

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: HB1261

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Chafin

3. Committee: Commerce and Labor

4. Title: Virginia Energy Plan; incorporate a Carbon Dioxide Emission Control Impact Study.

5. Summary: Requires the Virginia Energy Plan to include, with regard to any regulations proposed or promulgated by the U.S. Environmental Protection Agency (EPA) to reduce carbon dioxide emissions from fossil fuel-fired electric generating units under Section 3711(d) of the Clean Air Act, an analysis of the costs imposed on energy producers and electric utility customers; the effect on energy markets and reliability; and the commercial availability of technology required to comply with such regulations. The measure also requires interim updates on the Plan to be provided by October 1 of the third year of each administration.

6. Budget Amendment Necessary: Yes. Item 115 of HB30/SB30.

7. Fiscal Impact Estimates: Preliminary. See item 8, below.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2014			
2015	\$132,000	-	General Fund
2016	\$0	-	
2017	\$66,000	-	General Fund
2018	\$0	-	
2019	\$0	-	
2020	\$0	-	

8. Fiscal Implications: This bill will require the Department of Mines, Minerals, and Energy to include an analysis of the impact of any regulations proposed or promulgated by the U.S. Environmental Protection Agency to reduce carbon dioxide emissions under the Clean Air Act in the Virginia Energy Plan (VEP). Additionally, it would require DMME to provide an interim update to the VEP during the third year of each Governor's administration. Currently, DMME is only required to update the VEP every four year. Under current policy, DMME will update the VEP in 2014 followed by another update in 2018 and every four years thereafter. The first interim update to the VEP under this bill will occur on October 1, 2016, which is in FY 2017.

DMME allocated \$132,000 in non-recurring federal funds in FY 2014 to cover the costs associated with the 2014 quadrennial update of the VEP. Given the timeframe for the inclusion of the analysis on carbon dioxide emissions controls proposed by this bill, DMME has indicated that would need to hire expert consultants with skills and knowledge not currently available in house to conduct a comprehensive analysis. Based on the costs for the 2014 update to the VEP, DMME anticipates that it would need \$132,000 from the general fund in FY 2015 to complete the additional analysis required by the bill for inclusion in the VEP. DMME estimates that the interim updates due on October 1 of the third year of each administration will cost approximately \$66,000, half the amount of a full update to the VEP. As a result, DMME would require \$66,000 from the general fund in FY 2017.

9. Specific Agency or Political Subdivisions Affected: Department of Mines, Minerals, and Energy.

10. Technical Amendment Necessary: No.

11. Other Comments: Current policy requires the quadrennial update to the VEP to be completed by July 1, 2014. There are two bills (SB514 and HB796) which would change the due date of the VEP from July 1, 2014 to October 1, 2014.