

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

April 27, 2023
Date

Committee on Finance.

After consideration on the merits, the Committee recommends the following:

HB23-1281 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend the Energy and Environment Committee Report, dated April 20,
2 2023, page 1, strike lines 14 through 19.

3 Page 2, strike lines 1 through 14 and substitute:

4 "Page 4 of the printed bill, strike lines 12 through 27.

5 Strike pages 5 and 6.

6 Page 7 of the bill, strike lines 1 through 5 and substitute:

7 **"40-2-138. Projects for the production of clean hydrogen -**
8 **proceeding - hydrogen hub projects - rules - definitions.** (1) AS USED
9 IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

10 (a) "CLEAN HYDROGEN" MEANS:

11 (I) GREEN HYDROGEN, AS DEFINED IN SECTION 40-3.2-108 (2)(j);

12 OR

13 (II) HYDROGEN THAT IS PRODUCED THROUGH A PROCESS THAT
14 RESULTS IN LIFECYCLE GREENHOUSE GAS EMISSIONS RATES THAT ARE
15 WITHIN THE LIFECYCLE GREENHOUSE GAS EMISSIONS RATE RANGES SET
16 FORTH IN 26 U.S.C. SECS. 45V (b)(2)(C) AND 45V (b)(2)(D), AS
17 AMENDED.

18 (b) (I) "CLEAN HYDROGEN PROJECT" MEANS A PROJECT THAT
19 RESULTS IN THE PRODUCTION OR USE OF CLEAN HYDROGEN BY AN
20 INVESTOR-OWNED UTILITY.

21 (II) "CLEAN HYDROGEN PROJECT" MAY INCLUDE PIPELINES,
22 ELECTROLYZERS, ENVIRONMENTAL CONTROLS, MONITORING EQUIPMENT,
23 DEDICATED RENEWABLE ENERGY SOURCES FOR ELECTROLYSIS, THE

1 PURCHASE OF CLEAN HYDROGEN FROM THIRD PARTIES, AND AN UPGRADE
2 TO A TURBINE AT AN ELECTRIC GENERATING STATION IF THAT UPGRADE IS
3 PART OF A STATE OR FEDERAL APPLICATION FOR A REGIONAL CLEAN
4 HYDROGEN HUB UNDER 42 U.S.C. 16161a.

5 "(c) "CUMULATIVE IMPACTS" MEANS THE INCREMENTAL EFFECTS
6 OF A CLEAN HYDROGEN PROJECT ON THE ENVIRONMENT, INCLUDING
7 EFFECTS ON AIR QUALITY, WATER QUALITY, WATER RESOURCE
8 AVAILABILITY, CLIMATE, AND PUBLIC HEALTH, THAT A CLEAN HYDROGEN
9 PROJECT HAS WHEN ADDED TO THE IMPACTS FROM OTHER PAST, PRESENT,
10 AND REASONABLY FORESEEABLE FUTURE DEVELOPMENT OF ANY TYPE ON
11 THE RELEVANT AREA, INCLUDING AN AIRSHED OR WATERSHED, AS
12 DETERMINED BY RULE BY THE COMMISSION, OR ON A
13 DISPROPORTIONATELY IMPACTED COMMUNITY.

14 (d) "DISPROPORTIONATELY IMPACTED COMMUNITY" HAS THE
15 MEANING SET FORTH IN SECTION 24-4-109 (2)(b)(II).

16 (e) (I) "HARD TO DECARBONIZE END USE" MEANS INDUSTRIAL USES
17 THAT INCLUDE:

18 (A) THE GENERATION OF HEAT OF AT LEAST ONE HUNDRED FIFTY
19 DEGREES CELSIUS FOR INDUSTRIAL PURPOSES; AND

20 (B) ADDITION AS FEEDSTOCK FOR INDUSTRIAL PURPOSES,
21 INCLUDING MANUFACTURE OF STEEL, AMMONIA, FERTILIZER, AND
22 CHEMICALS.

23 (II) "HARD TO DECARBONIZE END USE" DOES NOT INCLUDE THE
24 DIRECT USE OF HYDROGEN FOR RESIDENTIAL OR COMMERCIAL HEATING.

