

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 26-0431.02 Clare Haffner x6137

HOUSE BILL 26-1225

HOUSE SPONSORSHIP

Smith and Willford,

SENATE SPONSORSHIP

Ball and Bright,

House Committees

Energy & Environment
Finance

Senate Committees

A BILL FOR AN ACT

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

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.

HOUSE
Amended 2nd Reading
April 24, 2026

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.

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 rapidly increasing, and the ability of
7 electric utilities to affordably satisfy demand while preserving reliability
8 is increasingly important;
9 (b) Distributed energy resources, including community solar,
10 dispatchable distributed generation, and distributed energy storage, play
11 an important role in satisfying increasing electricity demand in a reliable

1 and affordable manner;

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

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

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

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

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

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

22 (i) Community solar and dispatchable distributed generation
23 facilities require multiple years to design, finance, permit, and
24 interconnect to the electric grid;

25 (j) The interconnection process can take multiple years, delaying
26 deployment of needed distributed energy resources and increasing project
27 costs;

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

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

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

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

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

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

19 (b) Ensure that processes designed to accelerate interconnection
20 protect communities and workers.

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

23 **40-2-127. Community energy funds - community solar**
24 **gardens - definitions - rules - legislative declaration - applicability -**
25 **repeal.**

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

1 (b) In addition:
2 (I.5) "INCOME-QUALIFIED SUBSCRIBER" HAS THE MEANING SET
3 FORTH IN SECTION 40-2-127.2 (1)(f).

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

5 (b) (II) (J) ON AND AFTER OCTOBER 1, 2026, A SUBSCRIBER
6 ORGANIZATION MAY DIRECT THE QUALIFYING RETAIL UTILITY TO PROVIDE
7 THE SUBSCRIBER ORGANIZATION'S INCOME-QUALIFIED SUBSCRIBERS WITH
8 A FIXED BILL CREDIT PURSUANT TO SUBSECTION (5)(b)(II)(C) OF THIS
9 SECTION AND TO PROVIDE THE SUBSCRIBER ORGANIZATION'S OTHER
10 SUBSCRIBERS WITH A BILL CREDIT THAT CHANGES ANNUALLY PURSUANT
11 TO SUBSECTION (5)(b)(II)(B) OF THIS SECTION. THE QUALIFYING RETAIL
12 UTILITY SHALL ADJUST THE VALUE OF THE FIXED BILL CREDIT AVAILABLE
13 TO AN INCOME-QUALIFIED SUBSCRIBER BY ADJUSTING THE FIXED BILL
14 CREDIT ANNUALLY TO ENSURE THAT THE CREDIT REMAINS ALIGNED WITH
15 CHANGES IN ELECTRICITY RATES OVER TIME. THE SUBSCRIBER
16 ORGANIZATION SHALL CHOOSE THE INITIAL VALUE OF THE FIXED BILL
17 CREDIT FOR AN INCOME-QUALIFIED SUBSCRIBER FROM ANY OF THE
18 PREVIOUS THREE YEARS. THE INITIAL VALUE APPLIES FOR AN INITIAL
19 PERIOD OF TIME, AS DETERMINED BY THE COMMISSION. AFTER THE INITIAL
20 PERIOD, THE CREDIT SHALL BE ADJUSTED ANNUALLY IN A MANNER
21 DETERMINED BY THE COMMISSION.

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

24 **40-2-135. Retail distributed generation - customers' rights -**
25 **working group - accelerated interconnection - rules - penalties.**

26 (6) (a) A public utility may recover its prudently incurred costs to
27 facilitate a timely interconnection, which costs may include the cost of

1 equipment that the public utility procures for future upgrades needed to
2 interconnect retail distributed generation resources. A public utility may
3 recover the costs of any such equipment inventory as capital work in
4 progress if the inventory is projected to be used within five years of
5 AFTER its procurement and with a return at the most recently authorized
6 weighted average cost of capital.

7 (b) A PUBLIC UTILITY SHALL NOT REQUIRE AN INTERCONNECTION
8 CUSTOMER TO PAY THE COSTS ASSOCIATED WITH REASONABLE AND
9 NECESSARY INTERCONNECTION FACILITIES AND UPGRADES UNTIL THIRTY
10 DAYS BEFORE THE PUBLIC UTILITY INCURS THE COSTS. A PUBLIC UTILITY
11 MAY REQUIRE AN INTERCONNECTION CUSTOMER TO PROVIDE SECURITY
12 FOR THE ESTIMATED FULL COSTS OF INTERCONNECTION AT THE TIME BOTH
13 PARTIES EXECUTE AN INTERCONNECTION AGREEMENT. A PUBLIC UTILITY
14 SHALL PROVIDE SECURITY OPTIONS TO THE INTERCONNECTION CUSTOMER,
15 INCLUDING ACCEPTANCE OF A LETTER OF CREDIT FROM A QUALIFIED
16 PROVIDER.

