

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4749-02  
Bill No.: SCR 27  
Subject: Department of Economic Development; Energy; General Assembly; Public Service Commission; Utilities  
Type: Original  
Date: March 22, 2018

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Bill Summary: This proposal establishes the Task Force on Retail Electric Competition.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |                   |            |            |
|--|-------------------|------------|------------|
| FUND AFFECTED  | FY 2019           | FY 2020    | FY 2021    |
| General Revenue Fund                                 | (\$60,000)        | \$0        | \$0        |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>(\$60,000)</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2019    | FY 2020    | FY 2021    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2019</b> | <b>FY 2020</b> | <b>FY 2021</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 2019</b> | <b>FY 2020</b> | <b>FY 2021</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</b>       | <b>0</b>       | <b>0</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 2019</b> | <b>FY 2020</b> | <b>FY 2021</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Economic Development (DED) - Division of Energy (DE)** state in order to provide specialized expertise and to develop fully informed recommendations on issues related to retail electric competition, the Division of Energy assumes it would require additional resources. Due to the short time frame and inability to hire additional staff, the Division would need to contract with a consultant. The task force will likely review issues related to resource adequacy, stranded utility investment, utility compensation for the use of distribution plant for delivery of competitors' energy, certification of retailers, Public Service Commission authority over retail offerings, consumer protections including how to ensure that customers that do not make a choice will be served, the need for a carrier of last resort responsibility in the event that competitors go out of business and many other issues. It cannot be assumed that the expertise required of the Division will align with the resources and knowledge other agencies will be providing.

While the experiences of other states will be informative, Missouri's unique energy landscape requires a careful analysis of the questions surrounding retail electric competition.

The Division of Energy assumes it would require up to \$60,000 in contractual funds in FY 19.

Officials from the **Missouri State Senate** anticipate this bill would commit 3 Senate Members to the Task Force on Retail Electric Competition. As written, it is unclear who would be responsible for reimbursing for actual and necessary expenses incurred in the performance of their duties as members of the task force. If the Senate is responsible for reimbursing the Senator's only, existing appropriation would be used.

Officials from the **Department of Economic Development - Public Service Commission** and the **Office of Public Counsel** and the **Missouri House of Representatives** each assume the proposal will have no fiscal impact on their respective organizations.

| <u>FISCAL IMPACT - State Government</u>                     | FY 2019<br>(10 Mo.)      | FY 2020           | FY 2021           |
|---|--------------------------|-------------------|-------------------|
| <b>GENERAL REVENUE FUND</b>                                 |                          |                   |                   |
| <u>Cost - DED- DE</u><br>Contractual Funds                  | <u>(\$60,000)</u>        | <u>\$0</u>        | <u>\$0</u>        |
| <b>ESTIMATED NET EFFECT ON THE<br/>GENERAL REVENUE FUND</b> | <b><u>(\$60,000)</u></b> | <b><u>\$0</u></b> | <b><u>\$0</u></b> |
| <br>  |                          |                   |                   |
| <u>FISCAL IMPACT - Local Government</u>                     | FY 2019<br>(10 Mo.)      | FY 2020           | FY 2021           |
|   | <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 concurrent resolution establishes the Task Force on Retail Electric Competition to make recommendations in a report to the General Assembly on the method, feasibility, and impact of implementing retail electric competition in Missouri. The Task Force shall consist of 17 members. The Task Force shall meet within 15 days of the adoption of this resolution and shall expire on December 31, 2018.

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. 4749-02  
Bill No. SCR 27  
Page 5 of 5  
March 22, 2018

SOURCES OF INFORMATION

Department of Economic Development  
Missouri Senate  
Missouri House of Representatives

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope". The signature is stylized and cursive.

Acting Director  
March 22, 2018