25 (f) "HYDROGEN HUB PROJECT" MEANS A PROJECT THAT IS PART OF
26 AN APPLICATION FOR FEDERAL FUNDING BY A PARTNERSHIP OF REGULATED
27 UTILITIES, PRIVATE PARTNERS, AND COMPANIES AND MAY INCLUDE STATE
28 OR FEDERAL GOVERNMENT AGENCIES IN COLLABORATION WITH OTHER
29 STATES THAT IS DESIGNED TO UTILIZE AVAILABLE FEDERAL FUNDS AND
30 TAX CREDITS, WHICH MAY INCLUDE THE PRODUCTION, TRANSPORT, AND
31 USE OF CLEAN HYDROGEN.

32 (g) "LIFECYCLE GREENHOUSE GAS EMISSIONS RATE" MEANS
33 LIFECYCLE GREENHOUSE GAS EMISSIONS, AS DEFINED IN 26 U.S.C. SEC.
34 45V (c)(1)(A), AS AMENDED, MEASURED IN ACCORDANCE WITH ANY
35 APPLICABLE FEDERAL INTERNAL REVENUE SERVICE REGULATIONS OR
36 GUIDANCE.

37 (h) "OFFICE" MEANS THE COLORADO ENERGY OFFICE CREATED IN
38 SECTION 24-38.5-101.

39 (i) "QUALIFIED USE" MEANS THE USE OF CLEAN HYDROGEN IN THE
40 STATE FOR:

41 (I) HARD TO DECARBONIZE END USES;

42 (II) THE OPERATION OF A HEAVY-DUTY MOTOR VEHICLE, AS
43 DEFINED IN SECTION 25-7.5-102 (11); AND

- 1 (III) AVIATION.
- 2 (2) THE COMMISSION SHALL INITIATE AN INVESTIGATORY
3 PROCEEDING, NO LATER THAN AUGUST 1, 2023, TO CONSIDER:
- 4 (a) THE POTENTIAL FOR CLEAN HYDROGEN PROJECTS OPERATED BY
5 INVESTOR-OWNED UTILITIES SUBJECT TO REGULATION BY THE COMMISSION
6 TO CONTRIBUTE TO MEETING THE GREENHOUSE GAS EMISSION REDUCTION
7 GOALS DESCRIBED IN SECTION 25-7-102 (2)(g), INCLUDING LIFECYCLE
8 GREENHOUSE GAS EMISSIONS RATES, WITH A PREFERENCE FOR QUALIFIED
9 USES;
- 10 (b) THE IMPACT OF CLEAN HYDROGEN PROJECTS ON THE EMISSION
11 OF AIR POLLUTANTS OTHER THAN GREENHOUSE GASES AND HUMAN
12 HEALTH;
- 13 (c) POTENTIAL MARKETS FOR CLEAN HYDROGEN IN COLORADO;
- 14 (d) THE IMPACT OF CLEAN HYDROGEN PRODUCTION ON WATER
15 QUALITY AND QUANTITY IN COLORADO;
- 16 (e) THE POTENTIAL IMPACTS OF PIPELINE LEAKAGE AND BEST
17 PRACTICES FOR MITIGATION;
- 18 (f) THE POTENTIAL FOR THE DEVELOPMENT OF CLEAN HYDROGEN
19 TO HELP CREATE OR SUSTAIN JOBS IN COLORADO, INCLUDING UTILITY
20 JOBS;
- 21 (g) THE COST, CAPABILITIES, AND MARKET AVAILABILITY OF
22 CLEAN HYDROGEN TECHNOLOGIES, INCLUDING PIPELINE INVESTMENTS;
- 23 (h) THE APPROPRIATE ROLES FOR INVESTOR-OWNED UTILITIES IN
24 THE PRODUCTION, SALE, OR USE OF CLEAN HYDROGEN, INCLUDING
25 CONSIDERING WHETHER COSTS MAY BE RECOVERED FROM RATEPAYERS;
- 26 (i) THE POTENTIAL IMPACT OF INVESTOR-OWNED UTILITY
27 INVESTMENTS IN A CLEAN HYDROGEN PROJECT ON RATEPAYERS,
28 INCLUDING ON BILLS, RATES, AND RATE STABILITY, AND OPTIONS FOR
29 AVOIDING POTENTIAL CROSS-SUBSIDIZATION AND COST SHIFTING ACROSS
30 RATE CLASSES;
- 31 (j) PRINCIPLES AND REQUIREMENTS FOR ANY TARIFFS FOR THE
32 SALE OF CLEAN HYDROGEN TO THIRD PARTIES, INCLUDING PRINCIPLES AND
33 REQUIREMENTS TO ENSURE THAT COSTS ARISING FROM THE DEVELOPMENT,
34 PRODUCTION, TRANSPORT, AND DELIVERY OF THE CLEAN HYDROGEN
35 UNDER THOSE TARIFFS ARE NOT BORNE BY CUSTOMERS WHO DO NOT TAKE
36 SERVICE FROM THOSE TARIFFS;
- 37 (k) THE PROCESS AND DATA NECESSARY AND AVAILABLE TO
38 IMPLEMENT A REQUIREMENT FOR THE ADOPTION OF METHODS FOR:
- 39 (I) THE MEASUREMENT OF LIFECYCLE GREENHOUSE GAS EMISSIONS
40 RATES, INCLUDING METHODS FOR DETERMINING WHEN HOURLY MATCHING
41 OF ELECTRICITY USED WILL BECOME ECONOMICALLY VIABLE;
- 42 (II) THE TRACKING OF THE DEPLOYMENT OF NEW RENEWABLE
43 ENERGY RESOURCES OR USE OF CURTAILED RENEWABLE ENERGY TO MEET

