

**Second Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO**

**REVISED**

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

LLS NO. 26-0324.01 Sarah Lozano x3858

**HOUSE BILL 26-1226**

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**HOUSE SPONSORSHIP**

**Willford and Froelich**, Bacon, Brown, Camacho, Clifford, Garcia, Goldstein, Hamrick, Mabrey, McCormick, Nguyen, Sirota, Smith, Stewart R., Story, Titone, Valdez, Velasco, Woodrow, Zokaie, Boesenecker, English, Jackson, Joseph, Lindsay, McCluskie, Paschal, Rutinel

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**House Committees**

Energy & Environment  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING MEASURES TO REDUCE EMISSIONS FROM CERTAIN**  
102 **ELECTRIC GENERATING UNITS 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>.)*

**Section 2** of the bill requires the air quality control commission, no later than December 31, 2029, to adopt a final rule (rule) establishing certain limits on the emission of nitrogen oxides and sulfur dioxide from an electric generating unit (unit) that is owned or operated by an electric utility, is located in the state, and emitted 200 tons or more of nitrogen oxides, sulfur dioxide, or both in calendar year 2024 (covered electric

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.

SENATE  
Amended 2nd Reading  
May 4, 2026

HOUSE  
3rd Reading Unamended  
April 22, 2026

HOUSE  
Amended 2nd Reading  
April 21, 2026

generating unit). The rule must require compliance with the emission limits as soon as practicable after December 31, 2030, and must not cover units that have ceased operations, burn natural gas or fuel oil only, or have certain systems installed before December 31, 2029. The owner or operator of a covered electric generating unit is required to provide quarterly emission reports showing compliance with the rule to the division of administration in the department of public health and environment (division).

**Section 3** requires an investor-owned utility or wholesale electric cooperative that is the owner or operator of a unit, beginning 150 days after the issuance of a federal order requiring the unit to remain operating after the unit was scheduled to retire (order) and continuing every 90 days until the order is no longer in effect, to file a report with the public utilities commission (commission) that contains certain information about the costs to operate the unit and the amount of electricity generated by the unit. The commission must make these reports publicly available.

**Section 3** also allows an investor-owned utility to submit an application for a financing order to recover the costs of complying with an order.

**Section 3** also requires that, if the commission issues a written decision approving a portfolio that consists of supply-side resources for an investor-owned utility serving more than 500,000 customers, the commission must approve a total amount of accredited capacity for the investor-owned utility to reliably implement certain retirement dates or operational restrictions applicable to the investor-owned utility's covered electric generating unit and comply with any applicable carbon dioxide emission reduction requirements. This accredited capacity requirement applies to an investor-owned utility serving more than 500,000 customers until the division determines that the investor-owned utility has achieved certain carbon dioxide emission reductions or until the investor-owned utility has retired all covered electric generating units, whichever is later.

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

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

4 (a) The federal government has taken a series of actions to  
5 override the choices that Colorado electric utilities and state agencies  
6 have made;

7 (b) For example, the federal government has ordered a power

1 plant to remain available past the closure date that 3 Colorado utilities had  
2 decided was in the best interest of their customers;

3 (c) Federal actions threaten to raise electricity costs for consumers  
4 by requiring utilities to undertake costly repairs for old plants that were  
5 scheduled to close, by potentially crowding out cheaper replacement  
6 resources, and by forcing customers to pay for the replacement resources  
7 and then pay again to keep the plant online that was intended to close;

8 (d) The general assembly has previously authorized the use of a  
9 low-cost financing tool, securitization, for certain costs, and it is desirable  
10 to allow the use of this tool for costs to comply with a federal order;

11 (e) Federal actions also risk increasing air pollution;

12 (f) In addition, certain power plants in Colorado were constructed  
13 several decades ago and have not installed the most modern, effective  
14 pollution controls that more recently built power plants have installed;

15 (g) Electric power plants are the largest stationary sources of air  
16 pollution from nitrogen oxides and sulfur dioxide in the state;

17 (h) Certain power plants in the state are currently scheduled to  
18 close by the end of 2029;

19 (i) In addition, the general assembly has required that a qualifying  
20 retail utility reduce its carbon dioxide emissions 80% by 2030 relative to  
21 2005 levels;

22 (j) The qualifying retail utility has also planned to replace certain  
23 older power plants in order to reduce customer costs; and

24 (k) Resource adequacy and reliability are of paramount  
25 importance.

