


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 12-0495

Date: February 15, 2012

Prime Sponsor(s): Rep. Solano

Bill Status: House Agriculture

Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING MEASURES TO FACILITATE THE PROCESS OF DISTRIBUTED GENERATION INTERCONNECTION.

| Fiscal Impact Summary | FY 2012-2013 | FY 2013-2014 |
|--|---------------------------|--------------|
| State Revenue | | |
| Cash Funds | | |
| PUC DG Interconnection Study Fund | See State Revenue section | |
| State Expenditures | | |
| Cash Funds | | |
| PUC DG Interconnection Study Fund | \$45,000 | |
| FTE Position Change | | |
| Effective Date: Upon signature of the Governor, or upon becoming law without his signature, and applies to interconnection agreements entered into on or after January 1, 2013. | | |
| Appropriation Summary for FY 2012-2013: See State Appropriations section. | | |
| Local Government Impact: None | | |

Summary of Legislation

This bill promotes interconnection for distributed generation (DG) in two ways. First, the bill directs the Colorado Public Utilities Commission (PUC) to adopt new rules for interconnection between customer generators and utilities based on standards developed by the Interstate Renewable Energy Council (IREC). Specifically, the new rules are to focus on:

- insurance requirements for customer-generators; and
- standards of review for interconnections, including a new default category for systems not meeting the criteria in the existing PUC rules.

Second, the bill creates a task force to study DG interconnection issues. The task force is to meet at least four times during the 2012 interim and report to specified committees of the General Assembly. The report will make recommendations for addressing interconnection issues to facilitate deployment of DG from renewable resources in Colorado. The task force must meet at least annually through FY 2016-17 to review the report, receive additional information, and consider making updates.

Background

Under current law (Section 40-2-124, C.R.S.), a portion of Colorado's renewable portfolio standard must be met through distributed generation (DG). DG includes on-site generation that is either: 1) designed to provide electricity to serve the customer's load or, 2) with a nameplate rating of 30 megawatts or less but is not specifically designed to cover the customer's load. DG facilities with a capacity greater than 1 megawatt must register with a renewable energy generation tracking system established by the Colorado Public Utilities Commission (PUC).

State Revenue Section

The bill authorizes the PUC to seek and accept gifts, grants, and donations to fund task force activities. Any donations received will be credited to the newly created Public Utilities Commission Distributed Generation Interconnection Study Fund.

State Expenditures

Department of Regulatory Agencies, Public Utilities Commission. The bill directs the PUC to adopt new rules for interconnection based on IREC standards. Because the required rule changes are prescriptive and well defined, the associated costs are anticipated to be minimal and the rulemaking may be accomplished within existing appropriations.

The bill also creates a task force on interconnection issues and authorizes the PUC to seek and accept gifts, grants, and donations to fund task force activities. The PUC is required to notify Legislative Council Staff when it has received adequate funding through gifts, grants, and donations to support task force activities. Based on similar previous task forces, this fiscal note assumes that \$45,000 constitutes adequate funding. To date, no funding source has been identified. The bill is also silent on a source for staff support to the task force.

State Appropriations

In FY 2012-13, the Department of Regulatory Agencies, Public Utilities Commission will require a cash funds appropriation of \$45,000 from the Public Utilities Commission Distributed Generation Interconnection Study Fund.

Departments Contacted

Regulatory Agencies