

CHAPTER 229

GOVERNMENT - STATE

HOUSE BILL 23-1247

BY REPRESENTATIVE(S) Lukens and Winter T., Amabile, Bockenfeld, Bradley, Brown, Daugherty, deGruy Kennedy, Dickson, Duran, Evans, Joseph, Kipp, Lieder, Lindsay, Lindstedt, Lynch, Marshall, McCormick, McLachlan, Michaelson Jenet, Pugliese, Soper, Taggart, Vigil, Weinberg, Woodrow, McCluskie;
also SENATOR(S) Roberts and Pelton R., Bridges, Buckner, Coleman, Exum, Hansen, Hinrichsen, Kirkmeyer, Marchman, Mullica, Pelton B., Priola, Simpson, Will.

AN ACT

CONCERNING A REQUIREMENT THAT THE COLORADO ENERGY OFFICE CONDUCT STUDIES TO ASSESS ADVANCED ENERGY SOLUTIONS IN RURAL COLORADO, 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** 24-38.5-121 as follows:

24-38.5-121. Assessment of advanced energy solutions in rural Colorado - northwestern and west end of Montrose county Colorado study - southeastern Colorado study - report - legislative declaration - definitions - repeal.

(1) (a) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

(I) COLORADO IS UNDERGOING AN ENERGY TRANSITION;

(II) COLORADO'S ENERGY ECONOMY HAS TRADITIONALLY SUPPORTED GOOD-PAYING JOBS AND LOCAL COMMUNITIES, AND THE STUDY OF RELIABLE AND AFFORDABLE ENERGY TECHNOLOGIES, INCLUDING GAS GENERATION WITH CARBON CAPTURE AND STORAGE, GEOTHERMAL, CLEAN HYDROGEN, ADVANCED NUCLEAR, WIND, SOLAR COUPLED WITH STORAGE, LONG DURATION STORAGE, AND TRANSMISSION, IS NECESSARY TO HELP SUPPORT THE DEVELOPMENT OF RURAL ECONOMIES AND TO CREATE JOBS; AND

(III) IN ADDITION, FIRM ENERGY RESOURCES CAN HELP LOWER LONG-TERM ELECTRICITY COSTS AND IMPROVE SYSTEM RELIABILITY.

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.

(b) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT:

(I) WHILE THIS IS A STATEWIDE TRANSITION, THE COUNTIES OF MOFFAT, RIO BLANCO, AND ROUTT IN NORTHWEST COLORADO, AND ESPECIALLY THE MUNICIPALITIES OF CRAIG AND HAYDEN, HAVE PLAYED A PARTICULARLY IMPORTANT ROLE AS PRODUCERS OF ELECTRIC ENERGY POWERED BY THE BURNING OF COAL FROM NEARBY MINES AND WILL EXPERIENCE SIGNIFICANT LOSS OF GOOD JOBS AND PROPERTY TAX REVENUE. SIMILARLY, THE WEST END OF THE COUNTY OF MONTROSE IN WESTERN COLORADO, AND ESPECIALLY THE MUNICIPALITIES OF NATURITA AND NUCLA, UNTIL 2019 PLAYED AN IMPORTANT ROLE AS PRODUCERS OF ELECTRIC ENERGY POWERED BY THE BURNING OF COAL FROM A NEARBY MINE AND HAVE ALREADY EXPERIENCED THE LOSS OF GOOD JOBS AND PROPERTY TAX REVENUE AS A THE RESULT OF THIS TRANSITION.