1 ELECTRICITY REQUIREMENTS FOR PRODUCTION OF CLEAN HYDROGEN IN
2 THE SAME LOAD BALANCING AREA; AND

3 (III) THE COMMISSION TO DETERMINE WHEN AT LEAST TWO
4 HUNDRED MEGAWATTS OF ELECTROLYZERS ARE OPERATIONAL IN THE
5 STATE;

6 (I) THE PROCESS AND DATA NECESSARY FOR AN INVESTOR-OWNED
7 UTILITY TO CONDUCT A CUMULATIVE IMPACT ANALYSIS OF A CLEAN
8 HYDROGEN PROJECT AND ANY PROCESS NECESSARY TO AVOID ADVERSE
9 CUMULATIVE IMPACTS ON DISPROPORTIONATELY IMPACTED COMMUNITIES,
10 IF ANY, WHICH MAY INCLUDE THE COMMISSION CONSIDERING:

11 (I) THE TIME FRAME OVER WHICH A CUMULATIVE IMPACT
12 ANALYSIS SHOULD BE CONDUCTED;

13 (II) THE GEOGRAPHICAL SCOPE OF A CUMULATIVE IMPACT
14 ANALYSIS; AND

15 (III) WHETHER THE CUMULATIVE IMPACT ANALYSIS SHOULD BE
16 COMPARED TO ALTERNATIVE PROJECTS;

17 (m) REQUIREMENTS FOR AN APPLICATION FOR A CLEAN HYDROGEN
18 PROJECT, IN ADDITION TO THE REQUIREMENTS DESCRIBED IN SUBSECTION
19 (3)(a)(V) OF THIS SECTION AND SUBJECT TO SUBSECTIONS (4) AND (5) OF
20 THIS SECTION;

21 (n) ANY DATA OR INFORMATION NECESSARY OR AVAILABLE TO
22 EVALUATE A CLEAN HYDROGEN PROJECT AGAINST ALTERNATIVE
23 PROJECTS, INCLUDING HOW TO MEASURE, TRACK, AND REPORT LIFECYCLE
24 GREENHOUSE GAS EMISSIONS RATES, CUMULATIVE IMPACTS, AND THE
25 CUMULATIVE IMPACTS AND INDIVIDUAL IMPACTS ON JOBS, LOCAL
26 ECONOMIC BENEFITS, AND WATER USE BY CLEAN HYDROGEN PROJECTS
27 UNDER THE COMMISSION'S JURISDICTION;

28 (o) OPPORTUNITIES TO ENCOURAGE NON-UTILITY PRODUCTION OF
29 CLEAN HYDROGEN IN COLORADO, INCLUDING OPPORTUNITIES FOR AN
30 INVESTOR-OWNED UTILITY TO PROPOSE A TARIFF FOR THE SALE OF
31 RENEWABLE ENERGY THAT WOULD OTHERWISE BE CURTAILED; AND

32 (p) ANY OTHER RELEVANT ISSUES THAT THE COMMISSION
33 DETERMINES ARE NECESSARY TO CONSIDER.

