NOTE: This bill has been prepared for the signatures of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.

An Act

HOUSE BILL 26-1081

BY REPRESENTATIVE(S) Camacho and Duran, Bacon, Boesenecker, Brown, Lindsay, McCormick, Nguyen, Paschal, Smith, Jackson, Joseph, Lieder, Phillips, Stewart R., Valdez, McCluskie;
also SENATOR(S) Roberts, Amabile, Bridges, Cutter, Gonzales J., Jodeh, Kipp, Lindstedt, Mullica, Simpson, Wallace, Weissman, Coleman.

CONCERNING MEASURES TO OPTIMIZE COLORADO'S ELECTRIC TRANSMISSION SYSTEM.

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

SECTION 1. Short title. The short title of this act is the "Colorado Grid Optimization Act".

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

(a) Both in-state and regional electric transmission systems are essential to maintaining grid reliability and resilience amid unprecedented load growth. As new transmission projects undergo lengthy planning, permitting, and review processes, commercially available and proven advanced transmission technologies present near-term opportunities to

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Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

accelerate the interconnection of new resources, maximize the performance of existing transmission assets, and deliver least-cost energy to consumers.

(b) Advanced transmission technologies are technologies that increase the capacity, efficiency, reliability, or resiliency of a transmission facility and have the potential to optimize the transmission grid by lowering costs, reducing congestion, and expediting the interconnection of new load;

(c) Advanced transmission technologies have been shown to complement transmission expansion by optimizing the cost, utilization, and value of new transmission build-out. When planned in tandem with proposed new transmission facilities, these technologies can alleviate transmission constraints, improve system efficiency, inform more strategic siting and sequencing of infrastructure, and support broader benefits for customers, landowners, wildlife, and disproportionately impacted communities.

(d) National analyses, the federal energy regulatory commission, and various state utility commissions have identified advanced transmission technologies as cost-effective tools that can be deployed on faster timelines than new transmission construction, thereby supporting near-term reliability and job creation while mitigating rate impacts for customers;

(e) Strategic use of advanced transmission technologies also has the potential to reduce wildfire risk and prevent power outages during emergencies by improving real-time situational awareness and reducing stress on existing transmission lines under extreme conditions;

(f) Integrating advanced transmission technologies into relevant transmission planning processes and decision-making can support Colorado's long-term energy affordability and grid modernization efforts by making sufficient information available to regulators and the public regarding where such technologies can deliver system-wide and customer benefits;

(g) The Colorado electric transmission authority, referred to in this section as the "authority", was created by Senate Bill 21-072 to enable the expansion and financing of electric transmission facilities and infrastructure and has since helped advance the state's clean energy goals and reliability with an interregional focus. Additionally, Senate Bill 23-016 required the

authority to conduct a transmission capacity expansion study to assess the need for expanded transmission capacity in the state.

(h) It is in the state's best interest to have coordinated statewide transmission planning, and there is great potential value in the authority providing leadership in regional transmission coordination and interregional project development, including by supporting the advancement of priority projects through joint studies and the facilitation of multi-utility and grid operator collaboration where appropriate; and

(i) Regional planning groups, along with the authority, can provide the state with a dedicated venue to coordinate interregional transmission needs and advocate for equitable cost allocation and public policy alignment in regional transmission organization governance structures.

SECTION 3. In Colorado Revised Statutes, 40-42-102, **add** (1.3), (1.5), and (12.5) as follows:

40-42-102. Definitions.

