

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 14-0249 **Date:** January 9, 2014  
**Prime Sponsor(s):** Rep. Coram; Mitsch Bush **Bill Status:** House Transportation and Energy  
 Sen. Schwartz; Roberts **Fiscal Analyst:** Clare Pramuk (303-866-2677)

**SHORT TITLE:** SMALL HYDROELECTRIC INCENTIVES

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
<b>State Revenue</b>		
<b>State Expenditures</b>	<b>&lt;\$2,500</b>	<b>&lt;\$2,500</b>
General Fund	<2,500	<2,500
Cash Funds	minimal increase	
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> None.		

\* This summary shows changes from current law under the bill for each fiscal year.

**Summary of Legislation**

As recommended by the **Water Resources Review Committee**, this bill facilitates the development of hydroelectric energy systems. It requires the State Electrical Board in the Department of Regulatory Agencies (DORA) to allow a motor to be installed as a generator if the installation would be approved but for the fact that the motor is not being used in a manner corresponding to its nameplate. In addition, it designates the Department of Natural Resources (DNR) to coordinate the state review of proposed hydroelectric energy projects as part of the federal licensing process. Finally, the bill adds community hydroelectric energy facilities with a capacity of 10 megawatts or less as a source of distributed renewable energy for local communities and requires the Public Utilities Commission (PUC) to promulgate corresponding rules by October 1, 2014.

**Background**

Hydroelectric power is a renewable energy source produced when water flows through a turbine that spins a generator. Small hydropower projects of 30 megawatts or less can be installed in streams, diversion ditches for irrigation, or existing dams.

The Federal Energy Regulatory Commission (FERC) and the State of Colorado through the Colorado Energy Office (CEO) have an agreement to develop procedures to streamline and simplify the authorization process for small scale hydropower projects. The CEO conducted a pilot project for adding small scale hydropower facilities to existing infrastructure and was able to reduce the amount of time required to complete a project. State agencies that comment on the review of a FERC application include the Division of Parks and Wildlife, Division of Water Resources, Department of Public Health and Environment, and State Historical Society.

## **State Expenditures**

This bill will require a minimal increase in workload for the DNR and the DORA. Because Federal American Recovery and Reinvestment Act funds rather than state funds were used to pay for consulting services for small scale hydropower projects, no reduction in funding is required for the CEO.

***Department of Natural Resources.*** Beginning in FY 2014-15, the DNR will be responsible for the coordination of state agency responses to a FERC application for a hydropower project. This is expected to require about 80 hours per project for each of 2 projects per year, for a total increased workload of 160 hours per fiscal year at a cost of less than \$2,500 General Fund for personal services. This is expected to be addressed within existing appropriations. If the workload or number of projects proves to be greater than these assumptions, DNR may seek additional funding through the annual budget process.

***Department of Regulatory Agencies.*** The State Electrical Board and the PUC in the DORA will have minimal legal expenses associated with updating rules for FY 2014-15 only. This is expected to be addressed within existing appropriations.

## **Effective Date**

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

## **State and Local Government Contacts**

All State and Local Departments