

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-2740/2	Introduction Number AB-0755
Description Allowing certain utilities to administer investment programs for energy efficiency improvements and renewable energy applications, creating requirements for political subdivision loans for similar improvements and applications, providing an exemption from emergency rule procedures, and granting rule-making authority.	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate	
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs
Local:	
<input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate	
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 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
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Affected Ch. 20 Appropriations	
Agency/Prepared By	Authorized Signature
PSC/ Sarah Klein (608) 266-3587	Nate Zolik (608) 266-1261
Date	
3/16/2010	

Fiscal Estimate Narratives
PSC 3/16/2010

LRB Number 09-2740/2	Introduction Number AB-0755	Estimate Type Original
Description Allowing certain utilities to administer investment programs for energy efficiency improvements and renewable energy applications, creating requirements for political subdivision loans for similar improvements and applications, providing an exemption from emergency rule procedures, and granting rule-making authority.		

Assumptions Used in Arriving at Fiscal Estimate

Promulgating emergency and permanent rules for Utility Programs

AB 755 requires the Commission to promulgate several emergency and permanent rules including: 1) Determining whether an audit demonstrates that an improvement or application under a utility program is cost effective; 2) Requiring the performance of an additional audit to verify that the improvement or application is installed or made; 3) Specifying the certification requirements a person must satisfy to perform any audit required for an improvement or application under a utility program; 4) Establishing requirements and procedures for reports and performance contracts for improvements or applications under utility programs; 5) Defining "good cause" for as a basis for disapproving a contractor or subcontractor for inclusion in the prequalification list; 6) Performance of work on installing or making an energy efficiency improvement or renewable resource application; 7) Allowing a contractor or subcontractor who does not satisfy the requirement to perform work on an improvement or application for which an investment is made under a utility program or for which a political subdivision loan is made, only if no contractor or subcontractor who satisfies the requirement is available to perform the work; 8) Specifying criteria for making a determination as to whether the water and energy savings resulting over the expected life of the improvement or application exceed the costs of the improvement or application; 9) Establishing cultural competency requirements; and 10) Implementing the requirements regarding how a utility shall prioritize its spending on a utility program. It is unlikely this work could be completely absorbed by current staff.

New Functions for the Commission Regarding Utility Investment Programs

AB 755 requires the Commission to perform several new functions related to utilities that choose to administer investment programs, which include: 1) reviewing the utility's application to administer, fund, or provide administrative services for a program and a determination on the cost effectiveness of the program; 2) reviewing tariff applications filed by utilities for investment programs; 3) reviewing annual reports filed by the utility regarding implementation of the program. Staff requirements for performing this work will depend on the number of applications received from utilities. If the number of applications is not large, these functions could be performed using existing staff resources. However, if new applications are numerous, it is unlikely this new work could be absorbed by existing staff.

Work related to overseeing the program and certifying a list of pre-qualified contractors and sub-contractors to perform audits and improvements.

AB 755 would require Commission staff to oversee a new program and certify and maintain a list of pre-qualified contractors and sub-contractors to perform audits and improvements. Commission staff may also be required to educate business and residential customers on what contractors are eligible to perform work on their home or business, along with other aspects of the program. Commission staff will need to ensure that contractors and subcontractors are continually meeting the requirements of the program on a job-by-job basis. For example, Commission staff will need to track prevailing wage requirements, and income requirements related to hours worked in 1st, 2nd class, or other cities. In order to track and maintain contractor and program activity, a new database may be required. Oversight of labor and wage standards is not something Commission staff has any experience with.

The Commission will be required to define what training and skills should be required to perform an audit and perform the work for an improvement. The Commission may be able to take advantage of auditor requirements already established by Focus on Energy and other entities, such as the Building Performance Institute, but technical trainings would still need to be held depending on contractor demand to participate in this new program. Much of the training will need to be hired out to outside contractors, as the technical

expertise required does not reside within the Commission. Training subject matter will be related to the technical aspects of how to perform an audit, building science principles, and how to carry out, measure, and analyze results from building diagnostic tests. Auditor trainings will likely need to be separated out by residential and business audits, and classroom and in-the-field training. After audit training is completed and potential auditors have been approved, in-field mentoring by a hired consultant may need to be performed. In addition to audit trainings, trainings will need to be held for contractors or subcontractors that are actually implementing the improvements. These may be less involved than the auditor trainings, and focus on general education about the program, working with an auditor and following an audit's specifications, cultural competency, and other required aspects in order to be included on the pre-qualified list.

To perform the work related to overseeing this program and certifying and maintaining a list of prequalified contractors, PSC would need additional staff resources. Additionally, the training aspects of the program would require a budget of approximately \$300,000 per year, depending on contractor demand to participate in the program.

All considered, the additional workload for the Commission that would accompany the new requirements set forth in AB 755 could require 2 - 3 additional FTE.

Long-Range Fiscal Implications

indeterminate