As used in this article 42, unless the context otherwise requires:

(1.3) "ADVANCED CONDUCTOR" MEANS A CONDUCTOR TECHNOLOGY USED IN AN ELECTRIC TRANSMISSION SYSTEM THAT, WHEN COMPARED TO AN ALUMINUM CONDUCTOR STEEL REINFORCED CONDUCTOR OF THE SAME DIAMETER, PLUS OR MINUS ONE PERCENT:

(a) HAS A DIRECT CURRENT ELECTRICAL RESISTANCE, MEASURED AT A STANDARD REFERENCE TEMPERATURE OF TWENTY DEGREES CELSIUS CONSISTENT WITH INDUSTRY PRACTICE, THAT IS AT LEAST FIFTEEN PERCENT LOWER OR MEETS HIGHER PERFORMANCE STANDARDS RECOGNIZED BY THE COMMISSION TO ACCOUNT FOR EVOLVING TECHNOLOGIES OR TRANSMISSION SYSTEM NEEDS; AND

(b) INCREASES THE POTENTIAL ENERGY CARRYING CAPACITY BY AT LEAST SIXTY PERCENT OR MEETS HIGHER PERFORMANCE STANDARDS RECOGNIZED BY THE COMMISSION TO ACCOUNT FOR EVOLVING TECHNOLOGIES OR TRANSMISSION SYSTEM NEEDS.

(1.5) "ADVANCED TRANSMISSION TECHNOLOGIES" MEANS

HARDWARE OR SOFTWARE TECHNOLOGIES THAT INCREASE THE CAPACITY, EFFICIENCY, RELIABILITY, OR RESILIENCY OF AN EXISTING OR NEW TRANSMISSION FACILITY, INCLUDING:

(a) ADVANCED CONDUCTORS; AND

(b) GRID-ENHANCING TECHNOLOGIES.

(12.5) "GRID-ENHANCING TECHNOLOGY" MEANS A HARDWARE OR SOFTWARE TECHNOLOGY THAT REDUCES CONGESTION OR ENHANCES THE FLEXIBILITY OF ELECTRIC TRANSMISSION AND DISTRIBUTION SYSTEMS BY INCREASING THE CAPACITY OF A TRANSMISSION OR DISTRIBUTION LINE, OR BY REROUTING ELECTRICITY FROM OVERLOADED LINES TO UNCONGESTED LINES, WHILE MAINTAINING INDUSTRY SAFETY STANDARDS. "GRID-ENHANCING TECHNOLOGY" INCLUDES:

(a) DYNAMIC LINE RATINGS;

(b) ADVANCED POWER FLOW CONTROLLERS;

(c) TOPOLOGY OPTIMIZATION;

(d) ENERGY STORAGE, INCLUDING ANY TYPE OF MOBILE OR RELOCATABLE ENERGY STORAGE SYSTEM, WHEN USED AS A TRANSMISSION OR DISTRIBUTION RESOURCE; AND

(e) OTHER TECHNOLOGIES THAT INCREASE GRID RELIABILITY, FLEXIBILITY, AND CAPACITY.

SECTION 4. In Colorado Revised Statutes, 40-2-126, **amend** (6); and **add** (7), (8), and (9) as follows:

40-2-126. Transmission facilities - biennial review - energy resource zones - plans - approval - cost recovery - powerline trail consideration - rules - definitions.

(6) The commission shall amend its rules requiring the filing of ten-year transmission plans by utilities to also require utilities to:

(a) Consider and address plans for the construction of new

powerline trails in coordination with applicable local governments in each two-year update to a ten-year transmission plan; ~~and~~

(b) Demonstrate compliance with section 33-45-103 (2);

(c) FOR UTILITIES SUBJECT TO RATE REGULATION BY THE COMMISSION, IDENTIFY STRATEGIES TO REDUCE THE COSTS OF CONSTRUCTION AND OBTAINING ADEQUATE FINANCING FOR IDENTIFIED PROJECTS IN THE UTILITY'S TEN-YEAR TRANSMISSION PLAN, INCLUDING BY CONSIDERING, AFTER EVALUATING WHETHER APPLICABLE, THE USE OF BONDS ISSUED BY THE COLORADO ELECTRIC TRANSMISSION AUTHORITY PURSUANT TO SECTION 40-42-104 (1)(r). IF A UTILITY IDENTIFIES OR EVALUATES THE POTENTIAL USE OF BONDS ISSUED BY THE COLORADO ELECTRIC TRANSMISSION AUTHORITY AS A COST-REDUCTION STRATEGY IN THE UTILITY'S TEN-YEAR TRANSMISSION PLAN, THE UTILITY SHALL CONSULT WITH THE COLORADO ELECTRIC TRANSMISSION AUTHORITY PRIOR TO FILING THE UTILITY'S TEN-YEAR TRANSMISSION PLAN.

