

Polis maps energy economy of the future

By

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Standing among solar arrays at the Jefferson County Community Solar Garden in Arvada, Colorado Gov. Jared Polis announced May 30 that he was signing into law a suite of 11 clean energy bills.

Seven of the bills make big changes in mandates for the state departments that deal with energy, in accordance with Polis' "Roadmap to 100% Renewable Energy by 2040 and Bold Climate Action" plan.

"The roadmap is not just about a vision, but includes concrete steps that will help us reap the economic benefits of renewable energy, curb pollution of our air and fight climate change," Polis said at the time.

"Colorado has always been a leader in clean-tech innovation, and we have no intentions of slowing down."

The other four bills seek to encourage and accommodate electric-powered transportation.

Since the Democratic-controlled legislature passed and Polis signed the bills, there has been lots of speculation about how they will impact consumers and businesses as the state transitions to a sustainable energy future.

Polis stated his view in an email to the Business Journal.

"Our [Roadmap to 100% Renewable Energy by 2040 and Bold Climate Action] will help create good-paying green jobs that can never be outsourced, while saving people and businesses money on electricity bills," Polis said. "These bipartisan bills are a reflection of Colorado's leadership in clean tech-innovation. As we continue to implement the Roadmap, we will continue to closely engage diverse perspectives across the state, including our business partners."

Legislators and other government watchers say it's hard to be more specific yet, because achievement of the goals depends upon many factors, including the ways in which the bills are implemented through agency rulemaking.

That's one reason why not much in the way of concern has surfaced about the 11 bills.

A controversial oil and gas bill that was not part of the May 30 suite has attracted a lot of attention, however, and where there has been opposition, it has been focused in that direction.

THE PLAN

The 11-page roadmap outlines seven steps on the path toward the state's energy future:

- Modernize the Public Utilities Commission, the agency that regulates the state's telecommunications and utilities;
- Grow green jobs, save consumers money;
- Promote energy efficiency;
- Encourage more zero emission vehicles and commuting options;
- Ensure a just and equitable energy transition for all Coloradans;
- Support local commitment to 100 percent renewable energy;
- Move toward zero emission buildings.

The goals are motivated “by the moral imperative to fight climate change ... as well as the opportunity to drive innovation and harness the consumer savings and economic benefits of leading the transition to a clean energy economy,” the plan states.

The legislature addressed the regulatory framework to achieve the goals and set specific, economy-wide targets for reducing greenhouse gas pollution.

THE BILLS

House Bill 19-1261 is the centerpiece of Polis’ energy suite.

The bill establishes a goal of reducing the state’s carbon emissions 90 percent below 2005 levels by 2040 and sets interim targets of 26 percent reduction by 2025 and 50 percent by 2030.

The bill directs the state’s Air Quality Control Commission to take cost-effective action and make rules to achieve these goals. The Public Utilities Commission, however, retains authority over the state’s public utilities.

Senate Bill 19-236 reestablishes the PUC, continues its functions until 2026 and directs it to take into account the “social cost” of carbon dioxide emissions in electric resource planning and approvals.

The bill gives the commission greater oversight over electric transmission entities like Tri-State Generation and Transmission, an association of electric cooperatives and power districts serving 1.3 million rural consumers that generates about half its power from coal, and Xcel Energy, the state’s largest power provider.

Among other things, this important bill also requires investor-owned utilities submitting a filing for the proposed retirement of an electric generating plant to include a plan for transitioning the members of its workforce to other jobs.

Two bills, HB 19-1003 and HB 19-1272, aim to benefit homeowners and business owners through cheaper, cleaner energy. The first bill expands access to community solar gardens, and the second clarifies the state's new energy improvement district program.

House Bill 19-1231 promotes energy efficiency by adopting new standards for certain appliances such as air compressors and other products. The new standards will be phased in over three years.

Senate Bill 19-77, HB 19-1159 and two related bills seek to pursue strategies to electrify transportation. The Senate bill requires public utilities to provide electric vehicle charging stations and authorizes them to recover costs. The House bill extends a tax credit on electric motor vehicles until 2025.

The legislature and Polis also sought to create more opportunities for workers to train for and get those "good-paying" clean energy jobs.

House Bill 19-1314 establishes a Just Transition Office that is tasked with developing programming and funding for communities and workers affected by the transition away from coal-generated electricity (this bill was signed May 28).