(II) AS COLORADO ADVANCES ITS ENERGY TRANSITION, IT IS ALSO CONSIDERING THE EXPANSION OF TRANSMISSION THAT WILL UNLOCK INVESTMENT IN ENERGY SOLUTIONS IN SOUTHEASTERN COLORADO. RECENT CONSIDERATIONS OF THE EXPANSION OF TRANSMISSION IN SOUTHEASTERN COLORADO INCLUDE A PUBLIC UTILITIES COMMISSION DECISION APPROVING AN APPLICATION FOR AN ENERGY COMPANY TO BUILD ITS POWER PATHWAY PROJECT, INCLUDING PROVISIONAL APPROVAL OF A LINE INTO SOUTHEASTERN COLORADO, AND A RECENT AGREEMENT BY ANOTHER ENERGY COMPANY TO STUDY ADDITIONAL TRANSMISSION IN SOUTHEASTERN COLORADO AS PART OF ITS RESOURCE PLANNING. FINALLY, THE OFFICE HAS WORKED WITH A BROAD RANGE OF STAKEHOLDERS TO SUBMIT A CONCEPT PAPER SEEKING FUNDING FROM THE UNITED STATES DEPARTMENT OF ENERGY TO FUND STAKEHOLDER WORK AND STUDIES THAT WOULD, IF FUNDED, STUDY ADDITIONAL TRANSMISSION INTO THE SAN LUIS VALLEY AND SOUTHEASTERN COLORADO AS PART OF A REGIONAL TRANSMISSION PROJECT.

(III) DUE TO THE UNIQUE CIRCUMSTANCES IN NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO AND SOUTHEASTERN COLORADO AS DESCRIBED IN THIS SUBSECTION (1)(b), DIRECTING THE COLORADO ENERGY OFFICE TO CONDUCT STUDIES OF ELECTRIC TRANSMISSION AND ADVANCED ENERGY SOLUTIONS TECHNOLOGIES IN NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO AND IN SOUTHEASTERN COLORADO WILL HELP ADDRESS THE NEED FOR FIRM ENERGY GENERATION AND SUPPORT THE DEVELOPMENT OF RURAL ECONOMIES.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "DIRECTOR" MEANS THE DIRECTOR OF THE OFFICE OR THE DIRECTOR'S DESIGNEE.

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

(3)(a) THE DIRECTOR SHALL CONDUCT OR CAUSE TO BE CONDUCTED STUDIES OF ELECTRIC TRANSMISSION AND ADVANCED ENERGY SOLUTIONS TECHNOLOGIES, INCLUDING GEOTHERMAL, CLEAN HYDROGEN, ADVANCED NUCLEAR, WIND AND SOLAR COUPLED WITH STORAGE, AND LONG DURATION STORAGE. ONE STUDY MUST FOCUS ON NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO, AS

SPECIFIED IN SUBSECTION (3)(b) OF THIS SECTION, AND ONE STUDY MUST FOCUS ON SOUTHEASTERN COLORADO, AS SPECIFIED IN SUBSECTION (3)(c) OF THIS SECTION.

(b) Northwestern and west end of Montrose county Colorado study. IN THE NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO STUDY, THE DIRECTOR MUST EXAMINE OR CAUSE TO BE EXAMINED A RANGE OF ADVANCED FIRM DISPATCHABLE ENERGY RESOURCES THAT CAN LEVERAGE EXISTING ENERGY INFRASTRUCTURE, INCLUDING EXISTING SUBSTATION AND TRANSMISSION INFRASTRUCTURE, TO ASSESS WHICH ALTERNATIVE FIRM ENERGY RESOURCES, TECHNOLOGIES, OR COMBINATION OF RESOURCES, INCLUDING SKILLED WORKERS FROM THE RETIREMENT OF COAL-FIRED POWER PLANTS, MIGHT BEST PRESERVE OR REPLACE JOBS, PROVIDE NEW TAX REVENUE IN NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO, AND HELP ACHIEVE THE STATE'S ENERGY GOALS. THE OFFICE MUST ALSO ASSESS THE EFFECTS OF THOSE RESOURCES ON ELECTRICITY COSTS AND ON DISPROPORTIONATELY IMPACTED COMMUNITIES. IN ADDITION, THE NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO STUDY MUST EXAMINE THE POTENTIAL FOR GREATER TRANSMISSION AND INTERCONNECTION WITH ENERGY RESOURCES ON THE WESTERN SLOPE OF COLORADO AND THE ISSUES SPECIFIED IN SUBSECTION (4) OF THIS SECTION.

