



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated February 23, 2022)

| | | | |
|-------------------------|-------------------------------------|------------------------|--|
| Drafting Number: | LLS 22-0299 | Date: | April 8, 2022 |
| Prime Sponsors: | Rep. Bennett; Hooton Sen. Rankin | Bill Status: | Senate Trans. & Energy |
| | | Fiscal Analyst: | Christina Van Winkle 303-866-6289 Christina.VanWinkle@state.co.us |

Bill Topic: ELECTRIC GRID RESILIENCE & RELIABILITY ROADMAP

Summary of Fiscal Impact:

| | |
|---|--|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

This bill requires the Colorado Energy Office to produce a grid resilience and reliability roadmap. It increases state expenditures beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill includes an appropriation of \$22,470 to the Colorado Energy Office.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill.

**Table 1
State Fiscal Impacts Under HB 22-1249**

| | | Budget Year FY 2022-23 | Out Year FY 2023-24 |
|-----------------------------|----------------------------|---------------------------|------------------------|
| Revenue | | - | - |
| Expenditures | General Fund | \$22,470 | \$29,960 |
| | Federal Funds ¹ | up to \$150,000 | - |
| | Centrally Appropriated | \$4,021 | \$5,694 |
| | Total Expenditures | \$176,491 | \$35,654 |
| | Total FTE | 0.2 FTE | 0.3 FTE |
| Transfers | | - | - |
| Other Budget Impacts | General Fund Reserve | \$3,371 | \$4,494 |

¹ The Colorado Energy Office will use State Energy Program funds from the U.S. Department of Energy to fund the study contract costs.

Summary of Legislation

The bill requires the Colorado Energy Office (office), in collaboration with the Department of Local Affairs (DOLA) and the Colorado Resiliency Office, to develop a grid resilience and reliability roadmap (roadmap). The roadmap must include guidance on how microgrids may be used to harden the grid and improve grid resilience and reliability, while serving the electricity needs of customers.

The office, DOLA, and the Colorado Resiliency Office will take into consideration utility wildfire mitigation plans, and seek input from microgrid developers, the Public Utilities Commission (PUC), the Department of Public Safety (DPS), the Office of Utility Consumer Advocate, and representatives from at-risk communities, local governments, utility customers, labor organizations, and other representatives of critical infrastructure in the state.

The office and DOLA will produce and post the final roadmap online by January 1, 2025, and present the roadmap to relevant legislative committees by March 1, 2025. The office must also submit a copy of the roadmap to the PUC. The roadmap must be updated at least every 5 years beginning in 2030. The office will publish a draft of the roadmap by July 1, 2024, to receive and consider public comment prior to final publication.

Background

Microgrids are groups of interconnected electric loads and distributed energy resources with clearly defined electrical boundaries that can be connected to or disconnected from the electric grid. The microgrid functions as a single, controllable entity with respect to the electric grid.

State Expenditures

The bill increases state expenditures in the Colorado Energy Office by \$176,491 in FY 2022-23 and \$35,654 in FY 2023-24 from a combination of the General Fund and federal funds. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 22-1249

| Cost Component | FY 2022-23 | FY 2023-24 |
|---|------------------------|-------------------|
| Colorado Energy Office | | |
| Personal Services | \$22,470 | \$29,960 |
| Study Contract ¹ | up to \$150,000 | - |
| Centrally Appropriated Costs ² | \$4,021 | \$5,694 |
| Total Cost | up to \$176,491 | \$35,654 |
| Total FTE | 0.2 FTE | 0.3 FTE |

¹ Federal funds from the U.S. Department of Energy will be used to fund the study contract costs.

² Centrally appropriated costs are not included in the bill's appropriation.

Colorado Energy Office. The Colorado Energy Office requires 0.3 FTE of a project manager through FY 2024-25 to oversee the development of the roadmap, coordinate with other state agencies, and manage the selection of a consultant to produce the roadmap through a competitive bid process. The consultant will run the stakeholder process, gather data, and lead the production of the roadmap. Federal funds from the State Energy Program, a federal formula grant through the U.S. Department of Energy, will be used to fund the study contract. These federal funds do not require appropriation. Standard operating and capital outlay costs are included for personal service costs and reflect a September 1 start date in FY 2022-23.

Other state agencies. The PUC, DOLA, and the DPS will incur workload impacts to collaborate on development of the roadmap, which can be accomplished within existing resources.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$3,371 in FY 2022-23 and \$4,494 in FY 2023-24, which will decrease the amount of General Fund available for other purposes.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2022-23, the bill requires and includes a General Fund appropriation of \$22,470 to the Colorado Energy Office, and 0.2 FTE.

State and Local Government Contacts

Colorado Energy Office
Local Affairs

Information Technology
Regulatory Agencies