

OFFICE OF FISCAL ANALYSIS

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sHB-5245

AN ACT CONCERNING MUNICIPAL ELECTRIC AGGREGATION PROGRAMS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Public Utilities Regulatory Authority (PURA)	CC&PUCF - Potential Cost	See Below	See Below
Resources of the General Fund	GF - Revenue Gain	Potential	Potential

Note: GF=General Fund; CC&PUCF=Consumer Counsel and Public Utility Control Fund

Municipal Impact:

Municipalities	Effect	FY 27 \$	FY 28 \$
All Municipalities	Potential Savings	See Below	See Below
All Municipalities	Potential Cost	See Below	See Below
All Municipalities	Potential Revenue Gain	See Below	See Below

Explanation

Municipal Impact:

The bill allows municipalities to procure electric supply and related energy products through municipal aggregation programs. The bill also establishes a framework to allow municipalities to form a public aggregator. This results in a potential cost to municipalities to establish a public aggregator and potential savings to the extent contracts are more cost-effective when purchased through a municipal aggregation program. It is not anticipated that a municipality will establish a public

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aggregator program if they will not realize savings exceeding the cost of such a program.

There is also a potential revenue gain to municipalities beginning in FY 27 to the extent fees are set for use of the program and an opt out penalty is set and enforced.

State Impact:

The bill could result in a potential cost to the Public Utilities Regulatory Authority (PURA) associated with expanded responsibilities related to municipal aggregation plans. Depending on the number of municipalities who participate in the aggregation plans and the level of review and oversight by PURA, additional staff will be required. One new Assistant Rate Specialist will result in an annual salary of \$78,594 with corresponding fringe benefits of \$32,868, any additional costs will be incurred by the Consumer Counsel and Public Utility Control Fund.

Additionally, the bill allows PURA to impose fines or restitution up to \$10,000 to a consultant or program supplier that violates the bill's provisions. To the extent fines are imposed this could result in a revenue gain to the General Fund, the amount of revenue is unknown and will be dependent upon the number of violations and the amount of the fines imposed.

Rate Payer Impact

The rate payer impact of the bill is indeterminate. While it is assumed that municipalities will assume potential savings to the extent contracts are more cost-effective when purchased through a municipal aggregation program, the actual rates will be dependent upon the specific program. However, rates could be negatively impacted by increasing the risk premium where standard service load is less predictable.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, contract savings and fines.