

## Department of Planning and Budget 2007 Fiscal Impact Statement

**1. Bill Number** SB1023

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron**        Whipple

**3. Committee**    General Laws and Technology

**4. Title**            Department of General Services; Division of Engineering and Buildings;  
purchase of electricity gener

**5. Summary/Purpose:** This bill requires that at least 15 percent of the total electricity purchased by state-owned buildings be electricity generated from renewable energy sources by 2020 pursuant to a phase-in schedule. The bill defines “renewable energy” as energy derived from sunlight, wind, falling water, sustainable biomass, energy from waste, wave motion, tides, and geothermal power and does not include energy derived from coal, oil, natural gas or nuclear power. The requirement would be phased in over the next 13 years.

**6. Fiscal Impact Estimates are:** See Item 8.

**7. Budget amendment necessary:** No, not for the 2006-2008 Biennial Budget

**8. Fiscal implications:** There would be an administrative impact to the Division of Engineering and Buildings (DEB) at the Department of General Services (DGS) for its engineers to develop regulations, monitor and consult with agencies on their performance, and assist in contracting for this service. It is estimated that this would require one half of a FTE to perform these tasks at a cost of \$50,000 (salary and benefits) annually, beginning in FY 2009. DEB is currently an internal service fund operation. The work required by this legislation would not result in direct benefits to DEB customers; therefore, DEB would not bill for this work under its internal service fund model. The \$50,000 would need to be a general fund appropriation beginning in FY 2009.

There will be an undetermined cost placed on agency energy managers to identify renewable sources and procure electricity from these sources. The agencies will have to work with the Division of Mines, Minerals, and Energy and electronic companies on these issues.

There may be an increased cost for the Commonwealth to purchase electricity from renewable sources. Based on Dominion Power data, the Commonwealth is paying approximately five cents per KWH for electricity. With \$143,502,978 spent on electricity in FY 2006 this means the Commonwealth consumed 2,870,059,560 KWH in FY 2006. Renewable electricity at five percent, 10 percent, and 15 percent of FY 2006 KWH consumption:

5 percent renewable electricity = 143,502,978 KWH  
10 percent renewable electricity = 287,005,956 KWH  
15 percent renewable electricity = 430,508,934 KWH

Based on the best information available today, the cost of renewable energy is eight cents per KWH or a premium of three cents. Assuming a flat cost per KWH, this gives an added cost as follows:

5 percent renewable electricity cost = \$4,305,089  
10 percent renewable electricity cost = \$8,610,178  
15 percent renewable electricity cost = \$12,915,268

In addition, there will likely be a cost to hire a consultant to assist with the technical details of developing the scope of work and terms and conditions necessary to contract for these services. Consulting costs are estimated to be \$35,000 and would be needed in FY 2009.

**9. Specific agency or political subdivisions affected:** Department of General Services, Division of Mines, Minerals and Energy, state agencies that own facilities

**10. Technical amendment necessary:** No

**11. Other comments:** None

**Date:** 01/17/07 / AFG

**Document:** G:\AFG\General Assembly 2007 Session\FIS 2007\SB1023.Doc AFG

**cc:** Secretary of Administration