

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 31, 2015

Agency Submitting: State Department of Conservation and Natural Resources, Division of Environmental Protection

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
(Expense)		\$200,000	\$200,000	
Total	0	\$200,000	\$200,000	0

Explanation

(Use Additional Sheets of Attachments, if required)

US EPA has proposed regulations under section 111(d) of the Clean Air Act that would require States to submit a plan that demonstrates how carbon emissions would be reduced to meet specified goals for each State. SB438, Section 6, requires the Division of Environmental Protection, acting on behalf of the Department, to prepare an Advisory Report that includes the State emissions plan and also assesses the impact of the plan on electric utilities, retail customers and the economy of the State. The report must assess a host of specific potential impacts, including affordability of electric service, reliability of the system, investment costs, economic development and competitiveness with neighboring States. This type of energy system economic analysis is normally performed by the utilities and the Public Utilities Commission. The Division of Environmental Protection does not employ economists and has no staff expertise in this area. Consequently, this analysis would have to be performed by a consultant. It is difficult to estimate a cost for this work, but given the scope of the required analysis, the Division estimates a cost of at least \$400,000 based on types of skills and labor from the PUCN. The overall cost is in line with what NV Energy says they typically spend on contracts for this type of economic analysis. See attached documentation for details.

Name Adele Basham

Title Bureau Chief

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Tuesday, March 31, 2015

The agency's response appears reasonable.

Name James R. Wells, CPA

Title Interim Director

**SB 438 – Budget for the Preparation of an Advisory Report on the
Implementation of a State 111d Emissions Plan**

Consulting Contract – Economic Analysis of Impacts to Electrical Utilities and System Reliability and to Retail Electric Customers, the Economy of the State (Sec. 6)	Hours	Billable Rate	Total Cost
1 Senior Economist	400	\$200/hr	80,000
1 Senior Financial Analyst	500	\$200/hr	100,000
1 Staff Electrical Engineer	600	\$150/hr	90,000
1 Staff Resource Planning Engineer	600	\$150/hr	90,000
1 Staff Attorney	120	\$250/hr	30,000
1 Admin Assistant	200	\$50/hr	10,000
SUM TOTAL			400,000