



TO: House Bill Sponsor: Tisha Mauro  
Senate Bill Sponsors: Nick Hinrichsen, Byron Pelton  
Members of the House Energy and Environment Committee:  
Representative Alex Valdez (Chair), Representative Elizabeth Velasco (Vice  
Chair), Representative Carlos Barron, Representative Kyle Brown, Representative  
Sean Camacho, Representative Ken DeGraaf, Representative Ryan Gonzalez,  
Representative Junie Joseph, Representative Amy Paschal, Representative Manny  
Rutinel, Representative Jenny Willford, Representative Dan Woog

FROM: The Colorado Renewable Energy Society (CRES)

DATE: February 20, 2025

RE: **HB25-1177 -Concerning Adjustments to the Economic Development Rate  
Tariff**

**After reviewing the bill, CRES urges the committee to vote NO on HB25-1177.**

In addition to defeating HB25-1177, we urge the Committee to **rescind the misguided HB18-1271**, that mandated the PUC to give a confidential deeply-discounted sweetheart Economic Development Rate (EDR) to hyperscale data centers (HDCs).

We urge the Committee to defeat HB25-1177, to avoid an entirely predictable mistake that would attract power and water-intensive HDCs to locate in Colorado. Should the bill pass, it would expand the burden already placed on ratepayers caused by the misguided 2018 legislative mandate that required the PUC to give unfair subsidies to new HDCs.

Here are just a few important facts that we ask the Committee to consider:

- Xcel serves 53% of Colorado's electric customers. Their system peaks at 7,200 megawatts - the power required to be delivered on the hottest day of the year.
- QTS-Aurora is a 177-megawatt facility, that runs 24/7/365. The company built a double-circuit 230kV transmission line connected to an Xcel substation to have the ability to eventually expand their facility to 1,000 megawatts.
- Assume a typical HDC needs 250 megawatts - that building equals the electric load of a city the size of Boulder.
- QTS received an approved EDR in June 2024. Using a conservative calculation, QTS will save at least \$47 million per year. This estimate is derived by assuming the facility operates 8,760 hours per year, consuming a constant 177 megawatts of power 24 hours a day, seven days a week, at 365 days a year, and receiving an EDR benefit of at least a 3 cent/kWh discount from the rate other large loads pay.
- When electric load forecasts were made in 2018, legislators understandably would not have anticipated the meteoric rise in interconnection requests from data centers. The bill passed without regard to the cost HDCs would impose on captive electric ratepayers. HB18-1271 did not provide for environmental guard-rails. It was passed before Colorado's 2019 landmark decarbonization rules, which may be put in jeopardy if more HDCs come to Colorado because of HB25-1177.
- Xcel's Colorado's Power Pathway is a \$1.7 billion investment to improve the state's electric grid and enable future renewable energy development around the state. When the pathway

was sized and approved in 2019, the project did not anticipate HDCs, and it cannot subsequently be retrofitted to match the arrival of large data center loads.

- HB25-1177 contains no protections to ratepayers who may be at future risk to pay for stranded utility-built assets built for HDCs should they depart.

CRES respectfully asks the Committee to reject HB25-1177, and rescind the misguided HB18-1271.

We ask that you:

- Oppose existing, and any further, subsidies to HDCs.
- Should an amended EDR bill be proposed, we favor:
  - Requirements that HDCs secure renewable energy sources to match or exceed their energy use;
  - Require HDCs to pay upfront for any additional renewable energy generation and related transmission on the power system caused by their energy use;
  - Ensure that Colorado ratepayers are protected by requiring HDCs make an up-front termination liability payment, and a decommissioning bond, should they experience a downturn.

For your information, the **CRES Colorado Hyperscale Data Centers Policy Position Statement** is found on the page below.

Thank you for your consideration of these views and recommendations.

Sincerely,

Vincent P. Calvano  
CRES Policy Committee  
Colorado Renewable Energy Society

About CRES:

CRES is a Colorado nonprofit corporation established in 1996. CRES creates environmental, social, and economic benefits for Colorado by promoting energy efficiency and renewable energy of all types. CRES advocates for a carbon-neutral Colorado powered by 100% renewable energy, and is engaged in promoting energy efficiency, demand side management, beneficial electrification, and the full breadth of renewable energy development in Colorado's communities. CRES also advocates for ways to achieve Colorado's emissions reduction targets.

CRES educates and assists the state's consumers, businesses and communities to advance renewable energy and energy efficiency in a manner that supports the economy and the environment.

CRES membership includes approximately 350 individual and business members interested in renewable energy and energy efficiency. The organization reaches more than 6,000 email subscribers and sponsors educational programs attended by hundreds.

CRES works on behalf of consumers, small businesses, and communities throughout the state to promote the expeditious transition from fossil fuels to renewable energy.

