

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0789.01 Christopher McMichael x4775

SENATE BILL 26-142

SENATE SPONSORSHIP

Ball,

HOUSE SPONSORSHIP

Joseph and Gonzalez R.,

Senate Committees
Transportation & Energy

House Committees

A BILL FOR AN ACT

101 CONCERNING THE DEVELOPMENT OF THERMAL ENERGY RESOURCES.

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>.)

A qualifying entity is an industrial or commercial facility operator that recovers thermal energy as a by-product of its primary industrial or commercial processes. The bill permits the sale of recovered thermal energy by a qualifying entity under certain conditions, including:

- The thermal energy is a by-product of the qualifying entity's primary industrial or commercial process, and the thermal energy is not generated primarily for retail sale;
- The qualifying entity's primary business activity is not the

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.

- operation of a public utility;
- The recovery and sale of thermal energy does not result in an increase in fossil fuel combustion beyond what the qualifying entity's primary industrial or commercial process requires;
- The recovered thermal energy is sold pursuant to a contract between the qualifying entity and a purchaser; and
- The qualifying entity does not sell electricity, natural gas, or other commodities regulated by the public utilities commission as part of the transaction.

The bill authorizes a local government or a special district (local government) to enter into an agreement with one or more entities for the purpose of providing the local government with service from a thermal energy network. The local government may issue bonds for the purpose of financing thermal energy infrastructure, interconnections, or customer connections within the jurisdiction of the local government.

The bill also increases the net electric generating capacity of a community geothermal garden from 5 megawatts to 25 megawatts. The bill requires a qualifying retail utility to purchase a minimum amount of electricity from community geothermal gardens, as determined by the public utilities commission.

Under current law, if a municipality builds or acquires gas or electric works and distribution systems, the municipality must get voter approval at the next municipal election. The bill removes the voter approval requirement if the municipality builds or acquires heating and cooling works and distribution systems for the distribution of heat and cooling obtained from geothermal resources or from waste and cogenerated heat.

The bill requires the Colorado energy and carbon management commission (commission) and the Colorado geological survey to collect data and information related to the development of geological resources in the state. The commission shall make recommendations to encourage safe and effective development of geothermal resources and report those recommendations to the general assembly on or before November 15, 2026.

The bill requires investor-owned electric utilities (utilities) to identify small-scale geothermal projects and large-scale geothermal projects (geothermal projects). The utility must solicit proposals for the development of small-scale geothermal projects of up to 25 megawatts of net electric generating capacity and large-scale geothermal projects that are greater than 25 megawatts of net electric generating capacity. The utility may submit the proposals to the public utilities commission as part of the utility's next electric resource planning filing. A utility may also partner with a specific customer or group of customers to develop geothermal projects if the specific customer agrees to certain conditions,

such as covering at least 50% of the cost of development of the project.

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

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

4 (a) In 2021, the general assembly enacted Senate Bill 21-264,
5 requiring regulated gas utilities to develop clean heat plans to reduce
6 greenhouse gas emissions;

7 (b) In 2023, the general assembly enacted House Bill 23-1252,
8 which authorized thermal energy networks, integrated thermal energy into
9 the clean heat standard, and required a large gas utility to propose pilot
10 thermal energy network projects;

11 (c) The Colorado energy office has invested substantial public
12 funds in geothermal and thermal energy network grants and tax credits,
13 and communities across the state are pursuing neighborhood-scale
14 alternatives to natural gas infrastructure;

15 (d) While existing law does not prohibit municipalities from
16 operating thermal energy networks that include private participants and
17 does not prohibit industrial facilities from selling recovered waste heat,
18 the absence of express statutory authority for these activities imposes
19 unnecessary soft costs on every entity that attempts to conduct those
20 activities, including legal fees, financial risk premiums, and extended
21 project timelines;

22 (e) These soft costs are disproportionately burdensome for small
23 and rural communities and prevent publicly funded thermal energy
24 project operators from entering into contracts that make financial sense;

25 (f) Colorado's data centers, manufacturing facilities, and industrial

1 operations emit substantial quantities of waste heat into the atmosphere
2 through evaporative cooling, thus consuming water resources in a
3 water-scarce state. This waste heat could be recovered and used for
4 heating and cooling if there was a clear legal pathway.

5 (g) Thermal energy infrastructure built by municipalities and
6 private entities under this act may be transferred to regulated utilities as
7 a less risky asset that contributes to clean heat plan compliance, thereby
8 accelerating the outcomes and goals of the state's clean heat plan.

9 (2) Therefore, the general assembly declares that:

10 (a) It is the purpose of this act to reduce soft costs and legal
11 ambiguity associated with thermal energy network deployment and
12 industrial waste heat recovery by providing express statutory authority for
13 these activities that otherwise lack clear legal pathways;

14 (b) This act is intended to complement, not displace, the authority
15 of the public utilities commission to regulate public utilities and to
16 oversee thermal energy network development; and

17 (c) This act does not create new state spending obligations or new
18 regulatory mandates on existing or new regulatory bodies.

19 **SECTION 2.** In Colorado Revised Statutes, **add** 24-38.5-126 as
20 follows:

21 **24-38.5-126. Industrial waste heat recovery - thermal energy**
22 **- safe harbor - consumer protection - reporting - definitions.**

23 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
24 REQUIRES:

25 (a) "PUBLIC UTILITIES COMMISSION" MEANS THE PUBLIC UTILITIES
26 COMMISSION CREATED IN SECTION 40-2-101.

27 (b) "QUALIFYING ENTITY" MEANS A PERSON THAT OPERATES AN

1 INDUSTRIAL OR COMMERCIAL FACILITY AND RECOVERS THERMAL ENERGY
2 FROM THE FACILITY'S PRIMARY INDUSTRIAL OR COMMERCIAL PROCESSES
3 FOR SALE TO ONE OR MORE THERMAL ENERGY PURCHASERS.

4 (c) "RECOVERED THERMAL ENERGY SALE" MEANS THE SALE OF
5 THERMAL ENERGY RECOVERED BY A QUALIFYING ENTITY TO ONE OR MORE
6 THERMAL ENERGY PURCHASERS PURSUANT TO THIS SECTION.

7 (d) "THERMAL ENERGY" HAS THE MEANING SET FORTH IN SECTION
8 40-3.2-108 (2)(r).

9 (e) "THERMAL ENERGY NETWORK" HAS THE MEANING SET FORTH
10 IN SECTION 40-3.2-108 (2)(s).

