SB 21-246

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number:	LLS 21-0037	**Date:**	August 30, 2021
Prime Sponsors:	Sen. Fenberg Rep. Valdez A.; Froelich	**Bill Status:**	Signed into Law
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Bill Topic: **ELECTRIC UTILITY PROMOTE BENEFICIAL ELECTRIFICATION**

Summary of Fiscal Impact:

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

The bill requires investor-owned electric utilities to file beneficial electrification plans with the Public Utilities Commission. It will increase state expenditures beginning in FY 2021-22.

Appropriation Summary: For FY 2021-22, the bill requires and includes an appropriation of $241,799 to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB21-246

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	Cash Fund	$300,386	$616,842
	Centrally Appropriated	$58,587	$178,585
	Total Expenditures	**$358,973**	**$795,427**
	Total FTE	**2.5 FTE**	**7.2 FTE**
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill requires investor-owned electric utilities to file beneficial electrification plans with the Public Utilities Commission (PUC) by July 1, 2022, and no less frequently than every three years. Beneficial electrification is defined as converting the energy source of a customer's end use from a non-electric fuel source to a high-efficiency electric source, or avoiding the use of non-electric fuel sources in new construction or industrial applications, if the result reduces greenhouse gas emissions over the lifetime of the conversion or avoidance and reduces societal costs or provides more efficient use of grid resources.

Beneficial electrification plans must, at minimum:

- include programs to advance beneficial electrification for residential and commercial customers;
- target 20 percent of program expenditures to low-income households or disproportionately impacted communities with associated outreach plans;
- include budgets, targeted number of installations, projected fuel savings and cost-effectiveness calculations, and greenhouse gas emissions reductions;
- demonstrate that the incremental electrical load will be no more carbon intensive than the utility's portfolio;
- target incentives toward new and existing buildings; and
- demonstrate that electric grid reliability will be maintained.

Utilities and the PUC are directed to account for the social cost of carbon dioxide and methane in cost-benefit analyses and include both avoided emissions from combustion and leakage as well as the incremental emissions from electricity generation.

The PUC must allow cost recovery for implementing approved beneficial electrification programs and may consider incentive mechanisms to encourage utilities to invest in these programs. Investor-owned electric utilities are required to file a beneficial electrification strategic issues application with the PUC by April 1, 2024, and no less frequently than every six years that proposes a 10-year beneficial electrification target. Electric utilities must comply with the labor standards outlined in the bill when implementing their programs, and submit annual reports to the PUC describing plan implementation.

Other non-investor owned electric utilities are encouraged to implement beneficial electrification plans.

State Expenditures

The bill increases state expenditures in multiple state agencies by $300,386 and 2.5 FTE in FY 2021-22 and $795,427 and 7.2 FTE in FY 2022-23. These costs are reflected in Table 2 and discussed below.

Table 2
Expenditures Under SB 21-246

Cost Components	FY 2021-22	FY 2022-23
Department of Regulatory Agencies		
Personal Services	$128,548	$535,339
Operating Expenses	$2,700	$8,370
Capital Outlay Costs	$37,200	-
Centrally Appropriated Costs[1]	$43,633	$162,090
FTE – Personal Services	1.6 FTE	6.2 FTE
DORA Subtotal	**$212,081**	**$705,799**
Department of Labor and Employment		
Personal Services	$65,801	$71,783
Operating Expenses	$1,350	$1,350
Capital Outlay Costs	$6,200	-
Centrally Appropriated Costs[1]	$14,954	$16,495
FTE – Personal Services	0.9 FTE	1.0 FTE
CDLE Subtotal	**$88,305**	**$89,628**
Total Expenditures	**$300,386**	**$795,427**
Total FTE	**2.5 FTE**	**7.2 FTE**

[1] *Centrally appropriated costs are not included in the bill's appropriation.*

Public Utilities Commission. The PUC requires one-time staff resources of 1.6 FTE in FY 2021-22 and 6.2 FTE in FY 2022-23 to support the process for two investor-owned utilities filing beneficial electrification plans. First-year costs assume that electric utilities will file a plan by July 1, 2022, with six full-time staff starting on March 1. These staff resources are similar to the resources dedicated to transportation electrification plans filed pursuant to Senate Bill 19-077. These plans are anticipated to be filed separately from other demand-side management plans and attract a large number of interveners, requiring trial and advisory staff, as well as an administrative law judge and court reporter to oversee the proceeding. A similar level of resources may be required in out-years to support the 10-year strategic issues applications, but future beneficial electrification plans are expected to be less litigated. Therefore, this fiscal note assumes that future beneficial electrification plan filing can be absorbed within existing staff resources.

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Department of Labor and Employment. The Department of Labor and Employment requires one full-time staff member to develop and maintain a certified contractor list. This staff person will contact apprenticeship sponsors to obtain a list of contractors and employers affiliated with their registered apprenticeship program. There are an estimated 150 apprenticeship sponsors within the mechanical, plumbing, and electrical occupations, and each sponsor may be affiliated with multiple contractors. This fiscal note assumes that each apprenticeship sponsor will require 12 hours of work to collect the necessarily information to compile the certified contractor list, which will be updated annually. Staff costs have been prorated to reflect the General Fund pay date shift.

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 include employee insurance and supplemental employee retirement payments, are estimated to be $58,587 in FY 2021-22 and $178,585 in FY 2022-23.

Effective Date

The bill was signed into law by the Governor on June 21, 2021, and takes effect on September 7, 2021, assuming no referendum petition is filed.

State Appropriations

In FY 2021-22, this bill requires and includes the following appropriations:

- $168,448 and 1.6 FTE from the Fixed Utility Fund to the Department of Regulatory Agencies; and
- $73,351 and 0.9 FTE from the General Fund to the Department of Labor and Employment.

State and Local Government Contacts

Colorado Energy Office	Information Technology
Law	Public Health and Environment
Regulatory Agencies	Labor and Employment