## **CRES Colorado Hyperscale Data Centers Policy Position Statement**

- Oppose existing, and any further, subsidies to hyperscale data centers (HDCs);
- Favor requirements that HDCs secure renewable energy sources and storage to match or exceed their energy use and load profile;
- Require HDCs to pay upfront for any additional renewable energy generation and related transmission on the power system caused by their energy use;
- Ensure that Colorado ratepayers are protected by requiring HDCs to make an up-front termination liability payment, and a decommissioning bond, should they experience a downturn.

Artificial intelligence is rapidly seeping into our everyday lives with a hidden, but enormous energy cost. For example, every time an internet search uses Chat GPT, about ten to fifteen times as much electricity is used as a standard Google search. CRES recognizes that large “hyperscale” data centers (HDCs) – not legally defined as such, but typically in a range requiring a minimum of 25 to 50 megawatts of power – will be built.

The growth in new electric loads could upend Colorado’s long-fought efforts to address our severe air pollution problems, and our efforts to rapidly reduce greenhouse gas emissions that are heating Earth to dangerous levels. We urge Colorado legislators to work with regulators to craft a policy framework that protects taxpayers and ratepayers from carrying any financial and environmental burdens from additional HDCs that wish to locate in the state.

CRES believes that Colorado’s HDC policy should be based on two primary principles:

1. Colorado should not continue to subsidize HDCs either through discounted power rates, or through rebates on state sales and use taxes, and
2. HDCs must pay upfront for their full impact on load through policies that require them to provide renewable energy and storage equal to, or in excess of, their use of energy and capacity, and to cover future liability in case of potential failure.

CRES is concerned that more energy-hungry data centers on Colorado’s grid may result in policymakers delaying implementation of the state’s plan to close our remaining polluting coal plants by the end of 2030. Another risk of increased loads is that the Colorado Public Utilities Commission (“the PUC”) may have no choice, for resource adequacy reasons, then to approve placing more climate-harming methane-fired power plants on the grid. In addition, HDCs require vast amounts of water used for cooling- either directly on site, or water required to cool if using thermal power plants that feed into the grid, and that would further stress this limited resource in Colorado.

Despite these issues, Colorado law currently encourages HDCs to be built in the state. That is because a misguided 2018 legislative requirement (HB18-1271) mandated that the PUC give a confidential special economic development rate (EDR) to HDCs and other large electricity users.

In a June 2024 decision, the PUC followed the 2018 law and approved a well-below-market confidential rate for an expandable HDC – the Blackstone-owned QTS data center in Aurora. With an initial load of 177 megawatts, the \$1 billion building will only employ 80 workers, but will be by far

the biggest single electricity user on Xcel’s Colorado system. It will initially consume an amount of power roughly equivalent to that used by about 32,000 residences, but can potentially expand to use hundreds of megawatts. This is the opposite of demand-side management, a key energy-conservation policy pursued by state leaders for years.

In addition, HDC backers proposed bills in the 2023 and 2024 legislative sessions that would have exempted the centers from paying state sales tax. Although those efforts died, they may return in 2025.

Investor-owned electric utilities have an economic incentive to favor adding large loads to their system. That is because serving large loads requires new investments in infrastructure on which the utilities receive a near-guaranteed annual rate of return. Xcel, for example, receives a near-guaranteed 9.3% rate of return on equity on such investments. Large financial returns come to HDCs, utilities, and developers of new generation and transmission, while consumers may experience new financial burdens if forced to pay higher utility bills, and to cover any government tax incentives that may be provided. This would be unfair, requiring new policies to protect captive customers from these burdens.

CRES urges state decision-makers to take early action to avoid the serious stress that a surge of HDCs (including crypto mining, which was banned in China in September 2021) may pose to our state’s efforts to achieve stabilization of rates, along with reductions in greenhouse gas emissions, air pollution, and water consumption. In addition, should HDC proponents suggest that nuclear should be considered to power their centers, CRES opposes the use of taxpayer or rate-payer funds to support new nuclear power plants in Colorado because they are unlikely to provide timely, cheap, reliable, carbon-free power.

Accordingly, CRES urges the legislature to take these actions:

1. Colorado must prevent further HDC subsidies by:
  - a) Repealing the misguided 2018 law (HB18-1271) that offers HDCs economic development rates, and
  - b) Rejecting, as was done in 2023 and 2024, any further attempt to give lucrative equipment and property tax rebate incentives to HDCs.
2. Require, as a condition for doing business in Colorado, that HDCs work within an “additionality” legal framework that ensures that HDC loads do not negatively affect Colorado's decarbonization goals. This would be accomplished either by HDCs providing their own “behind the meter” renewable energy or paying for new additional renewable energy generation, transmission, and storage that at least matches their loads and load profile’s impact on the grid.