(c) Southeastern Colorado study. IN THE SOUTHEASTERN COLORADO STUDY, THE DIRECTOR MUST ASSESS OR CAUSE TO BE ASSESSED THE POTENTIAL FOR THE DEVELOPMENT OF NEW ENERGY RESOURCES IN SOUTHEASTERN COLORADO. IN ADDITION TO ASSESSING THE DEVELOPMENT OF WIND, SOLAR, AND STORAGE, THE STUDY MUST ALSO CONSIDER A RANGE OF ADVANCED FIRM DISPATCHABLE ENERGY RESOURCES, INCLUDING RESOURCES THAT MAY USE NEW TRANSMISSION INVESTMENTS TO ASSESS WHICH ALTERNATIVE FIRM ENERGY RESOURCES, TECHNOLOGIES, OR COMBINATIONS OF RESOURCES MIGHT BEST PRESERVE JOBS, PROVIDE NEW TAX REVENUE IN SOUTHEASTERN COLORADO, AND HELP ACHIEVE THE STATE'S ENERGY GOALS. IN ADDITION, THE SOUTHEASTERN COLORADO STUDY MUST EXAMINE THE ISSUES SPECIFIED IN SUBSECTION (4) OF THIS SECTION.

(4) THE NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO STUDY AND THE SOUTHEASTERN COLORADO STUDY REQUIRED PURSUANT TO SUBSECTION (3) OF THIS SECTION MUST BOTH INCLUDE AN INVESTIGATION INTO AND AN EVALUATION OF THE FOLLOWING:

(a) THE ECONOMICS OF ADVANCED FIRM ENERGY RESOURCES IN THE REGION, INCLUDING:

(I) THE ECONOMIC FORECASTS NEEDED TO SUPPORT ADVANCED ENERGY SOLUTIONS GENERATION INTEGRATED WITH OTHER ENERGY SOURCES IN THE REGION;

(II) THE TIME FRAME FOR THE DEPLOYMENT OF ADVANCED ENERGY SOLUTIONS GENERATION;

(III) THE IMPACTS AND RISKS OF ADVANCED ENERGY SOLUTIONS GENERATION TO UTILITY RATEPAYERS AND TO DISPROPORTIONATELY IMPACTED COMMUNITIES; AND

(IV) THE INCENTIVES THAT WOULD BE APPROPRIATE OR AVAILABLE TO ENCOURAGE THE DEVELOPMENT OF ADVANCED ENERGY GENERATION IN THE REGION;

(b) METHODS TO PROVIDE NEW EMPLOYMENT OPPORTUNITIES FOR HIGHLY SKILLED WORKERS TO ASSIST THE REGION IN THE TRANSITION TO ENERGY SOLUTIONS FOR ELECTRICITY GENERATION, INCLUDING:

(I) POTENTIAL JOB OPPORTUNITIES FOR HIGHLY SKILLED WORKERS;

(II) THE QUANTITY OF POTENTIAL JOBS FOR HIGHLY SKILLED WORKERS;

(III) THE LIKELY COMPENSATION THAT THE JOBS WILL PROVIDE; AND

(IV) THE SKILL SETS THAT HIGHLY SKILLED WORKERS WOULD BE REQUIRED TO HAVE TO BE QUALIFIED TO PERFORM THE JOBS;

(c) THE ESTIMATED PROPERTY TAX REVENUE THAT WILL RESULT FROM FIRM ENERGY GENERATION IN THE REGION;

(d) THE WAYS IN WHICH THE TRANSITION TO NEW ENERGY RESOURCES CAN HELP UTILITY COMPANIES THAT OPERATE IN THE REGION USE EXISTING CAPITAL INVESTMENT IN PLANT AND TRANSMISSION LINES TO ADVANCE FIRM ENERGY GENERATION;

