

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

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ORIGINAL

Bill Number: SB 1394 H1 **Patron:** Bagby
Bill Title: Energy storage requirements; Department of Energy, et al., to develop model ordinances, reports.

Bill Summary: Increases the targets for energy storage capacity that Phase I and Phase II Utilities, as defined in current law, are required to construct, acquire, or procure and extends the time frame by which such capacity must be met. Under the bill, each Phase I Utility shall construct, acquire, or procure at least 780 megawatts of short-duration energy storage capacity and 520 megawatts of long-duration energy storage capacity, and each Phase II Utility shall construct, acquire, or procure at least 5,220 megawatts of short-duration energy storage capacity and 3,480 megawatts of long-duration energy storage capacity. Utilities are required to petition the SCC for construction to fulfill the short-duration energy storage requirements by December 31, 2040, and the long-duration energy storage requirements by December 31, 2045. "Long-duration energy storage" and "short-duration energy storage" are defined in the bill.

The bill requires the Department of Energy, in consultation with the Department of Environmental Quality and the Department of Fire Programs, to create model ordinances for use by localities in their regulation of energy storage projects and to convene a work group to develop such model ordinances and submit a report by December 1, 2025. Additionally, the Department of Energy and the Department of Environmental Quality are directed to convene a work group to develop recommendations and financial incentives related to the development of long-duration energy storage projects and submit a report by December 1, 2025.

Budget Amendment Necessary: Yes **Items Impacted:** 109

Explanation: The bill requires an increase in expenditures by the Department of Energy that cannot be absorbed with existing appropriation. The bill also impacts the Department of Fire Programs and Department of Environmental Quality, which expect to be able to absorb any impacts, and the State Corporation Commission for which impact estimates are not yet available.

Fiscal Summary: The Department of Energy anticipates expenditures of \$75,000 in FY 2026.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
Energy	-	\$75,000	-	-	-	-

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Fiscal Analysis: The bill requires Energy to convene a workgroup to develop model ordinances, in consultation with the Department of Environmental Quality (DEQ) and the Department of Fire Programs (DFP), for use by localities in their regulation of energy storage projects. Additionally, the bill directs Energy and DEQ to convene a workgroup to determine recommendations and financial incentives for the development of long-duration energy storage projects. Both workgroups shall produce a report for the General Assembly no later than December 1, 2025.

Energy anticipates that the two workgroups will require one full time position or equivalent contractor for a period of six months for a total expense of \$75,000. DFP and DEQ anticipate participation in the workgroups can be absorbed within existing resources. Impact estimates from SCC are not yet available.

Other: This bill is the companion to HB 2537.