11 (f) "THERMAL ENERGY PURCHASER" MEANS A PERSON THAT
12 PURCHASES THERMAL ENERGY RECOVERED BY A QUALIFYING ENTITY
13 PURSUANT TO A THERMAL ENERGY SERVICE AGREEMENT.

14 (2) A RECOVERED THERMAL ENERGY SALE IS NOT SUBJECT TO
15 REGULATION BY THE PUBLIC UTILITIES COMMISSION, SO LONG AS THE
16 QUALIFYING ENTITY MEETS THE FOLLOWING CONDITIONS:

17 (a) THE THERMAL ENERGY SOLD BY THE QUALIFYING ENTITY IS A
18 BY-PRODUCT OF THE QUALIFYING ENTITY'S PRIMARY INDUSTRIAL OR
19 COMMERCIAL PROCESS AND IS NOT GENERATED PRIMARILY FOR RETAIL
20 SALE;

21 (b) THE QUALIFYING ENTITY'S PRIMARY BUSINESS ACTIVITY IS NOT
22 THE OPERATION OF A PUBLIC UTILITY;

23 (c) THE RECOVERY AND SALE OF THERMAL ENERGY MUST NOT
24 RESULT IN THE INCREASE IN FOSSIL FUEL COMBUSTION BEYOND WHAT THE
25 QUALIFYING ENTITY'S PRIMARY INDUSTRIAL OR COMMERCIAL PROCESSES
26 WOULD OTHERWISE REQUIRE;

27 (d) THE QUALIFYING ENTITY CONDUCTS ALL RECOVERED THERMAL

1 ENERGY SALES PURSUANT TO A CONTRACT OR AGREEMENT ENTERED INTO
2 BY BOTH THE QUALIFYING ENTITY AND THE THERMAL ENERGY PURCHASER;
3 AND

4 (e) THE QUALIFYING ENTITY DOES NOT SELL ELECTRICITY,
5 NATURAL GAS, OR OTHER COMMODITIES REGULATED UNDER ARTICLES 1
6 TO 7 OF TITLE 40 AS PART OF THE TRANSACTION TO SELL THERMAL ENERGY
7 PURSUANT TO THIS SECTION.

8 (3) A QUALIFYING ENTITY'S PROVISION OF THERMAL ENERGY
9 SERVICE UNDER THIS SECTION SHALL NOT BE CONSTRUED AS THE
10 PROVISION OF NATURAL GAS SERVICE AND DOES NOT CONSTITUTE A
11 VIOLATION OF ANY EXCLUSIVE FRANCHISE AGREEMENT FOR THE
12 DISTRIBUTION OF NATURAL GAS.

13 (4) (a) NOTHING IN THIS SECTION LIMITS THE AUTHORITY OF THE
14 PUBLIC UTILITIES COMMISSION TO REGULATE AN ENTITY THAT IS A PUBLIC
15 UTILITY BY REASON OF ACTIVITIES OTHER THAN RECOVERED THERMAL
16 ENERGY SALES.

17 (b) NOTHING IN THIS SECTION LIMITS THE AUTHORITY OF THE
18 PUBLIC UTILITIES COMMISSION TO REGULATE A GAS UTILITY WITH RESPECT
19 TO THERMAL ENERGY NETWORKS PURSUANT TO SECTION 40-4-121.

20 **SECTION 3.** In Colorado Revised Statutes, **add** 29-1-208 as
21 follows:

22 **29-1-208. Local government thermal energy aggregation -**
23 **contracting authority - revenue bonds - private operators -**
24 **definitions.**

25 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
26 REQUIRES:

27 (a) "LOCAL GOVERNMENT" MEANS A STATUTORY OR HOME RULE

1 CITY, TOWN, COUNTY, CITY AND COUNTY, OR SPECIAL DISTRICT.

2 (b) "PUBLIC UTILITIES COMMISSION" MEANS THE PUBLIC UTILITIES
3 COMMISSION CREATED IN SECTION 40-2-101.

4 (c) "THERMAL ENERGY" HAS THE MEANING SET FORTH IN SECTION
5 40-3.2-108 (2)(r).

6 (d) "THERMAL ENERGY NETWORK" HAS THE MEANING SET FORTH
7 IN SECTION 40-3.2-108 (2)(s).

8 (e) "THERMAL ENERGY SERVICE AGREEMENT" MEANS A CONTRACT
9 BETWEEN A LOCAL GOVERNMENT AND ONE OR MORE OTHER PARTIES FOR
10 THE PURCHASE, SALE, DELIVERY, OR CAPACITY RESERVATION OF THERMAL
11 ENERGY OR THERMAL ENERGY NETWORK SERVICE.

12 (2) (a) A LOCAL GOVERNMENT MAY AGGREGATE THERMAL
13 ENERGY DEMAND FOR BUILDINGS AND FACILITIES OWNED OR MANAGED BY
14 THE LOCAL GOVERNMENT WITH DEMAND FROM OTHER ENTITIES,
15 INCLUDING PRIVATE ENTITIES THAT ELECT TO PARTICIPATE IN THE
16 THERMAL ENERGY NETWORK.

17 (b) A LOCAL GOVERNMENT THAT AGGREGATES THERMAL ENERGY
18 DEMAND PURSUANT TO THIS SUBSECTION (2) IS NOT CONSIDERED A PUBLIC
19 UTILITY OR A MUNICIPAL UTILITY AND IS NOT SUBJECT TO REGULATION BY
20 THE PUBLIC UTILITIES COMMISSION.

21 (3) (a) A LOCAL GOVERNMENT MAY ENTER INTO THERMAL ENERGY
22 SERVICE AGREEMENTS FOR A TERM NOT TO EXCEED TWENTY-FIVE YEARS,
23 SUBJECT TO ANNUAL APPROPRIATION BY THE LOCAL GOVERNMENT.

24 (b) A LOCAL GOVERNMENT MAY ENTER INTO
25 INTERGOVERNMENTAL AGREEMENTS WITH OTHER LOCAL GOVERNMENTS
26 PURSUANT TO SECTION 29-1-203 FOR THE DEVELOPMENT, OPERATION, OR
27 FINANCING OF A THERMAL ENERGY NETWORK.

1 (c) A LOCAL GOVERNMENT MAY ENTER INTO A CONTRACT WITH A
2 PRIVATE ENTITY FOR THE DESIGN, CONSTRUCTION, OPERATION,
3 MAINTENANCE, OR MANAGEMENT OF A THERMAL ENERGY NETWORK ON
4 BEHALF OF THE LOCAL GOVERNMENT IF THE CONTRACT IS APPROVED BY
5 THE GOVERNING BODY OF THE LOCAL GOVERNMENT.

