



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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<b>Bill Number:</b>	H. 4940	Amended by the House of Representatives on February 12, 2020
<b>Author:</b>	Sandifer	
<b>Subject:</b>	Electricity Market Reform Measures Study Committee	
<b>Requestor:</b>	House Labor, Commerce, and Industry	
<b>RFA Analyst(s):</b>	Gallagher and Miller	
<b>Impact Date:</b>	February 20, 2020	

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### **Fiscal Impact Summary**

This bill creates the Electricity Market Reform Measures Study Committee to study whether to adopt various electricity reform measures. This bill requires the Executive Director of the Office of Regulatory Staff (ORS) to be a nonvoting advisory board member. This bill will not impact ORS' Other Funds, as they can absorb any travel costs from attending committee meetings within existing appropriations.

Three members of the Senate and three members of the House of Representatives will serve as members on this committee. Each of the six members will receive per diem of \$35, subsistence of \$213.74, and mileage of \$0.575 per mile for each meeting held on non-session days. These expenses should be able to be managed within the budgets of the appointees' respective legislative bodies.

This bill further requires a legislative body to advance the costs of the consultant(s) for the study committee and receive a reimbursement once the Department of Revenue (DOR) has collected the assessment charged to the public utilities. DOR currently assesses charges against public utility companies under the jurisdiction of the Public Service Commission (PSC), and therefore there is no expenditure impact to DOR. The anticipated expenditures a legislative body will pay are \$750,000 in FY 2020-21. The legislative body will be reimbursed the \$750,000 to offset these costs. Therefore, this bill will result in an increase in expenditures of \$750,000 and an offsetting increase in Other Funds revenue.

### **Explanation of Fiscal Impact**

#### **Amended by the House of Representatives on February 12, 2020**

#### **State Expenditure**

This bill creates the Electricity Market Reform Measures Study Committee, which will consist of three members of the House of Representatives appointed by the Chairman of the House Labor, Commerce and Industry Committee, and three Senators appointed by the Chairman of the Senate Judiciary Committee.

The study committee will also include a nonvoting advisory board, which will be comprised of:

1. the Executive Director of the Office of Regulatory Staff,
2. a representative of the South Carolina American Association of Retired Persons,
3. the South Carolina President of Duke Energy,

4. the CEO of the Public Service Authority,
5. the President of Dominion Energy South Carolina,
6. two representatives of residential electricity consumers,
7. two representatives of commercial electricity consumers,
8. two representatives of industrial electricity consumers,
9. a representative from the Coastal Conservation League,
10. a member company of the SC Solar Business Alliance,
11. a member company of the SC Chamber of Commerce,
12. a representative from the SC Electric Cooperatives,
13. a representative of the Piedmont Municipal Power Association,
14. a representative from the SC Municipal Power Association,
15. a member company of the SC Manufacturers' Alliance,
16. a representative of a renewable power developer that focuses on utility-scale solar projects,
17. a representative of a renewable power developer that focuses on residential-rooftop solar projects,
18. a representative of Central Electric Cooperative,
19. the South Carolina President of Lockhart Power, and
20. a representative of the farming or agricultural community.

The nonvoting advisory board members are permitted to utilize technical support staff from the entity they represent for study committee-related matters.

The committee is tasked with studying whether to recommend any of a variety of electricity reform measures. The committee is required to address any legal or procedural requirements associated with the adoption of any recommended electricity market reform measures, the potential costs and benefits to consumers, ratepayers, and service providers of each reform measure studied, and the experience of other states with adopting each reform measure studied.

The study committee is required to issue a report to the General Assembly by January 12, 2021 with its recommendations. If the committee recommends reform measures they must provide draft legislation and establish requirements.

This bill permits the committee to retain third-party, expert consultant(s) to advise the committee on what market reform measures would benefit consumers and the economic benefits of each measure. The consultant must submit their recommendation as to what market reform measures studied would benefit consumers. Expenses for the consultant(s) will be provided for by the utilities subject to the Public Service Commission's jurisdiction.

**Office of Regulatory Staff.** The Director of ORS is required to be a nonvoting advisory board member. Per Proviso 117.19, they will not be permitted to collect per diem while serving on the committee as a state FTE. However, they may be entitled to a subsistence rate of \$42 per day and a mileage rate of \$0.575. ORS anticipates this bill will not have an expenditure impact on the agency's Other Funds, as they can absorb any travel costs from attending committee meetings within existing appropriations.

**Senate and House of Representatives.** Three members of the Senate and three members of the House of Representatives will serve as members on this committee. Each of the six members will receive per diem of \$35, subsistence of \$213.74, and mileage of \$0.575 per mile for each meeting held on non-session days. These expenses should be able to be managed within the budgets of the appointees' respective legislative bodies.

Among other potential expenditures, this bill allows for the hiring of third-party consultant(s) to advise the committee. This bill requires a legislative body to advance the costs of the consultant(s) for the study committee and receive a reimbursement once the Department of Revenue has collected the assessment charged to the public utilities. Based upon an estimate by PSC which assumes a rate of \$300 per hour and the need for two consultants to work 50 hours per week for 25 weeks, the anticipated expenditures a legislative body will pay is \$750,000 in FY 2020-21. The legislative body will be reimbursed the \$750,000 to offset these costs.

**Department of Revenue.** DOR is tasked with assessing charges against public utility companies under the jurisdiction of PSC. The study committee is required to certify to DOR the amounts to be assessed. Study committee expenses will be advanced by a legislative body and be reimbursed by the State. DOR currently assesses each public utility its proportion of expenses in proportion to its gross income, collects these funds, and deposits them. Therefore, we anticipate this bill will not have an expenditure impact on DOR's General Fund, Federal Funds, or Other Funds.

**State Revenue**

DOR is tasked with assessing charges against public utility companies under the jurisdiction of PSC. Assuming a rate of \$300 per hour and the need for two consultants to work 50 hours per week for 25 weeks, the state's Other Funds revenue will increase by \$750,000 in FY 2020-21. These funds will be used to reimburse the legislative body.

**Local Expenditure**

N/A

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director