(e) THE REGULATORY AND LEGISLATIVE FRAMEWORK THAT IS NECESSARY TO SUPPORT THE TRANSITION TO FIRM POWER GENERATION IN THE REGION, INCLUDING THE USE OF FEDERAL FUNDING TO HELP SUPPORT THE DEVELOPMENT OF NEW ENERGY RESOURCES IN NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO, AND SOUTHEASTERN COLORADO;

(f) THE POTENTIAL OPPORTUNITIES TO LEVERAGE FEDERAL TAX CREDITS, GRANTS, AND LOANS, INCLUDING PROGRAMS SPECIFICALLY TARGETED TOWARD ENERGY TRANSITION COMMUNITIES, TO SUPPORT ADVANCED ENERGY SOLUTIONS DEPLOYMENT;

(g) THE STEPS THAT SHOULD BE TAKEN IN THE REGION TO ADVANCE THE POSSIBILITY OF GEOTHERMAL, ADVANCED NUCLEAR, CLEAN HYDROGEN, CARBON CAPTURE NATURAL GAS POWER PLANTS, LONG DURATION ENERGY STORAGE, WIND AND SOLAR COUPLED WITH STORAGE, AND OTHER FIRM ENERGY SOURCES AS PART OF THE CARBON FREE GOALS SET BY COLORADO;

(h) WHETHER SCALABLE OR DISPATCHABLE ELECTRICITY FROM ADVANCED NUCLEAR AND OTHER FIRM ENERGY GENERATION SOURCES CAN ENSURE THAT THE ELECTRICAL GRID MAKES OPTIMAL USE OF INTERMITTENT RESOURCES;

(i) THE COST IMPLICATIONS FOR POTENTIAL TECHNOLOGY PATHWAYS AND THE IMPACTS OF SUCH TECHNOLOGY PATHWAYS ON UTILITY RATEPAYERS; AND

(j) ANY OTHER INFORMATION THAT THE DIRECTOR DEEMS NECESSARY.

(5) ON OR BEFORE JULY 1, 2025, THE DIRECTOR SHALL SUBMIT THE FINDINGS AND CONCLUSIONS OF THE NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO STUDY AND THE SOUTHEASTERN COLORADO STUDY REQUIRED IN SUBSECTION (3) OF THIS SECTION TO THE HOUSE OF REPRESENTATIVES ENERGY AND

ENVIRONMENT COMMITTEE AND THE SENATE TRANSPORTATION AND ENERGY COMMITTEE, OR THEIR SUCCESSOR COMMITTEES AND TO THE JUST TRANSITION OFFICE CREATED IN SECTION 8-83-503 (1). THE FINDINGS AND CONCLUSIONS SUBMITTED MUST INCLUDE ANY RECOMMENDATIONS INCLUDING ADMINISTRATIVE OR LEGISLATIVE ACTION NEEDED TO ASSIST NORTHWESTERN AND WEST END OF MONTROSE COUNTY COLORADO IN THE TRANSITION TO FIRM ENERGY GENERATION SOURCES AND TO ASSIST SOUTHEASTERN COLORADO IN THE DEVELOPMENT OF NEW ENERGY RESOURCES.

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

SECTION 2. Appropriation. (1) For the 2023-24 state fiscal year, \$50,000 is appropriated to the office of the governor for use by the Colorado energy office. This appropriation is from revenue received from the just transition cash fund created in section 8-83-504 (1), C.R.S., that is appropriated to the department of labor and employment in subsection (1) of section 4 of House Bill 21-1290, and, as amended by section 4 of House Bill 22-1394, is further appropriated through the 2023-24 state fiscal year. The appropriation to the Colorado energy office is based on an assumption that the office will require an additional 0.1 FTE. To implement this act, the Colorado energy office may use this appropriation for program administration.

(2) For the 2023-24 state fiscal year, the general assembly anticipates that the office of the governor will receive \$166,374 in federal funds for the Colorado energy office to implement this act. This figure is subject to the "(I)" notation as defined in the annual general appropriation act for the same fiscal year.

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 2024 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 20, 2023