6 (4) A PRIVATE ENTITY, OTHER THAN A UTILITY REGULATED BY THE
7 PUBLIC UTILITIES COMMISSION, THAT OPERATES, MAINTAINS, OR MANAGES
8 A THERMAL ENERGY NETWORK ON BEHALF OF A LOCAL GOVERNMENT IS
9 NOT CONSIDERED A MUNICIPAL UTILITY OR A PUBLIC UTILITY, AS DEFINED
10 IN SECTION 40-1-103, AND IS NOT SUBJECT TO REGULATION BY THE PUBLIC
11 UTILITIES COMMISSION.

12 (5) (a) IF A LOCAL GOVERNMENT IS OTHERWISE AUTHORIZED BY
13 LAW TO ISSUE BONDS, THE LOCAL GOVERNMENT MAY ISSUE REVENUE
14 BONDS, GENERAL OBLIGATION BONDS, OR OTHER FINANCING MECHANISMS
15 AUTHORIZED BY LAW FOR THE PURPOSE OF FINANCING THE DESIGN,
16 CONSTRUCTION, ACQUISITION, OR IMPROVEMENT OF THERMAL ENERGY
17 NETWORK INFRASTRUCTURE, INCLUDING PIPES, INTERCONNECTIONS, HEAT
18 EXCHANGERS, GROUND-SOURCE LOOPS, CUSTOMER CONNECTIONS, AND
19 OTHER INFRASTRUCTURE RELATED TO THE DISTRIBUTION OF THERMAL
20 ENERGY.

21 (b) IF A LOCAL GOVERNMENT ISSUES BONDS PURSUANT TO THIS
22 SUBSECTION (5), THE BONDS MUST BE PAYABLE SOLELY FROM THE
23 REVENUE DERIVED FROM THE OPERATION OF THE THERMAL ENERGY
24 NETWORK AND DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE
25 LOCAL GOVERNMENT.

26 (c) GENERAL OBLIGATION BONDS ISSUED PURSUANT TO THIS
27 SUBSECTION (5) ARE SUBJECT TO SECTION 20 OF ARTICLE X OF THE STATE

1 CONSTITUTION AND ALL OTHER APPLICABLE LAWS.

2 (6) A LOCAL GOVERNMENT MAY PROVIDE THERMAL ENERGY
3 SERVICE TO PARTICIPANTS LOCATED OUTSIDE THE JURISDICTIONAL
4 BOUNDARIES OF THE LOCAL GOVERNMENT IF:

5 (a) THE LOCAL GOVERNMENT HAS ENTERED INTO AN
6 INTERGOVERNMENTAL AGREEMENT IN ACCORDANCE WITH SECTION
7 29-1-203 WITH THE LOCAL GOVERNMENT IN WHICH THE PARTICIPANT
8 RECEIVING THE THERMAL ENERGY SERVICE IS LOCATED; OR

9 (b) THE LOCAL GOVERNMENT AND THE PARTICIPANT HAVE
10 ENTERED INTO A THERMAL ENERGY SERVICE AGREEMENT.

11 (7) THE PROVISION OF THERMAL ENERGY SERVICE IN ACCORDANCE
12 WITH THIS SECTION SHALL NOT BE CONSTRUED AS THE PROVISION OF
13 NATURAL GAS SERVICE AND DOES NOT CONSTITUTE A VIOLATION OF ANY
14 EXCLUSIVE FRANCHISE AGREEMENT FOR THE DISTRIBUTION OF NATURAL
15 GAS.

16 (8) A THERMAL ENERGY SERVICE AGREEMENT ENTERED INTO
17 PURSUANT TO THIS SECTION MAY BE SUBMITTED AS EVIDENCE OF
18 CUSTOMER DEMAND IN ANY PROCEEDING BEFORE THE PUBLIC UTILITIES
19 COMMISSION CONDUCTED PURSUANT TO SECTION 40-4-121.

20 (9) NOTHING IN THIS SECTION EXPANDS OR LIMITS THE AUTHORITY
21 OF THE PUBLIC UTILITIES COMMISSION OVER A PUBLIC UTILITY REGULATED
22 UNDER TITLE 40. EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION,
23 THERMAL ENERGY SYSTEMS AUTHORIZED PURSUANT TO THIS SECTION ARE
24 NOT REGULATED BY THE PUBLIC UTILITIES COMMISSION AND ARE
25 GOVERNED BY LOCAL GOVERNMENT CONTRACTING AUTHORITY.

26 **SECTION 4.** In Colorado Revised Statutes, **add** 30-11-134 as
27 follows:

1 **30-11-134. Thermal energy network agreements.**

2 A BOARD OF COUNTY COMMISSIONERS MAY ENTER INTO
3 AGREEMENTS WITH ONE OR MORE ENTITIES, INCLUDING OTHER LOCAL
4 GOVERNMENTAL ENTITIES, FOR THE PROVISION OF SERVICE FROM A
5 THERMAL ENERGY NETWORK IN ACCORDANCE WITH SECTION 40-4-121 (7)
6 OR 29-1-208.

7 **SECTION 5.** In Colorado Revised Statutes, 31-15-707, **amend**
8 (1)(a)(I) as follows:

9 **31-15-707. Municipal utilities.**

10 (1) The governing body of each municipality has the power:

11 (a) (I) To acquire waterworks, gasworks, and gas distribution
12 systems for the distribution of gas of any kind or electric light and power
13 works and distribution systems, or heating and cooling works and
14 distribution systems for the distribution of heat and cooling obtained from
15 geothermal resources, solar or wind energy, hydroelectric or renewable
16 biomass resources, including waste and cogenerated heat, and all
17 appurtenances necessary to any of ~~said~~ THE works or systems or to
18 authorize the erection, ownership, operation, and maintenance of ~~such~~
19 THE works and systems by others. No ~~such~~ works or systems, except
20 waterworks OR HEATING AND COOLING WORKS AND DISTRIBUTION
21 SYSTEMS FOR THE DISTRIBUTION OF HEAT AND COOLING OBTAINED FROM
22 GEOTHERMAL RESOURCES OR FROM WASTE AND COGENERATED HEAT, shall
23 be acquired or erected by a municipality until the question of acquiring or
24 erecting the ~~same~~ WORKS OR SYSTEMS is submitted at a regular or special
25 election and approved in the manner provided for authorization of bonded
26 indebtedness by section 31-15-302 (1)(d) and in accordance with the
27 requirements of law, including requirements of law relating to the

1 acquisition and financing of public utilities by municipalities. The
2 question of acquiring or erecting a waterworks ~~need not be so~~ OR A
3 HEATING AND COOLING WORKS AND DISTRIBUTION SYSTEMS FOR THE
4 DISTRIBUTION OF HEAT AND COOLING OBTAINED FROM GEOTHERMAL
5 RESOURCES OR FROM WASTE AND COGENERATED HEAT DOES NOT NEED TO
6 BE submitted and approved at an election.

