SB15-046

Colorado Legislative Council Staff Fiscal Note

FINAL FISCAL NOTE

Drafting Number:	LLS 15-0545	**Date:**	June 11, 2015
Prime Sponsor(s):	Sen. Grantham Rep. Moreno	**Bill Status:**	Signed into Law
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BILL TOPIC: RENEWABLE ENERGY STD ADJUST REAS DISTRIBUTED GENERATION

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	Minimal Impact. See State Expenditures section.	
FTE Position Change		
Appropriation Required: None		

* *This summary shows changes from current law under the bill for each fiscal year.*

Summary of Legislation

Current law contains an overall requirement for cooperative electric associations (CEAs) as part of Colorado's renewable energy standard. Specifically, CEA's are required to generate the following percentages of retail electricity sales from eligible, renewable energy resources:

- 6 percent for the years 2015 through 2019; and
- 10 percent for the years 2020 and after.

In addition, CEAs serving more than 100,000 meters and generation and transmission CEA's providing wholesale electricity to other CEAs must meet a 20 percent standard for the years 2020 and after.

Current law also contains distributed generation requirements for all CEAs. Specifically, CEAs serving more than 10,000 meters must supply one percent of their total retail sales through distributed generation, while CEAs serving less than 10,000 meters are required to supply three-fourths of one percent in this fashion. Of this amount, one-half must be derived from retail distributed generation (typically rooftop solar) and one-half from wholesale distribution. Finally, state law had provided a 3-times multiplier for solar energy, which expired January 1, 2015.

The bill reduces the retail distributed generation requirement for CEA's by allowing them to first net out industrial retail sales from total retail sales. The bill also explicitly allows CEAs to use generation purchases from community solar gardens to count as retail distributed generation. Under current law, only investor-owned utilities may receive credit for community solar garden generation toward retail distributed generation requirements.

Background

According to the U.S. Energy Information Administration, in 2013 there were 22 CEAs headquartered in Colorado serving just under 620,000 customers. Table 1 presents information on the projected 2015 total and industrial sales measured in megawatt-hours (Mwh) for these customers. In addition, Table 1 presents estimates of the 2015 distributed generation requirement for CEAs under both current law and Senate Bill 15-046. Senate Bill 15-046 thus reduces the estimated required retail distributed generation for CEAs by 23,117 Mwh in 2015, or 33.2 percent of the current law requirement. Individual CEAs will see retail distributed generation requirement reductions ranging from 0 to 92 percent.

Table 1. 2015 Projected 2015 Total and Industrial Retail Sales and Decreased Retail Distributed Generation Requirements for CEAs Under Senate Bill 15-046 (Megawatt-Hours)

Cooperative	Current Law	Under SB 15-046	Difference	Percent Difference
Total Retail Sales	14,585,155	14,585,155		
Industrial Retail Sales	5,124,273	5,124,273		
Net Retail Sales	9,460,882	9,460,882		
Required 2015 Retail Distributed Generation*	69,716	46,598	23,117	33.2%

* *Roughly 90 percent of current distributed generation is solar generation, which would have been eligible for the 3-times multiplier had it not expired on January 1, 2015.*

Based on data from the Colorado Rural Electric Association, it is estimated that community solar gardens currently produce 14,474 Mwhs of generation in CEA service areas in Colorado. Under Senate Bill 15-046, this amount of generation would receive credit toward the retail distributed generation requirement. Including this amount effectively further reduces the amount of additional retail distributed generation that CEAs would otherwise need to acquire, bringing the total reduction to 53.9 percent.

State Expenditures

Department of Regulatory Agencies, Public Utilities Commission (PUC). The bill requires minor conforming changes to the PUC renewable energy standard rules to adjust the definition of and the multiplier for RDG for CEAs. As such, the impact is minimal and no additional appropriation is required.

State Agency Impact. Current law contains a 2 percent cap on the retail rate impact of the renewable energy standard for CEAs. This bill leaves the 2 percent retail rate impact rule intact for all CEAs, and instead, reduces the required retail distributed generation requirement for CEAs. In addition, the bill makes over 14,000 Mwhs of existing community solar garden generation in CEA service areas, and any additional future community solar garden generation in these areas, eligible retail distributed generation. These changes are not expected to significantly affect the electricity rates of state agencies in CEA service areas.

Local Government Impact

This bill reduces the required retail distributed generation requirement for CEAs. It also expands eligibility for generation from community solar gardens in CEA territory to count as retail distributed generation. These changes are not expected to significantly affect the electricity rates of local governments in CEA service areas.

Effective Date

The bill was signed into law by the Governor on May 1, 2015, takes effect on August 5, 2015, assuming no referendum petition is filed.

State and Local Government Contact

Regulatory Agencies