



COLORADO
Energy Office

HR1 Impact on Colorado's Energy & Climate Goals

Presentation by the Colorado Energy Office
July 2025

Agenda



Clean Electricity Tax Credits



Electric Vehicle (EV) Tax Credits



Residential Energy & Efficiency Tax Credits

HR1 Impact

HR1 ends a number of tax credits that support clean energy, electric vehicle and home energy efficiency 5+ years early

- Created new requirements to access clean electricity credits

Loss of credits will increase costs for Colorado households

- Higher electricity prices for every household ~\$500/yr by 2035
- Loss of \$7,500 in EV tax credit, EV drivers save \$800/yr vs ICE vehicle drivers
- Loss of up to \$3,200 for home energy investment - which can save Coloradans up to \$1000/yr in energy costs



HR1 Impact on Colorado's Clean Electricity Goals



New timelines and other requirements will reduce the federal tax credits available for new wind and solar.

Clean Electricity Tax Credits Changes

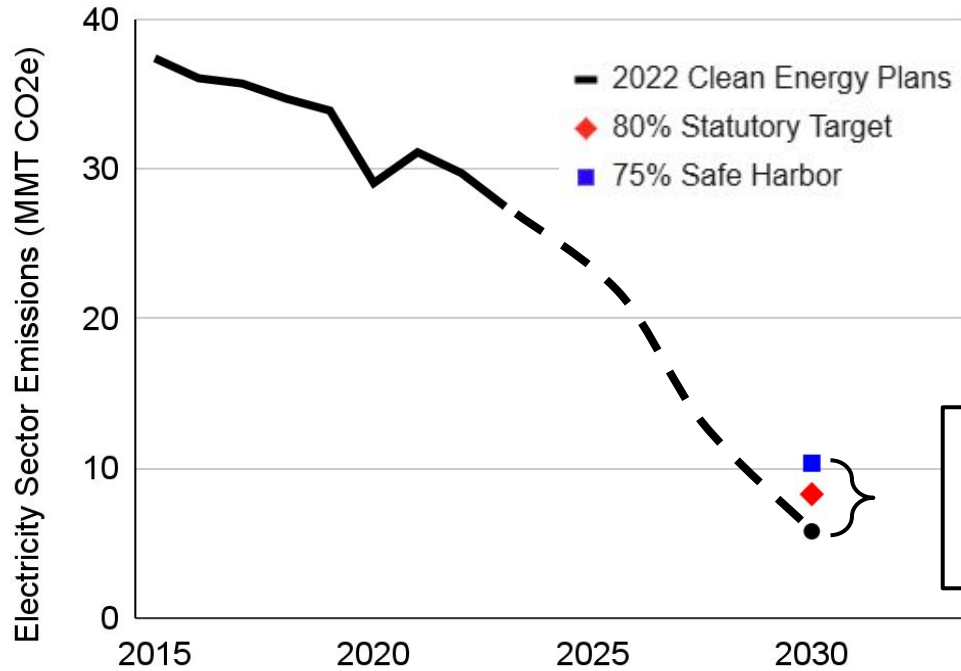
IRA Tax Credit	Description	Value	Changes in HR1
Clean Electricity Production Tax Credit 45Y	Technology neutral tax credit for production of clean electricity	\$5-\$27.5/Mwh base rate + various adders	Accelerates expiration dates for wind and solar* to qualify projects must commence construction before July 4, 2026 OR be put in service before Dec 31, 2027 <i>compared to 2029/2030</i> . New requirements for a Foreign Entity of Concern (FEOC) analysis if begins construction after Dec 31, 2025.
Clean Electricity Investment Tax Credit 48E	Technology neutral tax credit for investment in facilities that generate clean electricity	6-30% of eligible construction costs + various adders	

*Other technologies, such as geothermal, nuclear, continue to be available into mid 2030s.