(d) INCORPORATE, IN THE UTILITY'S TEN-YEAR TRANSMISSION PLAN, AN EVALUATION OF ADVANCED TRANSMISSION TECHNOLOGIES, AS DEFINED IN SECTION 40-42-102 (1.5), WHICH EVALUATION MUST INCLUDE:

(I) A TECHNICAL FEASIBILITY ASSESSMENT;

(II) IF TECHNICALLY FEASIBLE, A COST-EFFECTIVENESS ANALYSIS AND TIMETABLE FOR POTENTIAL DEPLOYMENT;

(III) AN ASSESSMENT OF ADVANCED TRANSMISSION TECHNOLOGIES ABLE TO REDUCE OR MITIGATE TRANSMISSION SYSTEM NEEDS WITH THE POTENTIAL TO ACHIEVE THE FOLLOWING, AS APPLICABLE:

(A) AN INCREASE IN TRANSMISSION SYSTEM CAPACITY, COST-EFFECTIVENESS, RELIABILITY, OR RESILIENCY;

(B) A REDUCTION OF TRANSMISSION SYSTEM CONGESTION;

(C) A REDUCTION IN THE TIMELINE TO CONNECT NEW GENERATION OR LOAD TO THE GRID;

(D) A REDUCTION OF THE RISK OF IGNITING WILDFIRES;

(E) AN INCREASE IN CAPACITY TO CONNECT NEW RENEWABLE ENERGY AND CLEAN ENERGY RESOURCES REFLECTING THE UTILITY'S GENERATION AND LOAD PLANNING FORECASTS FROM THE UTILITY'S MOST RECENT ELECTRIC RESOURCE PLAN; OR

(F) AN INCREASE IN THE TRANSFER CAPABILITY OF ELECTRICITY BETWEEN COLORADO AND NEIGHBORING STATES;

(IV) A DESCRIPTION OF ANY ADDITIONAL POTENTIAL BENEFITS OF DEPLOYING ADVANCED TRANSMISSION TECHNOLOGIES, WHICH BENEFITS MAY INCLUDE:

(A) THE ABILITY TO MEET SHORT-TERM TRANSMISSION NEEDS WHILE NEW TRANSMISSION IS BEING SITED, PERMITTED, OR CONSTRUCTED; AND

(B) A REDUCTION IN IMPACTS TO HIGH-PRIORITY HABITATS, WILDLIFE MOVEMENT CORRIDORS AND CROSSINGS, AND SPECIES OF GREATEST CONSERVATION NEED, AS IDENTIFIED BY THE DIVISION OF PARKS AND WILDLIFE CREATED IN SECTION 33-9-104; AND

(V) IF ADVANCED TRANSMISSION TECHNOLOGIES ARE FOUND TO OFFER A MORE COST-EFFECTIVE STRATEGY TO ACHIEVE THE GOALS LISTED IN SUBSECTION (6)(d)(III) OF THIS SECTION, WHETHER IN COMBINATION WITH OR INSTEAD OF OTHER CAPITAL INVESTMENTS, BUT ARE NOT INCORPORATED INTO THE UTILITY'S TEN-YEAR TRANSMISSION PLAN, A DETAILED EXPLANATION, INCLUDING RELEVANT ANALYSES, SUBMITTED TO THE COMMISSION AS PART OF THE UTILITY'S TEN-YEAR TRANSMISSION PLAN AND ADVANCED TRANSMISSION TECHNOLOGIES EVALUATION, EXPLAINING WHY ADVANCED TRANSMISSION TECHNOLOGIES SHOULD NOT BE DEPLOYED TO MEET A SPECIFIC NEED OR IN LIEU OF ANOTHER PROJECT.

