


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 09-0357	Date: January 21, 2009
Prime Sponsor(s): Rep. Baumgardner Sen. Brophy; Kopp	Bill Status: House Transportation & Energy Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING THE STREAMLINING OF APPROVAL REQUIREMENTS FOR CLEAN COAL ELECTRIC GENERATION PROJECTS.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue		
Cash Funds		
Approval Coordination Council Cash Fund*	Conditional Fee Revenue	
State Expenditures		
General Fund	\$16,805	\$7,655
Cash Funds		
Approval Coordination Council Cash Fund*	Conditional Costs	Conditional Costs
FTE Position Change	0.2 FTE	0.1 FTE
Effective Date: 90 days after adjournment (August 4, 2009 if adjournment is May 6, 2009) unless a referendum petition is filed.		
Appropriation Summary for FY 2009-2010: See State Appropriations section.		
Local Government Impact: None.		

* *The State Revenue and Expenditure sections detail expected fees and costs for each coordination request.*

Summary of Legislation

This bill creates the Approval Coordination Council within the Public Utilities Commission (PUC). Sponsors of clean coal projects, such as Integrated Gasification Combined Cycle (IGCC) power plants, that require approval or permits from the PUC, the Department of Public Health and Environment (DPHE), or local governments may use the council to coordinate the approval process.

The sponsor is required to provide the council and all relevant state and local entities a description of the proposed project and must also pay a fee to cover all direct and indirect costs associated with approval coordination. Fee revenue is to be credited to the Approval Coordination Council Cash Fund and is annually appropriated to the council to cover its costs.

The bill specifies requirements for the council to facilitate approval coordination, and requires the PUC and various agencies within DPHE to streamline the procedural steps required for approval of a certificate of public convenience and necessity for clean coal projects.

Background

According to the PUC, Xcel Energy has been performing feasibility and cost studies to determine whether to proceed with an application for an IGCC power plant. Also, Tri-State Generation and Transmission has publicly stated that it is considering an IGCC plant to meet its capacity needs. To date, the PUC has not received an IGCC application from either company, and has no idea when they might.

State Revenue

Approval Coordination Council Cash Fund. A sponsor of a clean coal project that chooses to utilize the approval coordination council would be responsible for paying a fee designed to cover all direct and indirect costs with the request. As discussed in the State Expenditures section, each clean coal project would entail direct costs totaling \$183,740.

Because the bill creates a new administrative entity but provides no resources for start-up costs, this fiscal note assumes that such costs would be pro-rated on each of the requests that are received. Thus, fee revenue is conditional on a sponsor of a clean coal project choosing to use the council's services.

State Expenditures

Conditional Costs — Department of Regulatory Agencies, Approval Coordination Council. It should be noted that while the costs estimated below are for each coordination request, it is not known how many requests will be received. The bill leaves it at the project sponsor's discretion whether to request coordination with the council. Thus, all identified costs for the council are conditional on a project being proposed, and a project sponsor requesting coordination.

With each coordination request submitted by a sponsor of a clean coal project, the council would incur additional costs of \$183,740 and 1.5 FTE. These costs are detailed in Table 1, and assume that professional and support staff would coordinate all legal, technical, and financial analysis associated with the request.

Cost Components	
Personal Services	\$96,369
FTE	1.5
Operating Expenses and Capital Outlay	\$9,267
Legal Services (1,040 hours @ \$75.10/hr.)	\$78,104
TOTAL	\$183,740

Actual Costs — Department of Public Health and Environment. The department will require \$16,805 and 0.2 FTE in FY 2009-10 and \$7,655 and 0.1 FTE in FY 2010-11. These costs are detailed in Table 2, and are associated with the requirement that both the Water Quality Control Division and the Air Quality Control Division evaluate whether streamlining of their permitting process for an IGCC project is feasible, and if so, promulgate the necessary rules.

Table 2. DPHE Expenditures per Request Under HB 09-1098		
Cost Components	FY 2009-10	FY 2010-11
Personal Services	\$10,046	\$7,655
FTE	0.2	0.1
Legal Services (90 hours @ \$75.10/hr.)	\$6,759	\$0
TOTAL	\$16,805	\$7,655

It should be noted that the bill as drafted contains no funding mechanism to cover costs incurred by the DPHE. As such, this fiscal note assumes that these costs will be covered through a General Fund appropriation.

Expenditures Not Included

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. The centrally appropriated costs subject to this policy are summarized in Table 3.

Table 3. Expenditures Not Included per Request Under HB 09-1098*		
Cost Components	FY 2009-10	FY 2010-11
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$1,037	\$1,037
Supplemental Employee Retirement Payments	\$293	\$293
Indirect Costs	\$1,861	\$1,861
Leased Space	\$636	\$636
TOTAL	\$3,827	\$3,827

*More information is available at: http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2009/comsched/CommonPolicies2009.pdf

State Appropriations

For FY 2009-10, the Department of Public Health and Environment will require a General Fund appropriation of \$16,805 and 0.2 FTE.

Departments Contacted

Public Health and Environment

Regulatory Agencies