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Fiscal Note

Drafting Number: LLS 24-0308 Date: April 19, 2024
Prime Sponsors: Sen. Fenberg; Hansen Bill Status: Senate Transportation and Energy
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Bill Topic: ACCESS TO DISTRIBUTED GENERATION

Summary of Fiscal Impact: [X] State Revenue [] State Transfer [] Local Government
[X] State Expenditure [X] TABOR Refund [X] Statutory Public Entity

The bill requires electric utilities to include inclusive community solar capacity. It increases state revenue and expenditures beginning in FY 2024-25, and minimally increases statutory public entity workload.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$286,393 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill. Due to time constraints, this analysis is preliminary and will be updated following further review and any additional information received.

Table 1
State Fiscal Impacts Under SB 24-207

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (TABOR Refund).

Summary of Legislation

The bill creates procedures for developing inclusive community solar facilities and dispatchable distributed generation systems.

Inclusive community solar facilities. The bill establishes a process by which electric utilities must make available electricity generated by inclusive community solar facilities beginning in 2026. These facilities provide credits for the electric bills of those who subscribe, and must reserve specified capacity for subscribers who are income-qualified utility customers. The Public Utilities Commission (PUC) in the Department of Regulatory Agencies must conduct outreach to disproportionately impacted communities, and adopt rules by November 1, 2025, specifying:

- how inclusive community solar capacity is allocated;
- how the capacity is provided to customers;
- how community solar bill credits are applied to electricity bills;
- eligibility requirements for subscribers to inclusive community solar facilities;
- what information subscriber organizations must disclose to potential customers; and
- reporting requirements.

The PUC must report to the General Assembly on the community solar facilities developed under these requirements by January 1, 2029.

Dispatchable distributed generation. The bill requires investor-owned electric utilities with more than 500,000 customers to acquire dispatchable distributed generation in amounts and on a timeline specified in the bill. The PUC must adopt rules regarding acquisition and siting; enforce the requirement; and consult with the Colorado Electric Transmission Authority as necessary.

State Revenue

The bill increases state cash fund revenue to the Fixed Utility Fund (FUF) by about \$350,000 in FY 2024-25 and \$440,000 in FY 2025-26, and subsequent years. Administrative costs incurred by the PUC are paid from the FUF, which receives an annual assessment on the state's regulated utilities. Whenever additional expenses are incurred against the fund, the assessment must be raised to increase revenue. This revenue is subject to TABOR.

State Expenditures

The bill increases state expenditures in the PUC by about \$350,000 in FY 2024-25, \$440,000 in FY 2025-26 and subsequent years paid from the Fixed Utility Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
 Expenditures Under SB 24-207**

	FY 2024-25	FY 2025-26	FY 2026-27
Public Utilities Commission			
Personal Services	\$255,233	\$341,276	\$350,522
Operating Expenses	\$4,480	\$5,248	\$5,120
Capital Outlay Costs	\$26,680	\$13,340	-
Centrally Appropriated Costs ¹	\$65,881	\$81,139	\$80,807
Total Cost	\$352,274	\$441,003	\$436,449
Total FTE	3.5 FTE	4.1 FTE	4.0 FTE

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

PUC. Workload increases, primarily in FY 2024-25, to conduct rulemaking and create a uniform disclosure form for subscriber organizations. This requires 1.5 FTE from the bill's effective date through October 2025, including policy staff and 0.5 FTE administrative law judge. Conducting outreach to disproportionately impacted communities requires 2.0 FTE beginning in FY 2024-25. Beginning in FY 2025-26, the PUC requires 4.0 FTE on an ongoing basis to evaluate inclusive community solar capacity allocations for approval and evaluate compliance with subscriber discount requirements.

Colorado Energy Office. The bill requires the office to coordinate with the PUC to ensure that the bill's requirements align with any federal grant funding the state receives. Any additional workload is expected to be minimal, 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.

Statutory Public Entity

The Colorado Electric Transmission Authority will coordinate with the PUC as necessary to implement the bill.

Effective Date

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

State Appropriations

For FY 2024-25, the bill requires an appropriation of \$286,393 from the Fixed Utility Fund to the Department of Regulatory Agencies, and 3.5 FTE.

State and Local Government Contacts

Colorado Energy Office

Law

Regulatory Agencies

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).