

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0545
Prime Sponsor(s): Sen. Grantham

Date: January 13, 2015
Bill Status: Senate Agriculture
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BILL TOPIC: RENEWABLE ENERGY STD ADJUST REAS DISTRIBUTED GENERATION

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
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 an overall requirement for cooperative electric associations (CEAs) as part of Colorado's renewable energy standard (RES). Specifically, CEA's are required to generate the following percentages of retail electricity sales from eligible, renewable energy resources:

- 6 percent for the years 2015 through 2019; and
- 10 percent for the years 2020 and after.

In addition, CEAs serving more than 100,000 meters and generation and transmission CEA's providing wholesale electricity to other CEAs must meet a 20 percent standard for the years 2020 and after.

Current law also contains retail distributed generation (RDG) requirements for all CEAs. 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 relaxes the overall standard for CEAs by allowing them to count each kilowatt-hour obtained through RDG as three kilowatt-hours for purposes of meeting the standard. In addition, the bill allows CEAs to use generation purchases from community solar gardens (CSGs) to count as RDG, and thus also the overall requirement of using the three-times multiplier. Under current law, only investor-owned utilities may receive credit for generation from community solar gardens toward RES requirements.

Background

According to the U.S. Energy Information Administration, in 2012 there were 17 CEAs in Colorado serving just under 615,000 customers. Table 1 presents information on the projected 2015 sales measured in megawatt-hours (Mwh) for these customers. In addition, Table 1 presents estimates of the 2015 renewable energy requirement for CEAs and the contribution of RDG under both current law and Senate Bill 15-046, as well as the implied contribution from non-RDG resources.

Table 1. Projected Sales and Decreased Retail Distributed Generation Requirements for CEAs Under Senate Bill 15-046				
Cooperative	Current Law		Under SB 15-046	
Projected Retail Sales for CEAs 2015	15,038,027		15,038,027	
Required Renewable Generation 2015	902,282	6%	902,282	6%
Contribution of Retail Distributed Generation	143,435	1%	430,306	3%
Contribution of Other Resources	758,846	5%	471,976	3%

Note: Retail sales and renewable energy requirements measured in megawatt hours (Mwh).

It is not currently known what the contribution from CSGs would be because CEAs are not eligible for credit from this generation under current law. Based on data from the spring of 2014, there are currently 37 CSG's producing about 60,000 Mwbs of generation in Colorado. This amount of generation would provide an additional 180,000 Mwbs of credit toward the RES using the three-times multiplier contained in SB 15-046.

State Expenditures

Department of Regulatory Agencies, Public Utilities Commission (PUC). The bill requires minor conforming changes to the PUC RES rules to adjust the definition of and the multiplier for RDG 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 RES by instituting a three-times multiplier for RDG generation and expanding eligibility for CSG generation to CEAs. Implementing the multiplier for RDG resources reduces the need for non-RDG resources to comply with the overall standard. In addition, while it is not currently known how much generation from CSGs would be credited to CEAs, any CSG generation would also be eligible for the RDG three-times multiplier. While it will depend on implementation, relaxing the RES in this fashion is not expected to significantly affect the electricity rates of state agencies served by CEAs.

Local Government Impact

This bill implements a three-times multiplier for RDG for CEAs and expands eligibility for CSG generation to CEAs in order to relax the overall RES requirement for CEAs. While it will depend on implementation, relaxing this requirement is not expected to significantly affect the electricity rates of local governments served by CEAs.

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State and Local Government Contact

Regulatory Agencies