

## HOUSE FLOOR AMENDMENT

Second Reading

BY REPRESENTATIVE Smith

1 Strike the Energy and Environment Committee Report, dated March 25,  
2 2026, and substitute:

3 "Amend printed bill, strike everything below the enacting clause and  
4 substitute:

5 "SECTION 1. **Short title.** The short title of this act is the  
6 "Advancing Grid Resilience Using Distributed Energy Resources Act".

7 **SECTION 2. Legislative declaration.** (1) The general assembly  
8 finds and declares that:

9 (a) Demand for electricity is rapidly increasing, and the ability of  
10 electric utilities to affordably satisfy demand while preserving reliability  
11 is increasingly important;

12 (b) Distributed energy resources, including community solar,  
13 dispatchable distributed generation, and distributed energy storage, play  
14 an important role in satisfying increasing electricity demand in a reliable  
15 and affordable manner;

16 (c) Since 2011, the state has consistently encouraged the  
17 deployment of community solar gardens to ensure that Coloradans  
18 without access to onsite generation can participate in distributed energy  
19 programs and that ratepayers with low incomes, in particular, can benefit  
20 from bill credits that reduce monthly utility bills;

21 (d) Dispatchable distributed generation facilities, including  
22 resources paired with energy storage, are increasingly recognized as  
23 cost-effective resources that support grid reliability and resilience;

24 (e) State policy has supported the development of distributed  
25 energy resources as part of a diversified and resilient electric grid, while  
26 federal policy changes have created uncertainty for certain resource types;

27 (f) The enactment of H.R. 1 of the 119th Congress (2025-2026),  
28 Pub.L. 119-21, in 2025 modified federal tax incentives for certain  
29 electricity generation resources, creating new market conditions that  
30 affect the deployment of distributed energy resources;

31 (g) Certain federal tax credits applicable to distributed energy  
32 resource projects are scheduled to phase out or expire beginning in 2029,  
33 depending on project completion timelines;

34 (h) Federal tax policy has historically played a role in enabling  
35 cost-effective deployment of distributed energy resources;

36 (i) Community solar and dispatchable distributed generation  
37 facilities require multiple years to design, finance, permit, and  
38 interconnect to the electric grid;

39 (j) The interconnection process can take multiple years, delaying

1 deployment of needed distributed energy resources and increasing project  
2 costs;

3 (k) A significant portion of project timelines is attributable to  
4 utility interconnection studies and necessary system upgrades required for  
5 safe and reliable integration;

6 (l) Policies and processes that facilitate more timely and  
7 cost-effective interconnection can accelerate deployment of distributed  
8 energy resources and enhance grid reliability and affordability;

9 (m) Maintaining the value of bill credits for subscribers to  
10 distributed energy resource programs, particularly for ratepayers with low  
11 incomes, is important amid rising cost pressures; and

12 (n) Adjustments to state policy are necessary to ensure that  
13 distributed energy resource programs continue to provide benefits to the  
14 electric grid and to ratepayers under evolving federal and market  
15 conditions.

16 (2) Therefore, it is the intent of the general assembly to:

17 (a) Make adjustments to state law to facilitate the timely and  
18 cost-effective deployment of distributed energy resources while  
19 maintaining the value of such resources for community solar subscribers  
20 and particularly for ratepayers with low incomes; and

21 (b) Ensure that processes designed to accelerate interconnection  
22 protect communities and workers.

23 **SECTION 3.** In Colorado Revised Statutes, 40-2-127, **add**  
24 (2)(b)(I.5) and (5)(b)(II)(J) as follows:

25 **40-2-127. Community energy funds - community solar**  
26 **gardens - definitions - rules - legislative declaration - applicability -**  
27 **repeal.**

28 (2) **Definitions.** As used in this section, unless the context  
29 otherwise requires:

30 (b) In addition:

31 (I.5) "INCOME-QUALIFIED SUBSCRIBER" HAS THE MEANING SET  
32 FORTH IN SECTION 40-2-127.2 (1)(f).

