

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4429H.05P
 Bill No.: Perfected HCS for HB 1753
 Subject: Utilities; Energy
 Type: Original
 Date: April 11, 2024

Bill Summary: This proposal creates provisions for the closure of electric power plants.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*This bill could potentially result in increased utility costs to state departments and local governments if rate changes are made as a result of these new standards, however, **Oversight** assumes the potential increase would be less than \$250,000 each year.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Public Service Commission Fund**	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Other State Funds*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other State Funds</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

**Depending on the number of existing 100 megawatt electric generating power plants in Missouri that intend to close, and the level of involvement of the Public Service Commission, the PSC assumes this could include ‘substantial’ work on their part. Oversight assumes the additional cost (if any) would not reach the \$250,000 threshold.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 393.401 – Electric Power Plants

Officials from the **Department of Commerce and Insurance – Public Service Commission (PSC)** state this legislation does not describe what is supposed to be done with the certification requirement given to the PSC, General Assembly, and the Governor. If the PSC is to just receive certifications, then the work can be done within current FTE levels. However, if the PSC is to review and/or approve the certifications, that will require additional, substantial work.

Also, if the certification referenced in the bill requires a formal review, even if abbreviated, to determine the new generation supplants the old capacity amounts (as specified), there would be new cases before the PSC, but the number of cases is not known. It is uncertain how many electric generating power plants of over 100MWs are facing closure next, or how many cases for replacing capacity (solar, wind, other contracts) come through to replace electric generating power plant closures. Therefore, the fiscal impact to PSC is undeterminable at this time.

Oversight does not have any information to the contrary. Based on the PSC's response, Oversight will reflect the potential cost as \$0 or an unknown cost to the Public Service Commission Fund.

In response to a previous version, officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** assumed there would be a fiscal impact to the State's utility costs. However, without more information FMDC is unable to calculate the impact this would have on statewide utility costs for consolidated facilities managed by FMDC. FMDC assumes a \$0 to unknown impact.

FMDC state subjects in this chapter refer to gas, electric, water, heating and sewer companies.

Oversight notes FMDC assumes utility cost for the Office of Administration as well as other state agencies and local governments could increase. Since it is unknown how much of a rate increase will be authorized (if any), Oversight will reflect a range from \$0 (no utility will increase rates) to an unknown cost to the state and local political subdivisions for higher utility costs; however, Oversight assumes the potential increase in utility cost will be under \$250,000.

Officials from the **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their organization.

In response to a previous version, officials from the **Missouri Department of Conservation** and the **Hancock Street Light District** each assumed the proposal will have no fiscal impact on their organization.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other electric companies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

House Amendment 1

Oversight assumes House Amendment 1 will have no further fiscal impact than what has been mentioned previously in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2025	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Cost - Office of Administration</u> Potential increase in electric utility costs §393.401	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATD NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
PUBLIC SERVICE COMMISSION FUND			
<u>Cost – DCI-PSC §393.401</u> Potential certification review/approval	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATD NET EFFECT TO THE PUBLIC SERVICE COMMISSION FUND	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

VARIOUS STATE FUNDS			
<u>Cost - Various State Agencies</u> Potential increase in electric utility costs §393.401	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost - Local Governments</u> Potential increase in electric utility costs §393.401	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

FISCAL IMPACT – Small Business

Small businesses could have an increase in utility cost as a result of this proposal.

FISCAL DESCRIPTION

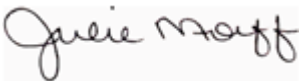
This proposal creates provisions for the closure of electric power plants.

The bill has an emergency clause.

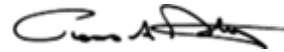
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration
Hancock Street Light District



Julie Morff
Director
April 11, 2024



Ross Strobe
Assistant Director
April 11, 2024