

Hearing on SB24-218
House Finance Committee
May 3, 2024, Upon Adjournment, Old State Library

Testimony of Bill Levis, AARP Colorado Volunteer Lobbyist

Mr. Chairman and members of the committee, I am Bill Levis, a legislative volunteer for AARP Colorado and retired consumer counsel before the Colorado Public Utilities Commission and former director of the National Association of State Utility Consumer Advocates.

AARP supports the transition to renewable energy and the burying of electrical lines to eliminate the fire danger that downed lines have caused. However, we have concerns about SB 218 as introduced. In particular, the bill in §§40-2-132.5(4)(d)(II), (V) & (VI) on pp. 18-20 and (7) on pp. 30-32 puts the cost of burying the lines on customers, many of whom including a large number of AARP Colorado's 670,000 members, are already having trouble absorbing ever increasing energy costs.

Xcel is a Fortune 300 company with the duty to maximize shareholder value while its regulated subsidiary Public Service Company of Colorado is mandated by state law to serve the public interest. At least since 2019, the General Assembly has passed numerous laws putting the cost of transitioning to clean energy on Xcel's customers, the vast majority of whom are residential, even though the company is voluntarily retiring power plants years before their useful lives are up. A summary of the bills passed in 2019 and 2021 and their impact on consumer rates is attached to my testimony.

The current bill continues this piling on consumers with surcharges and the possibility of an increase in base rates. Instead of putting all of the cost on its customers, AARP asks that Xcel's shareholders, who are ultimate beneficiaries of the company's actions, assume at least some of the cost. Other regulated companies, such as AT&T, have written down the costs against their shareholders when they upgraded their networks.

Finally, by restricting coverage to investor owned utilities with at least 500,000 customers in section 2(y) on pp. 12-13, the bill only applies to Xcel and not to Black Hills with nearly 100,000 customers or to Colorado's 22 REAs that are in areas that may even be more susceptible to fire danger from downed lines. The General Assembly should consider expanding the mandate to those companies as well.

Thank you and I am available for any questions.

THE COST OF CLEAN ENERGY KEEPS ON GOING UP

Xcel's 1.5 million customers, over 90 percent of whom are residential, already pay three clean-air surcharges and more have been written and passed into law since 2019. This year has been especially hard hit with rate hikes.

The current surcharges are:

- The Clean Air-Clean Jobs Act Rider passed into law in 2010 to promote a coordinated approach to achieving multiple air emission requirements. The CACJA Rider is subject to annual changes effective on January 1 each year.
- Colorado Energy Plan Adjustment, a 1% of an electric bill, funds the early voluntary retirement for Xcel Energy's Comanche coal units.
- Renewable Energy Standard Adjustment, one percent of an electric bill, to fund the renewable energy program as required by Colorado law under which utilities must generate or purchase increasing portions of their electricity from sun, wind or biomass.
- In addition, Xcel offers Windsource, a voluntary program providing customers with a choice to have their electricity generated from renewable generation sources. The Windsource Charge is subject to annual changes effective January 1 each year.

In addition, several new clean-energy surcharges will be implemented with the passage of two bills in 2019 and a number of additional surcharges were adopted by legislation this year.

- As the result of the passage of SB19-77, Xcel and Black Hills will be able to charge their monopoly customers up to ½% of their revenue requirement to develop electric vehicle charging stations. They also can put the cost of providing those facilities into their base rates.
- With the passage of SB19-236, the Commission can allow Xcel and Black Hills to add up to a 1-1/2% clean energy plan revenue rider on the annual total electric bill, including surcharges and franchise fee. Following the final implementation of the clean energy plan in 2030, any remaining costs and savings associated with the clean energy plan will be incorporated into base rates.
- SB21-072 will most likely require Xcel and Black Hills to join a regional transmission (RTO) organization by 2030. Should that happen, the Public Utilities Commission (PUC) may allow recovering of RTO subscription fees and other participation costs through rates or a transmission rider.

