**GOVERNMENT OF THE DISTRICT OF COLUMBIA**
**Office of the Chief Financial Officer**

**Natwar M. Gandhi**
**Chief Financial Officer**

**MEMORANDUM**

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| **TO:** | **The Honorable Linda W. Cropp**<br>**Chairman, Council of the District of Columbia** |
| **FROM:** | **Natwar M. Gandhi** [signature]<br>**Chief Financial Officer** |
| **DATE:** | **December 21, 2004** |
| **SUBJECT:** | **Fiscal Impact Statement: "Renewable Energy Portfolio Standard Act of 2004"** |
| **REFERENCE:** | **Bill Number 15-747 as Introduced** |

**Conclusion**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed legislation. No additional staff or resources will be required. The Public Services Commission (PSC) will collect fees, deposit them into the Renewable Energy Development Fund (REDF) and appropriate these funds for expenditure purposes. The District Department of Energy (DoE) will be required to remain within its existing resources when implementing the provisions of the proposed legislation.

Anti-deficiency laws,[1] prohibit District officers and employees from exceeding agency appropriations in any fiscal year. Should the District determine that funding is available to absorb the additional costs required to be expended in the out-years, then the fiscal impact would be zero. For all subsequent years, the additional expenditures must be included as budgeted expenditures.

**Background**

The proposed legislation establishes a special purpose fund to collect and deposit fees from commercial energy producers levied by the District for non-compliance with kilowatt-hour production requirements. The proposed REDF will be without fiscal year limitation and will be non-lapsing and non-reverting.

[1] 31 USCA § 1341 (2000) and D.C. Official Code § 47-355.01 *et sequitur* (2003).

The proposed legislation requires that 11 percent of the District's total energy portfolio, that is the combination of actual commercial energy produced or artificially "banked" energy credits, be produced by alternatives other than conventional radioactive decay or combustion of fossil fuels. This limitation is a requirement by the year 2022 on the energy producers. This is to an extent a requirement in 17 states in the United States including Maryland, Pennsylvania, New Jersey, New York and Rhode Island.

The proposed legislation would establish a tier system, a weighting factor based on the source type for the energy produced, and would allow commercial energy producers to exchange surplus energy and credits.

**Financial Plan Impact**

The proposed FY 2005 through FY 2008 budget and financial plan has sufficient resources to implement the provisions of the proposed resolution. The District, PSC and DoE will be required to implement the provisions of the proposed legislation from within their resources. The Chief Financial Officer cannot at this time estimate fee collections, or any operational or expenditure pressures caused by the bill's implementation without more information.

It should be noted that any costs incurred by commercial energy producers as a result of the implementation of the proposed legislation will likely be passed along to their customers. If this is the case, the District could incur additional costs that are unbudgeted.