

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB2741

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: Aird

3. Committee: Commerce and Labor

4. Title: Clean Energy Advisory Board; Clean Energy Rebate Fund; solar energy installation rebates.

5. Summary: Establishes the Clean Energy Advisory Board (the Board), an advisory board in the executive branch of government that is authorized to advise the Director of the Department of Mines, Minerals and Energy (the Director) on the disbursement of rebates under a rebate program established by the bill for the installation of solar energy infrastructure in low-income and moderate-income households. The bill provides that the Board shall have a total membership of 11 members, consisting of 10 nonlegislative citizen members and the Director, who shall serve ex officio. The bill establishes the Clean Energy Rebate Fund to receive the proceeds of bond sales by the Virginia Small Business Financing Authority and the Virginia Resources Authority and then to disburse rebates to qualified customers.

The bill provides that the rebate program is open to any Virginia resident whose household income is at or below 80 percent of the state median income or regional median income, whichever is greater. The bill establishes application requirements, procedures for the review and approval or denial of applications, requirements for installation of systems, and procedures for the disbursement of rebates. The bill requires that each applicant document the installation of energy efficiency services to demonstrate that such services lower home energy consumption by at least 12 percent prior to the submission of an application. The bill provides that the rebate shall be in the amount of \$2 per DC watt for up to six kilowatts of solar capacity installed. The bill has an expiration date of July 1, 2022.

6. Budget Amendment Necessary: Indeterminate. See Item 8.

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

8. Fiscal Implications: This bill establishes the Clean Energy Rebate Fund in the state treasury, and provides for the deposit of moneys generated from the sale of bonds by the Virginia Small Business Financing Authority and the Virginia Resources Authority to the Fund, as well as other moneys appropriated for such purpose. This bill establishes the Clean Energy Advisory Board whose responsibilities include operating a solar energy rebate program to provide rebates from the Fund.

The Department of Mines, Minerals and Energy (DMME) is directed by the bill to provide staff support to the Board and funding for compensation and expenses of its citizen board members. Depending on the size and scope of the program and the associated workload, DMME anticipates that it may need an administrative policy position to support the Board and administer the solar rebate program at an approximate cost of \$100,000 in salary and benefits. Additional costs in support of the board, rebate program and compensation of the board members are also dependent on the size and scope of the program and are indeterminate.

According to the Virginia Small Business Financing Authority, the costs to do this program are indeterminate.

The Virginia Resources Authority (VRA) does not currently administer programs in which loans or grants are made to private property owners. Currently, loan proceeds from the sale of VRA bonds or VRA administered loans are restricted to local governments (counties, cities, and towns). VRA anticipates that the costs to do this program are indeterminate.

According to the Department of Treasury, this bill would not impact the Commonwealth's bond rating or debt capacity.

Additionally, all agencies of the Commonwealth are directed by the bill to provide assistance to the Board upon request. Any fiscal impact that may occur as a result is indeterminate.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Mines, Minerals and Energy; Virginia Small Business Financing Authority; Virginia Resources Authority; all state agencies.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.