

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB2-ER

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

2. Patron: O'Quinn

3. Committee: Passed Both Houses

4. Title: Clean Power Plan; state implementation plan, General Assembly approval.

5. Summary: Requires the Department of Environmental Quality to receive approval from the General Assembly for a state implementation plan to regulate carbon dioxide emissions from existing power plants prior to submitting the plan to the U.S. Environmental Protection Agency for approval.

6. Budget Amendment Necessary: Yes, Item 371 (HB30/SB30). The Senate Finance Committee budget amendments include an amendment in FY 2017 for \$350,000 for a Clean Power Plan consultant report (per SB 21, which is the companion to HB 2).

7. Fiscal Impact Estimates: Final.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	0	N/A	N/A
2016	0	N/A	N/A
2017	\$350,000	N/A	GF
2018	0	N/A	N/A
2018	0	N/A	N/A
2020	0	N/A	N/A
2021	0	N/A	N/A

8. Fiscal Implications: The bill requires the Department of Environmental Quality (DEQ) to work in conjunction with the State Corporation Commission (SCC) to prepare a report to the General Assembly on the state's implementation plan DEQ develops in response to the U.S Environmental Protection Agency's Clean Air Act. The report must assess the implementation plan's potential impact on, but not limited to: the electric power sector; electricity consumers; employment, economic development; competitive position of the Commonwealth relative to neighboring states and other economic competitors; state and local governments, including any changes in tax revenue; and the need for any new state laws to implement the plan.

The bill is not clear on the SCC's role with the report. Generally, the SCC is charged with administering the Virginia laws related to the regulation of public utilities, insurance, state-chartered financial institutions, investment securities, retail franchising, and utility and railroad safety. This bill could increase the workload of the Commission, but the fiscal expenditure impact cannot be determined at this time.

According to DEQ, they do not have the full technical expertise to prepare the study required by the bill. In order to prepare the study within the timeframe required, DEQ would have to engage on an expedited basis with a contractor that is an expert in the fields of economics with a background in the Clean Air Act. DEQ also would have to devote a substantial amount of existing resources to oversee the report. The cost of the study is based on a past study/report that had similar complexities (adjusted for inflation). The costs would be one-time.

9. Specific Agency or Political Subdivisions Affected: The Department of Environmental Quality, the State Corporation Commission, and localities.

10. Technical Amendment Necessary: No.

11. Other Comments: This is a companion to SB21.

Date: 03/07/2016 /jlm
cc: Secretary of Natural Resources