26 (2) The general assembly therefore declares that:

27 (a) If certain power plants operate past their currently scheduled

1 retirement dates and into the 2030s, it is appropriate to require that these  
2 older plants be modernized to install the most effective pollution controls  
3 that are currently available;

4 (b) In order to understand the cost and environmental impacts of  
5 certain federal orders, investor-owned utilities and wholesale electric  
6 cooperatives should be required to report on how compliance with certain  
7 federal orders will affect Colorado's ratepayers and environment; and

8 (c) The public utilities commission should approve enough  
9 resources for a qualifying retail utility to reliably implement its approved  
10 plans to replace older power plants and to meet the 2030 clean energy  
11 target the general assembly has adopted.

12 **SECTION 2.** In Colorado Revised Statutes, **add 25-7-148** as  
13 follows:

14 **25-7-148. Nitrogen oxides and sulfur dioxide emission limits**  
15 **for covered electric generating units after 2034 - rules - quarterly**  
16 **reports - recommendations to the general assembly - definitions.**

17 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
18 REQUIRES:

19 (a) (I) "COVERED ELECTRIC GENERATING UNIT" OR "UNIT" MEANS  
20 AN ELECTRIC GENERATING UNIT THAT IS OWNED OR OPERATED BY AN  
21 ELECTRIC UTILITY; THAT IS LOCATED IN THE STATE; AND THAT, IN  
22 CALENDAR YEAR 2024, EMITTED TWO HUNDRED TONS OR MORE OF  
23 NITROGEN OXIDES, TWO HUNDRED TONS OR MORE OF SULFUR DIOXIDE, OR  
24 BOTH.

25 (II) "COVERED ELECTRIC GENERATING UNIT" OR "UNIT" DOES NOT  
26 INCLUDE AN ELECTRIC GENERATING UNIT THAT:

27 (A) BURNS NATURAL GAS, FUEL OIL, OR BOTH ONLY; OR

1 (B) HAS BOTH A FLUE GAS DESULFURIZATION SYSTEM AND A  
2 SELECTIVE CATALYTIC REDUCTION SYSTEM INSTALLED.

3 (b) "FINAL RULE" MEANS THE FINAL RULE ADOPTED BY THE  
4 COMMISSION PURSUANT TO SUBSECTION (2)(a) OF THIS SECTION.

5 (2) (a) NO LATER THAN JULY 2029, THE DIVISION SHALL PROPOSE  
6 A FINAL RULE ESTABLISHING LIMITS ON THE EMISSION OF NITROGEN  
7 OXIDES AND SULFUR DIOXIDE FROM EACH COVERED ELECTRIC GENERATING  
8 UNIT; EXCEPT THAT THE COMMISSION SHALL NOT ESTABLISH EMISSION  
9 LIMITS FOR A COVERED ELECTRIC GENERATING UNIT THAT, BEFORE  
10 DECEMBER 31, 2029, HAS CEASED OPERATIONS, CONVERTS TO BURN  
11 NATURAL GAS, FUEL OIL, OR BOTH ONLY, OR HAS BOTH A FLUE GAS  
12 DESULFURIZATION SYSTEM AND A SELECTIVE CATALYTIC REDUCTION  
13 SYSTEM INSTALLED.

14 (b) FOR EACH UNIT, THE LIMIT ON THE EMISSION OF NITROGEN  
15 OXIDES IN THE FINAL RULE MUST BE BASED UPON, AND REFLECTIVE OF,  
16 OPERATION OF A SELECTIVE CATALYTIC REDUCTION SYSTEM AT THE UNIT.

