

**Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 22-0401.01 Jennifer Berman x3286

HOUSE BILL 22-1013

HOUSE SPONSORSHIP

Pelton and Snyder,

SENATE SPONSORSHIP

Hisey and Winter,

House Committees

Energy & Environment
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A GRANT PROGRAM TO BUILD**
102 **COMMUNITY RESILIENCE REGARDING ELECTRIC GRID**
103 **DISRUPTIONS THROUGH THE DEVELOPMENT OF MICROGRIDS,**
104 **AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill creates the microgrids for community resilience grant program (grant program) to be administered by the division of local government (division) in the department of local affairs (department), in

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

1 RESILIENCE REGARDING SEVERE WEATHER OR NATURAL DISASTER EVENTS
2 THAT CAN AFFECT THE ELECTRIC GRID BY PROVIDING THE COMMUNITY
3 WITH AN ALTERNATIVE, RELIABLE SOURCE OF ELECTRICITY THAT IS NOT
4 DEPENDENT ON THE ELECTRIC GRID;

5 (d) MANY RURAL COMMUNITIES LACK THE RESOURCES NECESSARY
6 TO DEVELOP MICROGRIDS; AND

7 (e) THROUGH GRANTS MADE TO COOPERATIVE ELECTRIC
8 ASSOCIATIONS AND MUNICIPALLY OWNED UTILITIES, ASSOCIATIONS AND
9 MUNICIPALLY OWNED UTILITIES CAN INVEST IN MICROGRID RESOURCES IN
10 ELIGIBLE RURAL COMMUNITIES WITHIN THEIR SERVICE TERRITORIES THAT
11 ARE AT SIGNIFICANT RISK OF SEVERE WEATHER OR NATURAL DISASTER
12 EVENTS.

13 **40-9.8-103. Definitions - rules.** AS USED IN THIS ARTICLE 9.8,
14 UNLESS THE CONTEXT OTHERWISE REQUIRES:

15 (1) "COMMUNITY ANCHOR INSTITUTION" MEANS A:

16 (a) SCHOOL, AS DEFINED IN SECTION 24-37.5-902 (10);

17 (b) LIBRARY;

18 (c) HOSPITAL OR OTHER HEALTH-CARE FACILITY LICENSED OR
19 CERTIFIED PURSUANT TO SECTION 25-1.5-103;

20 (d) LAW ENFORCEMENT, EMERGENCY MEDICAL SERVICE PROVIDER,
21 OR OTHER PUBLIC SAFETY AGENCY;

22 (e) GOVERNMENT OFFICE;

23 (f) COMMUNITY ORGANIZATION FACILITY AT WHICH SERVICES TO
24 AT-RISK POPULATIONS SUCH AS INCOME-ELIGIBLE HOUSEHOLDS, SENIORS,
25 OR UNHOUSED PERSONS ARE PROVIDED; OR

26 (g) OTHER CRITICAL COMMUNITY SERVICE FACILITIES, AS
27 DETERMINED BY THE DEPARTMENT BY POLICY.

1 (2) "COOPERATIVE ELECTRIC ASSOCIATION" OR "ASSOCIATION"
2 HAS THE MEANING SET FORTH IN SECTION 40-9.5-102 (1).

3 (3) "DEPARTMENT" MEANS THE DEPARTMENT OF LOCAL AFFAIRS
4 CREATED IN SECTION 24-1-125.

5 (4) "DISTRIBUTED ENERGY RESOURCE" MEANS AN ELECTRIC
6 GENERATION RESOURCE, INCLUDING A RENEWABLE ENERGY RESOURCE OR
7 RENEWABLE ENERGY STORAGE, THAT IS LOCATED ON A PROPERTY WITHIN
8 AN ELECTRIC UTILITY'S SERVICE TERRITORY AND THAT IS
9 INTERCONNECTED TO THE ELECTRIC GRID.

10 (5) "DIVISION" MEANS THE DIVISION OF LOCAL GOVERNMENT
11 CREATED IN SECTION 24-32-103.

12 (6) "ELIGIBLE RURAL COMMUNITY" MEANS A RURAL COMMUNITY:

13 (a) THAT IS AT SIGNIFICANT RISK OF EXPERIENCING SEVERE
14 WEATHER OR NATURAL DISASTER EVENTS; AND

15 (b) IN WHICH ONE OR MORE COMMUNITY ANCHOR INSTITUTIONS
16 ARE LOCATED.

17 (7) "GRANT PROGRAM" MEANS THE MICROGRIDS FOR COMMUNITY
18 RESILIENCE GRANT PROGRAM CREATED IN SECTION 40-9.8-104 (1)(a).

19 (8) "ISLAND MODE" MEANS AN ELECTRIC GENERATION SYSTEM
20 THAT IS NOT CONNECTED TO THE ELECTRIC GRID AND CAN OPERATE
21 INDEPENDENT OF THE GRID.

