



Energy

During the 2019 legislative session, the General Assembly considered a variety of issues related to energy efficiency, renewable energy, public utilities, energy industry transition, and the regulation of oil and natural gas.

Energy Efficiency and Renewable Energy

The International Energy Conservation Code (IECC) is an industry standard that establishes the design and construction requirements for energy efficient buildings. [House Bill 19-1260](#) directs counties, when adopting or updating building codes, to meet or exceed the standards in one of the three most recent versions of the IECC. Once an energy code is adopted or updated, the bill encourages counties and municipalities to report to the Colorado Energy Office (CEO) within a month. The bill also requires counties and municipalities that have enacted a building energy code to report to the CEO by January 1, 2020.

A community solar garden generates electricity to homes, businesses, and industries within a community that pay for a facility subscription. [House Bill 19-1003](#) increases the maximum generation power of a solar garden from two to five megawatts (MW). The bill also authorizes the Colorado Public Utilities Commission (PUC) to approve the formation of a solar garden rated up to 10 MW after July 1, 2023. Solar gardens that exceed 2 MW generation power are subject to state electrical inspections and regulations. The bill directs the PUC to determine if a retail utility company must purchase all of the electricity and renewable energy credits generated by a solar

garden, or whether a subscriber may sell his or her renewable energy credits to the utility.

[House Bill 19-1165](#), which was postponed indefinitely, would have changed the location at which a property tax exemption for wind turbines is calculated to the location where the turbine will be put into use. Currently the property tax applies to the location where the turbine sits on January 1 each year.

Public Utilities

The PUC within the Department of Regulatory Agencies (DORA) regulates public utilities in the state. [Senate Bill 19-236](#) reauthorizes the PUC until 2026 and implements certain recommendations from the 2018 DORA sunset report. The bill also requires qualifying retail utilities to include a clean energy plan in their electric resource plan. The clean energy plan must address how the utility plans to achieve carbon emission reduction clean energy targets by 2030 and 2050. The PUC is required to consider the best value of employing Colorado workers and the positive impacts for local communities in all decisions related to electric resource acquisitions.

If a clean energy plan includes the retirement of any existing generating facility, the utility is required to create a workforce transition and community assistance plan. Once a clean energy plan has been approved by the PUC, the utility must submit a report that outlines the progress towards its clean energy targets. The bill requires the PUC to establish a maximum retail rate impact,

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capped at 1.5 percent annually, for implementing its clean energy plan.

The bill requires the PUC to promulgate rules related to filing distribution system plans and electric resource plans. It also establishes customer rights to generate, consume, store, and export electricity through on-site retail distributed generation. A utility must post public notices online and must notify affected customers related to rate increases or changes.

The PUC is required to investigate financial performance-based incentives and metric tracking that align utility operations with public benefit goals. The PUC is also required to investigate energy imbalance markets, regional transmission organizations, power pools, and joint tariffs. The bill requires the PUC to ensure that public electric utilities consider the cost of carbon dioxide emissions when submitting certain plans.

The bill creates the Colorado Energy Impact Bond Act, which authorizes electric utilities to finance the retirement of generating facilities. The commission may attach conditions to the financing approval that minimize the risks to impacted customers, workers, local communities, and the utility. If an electric utility obtains a financing order, the utility is required to explain any rate impacts to its customers and include an explicit line charge on each customer's bill.

Under the bill, the CEO is required to provide assistance to utilities that seek support for an integrated gasification combined cycle generation (IGCC) project. IGCC is the process of burning coal to produce electricity and using the waste heat to drive a steam turbine to produce more electricity. The bill limits IGCC projects to 350 MW, requires projects to demonstrate carbon capture and sequestration, and requires projects to monitor carbon emissions.

Energy Transition

House Bill 19-1314 creates the Just Transition Office within the Colorado Department of Labor and Employment (CDLE). This office is responsible for assessing the impact of transitioning from coal-related industries on local communities and workers. The office is also authorized to make recommendations to help affected communities, including education services, grant programs, and wage benefits. The bill creates a Just Transition Advisory Committee, which is required to develop a just transition plan for coal-related industries and submit it to the General Assembly by December 31, 2020. The bill also creates the Just Transition Cash Fund to help pay for the office's costs.

A utility that is accelerating the retirement of a coal-fuel generating facility is required to submit a workforce transition plan to the office and to the affected community. This plan must estimate the number of workers that are currently employed at the facility and how many jobs will be retired or eliminated.

Regulation of Oil and Natural Gas

The Colorado Oil and Gas Conservation Commission (COGCC) regulates the development of oil and natural gas in the state of Colorado. *Senate Bill 19-181* reauthorizes the COGCC, changes the requirements for appointed members, and grants new authorities. The bill requires the COGCC to adopt rules to minimize emissions from oil and natural gas exploration and production facilities.

The bill gives local governments the authority to regulate the surface impacts of oil and natural gas operations in a reasonable manner and to protect and minimize adverse impacts to public health, safety and welfare, and the environment. Local government regulations may be more protective or stricter than state requirements. Local governments are authorized to regulate land use, location and siting, water quality, noise, vibration, odor, light, dust, air quality, land disturbances,

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reclamation, cultural resources, emergency preparedness, security, traffic, transportation, and all other nuisances related to oil and natural gas development. Local governments are also authorized to inspect all facilities within their jurisdiction and to impose fines and fees. Local governments may also request that the COGCC appoint a technical review board to conduct a review and issue a report related to the siting of an oil and natural gas facility. Operators may also request a similar review from the COGCC.

The charge of the COGCC was modified to clarify its authority to regulate oil and natural gas subject to the protection of public health, safety and welfare, the environment, and wildlife resources. It also changes the definition of waste to exclude non-production resulting from these protections. When an operator applies for a drilling permit from the COGCC, it must include proof that an application has been filed with the local government with jurisdiction (including the local government's disposition of the application) or proof that the local government does not regulate the siting of oil and natural gas locations. The COGCC is also required to promulgate rules that establish application fees, adopt an alternative location analysis process, and evaluate and address the potential cumulative impacts of development in consultation with CDPHE. The bill also requires the COGCC to promulgate rules that ensure proper wellbore integrity of all oil and natural gas production wells. Finally, the COGCC is required to review and amend its rules related to flow lines and inactive or abandoned wells, as well as adopt rules related to worker certification.

The bill modifies the mineral pooling requirements in the state. Pooling applications submitted to the COGCC must include proof that either the application has been filed with the local government with jurisdiction or that the local government does not regulate the siting of oil and natural gas locations. In the absence of voluntary pooling, a person who owns or has consent of the owners of more than 45 percent of the mineral interests to be pooled may submit an application to

the COGCC for approval to pool the mineral interests. The COGCC cannot issue a pooling order unless the nonconsenting mineral owners have received a lease offer that has been made in good faith. Nonconsenting owners must be paid a 13 percent royalty for natural gas wells and a 16 percent royalty for oil wells. Also, land surface owned by a nonconsenting mineral owner cannot be used without consent.