

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5762-01  
Bill No.: HB 2301  
Subject: Energy; Corporations  
Type: Original  
Date: February 11, 2016

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Bill Summary: This proposal modifies provisions relating to community solar gardens.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Public Service Commission	(\$64,136)	(\$75,935)	(\$76,651)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$64,136)</b>	<b>(\$75,935)</b>	<b>(\$76,651)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Public Service Commission	1	1	1
<b>Total Estimated Net Effect on FTE</b>	<b>1</b>	<b>1</b>	<b>1</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

In response to a similar proposal from this session, SB 630, Oversight received the following responses:

Officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Economic Development - Public Service Commission** assumed the proposal would not fiscally impact their agency.

Officials from the **Department of Economic Development - Division of Energy (DE)** stated there is no identifiable direct fiscal impact from this version of the proposal; however, there could be a cumulative fiscal impact to DE if more than one proposal related to Public Service Commission regulatory issues passes due to DE's involvement in such cases.

Officials from the **Department of Economic Development - Office of the Public Counsel (OPC)** stated this proposal would result in a new class of rate payer.

ASSUMPTION (continued)

This proposal will create significant additional responsibilities for the Public Counsel's staff, requiring the addition of 1.00 FTE in the form of Regulatory Economist I (\$48,156/annually) with specific expertise to address the complex legal, economic, class cost of service and financial issues that will be raised by this legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>PUBLIC SERVICE COMMISSION FUND</b>			
<u>Costs - OPC</u>			
Salaries	(\$40,130)	(\$48,638)	(\$49,124)
Fringe Benefits	(\$19,374)	(\$23,380)	(\$23,513)
Equipment and Expenses	(\$4,632)	(\$3,917)	(\$4,014)
<u>Total Costs - OPC</u>	<u>(\$64,136)</u>	<u>(\$75,935)</u>	<u>(\$76,651)</u>
FTE Change - OPC	1 FTE	1 FTE	1 FTE

<b>ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION FUND</b>	<b><u>(\$64,136)</u></b>	<b><u>(\$75,935)</u></b>	<b><u>(\$76,651)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal modifies provisions relating to community solar gardens, and defines the term "community solar gardens" as set forth in this proposal. Under this proposal, if an electrical corporation plans to acquire or construct a new supply-side resource in its resource plan filed with the Public Service Commission, they shall provide for a plan to purchase energy and renewable energy credits from one or more community solar gardens.

FISCAL DESCRIPTION (continued)

Beginning on January 1, 2017, the electrical corporation shall issue offers to purchase energy from community solar gardens of 500 kW or less, so long as the energy generated from such does not exceed 20% of the corporation's renewable energy standard portfolio requirements.

Beginning January 1, 2022, the Public Service Commission shall determine the electrical corporation's minimum and maximum purchases of energy from community solar gardens of different output capacity. At the same time, electrical corporations shall set forth in their resource plans a proposal for including low-income customers as community solar garden subscribers.

Energy generated by a community solar garden shall only be sold to the electrical corporation that provides service in the area in which the solar garden is located. Further, electrical corporations shall be eligible to recover a margin, in an amount determined by the Public Service Commission, on all energy and renewable energy credits purchased from community solar gardens.

Under this proposal, both the electrical corporation and subscribers of the community solar garden are required to provide certain information and facilities to the other as set forth in this proposal.

Any excess energy generated by the solar garden shall be credited to the community solar garden subscriber in proportion to the percentage of shares that the subscriber owns of the community solar garden, less any appropriate customer charges. Any credits shall expire within 12 months of issuance, when the subscriber disconnects service, or when the community solar garden terminates the agreement to sell excess energy to the electrical corporation.

Nothing in this proposal shall apply to rural electric cooperatives or municipally owned utilities.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Office of the Public Counsel  
Division of Energy  
Public Service Commission  
Office of the Secretary of State



Mickey Wilson, CPA  
Director  
February 11, 2016

Ross Strobe  
Assistant Director  
February 11, 2016