CEC.<sup>1</sup> The Petitioners request that this proceeding inform the development of the SB 100 2025 Joint Agency Report.

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<sup>1</sup> Petition at 1, 30.

The Petitioners further request that the CEC “complete a separate and transparent rulemaking to systematically and comprehensively address” NEBs and social costs in an “iterative process that begins with certain NEBs and social costs, and over time, refines methodologies and includes other NEBs and social costs.”<sup>2</sup> Petitioners assert that to accurately reflect the value of NEBs and social costs in the state’s energy procurement decisions, “this rulemaking must develop a methodology that also qualitatively values NEBs and social costs—as standards for resource portfolios to meet—utilizing appropriate lifecycle analyses.”<sup>3</sup>

On February 12, 2024, the Executive Director certified the petition as complete pursuant to California Code of Regulations, title 20, section 1221. On March 6, 2024, CEC staff filed a recommendation that the CEC grant the Petitioners’ underlying request that the CEC address NEBs and social costs in its planning and decision-making, take “other action” on the petition to fulfill this request, and deny the petition to the extent it asks the CEC to issue an Order Instituting a Rulemaking and adopt a regulation pursuant to Government Code sections 11340.6 and 11340.7. CEC staff assert that other action, such as issuing an Order Instituting an Informational Proceeding, would allow for meaningful public engagement and time for the CEC to make well-informed determinations on this important topic.

The CEC considered the petition at its March 13, 2024 Business Meeting.

## **II. CEC FINDINGS**

Based on the entirety of the record, the CEC finds that:

- 1) The petition, filed with the Executive Director on February 5, 2024, meets the requirements of California Code of Regulations, title 20, section 1221.
- 2) The petition requests that the CEC integrate NEBs and social costs into its cost-effectiveness determinations, planning, and decision-making processes. The specific relief sought by petitioners is the issuance of an Order Instituting Rulemaking and the initiation of a formal rulemaking pursuant to the APA. The petition does not propose new regulatory language, identify existing regulatory language to amend, or identify the provisions of the California Code of Regulations requested to be affected, but instead seeks to initiate a process by which to develop such language.
- 3) Government Code section 11340.7(c) requires that the CEC, within 30 days of the petition’s filing, either deny the petition and indicate why the agency has reached its decision on the merits or grant the petition and schedule the matter for public hearing in accordance with the rulemaking provisions of the Administrative Procedure Act (Govt. Code section 11346 et seq.). California Code of

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<sup>2</sup> Petition at 4, 6.

<sup>3</sup> Petition at 4.

Regulations, title 20, section 1221(c) interprets this provision and requires either a written denial of a petition for rulemaking, or the issuance of an appropriate order pursuant to California Code of Regulations, title 20, section 1222.

- 4) Petitioners agreed on February 6, 2024, to a 7-day extension of time of the 30-day period to allow the CEC to consider this petition at its regularly scheduled business meeting on March 13, 2024.
- 5) PRC sections 25213 and 25218(e) authorize the CEC to adopt rules or regulations or take any action, as necessary, to carry out its statutory duties. California Code of Regulations, title 20, section 1222 authorizes the CEC to issue orders to institute Informational Proceedings to, among other things, gather and assess information to assist the commission in formulating policies.
- 6) Including non-energy benefits and social costs in CEC analysis and decision-making provides a more holistic understanding of the impacts and benefits of investments and decisions.
- 7) The 2025 Joint Agency SB 100 Report process is evaluating methodologies to utilize in the report analysis.
- 8) To the extent that this petition requests the CEC adopt an Order Instituting a Rulemaking and adopt, amend, or repeal a regulation pursuant to Government Code sections 11340.6 and 11340.7, granting it would subject the CEC to an untenable timeline and foreclose the possibility of meaningful public participation.

### **III. CONCLUSION AND ORDER**

- 1) For the reasons stated above, the CEC hereby
  - a. GRANTS the Petitioners' request that the CEC initiate a transparent process to determine methodologies to integrate NEBs and social costs into the CEC's resource planning, processes, and decision-making.
  - b. DETERMINES an Informational Proceeding to be the appropriate vehicle for this process, and,
  - c. DENIES Petitioners' petition to the extent that it requests the CEC adopt an Order Instituting a Rulemaking and adopt, amend, or repeal a regulation pursuant to Government Code sections 11340.6 and 11340.7.
- 2) CEC staff is directed to file this Order and supporting documentation with the Office of Administrative Law in accordance with Government Code section 11340.7(d), and provide any additional information required to submit this decision pursuant to Government Code section 11340.7.

