



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1226: MANAGE EMISSIONS FROM ELECTRIC GENERATING UNITS

Prime Sponsors:

Rep. Willford; Froelich
Sen. Weissman; Cutter

Fiscal Analyst:

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Bill Outcome: Signed into Law

Drafting Number: LLS 26-0324

Version: Final Fiscal Note

Date: July 15, 2026

Fiscal note status: The final fiscal note reflects enacted bill.

Summary Information

Overview. The bill requires coal-fired power plants that continue to operate on or after December 31, 2034, to install pollution control devices and meet the emission limits adopted by the Air Quality Control Commission.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis beginning in FY 2027-28:

- Minimal State Workload
- Local Government

Appropriations. No appropriation is required.

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

By July 2029, the bill requires the Air Quality Control Division in the Department of Public Health and Environment (CDPHE) to propose a final rule limiting the emission of nitrogen oxides and sulfur dioxide for covered electric generating units to comply with after December 31, 2034. Electric generating units subject to the bill are owned or operated by an electric utility; located in Colorado; and emitted at least 200 tons of nitrogen oxides, sulfur dioxide, or both in calendar year 2024. It exempts from compliance electric generating units in operation that burn natural gas, fuel oil, or both on or before December 31, 2034, and units that cease operations or convert to burn natural gas, fuel oil, or both on or before December 31, 2034. Units that continue to operate on or after December 31, 2034, are required to install pollution controls and meet emissions limits adopted by the Air Quality Control Commission.

Reporting

The owner or operator of a covered electric generating unit is required to provide quarterly emission reports to the Air Quality Control Division demonstrating compliance with the final rule after December 31, 2034. A utility is required to include a cost of compliance with the emission limits in its electric resource plan filed with the Public Utilities Commission (PUC) in the Department of Regulatory Agencies. Utilities that do not file an electric resource plan are encouraged to estimate their cost of compliance and to make this estimate publicly available.

If a federal order requires a covered electric generating unit to remain in operation after it was scheduled to retire, the bill requires the owner or operator of the unit to report to the PUC every 90 days on the cost to keep the unit operational and the electrical output of the unit.

Investor-owned Utilities

An investor-owned utility may submit an application to the PUC to recover the costs of complying with a federal order. Any cost recovery must be listed separately on a customer's bill and labeled "Costs to comply with an order of the federal government."

If the PUC approves a portfolio that consists in whole or in part of supply-side resources for an investor-owned utility serving more than 500,000 customers, the PUC will approve a total amount of accredited capacity sufficient for the utility to implement the retirement dates or operational restrictions in effect for covered electric generating units, and to comply with mandated carbon dioxide emission reduction requirements. The accredited capacity requirement ceases when the CDPHE determines that the utility has achieved certain carbon dioxide emission reductions or has retired all its covered electric generating units.

Background

Colorado currently has six coal-fired power plants, which are all scheduled to close by 2031. This includes Craig Unit 1, which was scheduled for closure in December 2025 but the federal government issued an emergency order to keep the plant operational. For more information on this topic, see this Legislative Council Staff memo on [Air Pollution Regulation in Colorado](#).

State Expenditures

The bill minimally increases workload for the Department of Public Health and Environment to develop emissions limits and report to the General Assembly on coal-fired power plants that continue to operate. The bill also minimally affects workload in the Department of Regulatory Agencies and the Colorado Energy Office.

Department of Public Health and Environment

The Air Quality Control Division of the CDPHE will have an increase in workload to develop proposed emissions limits, review quarterly compliance reports, and report to the General Assembly on coal-fired power plants that continue to operate on or after December 31, 2034.

Other Agency Impacts

The PUC will have additional reporting to review within existing energy resource plan review periods regarding covered electric generating units and cost recovery proposals. This can be accomplished within the normal course of business.

The Colorado Energy Office is not expected to participate in the CDPHE rulemaking, and any increase in workload related to intervening at the PUC will take place within CEO's existing energy resource plan review participation. No change in appropriations is required.

Local Government

Municipal utilities operating coal plants are the Platte River Power Authority (Rawhide) and Colorado Springs Utilities (Nixon). Both are scheduled to be phased out in 2029 and 2030, respectively. To the extent these plants remain online in 2034, additional costs will be incurred by that utility and possibly passed on to ratepayers.

Effective Date

The bill was signed into law by the Governor and took effect on June 4, 2026.

State and Local Government Contacts

Colorado Energy Office

Public Health and Environment

Law

Regulatory Agencies