

REVISED FISCAL NOTE

PRIVATE COST

I. RULE NUMBER

Rule Number and Name	Type of Rulemaking
4 CSR 240-20.100 Electric Utility Renewable Energy Standard Requirements	Proposed Rule

II. SUMMARY OF FISCAL IMPACT

Estimated number of entities that will likely be affected by adoption of the rule.	Types of entities that will likely be affected by adoption of the rule.	Estimated aggregate cost of compliance with the rule by the affected entities.	
4	Investor-owned electric utilities	2011	\$45,598,989
		2012	\$51,140,062
		2013	\$51,696,417
		2014	\$51,766,263

III. WORKSHEET

Estimated aggregate cost of compliance is based on information provided by the four (4) investor-owned electric utilities. The specific information provided was deemed Highly Confidential by the utilities unless it was utilized to develop an aggregate number.

IV. ASSUMPTIONS

If adopted, this proposed rule will prescribe requirements and procedures for electric utility compliance with the Missouri Renewable Energy Standard. The Missouri Renewable Energy Standard (RES) was enacted by Initiative Petition on November 4, 2008. The RES includes certain requirements for the utilization of renewable sources for generation of electric energy. The requirements increase incrementally, beginning in 2011. The last incremental change is in 2021, with the requirements of 2021 continuing forward beyond that year. The estimated aggregate cost to Missouri electric utilities is provided for the first four (4) years. Similar costs could be incurred through at least 2021.

The original fiscal note considered entities that would need to comply with the rule which are the four investor-owned electric utilities in the state. It has been suggested during the course of the Joint Committee on Administrative Rules process that the original fiscal note was underestimated¹ because it does not contain the cost of compliance with a mandatory standard offer contract. The commission has revised the rule to make the standard offer contract discretionary. Thus, that cost need not be included here.

The commission has also reconsidered the fiscal note in light of the amendments to the retail rate impact changing from an incremental approach to a cumulative approach. The commission also assumes that this will greatly lower the cost of compliance with the rule as it will decrease the cost on electric utility consumers. However, because it was suggested that the original fiscal note estimating compliance was too low, the commission will not revise the dollar amounts in the fiscal note as they should still represent the cost of an electric utility to comply with the portfolio requirements as set out in Proposition C.

¹ *Dissent of Commissioner Jeff Davis to the Final Proposed Order of Rulemaking for 4 CSR 240-20.100 and 4 CSR 240-3.156*, issued June 2, 2010; suggesting that the standard offer contract would cost an additional \$210,000,000. *Letter from Edward Downey, attorney for Missouri Industrial Energy Consumers, to Cindy Kadlec, Director, Joint Committee on Administrative Rules*, dated June 22, 2010; suggests that the cost to comply could be \$90 million higher each year from 2011-2013, \$250 million higher each year from 2014-2017, and \$500 million higher from 2018-2020.