



Colorado Legislative Council Staff
NO FISCAL IMPACT
No State General Fund Impact

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Prime Sponsor(s): Rep. Spradley
Sen. Kester

Bill Status: House Transportation
Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING THE ESTABLISHMENT OF AN ELECTRIC RESOURCE STANDARD FOR RENEWABLE ENERGY FOR PROVIDERS OF ELECTRIC SERVICE.

Summary of Assessment

This bill requires the Colorado Public Utilities Commission (PUC) to establish an electric resource standard for renewable energy. Investor-owned electric utilities are required to meet this standard by generating or acquiring specific amounts of renewable energy each year from now through 2020. The bill specifies that such utilities must meet the following renewable energy minimum levels:

- 500 megawatts by 2006;
- 900 megawatts by 2010; and
- 1,800 megawatts by 2020.

The bill encourages affected utilities to use a competitive acquisition process to obtain the renewable resources necessary to fulfill these obligations.

Affected utilities are further required to create a plan for acquiring these renewable energy resources, and then submit an annual report to the PUC concerning compliance with the renewable energy standard. The bill provides that affected utilities may obtain exemptions from the electric resource standard if:

- the PUC determines that an insufficient supply of eligible electricity is available to the utility; or
- the utility can't obtain, at reasonable cost, the transmission needed to deliver the eligible electricity to their system.

The bill also authorizes but does not require the PUC to establish a system of renewable energy credits that may be used by an affected utility to comply with its electric resource standard for renewable energy. The PUC may allow the trading of credits through the creation of a market-based system, whereby affected utilities may buy or sell renewable energy credits.

The PUC may incur a minimal increase in workload as a result of provisions in this bill requiring the review of various plans submitted by the affected utilities. Specifically:

- if affected utilities seek exemption from the bill's requirements the PUC will be responsible for reviewing the request and rendering a decision. This will require an

estimated 40 hours of work annually by a Rate Analyst IV and a Professional Engineer III.

- affected utilities shall submit the terms and conditions of their cost recovery plan to the PUC for review. This review will require an estimated 20 hours of work by a Rate Analyst IV on a one-time basis in FY 2004-05.
- affected utilities shall file their plan with the PUC for acquiring the resources necessary to meet the electric resource standard. This review will require an additional 40 hours of work annually by a Rate Analyst IV and a Professional Engineer III in FY 2005-06.
- affected utilities shall file annual compliance plans with the PUC. Reviewing and auditing these plans will require an additional 20 hours of work annually by a Rate Analyst IV and a Professional Engineer III, beginning in FY 2005-06.

At a maximum, the total hours involved in these four tasks is 120 hours for a Rate Analyst IV and 100 hours for a Professional Engineer III. It is likely that these additional staff requirements can be accomplished through a reallocation of current staff and thus absorbed within existing resources. Therefore, this bill will not affect state revenue or expenditures and is assessed as having no fiscal impact.

Departments Contacted

Local Affairs

Regulatory Agencies