



Colorado Legislative Council Staff Fiscal Note
REVISED NO FISCAL IMPACT

(replaces fiscal note dated March 6, 2007)

Drafting Number: LLS 07-0367

Date: March 13, 2007

Prime Sponsor(s): Rep. Pommer; Witwer
Sen. Schwartz

Bill Status: Senate 2nd Reading

Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING INCREASED RENEWABLE ENERGY STANDARDS.

Summary of Assessment

This bill, as amended by the Senate State Affairs Committee, makes several statutory changes to the renewable energy initiative (Amendment 37) passed by Colorado voters in 2004. Specifically, it expands the definitions of a "qualifying retail utility" to include all utilities, except municipally owned utilities (MOUs) serving less than 40,000 customers, and "eligible energy sources" to include recycled energy. The bill raises the standard for electricity generation from eligible energy sources for investor-owned utilities (IOUs) from:

- 3 to 5 percent for 2008 through 2010;
- 6 to 10 percent for 2011 through 2014;
- 10 to 15 percent for 2015 through 2019; and
- 10 to 20 percent for 2020 and after,

and establishes a new standard for electricity generation from eligible energy sources for rural electric cooperatives (RECs), and (MOUs) serving over 40,000 customers at:

- 1 percent for 2008 through 2010;
- 3 percent for 2011 through 2014;
- 6 percent for 2015 through 2019;
- 10 percent for 2020 and after.

With regard to standard compliance, the bill establishes bonuses for certain types of generation facilities. For all qualifying utilities, each kilowatt-hour of eligible electricity generated from a community-based project as defined in the bill will count as 1.5 kilowatt-hours. For RECs and MOUs, each kilowatt-hour generated from solar generation technologies that produce electricity before FY 2015-16 will count as 3 kilowatt-hours. However, utilities may take advantage of only one bonus for each kilowatt-hour of generated electricity.

For IOUs and MOUs, the maximum allowable retail rate impact from meeting the standard is raised from 1 to 2 percent of the total electric bill annually for each customer. The current opt-out provision for RECs is eliminated, and RECs are required to submit an annual report to the PUC on or before June 1 of each year. However, reports submitted by RECs are not subject to the same compliance report review process as those submitted by IOUs.

Finally, the bill allows utilities to develop and own as utility rate-based property up to 25 percent of total new eligible energy resources if these resources can be constructed at reasonable cost compared to the cost of similar eligible energy resources available on the market. If the utility shows

that its proposal provides significant economic development, employment or energy security benefits, the utility is allowed to own between 25 and 50 percent of total new eligible energy resources. The bill will become effective upon signature of the Governor.

While this bill requires the Public Utilities Commission (PUC) to revise or clarify the existing rules promulgated for the implementation of Amendment 37, this requirement does not force any additional evidentiary hearings. The PUC is not precluded from holding such hearings, but such hearings would be discretionary, and accomplished within existing budgetary resources. Thus, the bill does not affect state or local revenue or expenditures and is assessed as having no fiscal impact.

Departments Contacted

Regulatory Agencies