7 **SECTION 6.** In Colorado Revised Statutes, 31-15-713, **amend**
8 (1)(a) as follows:

9 **31-15-713. Power to sell public works - real property.**

10 (1) The governing body of each municipality has the power:

11 (a) To sell and dispose of waterworks, ditches, gasworks,
12 geothermal systems, solar systems, electric light works, THERMAL ENERGY
13 NETWORKS AS DEFINED IN SECTION 40-3.2-108 (2)(s), or other public
14 utilities, public buildings, real property used or held for park purposes, or
15 ~~any other~~ real property used or held for any governmental purpose. Before
16 any ~~such~~ sale is made, the question of ~~said~~ THE sale and the terms and
17 consideration ~~thereof~~ OF THE SALE shall be submitted at a regular or
18 special election and approved in the manner provided for authorization of
19 bonded indebtedness by section 31-15-302 (1)(d).

20 **SECTION 7.** In Colorado Revised Statutes, 31-15-901, **add**
21 (1)(e) as follows:

22 **31-15-901. Miscellaneous powers.**

23 (1) The governing body of each municipality has the power:

24 (e) TO ENTER INTO AGREEMENTS WITH ONE OR MORE ENTITIES,
25 INCLUDING OTHER LOCAL GOVERNMENTAL ENTITIES, FOR THE PROVISION
26 OF SERVICE FROM A THERMAL ENERGY NETWORK IN ACCORDANCE WITH
27 SECTION 40-4-121 (7).

1 **SECTION 8.** In Colorado Revised Statutes, 32-1-1001, **add**
2 (1)(p) as follows:

3 **32-1-1001. Common powers - definitions.**

4 (1) For and on behalf of the special district, the board has the
5 following powers:

6 (p) TO ENTER INTO AGREEMENTS WITH ONE OR MORE PARTIES,
7 INCLUDING OTHER LOCAL GOVERNMENTAL ENTITIES, FOR THE PROVISION
8 OF SERVICE FROM A THERMAL ENERGY NETWORK IN ACCORDANCE WITH
9 SECTION 40-4-121 (7) OR 29-1-208.

10 **SECTION 9.** In Colorado Revised Statutes, **add** 37-90.5-112 as
11 follows:

12 **37-90.5-112. Geothermal data collection - duties of commission**
13 **- gifts, grants, or donations - report - repeal.**

14 (1) (a) THE COMMISSION AND THE COLORADO GEOLOGICAL
15 SURVEY, ESTABLISHED IN SECTION 23-41-203, SHALL FACILITATE THE
16 COLLECTION OF DATA REGARDING GEOTHERMAL RESOURCES IN THE STATE.
17 IN CONSIDERATION OF AVAILABLE MONEY, THE COMMISSION AND THE
18 COLORADO GEOLOGICAL SURVEY MAY:

19 (I) COLLECT DATA TO INFORM THE ASSESSMENT OR DEVELOPMENT
20 OF GEOTHERMAL RESOURCES IN THE STATE;

21 (II) CONSIDER THE USE OF OIL AND GAS WELLS SCHEDULED TO BE
22 PLUGGED AND ABANDONED AS ORPHANED WELLS, AS DEFINED IN SECTION
23 34-60-133 (8)(f); MARGINAL WELLS, AS DEFINED IN SECTION 34-60-133
24 (8)(d.5); OR OTHER OIL AND GAS WELLS IDENTIFIED BY AN OIL AND GAS
25 OPERATOR;

26 (III) CONSIDER THE USE OF MONITORING AND OBSERVATION
27 WELLS, AS DEFINED IN SECTION 37-91-102 (10.5); TEST HOLES, AS DEFINED

1 IN SECTION 37-91-102 (15.7), AUTHORIZED BY THE STATE BOARD OF
2 EXAMINERS OF WATER WELL AND GROUND HEAT EXCHANGER
3 CONTRACTORS, CREATED IN SECTION 37-91-103; OR OTHER WELLS, AS
4 DEFINED IN SECTION 37-91-102 (16), IDENTIFIED BY THE STATE ENGINEER,
5 APPOINTED PURSUANT TO SECTION 37-80-101;

6 (IV) ASSESS BOTTOM-HOLE TEMPERATURES AND THERMAL
7 GRADIENTS FROM WELLS, AS DESCRIBED IN SUBSECTIONS (1)(a)(II) AND
8 (1)(a)(III) OF THIS SECTION;

9 (V) UTILIZE EXISTING INFRASTRUCTURE OR DRILL NEW WELLS FOR
10 DATA COLLECTION IF FUNDING IS AVAILABLE;

11 (VI) PRIORITIZE THE COLLECTION OF BOTTOM-HOLE
12 TEMPERATURES, THE MEASUREMENT AND EVALUATION OF THERMAL
13 GRADIENTS, AND THE COLLECTION OF OTHER RELEVANT DATA THAT
14 WOULD SUPPORT INCREASED UNDERSTANDING OF AVAILABLE
15 GEOTHERMAL RESOURCES OR THAT COULD FACILITATE OR INFORM:

16 (A) THE PRODUCTION OF GEOTHERMAL ENERGY;

17 (B) DRILLING OF RESERVOIR DEPTH RESOURCE EXPLORATION,
18 CHARACTERIZATION, OR CONFIRMATION WELLS TO GATHER ADDITIONAL
19 DATA AND INFORMATION;

20 (C) FIELD TESTS OR OTHER TESTS AT SITES WITH POTENTIAL FOR
21 HYDROTHERMAL, NEXT-GENERATION DEVELOPMENT, OR ELECTRIC POWER
22 GENERATION; OR

23 (D) THE DEPLOYMENT OF LOW-TEMPERATURE GEOTHERMAL
24 TECHNOLOGIES FOR HEATING, COOLING, OR OTHER DIRECT USES; AND

25 (VII) COLLECT ANY ADDITIONAL RELEVANT DATA OR
26 INFORMATION, INCLUDING:

27 (A) DATA RELATED TO RESOURCES IN HOT DRY ROCK;

- 1 (B) TEMPERATURE AT DEPTH;
- 2 (C) INFORMATION RELATED TO SUBSURFACE PERMEABILITY AND
- 3 FRACTURE NETWORKS;
- 4 (D) DATA RELATED TO LOCAL STRESS REGIMES; AND
- 5 (E) THERMAL CONDUCTIVITY, THERMAL DIFFUSIVITY, AND
- 6 UNDISTURBED GROUND TEMPERATURE.

