

# Vermont Legislative Joint Fiscal Office

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## FISCAL NOTE

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### S.230 An Act Relating to Improving the Siting of Energy Projects

*As Amended by the Senate Committee on Finance*

#### Bill Summary

The bill would take three actions that would have fiscal impacts, as shown below:

1. The bill would expand the responsibilities of municipal and regional planning bodies with regards to planning for the development and siting of renewable energy facilities. Municipal plans would be required to include a comprehensive energy analysis and siting recommendations for potential renewable energy facilities. Regional and municipal plans could be submitted to the Public Service Department (Department) to receive a certification of energy compliance, to be based on the plan's overall adherence to the State Comprehensive Energy Plan. The Department would be permitted to allocate the costs of these provisions for a 3-year period to electric distribution utilities based on their pro rata share of prior year kilowatt-hour sales. The funds collected by the Department would be disbursed to regional planning commissions (RPCs) for the three years, after which the RPCs would need to absorb these additional costs in their base budgets.
2. A new position would be created within the Public Service Board (PSB) and funded by an appropriation from their special fund to provide information and assistance to the public.
3. The Agency of Agriculture, Food and Markets would be required to participate in energy siting proceedings for projects over 150 kilowatts of capacity and sited on prime agricultural soils. The Agency would be authorized to have party status for all other proceedings. AAFM would be authorized to collect bill backs in order to fund some of its work on energy siting proceedings.

#### Fiscal Summary

	FY17 cost	Ongoing cost	FY17 funding	Ongoing funding	Notes
<b>RPCs</b>	\$300,000	\$300,000 annually	\$300k from allocations made by DPS to utilities	\$300k in FY18-19 Funding ends starting in FY20	No funding source for FY20 and future years. RPCs will absorb costs in base budgets
<b>PSB</b>	\$100,000 new position	~\$100,000 annually	\$100,000 appropriation from special funds	~\$100,000 ongoing special funds	Some new risk to PSB if revenues fall short
<b>AAFM</b>	\$100-120k (if new position hired)	\$100-120k annually (if new position hired)	Bill backs, maybe inappropriate to cover base costs.	Ongoing bill backs, see FY17. The Agency could request additional funding in future year budgets.	There would not be sufficient revenue to pay for the costs of a new position needed in Ag.

## **Fiscal Analysis**

### Regional Planning Commissions

Under this bill, RPCs would have new responsibilities to provide energy expertise to municipal planning bodies and to carry out studies and make recommendations on energy conservation and renewable energy development. An additional \$300,000 in funding would be needed by the eleven RPCs in FY2017 and forward in order for them to have the resources to meet these new responsibilities. In order to fund this need, the Dept. of Public Service would be authorized to allocate costs to electric distribution utilities based on their pro rata share of prior year kilowatt-hour sales. These funds would be directed to the RPCs over a three year period from FY17 through FY19, after which time the RPCs would need to absorb the costs in base budgets.

### Public Service Board

A new position would be created within the Public Service Board (PSB) with the title of Public Assistance Officer. The bill would authorize a \$100,000 FY17 appropriation to the PSB from the special fund created under 30 VSA §22 in order to fund the position. The cost of the position would be covered within the Board's current revenue projections from the tax levied under 30 VSA §22(a) but if revenues fall short of projections then the Board would either need to pursue a rate adjustment or it would be at risk of not being able to cover its budget need.

### Agency of Agriculture, Food and Markets

The Agency of Agriculture, Food and Markets (AAFM), under the Senate Finance amendment, would be required to appear as a party in proceedings under 30 VSA §248 for facilities that would have a capacity greater than 150 kilowatts and would be sited on prime ag soils, and would be given the right to appear as a party in any other proceedings. In the original bill as passed by the Senate Natural Resources Committee, AAFM would have been authorized, but not required, to have party status for all proceedings. AAFM would be authorized to retain legal counsel and other expert opinions for its review of §248 applications. A representative of AAFM has stated that a new position would be needed for §248 reviews starting in FY2017 at a cost of \$100-120k per year depending on the qualifications of the individual hired. A new position is not currently authorized or funded in the bill.

AAFM would be granted bill back authority to offset some of its costs for §248 reviews. These bill backs may be insufficient to cover the annual costs of a new position in AAFM. Bill backs typically apply to specific project costs and it would be difficult for AAFM to bill applicants for the ongoing non project-specific costs of a new position. State funding would be needed for a new position or possibly an allocation of the costs to utilities, similar to how the bill would authorize funding for RPCs. If no position is funded, the Agency may need to hire contracted legal and other expert assistance on an as-needed basis. The Agency would then pay for the costs from its existing budgeted funds in anticipation of bill back revenues.