

State Corporation Commission 2009 Fiscal Impact Statement

1. Bill Number: HB2371

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

2. Patron: Nutter

3. Committee: Commerce and Labor

4. Title: **Electric utilities; pilot proceeding for rate initiatives.**

5. Summary: Electric utilities; pilot proceeding for rate initiatives. Directs the State Corporation Commission (SCC) to promulgate regulations by December 1, 2009, requiring investor-owned electric utilities to offer electric service to non-residential customers under a tariff that utilizes rates that vary in real time in accordance with hourly changes in the utility's costs of providing electricity. Four rate initiatives are also to be addressed. To be eligible to receive service under the tariff, the customer shall operate a distributed generation facility of up to 20 MW that produces electricity from renewable power. The SCC shall conduct a proceeding to require participating utilities to implement the four rate initiatives as part of a limited or pilot program. A utility may be excused if such utility proposes to address these four initiatives by June 30, 2009. Electric cooperatives shall consider, and report to the SCC by October 31, 2009, the statutory, regulatory, organizational, physical, contractual, financial and market impediments to implementing the four rate initiatives. The SCC shall then review and forward the cooperative reports to the Governor and the General Assembly by December 1, 2009.

6. Fiscal Impact Estimates: Not available; see Item 8.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: The variable rates regarding renewable distributed generators could allow for double-payment, potentially increasing electric utility rates. This bill requires the State Corporation Commission to adopt regulations and submit an annual report. No additional SCC staff will be required to comply with this legislation. However, additional SCC staff may be required as a result of additional duties required by the passage of other pending legislation.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission

10. Technical Amendment Necessary: None

11. Other Comments: None

Date: 2/12/09 D. Eichenlaub
Cc: Secretary of Commerce and Trade