

STATE and LOCAL FISCAL IMPACT

Drafting Number: LLS 14-0374
Prime Sponsor(s): Sen. Grantham

Date: January 17, 2014
Bill Status: Senate SVMA
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SHORT TITLE: RENEWABLE ENERGY STD ADJUST REAS DISTRIBUTED GEN

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	Minimal impact. See State Expenditures Section.	
FTE Position Change		
Appropriation Required: None		

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

Summary of Legislation

Current law contains distributed generation (DG) requirements for cooperative electric associations (CEAs) as part of Colorado's renewable energy standard (RES). Specifically, CEAs serving more than 10,000 meters must supply one percent of their total retail sales through distributed generation (typically rooftop solar), while CEAs serving less than 10,000 meters are required to supply three-fourths of one percent in this fashion. This bill eliminates the current requirements and establishes a 0.5 percent distributed generation standard for CEAs in aggregate.

Background

According to the U.S. Energy Information Administration, in 2012 there were 17 CEAs in Colorado serving more than 10,000 customers and 5 CEAs serving less. This includes the CEAs that receive wholesale electricity from Tri-State Generation and Transmission Association (Tri-State) and those that do not. All 5 smaller CEAs receive wholesale electricity from Tri-State. Table 1 presents information on the number of customers served in 2012 and the forecasted 2014 sales measured in megawatt hours for the group of CEAs serving more than 10,000 customers and the group serving less. Table 1 also presents the estimated aggregate reduction in DG allowed under SB 14-082, and the avoided DG capacity, assuming a 25 percent capacity factor for DG.

Table 1. Current Customers, Projected Sales and Decreased Distributed Generation Requirements for CEAs Under Senate Bill 14-082				
Cooperative	2012 Customers	Estimated 2014 Sales in Mwh	Allowed Decrease in Mwh	Allowed Decrease in MW*
Larger CEAs	579,578	11,987,882	NA**	NA**
Smaller CEAs	34,570	2,614,237	NA**	NA**
TOTAL	614,148	14,602,119	66,475	30

Note: Sales measured in megawatt hours (Mwh). Capacity measured in Megawatts (MW).

* To convert sales (Mwh) to capacity (MW), divide by 8,760 hours per year, and divide again by 0.25.

** It is not possible to make comparisons for individual CEAs as SB 14-082 contains only an aggregate DG requirement.

State Expenditures

Department of Regulatory Agencies, Public Utilities Commission (PUC). The bill requires minor conforming changes to the PUC RES rules to change the DG requirements for CEAs. As such, the impact is minimal, and no additional appropriation is required.

State Agency Impact. Current law contains a 2 percent cap on the retail rate impact of the RES for CEAs. This bill leaves the 2 percent retail rate impact rule intact for all CEAs, and instead, relaxes the DG requirement. Instead of each individual CEA having a DG requirement, all CEA's in aggregate will now be required to generate 0.5 percent of electricity sales through DG. It is not known at this point how this change will affect the distribution of DG among CEAs. Depending on the distribution, relaxing the DG requirement could result in some state agencies served by CEAs seeing an electricity rate reduction.

Local Government Impact

This bill relaxes the existing DG requirement, and may affect the distribution of DG compliance. Depending on the distribution, relaxing the DG requirement could result in some local governments served by CEAs seeing an electricity rate reduction.

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

Regulatory Agencies