- 3) Any interested person may obtain a copy of the petition by accessing TN# 254315 in CEC Docket No. 23-SB-100, or by contacting Chad Oliver, Staff Counsel, at (916) 891-8569.

**IT IS SO ORDERED.**

**CERTIFICATION**

The undersigned Secretariat to the CEC does hereby certify that the foregoing is a full, true, and correct copy of an order duly and regularly adopted at a meeting of the CEC held on March 13, 2024.

AYE:

NAY:

ABSENT:

ABSTAIN:

Dated:

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Kristine Banaag  
Secretariat

STATE OF CALIFORNIA  
STATE ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION

**IN THE MATTER OF:**

**NON-ENERGY BENEFITS AND  
SOCIAL COSTS**

**DOCKET No: 24-OIIP-03**

**ORDER INSTITUTING  
INFORMATIONAL PROCEEDING**

**I. INTRODUCTION**

On February 5, 2024, the Center for Biological Diversity, Central California Asthma Collaborative, California Environmental Justice Alliance, Asian Pacific Environmental Network, Greenlining Institute, Local Clean Energy Alliance, Sierra Club California, The Climate Center, Center on Race, Poverty and the Environment, Clean Coalition, 350 Bay Area, GRID Alternatives, The Protect Our Communities Foundation, the BEEP Coalition, the Local Government Sustainable Energy Coalition, and Environment California (Petitioners) filed with the CEC’s Executive Director a petition pursuant to California Code of Regulations, title 20, sections 1221 and 1222. Petitioners requested that the California Energy Commission (CEC) “determine methodologies to integrate [non-energy benefits (NEBs)] and social costs into the CEC’s resource planning and investment decision-making processes,” including any cost-effectiveness determinations made by the CEC.<sup>1</sup> The Petitioners requested that this proceeding inform the development of the 2025 Senate Bill (SB) 100<sup>2</sup> Joint Agency Report (2025 Report).

The Petitioners further requested that the CEC issue an Order Instituting a Rulemaking and “complete a separate and transparent rulemaking to systematically and comprehensively address” NEBs and social costs. The Petitioners sought an “iterative process that begins with certain NEBs and social costs, and over time, refines methodologies and includes other NEBs and social costs.”<sup>3</sup> Petitioners asserted that to accurately reflect the value of NEBs and social costs in the state’s energy procurement decisions, the CEC would need to “develop a methodology that also qualitatively values NEBs and social costs—as standards for resource portfolios to meet—utilizing

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<sup>1</sup> Center for Biological Diversity et al., Petition for Rulemaking to Integrate Non-Energy Benefits and Social Costs into Resource Planning and Investment Decision-Making (Feb. 5, 2024), TN #254315, Docket No. 23-SB-100 (Petition) at 1, 30.

<sup>2</sup> SB 100 requires, among other things, that the Public Utilities Commission, the CEC, and California Air Resources Board issue a joint report to the Legislature by January 1, 2021, and every 4 years thereafter, that includes specified information relating to the implementation of the policy that renewable energy and zero-carbon resources supply 100 percent of electric retail sales to end-use customers by 2045.

<sup>3</sup> Petition at 4, 6.

appropriate lifecycle analyses.”<sup>4</sup>

On February 12, 2024, the Executive Director certified the petition as complete pursuant to California Code of Regulations, title 20, section 1221. On March 6, 2024, CEC staff published a memo recommending that the CEC (1) grant the Petitioners’ underlying request that the CEC address NEBs and social costs in its planning and decision-making, (2) issue an Order Instituting an Informational Proceeding to fulfill the this request, and (3) deny the petition to the extent it asks the CEC to issue an Order Instituting a Rulemaking and adopt a regulation pursuant to Government Code sections 11340.6 and 11340.7. CEC staff’s memo asserts that adopting an Order Instituting an Informational Proceeding (OIIP) would allow for meaningful public engagement and time for the CEC to make well-informed determinations on this important topic. The CEC considered the petition at its March 13, 2024, Business Meeting.

