

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB1635

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Rasoul

3. Committee: Commerce and Labor

4. Title: Fossil fuel projects moratorium; clean energy mandates.

5. Summary: Establishes a moratorium, effective January 1, 2020, on approval by any state agency or political subdivision of any approval required for (i) electric generating facilities that generate fossil fuel energy through the combustion of a fossil fuel resource; (ii) import or export terminals for fossil fuel resources; (iii) certain maintenance activities relating to an import or export terminal for a fossil fuel resource; (iv) gathering lines or pipelines for the transport of any fossil fuel resource that requires the use of eminent domain on private property; (v) certain maintenance activities relating to such gathering lines or pipelines; (vi) refineries of a fossil fuel resource; and (vii) exploration for any type of fossil fuel, unless preempted by applicable federal law. The measure also requires that at least 80 percent of the electricity sold by a retail electric supplier in calendar years 2028 through 2035 be generated from clean energy resources. In calendar year 2036 and every calendar year thereafter, all of the electricity sold by a retail electric supplier is required to be generated from clean energy resources. The clean energy mandates apply to a public utility or other person that sells not less than 1,000 megawatt hours of electric energy to retail customers or generates not less than 1,000 megawatt hours of electric energy for use by the person. The Director of the Department of Mines, Minerals and Energy is authorized to bring actions for injunctions to enforce these requirements. The measure requires the Department to adopt a Climate Action Plan that addresses all aspects of climate change, including mitigation, adaptation, resiliency, and assistance in the transition from current energy sources to clean renewable energy. The measure provides that residents of the Commonwealth and organizations shall have the legal standing to sue to ensure that its provisions and any Climate Action Plan are enforced.

6. Budget Amendment Necessary: Indeterminate, see Item 8.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: It is anticipated that this bill will have an indeterminate general fund expenditure impact on the Department of Mines, Minerals, and Energy (DMME). This bill requires DMME to develop regulations necessary to; enforce the moratorium; develop a comprehensive Climate Action Plan; and implement the associated required programs. Many of the actions required to perform these duties will need to be developed and defined. As such, the associated costs cannot be determined at this time.

Preliminarily, DMME estimates that the department will require between three and five additional staff at a cost of \$575,000 to \$700,000, annually, to implement the climate change provisions of this bill. DMME would use these funds to hire scientists well-versed in mitigation, adaptation, and resiliency.

This bill also tasks DMME with addressing agriculture, heating, cooling, and transportation. Currently, DMME does not have staff with expertise in these areas. Though the Climate Action Plan is required to be completed by 2021, other mandates of the bill are ongoing such as the environmental justice task force and the job training programs that DMME is required to create. These are new programs for DMME. If the agency initially uses contractors with the expertise needed for this bill then the expenditure impact may be higher. There likely will be ongoing costs to maintain this work that may be better suited to be supported from agency staff.

The Department of Labor and Industry (DOLI) would be required under the bill to work in conjunction with DMME to set up job training programs, relocation assistance, higher education programs, and temporary financial support that extends the duration of unemployment benefits, and that assist workers in transitioning from jobs in the fossil fuel and nuclear power industries into jobs in the clean energy sector. None of these functions are within DOLI's expertise.

DOLI would need to acquire the appropriate expertise in order to fulfill the requirements of this bill. As previously stated, these activities will need to be defined and developed since they do not currently exist. The associated costs cannot be determined at this time; consequently, the expenditure impact for DOLI is indeterminate.

Likewise, any costs the Department of Environmental Quality and the State Corporation Commission may incur for the moratorium on new major fossil fuel projects, the adoption of regulations, and the development of an agency plan consistent with the Climate Action Plan also is indeterminate.

The bill also includes provisions that may impact the court system; however, those impacts cannot be determined at this time because it is not possible to determine the number or types of cases that may lead to court action.

9. Specific Agency or Political Subdivisions Affected: Department of Mines, Minerals and Energy; Department of Labor and Industry; Department of Environmental Quality; State Corporation Commission; courts; localities.

10. Technical Amendment Necessary: No.

11. Other Comments: None.