

2019

Report to the Colorado General Assembly



Energy Legislation Review Interim Study Committee



Prepared by Legislative Council Staff
Research Publication No. 736
December 2019

Energy Legislation Review Interim Study Committee

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December 2019

To Members of the Seventy-second General Assembly:

Submitted herewith is the final report of the Energy Legislation Review Interim Study Committee. This committee was authorized by Legislative Council to meet over the 2019 interim for the purposes of studying energy development, grid security, energy supply and transmission planning, and other issues that affect energy policy in Colorado.

At its meeting on November 15, 2019, the Legislative Council reviewed the report of this committee. A motion to forward this report and the bills therein for consideration in the 2020 session was approved.

Sincerely,

/s/ Senator Leroy Garcia
Chair

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The text of each bill is included as Attachments A through C after the resource materials page(s).

This report is also available online at:

<https://leg.colorado.gov/committees/energy-legislation-review-interim-study-committee/2019-regular-session>

Committee Charge

Pursuant to Letter 2019-3, the Energy Legislation Review Interim Study Committee is a ten-member legislative committee authorized by Legislative Council to study the following policy issues over the 2019 interim:

- electric grid interconnection;
- electric vehicle market adoption factors;
- energy supply and transmission planning;
- grid security;
- distributed generation options;
- energy market transitions;
- clean energy job creation and the impact to jobs as a result of changing energy markets;
- climate change policy options;
- demand-side management; and
- energy storage policy.

Committee Activities

The committee held four meetings during the 2019 interim. Two of the meetings were conducted off-site—in Fort Morgan and in Grand Junction—and each of the four meetings included tours. Briefings and presentations were made by state and local government representatives, investor-owned utilities, rural and cooperative electric associations, renewable energy companies, and academics on a wide range of subjects, as outlined in the committee charge. The following sections discuss the committee’s activities during the 2019 interim.

State Agencies Involved in Energy Policy

The committee heard several presentations from state agencies regarding energy policy in Colorado. The Colorado Energy Office provided an overview of the state's strategies to address climate change and reduce greenhouse gas emissions, and its role engaging with the Public Utilities Commission in its rulemaking during the 2019 interim. The office also discussed beneficial electrification, regional electricity markets, low carbon fuel standards, and electric vehicles. The Colorado Oil and Gas Conservation Commission in the Department of Natural Resources provided an overview of the organization's implementation of Senate Bill 19-181, which modified the composition and the regulatory charge of the commission and imposed new requirements for oil and natural gas operators. The Public Utilities Commission provided an overview and discussion of the commission's work, current market conditions in the state, and renewable energy technology.

Local Governments

The committee heard presentations from several local governments. The City of Fort Morgan highlighted the importance of affordable energy in their community, which, according to the city, has 25 percent more manufacturing activity than the average community. The city also highlighted its

renewable energy portfolio and membership in the Municipal Energy Agency of Nebraska. County commissioners from Lincoln, Logan, Morgan, Washington, and Yuma counties presented to the committee on energy production and jobs in their communities. Topics included the economic impact of renewable and fossil fuel energy, worker retraining after energy industry transitions, and intersections between the agricultural and energy industries. Commissioners from Delta, Gunnison, Mesa, Moffat, and Routt counties presented overviews related to energy production and jobs in their counties. They also discussed local economic impacts of energy production and local control issues. The Associated Governments of Northwest Colorado provided an organizational overview and highlighted energy concerns in Northwest Colorado. Club20, an organization of counties, communities, businesses, individuals and associations in Western Colorado, provided an organizational overview and explained the importance of local input in energy policy decisions.

Energy Providers

The committee heard several presentations from Colorado energy providers. Black Hills Energy discussed the role of small rural electricity providers in local economic development and the factors that have led to increased electricity rates in Pueblo. Caerus Oil and Gas described its work producing natural gas from the Piceance Basin in Western Colorado, and highlighted its work reducing emissions, recycling water, and preserving the natural ecosystem. Guzman Energy, a wholesale power supply provider to Colorado and New Mexico, discussed energy transition in the West and nationwide. The Platte River Power Authority provided an overview of its work as a wholesale electricity generation and transmission provider to Estes Park, Fort Collins, Longmont, and Loveland. It also discussed the evolution of its generation resources and its resource diversification policy.

