



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

SB 26-022: CHALLENGE MEETING 2030 EMISSIONS REDUCTION GOALS

Prime Sponsors:

Sen. Snyder; Simpson

Rep. Caldwell; Paschal

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill extends deadlines for submitting information to the Department of Public Health and Environment related to clean energy plans, and allows cooperative electric associations and municipal utilities to resubmit plans with additional compliance time to meet greenhouse gas emissions reductions goals.

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

- State Revenue
- State Expenditures
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$184,447 to the Department of Public Health and Environment and the Colorado Energy Office.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$179,988
State Expenditures	\$213,596	\$179,988
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$179,988
Change in State FTE	1.4 FTE	1.2 FTE

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

**Table 1A
State Revenue**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$0	\$179,988
Total Revenue	\$0	\$179,988

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$184,447	\$0
Cash Funds	\$0	\$155,756
Federal Funds	\$0	\$0
Centrally Appropriated	\$29,149	\$24,232
Total Expenditures	\$213,596	\$179,988
Total FTE	1.4 FTE	1.2 FTE

Summary of Legislation

Current law requires certain utilities to file a clean energy plan to achieve an 80 percent decrease in greenhouse gas emissions caused by the entity's electricity sales in Colorado by 2030, relative to 2005 levels. Other entities may voluntarily choose to file a plan. Under current law, no later than March 31, 2026, an entity required to submit a plan may inform the Colorado Department of Public Health and Environment (CDPHE) in writing of challenges the entity is encountering or expects to encounter in achieving the goal.

The bill extends the deadline by which an entity must inform the CDPHE of challenges meeting emissions reductions goals from March 31, 2026, to May 31, 2026, and allows entities that have voluntarily submitted a plan to inform the CDPHE of challenges meeting emissions reductions goals.

Under the bill, a cooperative electric association that has voted to exempt itself from regulation by the Public Utilities Commission (PUC) or a municipal utility that informs CDPHE that it is encountering or expects to encounter challenges meeting emissions reductions goals has until December 31, 2026, to submit an updated plan to the CDPHE. The updated plan must state the earliest year, no later than 2040, that the utility expects to be able to achieve the 80 percent decrease of greenhouse gas emissions, relative to 2005 levels, without impairing the

association's or utility's ability to maintain applicable electric reliability standards and without increasing the association's or utility's average annual electric rates greater than 1.5 percent.

The bill prohibits the Air Quality Control Commission (AQCC) and CDPHE from undertaking any action that impairs the association's or utility's ability to maintain applicable electric reliability standards or that increases the association's or utility's average annual electric rates greater than 1.5 percent.

Background

Filing clean energy plans with the CDPHE was initially required by [House Bill 21-1266](#), and updated by [Senate Bill 23-198](#).

State Revenue

Beginning in FY 2027-28, fee revenue will increase to the Stationary Sources Cash Fund in the CDPHE from a fee increase to cover the bill's expenditures.

Fee Impact on Stationary Sources

Legislative Council Staff is required to estimate the fee impact of bills that create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the CDPHE based on cash fund balance, program costs, and the number of entities subject to the fee. The table below identifies the fee impact of this bill, which is assumed to begin in FY 2027-28. This fee revenue is subject to TABOR.

Table 2
Fee Impact on Stationary Sources
FY 2027-28

Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
Fee Impact on Affected Municipal Utilities	\$35,998	5	\$179,988
Total Fee Revenue			\$179,988

State Expenditures

The bill increases state General Fund expenditures in CDPHE and the Colorado Energy Office by about \$215,000 in FY 2026-27. CDPHE's costs continue into FY 2027-28 and ongoing at an estimated \$180,000, paid from the Stationary Sources Cash Fund. Costs are summarized in Table 3 and discussed below. The bill also affects workload in the Public Utilities Commission.

Table 3
State Expenditures
All Departments

Department	Budget Year FY 2026-27	Out Year FY 2027-28
Department of Public Health and Environment	\$186,988	\$179,988
Colorado Energy Office	\$26,608	\$0
Total Costs	\$213,596	\$179,988

Department of Health and Environment

The CDPHE will have staff and legal services costs beginning in FY 2026-27 to implement the bill.

Staff

Because the resubmission criteria for voluntary clean energy plans requires analysis of system reliability and cost impacts, the Air Pollution Control Division requires 1.0 FTE Professional Engineer to perform this work that is outside its existing regulatory authority of air quality and emissions controls.

Legal Services

CDPHE requires an estimated 360 hours (0.2 FTE) of legal services provided by the Department of Law at a blended hourly rate of \$138.47. Legal support is required for clean energy plan evaluation and to ensure regulatory actions for entities that resubmit a plan do not impair reliability or result in rate increases above 1.5 percent.

Table 3A
State Expenditures
Department of Public Health and Environment

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$104,627	\$104,627
Operating Expenses	\$1,280	\$1,280
Capital Outlay Costs	\$7,000	\$0
Legal Services	\$49,849	\$49,849
Centrally Appropriated Costs	\$24,232	\$24,232
FTE – Personal Services	1.0 FTE	1.0 FTE
FTE – Legal Services	0.2 FTE	0.2 FTE
Total Costs	\$186,988	\$179,988
Total FTE	1.2 FTE	1.2 FTE

Colorado Energy Office

The Colorado Energy Office will have an increase in staff time to intervene in any CDPHE rulemaking. It is assumed this will require approximately 400 hours of staff time, or 0.2 FTE.

Table 3B
State Expenditures
Colorado Energy Office

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$21,691	\$0
Centrally Appropriated Costs	\$4,918	\$0
Total Costs	\$26,608	\$0
Total FTE	0.2 FTE	\$0

Public Utilities Commission

Any increase in PUC workload is expected to be minimal, as the utilities that may submit updated clean energy plan applications generally fall outside PUC regulation.

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, indirect cost assessments, and other costs, are shown in the tables above.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by about \$180,000 in FY 2027-28. This estimate assumes the December 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. 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 in FY 2027-28, and any future years when the state is over its revenue limit.

Local Government

The bill modifies workload for affected municipal utilities by extending their deadlines for resubmittal of clean energy plans.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2026-27, the bill requires the following General Fund appropriations:

- \$162,756 to the Department of Public Health and Environment, and 1.0 FTE. Of this amount, \$49,849 is reappropriated to the Department of Law with an additional 0.2 FTE; and
- \$21,691 to the Colorado Energy Office, and 0.2 FTE.

State and Local Government Contacts

Colorado Energy Office

Public Health and Environment

Information Technology

Regulatory Agencies

Law