34 (3) (a) NO LATER THAN DECEMBER 1, 2024, UNLESS THE OFFICE
35 FILES A NOTICE WITH THE COMMISSION STATING THAT THE FEDERAL
36 DEPARTMENT OF ENERGY HAS EXTENDED OR OTHERWISE ALTERED THE
37 DEADLINE REGARDING FUNDING FOR A HYDROGEN HUB PROJECT, THE
38 COMMISSION SHALL ADOPT RULES THAT:

39 (I) ESTABLISH REQUIREMENTS FOR LIFECYCLE GREENHOUSE GAS
40 EMISSIONS RATE ACCOUNTING FOR CLEAN HYDROGEN PROJECTS;

41 (II) ADDRESS THE APPROPRIATE ROLE OF INVESTOR-OWNED
42 UTILITIES IN THE PRODUCTION, SALE, AND USE OF CLEAN HYDROGEN,
43 INCLUDING WHETHER COSTS MAY BE RECOVERED FROM RATEPAYERS;

- 1 (III) ADDRESS HOW INVESTOR-OWNED UTILITIES MAY USE
2 COMPETITIVE SOLICITATIONS IN A CLEAN HYDROGEN PROJECT AND ANY
3 LIMITATIONS FOR THE USE OF COMPETITIVE SOLICITATIONS TO DEVELOP
4 THE CLEAN HYDROGEN PROJECT;
- 5 (IV) ESTABLISH A REQUIREMENT THAT ANY PLANNED OR
6 POTENTIAL USE FOR THE CLEAN HYDROGEN IN BUILDINGS OR GAS
7 DISTRIBUTION SYSTEMS OF AN INVESTOR-OWNED UTILITY BE PROPOSED TO
8 AND APPROVED BY THE COMMISSION THROUGH A CLEAN HEAT PLAN, AS
9 DEFINED IN SECTION 40-3.2-108 (2)(b); AND
- 10 (V) ADDRESS WHAT IS REQUIRED IN AN APPLICATION BY AN
11 INVESTOR-OWNED UTILITY FOR A CLEAN HYDROGEN PROJECT, SUBJECT TO
12 SUBSECTIONS (4) AND (5) OF THIS SECTION, INCLUDING:
- 13 (A) A COMPARISON OF A CLEAN HYDROGEN PROJECT TO
14 ALTERNATIVE PROJECTS, INCLUDING AN ANALYSIS OF THE COSTS AND
15 BENEFITS OF THE CLEAN HYDROGEN PROJECT COMPARED TO ALTERNATIVE
16 PROJECTS;
- 17 (B) A DESCRIPTION OF HOW THE INVESTOR-OWNED UTILITY WILL
18 MEASURE AND TRACK THE ANNUAL AND CUMULATIVE LIFECYCLE
19 GREENHOUSE GAS EMISSIONS RATES AND THE EMISSION OF OTHER AIR
20 POLLUTANTS IN ACCORDANCE WITH THE RULES ADOPTED PURSUANT TO
21 SUBSECTION (3)(a)(I) OF THIS SECTION;
- 22 (C) A DESCRIPTION OF HOW THE INVESTOR-OWNED UTILITY WILL:
23 MINIMIZE THE LIFECYCLE GREENHOUSE GAS EMISSIONS RATES OF THE
24 CLEAN HYDROGEN PROJECT; CONDUCT LEAK DETECTION THROUGHOUT THE
25 LIFE OF THE CLEAN HYDROGEN PROJECT; AND CONDUCT A CUMULATIVE
26 IMPACT ANALYSIS OF THE CLEAN HYDROGEN PROJECT;
- 27 (D) AN ASSESSMENT OF THE ANNUAL WATER VOLUME THAT WILL
28 BE USED IN THE CLEAN HYDROGEN PROJECT, INCLUDING THE SOURCE OF
29 WATER TO BE USED;
- 30 (E) A DESCRIPTION OF ANY PLANNED USES, INCLUDING POTENTIAL
31 END USES BY THE INVESTOR-OWNED UTILITY'S CUSTOMERS, OF THE CLEAN
32 HYDROGEN PRODUCED THROUGH THE CLEAN HYDROGEN PROJECT, WITH A
33 PREFERENCE FOR QUALIFIED USES;
- 34 (F) A DESCRIPTION OF ANY PLANNED SALES OF CLEAN HYDROGEN
35 TO NON-UTILITY CUSTOMERS, WITH A PREFERENCE FOR QUALIFIED USES;
- 36 (G) A DESCRIPTION OF THE PROPOSED METHOD OF COST RECOVERY
37 FOR THE CLEAN HYDROGEN PROJECT, INCLUDING INFORMATION
38 REGARDING WHICH RATE CLASSES WILL COVER THE COSTS OF THE CLEAN
39 HYDROGEN PROJECT;
- 40 (H) A DESCRIPTION OF THE TOTAL REVENUE REQUIREMENT FOR
41 THE CLEAN HYDROGEN PROJECT;
- 42 (I) A DESCRIPTION OF THE RATE AND BILL IMPACTS OF THE CLEAN
43 HYDROGEN PROJECT;