The Renewable Energy Group, a provider of renewable fuels and the largest supplier of biofuels in North America, explained its technology breakthroughs with commercial biodiesel production and highlighted biodiesel usage and regulations in the states. Tri-State Generation and Transmission Association provided an overview of its work as a wholesale electricity generation and transmission provider and its renewable energy goals. United Power discussed its role as an electricity distributor working to expand metered rooftop solar power. Xcel Energy, a large investor-owned utility in Colorado, highlighted its renewable energy goals.

Delta Montrose Electric Association, Holy Cross Energy, La Plata Electric Association, Grand Valley Power, Intermountain Rural Electric Association, and White River Electric Association provided organizational overviews and highlighted renewable energy-related initiatives in their organizations. Topics discussed include carbon reduction goals, broadband projects, low-income community solar programs, renewable energy standards, and grid connectivity.

Committee recommendations. As a result of its discussions with the Renewable Energy Group about biodiesel, specifically around its role in helping to reduce greenhouse gas emissions, the committee recommends Bill B, which requires that petroleum diesel sold in Colorado during the summer months be blended with biodiesel.

Industry Representatives and Trade Groups

Several energy industry representatives and trade groups presented to the committee. The Colorado Association of Municipal Utilities provided an overview on its work representing municipal electric distribution systems in 28 cities and towns. The Colorado Energy Consumers discussed its work representing large commercial and industrial electric consumers of Xcel Energy in keeping electricity rates affordable and service reliable. The Colorado Rural Electric Association discussed its role in representing its member electric cooperatives across the state. The Colorado Solar and Storage Association discussed job growth and employment in the solar energy industry and highlighted the need for improved storage of renewable energy. The Edison Electric Institute discussed its work representing U.S. investor-owned electric companies and its interest in providing carbon-free electricity, including nuclear, solar, and wind. The Interwest Energy Alliance, a coalition of renewable energy companies and environmental advocacy organizations, discussed recent Colorado energy legislation, opportunities for renewable energy expansion, and the importance of regional coordination.

Committee recommendations. As a result of its discussions about the need for renewable energy storage, the committee recommends Bill A, which clarifies that energy storage systems and other energy facilities are assessed for property tax valuation in a similar method to other renewable energy facility property.

As a result of its discussions about the importance of grid interconnection and build out, the committee recommends Bill C, which reduces barriers to transmission line build out by authorizing conservation easements to permit transmission lines across the land subject to the easement if appropriate and consistent with the conservation purposes of the easement.

Regional Transmission Organizations and Independent System Operators

Representatives from the Southwest Power Pool and the California Independent System Operator discussed their work managing energy on the grid to leverage geographic and resource diversity. The Southwest Power Pool serves over 546,000 miles of territory and 17 million people, while the California Independent System Operator is currently trying to expand operations to 10 states in the West and British Columbia, which according to the organization, would effectively serve about 70 percent of the market in the West.

Research Organizations

The committee heard presentations from several research groups. The Center for the New Energy Economy at Colorado State University presented research on community transitions after plant closures. Headwaters Economics presented its report: Economic Geography, Fiscal Assessment, and Transition in Colorado Coal Communities. The Rocky Mountain Institute, a nonprofit research and collaboration firm, discussed its study of greenhouse gas reduction trends.

Small Businesses

The committee heard presentations from several small businesses in the energy industry. Capitol Solar Energy discussed clean heating solutions, including solar hot water. Delta Brick and Climate Company discussed its work aligning climate action and economic development. Jack's Solar Garden discussed the benefits of community solar gardens. Raven Ridge Resources discussed its work on energy infrastructure transitions on the Western Slope and made construction-related policy recommendations. Ruby Canyon Engineering discussed its work providing greenhouse gas-related consulting and verification services, the impact of state legislation around climate change issues, and international carbon markets.

