



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 23-0594	Date:	January 30, 2023
Prime Sponsors:	Rep. Winter T. Sen. Pelton B.	Bill Status:	House Energy & Environment
		Fiscal Analyst:	Matt Bishop 303-866-4796 matt.bishop@coleg.gov

Bill Topic: RELIABLE ALTERNATIVE ENERGY SOURCES

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 directs the Colorado Energy Office to study the use of small modular nuclear reactors. It also qualifies pumped hydroelectricity generation, produced by a generation unit with a nameplate capacity of not more than 400 megawatts, as recycled energy. It increases state expenditures in FY 2023-24 and FY 2024-25 only.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$250,000 to the Colorado Energy Office.

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

**Table 1
State Fiscal Impacts Under HB 23-1080**

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	General Fund	\$250,000	\$151,580
	Centrally Appropriated	\$4,275	\$6,067
	Total Expenditures	\$254,275	\$157,647
	Total FTE	0.2 FTE	0.3 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$37,500	\$22,737

Summary of Legislation

Modular nuclear reactor study. The bill directs the Colorado Energy Office (CEO) to study the feasibility of using small, modular nuclear reactors as a carbon-free energy source for the state. It specifies minimum study requirements, including:

- assessments of how state rules and laws and local permitting requirements would need to be amended;
- the economic feasibility of replacing carbon-based energy sources, including impacts on certain local government tax bases and labor markets; and
- technical concerns, including safety and waste.

CEO must submit its conclusions and recommendations to the legislature by July 1, 2025. The bill directs the General Assembly to appropriate \$250,000 in FY 2023-24 for these purposes.

Recycled energy. Current law defines recycled energy under the renewable energy standard as energy produced by a unit with a nameplate capacity up to 15 megawatts. For pumped hydroelectricity generation only, the bill specifies that the energy be produced by a unit with a nameplate capacity up to 400 megawatts.

State Expenditures

The bill increases state expenditures in the Colorado Energy Office by \$254,231 in FY 2023-24 and \$157,647 in FY 2024-25, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1080

	FY 2023-24	FY 2024-25
Colorado Energy Office		
Personal Services	\$22,106	\$29,473
Contracts	\$227,894	\$122,107
Centrally Appropriated Costs ¹	\$4,275	\$6,067
Total Cost	\$254,275	\$157,647
Total FTE	0.2 FTE	0.3 FTE

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

Colorado Energy Office. Expenditures will increase to administer contracts for the studies and submit a final report and recommendations to the legislature in FY 2023-24 and FY 2024-25 only.

- **Staff.** CEO requires 0.3 FTE for staff to oversee the studies, manage the contracts, and produce the final report. Costs in FY 2023-24 have been prorated to reflect the bill's effective date and the General Fund pay date shift.

- **Contracted studies.** CEO will contract for a technical analysis study and an economic analysis study in FY 2023-24 and FY 2024-25. These studies are estimated to cost \$250,000 and \$100,000, respectively. Table 2 shows these costs assuming that CEO will spend the entire \$250,000 appropriation in FY 2023-24, and close out the contracts in FY 2024-25. Actual expenditures in each fiscal year will depend on how the contracts are structured and the timing of payments.
- **Legal services.** Workload will also increase to evaluate existing rules and statutes as required by the bill. This will be performed with legal services hours, which are contracted from the Department of Law. This workload can be accomplished within existing appropriations.

Department of Regulatory Agencies. Workload will increase in the Public Utilities Commission to update rules for the new definition of “recycled energy.” This can be accomplished during the normal course of rulemaking, and no change in appropriations is required.

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. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing 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 2023-24, the bill requires a General Fund appropriation of \$250,000 to the Colorado Energy Office, and 0.2 FTE.

State and Local Government Contacts

Colorado Energy Office
Regulatory Agencies

Information Technology

Legislative Council Staff