22 (9) "MICROGRID" MEANS A GROUP OF INTERCONNECTED ELECTRIC
23 LOADS AND DISTRIBUTED ENERGY RESOURCES WITH CLEARLY DEFINED
24 ELECTRICAL BOUNDARIES THAT:

25 (a) FUNCTIONS AS A SINGLE, CONTROLLABLE ENTITY WITH RESPECT
26 TO THE ELECTRIC GRID; AND

27 (b) CAN BE CONNECTED TO OR DISCONNECTED FROM THE ELECTRIC

1 GRID TO ENABLE IT TO OPERATE EITHER IN GRID-CONNECTED MODE OR IN
2 ISLAND MODE.

3 (10) "OFFICE" MEANS THE COLORADO RESILIENCY OFFICE
4 CREATED IN SECTION 24-32-121.

5 (11) "RENEWABLE ENERGY" HAS THE MEANING SET FORTH IN
6 SECTION 40-1-102 (11).

7 (12) "RENEWABLE ENERGY STORAGE" MEANS AN ENERGY
8 STORAGE SYSTEM, AS DEFINED IN SECTION 40-2-130 (2)(a).

9 (13) "SEVERE WEATHER OR NATURAL DISASTER EVENTS"
10 INCLUDES, BUT IS NOT LIMITED TO, SNOWSTORMS, FREEZES, WILDFIRES,
11 TORNADOES, HIGH WINDS, AND FLOODS.

12 **40-9.8-104. Microgrids for community resilience grant**
13 **program - creation - grant application process - report - repeal.**

14 (1) (a) (I) THE MICROGRIDS FOR COMMUNITY RESILIENCY GRANT
15 PROGRAM IS HEREBY CREATED IN THE DIVISION TO PROVIDE GRANTS FOR
16 COOPERATIVE ELECTRIC ASSOCIATIONS AND MUNICIPALLY OWNED
17 UTILITIES TO PURCHASE MICROGRID RESOURCES FOR ELIGIBLE RURAL
18 COMMUNITIES LOCATED WITHIN THEIR SERVICE TERRITORIES. THE
19 DIVISION, IN COLLABORATION WITH THE OFFICE, SHALL AWARD GRANTS
20 FROM THE MONEY THAT THE GENERAL ASSEMBLY APPROPRIATES TO THE
21 DEPARTMENT FOR USE BY THE DIVISION FOR THE GRANT PROGRAM, AS
22 WELL AS ANY MONEY RECEIVED FROM FEDERAL SOURCES THAT MAY BE
23 USED FOR THE GRANT PROGRAM. THE DEPARTMENT MAY APPLY FOR,
24 RECEIVE, AND DISTRIBUTE FEDERAL MONEY FOR THE GRANT PROGRAM,
25 AND MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, AND DONATIONS
26 FROM PRIVATE AND PUBLIC RESOURCES.

27 (II) THE DIVISION, OFFICE, AND DEPARTMENT MAY USE A PORTION

1 OF THE GRANT PROGRAM MONEY FOR ADMINISTRATIVE PURPOSES IN AN
2 AMOUNT NOT TO EXCEED THE AMOUNT OF MONEY REQUIRED TO COVER
3 THEIR DIRECT AND INDIRECT COSTS IN ADMINISTERING THE GRANT
4 PROGRAM.

5 (III) THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE
6 MONEY TO THE DEPARTMENT FOR USE BY THE DIVISION TO ADMINISTER
7 THE GRANT PROGRAM.

8 (b) TO ADMINISTER THE GRANT PROGRAM, THE DIVISION, IN
9 COLLABORATION WITH THE OFFICE, SHALL DEVELOP A GRANT APPLICATION
10 PROCESS AND, ON OR BEFORE JANUARY 1, 2023, POST INFORMATION
11 ABOUT THE PROCESS, INCLUDING ANY APPLICATION FORM DEVELOPED AND
12 DEADLINES SET, ON THE DEPARTMENT'S WEBSITE. THE DIVISION SHALL
13 BEGIN ACCEPTING APPLICATIONS AFTER IT POSTS THE INFORMATION ABOUT
14 THE APPLICATION PROCESS ON THE DEPARTMENT'S WEBSITE. THE DIVISION
15 SHALL CONTINUE TO ACCEPT APPLICATIONS UNTIL ALL OF THE GRANT
16 MONEY IS AWARDED.

17 (c) ONLY COOPERATIVE ELECTRIC ASSOCIATIONS AND
18 MUNICIPALLY OWNED UTILITIES THAT SERVE ELIGIBLE RURAL
19 COMMUNITIES ARE ELIGIBLE TO APPLY FOR A GRANT UNDER THE GRANT
20 PROGRAM.

21 (2) AS PART OF ITS GRANT APPLICATION, AN APPLICANT MUST:

22 (a) IDENTIFY ONE OR MORE ELIGIBLE RURAL COMMUNITIES WITHIN
23 THE APPLICANT'S SERVICE TERRITORY FOR WHICH THE APPLICANT PLANS
24 TO UTILIZE MICROGRID RESOURCES TO INCREASE THE COMMUNITY'S
25 RESILIENCE REGARDING INTERRUPTIONS TO THE ELECTRIC GRID THAT CAN
26 BE CAUSED BY SEVERE WEATHER OR NATURAL DISASTER EVENTS; AND

27 (b) SUBMIT WITH THE APPLICATION A PLAN DETAILING HOW THE

1 APPLICANT WILL UTILIZE MICROGRID RESOURCES IN ONE OR MORE ELIGIBLE
2 RURAL COMMUNITIES IDENTIFIED IN THE APPLICATION PURSUANT TO
3 SUBSECTION (2)(a) OF THIS SECTION.