Community Advocacy Groups

The committee heard presentations from three community advocacy groups. Citizens for a Healthy Community, an education and advocacy organization based in Delta County, discussed its work around mitigating environmental impacts from oil and natural gas development. The League of Oil and Gas Impacted Citizens discussed its work advocating on behalf of oil and gas impacted communities in Colorado, highlighting health and safety issues in particular. Lean Energy discussed the concept of Community Choice Energy and its adoption in communities around the country, and explained how the model offers better rates, increases local control, and meets clean energy goals.

Tours

The committee took several fieldtrips in conjunction with its four meetings. The committee toured the Basalt Vista all-electric affordable housing community. The project, a public-private partnership between Habitat for Humanity Roaring Fork Valley, Holy Cross Energy, Pitkin County, and the Roaring Fork School District, provides affordable homes and appliances for teachers and other families in the area. The committee toured an oil and natural gas site operated by Extraction Oil and Gas and learned about the company's technological advancements in natural gas production. The committee toured a wind project near Limon operated by NextEra Energy Resources, a provider of wind and solar energy in Colorado, and learned about wind technology and wind projects in the state. Xcel Energy conducted a tour of its Pawnee Generating Station, a coal-fired steam electric generating station in Brush. The committee learned about technologies used to reduce air emissions and how the station operates as a zero discharge plant. The committee also toured a Ute Water Conservancy District Hydroelectric Facility, the Metro Wastewater Reclamation District's wastewater treatment plant, and Xcel Energy's control center in Denver.

Other Policy Areas

Over the course of several presentations, the committee heard about the importance of investment in renewable energy and regional transmission coordination.

Committee recommendations. The committee recommended that bills on financial incentives for clean energy projects and a bill creating the Colorado Electric Transmission Authority be drafted, but the draft bills were not approved by the committee.

Summary of Recommendations

As a result of the committee's activities, the committee recommended three bills to the Legislative Council for consideration in the 2020 session. At its meeting on November 15, 2019, the Legislative Council approved all three recommended bills for introduction. The approved bills are described below.

Bill A — Energy Storage System Property Tax Valuation

Beginning January 1, 2021, this bill requires that energy storage equipment owned or operated by a utility is state-assessed for property tax valuation in a similar manner to renewable energy facility properties.

Bill B — Statewide Biodiesel Blend Requirement Diesel Fuel Sales

Beginning in 2021, this bill requires petroleum diesel sold in Colorado between June 1 and September 15 each year to be blended with a percentage of biodiesel and phases in an implementation schedule. Diesel must contain at least 5 percent biodiesel (B5) by June 1, 2021, and at least 10 percent biodiesel (B10) by June 1, 2023. The Air Quality Control Commission in the Department of Public Health and Environment, in consultation with the Division of Oil and Public Safety in the Department of Labor and Employment, must promulgate rules to establish processes related to waivers and labeling, and may establish other rules as necessary to implement the bill.

Bill C — Transmit Renewable Energy Conservation Easements

The bill allows conservation easements to permit the placement of electric transmission lines used primarily to transmit renewable energy across the property subject to the easement. The line design and placement must be appropriate for the property and consistent with the primary conservation purposes of the easement.

Resource Materials

Meeting summaries are prepared for each meeting of the committee and contain all handouts provided to the committee. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver (303-866-2055). The listing below contains the dates of committee meetings and the topics discussed at those meetings. Meeting summaries are also available on our website at:

<https://leg.colorado.gov/committees/energy-legislation-review-interim-study-committee/2019-regular-session>

Meeting Date and Topics Discussed

July 29, 2019—Denver

- ◆ Colorado Energy Office
- ◆ Southwest Power Pool
- ◆ California Independent System Operator
- ◆ Platte River Power Authority
- ◆ Edison Electric Institute
- ◆ Black Hills Energy
- ◆ Rocky Mountain Institute
- ◆ United Power
- ◆ Public Utilities Commissioners
- ◆ Tri-State Generation and Transmission Association
- ◆ Xcel Energy
- ◆ Colorado Energy Consumers
- ◆ Tour of Xcel Energy's Control Center