(7) AN IDENTIFICATION OF A WILDFIRE-RELATED BENEFIT AS DESCRIBED IN SUBSECTION (6)(d)(III)(D) OF THIS SECTION IN AN ASSESSMENT OF ADVANCED TRANSMISSION TECHNOLOGIES CONDUCTED BY A UTILITY PURSUANT TO SUBSECTION (6)(d)(III) OF THIS SECTION DOES NOT TRIGGER A SEPARATE COMMISSION APPROVAL PROCESS. THE COMMISSION MAY CONSIDER THE IDENTIFIED WILDFIRE-RELATED BENEFIT DURING THE COMMISSION'S REVIEW OF THE UTILITY'S NEXT WILDFIRE MITIGATION PLAN FILING OR A FUTURE CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FILED BY THE UTILITY.

(8) NOTHING IN SUBSECTION (6) OF THIS SECTION PRECLUDES THE EVALUATION OF OTHER TECHNOLOGIES OR DEVICES THAT ENHANCE THE RELIABILITY, RESILIENCE, OR PROTECTION OF THE ELECTRIC TRANSMISSION SYSTEM, INCLUDING BY IMPROVING THE STABILITY OF EXISTING TRANSMISSION INFRASTRUCTURE.

(9) (a) IN AMENDING ITS RULES PURSUANT TO SUBSECTION (6) OF THIS SECTION, THE COMMISSION SHALL SEEK TO MINIMIZE DUPLICATION OF TRANSMISSION PLANNING PROCESSES, TECHNICAL STUDIES, OR ANALYSES CONDUCTED THROUGH AN APPLICABLE REGIONAL TRANSMISSION ORGANIZATION OR INDEPENDENT SYSTEM OPERATOR. IN DOING SO, THE COMMISSION MAY ALLOW A UTILITY TO REFERENCE AND INCORPORATE ANALYSES CONDUCTED THROUGH AN APPLICABLE REGIONAL TRANSMISSION ORGANIZATION OR INDEPENDENT SYSTEM OPERATOR, AS APPROPRIATE, AND TO RELY ON THESE ANALYSES TO SATISFY THE REQUIREMENTS OF THIS SECTION TO THE EXTENT THAT THE ANALYSES ADDRESS THE REQUIREMENTS OF THIS SECTION.

(b) A UTILITY RELYING ON ANALYSES CONDUCTED THROUGH AN APPLICABLE REGIONAL TRANSMISSION ORGANIZATION OR INDEPENDENT SYSTEM OPERATOR SHALL IDENTIFY IN THE UTILITY'S FILING THE SECTION OF EACH ANALYSIS THAT ADDRESSES THE REQUIREMENTS OF THE ADVANCED TRANSMISSION TECHNOLOGIES EVALUATION SET FORTH IN SUBSECTION (6)(d) OF THIS SECTION AND THE RELEVANCE OF THE ANALYSIS TO THOSE REQUIREMENTS.

(c) PARTICIPATION IN A REGIONAL TRANSMISSION PLANNING PROCESS DOES NOT BY ITSELF SATISFY THE REQUIREMENTS OF COMMISSION RULES AMENDED PURSUANT TO SUBSECTION (6) OF THIS SECTION.

SECTION 5. In Colorado Revised Statutes, 40-42-104, **add** (10) as follows:

40-42-104. General and specific powers and duties of the authority.

(10) IN CONDUCTING ITS DUTIES IN ACCORDANCE WITH THIS ARTICLE 42, THE AUTHORITY SHALL, TO THE EXTENT PRACTICABLE, ENGAGE AND COORDINATE WITH FORMAL SUBREGIONAL TRANSMISSION PLANNING ORGANIZATIONS.

SECTION 6. In Colorado Revised Statutes, **amend** 40-42-108 as follows:

40-42-108. Report to general assembly.

Commencing in 2022, the authority shall submit a report of its activities to the energy and environment committee of the house of representatives and the transportation and energy committee of the senate, or any successor committees, not later than ~~December 1~~ JANUARY 31 of each year. The report shall set forth a complete operating and financial statement covering the operations of the authority for the previous state fiscal year AND A DESCRIPTION OF THE ACTIVITIES AND ACCOMPLISHMENTS OF THE AUTHORITY DURING THE PREVIOUS CALENDAR YEAR. Notwithstanding section 24-1-136 (11)(a)(I), the requirement to submit the report continues indefinitely.