1 (J) A DESCRIPTION OF ANY TARIFFS FOR THE SALE OF CLEAN
2 HYDROGEN PRODUCED BY THE CLEAN HYDROGEN PROJECT;

3 (K) A PROPOSAL FOR THE ALLOCATION OF REVENUES RECEIVED
4 FROM THE SALE OF CLEAN HYDROGEN PRODUCED BY THE CLEAN
5 HYDROGEN PROJECT TO NON-UTILITY CUSTOMERS AMONG CUSTOMERS
6 AND THE INVESTOR-OWNED UTILITY, INCLUDING WHICH PARTY BEARS THE
7 RISK THAT THE AMOUNT OF REVENUE ANTICIPATED FROM THE CLEAN
8 HYDROGEN PROJECT IS NOT ULTIMATELY RECEIVED;

9 (L) A CUMULATIVE IMPACT ANALYSIS FRAMEWORK; AND

10 (M) IF THE INVESTOR-OWNED UTILITY PLANS TO USE A
11 COMPETITIVE SOLICITATION PROCESS AS PART OF THE CLEAN HYDROGEN
12 PROJECT, A DESCRIPTION OF HOW THE PLANNED COMPETITIVE
13 SOLICITATION PROCESS WILL BE USED AND IN WHAT CIRCUMSTANCES THE
14 PROCESS WILL BE USED.

15 (b) (I) THE RULES ADOPTED BY THE COMMISSION PURSUANT TO
16 SUBSECTION (3)(a)(I) OF THIS SECTION MUST INCLUDE REQUIREMENTS FOR:

17 (A) THE COMMISSION TO DETERMINE WHEN MATCHING OF
18 ELECTROLYZER ENERGY CONSUMPTION WITH ELECTRICITY PRODUCTION
19 ON AN HOURLY BASIS IS ECONOMICALLY VIABLE;

20 (B) THE ADDITIONALITY OR CURTAILMENT OF ZERO EMISSION
21 ENERGY THAT MEETS THE ENERGY CONSUMPTION OF THE ELECTROLYZER,
22 WHEN COUNTING ENERGY USED FOR HYDROGEN PRODUCTION AS ZERO
23 EMISSIONS, WHICH MUST BE CONSIDERED FOR ENERGY PRODUCTION THAT
24 BEGAN LESS THAN TWELVE MONTHS BEFORE THE START OF OPERATIONS OF
25 THE ELECTROLYZER;

26 (C) THE DELIVERABILITY OF RENEWABLE ENERGY USED BY THE
27 ELECTROLYZER INTO THE SAME LOAD BALANCING AREA AS THE
28 ELECTROLYZER.

29 (II) THE COMMISSION SHALL MAKE THE RULES ADOPTED BY THE
30 COMMISSION PURSUANT TO SUBSECTION (3)(a)(I) OF THIS SECTION
31 EFFECTIVE NO LATER THAN JANUARY 1, 2028, OR NO LATER THAN ONE
32 YEAR AFTER THE DEPLOYMENT OF HYDROGEN ELECTROLYZERS IN THE
33 STATE EXCEEDS TWO HUNDRED MEGAWATTS, WHICHEVER IS EARLIER.

34 (c) (I) IN DEVELOPING THE RULES PURSUANT TO SUBSECTION (3)(a)
35 OF THIS SECTION, THE COMMISSION SHALL CONSIDER THE POTENTIAL FOR
36 FEDERAL FUNDING FOR CLEAN HYDROGEN PROJECTS AND THAT CLEAN
37 HYDROGEN PROJECTS IMPLEMENTED BY INVESTOR-OWNED UTILITIES MAY
38 BE NECESSARY TO SECURE FEDERAL FUNDING.