August 12, 2019—Fort Morgan, Brush, and Limon

- ◆ Creative Energy Solutions
- ◆ Colorado Association of Municipal Utilities
- ◆ City of Fort Morgan
- ◆ Renewable Energy Group
- ◆ Interwest Energy Alliance

- ◆ Morgan County
- ◆ Logan County
- ◆ Lincoln County
- ◆ Yuma County
- ◆ Washington County
- ◆ Tour Pawnee Generating Station, Xcel Energy
- ◆ Tour Limon Wind Project, NextEra Energy Resources

September 13, 2019 – Grand Junction, Palisade, and Basalt

- ◆ Colorado Mesa University
- ◆ Colorado Rural Electric Association
- ◆ La Plata Electric Association
- ◆ Delta Montrose Electric Association
- ◆ Grand Valley Power
- ◆ White River Electric Association
- ◆ Holy Cross Energy
- ◆ Caerus Oil and Gas
- ◆ Mesa County
- ◆ Delta County
- ◆ Routt County
- ◆ Moffat County
- ◆ Gunnison County
- ◆ Associated Governments of Northwest Colorado
- ◆ Club20
- ◆ Colorado State University's Center for the New Energy Economy
- ◆ Headwaters Economics
- ◆ Delta Brick and Climate Company
- ◆ Raven Ridge Resources
- ◆ Ruby Canyon Engineering
- ◆ Public Testimony
- ◆ Bill Draft Requests
- ◆ Tour of Ute Water Conservancy District Hydroelectric Facility, Colorado Rural Electric Association
- ◆ Tour of Basalt Vista Net-Zero, All-Electric Community, Holy Cross Energy and Habitat for Humanity Roaring Fork Valley

November 4, 2019 – Denver and Brighton

- ◆ Intermountain Rural Electric Association
- ◆ Guzman Energy
- ◆ Community Choice Energy
- ◆ Citizens for a Healthy Community
- ◆ Colorado Oil and Gas Conservation Commission
- ◆ League of Oil and Gas Impacted Citizens
- ◆ Colorado Solar and Storage Association
- ◆ Jack's Solar Garden
- ◆ Capitol Solar Energy
- ◆ Public Testimony
- ◆ Bill Request Approval
- ◆ Tour of Metro Wastewater Reclamation District
- ◆ Tour of Extraction Oil and Gas

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

Attachment A

BILL A

LLS NO. 20-0338.04 Jason Gelender x4330

HOUSE BILL

HOUSE SPONSORSHIP

Hansen and Jackson, Jaquez Lewis

SENATE SPONSORSHIP

Winter and Tate, Foote

House Committees

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE VALUATION OF PROPERTY USED TO STORE
102 ELECTRICITY.

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/>.)

Energy Legislation Review Interim Study Committee. The bill ensures that clean energy resources and energy storage systems used to store electricity are assessed for valuation for the purpose of property taxation in a similar manner to renewable energy facility property used to generate and deliver electricity.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-4-101, **amend** the
3 introductory portion, (2.4), (3), (3.5), and (4); and **add** (2.6) and (2.7) as
4 follows:

5 **39-4-101. Definitions.** As used in this article 4, unless the context
6 otherwise requires:

7 (2.4) ~~"Geothermal energy facility" means a new facility first~~
8 ~~placed in production on or after January 1, 2010, that uses real and~~
9 ~~personal property, including but not limited to leaseholds and easements,~~
10 ~~to generate and deliver to the interconnection meter any source of~~
11 ~~electrical or mechanical energy by harnessing the heat energy of~~
12 ~~groundwater or the ground and that is not primarily designed to supply~~
13 ~~electricity for consumption on site~~ "CLEAN ENERGY RESOURCE" HAS THE
14 SAME MEANING AS SET FORTH IN SECTION 40-2-125.5 (2)(b).

