## Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

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**Bill Number:** HB2426E **Patron:** Callsen

**Bill Title:** Small renewable energy projects; permit by rule.

**Bill Summary:** Amends the definition of "small renewable energy project" for the purposes of obtaining a permit by rule from the Department of Environmental Quality (DEQ) to include interconnection facilities, as defined in the bill. Requires that DEQ and the State Corporation Commission enter into a memorandum of understanding to implement the provisions of the bill.

Budget Amendment Necessary: Yes. Items Impacted: 476 (SCC)

**Explanation:** This bill involves the Department of Environmental Quality (DEQ) and the State Corporation

Commission (SCC). An amendment is required for the SCC to carry out the requirements of

this bill.

**Fiscal Summary:** The State Corporation Commission (SCC) anticipates that this bill may necessitate two additional full-time staff to review the interconnection facilities of an application for a small renewable energy project the at the request of the Department of Environmental Quality. Updated estimates from DEQ are unavailable at this time.

## **Nongeneral Fund Expenditure Impact:**

<u>Agency</u>	FY2025	FY2026	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	FY2030
SCC	\$ <b>0</b>	\$256,000	\$238,000	\$238,000	\$238,000	\$238,000
TOTAL	<b>\$0</b>	\$256,000	\$238,000	\$238,000	\$238,000	\$238,000

## **Position Impact:**

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	FY2027	<u>FY2028</u>	FY2029	FY2030
SCC	0	2	2	2	2	2
TOTAL	0	2	2	2	2	2

**Fiscal Analysis:** This impact statement is preliminary. In the introduced version of this bill, which did not require collaboration between the SCC and DEQ, DEQ estimated an annual nonabsorbable general fund expenditure of \$495,000 to support three electrical engineer positions. With the additional requirements in the engrossed version of the bill, the estimated impact to DEQ may change.

This bill directs the Department of Environmental Quality (DEQ) and the State Corporation Commission (SCC) to enter into a memorandum of understanding for consideration of applications for small renewable energy projects including interconnection facilities. It is the understanding of the Staff of the State Corporation Commission that this bill would require the DEQ, in collaboration with the State Corporation Commission, to develop a process and timeline to evaluate such facilities. Although the Staff of the SCC believes that they

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have the expertise and perform these duties, the Permit By Rule timeline is significantly shorter than the existing certificate of convenience and necessity (CPCN) process at the Commission. Accordingly, the State Corporation Commission is identifying the potential need for two additional full-time employees (FTEs) to accommodate an increase in workload within the required timeline of DEQ's.

The SCC costs to implement the requirements in this bill will impact its Public Utility Fund (02080). The current rate cap authorization (58.1-2900) as approved by the General Assembly (GA) is not sufficient to generate the revenue needed for the Fund to cover the costs of this bill's requirements. However, bills HB2663 and SB1336 have been introduced in the 2025 GA session to adjust electric consumption rate caps to fund SCC existing expenses and potential new expenses from electric utility SCC oversight legislation passed during the 2025 GA Session. The costs associated with HB2426 can be absorbed from the revenue that would result from the passage of HB2663/SB1336.

Other: None.