



Fiscal Note

Legislative Council Staff

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HB 26-1051: CONTINUE MICROGRID COMM RESILIENCE GRANT PROG

Prime Sponsors:

Rep. Suckla; Stewart K.
Sen. Roberts; Simpson

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill continues the Microgrid Community Resilience Grant Program in the Department of Local Affairs indefinitely by removing the repeal date.

Types of impacts. The bill is projected to affect the following areas through FY 2027-28, and potentially future years if additional funding for new grants is provided:

- State Expenditures
- Local Government

Appropriations. The bill requires an appropriation of \$30,985 to the Colorado Energy Office.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$153,054	\$181,764
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	1.5 FTE	1.8 FTE

Fund sources for these impacts are provided in the table below. State expenditures reflect the continuation of current administrative expenditures for the Microgrids for Community Resilience Grant Program. These administrative costs are assumed to end in FY 2027-28, assuming current grants are closed out within two years. Costs may continue further into the future if additional funding for new grants is provided from federal or state sources.

Table 1A
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$30,985	\$30,985
Cash Funds	\$0	\$0
Federal Funds	\$89,276	\$111,595
Centrally Appropriated	\$32,793	\$39,184
Total Expenditures	\$153,054	\$181,764
Total FTE	1.5 FTE	1.8 FTE

State expenditures reflect the continuation of current administrative expenditures for the Microgrids for Community Resilience Grant Program in the Department of Local Affairs and the Colorado Energy Office.

Summary of Legislation

Under current law, the Microgrids for Community Resilience Grant Program is set to repeal on September 1, 2026. The bill continues the grant program indefinitely by removing the repeal date.

Background

[House Bill 22-1013](#) created the Microgrids for Community Resilience Grant Program in the Department of Local Affairs (DOLA). The grant program allows cooperative electric associations and municipally owned utilities to apply for a grant to purchase microgrid resources for eligible rural communities that are at significant risk of severe weather or natural disaster events. The bill made a one-time appropriation of \$3.4 million to the DOLA in FY 2022-23 for grant funding, plus an additional \$178,000 to DOLA and the Colorado Energy Office (CEO) for staff to implement and administer the grant program. In addition, the program has received about \$12.1 million in U.S. Department of Energy funds. As of writing, all grant funding has been encumbered, but some awards are still open and being spent by the recipients.

State Expenditures

By continuing the grant program indefinitely, the bill continues administrative costs in DOLA and CEO of about \$153,000 in FY 2026-27 and \$182,000 in FY 2027-28 to wind down existing grants and provide technical assistance to grant recipients. These costs are prorated for a September effective date in FY 2026-27 and assumed to end in FY 2027-28 if no additional grant funding is provided. Costs are summarized in Table 2 and discussed below.

Table 2
State Expenditures
All Departments

Department	Budget Year FY 2026-27	Out Year FY 2027-28
Department of Local Affairs	\$114,837	\$143,547
Colorado Energy Office	\$38,217	\$38,217
Total Costs	\$153,054	\$181,764

Department of Local Affairs

DOLA will have continuing costs for 1.5 FTE to manage existing grants, paid from available federal funding sources, as shown in Table 2A below. This work is expected to end no later than FY 2027-28 when all federally funded grants are closed out. If additional state or federal funds are provided for new grants, this administrative workload will continue in future years.

Table 2A
State Expenditures
Department of Local Affairs

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$87,740	\$109,675
Operating Expenses	\$1,536	\$1,920
Centrally Appropriated Costs	\$25,561	\$31,951
Total Costs	\$114,837	\$143,547
Total FTE	1.2 FTE	1.5 FTE

Colorado Energy Office

The CEO will have costs for 0.3 FTE to provide technical assistance to grant recipients and others involved in developing microgrid projects. While the bill continues the grant program indefinitely, it is assumed that this work will end in FY 2027-28, unless additional grant funding is provided.

Table 2B
State Expenditures
Colorado Energy Office

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$30,985	\$30,985
Centrally Appropriated Costs	\$7,232	\$7,232
Total Costs	\$38,217	\$38,217
Total FTE	0.3 FTE	0.3 FTE

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 may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in the tables above.

Local Government

Municipal utilities that have been awarded grants under the program will have additional time to spend the funds to implement microgrid projects.

State Appropriations

The bill requires a General Fund appropriation of \$30,985 to the Colorado Energy Office, and 0.3 FTE.

For informational purposes, the bill also results in spending of \$114,837 in federal funds to support 1.5 FTE in the Department of Local Affairs. No appropriation is required for this spending.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Colorado Energy Office

Municipal Utilities

Local Affairs

Regulatory Agencies