

**STATE
FISCAL IMPACT**

Drafting Number: LLS 10-0746
Prime Sponsor(s): Rep. Levy
 Sen. Williams

Date: February 22, 2010
Bill Status: House Transportation and Energy
Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING MEASURES TO ENCOURAGE ADDITIONAL INVESTMENT IN SOLAR ENERGY GENERATION FACILITIES, AND, IN CONNECTION THEREWITH, AUTHORIZING THE CREATION OF COMMUNITY SOLAR GARDENS.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
General Fund	\$284	
Cash Funds		
Fixed Utility Fund	9,458	
State Expenditures		
Cash Funds		
Fixed Utility Fund	\$9,174	
FTE Position Change	0.1 FTE	
Effective Date: The bill is effective August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

Current rules promulgated by the Colorado Public Utilities Commission (PUC) related to the Amendment 37 renewable energy portfolio standard (RPS) provide for customer rebates and renewable energy credits (RECs). This bill directs the PUC to adopt new rules by October 1, 2010, under which rebates and RECs can apply to solar generation facilities jointly owned by 10 or more customers at a shared location, defined as community solar gardens (CSGs). Specifically, the bill:

- defines a CSG as an on-site solar electric generation facility with a capacity of up to 2 megawatts in which subscriptions are owned by 10 or more customers;
- specifies that CSGs qualify as retail distributed generation as defined in HB 10-1001;
- allows the creation of a CSG owned by a subscriber organization and limits the size of a subscription to 120 percent of the average annual electric consumption of each subscriber at the premises to which the subscription is attributed;
- specifies that, beginning in 2011, qualifying investor owned utilities must purchase half of total CSG purchases from CSGs with capacity under 500 kilowatts for a maximum of 3 megawatts;

- directs the PUC to adopt rules governing transfers of ownership of subscriptions and allocation of RECs; and
- specifies that cooperative electric associations and municipally-owned utilities are exempt from the bill.

State Revenue

In FY 2010-11, this bill is expected to increase state revenue by \$9,458, of which \$9,174 will be credited to the Fixed Utility Fund (FUF) and \$284 to the General Fund. The administrative costs incurred by the PUC as a result of this bill will be paid from the FUF.

The FUF receives its revenues from an annual fee assessment based on a statutory formula contained in Section 40-2-112, C.R.S. that utilizes 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 revenues to recover direct and indirect costs, plus pay an additional three percent to the General Fund. Thus, cash fund revenues would have to be increased sufficiently to cover the direct expenses detailed in the State Expenditures section, plus 3 percent to the General Fund.

State Expenditures

Department of Regulatory Agencies, Public Utilities Commission (PUC). The PUC will incur additional administrative costs of \$9,174 and 0.1 FTE in FY 2010-11 as a result of this bill. These personal services costs result from an emergency and regular rulemaking process that will be required to meet the October 1, 2010, deadline specified in the bill. These costs include 160 hours of a Professional Engineer III and 60 hours of Administrative Law Judge time.

Rule promulgation is one of the primary responsibilities of PUC staff, and historically the PUC has maintained that rules can be promulgated within existing budgetary resources. This has changed in recent years due to the contentious process surrounding the promulgation of rules to implement Amendment 37. It is hard to know in advance how contentious and complex the rulemaking process will be.

State Appropriations

For FY 2010-11, the Public Utilities Commission will require a cash funds appropriation of \$9,174 and 0.1 FTE from the Fixed Utility Fund.

Departments Contacted

Regulatory Agencies