7 (b) THE DATA COLLECTION CONDUCTED PURSUANT TO THIS
8 SUBSECTION (1) MUST BE:

- 9 (I) CONDUCTED SUBJECT TO PRIVATE PROPERTY RIGHTS;
- 10 (II) CONDUCTED WITHOUT COMPELLING THE PUBLIC RELEASE OF
- 11 PROPRIETARY DATA WITHOUT THE CONSENT OF THE DATA OWNER;
- 12 (III) CONDUCTED WITHOUT INCREASING THE RISK OF ADVERSE
- 13 IMPACTS TO PUBLIC HEALTH, SAFETY, AND WELFARE, INCLUDING THE
- 14 ENVIRONMENT AND WILDLIFE RESOURCES; AND
- 15 (IV) ORGANIZED IN A SEARCHABLE FORMAT THAT IS MADE
- 16 AVAILABLE AT NO COST TO THE PUBLIC.

17 (c) (I) THE COMMISSION AND THE COLORADO GEOLOGICAL SURVEY
18 MAY CONTRACT WITH THIRD-PARTY ENTITIES TO CONDUCT THE DATA
19 COLLECTION PURSUANT TO THIS SUBSECTION (1).

20 (II) THE COMMISSION MAY SEEK, ACCEPT, AND EXPEND GIFTS,
21 GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE
22 PURPOSES OF CONDUCTING THE DATA COLLECTION PURSUANT TO THIS
23 SUBSECTION (1).

24 (III) THE COMMISSION MAY EXPEND ANY MONEY APPROPRIATED
25 BY THE GENERAL ASSEMBLY FOR THE PURPOSES OF CONDUCTING THE DATA
26 COLLECTION PURSUANT TO THIS SUBSECTION (1).

27 (d) (I) THE COLLECTION OF DATA CONDUCTED PURSUANT TO THIS

1 SUBSECTION (1) IS CONTINGENT ON AVAILABLE APPROPRIATIONS OR GIFTS,
2 GRANTS, OR DONATIONS RECEIVED FOR THIS PURPOSE AND DOES NOT
3 IMPAIR THE COLORADO GEOLOGICAL SURVEY'S OBLIGATION TO FULFILL
4 EXISTING STATUTORY RESPONSIBILITIES. THE COLORADO GEOLOGICAL
5 SURVEY SHALL NOT REDUCE EXISTING COMMITMENTS OF MONEY MADE BY
6 THE COLORADO GEOLOGICAL SURVEY FROM THE SEVERANCE TAX
7 OPERATIONAL FUND, CREATED IN SECTION 39-29-109 (2)(b)(I), OR THE
8 GENERAL FUND TO CONDUCT THE DATA COLLECTION.

9 (II) THE COLLECTION OF DATA CONDUCTED PURSUANT TO THIS
10 SUBSECTION (1) IS CONTINGENT ON AVAILABLE APPROPRIATIONS OR GIFTS,
11 GRANTS, OR DONATIONS RECEIVED FOR THIS PURPOSE AND DOES NOT
12 IMPAIR THE COMMISSION'S OBLIGATION TO FULFILL EXISTING STATUTORY
13 RESPONSIBILITIES. THE COMMISSION SHALL NOT REDUCE EXISTING
14 COMMITMENTS OF MONEY MADE BY THE COMMISSION FROM THE
15 SEVERANCE TAX OPERATIONAL FUND, CREATED IN SECTION 39-29-109
16 (2)(b)(I), OR THE GENERAL FUND TO CONDUCT THE DATA COLLECTION.

17 (2) (a) THE COMMISSION SHALL DEVELOP RECOMMENDATIONS TO
18 ENCOURAGE THE SAFE AND EFFECTIVE DEVELOPMENT OF GEOTHERMAL
19 RESOURCES IN THE STATE.

20 (b) (I) IN DEVELOPING THE RECOMMENDATIONS PURSUANT TO THIS
21 SUBSECTION (2), THE COMMISSION MAY CONSIDER MEASURES THAT
22 FACILITATE THE SAFE AND EFFECTIVE DEVELOPMENT OF GEOTHERMAL
23 RESOURCES, INCLUDING THE CREATION OF A GEOTHERMAL DEVELOPMENT
24 AUTHORITY.

25 (II) ANY RECOMMENDED GEOTHERMAL DEVELOPMENT AUTHORITY
26 MAY BE STRUCTURED TO FACILITATE PUBLIC-PRIVATE PARTNERSHIPS,
27 SECURE FEDERAL FUNDING, AND PROVIDE FINANCIAL RISK-MITIGATION

1 MECHANISMS FOR DEEP EXPLORATORY DRILLING AND ASSOCIATED
2 TRANSMISSION INFRASTRUCTURE OR FOR CONDUCTING THERMAL ENERGY
3 NETWORK STUDIES OR DEVELOPING A THERMAL ENERGY NETWORK. ANY
4 RECOMMENDED GEOTHERMAL DEVELOPMENT AUTHORITY MUST BE
5 NONREGULATORY IN NATURE.

6 (c) IN DEVELOPING THE RECOMMENDATIONS PURSUANT TO THIS
7 SUBSECTION (2), THE COMMISSION SHALL CONSULT WITH:

8 (I) STATE AGENCIES WITH SUBJECT MATTER EXPERTISE RELEVANT
9 TO THE RECOMMENDATIONS, INCLUDING:

10 (A) THE COLORADO GEOLOGICAL SURVEY;

11 (B) THE COLORADO ENERGY OFFICE CREATED IN SECTION
12 24-38.5-101;

13 (C) THE DIVISION OF WATER RESOURCES IN THE DEPARTMENT OF
14 NATURAL RESOURCES; AND

15 (D) THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT CREATED
16 IN SECTION 24-48.5-101;

17 (II) STAKEHOLDERS WITH TECHNICAL OR ECONOMIC EXPERTISE
18 REGARDING THE DEVELOPMENT OF GEOTHERMAL RESOURCES, AS
19 DETERMINED BY THE COMMISSION; AND

20 (III) ANY OTHER PERSON THE COMMISSION DETERMINES
21 NECESSARY TO DEVELOP RECOMMENDATIONS FOR THE SAFE AND
22 EFFECTIVE DEVELOPMENT OF GEOTHERMAL RESOURCES IN THE STATE.