17 (c) FOR EACH UNIT, THE LIMIT ON THE EMISSION OF SULFUR  
18 DIOXIDE IN THE FINAL RULE MUST BE BASED UPON, AND REFLECTIVE OF,  
19 OPERATION OF EITHER A FLUE GAS DESULFURIZATION SYSTEM OR A DRY  
20 SPRAY ABSORBER AT THE UNIT.

21 (d) FOR EACH UNIT, THE COMMISSION SHALL REQUIRE COMPLIANCE  
22 WITH THE EMISSION LIMITS REQUIRED BY THE FINAL RULE ON AND AFTER  
23 A DATE THAT THE COMMISSION DETERMINES IS PRACTICABLE, WHICH DATE  
24 MUST BE AFTER DECEMBER 31, 2034.

25 (e) A COVERED ELECTRIC GENERATING UNIT THAT CONVERTS TO  
26 BURN NATURAL GAS, FUEL OIL, OR BOTH ONLY IS NOT SUBJECT TO THE  
27 EMISSION LIMITS IN THE FINAL RULE.

1 (f) A COVERED ELECTRIC GENERATING UNIT THAT PLANS TO  
2 OPERATE AFTER DECEMBER 31, 2034, AND THAT OPERATES AFTER  
3 DECEMBER 31, 2034, SHALL INSTALL AND OPERATE THE POLLUTION  
4 CONTROLS DESCRIBED IN SUBSECTIONS (2)(b) AND (2)(c) OF THIS SECTION  
5 ON OR BEFORE DECEMBER 31, 2034, AND MEET THE EMISSION LIMITS  
6 ADOPTED PURSUANT TO SUBSECTION (2)(a) OF THIS SECTION UNLESS THE  
7 UNIT HAS CEASED OPERATIONS OR HAS CONVERTED TO BURN NATURAL  
8 GAS, FUEL OIL, OR BOTH ONLY ON OR BEFORE DECEMBER 31, 2034.

9 (3) THE OWNER OR OPERATOR OF A COVERED ELECTRIC  
10 GENERATING UNIT SHALL PROVIDE QUARTERLY EMISSION REPORTS TO THE  
11 DIVISION DEMONSTRATING COMPLIANCE WITH THE FINAL RULE.

12 (4) (a) IN AN ELECTRIC RESOURCE PLAN FILED WITH THE PUBLIC  
13 UTILITIES COMMISSION IN WHICH A UTILITY EVALUATES THE OPERATION OF  
14 A COVERED ELECTRIC GENERATING UNIT AFTER DECEMBER 31, 2034, THE  
15 UTILITY SHALL INCLUDE AN ESTIMATE OF THE COSTS TO COMPLY WITH THIS  
16 SECTION.

17 (b) A UTILITY THAT DOES NOT FILE AN ELECTRIC RESOURCE PLAN  
18 WITH THE PUBLIC UTILITIES COMMISSION IS ENCOURAGED TO INCLUDE AN  
19 ESTIMATE OF THE COSTS TO COMPLY WITH THIS SECTION IN AN  
20 EVALUATION OF THE OPERATION OF A COVERED ELECTRIC GENERATING  
21 UNIT AFTER DECEMBER 31, 2034, AND TO MAKE THE ESTIMATE PUBLICLY  
22 AVAILABLE.

23 (5) (a) ON AUGUST 1, 2029, THE COMMISSION SHALL SUBMIT TO  
24 THE GENERAL ASSEMBLY A LIST OF ANY COVERED ELECTRIC GENERATING  
25 UNITS THAT ARE SUBJECT TO AN ORDER ISSUED BY THE UNITED STATES  
26 DEPARTMENT OF ENERGY UNDER SECTION 202 (c) OF THE FEDERAL POWER  
27 ACT.