The CEC is opening this OIIP to explore, identify and evaluate methodologies to integrate NEBs and social costs into CEC analysis and decision-making processes.

## **II. AUTHORITY AND ASSIGNMENT OF LEAD COMMISSIONER**

Pursuant to Public Resources Code section 25210 and California Code of Regulations, Title 20, sections 1220(b) and 1222(b), informational proceedings allow the CEC to hold hearings and take other actions to gather and assess information needed to assist it in formulating policies. This proceeding will provide a forum for the CEC to gather necessary information to identify appropriate and meaningful methodologies to incorporate in CEC analysis and programs, including but not limited to resource planning related analysis and investments, through a transparent public process.

The CEC takes this action pursuant to Public Resources Code sections 25213 and 25218(e), which authorize the CEC to adopt rules or regulations or take any action, as necessary, to carry out its statutory duties. California Code of Regulations, title 20, section 1222 authorizes the CEC to issue orders to institute Informational Proceedings to, among other things, gather and assess information to assist the commission in formulating policies. The CEC is further authorized to take this action pursuant to Public Resources Code sections 25000.1 and 25008.

Together, these provisions of law give the CEC authority to collect the information necessary to explore, identify, and evaluate methodologies to integrate NEBs and social costs into CEC analyses and decision-making processes.

Vice Chair Siva Gunda shall be the Lead Commissioner for this OIIP.

## **III. NATURE AND PURPOSE OF THIS PROCEEDING**

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<sup>4</sup> Petition at 4.

CEC recognizes there is a need for a forum for CEC to gather information, identify gaps in information, have a discussion, and establish a record of input from multiple perspectives, including those of environmental justice and environmental groups, California Native American tribes, consumer advocates, labor groups, industry groups, academia, the public, and others on the role of NEBs and social costs in CEC analyses, policies, and programs. The CEC may also consider how other federal, state, or local agencies incorporate NEBs and social costs into their policies, programs and analyses. The CEC can use findings from this Informational Proceeding to develop NEB and social cost methodologies for CEC analyses, policies, and programs. The length of time it will take to conduct meaningful public engagement may limit the ability of the OIIP to inform the 2025 Report, but CEC staff will consider any available information and findings from this OIIP to inform the 2025 Report. Findings and methodologies utilized in the 2025 Report can inform the OIIP.

This proceeding has the opportunity to include extensive engagement, including workshops, working groups, and other forums, as well as outreach to communities and community-based organizations with more flexible and accessible engagement options than a regulatory proceeding. This OIIP will facilitate information exchange from different perspectives. The CEC may also launch phases within the informational proceeding to further focus the proceeding's scope and to address new or emerging issues.

#### **IV. HEARINGS AND WORKSHOPS**

The Lead Commissioner will issue a notice at least 14 days before the first workshop, hearing, or other forum and 10 days in advance of any subsequent events and will identify at that time when written comments or testimony will be due, as well as the manner of filings. Time will be set aside for public comment at all public workshops and hearings. CEC will seek public input on other discussion and information gathering forums beyond workshops, hearing, and docket filings. The CEC will hold the first event in this proceeding mid-year 2024 as a hybrid workshop. Additional details will be included in the public notice. Additional events are expected to be planned to meet the goals and objectives of this proceeding.

#### **V. PUBLIC PARTICIPATION**

The CEC encourages public participation in this proceeding. Petitions to intervene will not be required to participate.

To foster public participation in this proceeding, the Executive Director, in conjunction with the Public Advisor, shall ensure that information regarding this order and notices of workshops, hearings and other events are distributed to all interested persons via email subscriptions, by posted on the CEC website, and other identified means. To stay informed about this proceeding and receive documents and notices of upcoming workshops and hearings as they are filed, interested persons may subscribe to a DAGAG, SB 100 or Tribal Program subscription, which can be accessed here:

[https://www.energy.ca.gov/listservers/index\\_cms.html](https://www.energy.ca.gov/listservers/index_cms.html). The subscription emails notifications and direct links when documents and notices are filed in the proceeding docket.

For additional information about how to participate in this proceeding, please contact the CEC's Office of the Public Advisor, Energy Equity, and Tribal Affairs at (916) 957-7910, or via email at [publicadvisor@energy.ca.gov](mailto:publicadvisor@energy.ca.gov). Media questions should be directed to the CEC's Media Office by email at [mediaoffice@energy.ca.gov](mailto:mediaoffice@energy.ca.gov) or by calling (916) 654-4989.