39 (II) IN DEVELOPING THE RULES PURSUANT TO SUBSECTION (3)(a)(I)
40 OF THIS SECTION, THE COMMISSION SHALL CONSIDER WHAT INFORMATION
41 AND MARKET MECHANISMS ARE NECESSARY AND AVAILABLE FOR
42 HYDROGEN PRODUCERS TO COMPLY WITH THE RULES. IF THE FEDERAL
43 INTERNAL REVENUE SERVICE ISSUES GUIDANCE THAT MEETS OR EXCEEDS

1 THE RULES, THE COMMISSION SHALL ADOPT RULES THAT COMPLY WITH THE
2 GUIDANCE.

3 (d) IF THE OFFICE FILES THE NOTICE DESCRIBED IN SUBSECTION
4 (3)(a) OF THIS SECTION WITH THE COMMISSION, THE COMMISSION SHALL
5 COORDINATE WITH THE OFFICE TO DETERMINE AN APPROPRIATE DATE FOR
6 THE ADOPTION OF THE RULES DESCRIBED IN SUBSECTION (3)(a) OF THIS
7 SECTION.

8 (4) (a) THE COMMISSION SHALL ALLOW AN INVESTOR-OWNED
9 UTILITY TO PRESENT TO THE COMMISSION A STAND-ALONE APPLICATION
10 FOR A CLEAN HYDROGEN PROJECT FOR WHICH AN INVESTOR-OWNED
11 UTILITY HAS APPLIED FOR FEDERAL FUNDING AS PART OF A HYDROGEN HUB
12 PROJECT AT ANY TIME BEFORE JUNE 1, 2024, UNLESS THE OFFICE FILES A
13 NOTICE WITH THE COMMISSION STATING THAT THE FEDERAL DEPARTMENT
14 OF ENERGY HAS EXTENDED OR OTHERWISE ALTERED THE DEADLINE
15 REGARDING FUNDING FOR A HYDROGEN HUB PROJECT. THE APPLICATION
16 MAY ONLY ADDRESS ELEMENTS OF A HYDROGEN HUB PROJECT THAT ARE
17 NOT LOCATED IN THE DENVER METROPOLITAN AREA.

18 (b) THE APPLICATION PROCESS DESCRIBED IN SUBSECTION (4)(a)
19 OF THIS SECTION MUST BE CONSISTENT WITH THE REQUIREMENTS OF
20 SUBSECTION (3) OF THIS SECTION. AN INVESTOR-OWNED UTILITY SEEKING
21 APPROVAL OF A CLEAN HYDROGEN PROJECT PURSUANT TO SUBSECTION
22 (4)(a) OF THIS SECTION SHALL ALSO DEMONSTRATE THAT A
23 TIME-SENSITIVE REVIEW OF THE INVESTOR-OWNED UTILITY'S APPLICATION
24 IS NECESSARY BASED ON THE TIMING REQUIREMENTS FOR OBTAINING
25 NECESSARY FUNDING, NOT INCLUDING TAX CREDITS, FROM, OR A
26 PARTNERSHIP WITH, A FEDERAL OR STATE AGENCY FOR THE ACQUISITION
27 OF NECESSARY FACILITIES AND THAT THE FUNDING OR PARTNERSHIP
28 CANNOT BE ACCOMPLISHED THROUGH ANY PENDING OR FUTURE ELECTRIC
29 RESOURCE PLANNING PROCESS.

30 (c) IF THE FUNDING OR PARTNERSHIP DESCRIBED IN SUBSECTION
31 (4)(b) OF THIS SECTION, INCLUDING ANY ASSOCIATED CONTRACTS,
32 AWARDS, OR TIMING REQUIREMENTS, ALLOWS FOR COMPETITIVE
33 SOLICITATIONS AS PART OF THE DEVELOPMENT OF THE CLEAN HYDROGEN
34 PROJECT, THE COMMISSION MAY DIRECT THE INVESTOR-OWNED UTILITY TO
35 ISSUE A SOLICITATION TO ACQUIRE THE NECESSARY PROJECTS OR
36 FACILITIES FOR THE CLEAN HYDROGEN PROJECT. THE COMMISSION SHALL
37 REVIEW ANY APPROVED COMPETITIVE SOLICITATION PROCESS AND BIDS
38 RECEIVED PRIOR TO THE INVESTOR-OWNED UTILITY'S ACQUISITION OF THE
39 NECESSARY FACILITIES FOR THE CLEAN HYDROGEN PROJECT. AN
40 INVESTOR-OWNED UTILITY THAT FILED THE CLEAN HYDROGEN PROJECT
41 APPLICATION PURSUANT TO SUBSECTION (4)(a) OF THIS SECTION MAY
42 SUBMIT A BID IN RESPONSE TO A SOLICITATION PURSUANT TO THIS
43 SUBSECTION (4)(c).

