

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5145-01
Bill No.: SB 983
Subject: Energy; Natural Resources Dept.; Public Service Commission; Utilities
Type: Original
Date: March 2, 2010

Bill Summary: Creates the Missouri Energy Efficiency Performance Standard.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Public Service Commisison Fund	(\$78,341)	(\$90,190)	(\$92,897)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$78,341)	(\$90,190)	(\$92,897)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Public Service Commission Fund	1	1	1
Total Estimated Net Effect on FTE	1	1	1

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 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Natural Resources** assume there will be no fiscal impact to their agency.

Officials from the **Department of Economic Development - Public Service Commission (PSC)** assume Section 393.1086 – Within 9 months of the effective date of the proposal, the commission must promulgate rules to implement electric and gas corporation energy efficiency savings requirements. The commission also specifies plans for the corporations to develop and submit plans.

Section 393.1089 – Electrical or gas corporations submit biennially energy efficiency plans with the commission. Within 120 days of receipt of the plan, the commission approves, approves with changes or rejects the plan. If a plan is rejected, the plan is resubmitted and reviewed until a plan is approved.

Section 393.1092 – Each corporation submits annual reports to the commission indicating steps taken to comply with the energy efficiency standards.

Section 393.1098 – Distribution cooperative utilities and municipalities are subject to certain standards and provisions of the legislation.

1 FTE position will collect and analyze all data (various energy efficiency programs by customer class, funding levels for programs, cost recovery, cost-effectiveness, measurement and verification of incremental savings) to be used in the energy efficiency savings requirements; analyzing biennial and annual reports; preparing the commission's report every five years.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
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**PUBLIC SERVICE COMMISSION
 FUND**

<u>Cost - Public Service Commission</u>			
Salaries	(\$45,745)	(\$56,537)	(\$58,234)
Fringe Benefits	(\$23,987)	(\$29,648)	(\$30,538)
Equipment and Expense	<u>(\$8,612)</u>	<u>(\$4,005)</u>	<u>(\$4,125)</u>

ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION FUND	<u>(\$78,344)</u>	<u>(\$90,190)</u>	<u>(\$92,897)</u>
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Estimated Net FTE	1	1	1
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<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The legislation sets forth standards for encouraging and achieving energy efficiency and providing loans to customers to finance energy efficiency and demand reduction measures. Small business would be included in the customers that would benefit from such measures and loans.

FISCAL DESCRIPTION

The act creates the Missouri Energy Efficiency Performance Standard. Electric companies and gas companies must implement energy efficiency programs that achieve certain percentages of energy savings over time. The percentages and timeframes are specified. After 2019, the Public

DESCRIPTION (continued)

Service Commission (PSC) must decide whether to increase the percentages of energy savings or maintain the levels in place at that time.

The PSC must promulgate rules for the Missouri Energy Efficiency Performance Standard within 9 months of the act's effective date. The rules must: require the companies to make energy consumption data available to customers upon request; specify how the companies must measure energy savings; require the use of third-party verifiers of the companies' energy savings; and allow the companies to earn a financial incentive for exceeding the energy savings minimums.

Within 6 months of the PSC's promulgation of rules, every electric and gas company must submit an energy efficiency plan, to be submitted on a biennial basis, which describes the energy efficiency and peak reduction programs the company plans to offer to its customers, and the associated costs of the programs. The PSC must approve or reject an energy efficiency plan within 120 days. The act specifies procedures for re-submittal of a plan in case of rejection.

Electric and gas companies must submit an annual report to the PSC detailing the energy savings achieved during the reporting period, an estimate of the carbon dioxide emissions avoided by the energy savings, and energy efficiency expenditures. Municipal utilities and rural electric cooperatives must submit a similar annual report to their governing bodies. The PSC must report every 5 years on the status of the Missouri Energy Efficiency Performance Standard, its cost-effectiveness, its impact on employment, and offer recommended changes to the Standard, if any.

The PSC must assess a penalty on any electric or gas company that fails to achieve the required energy savings, which is \$100 per megawatt-hour of electricity savings not achieved or \$10 per million Btu of natural gas savings not achieved.

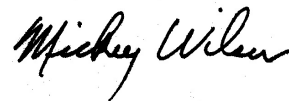
Distribution cooperative utilities and municipal utilities are also subject to the percentage requirements for energy savings and annual reporting requirements.

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

Department of Natural Resources
Department of Economic Development
Public Service Commission

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

Mickey Wilson, CPA
Director
March 2, 2010