HB 21-1324

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 21-0140	**Date:**	May 24, 2021
Prime Sponsors:	Rep. Pelton; Roberts Sen. Rodriguez; Hisey	**Bill Status:**	House Energy & Environment
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Bill Topic: **PROMOTE INNOVATIVE & CLEAN ENERGY TECHNOLOGIES**

Summary of Fiscal Impact:

☐ State Revenue
☒ State Expenditure
☐ State Transfer
☐ TABOR Refund
☒ Local Government
☐ Statutory Public Entity

The bill allows investor-owned electric utilities to submit proposals to the Public Utilities Commission for innovative energy technology projects and partnerships. To the extent these proposals are made, the bill may increase state workload and local revenue.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Summary of Legislation

The bill allows investor-owned electric utilities to submit proposals to the Public Utilities Commission (PUC) in the Department of Regulatory Agencies for innovative energy technology projects and partnerships in Colorado, including areas of the state that are economically affected by the transition to cleaner energy resources.

Projects must not exceed, in the aggregate, a nameplate capacity of three hundred megawatts. Projects must demonstrate the use of innovative energy technologies, defined to mean a generation technology or storage technology that, alone or in combination with other technologies used in a project:

- has minimal or no emissions of greenhouse gases;
- does not produce nuclear or otherwise hazardous emissions or byproducts;
- does not include wind, solar, or lithium-ion battery storage resources; and
- at the time of any application, has not been widely deployed in the United States.

Once approved by the PUC through the electric resource planning process, a project or partnership is allowed to earn the utility's most recently authorized rate of return, even if the project is determined to be uneconomic. If the project is determined to be economic, the utility is allowed to earn an extra profit, limited to 50 percent of the net economic benefit. The utility is also allowed to earn its full authorized rate of return while the project is in development and construction. The bill repeals December 31, 2024.

State Expenditures

To the extent that proposals are included and approved in electric resource plans, the bill may increase workload in the PUC and the Colorado Energy Office, as described below.

Public Utilities Commission. The bill may impact workload in the PUC during the next electric resource planning process if a utility submits an application for an innovative energy technology project as part of its electric resource plan. Under current law, the electric resource planning process allows utilities to seek permission to acquire innovative clean generation facilities.

Colorado Energy Office. The Colorado Energy Office (CEO), as a party to PUC proceedings, may have increased workload to evaluate new technologies and impacts on Colorado's greenhouse gas emissions reduction targets. This fiscal note assumes this workload can be absorbed within existing resources.

Local Government

To the extent that the bill encourages investment in areas of the state that are economically affected by the transition to cleaner generation technologies, the local tax base of those local governments may expand, which potentially increases local government revenue.

Effective Date

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

Departmental Difference

The CEO estimates that it will have costs of $34,934 and 0.3 FTE beginning in FY 2021-22 to participate in PUC filings related to this bill. The CEO anticipates tracking, reviewing, and reporting on PUC filings, drafting comments and testimony related to the proceedings, and determining the potential of new technologies to help achieve the state's greenhouse gas emissions targets. The fiscal note omits these costs because the bill does not directly impact the CEO, and this type of work is within the scope of its existing duties. Should the CEO require additional resources within its current statutory mandate, the fiscal note assumes this should be requested through the annual budget process.

State and Local Government Contacts

Colorado Energy Office	Information Technology	Regulatory Agencies