

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4519-02
Bill No.: HCS for HB 1804
Subject: Energy; Utilities
Type: Original
Date: March 8, 2016

Bill Summary: This proposal specifies that the Division of Energy shall review and update, if necessary, the Missouri Comprehensive State Energy Plan.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0	(\$50,000)	(\$50,000)
Total Estimated Net Effect on General Revenue	\$0	(\$50,000)	(\$50,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

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

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

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Economic Development's Division of Energy (DE)** assume that to meet the January 1, 2017 deadline for the initial biannual review, funds would not be available and there would be insufficient time to complete the procurement process and contract for services associated with the Comprehensive State Energy Plan (CSEP) review and stakeholder process. DE assumes there would be minimal updates to the CSEP that would be necessary as a result of the initial review and due to the short period between issuance of the CSEP in October 2015 and when the review and update are to be completed (January 1, 2017). DE assumes it would conduct the initial review using a reasonable stakeholder process and existing resources, in consultation with the Missouri-based not-for-profit organization identified in the proposal.

For subsequent reviews beginning with the July 1, 2019 update, DE assumes there would be at least two components to the CSEP reviews: (1) a review of the energy data and policy recommendations; and (2) stakeholder input (i.e. meeting facilitation, expenses, materials, technological engagement software tools). The above components could be further broken out into subcategories to target available resources. To the maximum extent possible, DE assumes it would work collaboratively with Missouri stakeholders to perform the CSEP reviews. DE assumes that any contracts for services to assist with the reviews with the Missouri-based not-for-profit organization would be subject to appropriation. If funds are not appropriated, it is assumed DE would conduct a review in consultation with Missouri stakeholders, to the extent possible within available resources.

It is not known if a contract for services as identified in the proposal would require competitive procurement or if it would be a sole source provider. It is also not known what the cost of such a review might be until such time as a formal bid or proposal is submitted. For purposes of this fiscal note, it is assumed that a range of \$50,000-\$100,000 would be needed to conduct the 2019 biennial review. It is assumed that funds would be needed by July 1, 2017 to initiate a procurement process for contractual services, conduct the stakeholder process and review/update the CSEP by January 1, 2019. It is also assumed that the review period would cross fiscal years and not be complete by June 30, 2018 and that additional funds would be needed from July 1, 2018-December 31, 2018 (FY 19). For purposes of this fiscal note, one-half of the funds necessary to conduct the 2019 biennial review are requested in FY 18 and one-half in FY 2019. Thereafter, the annual request for funds would be one-half of the total biennial review costs and would be informed by the actual bid/proposal amounts.

Oversight will use the estimates provided by DE and show a fiscal impact of \$50,000 in FY 18 and FY 19.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Cost - DED - services associated with the CSEP</u>	<u>\$0</u>	<u>(\$50,000)</u>	<u>(\$50,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(\$50,000)</u>	<u>(\$50,000)</u>
<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

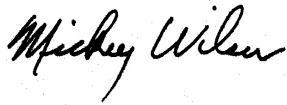
This bill requires the Comprehensive State Energy Plan implemented by the Division of Energy be reviewed and updated if necessary by the division by January 1, 2017, and biannually thereafter. The division must review the plan to ensure it meets specified criteria. To conduct the review, the division must use a diverse stakeholder system or contract with a Missouri-based not-for-profit organization who meets specific requirements. The division must issue a report, along with the review, that suggests policy changes needed to meet set criteria.

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

L.R. No. 4519-02
Bill No. HCS for HB 1804
Page 5 of 5
March 8, 2016

SOURCES OF INFORMATION

Department of Economic Development's Division of Energy

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 8, 2016

Ross Strobe
Assistant Director
March 8, 2016