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

24 (b) THE WORKING GROUP SHALL:

25 (I) DISCUSS, IF APPLICABLE:

26 (A) A CLUSTER AND BATCH STUDY PROCESS FOR
27 INTERCONNECTION STUDIES DESIGNED TO ACCELERATE INTERCONNECTION

1 FOR ALL PROJECTS IN THE PUBLIC UTILITY'S INTERCONNECTION QUEUE;
2 AND

3 (B) A PROCESS FOR THE PUBLIC UTILITY TO ACCEPT A SURETY
4 BOND IN LIEU OF A LETTER OF CREDIT OR CASH FOR INTERCONNECTION
5 UPGRADE WORK; AND

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

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

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

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

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

25 (IV) THE THIRD-PARTY CONTRACTOR SHALL SUBMIT ANY DESIGNS
26 OR AS-BUILT DRAWINGS TO THE PUBLIC UTILITY WITHIN THREE BUSINESS
27 DAYS AFTER COMPLETION TO ALLOW THE PUBLIC UTILITY TO MAINTAIN

1 ACCURATE GEOGRAPHIC INFORMATION SYSTEM MAPPING;

2 (V) THE THIRD-PARTY CONTRACTOR SHALL PROVIDE ALL
3 INTERCONNECTION STUDIES AND OTHER DESIGN WORK TO THE PUBLIC
4 UTILITY, AND THE PUBLIC UTILITY MAY REVIEW AND REQUEST
5 MODIFICATIONS, INCLUDING REQUESTING ADDITIONAL ANALYSIS TO
6 ENSURE ACCURACY AND COMPLETION;

7 (VI) THE PUBLIC UTILITY SHALL INSPECT ANY CONSTRUCTION
8 WORK PERFORMED BY THE THIRD-PARTY CONTRACTOR. THE THIRD-PARTY
9 CONTRACTOR SHALL OBTAIN THE PUBLIC UTILITY'S CONFIRMATION THAT
10 THE WORK IS COMPLETE PRIOR TO DEEMING ANY CONSTRUCTION WORK
11 FINAL AND COMPLETED. INSPECTIONS ARE AT THE EXPENSE OF THE
12 THIRD-PARTY CONTRACTOR. THE THIRD-PARTY CONTRACTOR SHALL
13 PERFORM ANY ADDITIONAL WORK REQUIRED TO ADDRESS SAFETY OR
14 RELIABILITY CONCERNS AT THE THIRD-PARTY CONTRACTOR'S EXPENSE.

15 (VII) ANY COSTS INCURRED BY THE PUBLIC UTILITY TO REPAIR OR
16 CORRECT THE WORK COMPLETED BY A THIRD-PARTY CONTRACTOR USED
17 BY AN INTERCONNECTION CUSTOMER AT ANY POINT DURING THE USEFUL
18 LIFE OF THE FACILITIES OR EQUIPMENT IS DEEMED PRUDENT AND DEEMED
19 TO HAVE BEEN CONDUCTED IN THE NORMAL COURSE OF BUSINESS. THE
20 PUBLIC UTILITY MAY RECOVER THESE COSTS FROM ITS CUSTOMERS.

21 (d) ON OR BEFORE DECEMBER 15, 2026, THE PUBLIC UTILITY SHALL
22 PROVIDE TO THE COMMISSION ANY RECOMMENDATIONS OF THE WORKING
23 GROUP AND INDICATE WHICH, IF ANY, RECOMMENDATIONS ARE
24 UNANIMOUSLY APPROVED BY THE WORKING GROUP. THE COMMISSION
25 SHALL REVIEW THE RECOMMENDATIONS PROVIDED BY THE WORKING
26 GROUP. THE PUBLIC UTILITY SHALL IMPLEMENT ANY UNANIMOUS
27 RECOMMENDATIONS ON OR BEFORE JANUARY 1, 2027, AND OTHER

1 RECOMMENDATIONS ON OR BEFORE JANUARY 31, 2027, AND THE
2 COMMISSION SHALL DETERMINE WHETHER MODIFICATIONS TO COMMISSION
3 RULES ARE NEEDED.

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

9 SECTION 5. In Colorado Revised Statutes, 40-2-130.5, amend
10 (1)(a) introductory portion and (1)(a)(II) as follows:

11 40-2-130.5. Dispatchable distributed generation - energy
12 storage - definitions - program capacity - program administration -
13 rules.

14 (1) Definitions. As used in this section, unless the context
15 otherwise requires:

16 (a) "Dispatchable distributed generation" means distributed
17 generation paired with EITHER a co-located energy storage system OR A
18 STANDALONE ENERGY STORAGE SYSTEM that is:

19 (II) Measured by the capacity of the ~~distributed generation~~
20 ENERGY STORAGE SYSTEM in alternating current.

21 SECTION 6. In Colorado Revised Statutes, 40-2-124, amend
22 (1)(j)(VI) as follows:

23 40-2-124. Renewable energy standards - qualifying retail and
24 wholesale utilities - definitions - net metering - legislative declaration
25 - rules.

26 (1) Each provider of retail electric service in the state of Colorado,
27 other than municipally owned utilities that serve forty thousand customers

1 or fewer, is a qualifying retail utility. Each qualifying retail utility, with
2 the exception of cooperative electric associations that have voted to
3 exempt themselves from commission jurisdiction pursuant to section
4 40-9.5-104 and municipally owned utilities, is subject to the rules
5 established under this article 2 by the commission. No additional
6 regulatory authority is provided to the commission other than that
7 specifically contained in this section. In accordance with article 4 of title
8 24, the commission shall revise or clarify existing rules to establish the
9 following:

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

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

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

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

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

27 **SECTION 7. Act subject to petition - effective date.** This act

1 takes effect at 12:01 a.m. on the day following the expiration of the
2 ninety-day period after final adjournment of the general assembly (August
3 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a
4 referendum petition is filed pursuant to section 1 (3) of article V of the
5 state constitution against this act or an item, section, or part of this act
6 within such period, then the act, item, section, or part will not take effect
7 unless approved by the people at the general election to be held in
8 November 2026 and, in such case, will take effect on the date of the
9 official declaration of the vote thereon by the governor.