

### Fiscal Estimate - 2017 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>17-3605/1</b>	<b>Introduction Number</b> <b>SB-434</b>
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**Description**  
 state agency goals for the generation or purchase of electric energy derived from renewable resources

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government Units Affected</b>	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
1. <input type="checkbox"/> Increase Costs	<input type="checkbox"/> Counties	<input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
3. <input type="checkbox"/> Increase Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
4. <input type="checkbox"/> Decrease Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.505(5)(ka)	

<b>Agency/Prepared By</b> DOA/ Kris Frederick (608) 261-2292	<b>Authorized Signature</b> Colleen Holtan (608) 266-1359	<b>Date</b> 8/29/2017
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## Fiscal Estimate Narratives

DOA 8/29/2017

LRB Number <b>17-3605/1</b>	Introduction Number <b>SB-434</b>	Estimate Type <b>Original</b>
<b>Description</b> state agency goals for the generation or purchase of electric energy derived from renewable resources		

### Assumptions Used in Arriving at Fiscal Estimate

This legislation would repeal s. 16.75 (12), Wis. Stats., which requires the Departments of Administration (DOA), Corrections (DOC), Health Services (DHS), Public Instruction (DPI), Veterans Affairs (DVA), and the University of Wisconsin System (UWS) to establish goals that, by December 31, 2011, 20% of total annual electric energy is derived from renewable sources. No existing contracts would be modified or terminated, so the current contracts for renewable energy would remain in effect. This legislation would also require each of the listed agencies to submit a plan to the Department of Administration, the joint committee on finance, and the standing committee of each house of the legislature having jurisdiction over energy, for reducing the cost of energy used by the agency. While this legislation removes the statutory 20% goal for total annual electric energy derived from renewable sources, it does not prohibit the use of renewable energy.

The State of Wisconsin currently has contracts for renewable energy with four utility companies for the purposes of meeting the 20% statutory goal: (1) Madison Gas and Electric (expires April, 2018); (2) WE Energies (expires April, 2018); (3) Wisconsin Public Power, Inc. contracts with six utility members (contracts expire April, 2023); and (4) Wisconsin Public Service Corporation (expires November, 2030). Under these contracts, the state essentially pays for a guarantee that a certain amount of renewable energy has been produced, paying both a "premium" for renewable attributes associated with the renewable energy that has been produced and the full retail rate for the electricity actually used by the state.

In FY16, the "premium" paid by these agencies for renewable energy totaled \$5,563,077, with DOA paying \$325,440 of this amount (5.85%). While the percentage paid by the DOA fluctuates based upon relative energy usage, the proportion has ranged between 5-6% for each fiscal year during the period FY14-FY16. Because the existing contracts would remain in effect, DOA would continue to purchase renewable energy through November, 2030.

It is difficult to estimate the fiscal impact of the elimination of s. 16.75 (12), Wis. Stats., for the following reasons: (1) contracts remain in effect until their expiration, which is staggered through November, 2030; (2) changing electricity demand and usage by DOA and in the aggregate (DOA, DOC, DHS, DPI, DVA, UWS); and (3) the amount of renewable energy produced and payment required under the contracts may vary from year-to-year. Therefore, the fiscal impact of this legislation cannot be determined (indeterminate).

### Long-Range Fiscal Implications