15 (2.6) "ENERGY STORAGE SYSTEM" MEANS COMMERCIALY
16 AVAILABLE TECHNOLOGY THAT IS CAPABLE OF RETAINING ELECTRICITY,
17 STORING THE ENERGY FOR A PERIOD OF TIME, AND DELIVERING THE
18 ELECTRICITY AFTER STORAGE BY CHEMICAL, THERMAL, MECHANICAL, OR
19 OTHER MEANS. "ENERGY STORAGE SYSTEM" DOES NOT INCLUDE A SOLAR
20 ENERGY FACILITY, AS DEFINED IN SUBSECTION (3.5) OF THIS SECTION, OR
21 A WIND ENERGY FACILITY, AS DEFINED IN SUBSECTION (4) OF THIS
22 SECTION.

23 (2.7) "GEOTHERMAL ENERGY FACILITY" MEANS A NEW FACILITY
24 FIRST PLACED IN PRODUCTION ON OR AFTER JANUARY 1, 2010, THAT USES
25 REAL AND PERSONAL PROPERTY, INCLUDING BUT NOT LIMITED TO
26 LEASEHOLDS AND EASEMENTS, TO GENERATE AND DELIVER TO THE

1 INTERCONNECTION METER ANY SOURCE OF ELECTRICAL OR MECHANICAL
2 ENERGY BY HARNESSING THE HEAT ENERGY OF GROUNDWATER OR THE
3 GROUND AND THAT IS NOT PRIMARILY DESIGNED TO SUPPLY ELECTRICITY
4 FOR CONSUMPTION ON SITE.

5 (3) (a) "Public utility" means, for property tax years commencing
6 on or after January 1, 1987, every sole proprietorship, firm, limited
7 liability company, partnership, association, company, or corporation, and
8 the trustees or receivers thereof, whether elected or appointed, that does
9 business in this state as a railroad company, airline company, electric
10 company, small or low impact hydroelectric energy facility, geothermal
11 energy facility, biomass energy facility, wind energy facility, solar energy
12 facility, ENERGY STORAGE SYSTEM, CLEAN ENERGY RESOURCE, rural
13 electric company, telephone company, telegraph company, gas company,
14 gas pipeline carrier company, domestic water company selling at retail
15 except nonprofit domestic water companies, pipeline company, coal
16 slurry pipeline, or private car line company.

17 (b) On and after January 1, 2010, for purposes of this article 4,
18 "public utility" ~~shall~~ DOES not include any affiliate or subsidiary of a sole
19 proprietorship, firm, limited liability company, partnership, association,
20 company, or corporation of any type of company described in ~~paragraph~~
21 ~~(a) of this subsection (3)~~ SUBSECTION (3)(a) OF THIS SECTION that is not
22 doing business in the state primarily as a railroad company, airline
23 company, electric company, small or low impact hydroelectric energy
24 facility, geothermal energy facility, biomass energy facility, wind energy
25 facility, solar energy facility, ENERGY STORAGE SYSTEM, CLEAN ENERGY
26 RESOURCE, rural electric company, telephone company, telegraph
27 company, gas company, gas pipeline carrier company, domestic water

1 company selling at retail except nonprofit domestic water companies,
2 pipeline company, coal slurry pipeline, or private car line company.
3 Valuation and taxation of any such affiliate or subsidiary of a public
4 utility as defined in ~~paragraph (a) of this subsection (3)~~ SUBSECTION (3)(a)
5 OF THIS SECTION shall be assessed pursuant to article 5 of this title **39**.

6 (3.5) "Solar energy facility" means a new facility first placed in
7 production on or after January 1, 2009, that uses real and personal
8 property, including but not limited to one or more solar energy devices,
9 as defined in section 38-32.5-100.3 (2), ~~C.R.S.~~, leaseholds, and
10 easements, to generate and deliver to the interconnection meter any
11 source of electrical, thermal, or mechanical energy in excess of two
12 megawatts by harnessing the radiant energy of the sun, INCLUDING ANY
13 CONNECTED DEVICE FOR WHICH THE PRIMARY PURPOSE IS TO STORE
14 ENERGY, and that is not primarily designed to supply electricity for
15 consumption on site.