HDCs would meet the “additionality” requirement by either:

- a) Building new renewable energy and storage to power their operations directly. Given the HDCs’ need for 24/7/365 power, this may be unlikely.
  - b) Partnering with a utility to pay a specified rate up-front to ensure that HDCs will cover the full cost of additional new grid-connected renewable energy generation and storage driven by their load.
3. Protect Colorado ratepayers by requiring HDCs to make an up-front termination liability payment, and a decommissioning bond, should they experience a “dot-com”-type bust.

**House Energy & Environment**

**02/26/2025 Upon Adjournment**

**HB25-1177 Util Economic Development Rate Tariff Adjustments**

**Typed Text of Testimony Submitted**

<b>Name, Position, Representing</b>	<b>Typed Text of Testimony</b>
<p>Renganathan Subramanyam Against themselves</p>	<p>Profit-driven AI technology is escalating demand on the power grid, even if it gets more efficient. Even Microsoft’s CEO recently noted, “As AI gets more efficient and accessible, we will see its use skyrocket, turning it into a commodity we just can’t get enough of.”</p> <p>Adding energy-hungry “Hyperscale Data Centers” (HDCs) on Colorado’s grid could upend Colorado’s long fought efforts to address our severe air pollution problems and result in policymakers delaying implementation of the state’s plan to close remaining polluting coal plants by the end of 2030. Another risk of drastically increased loads is that the Colorado Public Utilities Commission may have no choice but to approve placing more climate-harming methane-fired power plants on the grid. In addition, HDCs require vast amounts of water used for cooling, and that would further stress this limited resource in Colorado.</p> <p>As such, I would urge you to consider the CRES position on this issue: i.e.:</p> <ol style="list-style-type: none"><li>1. Colorado should not continue to subsidize HDCs either through discounted power rates, or through rebates on state sales and use taxes, and</li><li>2. HDCs must pay upfront for their full impact on load through policies that require them to provide renewable energy equal to, or in excess of, their use of energy and capacity, and to cover future liability in case of potential failure.</li></ol>
<p>Eric Eisenbud Against themselves</p>	<p>To the Honorable Committee Members:</p> <p>My biggest worry about hyper scale data centers is that they will make it difficult for Colorado to meet its goal of reducing our carbon footprint 80% by 2030.</p> <p>Hyperscale data centers use as much daily electricity as the City of Boulder, and as much daily water as 75,000 residents, in the face of an impending drought in the western U.S. and diminished flow of the Colorado River.</p> <p>The tech industry titans of Google, Meta and others have a market capitalization of \$13.4 trillion. They don’t need an electric rate and other giveaways in order to lure them to Colorado. Indeed, Colorado’s United Power Cooperative requires developers of data centers to pay their own hardware, design and energy costs up front.</p>

	<p>Hyperscale data centers will worsen climate change and will accelerate the already existing drought we are facing in Colorado. In addition, the data centers will increase our electricity rates.</p> <p>I urge the Committee members to vote against HB25-1177.</p> <p>Thank you,</p> <p>Eric A Eisenbud MD</p>
<p>Erik Johnson</p> <p>Against themselves</p>	<p>26 February 2025</p> <p>Energy and Environment Committee</p> <p>Dear Committee Member –</p> <p>I urge you to vote against HB25-1177.</p> <p>Hyperscale data centers (HDC’s) should not be subsidized by regular utility customers and taxpayers. Instead HDC’s should</p> <ul style="list-style-type: none"> <li>• Be required to secure renewable energy sources to match or exceed their energy use</li> <li>• Pay upfront for renewable (wind, solar, geothermal) projects and transmission lines needed for their facilities</li> <li>• Pay the same retail rates for energy that I pay for my home.</li> </ul> <p>The Colorado legislature should</p> <ul style="list-style-type: none"> <li>• Repeal the misguided 2018 law (HB18-1271) that offers HDCs economic development rates</li> <li>• Accelerate favorable electric rates for energy supplied to residential customers who utilize a heat pump as their primary heating source – as required by SB24-214.</li> </ul> <p>I look forward to your vote against HB25-1177.</p> <p>Erik Johnson</p>
<p>Leslie Glustrom</p> <p>Against Clean Energy Action</p>	<p>PLEASE PROTECT UTILITY CUSTOMERS and vote No on HB25-1177. If the already ill-conceived Economic Development Rate is extended for data centers, it will continue to harm other utility customers as their rates go up to pay for the subsidy for the data center.</p> <p>Data centers consume vast quantities of electricity and often water and don't create many jobs. There is no good reason for utility rates to go up in order to bring more data centers to Colorado.</p> <p>PLEASE VOTE "NO" ON HB25-1177.</p>

	<p>Thank you for serving our state and country!</p> <p>Leslie Glustrom</p>
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