- Under SB21-246 concerning the transition to electric appliances, furnaces and hot water heaters, Xcel and Black Hills will be entitled to a higher rate of return, accelerated depreciation, retaining part of the net economic benefit, the collection of cost through a rider or cost adjustment clause and any other incentive mechanism the Commission approves.
- Under HB21-1105, electric and gas investor-owned utilities, most prominently Xcel and Black Hills, will collect a monthly charge from consumers beginning in October 2021 for energy assistance. The charge will start at \$0.50, then increase to \$0.75 in October 2022 and then increase based on the consumer price index beginning in October 2023. Low income customers may request an exemption. The bill also provides for voluntary water utility contributions.
- Under HB21-1238, investor-owned gas utilities will be able to add a cost adjustment mechanism to consumer bills to collect the cost of a demand side management program without filing a rate case.
- SB21-261 removes the net metering cap for consumers with solar panels currently at 120 percent of historic usage.
- Under SB21-264, gas distribution utilities can add a cost recovery cap up to two percent for all customers to reduce greenhouse gas as well as request a possible rate adjustment clause for clean heat plan costs.
- SB21-272 removes the .25% fee cap collected on a public utility's gross intrastate revenues to fund the PUC and the Office of Consumer Counsel (which becomes the Office of Utility Consumer Advocate as of September 2021 pursuant to SB21-103). This fee is ultimately paid by the utility's customers.

Hearing on SB24-218
House Finance Committee
May 4, 2024, Upon Adjournment, HCR 0112

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TO: Colorado House Finance Committee
FROM: Nick Torres – Director, Advocacy
Nick.Torres@Lung.org (303) 847-0267
DATE: May 3, 2024
SUBJECT: Support for Senate Bill 24-218

The American Lung Association is the oldest voluntary public health association in the country. We represent the more than 36 million people in the US living with lung diseases like asthma, COPD, and lung cancer. Thank you for the opportunity to express our strong support for Senate Bill 24-218.

The American Lung Association strongly supports modernizing **our state’s** grid to plan for the transition to non-polluting transportation and buildings, which are cornerstone policies to improving air quality and public health. **This legislation solidifies our state’s progress** on clean air standards and the transition to an equitable, non-polluting transportation sector. **It’s** a critical puzzle piece to an inclusive, timely transition to non-polluting vehicles and buildings – and unlocking consequential public health benefits and savings for Colorado.

Colorado is home to nearly 600,000 adults and children living with asthma who face greater risk and need stronger protection against harmful ozone and particle pollutants. Air pollution can cause health emergencies including asthma attacks, heart attacks, and other lung and cardiovascular diseases.

The provisions in the bill are critical in the near-term so that Coloradans can fully realize the benefits of the progress that our state has already made – like the passage of policies like Advanced Clean Cars II and Advanced Clean Trucks. The bill would help prevent onerous delays to energizing charging infrastructure, mitigate unanticipated unfairly distributed costs, and support planning for the workforce necessary to support critical infrastructure.

Transportation continues to be a leading source of harmful air and climate emissions in Colorado. The American Lung Association’s [“State of the Air” 2024](#) report found that 11 Colorado counties received a failing grade for ozone (“smog”) pollution and 4 counties received a failing grade for particle (“soot”) pollution. In all, 80% of Colorado residents live in a county with a failing air quality grade. Three Colorado cities – Denver, Fort Collins, and Colorado Springs – ranked among the top 25 most ozone-polluted regions in the country.

The transition to zero-emission transportation sources through the successful implementation of ACC II and ACT will provide the state with significant public health savings and benefits. The American Lung Association’s [“Zeroing in on Healthy Air”](#) report found a transition to zero-emission vehicles will save Colorado \$9.5 billion in public health costs, reduce premature deaths by 857, avoid 31,200 asthma attacks and 151,000 lost workdays through 2050, if paired with a transition to net-zero electricity sources.

The American Lung Association urges your support for Senate Bill 24-218.



Sunnova Energy Corporation
20 Greenway Plaza, Suite 540
Houston, TX 77046
sunnova.com

May 3rd, 2024

RE: Support SB 24-218

Sunnova Energy International Inc. (NYSE: NOVA) is a leading national adaptive energy services company focused on making clean energy more accessible, reliable, and affordable for homeowners and businesses. Founded in 2012, Sunnova services more than 419,000 customers across 51 States and U.S. territories including Colorado.

Sunnova supports SB24-218, because it will pave the way for Colorado to meet its decarbonization and energization goals, while also improving energy equity in the state. This bill is also timely with the recent Solar for All grant which awards the Colorado Energy Office \$156,120,000 to deliver the benefits of solar in low-income and disadvantaged communities.¹ SB24-218 will help ensure Xcel's grid will have the additional capacity and flexibility for distributed energy resources added onto the system through this award program and beyond.