## **VI. CONCLUSION AND ORDER**

The CEC therefore institutes an informational proceeding to accomplish the purposes specified above, designates Vice Chair Siva Gunda as Lead Commissioner of this proceeding, and directs the Executive Director and staff to collect and evaluate the information needed under guidance of the Lead Commissioner.

**IT IS SO ORDERED.**

**CERTIFICATION**

The undersigned Secretariat to the CEC does hereby certify that the foregoing is a full, true, and correct copy of an Order duly and regularly adopted at a meeting of the CEC held on March 13, 2024.

AYE:

NAY:

ABSENT:

ABSTAIN:

Dated:

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Kristine Banaag  
Secretariat

# Memorandum

**To:** Chair, Vice Chair, and Commissioners  
California Energy Commission

**From:** Aleecia Gutierrez, Director  
Energy Assessments Division  
California Energy Commission

**Date:** March 7, 2024

**Subject:** CEC Staff Recommendation on Petition for Formal Rulemaking to Determine Methodologies to Integrate Non-Energy Benefits and Social Costs into the CEC's Resource Planning and Investment Decision-Making Processes

## I. Summary

On February 5, 2024, the Center for Biological Diversity, Central California Asthma Collaborative, California Environmental Justice Alliance, Asian Pacific Environmental Network, Greenlining Institute, Local Clean Energy Alliance, Sierra Club California, The Climate Center, Center on Race, Poverty and the Environment, Clean Coalition, 350 Bay Area, GRID Alternatives, The Protect Our Communities Foundation, the BEEP Coalition, the Local Government Sustainable Energy Coalition, and Environment California (Petitioners) filed a petition requesting that the California Energy Commission (CEC) initiate a formal rulemaking to determine methodologies to integrate non-energy benefits (NEBs) and social costs into the CEC's resource planning and investment decision-making processes. As discussed below, CEC staff share Petitioners' desire to see NEBs and social costs incorporated into CEC's programs and analyses. However, the petition did not include proposed regulatory language for the CEC to approve or deny. Additionally, petitioners appear to acknowledge that further stakeholder engagement is necessary to arrive at an approach that appropriately addresses petitioners' concerns and "systematically and comprehensively" considers NEBs in CEC's programs and analyses. For these reasons, staff does not believe the petition for rulemaking process is the appropriate vehicle for this engagement. This is because that process, established in Government Code sections 11340.6 and 11340.7, requires an agency approving such a petition to, within 30 days, schedule the matter for the public hearing that occurs after regulatory language is released for a lengthy public review and comment period. Since proposed regulations have not yet been drafted, it would be premature and infeasible to hold the hearing that would otherwise be required under this process. However, this does not preclude the CEC from taking other action that will facilitate open and robust dialogue and explore pathways toward tangible progress on this subject.

For the reasons provided herein, CEC staff recommend the CEC deny the petition in part to the extent that it invokes the requirements of Government Code sections 11340.6 and 11340.7 and instead grant other relief by approving the request to consider NEBs in CEC's programs and analyses in a transparent public process. To this end, CEC staff recommend adopting an Order Instituting an Informational Proceeding (OIIP or Informational Proceeding) to identify methodologies to integrate NEBs and social costs into CEC analyses and programs as determined to be appropriate.

## II. Procedural and Factual Background

On September 10, 2018, Governor Jerry Brown signed Senate Bill (SB) 100 (Stats. 2019, ch. 312), an act to amend sections 399.11, 399.15, and 399.30 of, and to add Section 454.53 to Chapter 3, Division 1 of the Public Utilities Code. SB 100 requires the California Public Utilities Commission (CPUC), the CEC, and California Air Resources Board (CARB) to utilize programs authorized under existing statutes to achieve the policy of the state that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to California end-use customers and 100% of electricity procured to serve all state agencies by December 31, 2045 and, as part of a public process, issue a joint report to the Legislature by January 1, 2021, and every 4 years thereafter, that includes specified information relating to the implementation of the policy, among other changes. The next joint agency report will be issued by January 1, 2025.