33 (5) **Purchases of the output from community solar gardens.**

34 (b) (II) (J) ON AND AFTER OCTOBER 1, 2026, A SUBSCRIBER  
35 ORGANIZATION MAY DIRECT THE QUALIFYING RETAIL UTILITY TO PROVIDE  
36 THE SUBSCRIBER ORGANIZATION'S INCOME-QUALIFIED SUBSCRIBERS WITH  
37 A FIXED BILL CREDIT PURSUANT TO SUBSECTION (5)(b)(II)(C) OF THIS  
38 SECTION AND TO PROVIDE THE SUBSCRIBER ORGANIZATION'S OTHER  
39 SUBSCRIBERS WITH A BILL CREDIT THAT CHANGES ANNUALLY PURSUANT  
40 TO SUBSECTION (5)(b)(II)(B) OF THIS SECTION. THE QUALIFYING RETAIL  
41 UTILITY SHALL ADJUST THE VALUE OF THE FIXED BILL CREDIT AVAILABLE  
42 TO AN INCOME-QUALIFIED SUBSCRIBER BY ADJUSTING THE FIXED BILL  
43 CREDIT ANNUALLY TO ENSURE THAT THE CREDIT REMAINS ALIGNED WITH

1 CHANGES IN ELECTRICITY RATES OVER TIME. THE SUBSCRIBER  
2 ORGANIZATION SHALL CHOOSE THE INITIAL VALUE OF THE FIXED BILL  
3 CREDIT FOR AN INCOME-QUALIFIED SUBSCRIBER FROM ANY OF THE  
4 PREVIOUS THREE YEARS. THE INITIAL VALUE APPLIES FOR AN INITIAL  
5 PERIOD OF TIME, AS DETERMINED BY THE COMMISSION. AFTER THE INITIAL  
6 PERIOD, THE CREDIT SHALL BE ADJUSTED ANNUALLY IN A MANNER  
7 DETERMINED BY THE COMMISSION.

8 **SECTION 4.** In Colorado Revised Statutes, 40-2-135, amend (6);  
9 and add (7) and (8) as follows:

10 **40-2-135. Retail distributed generation - customers' rights -**  
11 **working group - accelerated interconnection - rules - penalties.**

12 (6) (a) A public utility may recover its prudently incurred costs to  
13 facilitate a timely interconnection, which costs may include the cost of  
14 equipment that the public utility procures for future upgrades needed to  
15 interconnect retail distributed generation resources. A public utility may  
16 recover the costs of any such equipment inventory as capital work in  
17 progress if the inventory is projected to be used within five years of  
18 AFTER its procurement and with a return at the most recently authorized  
19 weighted average cost of capital.

20 (b) A PUBLIC UTILITY SHALL NOT REQUIRE AN INTERCONNECTION  
21 CUSTOMER TO PAY THE COSTS ASSOCIATED WITH REASONABLE AND  
22 NECESSARY INTERCONNECTION FACILITIES AND UPGRADES UNTIL THIRTY  
23 DAYS BEFORE THE PUBLIC UTILITY INCURS THE COSTS. A PUBLIC UTILITY  
24 MAY REQUIRE AN INTERCONNECTION CUSTOMER TO PROVIDE SECURITY  
25 FOR THE ESTIMATED FULL COSTS OF INTERCONNECTION AT THE TIME BOTH  
26 PARTIES EXECUTE AN INTERCONNECTION AGREEMENT. A PUBLIC UTILITY  
27 SHALL PROVIDE SECURITY OPTIONS TO THE INTERCONNECTION CUSTOMER,  
28 INCLUDING ACCEPTANCE OF A LETTER OF CREDIT FROM A QUALIFIED  
29 PROVIDER.

30 (7) (a) ON OR BEFORE AUGUST 15, 2026, A PUBLIC UTILITY WITH  
31 MORE THAN FIVE HUNDRED THOUSAND CUSTOMERS IN THE STATE SHALL  
32 CONVENE A WORKING GROUP TO ACCELERATE DISTRIBUTED GENERATION  
33 INTERCONNECTION. THE WORKING GROUP MUST INCLUDE STAKEHOLDERS  
34 FROM THE PUBLIC UTILITY, TRIAL STAFF OF THE COMMISSION, THE OFFICE  
35 OF THE UTILITY CONSUMER ADVOCATE CREATED IN SECTION 40-6.5-102,  
36 TRADE ASSOCIATIONS, AND PROJECT DEVELOPERS.

37 (b) THE WORKING GROUP SHALL:

38 (I) DISCUSS, IF APPLICABLE:

39 (A) A CLUSTER AND BATCH STUDY PROCESS FOR  
40 INTERCONNECTION STUDIES DESIGNED TO ACCELERATE INTERCONNECTION  
41 FOR ALL PROJECTS IN THE PUBLIC UTILITY'S INTERCONNECTION QUEUE;  
42 AND

43 (B) A PROCESS FOR THE PUBLIC UTILITY TO ACCEPT A SURETY

1 BOND IN LIEU OF A LETTER OF CREDIT OR CASH FOR INTERCONNECTION  
2 UPGRADE WORK; AND

3 (II) DISCUSS AND IMPLEMENT A PROCESS FOR THIRD-PARTY  
4 INTERCONNECTION STUDIES AND UPGRADES, WHICH PROCESS MUST  
5 INCLUDE A LIST OF THIRD-PARTY CONTRACTORS THAT ARE APPROVED BY  
6 THE PUBLIC UTILITY AND A PROCESS FOR CONTRACTORS TO BE ADDED AND  
7 REMOVED FROM THE LIST AS APPLICABLE.