1 (b) IF THERE ARE ANY COVERED ELECTRIC GENERATING UNITS  
2 THAT, AS OF THE DATE OF THE SUBMISSION OF THE LIST DESCRIBED IN  
3 SUBSECTION (5)(a) OF THIS SECTION, ARE SUBJECT TO AN ORDER ISSUED BY  
4 THE UNITED STATES DEPARTMENT OF ENERGY UNDER SECTION 202 (c) OF  
5 THE FEDERAL POWER ACT, THE COMMISSION SHALL ALSO SUBMIT ALONG  
6 WITH THE LIST DESCRIBED IN SUBSECTION (5)(a) OF THIS SECTION  
7 RECOMMENDATIONS TO THE GENERAL ASSEMBLY FROM STAKEHOLDERS,  
8 INCLUDING UTILITIES THAT OWN OR OPERATE COVERED ELECTRIC  
9 GENERATING UNITS, REGARDING WHETHER TO AMEND THIS SECTION,  
10 INCLUDING WHETHER TO POSTPONE THE EARLIEST COMPLIANCE DEADLINE  
11 DESCRIBED IN SUBSECTION (2)(d) OF THIS SECTION OR ENACT ANY OTHER  
12 AMENDMENTS REGARDING COVERED ELECTRIC GENERATING UNITS  
13 SUBJECT TO AN ORDER ISSUED UNDER SECTION 202 (c) OF THE FEDERAL  
14 POWER ACT.

15 SECTION 3. In Colorado Revised Statutes, add 40-2-140 and  
16 40-2-141 as follows:

17 40-2-140. Requirements for electric generating units subject  
18 to a federal order - reporting - cost recovery - applicability -  
19 definitions.

20 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
21 REQUIRES:

22 (a) "ORDER" MEANS AN ORDER THAT:

23 (I) IS ISSUED BY THE PRESIDENT OF THE UNITED STATES, A  
24 REPRESENTATIVE OF THE FEDERAL GOVERNMENT, OR A FEDERAL AGENCY;  
25 AND

26 (II) REQUIRES A UNIT TO REMAIN AVAILABLE OR CONNECTED TO  
27 THE ELECTRIC GRID TO TRANSMIT OR GENERATE ELECTRICITY AFTER THE

1 DATE THAT THE UNIT WAS SCHEDULED TO RETIRE IN ACCORDANCE WITH  
2 AN ELECTRIC RESOURCE PLAN APPROVED BY THE COMMISSION OR THE  
3 UTILITY'S GOVERNING ENTITY PRIOR TO THE ISSUANCE OF THE ORDER.

4 (b) "UNIT" MEANS AN ELECTRIC GENERATING UNIT IN THE STATE.

5 (c) "WHOLESALE ELECTRIC COOPERATIVE" HAS THE MEANING SET  
6 FORTH IN SECTION 40-2-134 (2).

7 (2) (a) (I) BEGINNING ONE HUNDRED FIFTY DAYS AFTER THE  
8 ISSUANCE OF AN ORDER OR ONE HUNDRED FIFTY DAYS AFTER THE  
9 EFFECTIVE DATE OF THIS SECTION, WHICHEVER IS LATER, AND CONTINUING  
10 EVERY NINETY DAYS UNTIL THE ORDER IS NO LONGER IN EFFECT, AN  
11 INVESTOR-OWNED UTILITY OR A WHOLESALE ELECTRIC COOPERATIVE THAT  
12 IS THE OWNER OR OPERATOR OF A UNIT SUBJECT TO THE ORDER SHALL FILE  
13 A REPORT WITH THE COMMISSION IN THE DOCKET OF THE  
14 INVESTOR-OWNED UTILITY'S OR WHOLESALE ELECTRIC COOPERATIVE'S  
15 PENDING OR MOST RECENT ELECTRIC RESOURCE PLAN, WHICH REPORT  
16 MUST CONTAIN THE FOLLOWING INFORMATION, TO THE EXTENT THE  
17 INFORMATION IS AVAILABLE:

18 (A) THE TOTAL OPERATIONS AND MAINTENANCE EXPENSES  
19 REQUIRED TO KEEP THE UNIT AVAILABLE OR TO OPERATE THE UNIT DURING  
20 THE PRECEDING NINETY DAYS;

