

Multiple Agency Fiscal Note Summary

| | |
|-------------------------------|---------------------------------------|
| Bill Number: 2131 S HB | Title: Thermal energy networks |
|-------------------------------|---------------------------------------|

Estimated Cash Receipts

NONE

| Agency Name | 2023-25 | | 2025-27 | | 2027-29 | |
|---------------------|---------------------------|-------|-----------|-------|-----------|-------|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| Local Gov. Courts | | | | | | |
| Loc School dist-SPI | | | | | | |
| Local Gov. Other | Fiscal note not available | | | | | |
| Local Gov. Total | | | | | | |

Estimated Operating Expenditures

| Agency Name | 2023-25 | | | | 2025-27 | | | | 2027-29 | | | |
|--|---------------------------|----------|-------------|--------------|------------|----------|-------------|----------------|------------|----------|-------------|---------------|
| | FTEs | GF-State | NGF-Outlook | Total | FTEs | GF-State | NGF-Outlook | Total | FTEs | GF-State | NGF-Outlook | Total |
| Joint Legislative Audit and Review Committee | .0 | 0 | 0 | 2,400 | 1.5 | 0 | 0 | 529,800 | .1 | 0 | 0 | 38,100 |
| Department of Commerce | Fiscal note not available | | | | | | | | | | | |
| Utilities and Transportation Commission | Fiscal note not available | | | | | | | | | | | |
| Total \$ | 0.0 | 0 | 0 | 2,400 | 1.5 | 0 | 0 | 529,800 | 0.1 | 0 | 0 | 38,100 |

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---------------------|---------------------------|----------|-------|---------|----------|-------|---------|----------|-------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Local Gov. Courts | | | | | | | | | |
| Loc School dist-SPI | | | | | | | | | |
| Local Gov. Other | Fiscal note not available | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

Estimated Capital Budget Expenditures

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|--|---------------------------|----------|----------|------------|----------|----------|------------|----------|----------|
| | FTEs | Bonds | Total | FTEs | Bonds | Total | FTEs | Bonds | Total |
| Joint Legislative Audit and Review Committee | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Commerce | Fiscal note not available | | | | | | | | |
| Utilities and Transportation Commission | Fiscal note not available | | | | | | | | |
| Total \$ | 0.0 | 0 | 0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---------------------|---------------------------|----------|-------|---------|----------|-------|---------|----------|-------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Local Gov. Courts | | | | | | | | | |
| Loc School dist-SPI | | | | | | | | | |
| Local Gov. Other | Fiscal note not available | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

Estimated Capital Budget Breakout

NONE

| | | |
|------------------------------------|---------------------------------|---|
| Prepared by: Val Terre, OFM | Phone: (360) 280-3973 | Date Published: Preliminary 1/25/2024 |
|------------------------------------|---------------------------------|---|

Individual State Agency Fiscal Note

| | | |
|-------------------------------|---------------------------------------|---|
| Bill Number: 2131 S HB | Title: Thermal energy networks | Agency: 014-Joint Legislative Audit and Review Committee |
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|---|---------|---------|---------|---------|---------|
| FTE Staff Years | 0.0 | 0.0 | 0.0 | 1.5 | 0.1 |
| Account | | | | | |
| Performance Audits of Government Account-State 553-1 | 2,400 | 0 | 2,400 | 529,800 | 38,100 |
| Total \$ | 2,400 | 0 | 2,400 | 529,800 | 38,100 |

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.
- 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: Megan McPhaden | Phone: 360-786-7114 | Date: 01/23/2024 |
| Agency Preparation: Aaron Cavin | Phone: 360-786-5194 | Date: 01/25/2024 |
| Agency Approval: Eric Thomas | Phone: 360 786-5182 | Date: 01/25/2024 |
| OFM Review: Gaius Horton | Phone: (360) 819-3112 | Date: 01/25/2024 |

Part II: Narrative Explanation

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

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

The substitute bill authorizes gas and electrical companies to deploy a Thermal Energy Network (TEN) within their service territories.

- Sec. 3 creates a thermal energy network pilot project program.
 - Department of Commerce (Commerce) may award grants for pilot projects.
 - Utilities and Transportation Commission (UTC) must approve proposed pilot projects.
- Sec. 4 states that Commerce shall award grants to gas companies for TEN pilot projects and outlines award criteria.
- Sec. 8 creates a JLARC study in RCW 44.28, with a report due no later than three years after the effective date. (The effective date is not identified in this bill. JLARC staff assume an effective date of June 5, 2024.) JLARC's report must include an evaluation of how all pilot projects, including those in the process of deployment, address the considerations outlined in Sections 3 and 4.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The substitute bill directs JLARC to conduct an evaluation of how all pilot projects, including those in process of deployment and those that have been deployed, address considerations in Sec. 3 (pilot program) and Sec. 4 (grant funding to gas companies).

JLARC staff will work with staff at the Utilities and Transportation Commission (UTC) and Department of Commerce (Commerce) immediately after passage of the bill to ensure project contacts are established and any necessary data for JLARC staff's future evaluation needs are identified and collected. JLARC staff will check in with agency staff in July 2025 to discuss development and implementation of the pilot and grant programs.

JLARC is directed to issue a report no later than three years after the effective date section 8. JLARC staff assume an effective date of June 5, 2024, since no effective date is provided in the bill. Under this assumption, JLARC staff will begin the evaluation in March 2026. To conduct the review, JLARC staff will review statutory and agency defined criteria, application processes and outcomes, interview agency staff, project personnel, and other stakeholders, and conduct site visits. JLARC staff will issue a report in May 2027.

This audit will require an estimated 24 audit months.

JLARC ASSUMES THAT THE ASSIGNMENT IN THIS PROPOSED BILL MAY REQUIRE ADDITIONAL RESOURCES. JLARC WILL ASSESS ALL OF THE ASSIGNMENTS MANDATED IN THE 2024 LEGISLATIVE SESSION. BASED ON ALL LEGISLATION THAT IS PASSED, JLARC MAY SUBSEQUENTLY DETERMINE THAT IT CAN ABSORB THE COSTS FOR THIS PROPOSED BILL IN ITS BASE BUDGET, IF THE WORKLOAD OF OTHER ENACTED LEGISLATION DOES NOT EXCEED CURRENT STAFFING LEVELS.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2023-25 costs are calculated at approximately

\$23,900 per audit month.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

| Account | Account Title | Type | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-----------------|--|-------|---------|---------|---------|---------|---------|
| 553-1 | Performance Audits of Government Account | State | 2,400 | 0 | 2,400 | 529,800 | 38,100 |
| Total \$ | | | 2,400 | 0 | 2,400 | 529,800 | 38,100 |

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | | | | 1.5 | 0.1 |
| A-Salaries and Wages | 1,600 | | 1,600 | 344,100 | 24,800 |
| B-Employee Benefits | 500 | | 500 | 108,800 | 7,800 |
| C-Professional Service Contracts | | | | | |
| E-Goods and Other Services | 300 | | 300 | 69,900 | 5,000 |
| G-Travel | | | | 7,000 | 500 |
| 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 \$ | 2,400 | 0 | 2,400 | 529,800 | 38,100 |

III. C - Operating FTE 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 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------|---------|---------|---------|---------|---------|---------|
| Research Analyst | 131,064 | | | | 1.0 | 0.1 |
| Support staff | 110,856 | | | | 0.5 | 0.1 |
| Total FTEs | | | | | 1.5 | 0.1 |

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.