



## Fiscal Note

### Legislative Council Staff

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## HB 26-1225: DISTRIBUTED ENERGY RESOURCES REQUIREMENTS

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**Prime Sponsors:**

Rep. Smith; Willford  
Sen. Ball

**Fiscal Analyst:**

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**Fiscal note status:** The revised fiscal note reflects the introduced bill, as amended by the House Energy and Environment Committee.

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### Summary Information

**Overview.** The bill adjusts how bill credits may be applied for subscribers to community solar gardens, and creates additional requirements for certain public utilities concerning community solar gardens.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload
- Local Government

**Appropriations.** No appropriation is required.

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**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

## Summary of Legislation

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Beginning October 1, 2026, community solar garden subscriber organizations may direct a qualifying retail utility to provide their income-qualified subscribers with a fixed bill credit and other subscribers with a net metering credit. An annual adjustment mechanism must be applied to fixed bill credit rates to index the value of the fixed bill credit to changing rate trends.

Under current law, a public utility is permitted to recover certain costs to facilitate a timely interconnection of a distributed energy resource. The bill prohibits a public utility from requiring an interconnection customer to pay the costs associated with interconnection facilities and upgrades until 30 days before the public utility incurs the costs. The bill allows a public utility to require an interconnection customer to provide security for the estimated full costs of interconnection at the time of mutual execution of an interconnection agreement.

The bill also establishes the following requirements for public utilities with more than 500,000 customers in the state:

- on or before September 1, 2026, a utility must develop a process to allow an interconnection customer to contract with a third party to perform an interconnection study;
- on or before September 1, 2026, a utility must develop a process to allow for the concurrent performance of all needed interconnection studies; and
- on or before October 1, 2026, a utility must develop a process to allow an interconnection customer to contract with a third party to perform any upgrades needed for interconnection, including engineering, procurement, and construction upgrades.

Any interconnection study and upgrades performed by a contracted third party must meet applicable safety and technical standards.

## Background

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A community solar garden is a solar electric generation facility connected to the electrical grid that distributes solar energy for subscribers who may be unable to install solar panels on their home or property. Subscribers to a garden receive credits on their electric bills for the solar energy they use. The Public Utilities Commission (PUC) regulates community solar gardens, and [House Bill 19-1003](#) allowed the PUC to approve the formation of gardens with a nameplate rating of up to ten megawatts. [Senate Bill 24-207](#) further specified how energy from community solar garden must be dispersed to customers.

## State Expenditures

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The bill minimally increases workload for the PUC to review and approve fixed credit adjustment mechanisms and third-party interconnection study processes. This workload increase is absorbable with existing resources.

## Local Government

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The bill may impact revenue for certain municipal utilities depending on how electric rates impact the annual adjustment mechanism required by the bill. Increasing electric rates would result in higher rate adjustments, which would decrease revenue to utilities because of the credits offered to net metered community solar subscribers with fixed bill credit rates.

## Effective Date

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

## State and Local Government Contacts

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Colorado Energy Office  
Local Affairs

Property Tax Division - Local Affairs  
Regulatory Agencies

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).