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Fiscal Note

Drafting Number: LLS 21-0250
Prime Sponsors: Sen. Fenberg

Date: May 11, 2021
Bill Status: Senate Trans. & Energy
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Bill Topic: **PUC ENCOURAGE RENEWABLE ENERGY GENERATION**

Summary of Fiscal Impact:

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

The bill makes various changes to the renewable energy standards and the regulation of distributed generation. It increases state expenditures, and may increase local expenditures and state and local revenue, on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

The bill makes various changes to the renewable energy standard (RES) and the regulation of distributed generation. The bill removes an existing limitation on the size of distributed generation facilities, which currently cannot exceed 120 percent of a customer's historical annual usage, to qualify for renewable energy credits. It also expands an existing exemption from regulation as a public utility to include persons who sell excess power from distributed generation located on property owned or leased by a customer or a master meter operator or customer served by a master meter operator (e.g. an apartment complex or mobile home park).

Master meter operators. Master meter operators are granted a limited exemption from the general requirements not to charge end users any amount above what they are billed for electricity supplied by the serving electric utility. Master meter operators are authorized to retain any rebates, refunds, rate reductions, net metering credits, or similar reductions offered by the serving utility in its net metering program, but may not charge end users more than they would have otherwise been billed by the serving utility under the applicable rate schedule.

Renewable energy standard. The bill makes various changes the RES, including:

- adding and defining renewable energy storage as an eligible energy resource to meet the RES;
- narrowing the requirements for biomass and small hydroelectric facilities that qualify as renewable energy resources;
- prohibiting qualifying retail utilities from limiting the size of on-site retail distributed generation capacity based on past consumption, with the exception of cooperative electric associations;
- requiring qualifying retail utilities to allow, and to adopt standards for the approval of, customer-owned meter collar adapters, defined in the bill, in residential installations;
- requiring qualifying retail utilities to purchase energy produced from any renewable energy resource rather than exclusively solar energy resources, under the standard offer to purchase renewable energy credits;
- doubling the allowable size of on-site renewable energy installations under the standard offer, from 500 kilowatts to one megawatt; and
- allowing customers to carry forward monthly bill credits from distributed generation indefinitely.

The bill directs the Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) to adopt rules to accommodate the aggregation and interconnection of retail distributed generation, including the pooling of renewable generation resources under a master meter or similar arrangement, and the allocation of credits among customers on different rate schedules.

State Revenue

This bill may increase revenue to the Division of Professions and Occupations Cash Fund in DORA from fees for permit applications to install renewable energy facilities. The amount of revenue will depend on the extent to which bill drives an increase in applications and has not been estimated. This fee revenue is subject to TABOR.

State Expenditures

Beginning in FY 2021-22, workload will increase within the PUC. Since the PUC is scheduled to hold a RES rulemaking at the end of June 2021, the changes under the bill can be accommodated within this rulemaking. Any disputes regarding meter collar adaptors are expected to be minimal and can be accomplished within existing resources. Rules regarding interconnections for distributed generation resources can be accomplished in the PUC's normal course of business.

TABOR refunds. The bill may increase state revenue subject to TABOR. For FY 2022-23, the March 2021 LCS forecast projects revenue to fall short of the TABOR limit by \$28.6 million, or 0.2 percent of the limit. If actual revenue exceeds the limit, the bill will increase the amount required to be refunded to taxpayers from the General Fund in FY 2023-24.

Local Government

Similar to the state, to the extent that this bill results in more permit applications for renewable generation facilities, revenue and expenditures will increase for local permitting authorities. This amount has not been estimated.

Effective Date

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

State and Local Government Contacts

Colorado Energy Office
Information Technology
Municipalities

Counties
Law
Regulatory Agencies