



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1124: ELECTRICAL GENERATION & DISTRIBUTION RESILIENCY

Prime Sponsors:

Rep. DeGraaf

Fiscal Analyst:

Clare Pramuk, 303-866-4796

clare.pramuk@coleg.gov

Bill Outcome: Postponed Indefinitely

Drafting number: LLS 26-0307

Version: Final Fiscal Note

Date: June 1, 2026

Fiscal note status: The final fiscal note reflects the introduced bill. This bill was postponed indefinitely by the House Energy and Environment Committee on March 5, 2026; therefore, the impacts identified in this analysis do not take effect.

Summary Information

Overview. The bill would have created the Colorado Electric Grid Resiliency Task Force to study grid resilience and develop recommendations for the Governor and General Assembly.

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

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

Appropriations. For FY 2026-27, the bill would have required an appropriation of \$311,886 to the Public Utilities Commission and the Legislative Department. See State Appropriations section.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$399,766	\$471,095
State Expenditures	\$401,254	\$518,125
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$399,766	\$471,095
Change in State FTE	2.4 FTE	3.3 FTE

Fund sources for these impacts are shown in the tables below.

Table 1A
State Revenue

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$399,766	\$471,095
Total Revenue	\$399,766	\$471,095

Table 1B
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$1,488	\$39,343
Cash Funds	\$310,398	\$361,747
Federal Funds	\$0	\$0
Centrally Appropriated	\$89,368	\$117,035
Total Expenditures	\$401,254	\$518,125
Total FTE	2.4 FTE	3.3 FTE

Summary of Legislation

The bill creates the Colorado Electric Grid Resiliency Task Force to study grid resilience and develop recommendations for the Governor and the General Assembly.

Task Force Membership

The task force is comprised of 18 members, including state legislators, state and federal agency leadership, utility representatives, power users, and technical experts. Legislative members serve without compensation, but are entitled to reimbursement for actual and necessary expenses. Nonlegislative members serve without compensation or reimbursement for expenses; except a task force member who is a state employee will serve as part of their employment.

Task Force Duties

By November 28, 2026, and each month thereafter, the task force must meet to perform the following duties, using specific minimum technical standards:

- complete a uniform engineering assessment of every covered transformer in Colorado and develop a prioritized statewide hardening and spare-transformer plan by July 1, 2028, and biennially thereafter;

- publish a report detailing its recommendations concerning rules, legislation, or cost-sharing arrangements by November 15, 2028, and biennially thereafter; and
- report its findings to the General Assembly by February 1, 2029, and biennially thereafter.

The Department of Regulatory Agencies is required to provide office space, equipment, and staff services upon request of the task force. By July 1, 2029, the Public Utilities Commission (PUC) is required to adopt rules requiring entities under its jurisdiction to implement the highest-priority hardware-based mitigation measures identified by the task force unless equivalent protection is demonstrated.

Transmission Utilities

Transmission-owning entities are required to participate in the task force and may recover the costs of compliance through rates, member assessments, or ordinary budget processes. These entities are also required to file critical energy and electric infrastructure information with the Federal Energy Regulatory Commission. By February 1, 2029, and each year thereafter, the PUC must submit a report to the General Assembly including this information.

The task force and transmission utility reporting are subject to repeal on September 1, 2031, after a sunset review.

State Revenue

The bill increases state cash fund revenue to the Fixed Utility Fund (FUF) by \$399,766 in FY 2026-27, and \$471,095 in FY 2027-28 and subsequent years. Administrative costs incurred by the PUC are paid from the FUF, which receives an annual assessment on the state's regulated utilities. Whenever additional expenses are incurred against the fund, the assessment must be raised to increase revenue to cover these expenses. This revenue is subject to TABOR.

State Expenditures

The bill increases state expenditures by about \$401,000 in FY 2026-27 and \$518,000 in future years. These costs will be incurred in the PUC in the Department of Regulatory Agencies, the Colorado Energy Office (CEO) in the Governor's Office, and the Legislative Department, and paid from the FUF and the General Fund.

**Table 2
State Expenditures
All Departments**

Department	Budget Year FY 2026-27	Out Year FY 2027-28
Department of Regulatory Agencies – PUC	\$399,766	\$471,095
Governor’s Office – CEO	\$0	\$43,557
Legislative Department	\$1,488	\$3,472
Total Costs	\$401,254	\$518,125

Public Utilities Commission

The bill increases expenditures in the PUC by about \$400,000 in FY 2026-27 and \$471,000 in future years. These costs, paid from the FUF, are summarized in Table 2A and discussed below.

**Table 2A
State Expenditures
Public Utilities Commission**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$286,326	\$357,907
Operating Expenses	\$3,072	\$3,840
Capital Outlay Costs	\$21,000	\$0
Centrally Appropriated Costs	\$89,368	\$109,348
Total Costs	\$399,766	\$471,095
Total FTE	2.4 FTE	3.0 FTE

Staff

Beginning in FY 2026-27, the PUC requires 3.0 FTE to provide administrative and technical support for the task force, including 2.0 FTE Professional Engineer with specific technical expertise to conduct the engineering review of transformers and power flow analysis, and 1.0 FTE Project Manager to coordinate meetings, workflow, and prepare reports. Staff costs and FTE are prorated in the first year for a September 1, 2026, start date.

Legal Services

The PUC may require legal services, provided by the Department of Law, related to rulemaking and program implementation. This can be accomplished within existing legal service appropriations.

Colorado Energy Office

The bill will increase expenditures in the CEO by about \$44,000 beginning in FY 2027-28, paid from the General Fund and shown in Table 2B below.

Table 2B
State Expenditures
Colorado Energy Office

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$0	\$35,870
Centrally Appropriated Costs	\$0	\$7,687
Total Costs	\$0	\$43,557
Total FTE	0.0 FTE	0.3 FTE

Staff

Beginning in FY 2027-28, the CEO requires 0.3 FTE Analyst VII to participate in rulemaking conducted by the PUC, prepare for and attend public hearings, review public comments, and make recommendations.

Legislative Department

Costs in the Legislative Department will increase for four legislative members to sit on the task force and incur reimbursement expenses during the legislative interim. The fiscal note assumes that the task force will meet monthly, with the legislative members eligible for reimbursement three times in the first year and seven times in all subsequent years, at a cost of \$124 per legislative member per meeting. Therefore, costs will increase by about \$1,500 in FY 2026-27 and \$3,500 in future years.

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

Beginning in FY 2026-27, municipal utilities may incur costs to participate in the task force, assist in the assessment, and file reports with the Federal Energy Regulatory Commission. These utilities are authorized to recover these costs from their customers.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by \$399,766 in FY 2026-27 and \$471,095 in FY 2027-28. This estimate assumes the December 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

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 2026-27, the bill requires an appropriation of \$310,398 from the Fixed Utility Fund to the Department of Regulatory Agencies, and 2.4 FTE.

For FY 2026-27, the bill also requires a General Fund appropriation of \$1,488 to the Legislative Department.

State and Local Government Contacts

Colorado Energy Office

Legislative Council Staff

Law

Regulatory Agencies