

2010 Special Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3633 **STATUS:** A-Engrossed
SUBJECT: Renewable energy projects
GOVERNMENT UNIT AFFECTED: Department of Energy, Public Utilities Commission,
Department of Environmental Quality, and the Department of Land Conservation and Development
PREPARED BY: Michelle Deister
REVIEWED BY: Laurie Byerly, Susie Jordan, Steve Bender
DATE: February 11, 2010

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
DLCD -- See Analysis		

REVENUES:
See Analysis

EFFECTIVE DATE: On passage

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee and is not included in the omnibus budget bill to be introduced by the committee.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: This measure includes marine renewable energy resources that are developed in accordance with the Territorial Sea Plan or located on structures adjacent to coastal shore lands as a source of community-based renewable energy projects eligible for meeting retail electrical load goals.

Section 2 of the measure directs the Department of Land Conservation and Development (DLCD) to conduct a study of how best to develop commercially viable marine renewable energy resources in Oregon. The study is to include policy guidance provided by a committee that works with DLCD.

Section 3 of the measure establishes an interest-bearing Marine Renewable Energy Resources Study Fund, funds from which are appropriated to DLCD to support the development of the aforementioned study. DLCD may accept contributions of moneys and assistance from any source public or private, except that no General Fund dollars or federal funding used to support other programs may be deposited into the fund. Specific sources of contributions to the fund are unknown at this time. Should funding for the study become available, DLCD would need to seek approval from the legislature for additional expenditure limitation.

Section 2 of the measure becomes operative on the day in which funding deposited into a special account is sufficient to conduct the study; however, both the study provisions and the Marine Renewable Energy Resources Study Fund account are repealed if sufficient funding is not secured by May 1st 2010. If sufficient funding is secured, sections 2 and 3 remain in effect until January 2, 2012, with any remaining account funds transferred to the General Fund.

The Department of Land Conservation and Development (DLCD) reports that it would contract for the study, and that the time needed to develop the RFP would be absorbed by existing, federally funded staff associated with the Territorial Sea Advisory Committee. Based on the scope of work (which is largely articulated in section 2 of the bill) the study is expected to cost approximately \$100,000. The review of the study and final recommendations would be conducted by the Territorial Sea Advisory Committee and is estimated to cost approximately \$4,000 in travel and lodging costs. The study will not go forward and none of these costs will be incurred if sufficient funding is not deposited into the fund established by Section 3 by May 1, 2010.

The Public Utility Commission expects that it may be consulted over the course of the study on various funding mechanisms or purchase of energy by regulated utilities, but anticipates a minimal fiscal impact related to this measure.

The Department of Energy assumes that the degree of their involvement in providing information for the study will be limited and therefore anticipates a minimal fiscal impact.

The Department of Environmental Quality anticipates that providing information on environmental requirements associated with marine renewable resources should take minimal time and expenditure.

The Division of State Lands anticipates no fiscal impact as a result of this bill.