

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2748

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session  
Legislative Fiscal Office

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### Measure Description:

Allows additional types of wave energy projects to qualify for exemption from provisions related to hydroelectric projects.

### Government Unit(s) Affected:

Department of Energy, Department of Environmental Quality, Department of Land Conservation and Development, Department of State Lands, Oregon Department of Fish and Wildlife, Oregon Parks and Recreation Department, Water Resources Department

**Summary of Expenditure Impact:** See Analysis

### 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:

The measure allows additional types of wave energy projects to qualify for exemption from provisions related to hydroelectric projects. The projects must be constructed and operated subject to an agreement with the Water Resources Department (WRD), Oregon Department of Fish and Wildlife (ODFW), Department of State Lands (DSL), Department of Land Conservation and Development (DLCD), Department of Environmental Quality (DEQ), Department of Energy (DOE), and Oregon Parks and Recreation Department (OPRD). The measure requires that the agreement must provide for the collection and analysis of information necessary to prevent or mitigate the impact of the project on the environment, fish and wildlife resources, commercial fishing, and recreation. The measure allows for WRD to adopt rules regarding these projects and applies only to projects submitted to DSL on or before December 31, 2021. The measure has a sunset date of January 2, 2022.

WRD currently operates a hydroelectric program that processes applications and issues annual licenses for hydroelectric projects. The application fee for these projects is \$6,500 and WRD estimates that the annual license fee for the type of hydroelectric projects stipulated by the measure will be approximately \$3,700 based on the amount of theoretical horsepower that will be produced. The Department estimates approximately 3 projects in the next biennium. Total revenue from the application and license fees would be \$30,600 in 2011-13 and approximately \$22,200 in 2013-15. The revenue received from these fees is distributed between ODFW, WRD, and DEQ established through a memorandum of agreement between the three agencies.

Additionally, DEQ certification for water quality is required on hydroelectric projects that also require Federal Energy Regulatory Commission (FERC) licensure. The DEQ certification application and licensing fees are budgeted on a cost-recovery basis. DEQ anticipates the projected workload to be minimal and can be absorbed within existing resources.

ODFW may have a fiscal impact depending on the extent of new project development that is required to prevent or mitigate the impact to fish and wildlife resources and commercial fishing. ODFW anticipates that new project development will require the Department to develop studies, review and analyze the results, and develop mitigation measures with project developers and other stakeholders. ODFW has requested a permanent full-time Natural Resource Specialist 3 position in the agency's budget to

address the increasing work load associated with the burgeoning development of wave energy and potential effects on fish and wildlife resources. The Department estimates \$182,000 in personal services and associated services and supplies for this position in 2011-13 and that the position would be funded with existing hydroelectric fee revenues.

The fiscal impact is indeterminate but assumed minimal for DSL, DLCDC, DOE, and OPRD. The Legislative Fiscal Office notes that the demand for these types of projects is unknown and excessive demand may require additional staff or resources depending on the cumulative workload requirements added this session or possible budget reductions.