1 (5) (a) IN REVIEWING, APPROVING, DENYING, OR AMENDING AN
2 APPLICATION PURSUANT TO THIS SECTION, THE COMMISSION SHALL
3 CONSIDER, AT A MINIMUM:

4 (I) WHETHER IT IS IN THE PUBLIC INTEREST FOR AN
5 INVESTOR-OWNED UTILITY TO INVEST IN THE ELEMENTS OF THE CLEAN
6 HYDROGEN PROJECT AS SET FORTH IN THE APPLICATION;

7 (II) THE POTENTIAL CONTRIBUTION OF THE CLEAN HYDROGEN
8 PROJECT IN MEETING THE GREENHOUSE GAS EMISSION REDUCTION GOALS
9 DESCRIBED IN SECTION 25-7-102 (2)(g), INCLUDING LIFECYCLE
10 GREENHOUSE GAS EMISSIONS RATES;

11 (III) THE IMPACTS OF THE CLEAN HYDROGEN PROJECT COMPARED
12 TO ALTERNATIVE PROJECTS, INCLUDING:

13 (A) RATE AND BILL IMPACTS;

14 (B) THE IMPACTS ON RATE STABILITY; AND

15 (C) ANY OTHER IMPACTS IDENTIFIED BY THE COMMISSION
16 PURSUANT TO THIS SUBSECTION (5)(a);

17 (III) THE USE OF COMPETITIVE SOLICITATIONS, IF ANY;

18 (IV) IF THE CLEAN HYDROGEN PROJECT CONTEMPLATES THE SALE
19 OF CLEAN HYDROGEN, THE POTENTIAL FOR CROSS-SUBSIDIZATION AND
20 COST SHIFTING ACROSS RATE CLASSES;

21 (V) IF THE CLEAN HYDROGEN PROJECT IS PROPOSED TO BE SITED
22 IN AN AREA THAT WOULD AFFECT A DISPROPORTIONATELY IMPACTED
23 COMMUNITY, THE COMMISSION SHALL WEIGH THE SUBMITTED
24 CUMULATIVE IMPACTS ANALYSIS AND DETERMINE THROUGH A PLAIN
25 LANGUAGE SUMMARY OF ITS DETERMINATION WHETHER, ON BALANCE,
26 THE CLEAN HYDROGEN PROJECT WILL HAVE A POSITIVE IMPACT ON THE
27 DISPROPORTIONATELY IMPACTED COMMUNITY AND ANY PROPOSAL THAT
28 HAS A NET NEGATIVE IMPACT ON ANY DISPROPORTIONATELY IMPACTED
29 COMMUNITY MUST BE DENIED;

30 (VI) THE IMPACTS OF THE CLEAN HYDROGEN PROJECT ON THE
31 UTILITY WORKFORCE IN THE STATE, INCLUDING THE USE OF "BEST VALUE"
32 EMPLOYMENT METRICS PURSUANT TO SECTION 40-2-129;

33 (VII) THE IMPACTS OF THE CLEAN HYDROGEN PROJECT ON A
34 COMMUNITY'S TAX BASE AND REVENUES;

35 (VIII) THE USES OF THE CLEAN HYDROGEN PRODUCED BY THE
36 CLEAN HYDROGEN PROJECT, WITH A PREFERENCE FOR QUALIFIED USES;

37 (IX) THE PUBLIC HEALTH AND SAFETY IMPACTS OF THE CLEAN
38 HYDROGEN PROJECT; AND

39 (X) THE AVAILABILITY OF FEDERAL FUNDING FOR THE CLEAN
40 HYDROGEN PROJECT.