21 (B) THE TOTAL CAPITAL EXPENDITURES INCURRED TO KEEP THE  
22 UNIT AVAILABLE OR OPERATE THE UNIT DURING THE PRECEDING NINETY  
23 DAYS;

24 (C) THE TOTAL NUMBER OF HOURS THAT THE UNIT GENERATED  
25 ELECTRICITY DURING THE PRECEDING NINETY DAYS;

26 (D) THE ELECTRICAL OUTPUT OF THE UNIT DURING THE PRECEDING  
27 NINETY DAYS; AND

1 (E) ANY CURTAILMENT OF RESOURCES CAUSED BY THE ORDER AND  
2 THE INCREMENTAL COST OF THE CURTAILMENT.

3 (II) AN INVESTOR-OWNED UTILITY OR A WHOLESALE ELECTRIC  
4 COOPERATIVE MAY COMPLY WITH SUBSECTION (2)(a)(I) OF THIS SECTION  
5 BY SUBMITTING INFORMATION TO THE COMMISSION THAT THE OPERATOR  
6 FILES WITH A FEDERAL AGENCY IF THE INFORMATION ADDRESSES THE  
7 TOPICS REQUIRED BY SUBSECTION (2)(a)(I) OF THIS SECTION.

8 (III) IF AN INVESTOR-OWNED UTILITY IS AN OWNER, BUT NOT THE  
9 OPERATOR, OF A UNIT SUBJECT TO AN ORDER, THE INVESTOR-OWNED  
10 UTILITY SHALL FILE REPORTS WITH THE COMMISSION, ACCORDING TO THE  
11 SCHEDULE SPECIFIED BY SUBSECTION (2)(a)(I) OF THIS SECTION,  
12 DISCLOSING THE INVESTOR-OWNED UTILITY'S SHARE OF THE TOTAL COSTS  
13 SPECIFIED IN SUBSECTIONS (2)(a)(I)(A) AND (2)(a)(I)(B) OF THIS SECTION.

14 (b) (I) EXCEPT AS SET FORTH IN SUBSECTION (2)(b)(II) OF THIS  
15 SECTION, THE COMMISSION SHALL MAKE INFORMATION PROVIDED  
16 PURSUANT TO SUBSECTION (2)(a) OF THIS SECTION PUBLICLY AVAILABLE.

17 (II) IF AN INVESTOR-OWNED UTILITY OR WHOLESALE ELECTRIC  
18 COOPERATIVE DESIGNATES INFORMATION PROVIDED PURSUANT TO  
19 SUBSECTION (2)(a) OF THIS SECTION AS CONFIDENTIAL, THE COMMISSION  
20 SHALL MAKE THAT INFORMATION AVAILABLE ONLY TO A PERSON THAT HAS  
21 SIGNED AND FILED WITH THE COMMISSION THE APPROPRIATE  
22 NONDISCLOSURE AGREEMENT REQUIRED BY COMMISSION RULES.

23 (3) AN INVESTOR-OWNED UTILITY MAY SUBMIT AN APPLICATION  
24 FOR A FINANCING ORDER PURSUANT TO SECTION 40-41-103 TO RECOVER  
25 THE COSTS OF COMPLYING WITH AN ORDER, EITHER AS A STANDALONE  
26 APPLICATION OR AS PART OF A BROADER FINANCING ORDER APPLICATION  
27 THAT THE INVESTOR-OWNED UTILITY CHOOSES TO SUBMIT PURSUANT TO

1 SECTION 40-41-103.

2 (4) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE  
3 CONTRARY, THIS SECTION APPLIES ONLY:

4 (a) TO THE OWNER OR OPERATOR OF A UNIT THAT IS SUBJECT TO AN  
5 ORDER AND THAT IS REQUIRED TO FILE AN ELECTRIC RESOURCE PLAN WITH  
6 THE COMMISSION;

7 (b) DURING THE TIME PERIOD THAT AN ORDER IS IN EFFECT; AND

8 (c) TO THE EXTENT NOT INCONSISTENT WITH AN ORDER.

