SB15-046

Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL REVISED FISCAL IMPACT

(replaces fiscal note dated January 13, 2015)

Drafting Number:	LLS 15-0545	**Date:**	February 5, 2015
Prime Sponsor(s):	Sen. Grantham	**Bill Status:**	Senate Agriculture
		Fiscal Analyst:	Marc Carey (303-866-4102)

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.*

This fiscal note is revised to reflect new information.

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.

This bill extends the 3-times multiplier for solar generation for CEAs and expands its applicability to all retail distributed generation (RDG), including small wind and hydroelectricity. In addition, the bill eliminates (for CEAs only) the half-and-half requirement for retail and wholesale distributed generation. The bill also explicitly allows CEAs to use generation purchases from community solar gardens to count as RDG, and thus obtain the benefit of the 3-times multiplier. Under current law, only investor-owned utilities are clearly entitled to receive credit for generation from community solar gardens toward RDG requirements.

Background

According to the U.S. Energy Information Administration, in 2012 there were 22 CEAs headquartered in Colorado serving just under 615,000 customers. Table 1 presents information on the projected 2015 sales measured in megawatt-hours (Mwh) for these customers. In addition, Table 1 presents estimates of the 2015 renewable energy requirement for CEAs and the contribution of DG and other resources under both current law and Senate Bill 15-046. The change in the relative contribution of distributed and other generation is the result of the expired 3-times multiplier for solar generation under current law, versus it's extension and expansion for RDG under Senate Bill 15-46.

Table 1. Projected Sales and Decreased Retail Distributed Generation Requirements and Estimated Resource Contributions for CEAs Under Senate Bill 15-046 (Megawatt-Hours)

Cooperative	Current Law		Under SB 15-046	
Projected 2015 Retail Sales for CEAs	15,038,027		15,038,027	
Required 2015 Renewable Generation	902,282	6%	902,282	6%
Contribution of Distributed Generation	143,435*	1%	430,306	3%
Contribution of Other Resources	758,846	5%	471,976	3%

* *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 over 14,000 Mwhs of generation in CEA service areas in Colorado. This amount of generation would provide an additional 42,000 Mwhs of credit toward the RES using the three-times multiplier contained in SB 15-046.

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, extends the expired three-times multiplier for solar energy and expands its applicability to all RDG generation. In addition, the bill expands the eligibility of community solar gardens to count as RDG for CEAs. Implementing the multiplier for RDG resources reduces the need for non-RDG resources to comply with the overall standard. In addition, this 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 for the RDG three-times multiplier. While it will depend on implementation across CEAs, these changes are not expected to significantly affect the electricity rates of state agencies in CEA service areas.

Local Government Impact

For CEAs, this bill extends the expired three-times multiplier for solar energy and expands its applicability to all RDG generation. It also expands eligibility for community solar gardens generation to count as RDG for CEAs. While it will depend on implementation, these changes are not expected to significantly affect the electricity rates of local governments in CEA service areas.

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State and Local Government Contact

Regulatory Agencies