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Fiscal Note

Drafting Number:	LLS 21-0061	Date:	April 20, 2021
Prime Sponsors:	Rep. Hooton; Kipp Sen. Donovan	Bill Status:	House Energy & Environment
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Bill Topic: PUC STUDY OF COMMUNITY CHOICE ENERGY

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill requires the Public Utilities Commission to study the implementation of community choice energy in Colorado through an investigatory proceeding. The bill will increase state expenditures through FY 2022-23.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$48,391 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 21-1269

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	General Fund ¹	\$48,391	\$42,056
	Centrally Appropriated	\$13,342	\$12,740
	Total	\$61,733	\$54,796
	Total FTE	0.5 FTE	0.5 FTE
Transfers		-	-
TABOR Refund		-	-

¹ Public Utilities Commission expenditures are typically paid from the Fixed Utility Fund. However, the commission is assessing the statutory maximum rate of 0.25 percent on the gross revenues of regulated electric and natural gas utilities; therefore, the fiscal note assumes that the General Fund is required to cover the costs identified in this bill.

Summary of Legislation

The bill directs the Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) to evaluate the viability of the wholesale, opt-out model of community choice energy (CCE) in Colorado. CCE is defined as a mechanism that allows cities, counties, or groups of cities and counties to combine their purchasing power and choose alternative electricity suppliers, while the incumbent investor-owned utility continues to own and operate the transmission and distribution system.

The PUC is directed to open an investigatory proceeding by January 15, 2022, to consider the regulatory and legal implications of CCE legislation and provide recommendations to the General Assembly. In the proceeding, the PUC must accept testimony and documentation from a broad range of stakeholders, as specified in the bill. Among other topics outlined in the bill, the questions explored in the docket may include:

- whether the PUC requires additional statutory authority to conduct a rule-making concerning the creation of a CCE authority in Colorado;
- the appropriate scope of regulatory oversight of CCE operations;
- which aspects of investor-owned electric utility regulation by the PUC should apply to CCE authorities as well;
- how to establish reasonable exit fees; and
- how CCE may impact distributed energy resources, investments in beneficial electrification, jobs in the electricity sector, low income households, and clean energy goals.

The PUC must submit a final report summarizing its findings and recommendations from the investigatory docket to the energy committees of the General Assembly by December 15, 2022.

State Expenditures

The bill increases state General Fund expenditures in the PUC by \$61,733 and 0.5 FTE in FY 2021-22 and \$54,796 in FY 2022-23. These expenditures are shown in Table 2 and described below.

Table 2
Expenditures Under HB 21-1269

	FY 2021-22	FY 2022-23
Department of Regulatory Agencies		
Personal Services	\$41,381	\$41,381
Operating Expenses	\$810	\$675
Capital Outlay Costs	\$6,200	-
Centrally Appropriated Costs ¹	\$13,342	\$12,740
Total Cost	\$61,733	\$54,796
Total FTE	0.5 FTE	0.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Public Utilities Commission. The PUC will require an additional staff member to complete the investigatory proceeding, which includes advising and assisting the PUC through the process and developing the report and recommendations for the General Assembly. This fiscal note assumes that a Rate and Financial Analyst will be hired by December 1, 2021, to support the investigatory docket, which must be opened by January 15, 2022, with the final report due on December 15, 2022. First-year costs are also prorated for the General Fund pay date shift.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$13,342 in FY 2021-22 and \$12,740 in FY 2022-23.

Technical Note

Fixed Utility Fund. The PUC is currently assessing the statutory maximum 0.25 percent fee on the gross revenues of regulated electric and natural gas utilities and cannot increase the assessment beyond this cap without a change in law. This fiscal note assumes that there are not sufficient resources in the Fixed Utilities Fund at the present time to support the expenditures identified in the fiscal note. If the General Assembly revises the statutory maximum fee, these and future expenses may be paid from the Fixed Utility Fund.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2021-22 the bill requires a General Fund appropriation of \$48,391 to the Department of Regulatory Agencies with 0.5 FTE.

State and Local Government Contacts

Colorado Energy Office

Regulatory Agencies