

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2514-01
Bill No.: SB 674
Subject: Energy; Public Service Commission; Utilities
Type: Original
Date: March 28, 2007

Bill Summary: This proposal requires electric service providers to allow net metering.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Natural Resources** assume this proposal would require all electric utilities including municipal utilities, electric cooperatives, and utilities regulated by the Missouri Public Service Commission to provide net metering services to their customers. The utilities would pay for a single, bi-directional meter to allow them to purchase electricity generated by renewable resources from customer generators. Net metering would be available based on a first-come, first-served basis until a net metering system with 5% of the peak load capacity of an electric utility is achieved.

By definition, qualified renewable resources include wind, solar thermal sources, photovoltaic cells and panels, dedicated energy crops, plant residues, methane from landfills or waster treatment plants, hydrogen fuel cells as well as other sources of energy that may become available after Aug. 28, 2007 that are certified by rule by the Department.

The proposal could encourage installation of small electric generation units using renewable resources by individuals and businesses. To the extent such clean generation displaces generation from fossil-fired generation plants, there could be environmental benefits from reduced emissions. Fuel diversity and reduced stress on the electric system from distributed generation that is closer to the end-user could also result.

The department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state 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 \$2,500. 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 the 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

ASSUMPTION (continued)

Officials at the **Public Service Commission** assume that there is no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Electric consumers, including small businesses, that are capable of participating in a net metering relationship with their local electric supplier may realize savings on their electric bills to the extent they generate more power than they use from their local electric supplier. Due to the size of eligible generating units (no greater than 100 kilowatts), self-generated energy typically offsets only a portion of the actual electricity used by the customer.

FISCAL DESCRIPTION

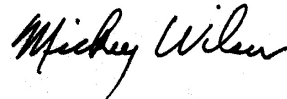
The proposed legislation appears to have no fiscal impact.

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

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SOURCES OF INFORMATION

Public Service Commission
Office of the Secretary of State
Department of Natural Resources

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA
Director
March 28, 2007