

Second Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0431.02 Clare Haffner x6137

HOUSE BILL 26-1225

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HOUSE SPONSORSHIP

Smith and Willford,

SENATE SPONSORSHIP

Ball,

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House Committees  
Energy & Environment

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING REQUIREMENTS TO FOSTER DISTRIBUTED ENERGY  
102 RESOURCES IN THE STATE.

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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>.)*

Under current law, each subscriber to a community solar garden receives a net metering credit to their electric bill. The community solar subscriber organization can choose between a fixed bill credit or a bill credit that is adjusted annually. The bill states that, on and after July 1, 2026, an annual adjustment mechanism must be applied to fixed bill credit rates to index the value of the fixed bill credit to changing rate

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing law.  
Dashes through the words or numbers indicate deletions from existing law.

trends.

A public utility is permitted under current law to recover its prudently incurred costs to facilitate a timely interconnection of a distributed energy resource. The bill prohibits a public utility from requiring an interconnection customer to pay the costs associated with interconnection facilities and upgrades until 30 days before the public utility incurs the costs. The bill allows a public utility to require an interconnection customer to provide security for the estimated full costs of interconnection at the time of mutual execution of an interconnection agreement.

The bill requires a public utility to:

- On or before July 1, 2026, develop a process to allow an interconnection customer to contract with a third party to perform an interconnection study;
- On or before September 1, 2026, develop a process to allow for the concurrent performance of all needed interconnection studies; and
- On or before October 1, 2026, develop a process to allow an interconnection customer to contract with a third party to perform any upgrades needed for interconnection, including engineering, procurement, and construction upgrades.

An interconnection study and upgrades that are performed by a contracted third party must meet applicable safety, reliability, labor, and technical standards.

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

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

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

6           (a) Demand for electricity is quickly increasing, and the ability of  
7 electric utilities to affordably satisfy demand while preserving reliability  
8 is increasingly important;

9           (b) Electricity generation sources in the state are increasingly  
10 renewable due to consumer demand, state policy, and the lower  
11 generation costs of renewable electricity, and distributed energy resources

1 like community solar, dispatchable distributed generation, and distributed  
2 energy storage play an important role in satisfying such increasing  
3 electricity demand in an affordable way;

4 (c) Since 2011, the state has consistently encouraged the  
5 deployment of community solar gardens to ensure that Coloradans  
6 without access to rooftop solar can still choose to use solar power, and  
7 ratepayers with low incomes, in particular, can benefit from community  
8 solar bill credits that reduce monthly utility bills;

9 (d) Dispatchable distributed generation facilities, like solar paired  
10 with battery storage, are increasingly recognized as important  
11 cost-effective grid reliability resources;

12 (e) While state policy remains strongly in favor of lower-cost and  
13 cleaner renewable energy generation, federal policy has drastically  
14 changed to discourage these resources;

15 (f) The enactment of H.R. 1, Pub.L. 119-21, in 2025 eliminated  
16 tax incentives from certain electricity generation sources, including solar,  
17 while retaining favorable tax incentives for some nonrenewable forms of  
18 electricity generation;

19 (g) H.R. 1, Pub.L. 119-21, also expires federal tax credits for new  
20 solar generation facilities at the end of 2029 unless a new solar generation  
21 facility is fully operational by that time;

22 (h) Federal tax credits are instrumental in incentivizing the use of  
23 solar resources for affordable power generation;

24 (i) Community solar and dispatchable distributed generation  
25 facilities take multiple years to design, finance, permit, build, and  
26 interconnect to the electric grid;

27 (j) In addition, the interconnection process often takes multiple

1 years, thus delaying the building of a necessary energy resource and  
2 endangering the ability of the energy resource to cost-effectively deploy  
3 before the 2029 expiration of federal tax credits;

4 (k) One of the most significant periods of time required in the  
5 building of new community solar and dispatchable distributed generation  
6 facilities is the time it takes for the utility to study interconnection impacts  
7 of the proposed facility and to make necessary developer-funded upgrades  
8 to the electric grid to enable safe interconnection;

9 (l) Innovative ideas that facilitate a quicker and more economic  
10 interconnection process can greatly assist the deployment of necessary  
11 community solar and dispatchable distributed generation resources, thus  
12 assisting electric utilities in providing clean and affordable power to  
13 ratepayers;

14 (m) Maintaining the value of bill credits for community solar  
15 subscribers, particularly for ratepayers with low incomes, is important  
16 amid the rising cost of living; and

17 (n) As a result of new federal policy, some adjustments need to be  
18 made to the state's community solar and dispatchable distributed  
19 generation programs in order to maintain the programs' benefits to the  
20 electric grid and ratepayers.

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

22 (a) Continue to encourage the development of distributed energy  
23 resources like community solar and dispatchable distributed generation;  
24 and

25 (b) Make adjustments to state law to facilitate the timely and  
26 cost-effective deployment of distributed energy resources, while  
27 maintaining the value of such resources for community solar subscribers

1 and particularly for ratepayers with low incomes.

