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Fiscal Note

Drafting Number: LLS 23-0918 **Date:** March 22, 2023
Prime Sponsors: Rep. Lukens; Winter T. **Bill Status:** House Energy & Environment
 Sen. Roberts; Pelton R. **Fiscal Analyst:** Matt Bishop | 303-866-4796
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Bill Topic: **ASSESS ADVANCED ENERGY SOLUTIONS IN RURAL COLORADO**

Summary of Fiscal Impact:

<input 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 requires the Colorado Energy Office to conduct studies of electric transmission and energy generation in rural Colorado. It increases state and local expenditures in FY 2023-24 and FY 2024-25 only.

Appropriation Summary: No appropriation is required, as existing state appropriations and federal funding are expected to be available to implement the bill. See the State Expenditures and State Appropriations Sections for more detail.

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

Table 1
State Fiscal Impacts Under HB 23-1247

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	Cash Funds	\$50,000	-
	Federal Funds	\$166,374	\$219,650
	Centrally Appropriated	\$2,637	\$4,045
	Total Expenditures	\$219,011	\$223,695
	Total FTE	0.1 FTE	0.2 FTE
Transfers		-	-
Other Budget Impacts		-	-

Summary of Legislation

The bill directs the Colorado Energy Office (CEO) to conduct two studies of electric transmission and advanced energy solutions. The studies must include specific energy generation and storage solutions, regional economic impacts, and potential, prerequisite regulatory changes. One study must focus on parts of Montrose County; the other must focus on southeastern Colorado. CEO must submit its findings and recommendations to the General Assembly by July 1, 2025.

State Expenditures

The bill increases state expenditures in CEO by approximately \$220,000 per year in FY 2023-24 and FY 2024-25, paid from the Just Transition Cash Fund and federal funds. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1247

	FY 2023-24	FY 2024-25
Colorado Energy Office		
Personal Services	\$16,374	\$19,650
Consultant	\$200,000	\$200,000
Centrally Appropriated Costs ¹	\$2,637	\$4,045
Total Cost	\$219,011	\$223,695
Total FTE	0.1 FTE	0.2 FTE

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

Colorado Energy Office. The office requires a consultant to conduct the studies, estimated at \$400,000 over approximately two years. Of this amount, \$50,000 is estimated to come from the Office of Just Transition and its existing FY 2023-24 spending authority from the Just Transition Cash Fund. The remaining costs in FY 2023-24 and all costs in FY 2024-25 will be covered by federal funds received under the federal Inflation Reduction Act. CEO also requires 0.3 FTE over the life of the studies to solicit and monitor the contract, support the studies, and review and submit the findings to the General Assembly. Costs in FY 2023-24 are prorated for the bill's effective date.

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.

Local Government

The bill minimally increases workload for any local government that collaborates with the studies in FY 2023-24 and FY 2024-25 only.

State Appropriations

While the bill does not require an appropriation, the following informational appropriation may be added for tracking purposes. The bill requires an appropriation of \$216,374 to the Colorado Energy Office and 0.3 FTE, of which \$50,000 is a grant from the Just Transition Cash Fund in the Department of Labor and Employment and \$166,374 is federal funds received through the Inflation Reduction Act.

Effective Date

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

State and Local Government Contacts

Colorado Energy Office
Legislative Council Staff

Information Technology

Labor and Employment