41 (b) THE COMMISSION SHALL REVIEW ANY CLEAN HYDROGEN
42 PROJECT APPLICATION SUBMITTED PURSUANT TO THIS SECTION IN
43 ACCORDANCE WITH ANY APPLICABLE ELECTRIC RESOURCE PLANNING

1 RULES.

2 (6) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE
3 CONTRARY, AN INVESTOR-OWNED UTILITY SHALL PROVIDE NOTICE TO THE
4 COMMISSION OF ANY APPLICATION FOR FEDERAL FUNDING AS PART OF A
5 HYDROGEN HUB PROJECT, INCLUDING:

6 (a) ANY HYDROGEN HUB PROJECT MILESTONES;
7 (b) A DESCRIPTION OF ANY DEADLINES FOR SUBMISSION OF
8 MATERIALS TO SUPPORT THE APPLICATION, INCLUDING WHETHER ANY
9 ADDITIONAL FILINGS WILL BE REQUIRED; AND
10 (c) TO THE EXTENT KNOWN OR CONSISTENT WITH ANY
11 REQUIREMENTS OR LIMITATIONS OF THE FEDERAL DEPARTMENT OF ENERGY
12 OR ANY RELATED JOINT MEMORANDUMS OF UNDERSTANDING OR OTHER
13 CONTRACTS ENTERED INTO BY THE INVESTOR-OWNED UTILITY AND THE
14 STATE, INFORMATION REGARDING WHEN FUNDING AWARDS WILL BE
15 DETERMINED.

16 (7) (a) AN INVESTOR-OWNED UTILITY THAT OPERATES A CLEAN
17 HYDROGEN PROJECT APPROVED PURSUANT TO THIS SECTION SHALL SUBMIT
18 TO THE COMMISSION AN ANNUAL REPORT THAT SHOWS:

19 (I) THE LIFECYCLE GREENHOUSE GAS EMISSIONS RATES FROM THE
20 CLEAN HYDROGEN PROJECT;
21 (II) THE GREENHOUSE GAS EMISSIONS FROM THE CLEAN HYDROGEN
22 PROJECT;
23 (III) ANY EMISSION OF OTHER AIR POLLUTANTS FROM THE CLEAN
24 HYDROGEN PROJECT;
25 (IV) THE WATER USE OF THE CLEAN HYDROGEN PROJECT;
26 (V) PRODUCTION VOLUMES AND SALES OF HYDROGEN, INCLUDING
27 TYPES OF CUSTOMERS AND USES;
28 (VI) PROJECT DEVELOPMENT AND COST UPDATES FOR PROJECTS
29 WITH COST RECOVERY FROM RATEPAYERS; AND
30 (VII) NET CUMULATIVE IMPACT UPDATES FOR PROJECTS LOCATED
31 IN DISPROPORTIONATELY IMPACTED COMMUNITIES.

32 (b) IF THE CLEAN HYDROGEN PROJECT INCLUDES THE PRODUCTION
33 AND THE USE OR CONSUMPTION OF CLEAN HYDROGEN BY THE
34 INVESTOR-OWNED UTILITY, THE INVESTOR-OWNED UTILITY SHALL REPORT
35 THE LIFECYCLE GREENHOUSE GAS EMISSIONS RATES OF THE CLEAN
36 HYDROGEN PROJECT SEPARATELY BY EACH PRODUCTION FACILITY AND
37 USE.

38 (c) THE ANNUAL REPORT MUST INCLUDE INFORMATION THAT
39 ALLOWS THE OFFICE TO MAKE THE VERIFICATIONS REQUIRED PURSUANT TO
40 SECTION 39-22-549 (4)(a)(II).".".

41 Page 2 of the report, strike lines 16 through 25 and substitute:

1 ""(c) "HARD TO DECARBONIZE END USE" HAS THE MEANING SET
2 FORTH IN SECTION 40-2-138 (1)(e).".".

3 Page 2 of the report, strike lines 26 and 27 and substitute:

4 "Page 8 of the bill, strike lines 16 through 21 and substitute:

5 "(f) "QUALIFIED USE" HAS THE MEANING SET FORTH IN SECTION
6 40-2-138 (1)(i).".".

7 Page 3 of the report, after line 3 insert:

8 "Page 12 of the bill, strike lines 7 through 15 and substitute:

9 "**SECTION 4. Safety clause.** The general assembly hereby finds,
10 determines, and declares that this act is necessary for the immediate
11 preservation of the public peace, health, or safety.".".

** *** ** *** **