16 (4) "Wind energy facility" means a new facility first placed in
17 production on or after January 1, 2006, that uses property, real and
18 personal, including one or more wind turbines, leaseholds, and easements,
19 to generate and deliver to the interconnection meter any source of
20 electrical or mechanical energy in excess of two megawatts by harnessing
21 the kinetic energy of the wind, INCLUDING ANY CONNECTED DEVICE FOR
22 WHICH THE PRIMARY PURPOSE IS TO STORE ENERGY.

23 **SECTION 2.** In Colorado Revised Statutes, 39-4-102, **amend**
24 (1)(e)(I)(A) and (1.5)(b)(IV); and **add** (1.5)(e) as follows:

25 **39-4-102. Valuation of public utilities - definition.** (1) The
26 administrator shall determine the actual value of the operating property
27 and plant of each public utility as a unit, giving consideration to the

1 following factors and assigning such weight to each of such factors as in
2 the administrator's judgment will secure a just value of such public utility
3 as a unit:

4 (e) (I) When determining the actual value of a renewable energy
5 facility that primarily produces more than two megawatts of alternating
6 current electricity, the administrator shall:

7 (A) Consider the additional incremental cost per kilowatt of the
8 construction of the renewable energy facility, TAKING INTO ACCOUNT THE
9 NAMEPLATE CAPACITY OF ANY ENERGY STORAGE SYSTEM IN ADDITION TO
10 GENERATION CAPACITY, over that of the construction cost of a comparable
11 nonrenewable energy facility, inclusive of the cost of all property required
12 to generate and deliver energy to the interconnection meter, that primarily
13 produces alternating current electricity to be an investment cost and shall
14 not include ~~such~~ THE additional incremental cost in the valuation of the
15 facility; and

16 (1.5) The administrator shall determine the actual value of a small
17 or low impact hydroelectric energy facility, a geothermal energy facility,
18 a biomass energy facility, a wind energy facility, or a solar energy facility
19 as follows:

20 (b) (IV) As used in this ~~paragraph (b)~~ SUBSECTION (1.5)(b)(IV),
21 "tax factor" means a factor annually established by the administrator. The
22 tax factor ~~shall be~~ IS a number that when applied to the selling price at the
23 interconnection meter results in approximately the same tax revenue over
24 a twenty-year period on a nominal dollar basis that would have been
25 collected using the cost basis method of taxation as determined by the
26 administrator for a renewable energy facility pursuant to ~~paragraph (c)~~ of
27 ~~subsection (1)~~ SUBSECTION (1)(e) of this section. For a renewable energy

1 facility that begins generating energy before January 1, 2012, the
2 administrator shall include only the cost of all property required to
3 generate and deliver renewable energy to the interconnection meter that
4 does not exceed the cost of property required to generate nonrenewable
5 energy. For a renewable energy facility that begins generating energy on
6 or after January 1, 2012, the administrator shall include only the cost of
7 all property required to generate, STORE, and deliver renewable energy to
8 the interconnection meter that does not exceed the cost of property
9 required to generate and deliver nonrenewable energy to the
10 interconnection meter.

11 (e) THE ADMINISTRATOR SHALL DETERMINE THE ACTUAL VALUE
12 OF AN ENERGY STORAGE SYSTEM OR CLEAN ENERGY RESOURCE IN A
13 MANNER SIMILAR TO THE METHOD USED FOR A SMALL OR LOW IMPACT
14 HYDROELECTRIC ENERGY FACILITY, A WIND ENERGY FACILITY, A
15 GEOTHERMAL ENERGY FACILITY, A BIOMASS ENERGY FACILITY, OR A
16 SOLAR ENERGY FACILITY UNDER SUBSECTION (1)(e) OF THIS SECTION AND
17 THIS SUBSECTION (1.5).

