

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4566-02
Bill No.: SB 630
Subject: Corporations; Energy; Public Service Commission; Utilities
Type: Original
Date: January 5, 2016

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

FISCAL SUMMARY

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

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

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 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
Public Service Commission	1	1	1
Total Estimated Net Effect on FTE	1	1	1

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 from the **Office of the Secretary of State (SOS)** state 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** assume the current proposal would not fiscally impact their agency.

Officials from the **Department of Economic Development - Division of Energy (DE)** state 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)** state this proposal would result in a new class of rate payer. 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
PUBLIC SERVICE COMMISSION FUND			
<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
ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION FUND			
	<u>(\$64,136)</u>	<u>(\$75,935)</u>	<u>(\$76,651)</u>
Estimated Net FTE Change on the Public Service Commission Fund	1 FTE	1 FTE	1 FTE
<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

Small businesses could benefit from the additional economic development opportunities.

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. 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.

FISCAL DESCRIPTION (continued)

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.

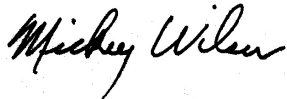
Nothing in this proposal shall apply to rural electric cooperatives or municipally owned utilities.

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

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SOURCES OF INFORMATION

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



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January 5, 2016

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Assistant Director
January 5, 2016