COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1439-02
Bill No.: HCS for HB 661
Subject: Energy; Utilities
Type: Original
Date: February 10, 2017

Bill Summary: This proposal requires that the comprehensive state energy plan be reviewed by the Division of Energy by January 1, 2019, and biennially thereafter, and updated if necessary.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	(FY 2021)
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 2018	FY 2019	FY 2020	(FY 2021)
Total Estimated Net Effect on Other 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 2018	FY 2019	FY 2020	(FY 2021)
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	(FY 2021)
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.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	(FY 2021)
Local Government	**$0**	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version, officials from the **Department of Economic Development (DED) - Division of Energy (DE)** assumed that to meet the January 1, 2019 deadline for the initial 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. For purposes of this fiscal note, DE assumes it would conduct the initial review using a reasonable stakeholder process and existing resources, in consultation with the Missouri-based nonprofit organization identified in the proposal.

For subsequent reviews beginning with the January 1, 2021 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 nonprofit 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.

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 to $100,000 would be needed to conduct the 2021 biennial review. It is assumed that funds would be needed by July 1, 2019 to initiate a procurement process for contractual services, conduct the stakeholder process and review/update the CSEP by January 1, 2021.

It is also assumed that the review period would cross fiscal years and not be complete by June 30, 2020 and that additional funds would be needed from July 1, 2020-December 31, 2020 (FY 21). For purposes of this fiscal note, one-half of the funds necessary to conduct the 2021 biennial review are requested in FY 20 (and one-half would be requested in FY 2021). 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.

ASSUMPTION (continued)

Oversight will use the estimates provided by DE and show a fiscal impact of $50,000 in FY 20 and FY 21. It should be noted that 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.

FISCAL IMPACT - State Government	FY 2018 (10 Mo.)	FY 2019	FY 2020	(FY 2021)
GENERAL REVENUE				
Cost - DED services associated with the CSEP	$0	$0	($50,000)	($50,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**$0**	**$0**	**($50,000)**	**($50,000)**

FISCAL IMPACT - Local Government	FY 2018 (10 Mo.)	FY 2019	FY 2020	(FY 2021)
	$0	**$0**	**$0**	**$0**

FISCAL IMPACT - Small Business

Small businesses could be affected by changed electric rates allowed as a result of this proposal.

FISCAL DESCRIPTION

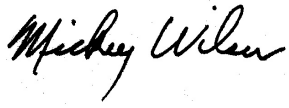
This bill requires the Missouri Division of Energy to review the comprehensive state energy plan implemented by the division by January 1, 2019. The plan shall be reviewed biennially thereafter to ensure certain enumerated goals and updated as needed. The division shall use a diverse stakeholder input system either directly or by contracting with a Missouri-based nonprofit organization and issue a report along with each review, suggesting policy changes.

FISCAL DESCRIPTION (continued)

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



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