



With regard to standard compliance, the bill establishes bonuses for certain types of generation facilities. For all qualifying utilities, each kilowatt-hour of eligible electricity generated from a community-based project as defined in the bill will count as 1.5 kilowatt-hours. For RECs and MOUs, each kilowatt-hour generated from solar generation technologies that produce electricity before FY 2015-16 will count as 3 kilowatt-hours. However, utilities may take advantage of only one bonuses for each kilowatt-hour of generated electricity.

For IOUs and MOUs, the maximum allowable retail rate impact from meeting the standard is raised from 1 to 2 percent of the total electric bill annually for each customer. Finally, the current opt-out provision for RECs is eliminated, and RECs are required to submit an annual report to the PUC on or before June 1 of each year. However, reports submitted by RECs are not subject to the same compliance report review process as those submitted by IOUs.

### **State Revenue**

*Cash Funds.* Administrative costs incurred by the PUC would be paid from the Fixed Utility Fund (FUF). The FUF receives its revenue from an annual fee assessment (done on or before June 15 of the preceding year) based on a statutory formula (Section 40-2-112, C.R.S.). The formula is based on the utility's "gross operating revenue derived from intrastate utility business."

Whenever additional expenses are incurred against the FUF, this assessment must be raised to increase revenue to cover these costs, plus pay an additional 3 percent to the General Fund. Thus, fees would have to be increased sufficiently to cover the direct expenses detailed in Table 1, plus credit 3 percent to the General Fund.

### **State Expenditures**

*Department of Regulatory Agencies, Public Utilities Commission.* Administrative costs will increase by \$33,093 in FY 2007-08 and \$16,835 in FY 2008-09. These expenses are based on the following assumptions:

- 2 IOUs, 1 REC and 2 MOUs currently comply with the existing renewable energy standard;
- annual administrative costs for PUC rulemaking will increase in FY 2007-08 and by a lesser amount in FY 2008-09 and beyond;
- 25 RECs would be brought under the new standard, but would not be subject to the same PUC compliance review process as IOUs; and
- 2 IOUs would seek additional credit for recycled energy and the PUC would review these filings and track impacts.

*State Agencies.* To the extent that revising the Amendment 37 renewable energy standard changes the price of retail electricity, state agencies will see changes in their electricity bills. Amendment 37 capped at 1 percent the amount that an annual bill, net of nonrenewable alternative energy sources, could increase as a result of compliance with the standard. This bill increases the allowable retail rate cap from 1 to 2 percent. To date, the 1 percent cap has not been reached.

### **Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

### **State Appropriations**

For FY 2007-08, the Department of Regulatory Agencies, Public Utilities Commission will require a cash funds appropriation of \$33,093 and 0.4 FTE from the Fixed Utility Fund.

### **Departments Contacted**

Regulatory Agencies