Colorado's GHG Emissions Reductions Trajectory

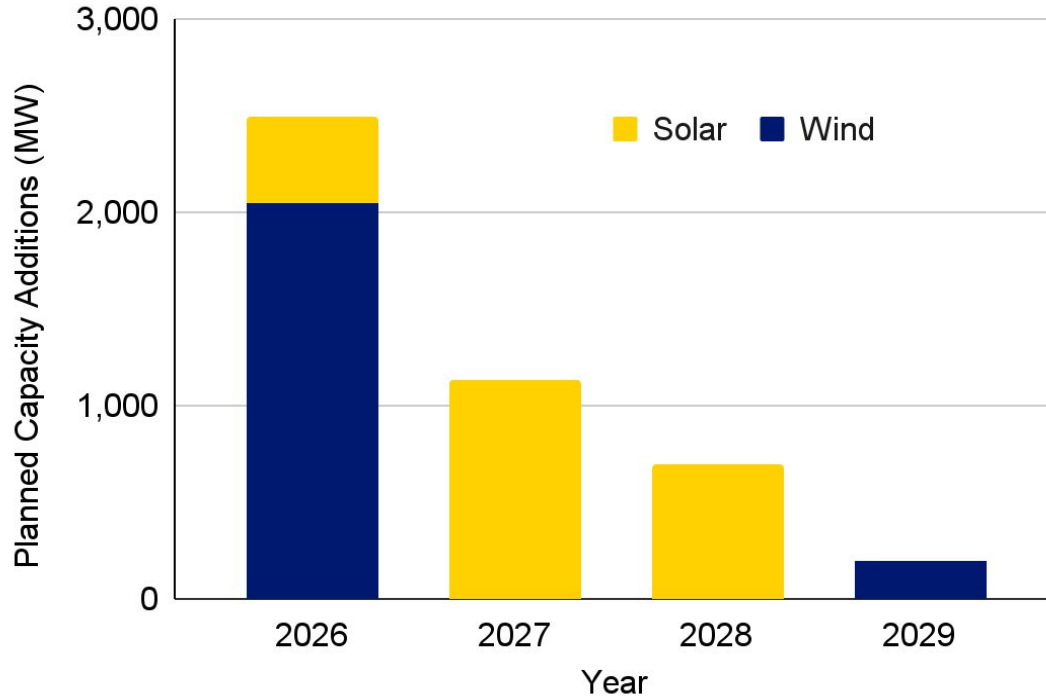
Prior to HR1, CO electric utilities planned to achieve an average GHG emissions reduction of ~86% by 2030.

Post-HR1, it is unclear if utilities will scale back renewable deployment plans.



Range of potential outcomes

Significant Renewable Deployment Planned

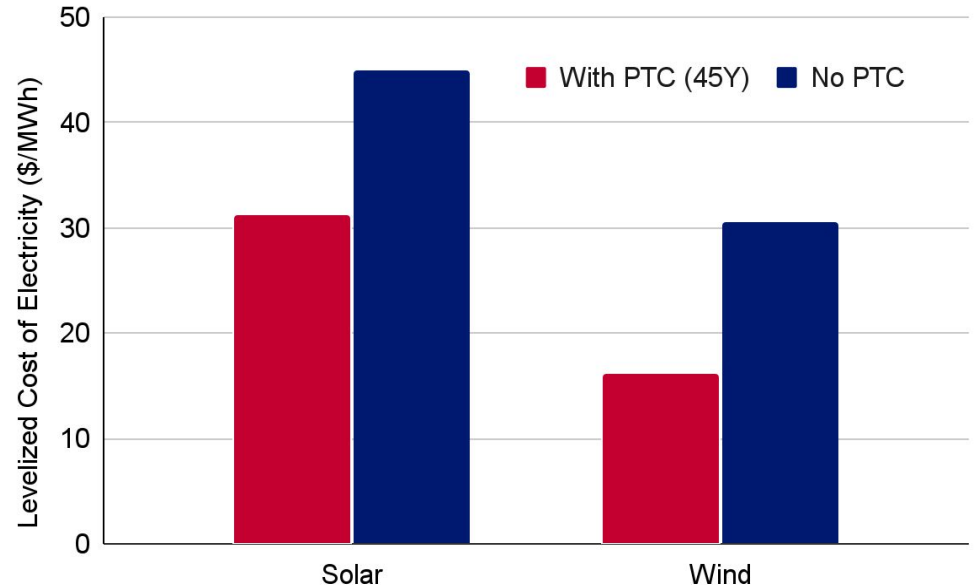


Multi-gigawatt pipeline of solar and wind projects are proposed by Xcel Energy, Black Hills, and Tri-state

Even with rescission of tax credits for wind and solar, renewable resources often remain the most cost effective and quickest to market, especially given supply chain constraints on new natural gas capacity.