8 (c) IF AN INTERCONNECTION CUSTOMER ELECTS TO USE A  
9 THIRD-PARTY CONTRACTOR TO PERFORM INTERCONNECTION STUDIES OR  
10 UPGRADE WORK CONSISTENT WITH THE PUBLIC UTILITY'S INTERNAL  
11 PROCESSES:

12 (I) THE INTERCONNECTION CUSTOMER SHALL USE A CONTRACTOR  
13 THAT IS APPROVED BY THE PUBLIC UTILITY PURSUANT TO SUBSECTION  
14 (7)(b)(II) OF THIS SECTION;

15 (II) THE PUBLIC UTILITY IS NOT LIABLE FOR AND SHALL NOT  
16 WARRANTY DESIGNS, CONSTRUCTION, OR WORK PERFORMED BY THE  
17 THIRD-PARTY CONTRACTOR THAT RESULTS IN DAMAGES, INJURY, OR  
18 DEATH;

19 (III) ANY RELIABILITY IMPACTS FROM THIRD-PARTY CONTRACTOR  
20 DESIGNS, CONSTRUCTION, OR OTHER UPGRADE WORK ARE REMOVED FROM  
21 RELIABILITY METRIC MEASUREMENTS REQUIRED BY THE COMMISSION;

22 (IV) THE THIRD-PARTY CONTRACTOR SHALL SUBMIT ANY DESIGNS  
23 OR AS-BUILT DRAWINGS TO THE PUBLIC UTILITY WITHIN THREE BUSINESS  
24 DAYS AFTER COMPLETION TO ALLOW THE PUBLIC UTILITY TO MAINTAIN  
25 ACCURATE GEOGRAPHIC INFORMATION SYSTEM MAPPING;

26 (V) THE THIRD-PARTY CONTRACTOR SHALL PROVIDE ALL  
27 INTERCONNECTION STUDIES AND OTHER DESIGN WORK TO THE PUBLIC  
28 UTILITY, AND THE PUBLIC UTILITY MAY REVIEW AND REQUEST  
29 MODIFICATIONS, INCLUDING REQUESTING ADDITIONAL ANALYSIS TO  
30 ENSURE ACCURACY AND COMPLETION;

31 (VI) THE PUBLIC UTILITY SHALL INSPECT ANY CONSTRUCTION  
32 WORK PERFORMED BY THE THIRD-PARTY CONTRACTOR. THE THIRD-PARTY  
33 CONTRACTOR SHALL OBTAIN THE PUBLIC UTILITY'S CONFIRMATION THAT  
34 THE WORK IS COMPLETE PRIOR TO DEEMING ANY CONSTRUCTION WORK  
35 FINAL AND COMPLETED. INSPECTIONS ARE AT THE EXPENSE OF THE  
36 THIRD-PARTY CONTRACTOR. THE THIRD-PARTY CONTRACTOR SHALL  
37 PERFORM ANY ADDITIONAL WORK REQUIRED TO ADDRESS SAFETY OR  
38 RELIABILITY CONCERNS AT THE THIRD-PARTY CONTRACTOR'S EXPENSE.

39 (VII) ANY COSTS INCURRED BY THE PUBLIC UTILITY TO REPAIR OR  
40 CORRECT THE WORK COMPLETED BY A THIRD-PARTY CONTRACTOR USED  
41 BY AN INTERCONNECTION CUSTOMER AT ANY POINT DURING THE USEFUL  
42 LIFE OF THE FACILITIES OR EQUIPMENT IS DEEMED PRUDENT AND DEEMED  
43 TO HAVE BEEN CONDUCTED IN THE NORMAL COURSE OF BUSINESS. THE

