

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 7483H.011
 Bill No.: HB 3530
 Subject: Utilities; Public Service Commission
 Type: Original
 Date: March 19, 2026

Bill Summary: This proposal creates new provisions for utilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Public Service Commission Fund (1607)*	Less than (\$828,126)	Less than (\$972,758)	Less than (\$989,926)
Total Estimated Net Effect on Other State Funds	Less than (\$828,126)	Less than (\$972,758)	Less than (\$989,926)

***Oversight** assumes that the net effect is from the cost of the 7 FTE requested by the Public Service Commission to create a new type of regulatory model along with the revenue generated from the licensing fees collected from solar and energy storage contractors.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Public Service Commission Fund	7 FTE	7 FTE	7 FTE
Total Estimated Net Effect on FTE	7 FTE	7 FTE	7 FTE

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 2027	FY 2028	FY 2029
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

§§386.990, 386.993, and 386.996 – The Missouri Home Battery and Grid Resilience Act

Officials from the **Department of Commerce and Insurance – Public Service Commission (DCI-PSC)** state that this proposal, §386.996, creates a new type of regulatory model that does not currently exist under PSC jurisdiction and there is no current funding for it. This would result in the need for an additional 7 FTE to run the program.

- 1 Senior Professional Engineer (\$95,738):
The senior professional engineer position would serve as an expert witness, develop regulations, ensure regulation compliance, and mentor lower-level contributors. The senior professional engineer will require knowledge of RTO/ISO (Independent System Operators/Regional Transmission Organizations) resource adequacy requirements and associated methods of verifying avoided-capacity, energy, and transmission savings; in-depth knowledge of net metering and interconnection standards, building and electrical code compliance, and APP+ permitting; in-depth knowledge of safe installation practices related to solar and battery energy storage systems; ability to make recommendations on solar contractor compliance courses.
- 1 Associate Engineer (\$80,577):
The associate engineer would perform independent inspections, perform in-depth data analyses, prepare technical reports, and make recommendations to the Commission. The associate engineer would develop knowledge of methods for verifying avoided capacity, energy, and transmission savings; net metering and interconnection standards; building and electrical code compliance; APP+ permitting; and safe installation practices for solar and battery energy storage systems.
- 1 Economist (\$83,923):
The economist would serve as an expert witness to develop positions and recommendations related to grid services. Work includes performing and reviewing economic analysis and conducting research related to the residential battery and grid resilience program. The economist would require knowledge of commission regulatory issues and tariff development, performance incentives, utility rates, and the impact on low-income customers.
- 2 Safety Inspectors (\$71,553):
Safety inspectors would conduct safety inspections related to the licensing program to assess compliance with established codes. Safety inspectors would require completion of a PSC-approved solar contractor compliance course.

- 1 Research/Data Analyst (\$65, 841):
Research/Data Analyst will develop and present strategies related to the statewide licensing program and the public online registry of licensed solar and energy storage contractors.
- 1 Sr. Utility Regulator Auditor (\$75,361):
The senior utility regulatory auditor will review all program costs for prudence and verify that all costs are correctly recorded as a regulatory asset. As part of the review, the auditor will have to verify that all rebates and performance payments were appropriately applied to customer accounts. The auditor will also have to review all program administration costs to ensure they are not already recovered in the utility rates and that the administrative costs are incurred solely for this program.

Oversight does not have any information to the contrary. Therefore, Oversight will show the fiscal impact (7 FTE) as estimated by the PSC to the Public Service Commission Fund (1607).

Oversight notes that §386.996.2(6) states that there will be payment of a licensing fee of five hundred dollars for initial licensing and two hundred fifty dollars for biennial renewal by solar and energy storage contractors operating within the State of Missouri. The DCI-PSC, upon further inquiry, stated that it is unclear which fund or funds the licensing fees will be deposited into and that it is unknown how many solar and energy storage contractors would be applying for licenses. Therefore, for fiscal note purposes, Oversight will show an Unknown revenue gain to the Public Service Commission Fund (1607).

Officials from the **Department of Natural Resources – Division of Energy (DNR-DOE)** state the Division of Energy is specifically tasked with supporting the Missouri Public Service Commission (PSC) to (1) establish and administer a statewide licensing program for solar and energy storage contractors, (2) develop a licensing application for solar and energy storage contractors, and (3) maintain a public online registry of all licensed solar and energy storage contractors.

