

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

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ORIGINAL

Bill Number: HB2426ER **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 (MOU) to implement the provisions of the bill. The provisions of this bill are effective on July 1, 2026.

Budget Amendment Necessary: No. **Items Impacted:** N/A
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.

Nongeneral Fund Expenditure Impact:

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

Position Impact:

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

Fiscal Analysis: This impact statement is final. This bill directs DEQ and the SCC to enter into a memorandum of understanding for consideration of applications for small renewable energy projects including interconnection facilities. This bill would require DEQ, in collaboration with the SCC, to develop a process and timeline to evaluate such facilities. Although the Permit By Rule timeline is significantly shorter than the existing certificate of convenience and necessity (CPCN) process at the Commission, the SCC believes that they have the expertise and perform these duties, but will require additional resources in order to do so. The SCC is identifying the potential need for two additional FTEs to accommodate an increase in workload within the required timeline.

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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 adjust electric consumption rate caps to fund existing SCC 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 enactment of HB2663/SB1336.

Other: None.