Notice of Exemption

TO: Office of Planning and Research
1400 Tenth Street, Room 212,
Sacramento, California 95814

FROM: California Energy Commission
715 P Street
Sacramento, California 95814

Project Title: Approval of Local Energy Efficiency and Conservation Standards Application Findings Submitted by the City of Palo Alto for the 2025 Energy Code Cycle.

Project Location: 715 P Street Sacramento, California 95814

Description of Nature, Purpose, and Beneficiaries of Project:

The California Energy Commission (CEC) adopts and regularly updates regulations that define a process for local governments to apply to the CEC to make certain findings regarding locally adopted energy conservation or energy insulation standards (CCR, Title 24, Part 1, section 10-106 and section 10-110; Public Resources Code section 25402.1(h)(2)). The local government's proposed standards are often referred to as the Local Reach Codes and require local governments submit an application to the CEC consistent with the requirements listed in section 10-106(b). Before the local standards may be enforced, the CEC must make two non-discretionary findings pursuant to PRC section 25402.1(h)(2) and as listed in section 10-106(a):

1) The proposed local standards will require the diminution of energy consumption levels compared to the 2022 Energy Code, and
2) The local government has filed the basis of its cost-effectiveness determination with the CEC.

On September 25, 2025, the City of Palo Alto (the City) submitted an application to the CEC that included: 1) the basis of its determination that the locally adopted energy efficiency standards contained in Ordinance No. 5665 are cost-effective; and (2) documentation that the locally adopted energy efficiency standards contained in Ordinance No. 5665 will require the diminution of energy consumption levels compared to the 2025 Building Energy Efficiency Standards (Energy Code), as required by PRC section 25402.1(h)(2) and by CCR, Title 24, Part 1, section 10-106 (section 10-106).

Based on the information submitted, staff analysis, and the Executive Director's recommendation, the CEC approved findings of the City's section 10-106 application at the CEC's January 21, 2026, Business Meeting.

Name of Public Agency Approving Project: California Energy Commission

Name of Person or Agency Carrying Out Project: California Energy Commission

Exempt Status: (Check One)

- ☑ Ministerial (Sec. 21080(b)(1); 15268);
- ☐ Declared Emergency (Sec. 21080(b)(3); 15269(a));
- ☐ Emergency Project (Sec. 21080(b)(4); 15269(b)(c));

Categorical Exemption: State type and section number: _____

- ☐ Statutory Exemption: State code number: _____
- ☑ Other: Common Sense (Sec. 15061(b)(3)).

Reasons why the project is exempt:

The CEC's findings regarding the City's section 10-106 application does not constitute a "project" under CEQA since it is not an activity that may cause a direct or reasonably foreseeable indirect physical change to the environment. In its findings regarding the section 10-106 applications, the CEC does not directly undertake implementing the proposed standards by the local governments, nor does the CEC provide any form of assistance to local governments implementing the proposed standards, or issue any sort of lease, permit, or other form of entitlement for the proposed standards to be conducted. The CEC's actions are limited to the ministerial acts, as detailed below, and on its own does not amount to action that may cause a direct or reasonably foreseeable indirect physical change to the environment as provided by the CEQA definition for a "project" (CCR, Title 14, section 15378(a)). Accordingly, the CEC's actions are not a "project" for purposes of CEQA.

As detailed above, the CEC approves applications submitted pursuant to section 10-106 upon determination that the applications submitted demonstrate conformity with the necessary components required by PRC section 25402.1(h)(2) and CCR, Title 24, Part 1, sections 10-106 and 10-110. Either an application does provide the local government's basis and formal determination that the proposed standards before the CEC are cost effective or it does not. Similarly, either the application does provide the required documentation under section 10-106 demonstrating to the CEC that the proposed local standards will require a diminution of energy consumption levels compared to the 2025 Energy Code or they do not. In the former, the applications submitted by local governments are found to be compliant and in the latter they would be found to be noncompliant. The CEC does not exercise a subjective judgment or deliberation in this approval process beyond ensuring the applicants have provided the proper documentation. For these reasons, even if the CEC's action of making findings of compliance for local reach code applications under section 10-106 is considered a project, the findings do not constitute a discretionary project and should accordingly be exempted as a ministerial project (Pub. Resources Code, § 21080; CCR, Title 14, section 15268).

Even if this action is considered to be discretionary and a "project" under CEQA, the Common-Sense Exemption would apply as it can be seen with certainty that there is no possibility that the CEC's findings regarding the City's section 10-106 applications will

not have a significant effect on the environment (CCR, Title 14, sections 15061(b)(3) and 15061(a)). As discussed above, the findings regarding these applications are comprised of two non-discretionary findings for each application that allow local governments to tailor their local standards as they find appropriate while ensuring alignment with the Energy Code. The CEC's findings regarding these applications do not result in any new changes to Energy Code requirements. For these reasons, the CEC's approval of the City's section 10-106 applications would not be subject to CEQA under the Common-Sense Exemption, section 15061(b)(3).

Lead Agency Contact Person

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Signature: Michael Shewmaker Date: January 21, 2026

Title: Supervisor

[x] Signed by the Lead Agency

Date received for filing by