45Y - Production Tax Credit (PTC)

Delivered cost of power from new solar and wind projects will increase if not eligible for the PTC (45Y)

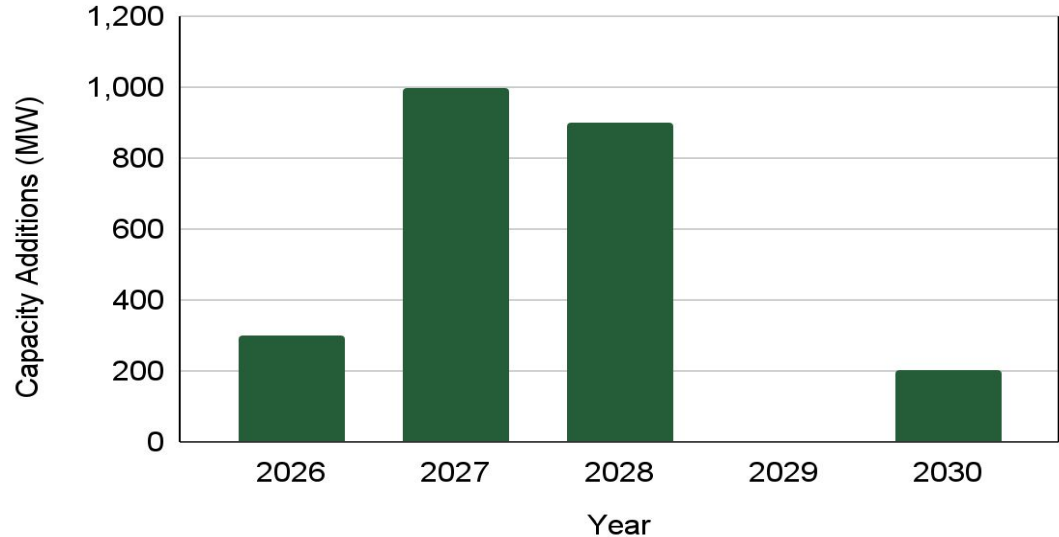


48E - Investment Tax Credit (ITC)

Colorado utilities and customers also plan significant investments in grid-scale battery storage projects

New FEOC requirements could put the 30% ITC (48E) at risk for ~\$4B in battery projects, potentially raising project costs significantly

Planned Utility Battery Projects in CO



Effect on Residential Electricity Prices

Studies estimate that HR1 may:

Increase residential energy prices in Colorado by 3.4% in 2029 and up to 10% by 2035

Colorado household annual energy spending estimated increase \$500/yr by 2035

By 2029

↑ 3.4%
Residential
Natural Gas Prices

↓ 1,950
Lost Jobs

↓ \$190
Household
Income Loss

By 2035

↑ 10%
Colorado Residential
Electricity Price

↑ \$500/yr
Household Annual
Energy Spending



HR1 Impact on Colorado's Electric Vehicle (EV) Goals



In 2024, federal EV tax credits saved Coloradans an estimated \$225 million.

HR1 Impacts on Federal EV Tax Credits

Tax Credit	Description	Changes in HR1
EV Tax Credits	<ul style="list-style-type: none">● \$7,500 for new purchased or leased EVs● \$4,000 for used purchased EVs● Up to \$40,000 for Medium & Heavy Duty Vehicles EVs	Expire on 9/30/25 (vs 2032)
EV Charging Tax Credits	<ul style="list-style-type: none">● Alternative Fuel Infrastructure Tax Credit, up to 30% off the cost of installing a commercial charging station● Alternative Fuel Refueling Property Credit, up to \$1,000 for home charging station installation and panel upgrade	Projects not yet in service will expire on 6/30/26 (vs 2032)



Colorado EV Incentives: A Shifting Landscape

Current EV Incentives

(July 2025)

\$19,500



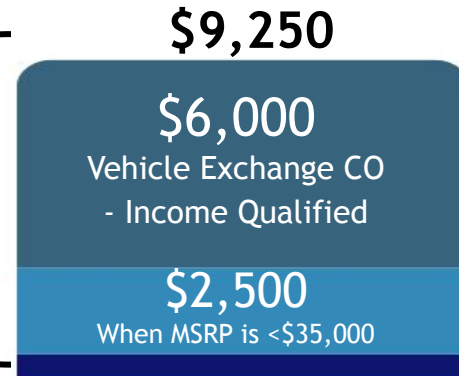
Federal

State

Projected EV Incentives

(Jan 2026)

