

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3582/1	Introduction Number SB-300
------------------------------------	--

Subject
 Revisions to DNR and PSC approvals of utility facilities and electric transmission and generation facilities

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		
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input checked="" type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input checked="" type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

Towns Village Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DOR/ Daniel Huegel (608) 266-5705	Authorized Signature Dennis Collier (608) 266-5773	Date 11/6/2003
--	--	--------------------------

Fiscal Estimate Narratives

DOR 11/6/2003

LRB Number	03-3582/1	Introduction Number	SB-300	Estimate Type	Original
Subject					
Revisions to DNR and PSC approvals of utility facilities and electric transmission and generation facilities					

Assumptions Used in Arriving at Fiscal Estimate

2003 Act 31 created several new shared revenue utility payments. The bill amends some of these payments to clarify how payments should be made in certain situations. The payments created under Act 31 and the amendments under the bill would first affect shared revenue utility payments in July 2005 (FY06).

MEGAWATT (MW) BASED PAYMENT:

Act 31 created a new payment for electric generating plants with a name-plate capacity of 1 MW or more that begin operating or are repowered after December 31, 2003. The payment is \$2,000 per megawatt of generating capacity. If a plant is in a town, the town is paid one-third and the county is paid two-thirds. If a plant is in a village or city, the village or city is paid two-thirds and the county is paid one-third. If a plant is in two or more municipalities, the payment is divided among the municipalities based on the net book value in each municipality as of December 31, 2004, or the date the plant becomes operational, whichever is later.

Under current law, the calculation of payments for a qualifying plant in two or more counties, especially for a plant in a village or city that lies in two or more counties, is potentially unclear. The bill clarifies this situation by directing that if a plant is in two more counties, the payment is divided among the counties based on the net book value in each county as of December 31, 2004, or the date the plant becomes operational, whichever is later.

Since this provision merely clarifies current law, it is expected to have no effect on shared revenue utility payments.

INCENTIVE PAYMENTS

Act 31 created three incentive payments to encourage communities to allow new or repowered power plants to locate within their borders. The payments apply to power plants that begin operating or are repowered after December 31, 2003. A power plant can qualify for one, two, or all three of these payments. These payments are:

- (1) For a non-nuclear powered plant with a name-plate capacity of at least 1 MW that is built on the site of, or adjacent to, an existing power plant, a decommissioned power plant, or a brownfield, the municipality and county will each receive a payment of \$600 per MW.
- (2) For a power plant with a name-plate capacity of at least 50 MW and classified by the PSC as a baseload plant, the municipality and county will each receive a payment of \$1,000 per MW.
- (3) If a power plant has a name-plate capacity of at least 1 MW and derives its energy from a renewable source, the municipality and county will each receive a payment of \$1,000 per MW. If the plant uses both renewable and non-renewable fuels, the \$1,000 per MW payment is prorated to reflect the percentage of the fuel energy content that comes from renewable sources. Alternatively, if a power plant has a name-plate capacity of at least 1 MW and is a cogeneration facility, the municipality and county will each receive a payment of \$1,000 per MW. A power plant can qualify for either the alternative energy payment or the cogeneration payment, but not both payments.

The bill makes two changes to these payments.

First, a municipality and county can qualify for both the renewable energy facility payment and the cogeneration facility payment as long as the payments are for different power plants. This provision has the potential to increase shared revenue utility payments. The Department of Revenue is not aware of any

plants that would be affected currently by this provision.

Second, for power plants in two or more municipalities or counties, instead of making a full payment to each municipality and county the bill directs that the payment be allocated among the municipalities and counties based on the net book value in each municipality or county as of December 31, 2004, or the date the power plant becomes operational, whichever is later. This provision has the potential to reduce shared revenue utility payments. The Department of Revenue is not aware of any plants that would be affected currently by this provision.

Long-Range Fiscal Implications