9 **40-2-141. Requirements for commission review of portfolio**  
10 **consisting of supply-side resources - applicability - definition.**

11 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
12 REQUIRES, "COVERED ELECTRIC GENERATING UNIT" HAS THE MEANING SET  
13 FORTH IN SECTION 25-7-148 (1)(a).

14 (2) ANY DECISION BY THE COMMISSION APPROVING OR  
15 MODIFYING A PORTFOLIO IN AN ELECTRIC RESOURCE PLAN OR ANY  
16 RELATED PROCEEDING IN WHICH THE COMMISSION EVALUATES THE  
17 ACQUISITION OF SUPPLY-SIDE RESOURCES FOR AN INVESTOR-OWNED  
18 UTILITY SERVING MORE THAN FIVE HUNDRED THOUSAND CUSTOMERS MUST  
19 APPROVE AN AMOUNT OF ACCREDITED CAPACITY THAT ENABLES THE  
20 INVESTOR-OWNED UTILITY TO RELIABLY:

21 (a) IMPLEMENT THE RETIREMENT DATES OR OPERATIONAL  
22 RESTRICTIONS IN EFFECT AT THE TIME OF THE COMMISSION'S DECISION  
23 REGARDING COVERED ELECTRIC GENERATING UNITS; AND

24 (b) COMPLY WITH ANY APPLICABLE STATE LAW REQUIREMENTS,  
25 INCLUDING THE REQUIREMENTS TO REDUCE CARBON DIOXIDE EMISSIONS  
26 DESCRIBED IN SECTION 40-2-125.5.

27 (3) THE COMMISSION SHALL DETERMINE IN WRITING IN THE

1 WRITTEN DECISION APPROVING OR MODIFYING THE PORTFOLIO THAT THE  
2 PORTFOLIO MEETS THE ACCREDITED CAPACITY REQUIREMENTS DESCRIBED  
3 IN SUBSECTION (2) OF THIS SECTION.

4 (4) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO ALTER THE  
5 COMMISSION'S AUTHORITY OR OBLIGATION, IN STATUTE OR IN RULE AS OF  
6 THE EFFECTIVE DATE OF THIS SECTION, TO CONSIDER FACTORS IN THE  
7 APPROVAL OF A PORTFOLIO, INCLUDING COST AND RATE IMPACTS, IF THE  
8 PORTFOLIO THE COMMISSION APPROVES COMPLIES WITH THE ACCREDITED  
9 CAPACITY REQUIREMENTS DESCRIBED IN SUBSECTION (2) OF THIS SECTION.

10 (5) THIS SECTION APPLIES TO AN INVESTOR-OWNED UTILITY  
11 SERVING MORE THAN FIVE HUNDRED THOUSAND CUSTOMERS UNTIL THE  
12 DIVISION OF ADMINISTRATION IN THE DEPARTMENT OF PUBLIC HEALTH AND  
13 ENVIRONMENT DETERMINES THAT THE INVESTOR-OWNED UTILITY HAS  
14 ACHIEVED THE CARBON DIOXIDE EMISSION REDUCTIONS DESCRIBED IN  
15 SECTION 40-2-125.5 (4)(c) OR UNTIL THE INVESTOR-OWNED UTILITY HAS  
16 RETIRED EACH COVERED ELECTRIC GENERATING UNIT OWNED OR  
17 OPERATED BY THE INVESTOR-OWNED UTILITY, WHICHEVER IS LATER.

18 **SECTION 4. Severability.** If any provision of this act or the  
19 application of this act to any person or circumstance is held invalid, the  
20 invalidity does not affect other provisions or applications of the act that  
21 can be given effect without the invalid provision or application, and to  
22 this end the provisions of this act are declared to be severable.

23 **SECTION 5. Applicability.** This act applies to conduct occurring  
24 on or after the effective date of this act.

25 **SECTION 6. Safety clause.** The general assembly finds,  
26 determines, and declares that this act is necessary for the immediate  
27 preservation of the public peace, health, or safety or for appropriations for

- 1 the support and maintenance of the departments of the state and state
- 2 institutions.