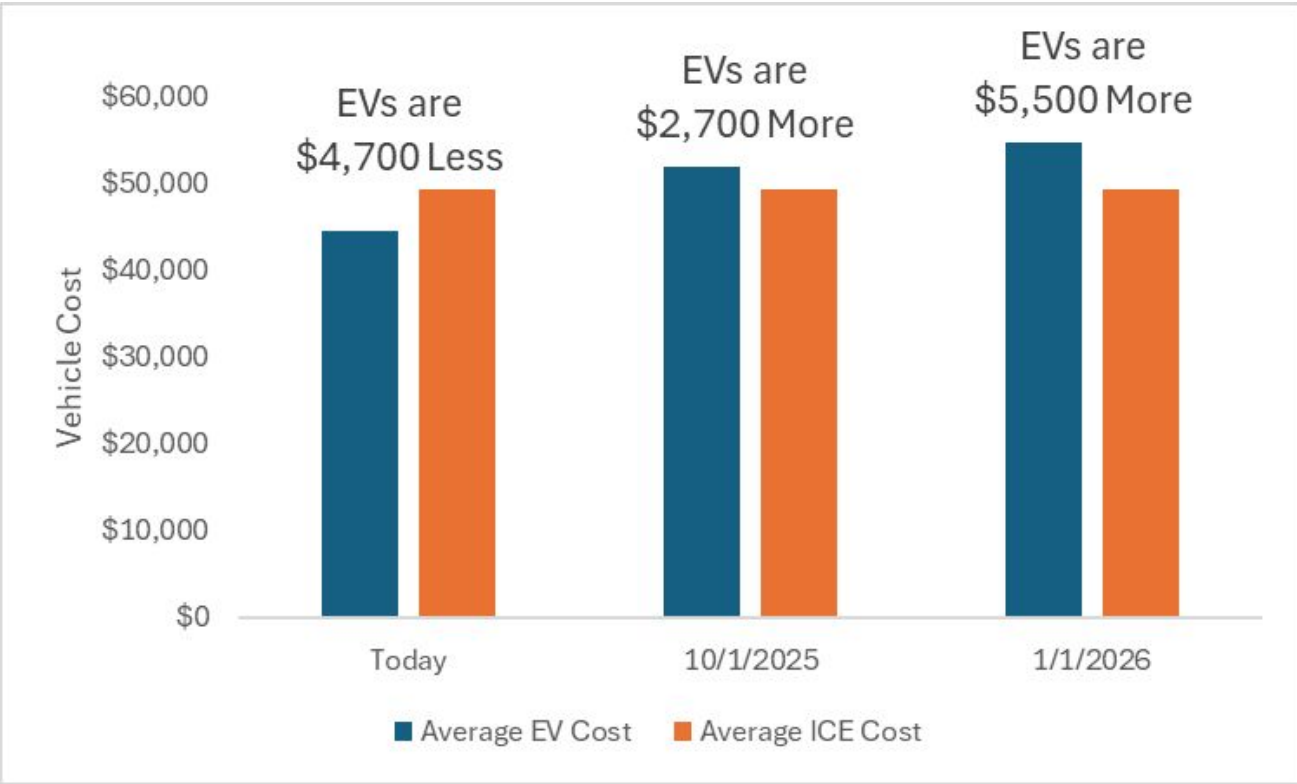
↓ 47%



\$750
For new or leased EVs



Impact of Changing Fed & State Incentives, EVs vs. ICE

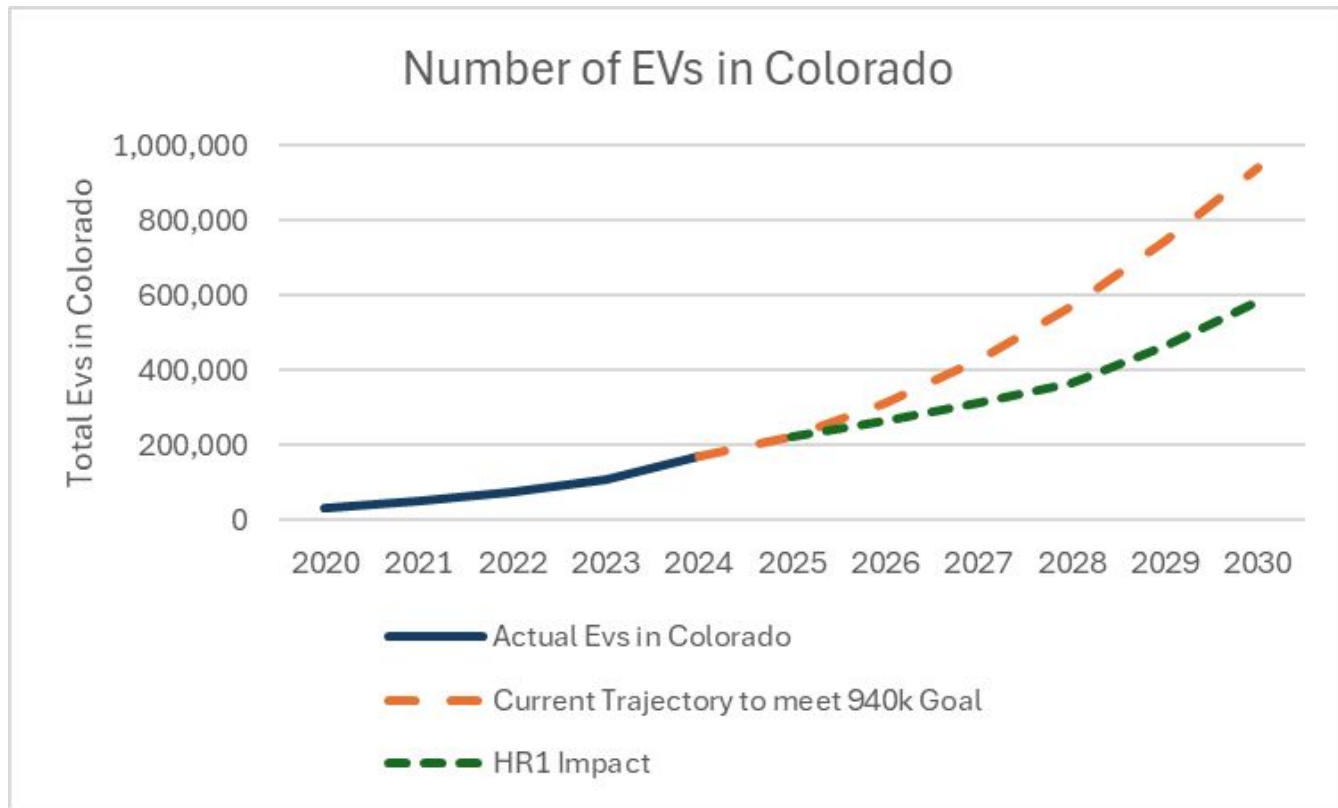


Loss of federal and state incentives will make electric vehicles (EVs) more expensive compared to internal combustion engine (ICE) vehicles by late 2025.

EV Targets vs Likely Adoption Trajectory

Today there are
192,000 EVs on
the road in
Colorado

In 2024, EVs
made up
25.5% of new
vehicle sales



HR1 EV Impacts

**With an estimated
360,000 more ICE
vehicles (and
fewer EVs) on the
road in 2030:**

Coloradans will spend \$287 million more
in fuel and maintenance costs in 2030

Colorado vehicles will emit approximately **1.6 Million
Metric Tons** more of GHG emissions from the
Transportation sector (which is 12% of the 2030
reduction goal of 12.7 MMT)



HR1 Impact on Residential Clean Energy & Energy Efficiency Tax Credits



Energy efficient homes save Colorado families money on energy bills, make homes safer, and increase Colorado's energy independence.

Tax Credits Created by IRA, HR1 changes

Tax Credit	Description	Value	Changes in HR1
Residential Clean Energy Credit 25D	Tax credit for qualified clean energy property, including <ul style="list-style-type: none">• Solar electric panels• Solar water heaters• Geothermal heat pumps• Fuel cells• Battery storage technology	30% of qualified expenses through 2032, 26% through 2034	Repealed after Dec 31, 2025 (vs 2034)
Residential Energy Efficient Home Improvement Credit 25C	Eligible improvements include: <ul style="list-style-type: none">• Insulation and air sealing• Exterior doors and windows• Energy-efficient heating and cooling equipment	30% of qualified expenses up to \$3200	Must be placed in service by December 31, 2025 (vs 2032)

