



NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

Legislative Fiscal Note

Short Title: Energy Choice/Solar Decommissioning Rqmts.
Bill Number: House Bill 130 (Third Edition)
Sponsor(s):

SUMMARY TABLE

FISCAL IMPACT OF H.B.130, V.3

	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>
State Impact					
General Fund Revenue	\$0	\$0	\$0	\$0	\$0
Less Expenditures	\$375,183	\$392,898	\$411,168	\$429,959	\$447,252
General Fund Impact	(\$375,183)	(\$392,898)	(\$411,168)	(\$429,959)	(\$447,252)
NET STATE IMPACT	(\$375,183)	(\$392,898)	(\$411,168)	(\$429,959)	(\$447,252)

FISCAL IMPACT SUMMARY

The bill creates a new solar decommissioning oversight program within the Department of Environmental Quality. Three new positions will be required to operate the program at a cost of \$375,183 in the first year.

FISCAL ANALYSIS

H.B. 130, Energy Choice/Solar Decommissioning Requirements, Part II – Decommissioning of Utility-Scale Solar Projects Upon Cessation of Operations, establishes regulations for the closure and disposal of utility-scale solar projects. The bill requires the Department of Environmental Quality (DEQ) to adopt rules establishing the criteria for the registration of the projects, decommissioning plans, and financial assurance. DEQ is directed to establish and collect fees from the owner or operator of the project at the time of registration and required periodic update (every five years).

DEQ estimates there are approximately 700 utility-scale solar projects in the State as of April 2023, and that an additional 50 projects will be added each year. The bill requires registration, decommissioning plans, and financial assurance for projects constructed or rebuilt after the effective date of the bill. DEQ estimates that three positions would be required to establish and operate the program: an engineering supervisor I, an environmental program consultant, and a financial analyst (grants administrator II). DEQ requested the salaries at mid-point, rather than minimum because of the experience level required to start a new program. Fiscal staff agree that mid-point salaries would be appropriate, especially given the current hiring market. The total salaries and benefit costs for the three positions is \$329,034.

Each position requires operating costs. DEQ reports the positions will be housed in leased space, which is calculated at 300 square feet per position times \$20 per square foot, for a total cost of \$6,000 per position. Additional operating costs include technology expenses (\$3,000), travel and training (\$5,133), and postage, supplies, and miscellaneous costs (\$1,250), for a total of \$15,383 per position. Total operating costs for the three positions are \$46,149. Altogether, the total cost for the three positions will be \$375,183 in FY 2023-24.

The table below shows the cost for salaries, benefits, and operating expenses for each of the positions.

S.B. 669, Solar Decommission Requirements							
Total Cost for Positions							
	Salary	Social Security	Retirement	Health	Subtotal Salaries and Benefits	Position Operating Costs	Total Position Cost
Engineering Supervisor I	\$94,998	\$7,267	\$21,793	\$7,397	\$131,455	\$15,383	\$146,838
Environmental Program Consultant	\$80,155	\$6,132	\$18,388	\$7,397	\$112,072	\$15,383	\$127,455
Grants Administrator II	\$59,813	\$4,576	\$13,721	\$7,397	\$85,507	\$15,383	\$100,890
Total Position Costs, All Positions							\$375,183

The following table shows the estimated cost for the program for the next five years, adjusted for inflation (based on Moody’s economy.com as of December, 2022).

S.B. 669, Solar Decommission Requirements					
Total Position Costs, Adjusted for Inflation					
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2028-29
Salaries and Benefits	\$329,034	\$345,683	\$362,980	\$380,836	\$397,157
Operating	\$46,149	\$47,215	\$48,188	\$49,123	\$50,095
Total Position Costs	\$375,183	\$392,898	\$411,168	\$429,959	\$447,252

The bill requires DEQ to establish a fee to be charged at registration and at the periodic update every five years. The proposed new G.S. 130A-309.240(h) says the “[f]ees collected under this subsection shall be applied to the Department’s cost of administering the program.” The language is not clear as to whether the program is intended to be wholly receipt-supported, or only partially receipt-supported. Since it is unknown at what level DEQ will set the fees, no estimate for fee revenue has been included in this analysis. To the extent that the fees are set at a level sufficient to make the program wholly receipt-supported, the estimates for FY 2025-26 to FY 2028-29 may be overstated.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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Signed copy located in the NCGA Principal Clerk's Offices