

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2009-10</b>		<b>FY 2010-11</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	145,754 to 5,322,543		145,197 to 216,712	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>145,754 to 5,322,543</b>		<b>145,197 to 216,712</b>	

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 567 changes some of the duties of the State Energy Office. The changes include:

1. Developing and coordinating a central repository for the collection of data on energy and to make the data that is not restricted under section 81-1606 available to the public;
2. Specifying that the continuing assessment of the trends in availability, consumption, and development of all forms of energy that is already being done includes but is not limited to renewable energy, renewable fuels, energy efficiency measures, and transmission line development;
3. In the already defined duty of recommending to the Governor and Legislature energy policies and conservation measures that renewable energy development is included.

Newly identified duties include:

1. Develop and administer a comprehensive wind energy plan related to the development of transmission lines;
2. Pursue new research and investment funds from federal and private sources;
3. Monitor all existing state and federal energy policies relating to renewable energy, renewable fuels, energy efficiency measures, and transmission line development;
4. Establish standards for measuring the State's performance in increasing its use of renewable energy;
5. Adopt and promulgate a statewide renewable portfolio standard consistent with federal requirements.

The Energy Office estimates the need to hire three FTE with related benefits and start-up costs to implement the bill's provisions. The FTE would be:

- Electrical Engineering Wind Expert to develop and administer a comprehensive wind energy plan related to the development of transmission lines
- Grant Writer to pursue new research and investment funds
- Research Analyst to monitor all existing state and federal energy policies relating to renewable energy, renewable fuels, energy efficiency measures, and transmission line development.

In addition, the Energy Office estimates the need for \$5,000,000 in fiscal year 2009-10 for contractual services to develop a wind energy plan related to the development of transmission lines.

There is no basis to disagree with the agency's estimated need for three additional FTE. However, this does appear to be a large staff increase to address these specific duties. It should be noted that the agency estimates the need for a grant writer to "pursue new research and investment funds". However, the agency does not estimate any such funds being received. Typically, a grant writing position generates sufficient funds to justify itself. If this is not possible an alternative to hiring a full time equivalent should be considered.

While the agency estimates the need for \$5 million to pay for contractual services to develop a wind energy plan, it is unclear how this estimate was achieved. The agency simply states that the contractual services would include: a study, a plan, transmission siting, legal fees, and an environmental impact statement. In addition to the \$5 million, the agency estimates contractual services totaling \$105,000 to develop performance standards and metrics for measuring energy efficiency. Without further information and documentation as to how the estimates were arrived at, a total of \$5,105,000 for contractual services appears to be excessive.

The table at the top of this fiscal note shows a range of costs. The low end of the range includes two FTE, related benefits and start-up costs such as capital outlay. The upper end of the range is in line with the total estimate provided by the agency. The bill is silent as to a fund source. It is assumed that the costs would be paid from the General Fund.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
ENERGY OFFICE: FY 2009-10 contractual expense is not a direct requirement of the bill. Staff expense and other administrative expenses (totaling \$322,543 in FY 2010 and \$216,712 in FY 2011), excluding \$5 million in contractual expense, appear reasonable.					