23 (3) ON OR BEFORE NOVEMBER 15, 2026, THE COMMISSION SHALL
24 SUBMIT A REPORT THAT SUMMARIZES THE RECOMMENDATIONS DEVELOPED
25 PURSUANT TO SUBSECTION (2) OF THIS SECTION TO THE HOUSE OF
26 REPRESENTATIVES ENERGY AND ENVIRONMENT COMMITTEE AND THE
27 SENATE TRANSPORTATION AND ENERGY COMMITTEE, OR THEIR SUCCESSOR

1 COMMITTEES.

2 (4) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2028.

3 **SECTION 10.** In Colorado Revised Statutes, 40-2-127.5, **amend**

4 (2)(a)(IV), (6)(a)(I), and (6)(a)(II) introductory portion as follows:

5 **40-2-127.5. Community energy funds - community geothermal**
6 **gardens - rules - legislative declaration - definitions - repeal.**

7 (2) **Definitions.** As used in this section, unless the context
8 otherwise requires, the definitions in section 40-2-124 apply, and:

9 (a) (IV) A community geothermal garden must have a ~~nameplate~~
10 ~~rating of five~~ NET ELECTRIC GENERATING CAPACITY OF TWENTY-FIVE
11 megawatts or less. ~~except that the commission may, in rules adopted~~
12 ~~pursuant to subsection (3)(b) of this section, approve the formation of a~~
13 ~~community geothermal garden with a nameplate rating of up to ten~~
14 ~~megawatts.~~

15 (6) **Purchases of the output from community geothermal**
16 **gardens.**

17 (a) (I) Each qualifying retail utility ~~may~~ SHALL set forth in its plan
18 for acquisition of renewable resources a plan to purchase the electricity
19 and renewable energy credits generated from one or more community
20 geothermal gardens over the period covered by the plan.

21 (II) For each qualifying retail utility's compliance years
22 commencing in 2026 and thereafter, the commission shall determine the
23 minimum and maximum purchases of electrical output from newly
24 installed community geothermal gardens of different output capacity that
25 the qualifying retail utility ~~may~~ SHALL plan to acquire. In addition, as
26 necessary and appropriate, the commission shall formulate and implement
27 policies consistent with this section that simultaneously encourage:

1 **SECTION 11.** In Colorado Revised Statutes, **add** 40-2-140 as
2 follows:

3 **40-2-140. Geothermal energy development - small-scale**
4 **geothermal projects - large-scale geothermal projects - commission**
5 **duties - rules - definitions.**

6 (1) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
7 OTHERWISE REQUIRES:

8 (a) "INVESTOR-OWNED ELECTRIC UTILITY" OR "UTILITY" MEANS AN
9 INVESTOR-OWNED UTILITY THAT PROVIDES RETAIL ELECTRIC SERVICE TO
10 CUSTOMERS IN THE STATE AND IS REGULATED BY THE COMMISSION.

11 (b) "LARGE-SCALE GEOTHERMAL PROJECT" MEANS A GEOTHERMAL
12 PROJECT OR GEOTHERMAL PROJECTS IDENTIFIED BY A UTILITY PURSUANT
13 TO SUBSECTION (3) OF THIS SECTION THAT INDIVIDUALLY OR IN
14 AGGREGATE PRODUCE MORE THAN TWENTY-FIVE MEGAWATTS OF NET
15 ELECTRIC GENERATING CAPACITY.

16 (c) "NET ELECTRIC GENERATING CAPACITY" MEANS THE MAXIMUM
17 CONTINUOUS ELECTRICAL OUTPUT, EXPRESSED IN MEGAWATTS, DELIVERED
18 TO THE TRANSMISSION OR DISTRIBUTION SYSTEM, EXCLUDING AUXILIARY
19 OR PARASITIC LOADS REQUIRED FOR ON-SITE PLANT OPERATIONS.

20 (d) "SMALL-SCALE GEOTHERMAL PROJECT" MEANS A GEOTHERMAL
21 PROJECT IDENTIFIED BY A UTILITY PURSUANT TO SUBSECTION (2) OF THIS
22 SECTION THAT PRODUCES TWENTY-FIVE MEGAWATTS OR LESS OF NET
23 ELECTRIC GENERATING CAPACITY.

24 (2) **Small-scale geothermal projects.**

25 (a) AN INVESTOR-OWNED ELECTRIC UTILITY SHALL IDENTIFY ONE
26 OR MORE POTENTIAL SMALL-SCALE GEOTHERMAL PROJECTS AT SPECIFIC
27 LOCATIONS OR AS COMMUNITY GEOTHERMAL GARDENS, AS DEFINED IN

1 SECTION 40-2-127.5 (2)(a).

2 (b) WHEN CONSIDERING THE DEVELOPMENT OF SMALL-SCALE
3 GEOTHERMAL PROJECTS, AN INVESTOR-OWNED ELECTRIC UTILITY SHALL
4 ISSUE A REQUEST FOR PROPOSALS TO SOLICIT PROPOSALS AND BIDS FOR
5 DEVELOPMENT OF SMALL-SCALE GEOTHERMAL PROJECTS THAT THE
6 UTILITY MAY SUBMIT TO THE COMMISSION IN ACCORDANCE WITH
7 SUBSECTION (2)(c) OF THIS SECTION.

8 (c) NO LATER THAN ONE HUNDRED TWENTY DAYS AFTER AN
9 INVESTOR-OWNED ELECTRIC UTILITY CONCLUDES THE
10 REQUEST-FOR-PROPOSAL PERIOD CONDUCTED IN ACCORDANCE WITH
11 SUBSECTION (2)(b) OF THIS SECTION, THE INVESTOR-OWNED ELECTRIC
12 UTILITY MAY SUBMIT AN APPLICATION TO THE COMMISSION FOR THE
13 DEVELOPMENT OF SMALL-SCALE GEOTHERMAL PROJECTS, WHICH
14 APPLICATION MUST INCLUDE:

15 (I) A DESCRIPTION OF THE SMALL-SCALE GEOTHERMAL PROJECT
16 AND WHETHER IT IS LOCATION SPECIFIC OR A COMMUNITY GEOTHERMAL
17 GARDEN;

18 (II) THE PROPOSED LOCATION OF THE SMALL-SCALE GEOTHERMAL
19 PROJECT;

20 (III) THE AMOUNT OF ELECTRICITY, MEASURED IN
21 MEGAWATT-HOURS, THAT WILL BE GENERATED FROM THE SMALL-SCALE
22 GEOTHERMAL PROJECT; AND

23 (IV) AN ESTIMATE OF THE PROJECTED TOTAL CAPITAL COST AND
24 OPERATING COST OF THE SMALL-SCALE GEOTHERMAL PROJECT AND THE
25 IMPACT THAT THE COST WILL HAVE ON THE UTILITY'S CUSTOMERS.

