

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4519-05
Bill No.: SCS for HCS for HB 1804
Subject: Economic Development Department; Energy; Public Service Commission;
Utilities
Type: Original
Date: April 20, 2016

Bill Summary: This proposal modifies provisions relating to state energy policies.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	FY 2020
General Revenue	\$0	\$0	(\$50,000)	(\$50,000)
Total Estimated Net Effect on General Revenue	\$0	\$0	(\$50,000)	(\$50,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$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	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	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.

FUND AFFECTED	FY 2017	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Economic Development - Division of Energy (DE)** assume §620.3150.1 requires the DE to review the comprehensive state energy plan (CSEP) that was completed in October of 2015, by January 1, 2018, and biennially thereafter and update it if necessary.

§620.3150.2 identifies seven objectives to guide the review. Subsection (7) specifies that areas of potential growth or development be included in the CSEP that include forecasts of 5-10 years for energy demand and supply, infrastructure demands and identification of additional costs, risks, benefits, uncertainties and market potential of energy supply resource alternatives.

§620.3150.3 requires DE to consult with diverse stakeholder groups or may contract with a Missouri-based nonprofit organization whose staff and organization are able to facilitate the review.

§620.3150.4 requires that a report be issued along with the review that suggests policy changes that meet certain criteria.

DE assumes that to meet the January 1, 2018, 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, 2018). 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 January 1, 2020 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.

ASSUMPTION (continued)

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 2020 biennial review. It is assumed that funds would be needed by July 1, 2018 to initiate a procurement process for contractual services, conduct the stakeholder process and review/update the CSEP by January 1, 2020. It is also assumed that the review period would cross fiscal years and not be complete by June 30, 2019 and that additional funds would be needed from July 1, 2019-December 31, 2019 (FY 19). For purposes of this fiscal note, one-half of the funds necessary to conduct the 2020 biennial review are requested in FY 19 (and one-half would be requested in FY 2020). 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 19 and FY 20.

Officials at the **Department of Economic Development - Public Service Commission** assume no fiscal impact from this proposal to their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019	FY 2020
GENERAL REVENUE				
Cost - DED - services associated with the CSEP	<u>\$0</u>	<u>\$0</u>	<u>(\$50,000)</u>	<u>(\$50,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<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	FY 2020
	<u>\$0</u>	<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.

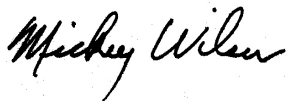
FISCAL DESCRIPTION

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.

SOURCES OF INFORMATION

Department of Economic Development
Public Service Commission
Division of Energy



Mickey Wilson, CPA
Director
April 20, 2016

Ross Strobe
Assistant Director
April 20, 2016