On February 5, 2024, Petitioners filed with the CEC's Executive Director a petition to initiate a formal rulemaking pursuant to California Code of Regulations, title 20, section 1221. The Petitioners urge the CEC to initiate a rulemaking to determine methodologies for integrating NEBs and social costs into the CEC's resource planning and investment decision-making processes. On February 12, 2024, the Executive Director certified the petition as complete pursuant to California Code of Regulations, title 20, section 1221. The CEC must, within 30 days of receiving a petition for rulemaking, either deny it and state the reason for denial in writing or grant it and direct staff to prepare an appropriate order pursuant to California Code of Regulations, title 20, section 1222, and schedule the matter for public hearing in accordance with Article 5 of the Administrative Procedure Act (APA).<sup>1</sup> On February 6, 2024, the Petitioners agreed to a seven day extension of time to allow the CEC to consider the petition and render a decision at its regularly scheduled Business Meeting on March 13, 2024.

## III. Petitioners' Requests and Assertions

Petitioners request that the CEC “determine methodologies to integrate [NEBs] and social costs into the CEC's resource planning and investment decision-making processes” and to institute a rulemaking proceeding to accomplish this objective. Petitioners request that the CEC ultimately “complete a separate and transparent rulemaking to systematically and comprehensively address” NEBs and social costs in an “iterative process that begins with certain NEBs and social costs, and over time, refines methodologies and includes other NEBs and social costs.”<sup>2</sup> Petitioners assert that to accurately reflect the value of NEBs and social costs in the state's energy procurement decisions, “this rulemaking must develop a methodology that also qualitatively values NEBs and social costs—as standards for resource portfolios to meet—utilizing appropriate lifecycle analyses.”<sup>3</sup> Petitioners seek an outcome that would fully integrate NEBs and social costs into the CEC's resource planning, investment decision-making, and cost-effectiveness determinations.

The Petitioners ask that the methodologies developed under the requested rulemaking inform the 2025 Joint Agency Report that will be prepared by the CEC, CPUC, and CARB pursuant to SB 100. The Petitioners assert that such an approach allows more projects to “pencil out” in

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<sup>1</sup> Gov. Code § 11340.7(a); Cal. Code Regs., title 20, §1221(c.)

<sup>2</sup> Petition at 4, 6.

<sup>3</sup> Petition at 4.

terms of economic feasibility and that this, in turn, has the potential to unlock funding for disadvantaged and low-income communities that is currently unavailable. Furthermore, the Petitioners make the case that adequate consideration of NEBs and social costs not only yields positive benefits, but also avoids harm by preventing disproportionate impacts from accruing to disadvantaged and low-income communities. The Petitioners assert that the CEC's current practices fail to adequately address NEBs or social costs, and therefore fail to realize either the benefits or avoided harms enumerated above.

The Petitioners propose that the CEC undertake a rulemaking and, in doing so, integrate NEBs and social costs into CEC programs and processes through both quantitative and qualitative means. The Petitioners illustrate the desired approach through examples of how the Petitioners would like the CEC to address (1) land use and species impacts, (2) impacts to human health and welfare, and (3) resiliency. Finally, the Petitioners assert that the CEC must incorporate lifecycle analyses into cost-effectiveness determinations and include all reasonably foreseeable impacts.

#### **IV. CEC Staff Recommendation**

CEC staff recognize and agree with the Petitioners on the value and importance of systematically and comprehensively addressing how to appropriately incorporate NEBs and social costs into CEC analyses, policies, and programs. CEC staff also recognize the need for a robust and transparent public process to ensure that methodologies are well vetted and provide meaningful information.

The process that would be initiated through granting the petition in full and immediately instituting a formal rulemaking would not allow for meeting these objectives. This is because the petition for rulemaking process provided under the APA does not contemplate the traditional pre-rulemaking phase in which the public can engage with the agency to inform proposed terms. Instead, this petition process is designed to skip directly to the "adoption, amendment, or repeal of a regulation"<sup>4</sup> phase. In other words, this petition process is appropriate where a petitioner makes a specific, discrete request, ideally with proposed regulatory language. Here, the Petitioners provided considerable justification and conceptual background for the substance of their request, but did not propose regulatory language. Furthermore, the Petitioners appear to recognize the magnitude of their request and the need for a pre-rulemaking phase to "comprehensively and systematically" address such a large and complex issue.<sup>5</sup> Denying the present petition would also be consistent with a recent decision in which the Office of Administrative Law noted that it may not be feasible for an agency, especially a commission-led agency like the CEC, to meet the deadlines for notice and other

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<sup>4</sup> Gov. Code § 11340.6.