2 **SECTION 3.** In Colorado Revised Statutes, 40-2-127, **amend**  
3 (5)(b)(II)(C) as follows:

4 **40-2-127. Community energy funds - community solar**  
5 **gardens - definitions - rules - legislative declaration - applicability -**  
6 **repeal.**

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

8 (b) (II) (C) For a subscriber organization that directs the  
9 qualifying retail utility to provide the subscriber organization's  
10 subscribers with a fixed bill credit, the net metering credit is calculated  
11 by multiplying the subscriber's share of the electricity production from the  
12 community solar garden by the qualifying retail utility's total aggregate  
13 retail rate as charged to the subscriber at the time the subscriber  
14 organization applies for or bids capacity into a utility community solar  
15 garden program, minus a reasonable charge, as determined by the  
16 commission at the time the subscriber organization applies for or bids  
17 capacity into a utility community solar garden program. The charge will  
18 be used to cover the utility's costs related to: Delivering to the subscriber's  
19 premises the electricity generated by the community solar garden,  
20 integrating the solar generation with the utility's system, and  
21 administering contracts and net metering credits for the community solar  
22 garden. ON AND AFTER JULY 1, 2026, FOR A SUBSCRIBER ORGANIZATION  
23 THAT DIRECTS THE QUALIFYING RETAIL UTILITY TO PROVIDE A FIXED BILL  
24 CREDIT, THE QUALIFYING RETAIL UTILITY SHALL INDEX THE VALUE OF THE  
25 FIXED BILL CREDIT TO A COMMUNITY SOLAR GARDEN SUBSCRIBER TO  
26 CHANGING RATE TRENDS BY APPLYING AN ANNUAL ADJUSTMENT  
27 MECHANISM TO THE BILL CREDIT EQUAL TO THE MOST RECENT ANNUAL

1 CHANGE IN THE QUALIFYING RETAIL UTILITY'S TOTAL AGGREGATE RETAIL  
2 RATE, INCLUDING ALL BILLED RATE COMPONENTS BASED ON THE  
3 SUBSCRIBER'S RATE CLASS.

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

6 **40-2-135. Retail distributed generation - customers' rights -**  
7 **rules - penalties.**

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

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

26 (7) (a) ON OR BEFORE JULY 1, 2026, A PUBLIC UTILITY SHALL  
27 DEVELOP A PROCESS TO ALLOW AN INTERCONNECTION CUSTOMER TO

1 CONTRACT WITH A THIRD PARTY TO PERFORM ANY NEEDED  
2 INTERCONNECTION STUDY. A PUBLIC UTILITY SHALL RESPOND TO A  
3 THIRD-PARTY INTERCONNECTION STUDY REQUEST SUBMITTED BY AN  
4 INTERCONNECTION CUSTOMER WITHIN FIFTEEN DAYS AFTER THE  
5 SUBMISSION OF THE INTERCONNECTION STUDY REQUEST. AN  
6 INTERCONNECTION STUDY PERFORMED BY A THIRD PARTY MUST MEET  
7 APPLICABLE SAFETY, RELIABILITY, LABOR, AND TECHNICAL STANDARDS.

8 (b) ON OR BEFORE SEPTEMBER 1, 2026, A PUBLIC UTILITY SHALL  
9 DEVELOP A PROCESS TO ALLOW FOR THE CONCURRENT PERFORMANCE OF  
10 ALL NEEDED INTERCONNECTION STUDIES, INCLUDING INTERCONNECTION  
11 STUDIES PERFORMED BY A CONTRACTED THIRD PARTY. EACH  
12 INTERCONNECTION STUDY PERFORMED MUST MEET APPLICABLE SAFETY,  
13 RELIABILITY, LABOR, AND TECHNICAL STANDARDS.

14 (c) ON OR BEFORE OCTOBER 1, 2026, A PUBLIC UTILITY SHALL  
15 DEVELOP A PROCESS TO ALLOW AN INTERCONNECTION CUSTOMER TO  
16 CONTRACT WITH A THIRD PARTY TO PERFORM ANY UPGRADES NEEDED FOR  
17 INTERCONNECTION, INCLUDING ENGINEERING, PROCUREMENT, AND  
18 CONSTRUCTION UPGRADES. A PUBLIC UTILITY SHALL NOT IMPOSE  
19 UNREASONABLE RESTRICTIONS ON UPGRADES PERFORMED BY A  
20 CONTRACTED THIRD PARTY AND SHALL RESPOND TO UPGRADE PLANS  
21 SUBMITTED BY AN INTERCONNECTION CUSTOMER WITHIN THIRTY DAYS  
22 AFTER THE SUBMISSION OF THE UPGRADE PLANS. UPGRADES THAT ARE  
23 PERFORMED BY A CONTRACTED THIRD PARTY MUST MEET APPLICABLE  
24 SAFETY, RELIABILITY, LABOR, AND TECHNICAL STANDARDS.

25 (d) AN INTERCONNECTION CUSTOMER MAY APPEAL TO THE  
26 COMMISSION A PUBLIC UTILITY'S DENIAL OF THE INTERCONNECTION  
27 CUSTOMER'S REQUEST TO CONTRACT WITH A THIRD PARTY TO PERFORM AN

1 INTERCONNECTION STUDY OR UPGRADE.

2           **SECTION 5. Safety clause.** The general assembly finds,  
3 determines, and declares that this act is necessary for the immediate  
4 preservation of the public peace, health, or safety or for appropriations for  
5 the support and maintenance of the departments of the state and state  
6 institutions.