

Multiple Agency Fiscal Note Summary

Bill Number: 5918 SB	Title: Carbon reduction/rural manuf
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Estimated Cash Receipts

NONE

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Auditor	Fiscal note not available								
Department of Commerce	.3	97,266	97,266	.0	0	0	.0	0	0
Utilities and Transportation Commission	.3	0	77,677	.0	0	5,690	.0	0	5,690
Total	0.6	\$97,266	\$174,943	0.0	\$0	\$5,690	0.0	\$0	\$5,690

Estimated Capital Budget Impact

NONE

Prepared by: Shane Hamlin, OFM	Phone: (360) 902-0547	Date Published: Preliminary 4/ 7/2017
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 48644

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Revised

Bill Number: 5918 SB	Title: Carbon reduction/rural manuf	Agency: 103-Department of Commerce
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.7	0.0	0.3	0.0	0.0
Account					
General Fund-State 001-1	97,266	0	97,266	0	0
Total \$	97,266	0	97,266	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 04/01/2017
Agency Preparation: Glenn Blackmon	Phone: 360-725-3115	Date: 04/06/2017
Agency Approval: Michael Furze	Phone: 360-725-2962	Date: 04/06/2017
OFM Review: Shane Hamlin	Phone: (360) 902-0547	Date: 04/07/2017

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2 provides that that a qualifying utility may use carbon reduction investments, eligible renewable resources, or renewable energy credits to comply with annual conservation targets required under subsection (a) of this section.

Section 3 requires certain qualifying utilities to include the type and amount of any carbon reduction investments in the annual reports submitted to the Department of Commerce on progress in meeting the conservation targets established in section 2.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

NONE

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Sections 2 and 3

ASSUMPTIONS: The department assumes that new or amended rules will be required to establish procedures for determining and certifying emission reductions and the content and format of reports on the type and amount of carbon reduction investments used by utilities to comply with annual targets specified in section 2. The department assumes three stakeholder workshops in rural areas of the state and a public hearing and adoption of rules in eastern Washington in FY18.

FTE Salaries and Wages

The department estimates 0.3 FTE EMS Band 2 (Senior Energy Policy Specialist), 0.2 FTE EMS Band 1 (Energy Policy Specialist) and 0.1 FTE Commerce Specialist 2 in FY18 to consult with stakeholders (300 hours), prepare for and conduct the stakeholder workshops (400 hours), research recommendations and questions proposed by the stakeholders (300 hours), and to prepare for and conduct the public hearing and rules adoption (200 hours).

FY18: \$71,291

Goods and Other Services

FY18: \$23,949

--standard G&S \$16,706

--space and utilities \$4,343

--non-standard G&S \$2,900 (\$2,300 for Attorney General to assist with drafting rules and conducting public hearings; and \$600 for conference space for workshops and hearings).

Travel:

Commerce estimates \$496 for motor pool vehicle use, \$690 for per diem, and \$840 for lodging in FY18.

FY18: \$2,026

Summary of Estimated Costs:

FY18: \$97,266

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.7		0.3		
A-Salaries and Wages	53,553		53,553		
B-Employee Benefits	17,738		17,738		
C-Professional Service Contracts					
E-Goods and Other Services	23,949		23,949		
G-Travel	2,026		2,026		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$97,266	\$0	\$97,266	\$0	\$0

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Administrative Services - Indirect	69,552	0.1		0.0		
Commerce Specialist 2	59,605	0.1		0.1		
EMS Band 1	85,561	0.2		0.1		
EMS Band 2	101,600	0.3		0.2		
Total FTE's	316,318	0.7		0.3		0.0

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Agency Administration (Indirect) (100)	16,211		16,211		
Energy Division (500)	81,055		81,055		
Total \$	97,266		97,266		

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

The department will amend one or more sections of Chapter 194-37 WAC to establish procedures for determining and certifying emission reductions and the content and format of reports on the type and amount of carbon reduction investments used by utilities to comply with annual targets specified in RCW 19.285.040 (section 2 of this bill).