18 **SECTION 3. Act subject to petition - effective date.** This act
19 takes effect January 1, 2021; except that, if a referendum petition is filed
20 pursuant to section 1 (3) of article V of the state constitution against this
21 act or an item, section, or part of this act within the ninety-day period
22 after final adjournment of the general assembly, then the act, item,
23 section, or part will not take effect unless approved by the people at the
24 general election to be held in November 2020 and, in such case, will take
25 effect on the date of the official declaration of the vote thereon by the
26 governor.

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

Attachment B

BILL B

LLS NO. 20-0339.01 Jennifer Berman x3286

SENATE BILL

SENATE SPONSORSHIP

Fenberg, Winter

HOUSE SPONSORSHIP

Jaquez Lewis,

Senate Committees

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE ESTABLISHMENT OF A STATEWIDE STANDARD FOR**
102 **THE SALE OF BIODIESEL-BLENDED DIESEL FUEL IN COLORADO.**

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/>.)

Energy Legislation Review Interim Study Committee. The bill requires that all diesel fuel sold or offered for sale in Colorado between June 1 and September 15 of each year, commencing June 1, 2021, be blended with and contain at least 5% biodiesel and that all diesel fuel sold or offered for sale in Colorado between June 1 and September 15 of each year, commencing June 1, 2023, be blended with and contain at least 10%

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.

biodiesel.

The air quality control commission, in consultation with the director of the division of oil and public safety in the department of labor and employment, shall promulgate rules regarding the blending standard, including rules to establish a waiver process and to require labeling of biodiesel-blended fuel to reflect the percentage of biodiesel included in the blended fuel.

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

SECTION 1. In Colorado Revised Statutes, **add** 25-7-141 as follows:

25-7-141. Statewide biodiesel-blended fuel standard - definitions - rules. (1) (a) EXCEPT AS PROVIDED BY RULES PROMULGATED PURSUANT TO SUBSECTION (1)(b) OF THIS SECTION:

(I) ON OR AFTER JUNE 1, 2021, ALL DIESEL FUEL SOLD OR OFFERED FOR SALE IN COLORADO FROM JUNE 1 THROUGH SEPTEMBER 15 MUST BE BLENDED WITH AND CONTAIN AT LEAST FIVE PERCENT BIODIESEL; AND

(II) ON OR AFTER JUNE 1, 2023, ALL DIESEL FUEL SOLD OR OFFERED FOR SALE IN COLORADO FROM JUNE 1 THROUGH SEPTEMBER 15 MUST BE BLENDED WITH AND CONTAIN AT LEAST TEN PERCENT BIODIESEL.

(b) THE COMMISSION, IN CONSULTATION WITH THE DIRECTOR:

(I) SHALL PROMULGATE RULES TO:

(A) ESTABLISH A WAIVER PROCESS BY WHICH A DISTRIBUTOR OR RETAILER OF DIESEL FUEL MAY SEEK A TEMPORARY WAIVER FROM THE REQUIREMENTS SET FORTH IN SUBSECTION (1)(a) OF THIS SECTION FOR GOOD CAUSE SHOWN, SUCH AS DEMONSTRATING AN EXTREME DISRUPTION IN THE SUPPLY OF BIODIESEL OR EXTREME WEATHER CONDITIONS; AND

(B) REQUIRE THE LABELING OF BIODIESEL-BLENDED FUEL TO REFLECT THE PERCENTAGE OF BIODIESEL INCLUDED IN THE BLENDED FUEL; AND

1 (II) MAY PROMULGATE RULES AS THE COMMISSION DEEMS
2 NECESSARY TO IMPLEMENT THIS SECTION, WHICH RULES MAY INCLUDE
3 ACCELERATING THE TIMELINE FOR INCREASING THE BLENDING STANDARD
4 OR FURTHER INCREASING THE BLENDING STANDARD.