Specifically, Sunnova supports how a utility shall organize system upgrades by reviewing hosting capacity limits and prioritizing income-qualified or disproportionately impacted communities with residential capacity constraints. The Solar for All grant provides funding for those communities to rapidly adopt rooftop solar resources. Without SB24-218, the current state of the grid and the cost methodology to upgrade it will severely hinder the program's success.

Additionally, Sunnova applauds the inclusion of a review and plan to meet required qualified staffing needs at the utility for timely interconnection and energization. We support opening a rulemaking to holistically improve interconnection, energization, and electrification. These processes are all connected, but currently are reviewed through siloed, understaffed teams. This has caused delays and unexpected, unreasonable costs to build new home developments during a housing shortage.

Finally, Sunnova supports the establishment of a tariff to develop a performance-based virtual power plant program in Colorado. Virtual power plants offer a dual benefit: aiding in the decarbonization of the power grid while incentivizing customer engagement. By harnessing distributed energy resources (DERs) located on customer sites, virtual power plants bolster grid resilience during peak demand or stress periods. These DERs can be aggregated and dispatched to meet high demand, eliminating the need to activate costly fossil fuel peaker plants. A robust virtual power plant program not only strengthens community resilience but also accelerates the adoption of clean energy by fairly compensating owners for their grid-supportive services.

Thank you so much for your time and support on SB24-218.

A handwritten signature in black ink, appearing to read "Meghan Nutting".

Meghan Nutting
Executive Vice President of Government and Regulatory Affairs
Sunnova Energy International

¹ <https://www.epa.gov/greenhouse-gas-reduction-fund/solar-all>



CONTACT

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May 3, 2024

House Finance Committee
Colorado General Assembly
200 East Colfax Avenue
Denver, CO 80203

Support SB24-218 Modernize Electrification Distribution System (Reps. Duran/Brown and Sens. Hansen/Fenberg)

Chair Snyder, Vice Chair Joseph, and Members of the Committee,

My name is Clare Valentine, and I am a Senior Policy Advisor for Western Resource Advocates (WRA). WRA has worked for decades to support the clean energy transition, drastically reduce greenhouse gas emissions in Colorado, and maintain a livable climate in our region.

I am writing to express our support for Senate Bill 218. We are grateful to Senator Hansen, President Fenberg, Majority Leader Duran, and Representative Brown for bringing this bill forward—accelerated financial investments in the electric distribution system will be essential to support existing state laws and policies related to transportation electrification, building electrification, and reducing greenhouse gas emissions generally. WRA believes that Senate Bill 218 establishes an appropriate framework for these infrastructure investments that effectively balances expediency, regulatory oversight, and cost.

Particularly for this committee, I would like to highlight that the bill includes numerous mechanisms that will ensure that distribution investments come at a reasonable cost to utility ratepayers. These mechanisms include cost caps on near-term investments, strong oversight of proposed investments from the Public Utilities Commission, and robust evaluation of lower-cost alternatives to traditional investments, such as non-wires alternatives and demand management. In addition to these guardrails, the bill encourages utilities to leverage economies of scale to reduce overall costs to ratepayers for distribution investments. That is, through proactive and regulated planning, utilities will be able to right-size distribution investments for the long-term, which can yield overall cost savings—that is, *building it once and building it right* is less expensive than making multiple, incremental upgrades every few years.

Finally, while infrastructure investments have an inherent cost, the electrification enabled by these investments can support long-term downward pressure on electric rates, reducing volumetric costs for electricity customers broadly. Accordingly, measured and reasonable investments in the distribution system—as enabled by Senate Bill 218—can support the continuation of affordable electricity rates for Coloradoans while supporting the clean energy transition.

We appreciate your time in considering this matter, and we urge your “aye” vote on Senate Bill 218.

A handwritten signature in black ink that reads "Clare Valentine". The signature is fluid and cursive, with a long, sweeping underline for the name.

Clare Valentine
Senior Policy Advisor, Clean Energy
Western Resource Advocates
clare.valentine@westernresources.org

Western Resource Advocates provides on the ground solutions to climate change. WRA works with policymakers and other advocates to advance clean energy; protect air, land, water, and wildlife; and sustain the lives and livelihoods of the West. For more information, visit WesternResourceAdvocates.org and follow us on Twitter [@wradv](https://twitter.com/wradv).