

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5076-01
Bill No.: SCR 39
Subject: Boards, Commissions, Committees and Councils; Department of Economic Development; Energy; General Assembly; Public Service Commission; Utilities
Type: Original
Date: February 7, 2020

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue Fund	(\$46,139)	(\$4,040)	\$0
Total Estimated Net Effect on General Revenue	(\$46,139)	(\$4,040)	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue Fund	.5 FTE	0 FTE	0 FTE
Total Estimated Net Effect on FTE	.5 FTE	0 FTE	0 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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Natural Resources (DNR) - Division of Energy (DE)** state that this legislation would establish a Task Force on Retail Electric Competition to consider and make recommendations to the General Assembly on issues associated with implementing retail competition in the electric sector. The Director of the Division of Energy (or his or her designee) would serve as a member of the Task Force and provide technical assistance; additionally, the Task Force would be authorized to call upon any state entity to assist in gathering information. The Task Force would convene within 15 days of adopting the resolution and terminate no later than December 31, 2021.

Per the legislation, topics that the Division of Energy could be called upon to address include the method of implementing retail competition, the feasibility of doing so, and the impacts of such implementation; costs and benefits experienced by other states resulting from competition; regulatory issues; social and other public service functions provided by the regulated electric utility industry and potential impacts on these functions; and, whether (and on what terms) competition should be offered. These topics could involve issues such as rate and bill impacts, the potential for stranded utility investments, reliability planning, physical and cyber security, safety and emergency response, overbuilding, obligations of incumbents and new entrants, certification of and reporting requirements for retailers, consumer protections, default and carrier of last resort obligations, and assurance of service in the event of market exit. Addressing these topics and issues in the Missouri context would require the Division of Energy to provide specialized policy and technical expertise.

For purposes of this analysis, the Division of Energy assumes that the research would take place in the first fiscal year and would need .5 FTE Planner III to provide specialized policy and technical expertise over that year. We anticipate that this would include work in the following areas:

ASSUMPTION (continued)

Review of performance of retain competition in other states (18 states at average of two per week)	360 hours
Policy and economic implications for the incumbent providers, competitive providers, businesses, and residential customers (2 week average per sector)	320 hours
Reliability (2 weeks), safety (2 weeks), and security (1 week) in a multi-provider environment	200 hours
Identification and recommendation of leading practices (2 weeks)	80 hours
Additional work as required (1 week)	40 hours

In summary, DNR assumes a cost of \$40,079 in FY 2021 to the General Revenue Fund to provide for the implementation of the changes in this proposal. **Oversight** will reflect the cost estimated provided by DNR.

Officials from the **Missouri State Senate (SEN)** anticipate a negative fiscal impact to reimburse milage for three Senators to attend task force meetings. In summary, it will cost approximately \$337 (261 average miles x .43 (rate per mile) x 3 members) per task force meeting.

Officials from the **Department of Commerce and Insurance (DCI) - Public Service Commission (PSC)** state the fiscal impact to the PSC is anticipated to consist of staff time needed to provide technical assistance to the Task Force.

The total impact to staff time is undetermined at this time. Depending on the cumulative effect of all PSC-impacting legislation passed in the current session and the associated increased costs associated with that legislation to the PSC, the PSC may need to request an increase in our appropriation authority and/or FTE allocation as appropriate through the budget process.

The PSC is funded by an assessment on Commission-regulated public utilities pursuant to Section 386.370 RSMo, and not by any state general appropriations.

ASSUMPTION (continued)

Officials from the **Missouri House of Representatives (MHR)** assume this proposal will have no fiscal impact on their agency. MHR assumes their organization can absorb any expenses incurred by the 3 MHR members serving on the task force as well as any expenses incurred by MHR staff assisting the task force.

Officials from the **Department of Commerce and Insurance - Office of Public Counsel** assume the proposal will have no fiscal impact on their organization.

Oversight assumes 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 20 members. The Task Force shall meet within 15 days of the adoption of this resolution and shall expire on December 31, 2021. Oversight also assumes this proposal states that the task force, its members, and any staff assigned to the task force shall receive reimbursement for their actual and necessary expenses incurred in attending meetings of the task force. Therefore, Oversight will use the estimate provided by the Missouri Senate and will reflect a cost of could exceed \$2,020 (261 average miles x .43 (rate per mile) x 18 members) per meeting x 3 meetings (\$6,060) in FY 2021 and 2 meetings (\$4,040) in FY 2022.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Cost - DNR</u>			
Salaries	(\$24,329)	\$0	\$0
Fringe Benefits	(\$12,880)	\$0	\$0
Equipment and Expense	(\$2,870)	\$0	\$0
<u>Total Cost - DNR</u>	<u>(\$40,079)</u>	<u>\$0</u>	<u>\$0</u>
Total FTE Change - DNR	.5 FTE	\$0	\$0
<u>Cost - Task Force on Retail Electric Competition Member Reimbursement</u>	<u>(\$6,060)</u>	<u>(\$4,040)</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$46,139)</u>	<u>(\$4,040)</u>	<u>\$0</u>
Estimated Net FTE Change to the General Revenue Fund	.5 FTE	0 FTE	0 FTE

FISCAL IMPACT - Local Government

FY 2021
(10 Mo.)

FY 2022

FY 2023

\$0

\$0

\$0

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 20 members. The Task Force shall meet within 15 days of the adoption of this resolution and shall expire on December 31, 2021.

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 Commerce and Insurance
Department of Natural Resources
Missouri House of Representatives
Missouri Senate



Julie Morff
Director
February 7, 2020



Ross Strope
Assistant Director
February 7, 2020