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Fiscal Note

Drafting Number: LLS 22-0299
Prime Sponsors: Rep. Bennett; Hooton
Date: February 23, 2022
Bill Status: House Energy & Environment
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Bill Topic: ELECTRIC GRID RESILIENCE & RELIABILITY ROADMAP

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

This bill requires the Colorado Energy Office to produce a grid resilience and reliability roadmap. It increases state expenditures beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$22,470 to the Colorado Energy Office.

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

**Table 1
State Fiscal Impacts Under HB 22-1249**

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	General Fund	\$22,470	\$29,960
	Federal Funds ¹	up to \$150,000	-
	Centrally Appropriated	\$4,021	\$5,694
	Total Expenditures	\$176,491	\$35,654
	Total FTE	0.2 FTE	0.3 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$3,371	\$4,494

¹ The Colorado Energy Office will use State Energy Program funds from the U.S. Department of Energy to fund the study contract costs.

Summary of Legislation

The bill requires the Colorado Energy Office (office), in collaboration with the Department of Local Affairs (DOLA) and the Colorado Resiliency Office, to develop a grid resilience and reliability roadmap (roadmap). The roadmap must include guidance on how microgrids may be used to harden the grid and improve grid resilience and reliability, while serving the electricity needs of customers.

The office and DOLA must produce and post the roadmap online by January 1, 2025, and present the roadmap to relevant legislative committees by March 1, 2025. The office must also submit a copy of the roadmap to the Public Utilities Commission. The roadmap must be updated at least every 5 years beginning in 2030.

Background

Microgrids are groups of interconnected electric loads and distributed energy resources with clearly defined electrical boundaries that can be connected to or disconnected from the electric grid. The microgrid functions as a single, controllable entity with respect to the electric grid.

State Expenditures

The bill increases state expenditures in the Colorado Energy Office by \$176,491 in FY 2022-23 and \$35,654 in FY 2023-24 from a combination of the General Fund and federal funds. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 22-1249

Cost Component	FY 2022-23	FY 2023-24
Colorado Energy Office		
Personal Services	\$22,470	\$29,960
Study Contract ¹	up to \$150,000	-
Centrally Appropriated Costs ²	\$4,021	\$5,694
Total Cost	up to \$176,491	\$35,654
Total FTE	0.2 FTE	0.3 FTE

¹ Federal funds from the U.S. Department of Energy will be used to fund the study contract costs.

² Centrally appropriated costs are not included in the bill's appropriation.

Colorado Energy Office. The Colorado Energy Office requires 0.3 FTE of a project manager through FY 2024-25 to oversee the development of the roadmap, coordinate with other state agencies, and manage the selection of a consultant to produce the roadmap through a competitive bid process. The consultant will run the stakeholder process, gather data, and lead the production of the roadmap. Federal funds from the State Energy Program, a federal formula grant through the U.S. Department of Energy, will be used to fund the study contract. These federal funds do not require appropriation. Standard operating and capital outlay costs are included for personal service costs and reflect a September 1 start date in FY 2022-23.

Other state agencies. The Department of Regulatory Agencies and the Department of Local Affairs will incur workload impacts to collaborate on development of the roadmap, which can be accomplished within existing resources.

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 shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$3,371 in FY 2022-23 and \$4,494 in FY 2023-24, which will decrease the amount of General Fund available for other purposes.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2022-23, the bill requires a General Fund appropriation of \$22,470 to the Colorado Energy Office, and 0.2 FTE.

State and Local Government Contacts

Colorado Energy Office
Local Affairs

Information Technology
Regulatory Agencies