

CHAPTER 304

PUBLIC UTILITIES

HOUSE BILL 22-1013

BY REPRESENTATIVE(S) Pelton and Snyder, Amabile, Bennett, Bird, Boesenecker, Carver, Catlin, Cutter, Exum, Herod, Hooton, Kennedy, Kipp, Lindsay, Lontine, McCluskie, McCormick, McLachlan, Michaelson Jenet, Ortiz, Pico, Ricks, Roberts, Titone, Valdez A., Valdez D., Woodrow, Young;
also SENATOR(S) Hisey and Winter, Buckner, Ginal, Gonzales, Hansen, Jaquez Lewis, Lee, Pettersen, Rankin, Story, Fenberg.

AN ACT

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

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **add** article 9.8 to title 40 as follows:

ARTICLE 9.8
Microgrids for Community Resilience

40-9.8-101. Short title. THE SHORT TITLE OF THIS ARTICLE 9.8 IS THE "MICROGRIDS FOR COMMUNITY RESILIENCE ACT".

40-9.8-102. Legislative declaration. (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

(a) SEVERE WEATHER OR NATURAL DISASTER EVENTS CAN AFFECT AN ELECTRIC UTILITY'S ABILITY TO DELIVER UNINTERRUPTED ELECTRICITY THROUGHOUT ITS SERVICE TERRITORY, PARTICULARLY IN RURAL AREAS;

(b) IN THE RURAL AREAS OF THE STATE IN WHICH MANY COOPERATIVE ELECTRIC ASSOCIATIONS OPERATE, INTERRUPTIONS IN THE DELIVERY OF ELECTRIC SERVICE PRESENT SIGNIFICANT THREATS TO THE COMMUNITY ANCHOR INSTITUTIONS LOCATED IN THOSE AREAS;

(c) USE OF MICROGRIDS CAN HELP INCREASE A COMMUNITY'S RESILIENCE

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

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

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

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

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

(1) "COMMUNITY ANCHOR INSTITUTION" MEANS A:

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

(b) LIBRARY;

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

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

(e) GOVERNMENT OFFICE;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) CAN BE CONNECTED TO OR DISCONNECTED FROM THE ELECTRIC GRID TO ENABLE IT TO OPERATE EITHER IN GRID-CONNECTED MODE OR IN ISLAND MODE.

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

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

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

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

40-9.8-104. Microgrids for community resilience grant program - creation - grant application process - report - repeal. (1) (a) (I) THE MICROGRIDS FOR COMMUNITY RESILIENCE GRANT PROGRAM IS HEREBY CREATED IN THE DIVISION TO PROVIDE GRANTS FOR COOPERATIVE ELECTRIC ASSOCIATIONS AND MUNICIPALLY OWNED UTILITIES TO PURCHASE MICROGRID RESOURCES FOR ELIGIBLE RURAL COMMUNITIES LOCATED WITHIN THEIR SERVICE TERRITORIES. THE DIVISION, IN COLLABORATION WITH THE OFFICE AND ENERGY OFFICE, SHALL AWARD GRANTS FROM THE MONEY THAT THE GENERAL ASSEMBLY APPROPRIATES TO THE DEPARTMENT FOR USE BY THE DIVISION FOR THE GRANT PROGRAM, AS WELL AS ANY MONEY RECEIVED FROM FEDERAL SOURCES THAT MAY BE USED FOR THE GRANT PROGRAM. THE DEPARTMENT MAY APPLY FOR, RECEIVE, AND DISTRIBUTE FEDERAL MONEY FOR THE GRANT PROGRAM, AND MAY SEEK, ACCEPT, AND EXPEND GIFTS,

GRANTS, AND DONATIONS FROM PRIVATE AND PUBLIC RESOURCES.

(II) IN ADDITION TO COLLABORATING WITH THE DIVISION REGARDING THE AWARDING OF GRANTS PURSUANT TO SUBSECTION (1)(a)(I) OF THIS SECTION, THE ENERGY OFFICE SHALL ADVISE THE DIVISION ON CRITERIA TO CONSIDER IN AWARDING GRANTS, REVIEW COPIES OF GRANT APPLICATIONS, AND ADVISE THE DIVISION BASED ON THE ENERGY OFFICE'S REVIEW OF THE GRANT APPLICATIONS.

(III) THE DIVISION, OFFICE, ENERGY OFFICE, AND DEPARTMENT MAY USE A PORTION OF THE GRANT PROGRAM MONEY FOR ADMINISTRATIVE PURPOSES IN AN AMOUNT NOT TO EXCEED THE AMOUNT OF MONEY REQUIRED TO COVER THEIR DIRECT AND INDIRECT COSTS IN ADMINISTERING THE GRANT PROGRAM.

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

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

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

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

(b) SUBMIT WITH THE APPLICATION A PLAN DETAILING HOW THE APPLICANT WILL UTILIZE MICROGRID RESOURCES IN ONE OR MORE ELIGIBLE RURAL COMMUNITIES IDENTIFIED IN THE APPLICATION PURSUANT TO SUBSECTION (2)(a) OF THIS SECTION.

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

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

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

(c) THE AVAILABILITY OF ALTERNATIVE RESOURCES TO MEET THE NEEDS OF EACH ELIGIBLE RURAL COMMUNITY IF FACED WITH A SEVERE WEATHER OR NATURAL

DISASTER EVENT;

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

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

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

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

(a) THE NUMBER OF GRANTS AWARDED; AND

(b) FOR EACH GRANT AWARDED:

(I) THE AMOUNT AWARDED;

(II) THE LOCATION OF THE ELIGIBLE RURAL COMMUNITY OR COMMUNITIES FOR WHICH THE GRANT WILL BE USED; AND

(III) INFORMATION CONCERNING THE GRANTEE'S PROGRESS IN DEVELOPING MICROGRID RESOURCES, INCLUDING A DESCRIPTION OF THE MICROGRID RESOURCES BEING DEVELOPED AND THE KILOWATT-HOURS THAT THE MICROGRID RESOURCES ARE OR WILL BE CAPABLE OF GENERATING.

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

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

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

(2) For the 2022-23 state fiscal year, \$20,713 is appropriated to the office of the governor for use by the Colorado energy office. This appropriation is from the General Fund and is based on an assumption that the office will require an additional 0.2 FTE. To implement this act, the office may use this appropriation for

program administration.

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

Approved: June 2, 2022