

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB452

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: Hope

3. Committee: Commerce and Labor

4. Title: Virginia Energy Storage Consortium.

5. Summary: Establishes the Virginia Energy Storage Consortium as a political subdivision of the Commonwealth for the purpose of positioning the Commonwealth as a leader in research, development, commercialization, manufacturing, and deployment of energy storage technology. The powers of the Consortium include (i) promoting collaborative efforts among Virginia's public and private institutions of higher education in research, development, and commercialization efforts related to energy storage; (ii) monitoring relevant developments nationally and globally; and (iii) identifying and working with the Commonwealth's industries and nonprofit partners. Staff support shall be provided by the Department of Mines, Minerals and Energy. The measure expires on July 1, 2021.

6. Budget Amendment Necessary: Yes, Item 120 of HB30/SB30.

7. Fiscal Impact Estimates: Preliminary. See item 8, below.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016			
2017	\$250,000	0	General Fund
2018	\$250,000	0	General Fund
2019	\$250,000	0	General Fund
2020	\$250,000	0	General Fund
2021	\$250,000	0	General Fund
2022	\$50,000		General Fund

8. Fiscal Implications: The bill requires that the Department of Mines, Minerals, and Energy (DMME) provide staff support to the Virginia Energy Storage Consortium (Consortium). Based on DMME's costs associated with providing staff support to other, similar entities, it is estimated that support for the Consortium would require the equivalent of one full time employee at a total annual cost of \$100,000. The agency currently has vacant positions which could be filled to provide staff support to the Consortium, but additional appropriation is needed. However, given that the provisions of the bill expire on July 1, 2021, it is anticipated that the agency will utilize a contractor to provide support to the Consortium.

The agency also estimates that legal, consulting, and other professional fees associated with the Consortium would require approximately \$150,000 per year. The bill provides the Consortium with the authority to receive and expend funding. The bill does not require that the Consortium reimburse DMME for staff services. As a result, any impact to DMME would require general fund appropriation of up to \$250,000 to support the costs associated with staffing the Consortium.

The bill also directs the Office of the Attorney General (OAG) to provide counsel to the Consortium. The impact on the workload of the OAG is indeterminate. However, the estimate for legal and consulting costs for the Consortium are anticipated to account for costs to the OAG associated with providing counsel to the Consortium.

The bill neither provides for nor prohibits the compensation of and reimbursement of costs associated with attending meetings for the members of the board of directors of the consortium. As a result, the fiscal impact of compensation for members of the board of directors and any reimbursement of expenses is indeterminate.

The provisions of the bill expire on July 1, 2021. As a result, it is anticipated that the department would not incur the full costs associated with the Consortium starting in FY 2022. It is anticipated that the agency would incur approximately \$50,000 in ongoing legal and other costs per year associated with maintaining and monitoring contracts or agreements entered into by the Consortium.

9. Specific Agency or Political Subdivisions Affected: Department of Mines, Minerals, and Energy, Office of the Attorney General.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is similar to SB403 which also creates the Virginia Energy Storage Consortium.