

ENERGY

Renewable Energy

SB 14-011 (*Enacted*)

Colorado Energy Research Authority

SB 14-035 (*Postponed Indefinitely*)

Renewable Energy Standard
Repeal Senate Bill 13-252

SB 14-082 (*Postponed Indefinitely*)

Renewable Energy Standard Adjust
Cooperative Electric Associations
Distributed Generation

HB 14-1067 (*Postponed Indefinitely*)

Renewable Energy Electric Standard
Cooperative Electric Associations
Move to 2025

HB 14-1113 (*Postponed Indefinitely*)

Electric Renewable Energy
Standard Reduction

HB 14-1305 (*Postponed Indefinitely*)

Renewable Energy Enterprise Zone
Investment Tax Credit Refund

HB 14-1138 (*Postponed Indefinitely*)

Renewable Energy Standard Add
Hydroelectric to Eligible

The General Assembly considered a variety of energy-related legislation during the 2014 session. The bills focused on changes to the renewable electricity standard, the Colorado Energy Research Authority, and enterprise zone investment tax credits.

Renewable Energy

Colorado has numerous renewable energy resources including solar, wind, and geothermal potential. In 2014, the General Assembly considered 5 bills that would amend Colorado's Renewable Energy Standard; all 5 bills failed to pass. The General Assembly also considered a bill concerning the Colorado Energy Research Authority, which passed, and a bill concerning enterprise zone investment tax credits, which failed to pass.

Renewable energy standard. In 2004, Colorado became the first state to create a renewable electricity standard (RES) when Amendment 37 was passed via ballot initiative. The original statute required utilities serving 40,000 or more customers to supply 10 percent of their retail electric sales through renewable energy. Since 2004, numerous changes have been made to the RES. During the 2013 legislative session, Senate Bill 13-252 was passed which expanded the statutory definition of "eligible energy resources" that may be used to comply with the RES to include coal mine methane and synthetic gas produced from municipal solid waste, subject to a determination by the Colorado Public Utilities Commission (PUC) that the production and use of these gases does not cause a net increase in greenhouse gas emissions. Also, the share of retail electricity sales that must be achieved from eligible energy resources by cooperative electric associations (CEAs) serving more than 100,000 meters, beginning in the year 2020, was increased from 10 to 20 percent. The maximum amount that CEAs may increase their rates to consumers in order to meet the required RES was raised from 1 percent to 2 percent. Generation and transmission CEAs providing wholesale electricity to CEAs in Colorado are defined in statute as wholesale CEAs and are also subject to this increased RES and retail rate impact rule, beginning in 2020.

Current law contains distributed generation (DG) requirements for CEAs as part of Colorado's RES. Specifically, CEAs serving more than 10,000 meters must supply one percent of their total retail sales through DG (typically rooftop solar), while CEAs serving less than 10,000 meters are required to supply three-fourths of one percent in this fashion.

As introduced, **Senate Bill 14-035**, which was postponed indefinitely, would have repealed almost all of the provisions enacted by Senate Bill 13-252. Specifically, the bill would have reduced the 2020 RES for CEAs serving 100,000 or more meters and qualifying wholesale utilities from 20 percent to 10 percent; eliminated the DG requirement for all CEAs; reduced the maximum permissible retail rate impact of RES compliance from 2 percent to 1 percent for CEAs; eliminated the reporting and renewable energy credit requirements for qualifying wholesale utilities; eliminated coal mine methane and synthetic gas produced by pyrolysis of municipal waste from the definition of eligible energy resources for RES compliance; and retained a multiplier in the formula for the calculation of renewable energy credits (RECs) used to accelerate the construction of new solar generation.

As introduced, **House Bill 14-1067**, which was postponed indefinitely, would have delayed from 2020 to 2025 the year in which retail CEAs serving 100,000 or more meters and qualifying wholesale utilities must increase from 10 to 20 percent the amount of electricity generated from renewable sources.

As introduced, **House Bill 14-1113**, which was postponed indefinitely, would have reduced the required percentage of sales that must come from renewable energy for investor-owned utilities (IOUs) from 20 percent to 15 percent for the years 2015 through 2019 and from 30 percent to 15 percent for the years 2020 and thereafter. The bill also would have reduced the required percentage for CEAs from 20 percent to 15 percent for the years 2020 and thereafter.

Current law allows new hydroelectricity with a generation capacity of 10 megawatts (MW) or less, and hydroelectricity in existence on January 1, 2005 with a generation capacity of 30 MW or less, to meet the RES. As introduced, **House Bill 14-1138**, which was postponed indefinitely, would have amended the definition of renewable energy resources that can be used to meet the state's RES to include all hydroelectricity and pumped hydroelectricity.

As introduced, **Senate Bill 14-082**, which was postponed indefinitely, would have eliminated the current DG requirements for CEAs and established a 0.5 percent DG standard for CEAs in aggregate.

Colorado Energy Research Authority. The name of the Colorado Renewable Research Authority is changed to the Colorado Energy Research Authority (CERA) in **Senate Bill 14-011**. The bill defines the Colorado Energy Research Collaboratory (the collaboratory) as a consortium of three state institutions of higher education—the University of Colorado at Boulder, Colorado State University, and the Colorado School of Mines—and the National Renewable Energy Laboratory. CERA is required to allocate certain state matching funds for grants that support the collaboratory's energy research activities.

The bill also creates a new cash fund to support CERA, which is the continuously appropriated Energy Research Cash Fund (ERCF). On July 1, 2014, and on July 1, 2015, the bill requires a transfer to the ERCF of \$1 million each of those years. This amount in its entirety is available as matching funds for the energy-related research of the collaboratory, subject to reduction for the Office of Economic Development and International Trade (OEDIT) administration, and other CERA activities. Based on a \$1 million annual transfer, up to \$50,000 each year is available for other CERA initiatives, and up to \$50,000 each year is available for OEDIT administrative costs.

The board of CERA is three members appointed by the governor. OEDIT will provide administrative support for CERA, including receiving CERA's annual report and making a report on CERA's activities to the General Assembly.

Enterprise Zone Investment Tax Credits. As introduced, **House Bill 14-1305**, which was postponed indefinitely, would have allowed a renewable energy company with enterprise zone investment tax credits (ITC) to annually elect to receive a refund of the credits. The amount of the refund would have been equal to 85 cents for every one dollar of ITC credit. The refund for any company would have been capped at \$2.5 million per tax year. Had the bill passed, if a company had elected to receive a refund it would have been required to sign a one-time affidavit with the Colorado Economic Development Commission stating that the company intends to make further renewable investments within five years. The taxpayer would have been permitted to elect to receive a refund beginning in tax year 2014.