

Fiscal Estimate Narratives

PSC 12/4/2023

LRB Number	23-4705/1	Introduction Number	AB-0682	Estimate Type	Original
Description use of environmental trust bonds to finance the costs of retiring electric generating facilities; integrated resource and reliability planning by electric utilities and cooperatives; closure of large electric generating facilities; and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

This bill has four distinct sections: 1) authorizing use of environmental trust financing for the costs of retiring an electric generating facility, 2) requiring integrated resource and reliability planning by electric utilities and cooperatives, 3) eliminating the requirement that the Public Service Commission (Commission) prepare a strategic energy assessment, and 4) providing a process by which the Commission determines whether a proposed closure of a large electric generating facility will affect electric reliability.

Environmental Trust Financing

This bill adds the retiring of any existing electric generating facility as an environmental control activity. This means that the costs of retirement, including the unrecovered value, may be financed or recovered by an environmental trust bond. These costs may be financed or recovered in the utility's rate that is attributable to the rate of return for the facility and is authorized by the Commission in a ratemaking proceeding. In addition, the Commission may order the energy utility to use environmental trust bonds to finance an expenditure, in contrast to current law where the Commission may not order an energy utility to use environmental trust bonds to finance an expenditure unless the utility has applied to do so.

Integrated Resource and Reliability Planning

This bill requires electric utilities and cooperative associations to submit biennial integrated resource and reliability plans (IRRP) to the Commission. The IRRP would include information about the electric utilities' plans to construct: 1) large electric generating facilities; 2) small electric generating facilities; and 3) high-voltage transmission lines. As part of its IRRP, a utility must identify and evaluate alternatives to its proposed electric generating facilities and explain why they selected the electric generating facilities proposed in the IRRP. A utility must also identify and evaluate alternative routes for any high-voltage transmission lines proposed, focusing on an assessment of environmental impact and avoidance of adverse impacts. In the IRRP, the utility must also project electricity demand and assess if it has capacity to provide electricity to consumers at a reasonable price. Finally, utilities must describe existing and planned programs and policies to discourage inefficient and excessive electricity use. The Commission must hold a hearing on a utility's IRRP, after which it may approve the plan or request modifications.

Strategic Energy Assessment

This bill would eliminate the requirement that the Commission prepare a biennial strategic energy assessment. Current law requires the Commission to prepare a biennial strategic energy assessment that evaluates the adequacy and reliability of the state's current and future energy supply. The strategic energy assessment includes information on: 1) planned large electric generating facilities and high-voltage transmission lines; 2) plans for ensuring an adequate ability to transfer electricity into the state; 3) projected demand for electricity; 4) activities discouraging inefficient and excessive electricity use; 5) the extent to which effective competition contributes to a reliable, low-cost, and environmentally sound source of electricity; and 6) whether sufficient electricity is available at a reasonable price. Under this bill, the strategic energy assessment would be replaced by integrated resource and reliability planning.

Closure of Large Electric Generating Facilities

This bill requires electric utilities and cooperative associations to notify the Commission at least 180 days prior to closing any large electric generating facility with a capacity of 100 megawatts or more. It also requires the Commission to hold a public hearing and public comment period and issue a determination no less than 45 days prior to the proposed closure about whether or not the proposed closure will affect electric reliability in the state. The Commission must consider the utility or cooperative's most recent IRRP and information collected from the electric utility or cooperative and from the public when making the determination.

Additional staff resources are needed in the engineering, audit, and finance work areas to carry out the

requirements in this bill.

The cost associated with the required 5.0 FTE positions is \$584,300

Salary: \$396,200

Fringe Benefits: \$138,100

Supplies and Services: \$50,000

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description use of environmental trust bonds to finance the costs of retiring electric generating facilities; integrated resource and reliability planning by electric utilities and cooperatives; closure of large electric generating facilities; and granting rule-making authority	
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):	
II. Annualized Costs:	
	Annualized Fiscal Impact on funds from:
	Increased Costs Decreased Costs
A. State Costs by Category	
State Operations - Salaries and Fringes	\$534,300
(FTE Position Changes)	(5.0 FTE)
State Operations - Other Costs	50,000
Local Assistance	
Aids to Individuals or Organizations	
TOTAL State Costs by Category	\$584,300
B. State Costs by Source of Funds	
GPR	
FED	
PRO/PRS	584,300
SEG/SEG-S	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	
	Increased Rev
	Decreased Rev
GPR Taxes	\$
GPR Earned	
FED	
PRO/PRS	
SEG/SEG-S	
TOTAL State Revenues	\$
NET ANNUALIZED FISCAL IMPACT	
	<u>State</u>
	<u>Local</u>
NET CHANGE IN COSTS	\$584,300
NET CHANGE IN REVENUE	\$
Agency/Prepared By	Authorized Signature
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	Date
	12/4/2023