

**JBC STAFF FISCAL ANALYSIS  
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING A REQUIREMENT THAT THE PUBLIC UTILITIES COMMISSION PROMULGATE RULES TO ESTABLISH AN ON-BILL FINANCING PROGRAM FOR ENERGY EFFICIENCY OR RENEWABLE ENERGY IMPROVEMENTS TO REAL PROPERTY.

Prime Sponsors: Senator Johnston

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**Summary of Amendments Made to the Bill After the 02/02/11 Legislative Council Staff Fiscal Note Was Prepared (Amended by the Senate Agriculture, Natural Resources, and Energy Committee 05/02/11)**

The Senate Agriculture, Natural Resources, and Energy Committee Report struck the original bill and replaced it with provisions that:

- Define what "energy efficiency or renewable energy improvement" means;
- Require the Public Utilities Commission (PUC) to promulgate rules that establish a program for financing energy efficiency or renewable energy improvements to real property;
- Require two financing options for the program:
  - An on-bill financing arrangement between the customer and the utility to finance the improvements; or,
  - Partnership between the utility and a lender to provide credit enhancements which will reduce the cost to the customers of financing the improvements.
- Classify the Program as a Demand-Side Management (DSM) Program;
- Allow expenditures, up to \$2.0 million, for the Program by a utility to be considered DSM expenditures; and,
- Require the PUC to ensure the Program can be self-sustaining after the initial start up costs.

JBC Staff and Legislative Council Fiscal Note Staff agree that the above do change the fiscal impact of the bill.

**JBC Staff Concurrence with Legislative Council Staff Fiscal Note**

**Concurs**                       **Does Not Concur**                       **Updated Analysis**

**Reason for the Update**

The bill as revised by the Senate Agriculture, Natural Resources, and Energy Committee eliminated the requirement that the loan be attached to the property or meter, which increases the range of lending options that can be employed by a utility. Utilities could employ any of the following lending options: consumer signature type financing, property secured financing, or commercial

financing. Each of the lending options carries their own level of risk, which required the rules that the Commission will need to develop to implement S.B. 11-032 as revised, are more complex than the rules budgeted for in the February 2, 2011 fiscal note. The February 2, 2011 fiscal note provided funding for 100 hours of lending consultant time at \$250 per hour. JBC Staff and Legislative Council Staff agree that based on information received from the Department, an additional 200 hours of lending consultant time will be required. This results in an increase of \$50,000 cash funds for FY 2011-12.

The February 2, 2011 Fiscal Note used an hourly legal services rate of \$73.50 per hour. JBC Staff used the hourly rate of \$73.37 per hour pursuant to JBC policy, thereby reducing the fiscal impact of the bill from \$99,137 to \$99,069 cash funds.

#### **Amendments/Appropriation Status**

The bill requires but does not contain an appropriation clause. Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$149,069 cash funds from the Public Utilities Commission Fixed Utility Fund and 0.5 FTE to the Department of Regulatory Agencies (\$38,152 to the Executive Director's Office and \$110,917 and 0.5 FTE to the Public Utilities Commission). The amendment also reappropriates \$38,152, along with 0.3 FTE, to the Department of Law for the provision of legal services for FY 2011-12.

#### **Bill Sponsor Amendments**

Staff is not aware of any sponsor amendments to be offered.

#### **Points to Consider**

None.