



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1260: ELECTRICAL GENERATION & DISTRIBUTION RESILIENCY

Prime Sponsors:

Rep. DeGraaf
Sen. Pelton R.

Fiscal Analyst:

Shukria Maktabi, 303-866-4720
shukria.maktabi@coleg.gov

Published for: House Energy & Environment**Drafting number:** LLS 25-0798**Version:** Initial Fiscal Note**Date:** March 3, 2025

Fiscal note status: The fiscal note reflects the introduced bill. This analysis is preliminary and will be updated as more information becomes available.

Summary Information

Overview. The bill requires the Public Utilities Commission to evaluate and develop rules on electrical generation and grid resilience against geometric storms.

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

- State Revenue
- State Expenditures

Appropriations. For FY 2025-26, the bill requires an appropriation of \$181,897 to the Department of Regulatory Agencies.

Table 1
State Fiscal Impacts

Type of Impact¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$216,018	\$367,688
State Expenditures	\$216,018	\$367,688
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$216,018	\$367,688
Change in State FTE	1.6 FTE	3.0 FTE

¹ Fund sources for these impacts are shown in the tables below.

**Table 1A
State Revenue**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	\$216,018	\$367,688
Total Revenue	\$216,018	\$367,688

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	\$181,897	\$303,199
Federal Funds	\$0	\$0
Centrally Appropriated	\$34,121	\$64,489
Total Expenditures	\$216,018	\$367,688
Total FTE	1.6 FTE	3.0 FTE

Summary of Legislation

The bill requires the Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) to evaluate the reliability of electrical generation and grid resilience against geometric storms and report findings of the evaluation to the General Assembly by July 1, 2026. Based on the evaluation, the PUC must adopt rules requiring electric utilities to meet resiliency standards for geomagnetic storms.

Background

Geomagnetic Storms

A geomagnetic storm is a space weather phenomenon caused by solar activity. It creates strong magnetic fields that can damage satellites and terrestrial electronics, including electricity infrastructure.

State Revenue

The bill increases state cash fund revenue to the Fixed Utility Fund (FUF) by about \$216,000 in FY 2025-26 and \$368,000 in FY 2026-27. 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 in the PUC in DORA by \$216,000 in FY 2025-26 and \$368,000 in FY 2026-27. These costs, paid from the Fixed Utility Fund, are summarized in Table 2 and discussed below.

Table 2
State Expenditures
Department of Regulatory Agencies

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$153,169	\$292,689
Operating Expenses	\$2,048	\$3,840
Capital Outlay Costs	\$26,680	\$6,670
Centrally Appropriated Costs	\$34,121	\$64,489
Total Costs	\$216,018	\$367,688
Total FTE	1.6 FTE	3.0 FTE

Department of Regulatory Agencies

The department will have staff costs in FY 2025-26 and FY 2026-27 only to implement the bill.

Staff

In FY 2025-26, PUC requires 2.0 FTE to evaluate and assess grid resilience against geomagnetic storms. This includes an electrical and environmental engineer (1.0 FTE) to assess infrastructure resilience and environmental impacts, an economist (0.5 FTE) to analyze economic impacts, and a policy advisor (0.5 FTE) to support policy development and reporting. Standard operating and capital outlay costs are included, and costs are prorated in the first year for the bill's effective date.

In FY 2026-27, the staff efforts will shift to developing plans for electric utilities to meet resiliency standards and supporting the adoption of related rules. An additional 1.0 FTE of an administrative law judge is required to oversee rulemaking and litigation that may arise during plan implementation.

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, leased space, and indirect cost assessments, are shown in the expenditure table above.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. 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.

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 2025-26, the bill requires an appropriation of \$181,897 from the Fixed Utility Fund to the Department of Regulatory Agencies, and 1.6 FTE.

State and Local Government Contacts

Colorado Energy Office

Public Health and Environment

Law

Regulatory Agencies

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).