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

7 (a) "BIODIESEL" MEANS FUEL COMPOSED OF MONO-ALKYL ESTERS
8 OF LONG CHAIN FATTY ACIDS DERIVED FROM PLANT OR ANIMAL MATTER
9 THAT MEETS THE MOST CURRENT SPECIFICATIONS FOR ASTM D6751,
10 WHICH IS THE STANDARD SPECIFICATION FOR BIODIESEL FUEL BLEND
11 STOCK (B100) FOR MIDDLE DISTILLATE FUELS, AND ASTM D7467, WHICH
12 IS THE STANDARD SPECIFICATION FOR DIESEL FUEL OIL, BIODIESEL BLEND
13 (B6 TO B20).

14 (b) "DIRECTOR" MEANS THE DIRECTOR OF THE DIVISION OF OIL AND
15 PUBLIC SAFETY CREATED IN SECTION 8-20-101.

16 **SECTION 2. Act subject to petition - effective date.** This act
17 takes effect at 12:01 a.m. on the day following the expiration of the
18 ninety-day period after final adjournment of the general assembly (August
19 5, 2020, if adjournment sine die is on May 6, 2020); except that, if a
20 referendum petition is filed pursuant to section 1 (3) of article V of the
21 state constitution against this act or an item, section, or part of this act
22 within such period, then the act, item, section, or part will not take effect
23 unless approved by the people at the general election to be held in
24 November 2020 and, in such case, will take effect on the date of the
25 official declaration of the vote thereon by the governor.

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

Attachment C

BILL C

LLS NO. 20-0340.01 Gregg Fraser x4325

SENATE BILL

SENATE SPONSORSHIP

Winter and Tate,

HOUSE SPONSORSHIP

Hansen,

Senate Committees

House Committees

A BILL FOR AN ACT

101 CONCERNING THE TRANSMISSION OF RENEWABLE ENERGY THROUGH
102 TRANSMISSION LINES THAT CROSS PROPERTY SUBJECT TO A
103 CONSERVATION EASEMENT.

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/>.)

Energy Legislation Review Interim Study Committee. A conservation easement is an agreement in which a property owner agrees to limit the use of his or her land in perpetuity in order to protect one or more specified conservation purposes. The bill specifically authorizes conservation easements to permit electric transmission lines that transmit

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.

renewable energy across the land subject to the easement if it is appropriate and consistent with the conservation purposes of the conservation easement.

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

2 **SECTION 1.** In Colorado Revised Statutes, 38-30.5-104, **add** (6)
3 as follows:

4 **38-30.5-104. Creation of conservation easements in gross.**

5 (6) A CONSERVATION EASEMENT IN GROSS MAY PERMIT, OR MAY BE
6 SUBSEQUENTLY MODIFIED BY THE OWNER OF THE PROPERTY ENCUMBERED
7 BY THE EASEMENT AND THE HOLDER OF THE EASEMENT TO PERMIT, THE
8 PLACEMENT OF ELECTRIC TRANSMISSION LINES THAT ARE USED PRIMARILY
9 TO TRANSMIT RENEWABLE ENERGY ACROSS LAND SUBJECT TO THE
10 CONSERVATION EASEMENT. THE DESIGN AND PLACEMENT OF THE
11 TRANSMISSION LINES MUST BE APPROPRIATE FOR THE SPECIFIC PROPERTY
12 AND MUST BE CONSISTENT WITH THE SIGNIFICANT CONSERVATION
13 PURPOSES OF THE CONSERVATION EASEMENT IN GROSS.

14 **SECTION 2. Act subject to petition - effective date.** This act
15 takes effect at 12:01 a.m. on the day following the expiration of the
16 ninety-day period after final adjournment of the general assembly (August
17 5, 2020, if adjournment sine die is on May 6, 2020); except that, if a
18 referendum petition is filed pursuant to section 1 (3) of article V of the
19 state constitution against this act or an item, section, or part of this act
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22 November 2020 and, in such case, will take effect on the date of the
23 official declaration of the vote thereon by the governor.