The proposal appears to give the PSC ultimate responsibility for implementing these requirements, including promulgation of associated rules; however, the proposal language also states the PSC will establish and administer statewide licensing “in consultation” with the Division, create an application for licensing with “the department” (presumably the Division), and maintain a registry “in coordination” with the Division. Presuming that the PSC is the lead implementer of this provision, there would be a cost to the Division equivalent to 0.25 FTE of a Research/Data Analyst. The cost would result from the need for the Division to consult and coordinate with the PSC on topics such as appropriate credentialing, required contractor training, and registry design. The estimated fiscal impact would be \$22,866 based on 2027. The Division anticipates the ability to absorb these costs. However, until the FY27 budget is final, the Division cannot identify specific funding sources.

Oversight assumes that the DNR-DOE is provided with core funding to handle a certain amount of activity each year. Oversight assumes the DNR-DOE could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, the DNR-DOE could request funding through the appropriation process

Oversight notes that violations of section §386.996 could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

Officials from the **Office of the State Public Defender** and **Office of the State Courts Administrator** each each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other electric companies and co-ops were requested to respond to this proposed legislation but did not. Upon receiving additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
PUBLIC SERVICE COMMISSION FUND (1607)			
<u>Revenue Gain</u> – DCI-PSC (386.996.2) Licensing fee for solar and energy storage contractors p.4	Unknown	Unknown	Unknown
<u>Cost</u> – DCI-PSC (§386.996) p.3-4			
Personnel Service	(\$453,788)	(\$555,437)	(\$566,546)
Fringe Benefits	(\$277,807)	(\$337,749)	(\$342,217)
Expense & Equipment	(\$96,531)	(\$79,572)	(\$81,163)
<u>Total Costs</u> – DCI-PSC	<u>(\$828,126)</u>	<u>(\$972,758)</u>	<u>(\$989,926)</u>
FTE Change - DCI-PSC	7 FTE	7 FTE	7 FTE
ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION FUND	Less than <u>(\$828,126)</u>	Less than <u>(\$972,758)</u>	Less than <u>(\$989,926)</u>
Estimated Net FTE Change to the Public Service Commission Fund	7 FTE	7 FTE	7 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain</u> – School districts (§386.996) Fines from violations p.5	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>

FISCAL IMPACT – Small Business

No direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill creates the "Missouri Home Battery and Grid Resilience Act", which requires each electrical corporation, within 90 days after the effective date of the bill, to file with the Public Service Commission a "Residential Battery and Grid Resilience Program".

Each program must provide customer incentives for installation of eligible battery energy storage systems located behind the customer meter; require enrollment of the system in a utility approved grid services tariff for a minimum term of five years; and allow ownership of the battery energy storage system by the customer, a third-party lessor, or an approved aggregator. Each participating utility must offer certain incentives as specified in the bill.

A minimum 20% state-of-charge reserve must be maintained for customer backup during dispatch events. Incentive payments must be made upon verification of installation and enrollment in the grid services tariff.

All prudently incurred program costs must be recorded to a regulatory asset on the utility's books and be recoverable through an amortization of the regulatory asset balance in each of the utility's general rate proceedings over a reasonable period of time. The Commission must ensure the program meets certain requirements.

Utilities can use Federal funds, grants, or private contributions to cover incentives, program administration, or measurement and verification costs. General revenue or taxpayer funds cannot be used to implement this Section.

Utilities must verify available capacity and dispatched energy through interval metering or certified telemetry. Each utility must file an annual report with the Commission summarizing certain information specified in the bill.

Residential customers participating in a program are entitled to certain rights and protections specified in the bill.

The Commission, in consultation with the Energy Division of the Department of Natural Resources, must establish and administer a statewide licensing program for solar and energy storage contractors operating within the State. Any person applying for a license must complete an application created by the Commission and the Department and pay a licensing fee of \$500 for initial licensing and \$250 for biennial renewal.

The Commission, in coordination with the Department, must maintain a public online registry of all licensed solar and energy storage as specified in the bill. License holders must comply with certain requirements.

The Commission may suspend, fine, or revoke licenses for fraudulent or deceptive practices, unsafe installations, or failure to comply with specified requirements. Fines may not exceed \$5,000 per violation, plus restitution to affected customers.

Contractors holding active NABCEP certification and operating in Missouri prior to implementation of this program may receive provisional licensing within 180 days. Out-of-state firms may apply for reciprocal licensing if holding equivalent credentials and experience.

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
Office of the State Courts Administrator
Office of the Secretary of State
Office of the State Public Defender
Joint Committee on Administrative Rules



Julie Morff
Director
March 19, 2026



Jessica Harris
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March 19, 2026