

AGENCY FISCAL IMPACT OF PROPOSED REGULATION

AGENCY SUBMITTING – **Consumer Protection**

DATE – **October 20, 2010**

SUBJECT MATTER – **Well Drilling and Geoexchange Systems**

REG. SECTION NUMBER – **25-128-33, et seq. (Corresponding to C.G.S. Chapter 482)**

STATUTORY AUTHORITY – **Sec. 25-128; Sec. 25-129(g) & Sec. 4-168**

OTHER AGENCIES AFFECTED – **Dept. of Public Health; Dept. of Environmental Protection**

EFFECTIVE DATE – **Upon passage**

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SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION

AGENCY – **Consumer Protection**

FUND – **General Fund**

	FIRST YEAR	SECOND YEAR	FULL OPERATION
NUMBER OF POSITIONS	No change	No change	No change
PERSONNEL SERVICES	"	"	"
OTHER EXPENSES	"	"	"
EQUIPMENT	"	"	"
GRANTS	"	"	"
TOTAL STATE COST (SAVINGS)	"	"	"
ESTIMATED REVENUE LOSS (GAIN)	"	"	"
TOTAL NET STATE COST (SAVINGS)	"	"	"

EXPLANATION OF STATE IMPACT OF REGULATION:

The proposed regulation updates the Connecticut Well Drilling Code, and specifically enacts state-wide standards for geothermal energy systems. This set of regulations is not expected to add additional costs to the Department or other State agencies. The regulation of geothermal systems currently exists in the filing of well drilling completion reports and other health and safety related guidelines, and these proposed regulations add much needed uniformity and clarity to the regulation of this industry.

EXPLANATION OF MUNICIPAL IMPACT OF REGULATION:

Upon passage of these proposed regulations, municipal building officials will have a clear set of guidelines to follow and implement whenever a geothermal system is being installed. There should be no fiscal impact on municipalities.

EXPLANATION OF SMALL BUSINESS IMPACT OF REGULATION:

(Please see the Small Business Impact Statement drafted pursuant to Public Act 2009-19)

SMALL BUSINESS IMPACT STATEMENT

Prior to adopting a new section or amendment, Section 4-168a of the Connecticut General Statutes (C.G.S.) requires that each state agency consider the affect of such action on small businesses as defined in C.G.S. Section 4-168a. When such a regulatory action may have an adverse affect on small businesses, C.G.S. Section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency submitting proposed regulations: **Department of Consumer Protection**

Subject matter of Regulation: **Well Drilling and Geexchange Systems**

Date of Agency analysis: **October 20, 2010**

Check the appropriate box:

- The regulatory action will not have an affect on small businesses.
- The regulatory action will have an affect on small businesses, but will not have an adverse affect on such small businesses.
- The regulatory action may have an adverse affect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially affected small business. Alternatives considered include the following:
- (1) The establishment of less stringent compliance or reporting requirements for small businesses;
 - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
 - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;
 - (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
 - (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.
- The regulatory action will have an adverse affect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

The Department of Consumer Protection **notified** / (did not notify) the Department of Economic and Community Development of its intent to take the proposed action, and **completed** / (did not complete) the Agency Fiscal Estimate of Proposed Regulations.

These proposed regulations update the well drilling code and codify the best practices of the geothermal industry. Four new limited licenses for geothermal work are created, where currently either a licensed well drilling contractor or an unlicensed person performed the drilling work. The additional license fees correspond to other limited plumbing license types, with revenue going to the General Fund. The Department expects a small number of new licensees, mainly for the installation of "DX" systems, since unlicensed persons are typically used for this type of shallow-depth drilling.