



**Colorado
Legislative
Council
Staff**

SB16-007

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0337
Prime Sponsor(s): Sen. Roberts
Rep. Coram

Date: June 15, 2016
Bill Status: Postponed Indefinitely
Fiscal Analyst: Marc Carey (303-866-4102)

BILL TOPIC: BIOMASS RENEWABLE ENERGY WILDFIRE HIGH RISK AREAS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	Minimal impact. See State Expenditures section	
TABOR Impact		
FTE Position Change		
Appropriation Required: None.		
Future Year Impacts: None.		

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

Current law requires Colorado retail electric service providers to generate, or cause to be generated, a specified portion of its sales from eligible energy resources, including renewable energy resources. One of the eligible energy resources is biomass. For a period of up to 30 years, this bill specifies that each kilowatt-hour of electricity generated from a biomass source using forest materials taken from areas with a high risk of wildfire will count as 3 kilowatt-hours for purposes of complying with the renewable energy standard (RES).

Background

In December 2013, the Eagle Valley Clean Energy biomass facility opened in Gypsum, Colorado and began to generate electricity from biomass. All electricity generated from this facility is purchased by Holy Cross Energy, a cooperative electric association. Although a fire closed the plant in December 2014, Holy Cross purchased enough electricity from the plant to meet 72 percent of its 3 percent overall RES requirement. The plant has remained closed since the fire, and it is unknown when it will reopen.

Currently, there are plans for 5.5 megawatt capacity biomass facility to be constructed in Pagosa Springs, Colorado. It is expected that this facility will be operational in March 2017, and will begin to generate electricity a year later. La Plata Electric will purchase 100 percent of the electricity generated from this facility, and their board has already voted to execute a power purchase agreement with the planned facility.

At the current time, there are no other biomass-fueled electricity generation facilities planned in Colorado.

State Expenditures

Department of Regulatory Agencies, Public Utilities Commission (PUC). The bill requires minor conforming changes to the PUC's RES rules to provide a 3-times multiplier for energy generated from specified biomass resources. As such, the impact is minimal, and no additional appropriation is required.

State Agency Impact. By providing a 3-times multiplier for energy generated from specified biomass resources under the RES, this bill reduces the amount of energy required to be generated from other eligible resources (principally wind). Agencies served by Holy Cross Energy would not be impacted as the coop has more than enough generation from eligible energy sources to meet its RES requirement. Agencies served by La Plata Electric could be impacted after March 2018, but the degree to which this will occur is unknown at this time. The fiscal note will be updated as more information becomes available.

Local Government Impact

By providing a 3-times multiplier for energy generated from specified biomass resources under the RES, this bill reduces the amount of energy required to be generated from other eligible resources, and could affect electricity rates for local governments served by La Plata Electric after March 2018, as discussed in the State Agency Impact section above.

Effective Date

The bill was postponed indefinitely by the House Transportation and Energy Committee on March 9, 2016.

State and Local Government Contacts

Regulatory Agencies