26 (d) THE COMMISSION SHALL APPROVE, CONDITIONALLY APPROVE,
27 DENY, OR MODIFY AN INVESTOR-OWNED ELECTRIC UTILITY'S APPLICATION

1 SUBMITTED PURSUANT TO THIS SUBSECTION (2) WITHIN EIGHTY DAYS
2 AFTER RECEIVING THE APPLICATION.

3 (e) IN EVALUATING A SMALL-SCALE GEOTHERMAL PROJECT BID OR
4 PROPOSAL, THE COMMISSION SHALL EVALUATE THE BID OR PROPOSAL
5 SUBMITTED BY AN INVESTOR-OWNED ELECTRIC UTILITY BASED ON
6 WHETHER:

7 (I) THE PROJECTED TOTAL CAPITAL AND OPERATING COST OF THE
8 SMALL-SCALE GEOTHERMAL PROJECT AND THE PROJECT'S IMPACT ON
9 RATEPAYERS IS REASONABLE IN CONSIDERATION OF GREENHOUSE GAS
10 EMISSION REDUCTIONS AND OTHER RELEVANT BENEFITS, INCLUDING
11 RESOURCE ADEQUACY NEEDS, LONG-TERM CAPACITY ACCREDITATION, THE
12 NEED FOR CLEAN FIRM GENERATION RESOURCES, AND ACHIEVING STATE
13 ENERGY POLICY GOALS, AS DETERMINED BY THE COMMISSION; AND

14 (II) THE DEVELOPMENT OF THE SMALL-SCALE GEOTHERMAL
15 PROJECT IS IN THE PUBLIC INTEREST.

16 (f) AS PART OF AN APPLICATION SUBMITTED TO THE COMMISSION
17 PURSUANT TO THIS SUBSECTION (2), THE INVESTOR-OWNED ELECTRIC
18 UTILITY MAY REQUEST, TO THE EXTENT NECESSARY:

19 (I) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY;

20 (II) APPROVAL FOR ANY PROCUREMENT AGREEMENTS AND
21 ASSOCIATED COST RECOVERY BY THE INVESTOR-OWNED ELECTRIC
22 UTILITY; AND

23 (III) APPROVAL OF A RETURN ON INVESTED CAPITAL RECOVERY
24 APPROACH FOR ANY PROJECT OWNED BY THE INVESTOR-OWNED ELECTRIC
25 UTILITY THAT IS DEVELOPED IN ACCORDANCE WITH THIS SECTION.

26 (3) **Large-scale geothermal projects.**

27 (a) WHEN CONSIDERING THE DEVELOPMENT OF LARGE-SCALE

1 GEOTHERMAL PROJECTS, AN INVESTOR-OWNED ELECTRIC UTILITY SHALL
2 ISSUE A REQUEST FOR PROPOSALS TO SOLICIT PROPOSALS AND BIDS FOR
3 DEVELOPMENT OF LARGE-SCALE GEOTHERMAL PROJECTS THAT THE
4 UTILITY MAY SUBMIT TO THE COMMISSION IN ACCORDANCE WITH
5 SUBSECTION (3)(b) OR (4) OF THIS SECTION.

6 (b) NO LATER THAN ONE HUNDRED TWENTY DAYS AFTER AN
7 INVESTOR-OWNED ELECTRIC UTILITY CONCLUDES THE
8 REQUEST-FOR-PROPOSAL PERIOD CONDUCTED IN ACCORDANCE WITH
9 SUBSECTION (3)(a) OF THIS SECTION, THE INVESTOR-OWNED ELECTRIC
10 UTILITY MAY SUBMIT AN APPLICATION TO THE COMMISSION FOR THE
11 DEVELOPMENT OF LARGE-SCALE GEOTHERMAL PROJECTS, WHICH
12 APPLICATION MUST INCLUDE:

13 (I) A DESCRIPTION OF THE LARGE-SCALE GEOTHERMAL PROJECT
14 AND WHETHER IT IS A SINGLE PROJECT OR AN AGGREGATE OF MULTIPLE
15 GEOTHERMAL PROJECTS;

16 (II) THE PROPOSED LOCATION OR LOCATIONS OF THE LARGE-SCALE
17 GEOTHERMAL PROJECT;

18 (III) THE TOTAL AMOUNT OF ELECTRICITY, MEASURED IN
19 MEGAWATT-HOURS, THAT WILL BE GENERATED FROM THE LARGE-SCALE
20 GEOTHERMAL PROJECT AND THE ACCREDITED CAPACITY ASSOCIATED WITH
21 THE PROJECT OR PROJECTS; AND

22 (IV) AN ESTIMATE OF THE PROJECTED TOTAL CAPITAL COST AND
23 OPERATING COST OF THE LARGE-SCALE GEOTHERMAL PROJECT AND THE
24 IMPACT THAT THE COST WILL HAVE ON THE UTILITY'S CUSTOMERS.

25 (c) THE COMMISSION SHALL APPROVE, CONDITIONALLY APPROVE,
26 DENY, OR MODIFY AN INVESTOR-OWNED ELECTRIC UTILITY'S APPLICATION
27 SUBMITTED PURSUANT TO THIS SUBSECTION (3) WITHIN EIGHTY DAYS

1 AFTER RECEIVING THE APPLICATION.

2 (d) IN EVALUATING A LARGE-SCALE GEOTHERMAL PROJECT BID OR
3 PROPOSAL, THE COMMISSION SHALL EVALUATE THE BID OR PROPOSAL
4 SUBMITTED BY AN INVESTOR-OWNED ELECTRIC UTILITY BASED ON
5 WHETHER:

6 (I) THE PROJECTED TOTAL CAPITAL AND OPERATING COST OF THE
7 LARGE-SCALE GEOTHERMAL PROJECT AND THE PROJECT'S IMPACT ON
8 RATEPAYERS IS REASONABLE IN CONSIDERATION OF RELIABILITY,
9 GREENHOUSE GAS EMISSION REDUCTIONS, AND OTHER RELEVANT
10 BENEFITS, INCLUDING RESOURCE ADEQUACY NEEDS, LONG-TERM
11 CAPACITY ACCREDITATION, THE NEED FOR CLEAN FIRM GENERATION
12 RESOURCES, AND ACHIEVING STATE ENERGY POLICY GOALS, AS
13 DETERMINED BY THE COMMISSION; AND

14 (II) THE DEVELOPMENT OF THE LARGE-SCALE GEOTHERMAL
15 PROJECT IS IN THE PUBLIC INTEREST.