Finally, HB-1260 aims to upgrade the energy efficiency of buildings by requiring local jurisdictions to adopt the most recent International Energy Conservation Code when updating any other building code.

THE REACTIONS

Many legislators and environmental advocacy groups have praised the roadmap and implementing legislation, while acknowledging that the policies are broad and sweeping.

“Most people in the world of realistic understanding of climate change ... see renewable energy as a pass to reduced costs, reduced greenhouse gases and presumably less of this dramatically radical weather, which has had huge costs to the economy,” said Sen. Pete Lee of Colorado Springs, D-Dist. 11. “Failing to do some of these things set forth in [HB 19-]1261 is going to increase costs.”

Lee also thinks “the kinds of changes we’re making are going to improve public health.”

Lee was a Senate sponsor of the appliance and water standards bill.

“This bill will require that when new systems are put in, we have to use more efficient ones,” he said. “If not, we’re going to be using up precious resources and spending more on energy.”

Asking if businesses will be negatively affected by the changes “may be the wrong question,” Lee said. “In some of these cases, businesses will be leading the drive, taking on some of these issues and expanding them. ... I don’t see it as a threat to small businesses. I see opportunities as they move into the 21st century energy world and as we shift from a carbon-based economy.”

Good Business Colorado, whose members come from the nonprofit sector, supported several of the climate change bills, including 1261.

“Climate change threatens pretty much every sector of our economy,” Executive Director Debra Brown said. “The majority of our businesses really understand that.”

At the same time, they have concerns about investments in the current energy economy and support policies that help businesses transition into the new energy environment.

“There are a lot of opportunities, focused on how do we support these emerging industries as we transition out of coal and oil,” Brown said.

She said the organization’s sustainable environment committee will be watching for the transition to be accomplished “in a way that really shares opportunities for new businesses, business expansion and helping the transition of workers and businesses that are in the coal-based economy.”

The Small Business Majority, an advocacy and lobbying group, represents a diverse group of small business owners, some who favor renewables and others who feel challenged by the new policies.

“We haven’t heard a whole lot about energy policy impacting businesses on the ground,” Colorado Director Hunter Railey said. “Unless a company is specifically focused on energy issues or requires a lot of energy, we haven’t heard a whole lot about it. That’s not to say it won’t come later.”

Many owners are more focused on other issues, such as the family and medical leave act and recent changes in online sales tax regulations.

The Colorado Chamber of Commerce “raised many concerns throughout this legislative session about energy-related legislation that could be detrimental to the state’s overall economy long-term, and could result in lost jobs and revenue for the state,” Cynthia Meyer, director of communications, stated in an email.

“We opposed HB 19-1261 due to the broad rulemaking authority given to the Air Quality Control Commission. Among other energy bills, we also opposed the controversial SB-181 due to its sweeping impact on our members in the oil and gas industry,” Meyer said.

THE OIL AND GAS BILL

Senate Bill 19-181 imposes new restrictions on oil and gas activities in Colorado. Signed by Polis on April 16, it revamps the composition of the Colorado Oil and Gas Conservation Commission to include more representatives of conservation organizations and public health, and shifts its mission toward regulation prioritizing public health, safety, welfare and the environment.

The law has been strongly opposed by the energy industry, and several ballot initiatives are in progress to reverse or repeal it. The Colorado chamber testified against it in committee hearings.

“The oil and gas industry contributes \$13.5 billion to the Colorado economy, \$1 billion in taxes to fund state and local governments, and employs tens of thousands of workers,” the chamber stated in its 2019 legislative session summary.

The chamber feared that the law “could have a detrimental impact on the state’s overall economy, putting thousands of jobs at risk and resulting in billions in lost revenue,” the statement said.

Although the bill makes sweeping changes, especially to the Oil and Gas Conservation Commission, “much of its impact will be determined through future state and local rulemaking,” the chamber stated.

Railey said some of his members were concerned about the oil and gas bill as well.

“It comes down to the standard issues with local control: Are we going to be facing the same regulations, the same way, wherever we do business?” he said.

Many companies will be keeping a close eye on the regulations that emerge from state and local agencies on all of these bills.

For now, they're more focused on complying with the sales tax regulations and issues such as finding affordable commercial space.