



**FINAL**  
**FISCAL NOTE**

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**Drafting Number:** LLS 08-0031

**Date:** June 5, 2008

**Prime Sponsor(s):** Rep. Solano  
Sen. Shaffer; Isgar

**Bill Status:** Signed into Law

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

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**TITLE:** CONCERNING NET METERING FOR CUSTOMER-GENERATORS OF ELECTRIC UTILITIES.

### Summary of Legislation

This bill repeals and reenacts, with modifications, current net-metering statutory provisions. Net-metering is the practice of allowing customers (both residential and commercial) to offset the amount of electricity supplied by a utility with the amount of electricity that they generate and deliver to the utility through the same point of interconnection.

Specifically, the bill requires all cooperative electric associations (CEAs) and municipally-owned utilities serving more than 5,000 customers (MOUs), to allow residential customers who generate up to 10 kilowatts and commercial or industrial customers who generate up to 25 kilowatts from eligible renewable energy resources, to offset their retail electricity consumption with the generated electricity. If a customer generates electricity in excess of his or her monthly consumption, the additional kilowatt-hours must be carried forward from month-to-month and credited one-to-one against the customer's electricity consumption in subsequent months. Within 60 days after the end of each annual period, the CEA or MOU is required to credit the customer-generator for any excess generation in a manner deemed appropriate by the utility. The bill requires CEAs and MOUs to provide net metering at nondiscriminatory rates.

Finally, the bill requires CEAs, MOUs, and customer-generators to comply with the interconnection standards and insurance requirements established by the Public Utilities Commission (PUC) for Colorado's renewable energy standard. The bill also requires the PUC to initiate a rule-making proceeding by October 1, 2008 to address CEA system issues in its small generator interconnection procedures. If a CEA or MOU denies interconnection to a customer, the utility is required to provide written, technical or economic justification to the customer. The Governor signed the bill into law on March 26, 2008, and unless a referendum petition is filed, the bill will take effect August 5, 2008.

### Background

All CEAs and 9 MOUs will be qualifying utilities under the provisions of this bill. Table 1 below lists the qualifying MOUs and their customer base in the most recent year for which data is available.

<b>Table 1. Qualifying Municipal Utilities and 2006 Customer Base</b>	
<b>Municipally-Owned Utility</b>	<b>2006 Customers</b>
City of Colorado Springs	205,823
City of Fort Collins	62,546
City of Longmont	35,454
City of Loveland	31,038
City of Fountain	14,960
City of Fort Morgan	6,016
Town of Estes Park	9,867
City of Lamar	5,695
City of Glenwood Springs	5,938
<b>TOTAL</b>	<b>377,337</b>

**Assessment**

*Public Utilities Commission (PUC).* The bill repeals and reenacts, with modifications, existing net-metering requirements for CEAs that have exempted themselves from PUC regulation. The bill also adds net-metering requirements for MOUs. Because the bill does not extend PUC authority to regulate or monitor compliance for these utilities, there is no fiscal impact to the PUC.

*Other State Agencies.* This bill requires CEAs and MOUs to allow net-metering for an unlimited amount of qualified end-use customers. Net metering may reduce revenues, as utilities will have to credit customer-generators on a monthly basis for the net-excess electricity they produce. However, qualifying systems are limited in capacity to 10 KW for residential customers and 25 KW for commercial and industrial customers, and all customer-generators are still subject to service and facility fees. In addition, qualifying utilities are free to define terms of the annual period, and determine the compensation mechanism to customer-generators for any net excess generation at the end of the annual period. Finally, the interconnection standards adopted by the PUC by rule limit net metering generation to 15 % of total load. Thus, this bill is not anticipated to substantially affect utility rates, and because it will not affect state or local revenues or expenditures, is assessed as having no fiscal impact.

**Departments Contacted**

Regulatory Agencies