16 (e) AS PART OF AN APPLICATION SUBMITTED TO THE COMMISSION
17 PURSUANT TO THIS SUBSECTION (3), THE INVESTOR-OWNED ELECTRIC
18 UTILITY MAY REQUEST, TO THE EXTENT NECESSARY:

19 (I) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY;

20 (II) APPROVAL FOR ANY PROCUREMENT AGREEMENTS AND
21 ASSOCIATED COST RECOVERY BY THE INVESTOR-OWNED ELECTRIC
22 UTILITY; AND

23 (III) APPROVAL OF A RETURN ON INVESTED CAPITAL RECOVERY
24 APPROACH FOR ANY PROJECT OWNED BY THE INVESTOR-OWNED ELECTRIC
25 UTILITY THAT IS DEVELOPED IN ACCORDANCE WITH THIS SECTION.

26 (f) AN INVESTOR-OWNED ELECTRIC UTILITY MAY ONLY SUBMIT
27 ONE APPLICATION TO THE COMMISSION PURSUANT TO THIS SUBSECTION (3)

1 AS PART OF THE UTILITY'S PHASE II ELECTRIC RESOURCE PLAN. AN
2 INVESTOR-OWNED ELECTRIC UTILITY SHALL USE THE EXPERIENCE FROM
3 CONDUCTING THE SOLICITATION AND SUBMITTING AN APPLICATION
4 PURSUANT TO THIS SUBSECTION (3) TO INFORM THE UTILITY'S APPROACH
5 IN FUTURE ELECTRIC RESOURCE PLAN PROCEEDINGS RELATED TO
6 GEOTHERMAL ENERGY DEVELOPMENT AND OTHER CLEAN FIRM
7 TECHNOLOGIES.

8 (4) **Dedicated procurement.**

9 (a) IN ACCORDANCE WITH SECTION 40-3-104.3 (1), AN
10 INVESTOR-OWNED ELECTRIC UTILITY MAY PARTNER WITH A SPECIFIC
11 CUSTOMER OR A SPECIFIC GROUP OF CUSTOMERS FOR THE DEVELOPMENT
12 OF A LARGE-SCALE GEOTHERMAL PROJECT OR PROJECTS.

13 (b) AN INVESTOR-OWNED ELECTRIC UTILITY MAY SUBMIT AN
14 APPLICATION TO THE COMMISSION FOR A LARGE-SCALE GEOTHERMAL
15 PROJECT PURSUANT TO THIS SECTION IF THE PROJECT MEETS THE
16 FOLLOWING CONDITIONS:

17 (I) THE CUSTOMER OR GROUP OF CUSTOMERS AGREE TO PAY AT
18 LEAST FIFTY PERCENT OF THE COST OF DEVELOPING THE LARGE-SCALE
19 GEOTHERMAL PROJECT, INCLUDING ALL COSTS TO INTERCONNECT THE
20 PROJECT;

21 (II) THE CUSTOMER OR GROUP OF CUSTOMERS AGREES TO
22 MINIMUM CAPACITY PAYMENTS AS DETERMINED BY THE COMMISSION;

23 (III) THE CUSTOMER OR GROUP OF CUSTOMERS AGREES TO PAY AN
24 EXIT FEE OR TERMINATION FEE EQUAL TO ANY REMAINING COST OF THE
25 PROJECT AT THE TIME THE CUSTOMER OR GROUP OF CUSTOMERS SEEKS TO
26 EXIT THE CONTRACT; AND

27 (IV) ANY OTHER CONDITIONS REQUIRED BY THE COMMISSION.

1 (c) THE COMMISSION SHALL APPROVE, CONDITIONALLY APPROVE,
2 MODIFY, OR DENY AN INVESTOR-OWNED ELECTRIC UTILITY'S APPLICATION
3 SUBMITTED PURSUANT TO THIS SUBSECTION (4) WITHIN ONE HUNDRED
4 EIGHTY DAYS AFTER RECEIVING THE APPLICATION, OR LONGER IF THE
5 COMMISSION DETERMINES IT NEEDS MORE TIME TO CONSIDER THE
6 APPLICATION; EXCEPT THAT THE COMMISSION SHALL NOT EXTEND ITS
7 REVIEW OF THE APPLICATION LONGER THAN THIRTY DAYS AFTER THE END
8 OF THE ONE-HUNDRED-EIGHTY-DAY PERIOD.

9 (5) **Rules.** THE COMMISSION MAY ADOPT ANY RULES NECESSARY
10 TO IMPLEMENT AND ENFORCE THIS SECTION.

11 **SECTION 12.** In Colorado Revised Statutes, 40-4-121, **add**
12 (1)(e.5) and (7) as follows:

13 **40-4-121. Thermal energy network projects - pilot program**
14 **for large gas utilities - application - commission proceeding -**
15 **reporting - thermal energy network for local governments -**
16 **definitions.**

17 (1) As used in this section, unless the context otherwise requires:

18 (e.5) "SPECIAL DISTRICT" HAS THE MEANING SET FORTH IN SECTION
19 32-1-103 (20).

20 (7) A LOCAL GOVERNMENT OR A SPECIAL DISTRICT MAY
21 AGGREGATE THERMAL ENERGY DEMAND FOR THE PURPOSE OF
22 FACILITATING SERVICE FROM A THERMAL ENERGY NETWORK IN
23 ACCORDANCE WITH SECTION 29-1-208.

24 **SECTION 13. Act subject to petition - effective date.** This act
25 takes effect at 12:01 a.m. on the day following the expiration of the
26 ninety-day period after final adjournment of the general assembly (August
27 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a

1 referendum petition is filed pursuant to section 1 (3) of article V of the
2 state constitution against this act or an item, section, or part of this act
3 within such period, then the act, item, section, or part will not take effect
4 unless approved by the people at the general election to be held in
5 November 2026 and, in such case, will take effect on the date of the
6 official declaration of the vote thereon by the governor.