

State Corporation Commission 2009 Fiscal Impact Statement

1. Bill Number: HB2531

House of Origin	<u> X </u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Kilgore

3. Committee: Commerce and Labor

4. Title: Demand-side management, energy conservation, energy efficiency, and demand reduction.

5. Summary: Demand-side management, energy conservation, energy efficiency, and demand reduction. Directs the State Corporation Commission (SCC) to conduct a proceeding to determine achievable, cost-effective energy conservation and demand response targets that can be accomplished through demand-side management portfolios administered by generating electric utilities. The measure directs the SCC's cost-benefit analysis to take into consideration certain data on program costs and avoided costs and to consider four standard industry-recognized tests. The SCC is required to report to the Governor and the General Assembly by November 15, 2009. The measure also requires the SCC to approve a demand-side management program that is proposed by a certain generating electric utility or a qualified nonutility provider if certain conditions are satisfied. The Department of Environmental Quality, in consultation with the SCC and Department of Mines, Minerals and Energy, is required to adopt regulations that exempt certain customers from the major and minor new source review regulations during verifiable peak shaving periods, to create a class or classes of general permits that would create the same exemptions, or both.

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

7. Budget Amendment Necessary: None

8. Fiscal Implications: The State Corporation Commission is directed to establish and conclude a proceeding for a report by November 15, 2009 to determine achievable, cost-effective energy conservation and demand response targets. Such a successful determination should have a positive implication and reduce electricity rates from what they might have otherwise been. The DEQ, in consultation with DMME and the SCC, is directed to adopt regulations exempting certain major and minor new source review during peak shaving periods.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission, the Department of Mines, Minerals and Energy and the Department of Environmental Quality

10. Technical Amendment Necessary: None

11. Other Comments: The time frame for a report is very tight in that if this proposal is passed, the directive would become effective July 1, 2009. The time frame provided in the bill may be too short – the State Corporation Commission allows due process for notice, testimony, hearing, evaluation and Commission consideration – it would be extremely difficult to meet the November 15 report deadline.

This is a Section 1 bill.

Date: 1/30/09 David Eichenlaub
cc: Secretary of Commerce and Trade