Individual State Agency Fiscal Note

Bill Number: 5918 SB	Title: Carbon reduction/rural manuf	Agency: 215-Utilities and Transportation Commission
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.5	0.0	0.3	0.0	0.0
Account					
Public Service Revolving Account-State 111-1	74,832	2,845	77,677	5,690	5,690
Total \$	74,832	2,845	77,677	5,690	5,690

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☒

Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 04/01/2017
Agency Preparation: Kim Anderson	Phone: 360-664-1153	Date: 04/05/2017
Agency Approval: Chris Rose	Phone: 360-664-1225	Date: 04/05/2017
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 04/05/2017

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2 of the bill allows qualifying utilities to use carbon reduction investments in rural manufacturing operations as a mechanism for meeting the existing Renewable Portfolio Standard. The UTC would be responsible for ensuring that qualifying investor-owned utilities comply with the additional legal requirement. While the bill would create incremental oversight responsibilities for the UTC, requiring that third-party experts verify emissions reductions limits the potential fiscal impact on our agency. This will require changes to our RPS rule, WAC 480-109.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

No cash receipt impact.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

This would require a complex rulemaking to, at a minimum, outline the procedure for measuring and verifying emissions reductions. The rule would also have to be amended to address double-counting concerns, as energy efficiency at a rural manufacturing site would be eligible for either renewable energy or energy efficiency targets, but not both.

\$74,832 (Administrative Law Judge = 0.08; Assistant Director, Energy Conservation = 0.07; Consumer Program Specialist 3 = 0.15; Director, Regulatory Services = 0.02; Legal Assistant 2 = 0.01; Administrative Assistant = 0.03; Regulatory Analyst 2 = 0.02; Regulatory Analyst 3 = 0.10; Senior Policy Advisor = 0.06)

To the degree that utilities select this compliance option, reviewing the annual EIA compliance reports from the three investor-owned utilities may require additional staff time.

\$2,845 (Assistant Director, Energy Conservation = 0.0; Regulatory Analyst 3 = 0.03)

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.5	0.0	0.3	0.0	0.0
A-Salaries and Wages	41,715	2,093	43,808	4,186	4,186
B-Employee Benefits	10,012	502	10,514	1,004	1,004
C-Professional Service Contracts					
E-Goods and Other Services	23,105	250	23,355	500	500
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$74,832	\$2,845	\$77,677	\$5,690	\$5,690

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Administrative Assistant	42,492	0.0		0.0		
Administrative Law Judge	125,880	0.1		0.0		
Assist. Director, Energy	89,736	0.1		0.0		
Conservation						
Consumer Prgm Spec 3	58,548	0.2		0.1		
Director, Regulatory Services	108,156	0.0		0.0		
Legal Assist. 2	43,524	0.0		0.0		
Regulatory Analyst 2	61,632	0.0		0.0		
Regulatory Analyst 3	69,756	0.1	0.0	0.1	0.0	0.0
Senior Policy Advisor	75,000	0.1		0.0		
Total FTE's	674,724	0.5	0.0	0.3	0.0	0.0

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 1 of the bill adds “carbon reduction investments” to the definition of “eligible renewable resource” in the RPS. It also adds definitions for “carbon reduction investment,” “greenhouse gas,” and “rural area.”

Section 2 of the bill adds carbon reduction investments to the compliance options for the RPS. It also establishes that one renewable energy credit is equal to 0.2 metric tons of carbon dioxide equivalent emissions reduced, prevented or removed from the atmosphere. This section also requires third-party verification of the emissions reductions.

Section 3 of the bill requires qualifying utilities to report on the type and amount of carbon reduction investments.

This would require a complex rulemaking to, at a minimum, outline the procedure for measuring and verifying emissions reductions. The rule would also have to be amended to address double-counting concerns, as energy efficiency at a rural manufacturing site would be eligible for either renewable energy or energy efficiency targets, but not both. The complex rulemaking will entail two day-long workshops, development of draft and proposed rules, and two rounds of stakeholder comments.