

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis

Original Updated Corrected

2. Administrative Rule Chapter, Title and Number

Chapters NR812 and NR146, Wisconsin Administrative Code

3. Subject

Heat Exchange drilling licensing and construction standards

4. Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

5. Chapter 20, Stats. Appropriations Affected

20.370(4)(ma)

6. Fiscal Effect of Implementing the Rule

No Fiscal Effect Increase Existing Revenues Increase Costs
 Indeterminate Decrease Existing Revenues Could Absorb Within Agency's Budget
 Decrease Cost

7. The Rule Will Impact the Following (Check All That Apply)

State's Economy Specific Businesses/Sectors
 Local Government Units Public Utility Rate Payers
 Small Businesses (if checked, complete Attachment A)

8. Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

9. Policy Problem Addressed by the Rule

Potential for drinking water or groundwater contamination as a result of inexperienced or unqualified drillers constructing heat exchange drillholes

10. Summary of the businesses, business sectors, associations representing business, local governmental units, and individuals that may be affected by the proposed rule that were contacted for comments.

Well drilling businesses are anticipated to be the primary affected business sector. Many drillers are represented by the Wisconsin Water Well Association whose representatives participate in the advisory work group. Local governments may be positively impacted by reduced risk of drinking water or groundwater contamination.

11. Identify the local governmental units that participated in the development of this EIA.

The Madison Water Utility provided comments as part of the advisory work group for rule development.

12. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

Economic and fiscal impacts of this rule are anticipated to be minimal (final determination of impact will follow public comment period). Actual costs to well drillers are small and not expected to affect decisions to offer a service or enter a business sector. The current water well drilling license fee is \$50 and the heat exchange drilling license fee is expected to be set at the same level (total compliance cost to industry is estimated at \$500). Drillers may take the licensing exam and apply to construct heat exchange drillholes at no cost. The rule does not propose fees for either of these state services as the total cost to the state is small (total implementation cost is estimated at \$7300).

13. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Benefits of implementing the rule include reduced potential for drinking water and groundwater contamination as a result of improper construction of heat exchange drillholes. No alternatives to implementing the rule are apparent as the statute prohibits heat exchange drilling without a license as of April 1, 2015.

14. Long Range Implications of Implementing the Rule

Long range implications include reduced potential for drinking water and groundwater contamination as drillers are licensed and receive continuing education annually on advances in heat exchange drilling. While the overall economic impact is uncertain, the rules are anticipated to result in less potential for impact on drilling costs, property values or water supply costs.

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15. Compare With Approaches Being Used by Federal Government

No approaches are currently being used by the federal government.

16. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

ILLINOIS: In Illinois, the Department of Public Health is responsible for oversight of the well construction code, and has authority over the location, construction and modification of closed loop wells. A small set of standards specifically covers construction of closed-loop wells. The Department of Public Health's Closed Loop Well Contractors Certification Board oversees the rules, licensing and administration. A closed loop certification is required for drillers and is issued to those who are qualified and have passed the exam. The initial examination fee is \$50 and annual renewal fee is \$25. Licensees must attend one continuing education session in the preceding 2 years for license renewal.

IOWA: Iowa is in the process of developing rules, but has no rules codified for heat exchange drilling at this time. Iowa has a well drilling code and a well driller certification. Fee is \$400 initially and \$300 for renewal. License is for a two-year period and requires 16 contact hours of continuing education.

MICHIGAN: Michigan has no codified rules at this time, but has guidelines for heat exchange systems. Michigan has a Water Well Drilling Contractor license, but no requirements for heat exchange drillers. Water well driller license fee is \$40.

MINNESOTA: In Minnesota, the Commissioner of Health is responsible for oversight of the well construction code. The code includes regulations for groundwater thermal exchange devices. Minnesota has a license for a certified well contractor and a separate license for constructing vertical heat exchangers. Fees for well contractor licenses range from \$75 to \$250. Fees are required for construction of vertical heat exchangers, ranging from \$235 to \$700.

17. Contact Name

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18. Contact Phone Number

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
 - Less Stringent Schedules or Deadlines for Compliance or Reporting
 - Consolidation or Simplification of Reporting Requirements
 - Establishment of performance standards in lieu of Design or Operational Standards
 - Exemption of Small Businesses from some or all requirements
 - Other, describe:
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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

5. Describe the Rule's Enforcement Provisions

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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