

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0380-02
Bill No.: Perfected SCS for SB 131
Subject: Contracts and Contractors; Department of Economic Development; Energy;
 Public Service Commission; Utilities
Type: Original
Date: March 26, 2019

Bill Summary: This proposal requires that the comprehensive state energy plan be reviewed by the Division of Energy by January 1, 2021 and biennially thereafter and updated if necessary.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue Fund	\$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 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE			

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 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED) - Division of Energy (DE)** assume that to meet the January 1, 2021 deadline for the initial 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. For purposes of this fiscal note, DE assumes it would conduct the initial review using a reasonable stakeholder process and existing resources.

For subsequent reviews beginning with the January 1, 2023 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 nonprofit 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 \$75,541 to \$151,308 would be needed to conduct the 2022 biennial review. The cost range includes estimated existing resources of \$25,541 for FY 2021 and \$25,677 for FY 2022. These are redirection of current resources.

It is assumed that funds would be needed by July 1, 2020 to initiate a procurement process for contractual services, conduct the stakeholder process and review/update the CSEP by January 1, 2022. This cost range includes estimated existing resources (0.15 Planner II at \$51,808 annually and .15 Planner III at \$55,718 annually). It is assumed that funds would be needed by July 1, 2020 to initiate a procurement process for contractual services, conduct the stakeholder process and review/update the CSEP by January 1, 2022.

ASSUMPTION (continued)

It is also assumed that the review period would cross fiscal years and not be completed by June 30, 2021 and that additional funds would be needed from July 1, 2021-December 31, 2021 (FY 22). For purposes of this fiscal note, one-half of the funds necessary to conduct the 2022 biennial review are requested in FY 21 (and one-half would be requested in FY 2022).

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.

Estimated cost for this proposal is \$50,000 for FY 2021 and FY 2022.

DED noted that the .15 FTE Planner II and .15 FTE Planner III are existing resources. Therefore, **Oversight** will assume DED will not incur these additional expenses as a result of this proposal (will use existing resources) and will not reflect the .30 FTE (roughly \$25,000) in the fiscal note.

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

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost - DED - contracted services</u>	<u>\$0</u>	<u>(\$50,500)</u>	<u>(\$50,500)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$50,000)</u>	<u>(\$50,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses could be affected by changed electric rates which may come about due to changes recommended as a result of this proposal.

FISCAL DESCRIPTION

This proposal requires the Missouri Division of Energy to review the comprehensive state energy plan implemented by the division by January 1, 2021. The plan shall be reviewed biennially thereafter to ensure certain enumerated goals and updated as needed.

The division shall use a diverse stakeholder input system either directly or by contracting with a Missouri-based nonprofit organization and issue a report along with each review, suggesting policy changes.

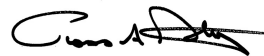
Further, this act requires the Division of Energy to issue a report, along with the review, suggesting policy changes as set forth in this act. The report shall be submitted to the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

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
Division of Energy
Public Service Commission
Office of Public Counsel

Kyle Rieman
Director
March 26, 2019



Ross Strope
Assistant Director
March 26, 2019