1 PUBLIC UTILITY MAY RECOVER THESE COSTS FROM ITS CUSTOMERS.  
2 (d) ON OR BEFORE DECEMBER 15, 2026, THE PUBLIC UTILITY SHALL  
3 PROVIDE TO THE COMMISSION ANY RECOMMENDATIONS OF THE WORKING  
4 GROUP AND INDICATE WHICH, IF ANY, RECOMMENDATIONS ARE  
5 UNANIMOUSLY APPROVED BY THE WORKING GROUP. THE COMMISSION  
6 SHALL REVIEW THE RECOMMENDATIONS PROVIDED BY THE WORKING  
7 GROUP. THE PUBLIC UTILITY SHALL IMPLEMENT ANY UNANIMOUS  
8 RECOMMENDATIONS ON OR BEFORE JANUARY 1, 2027, AND OTHER  
9 RECOMMENDATIONS ON OR BEFORE JANUARY 31, 2027, AND THE  
10 COMMISSION SHALL DETERMINE WHETHER MODIFICATIONS TO COMMISSION  
11 RULES ARE NEEDED.

12 (8) ALL INTERCONNECTION UPGRADES AND RELATED UTILITY  
13 CONSTRUCTION WORK PERFORMED BY A THIRD-PARTY CONTRACTOR MUST  
14 MEET APPLICABLE SAFETY, RELIABILITY, LABOR, AND TECHNICAL  
15 STANDARDS, INCLUDING THE APPLICABLE LABOR REQUIREMENTS SET  
16 FORTH IN SECTION 40-2-132.5 (5).

17 **SECTION 5.** In Colorado Revised Statutes, 40-2-130.5, **amend**  
18 (1)(a) introductory portion and (1)(a)(II) as follows:  
19 **40-2-130.5. Dispatchable distributed generation - energy**  
20 **storage - definitions - program capacity - program administration -**  
21 **rules.**

22 (1) **Definitions.** As used in this section, unless the context  
23 otherwise requires:  
24 (a) "Dispatchable distributed generation" means distributed  
25 generation paired with EITHER a co-located energy storage system OR A  
26 STANDALONE ENERGY STORAGE SYSTEM that is:  
27 (II) Measured by the capacity of the ~~distributed generation~~  
28 ENERGY STORAGE SYSTEM in alternating current.

29 **SECTION 6.** In Colorado Revised Statutes, 40-2-124, **amend**  
30 (1)(j)(VI) as follows:  
31 **40-2-124. Renewable energy standards - qualifying retail and**  
32 **wholesale utilities - definitions - net metering - legislative declaration**  
33 **- rules.**

34 (1) Each provider of retail electric service in the state of Colorado,  
35 other than municipally owned utilities that serve forty thousand customers  
36 or fewer, is a qualifying retail utility. Each qualifying retail utility, with  
37 the exception of cooperative electric associations that have voted to  
38 exempt themselves from commission jurisdiction pursuant to section  
39 40-9.5-104 and municipally owned utilities, is subject to the rules  
40 established under this article 2 by the commission. No additional  
41 regulatory authority is provided to the commission other than that  
42 specifically contained in this section. In accordance with article 4 of title  
43 24, the commission shall revise or clarify existing rules to establish the

1 following:

2 (j) Rules to accommodate aggregation and interconnection of  
3 retail distributed generation, including:

4 (VI) Requiring qualifying retail utilities to adopt procedures  
5 designed to ensure that, for all renewable distributed generation or storage  
6 facilities included in their net metering service:

7 (A) ~~The size of any off-site, single-meter installation does not~~  
8 ~~exceed five hundred kilowatts;~~

9 (B) ~~The size of any off-site, multi-meter installation does not~~  
10 ~~exceed three hundred kilowatts per meter, and~~

11 (C) For any off-site facility ~~exceeding three hundred kilowatts~~  
12 COVERED BY THIS SECTION, the installation and any necessary repair or  
13 maintenance work is performed by a licensed master electrician, licensed  
14 journeyman electrician, or licensed residential wireman or by properly  
15 supervised apprentices, in addition to complying with all applicable  
16 interconnection rules. THE COMMISSION SHALL EVALUATE THE SIZE OF  
17 OFF-SITE FACILITY AND INSTALLATION LIMITATIONS AS PART OF A FUTURE  
18 RENEWABLE ENERGY STANDARD COMPLIANCE PLAN.

19 **SECTION 7. Act subject to petition - effective date.** This act  
20 takes effect at 12:01 a.m. on the day following the expiration of the  
21 ninety-day period after final adjournment of the general assembly (August  
22 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a  
23 referendum petition is filed pursuant to section 1 (3) of article V of the  
24 state constitution against this act or an item, section, or part of this act  
25 within such period, then the act, item, section, or part will not take effect  
26 unless approved by the people at the general election to be held in  
27 November 2026 and, in such case, will take effect on the date of the  
28 official declaration of the vote thereon by the governor."."

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