

SCOMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5358H.01I  
 Bill No.: HB 2574  
 Subject: Energy; Utilities  
 Type: Original  
 Date: April 1, 2024

Bill Summary: This proposal creates a community solar pilot program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Public Service Commission Fund	\$0 to (\$103,283)	\$0 to (\$120,692)	\$0 to (\$122,805)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to (\$103,283)</b>	<b>\$0 to (\$120,692)</b>	<b>\$0 to (\$122,805)</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Public Service Commission	0 to 1 FTE	0 to 1 FTE	0 to 1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 to 1 FTE</b>	<b>0 to 1 FTE</b>	<b>0 to 1 FTE</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 386.1050 - Community Solar Pilot Program

Officials from the **Department of Commerce and Insurance - Missouri Public Service Commission (PSC)** assume the proposal requires the PSC to develop statewide technical and net-metering rules for systems larger than 100 kW and set bill credits for subscribers. One (1) additional FTE Associate Engineer would be needed for these provisions.

**Oversight** assumes the PSC is provided with core funding to handle a certain amount of activity each year. Oversight assumes PSC could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, PSC could request funding through the appropriation process; therefore, Oversight will reflect a fiscal impact of 0 to 1 FTE to the Public Service Commission Fund.

Officials from the **Office of Administration - Budget and Planning**, the **Missouri Department of Conservation**, the **Department of Natural Resources**, the **Missouri Department of Transportation**, the **Office of Administration, Kansas City** and the **City of O'Fallon** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

#### Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>PUBLIC SERVICE COMMISSION FUND</b>			
<u>Cost - PSC</u>			
Personal Service	(\$59,150)	(\$72,400)	(\$73,848)
Fringe Benefits	(\$35,442)	(\$43,081)	(\$43,642)
Expense and Equipment	(\$8,691)	(\$5,211)	(\$5,315)
<u>Total Cost - PSC</u>	<u>(\$103,283)</u>	<u>(\$120,692)</u>	<u>(\$122,805)</u>
FTE Change - PSC	0 to 1 FTE	0 to 1 FTE	0 to 1 FTE
<b>ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION FUND</b>	<b><u>\$0 to (\$103,283)</u></b>	<b><u>\$0 to (\$120,692)</u></b>	<b><u>\$0 to (\$122,805)</u></b>
Estimated Net FTE Change to the Public Service Commission Fund	0 to 1 FTE	0 to 1 FTE	0 to 1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill establishes a community solar pilot program requiring each retail electric supplier to implement a three-year community solar pilot program during calendar years 2025-2027. Retail electric suppliers must allow subscriber administrators and owners or operators of community solar facilities to recruit customers as subscribers and process subscribers' bill credits as specified in the bill. Each retail electric supplier must continue operating its pilot program until the total solar electricity demand equals 5% of the retail electric supplier's electricity sales for the previous year.

A community solar facility may be built, owned, or operated by a third party entity under contract with an owner or operator of a community solar facility or a subscriber administrator. A subscriber administrator may contract to administer bill credits to the subscriber's electricity bill generated by the subscriber's share of the community solar facility. A subscriber administrator that provides bill credit to a subscriber are not be considered an electrical corporation or public utility.

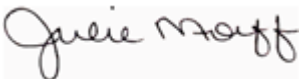
The owner or operator of a community solar facility may serve as a subscriber administrator. No later than nine months after the effective date of the bill, the Public Service Commission must establish the value of the bill credit for each retail electric supplier to offset each subscriber's retail electric bill for each kilowatt hour subscribed from a community solar facility as specified in the bill. A retail electric supplier must allow for the transferability and portability of subscriptions.

For systems larger than 100 kilowatts, the Commission must develop technical and net metering interconnection rules for customer generators intending to operate community solar facilities or renewable onsite generators in parallel with the electric utility grid.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Office of Administration - Budget and Planning  
Department of Commerce and Insurance  
Department of Natural Resources  
Missouri Department of Conservation  
Missouri Department of Transportation  
Office of Administration  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Kansas City  
O'Fallon



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