<sup>5</sup> Petitioners ask the CEC to act with urgency, but emphasize the need for process and collaboration, rather than rushed drafting of a regulation behind closed doors. For example, the Petitioners' emphasize the need for an "iterative process" and ask the CEC to "*open* a rulemaking", "*develop* a methodology", and "*undertake* this vital task" and recognize the CEC will need to "*work[] to integrate* social costs into its cost-effectiveness determinations..." and "*consider* how to add in NEBs and social costs as [] "constraints or policy objectives."" (emphasis added).

actions stipulated in the Government Code, including Article 5 of the APA, upon granting a petition for rulemaking.<sup>6</sup>

Nevertheless, this does not prevent the CEC from taking additional action as it deems appropriate to address the substance of the petition.<sup>7</sup> CEC staff believe that the appropriate action in this case would be to adopt an Order Instituting Informational Proceeding (OIIIP or Informational Proceeding). This would be consistent with the Petitioners' stated objectives and would allow the process they requested to take place. Specifically, an Informational Proceeding would allow the CEC to hold "hearings designed to gather and assess information to *assist the commission in formulating policies*; informing the public of commission actions; or obtaining public comment and opinion."<sup>8</sup> This would provide a venue to develop the record on NEBs and social costs from multiple perspectives and seek detailed public input on how the CEC could best take action on these issues. Outcomes of the proceeding could, depending on the findings of the Informational Proceeding, include, but are not limited to, the opening of a formal rulemaking to draft and adopt regulations, or an internal guidance document specifying how staff will incorporate NEBs and social costs into their work going forward. Staff also recognize that the combination of the timing of the submittal of the petition and the length of time it will take to conduct meaningful public engagement may limit the ability of the Informational Proceeding to inform the 2025 SB 100 Joint Agency Report (2025 Report). Staff will, however, consider any available information and findings from this Informational Proceeding to inform the 2025 Report. Development of NEB and social cost methodologies in the 2025 Report can also inform the Informational Proceeding.

For these reasons, staff recommend the CEC take the following action:

1. Grant the Petitioners' underlying request that the CEC address NEBs and social costs in its planning and decision-making;
2. Take "other action" on the petition to fulfill this request by instituting the above-described Informational Proceeding to assist the CEC in formulating methodologies to integrate NEBs and social costs into CEC analyses, policies and programs through a public process; and
3. Deny the petition to the extent it asks the CEC to issue an Order Instituting a Rulemaking and adopt a regulation pursuant to Government Code sections 11340.6 and 11340.7.

The CEC is authorized to take the recommended actions pursuant to California Code of Regulations, title 20, section 1221(c), which provides the CEC may either deny petitions for rulemaking or grant petitions and "direct the staff to prepare an appropriate order pursuant to section 1222 of [title 20 of the California Code of Regulations]." The CEC is further authorized to take the recommended actions pursuant to California Code of Regulations, title 20, section 1222, subsection (b), which provides that the CEC "may, upon its own motion, adopt an order to institute an informational proceeding." Finally, this action is consistent with the APA, which

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<sup>6</sup> Office of Administrative Law, Notice of Decision re: California Gambling Control Commission Petition (Dec. 2022), available at <https://oal.ca.gov/wp-content/uploads/sites/166/2022/12/Petition-Decision-for-Gambling-Control-Commission-Petition-12-22-2022.pdf>.

<sup>7</sup> Gov. Code § 11340.7(b) ("A state agency may... grant any other relief or take any other action as it may determine to be warranted by the petition..."); Cal. Code Regs., tit. 20, §1222 (b) ("The [CEC] may, upon its own motion, adopt an order to institute an informational proceeding.")

<sup>8</sup> Cal. Code Regs., tit. 20, § 1220(b) (emphasis added).

provides that an agency may “grant or deny [a] petition in part, and may grant any other relief or take any other action as it may determine to be warranted by the petition...”<sup>9</sup>

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<sup>9</sup> Gov. Code § 11340.7(b).