4 (3) IN AWARDING GRANTS, THE DIVISION, IN COLLABORATION WITH
5 THE OFFICE, SHALL CONSIDER THE FOLLOWING WITH REGARD TO ONE OR
6 MORE ELIGIBLE RURAL COMMUNITIES THAT AN APPLICANT IDENTIFIES IN
7 ITS GRANT PROGRAM APPLICATION:

8 (a) EACH ELIGIBLE RURAL COMMUNITY'S DEGREE OF EXPOSURE TO
9 SEVERE WEATHER OR NATURAL DISASTER EVENTS;

10 (b) THE NATURE OF EACH ELIGIBLE RURAL COMMUNITY'S
11 INTERESTS THAT ARE AT RISK FROM SEVERE WEATHER OR NATURAL
12 DISASTER EVENTS;

13 (c) THE AVAILABILITY OF ALTERNATIVE RESOURCES TO MEET THE
14 NEEDS OF EACH ELIGIBLE RURAL COMMUNITY IF FACED WITH A SEVERE
15 WEATHER OR NATURAL DISASTER EVENT;

16 (d) THE OPPORTUNITY FOR THE UTILITY TO PROMOTE ENERGY
17 EFFICIENCY AND DEMAND-SIDE MANAGEMENT PROGRAMS; AND

18 (e) THE FINANCIAL RESOURCES OF EACH ELIGIBLE RURAL
19 COMMUNITY TO MITIGATE THE RISKS.

20 (4) IN AWARDING GRANTS, THE DIVISION, IN COLLABORATION WITH
21 THE OFFICE, SHALL PRIORITIZE MICROGRIDS WITH A HIGHER RELIANCE ON
22 NONFOSSIL-FUEL-BASED GENERATION.

23 (5) ON OR BEFORE DECEMBER 1, 2023, AND ON OR BEFORE
24 DECEMBER 1 OF EACH YEAR THEREAFTER, THE DIVISION SHALL SUBMIT A
25 REPORT SUMMARIZING THE GRANTS AWARDED IN THE PREVIOUS TWELVE
26 MONTHS THROUGH THE GRANT PROGRAM, INCLUDING:

27 (a) THE NUMBER OF GRANTS AWARDED; AND

1 (b) FOR EACH GRANT AWARDED:
2 (I) THE AMOUNT AWARDED;
3 (II) THE LOCATION OF THE ELIGIBLE RURAL COMMUNITY OR
4 COMMUNITIES FOR WHICH THE GRANT WILL BE USED; AND
5 (III) INFORMATION CONCERNING THE GRANTEE'S PROGRESS IN
6 DEVELOPING MICROGRID RESOURCES, INCLUDING A DESCRIPTION OF THE
7 MICROGRID RESOURCES BEING DEVELOPED AND THE KILOWATT-HOURS
8 THAT THE MICROGRID RESOURCES ARE OR WILL BE CAPABLE OF
9 GENERATING.

10 (c) THE DIVISION SHALL PUBLISH THE ANNUAL REPORT ON THE
11 DEPARTMENT'S WEBSITE AND FURNISH COPIES OF THE REPORT TO THE
12 HOUSE OF REPRESENTATIVES ENERGY AND ENVIRONMENT COMMITTEE AND
13 THE SENATE TRANSPORTATION AND ENERGY COMMITTEE, OR THEIR
14 SUCCESSOR COMMITTEES.

15 (6) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2026.

16 **SECTION 2. Appropriation.** (1) For the 2022-23 state fiscal
17 year, \$3,500,000 is appropriated to the department of local affairs for use
18 by the division of local government. This appropriation is from the
19 general fund, and is based on an assumption that the division will require
20 an additional 1.6 FTE. To implement this act, the division may use this
21 appropriation for microgrids for community resilience grant program.
22 Any money appropriated in this subsection (1) that is not expended prior
23 to July 1, 2023 is further appropriated for the 2023-24, 2024-25, and
24 2025-26 state fiscal years for the same purpose.

25 (2) For the 2022-23 state fiscal year, \$20,713 is appropriated to
26 the office of the governor for use by the Colorado energy office. This
27 appropriation is from the General Fund and is based on an assumption

1 that the office will require an additional 0.2 FTE. To implement this act,
2 the office may use this appropriation for program administration.

3 **SECTION 3. Act subject to petition - effective date.** This act
4 takes effect at 12:01 a.m. on the day following the expiration of the
5 ninety-day period after final adjournment of the general assembly; except
6 that, if a referendum petition is filed pursuant to section 1 (3) of article V
7 of the state constitution against this act or an item, section, or part of this
8 act within such period, then the act, item, section, or part will not take
9 effect unless approved by the people at the general election to be held in
10 November 2022 and, in such case, will take effect on the date of the
11 official declaration of the vote thereon by the governor.