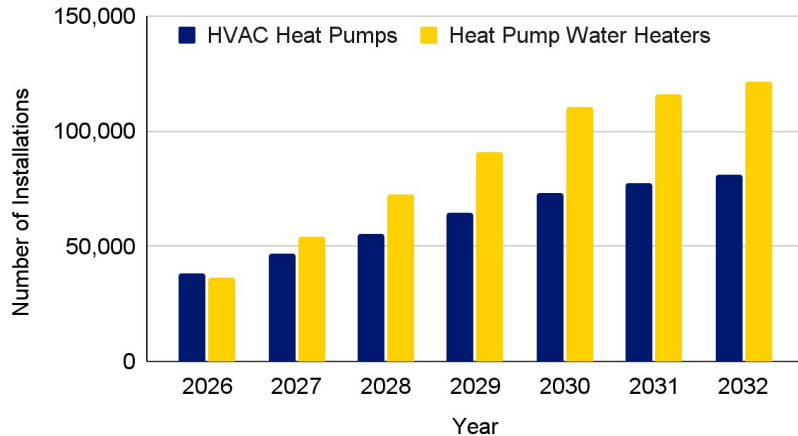


State Goals for Heat Pump Deployment

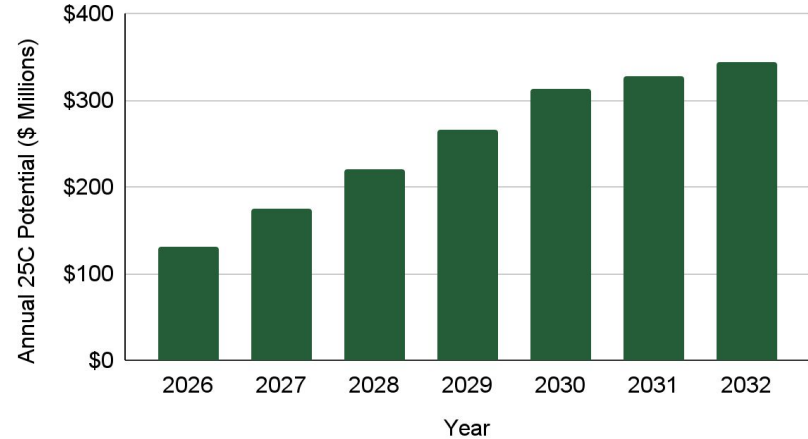
To meet state goals, significant increases in residential heat pump deployment are required.

Early expiration of the 25C tax credit projected to cost Coloradans up to \$1.8B

Projected Annual Heat Pump Installations in Colorado

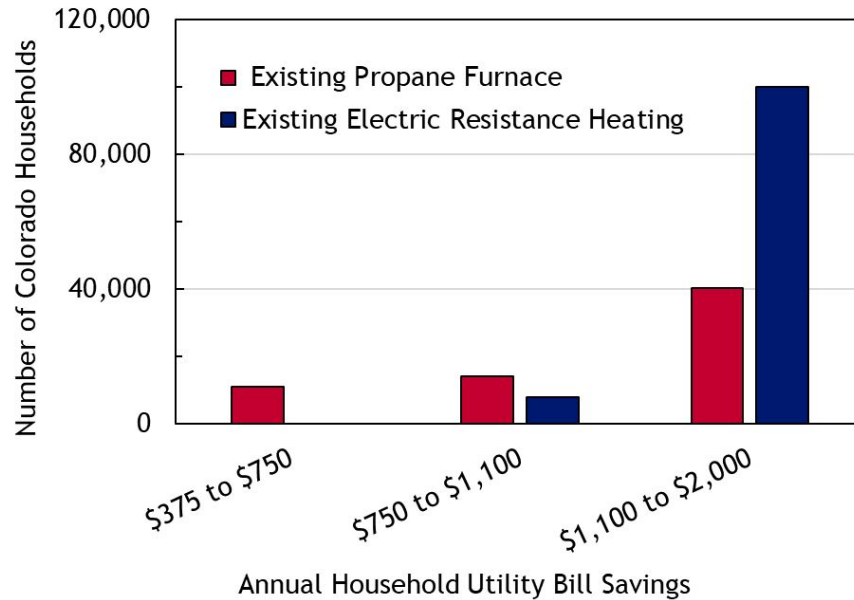


25C Tax Credit Potential from Heat Pumps in CO



Heat pumps can save Coloradans money

Homes heated with propane furnaces or electric resistance systems realize significant yearly savings after installing a heat pump.



Summary

Early end to tax credits that support clean energy, electric vehicles and home energy efficiency will lead to increased costs for Colorado business and households

State can work to ensure Colorado utilities, businesses, households are 1) aware of credits, 2) able to take advantage of the credits as much as possible given shortened timeframes and additional requirements



Thank you

For questions or follow-up, please don't hesitate to reach out.

will.toor@state.co.us

keith.m.hay@state.co.us

dominique.gomez@state.co.us

mike.salisbury@state.co.us



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