SECTION 7. In Colorado Revised Statutes, 40-42-103, **amend** (2)(a) as follows:

40-42-103. Authority - creation - board - open meetings and open records.

(2) (a) The powers of the authority are vested in a board of directors, which consists of the following ~~nine~~ TEN members:

(I) Two members appointed by the governor with the consent of the senate;

(II) The director of the Colorado energy office created in section 24-38.5-101 or the director's designee;

(III) Three members appointed by the speaker of the house of representatives; ~~and~~

(IV) Three members appointed by the president of the senate; AND

(V) THE DIRECTOR OF THE COMMISSION OR THE DIRECTOR'S DESIGNEE, WHO IS A NONVOTING EX OFFICIO MEMBER.

SECTION 8. In Colorado Revised Statutes, 24-92-303, **amend** (1)

and (5)(b)(II)(C); and **add** (1.5) as follows:

24-92-303. Definitions.

As used in this part 3, unless the context otherwise requires:

(1) ~~"Construction" means the construction, alteration, or repair of an energy sector public works project, consistent with and including the same limitations as the definition of construction as established in section 45 (b)(7)(a) of the federal "Internal Revenue Code of 1986", as amended, and as described in all related official guidance from the federal internal revenue service and the United States department of labor implementing the applicable sections of the federal "Inflation Reduction Act".~~ "ADVANCED TRANSMISSION TECHNOLOGIES" HAS THE MEANING SET FORTH IN SECTION 40-42-102 (1.5).

(1.5) "CONSTRUCTION" MEANS THE CONSTRUCTION, ALTERATION, OR REPAIR OF AN ENERGY SECTOR PUBLIC WORKS PROJECT, CONSISTENT WITH AND INCLUDING THE SAME LIMITATIONS AS THE DEFINITION OF CONSTRUCTION AS ESTABLISHED IN SECTION 45 (b)(7)(a) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED, AND AS DESCRIBED IN ALL RELATED OFFICIAL GUIDANCE FROM THE FEDERAL INTERNAL REVENUE SERVICE AND THE UNITED STATES DEPARTMENT OF LABOR IMPLEMENTING THE APPLICABLE SECTIONS OF THE FEDERAL "INFLATION REDUCTION ACT".

(5) (b) "Energy sector public works project" includes the following project types, so long as they satisfy the criteria in subsection (5)(a)(I) or (5)(a)(II) of this section:

(II) Other projects with a total project cost of one million dollars or more that include:

(C) Electric transmission projects, INCLUDING PROJECTS THAT INCLUDE ADVANCED TRANSMISSION TECHNOLOGIES;

SECTION 9. In Colorado Revised Statutes, 24-92-304, **add** (6) as follows:

24-92-304. Energy sector public works projects - craft labor employment - training - wage requirements.

(6) (a) AN ENERGY SECTOR PUBLIC WORKS PROJECT THAT INCLUDES ADVANCED TRANSMISSION TECHNOLOGIES MUST MEET THE PREVAILING WAGE REQUIREMENTS SET FORTH IN THIS PART 3 AND THE APPRENTICESHIP UTILIZATION REQUIREMENTS SET FORTH IN SECTION 24-92-115.

(b) NOTHING IN THIS ARTICLE 92 APPLIES TO A PROJECT THAT INCLUDES ADVANCED TRANSMISSION TECHNOLOGIES, WHICH PROJECT DOES NOT REQUIRE UTILITY LINE CONSTRUCTION WORK PERFORMED BY A JOURNEYMAN LINEWORKER OR PROPERLY SUPERVISED APPRENTICE, SUCH AS A SOFTWARE UPGRADE OR SMALL INSTALLATION THAT DOES NOT MEET THE REQUIREMENTS FOR AN ENERGY SECTOR PUBLIC WORKS PROJECT.

SECTION 10. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless

approved by the people at the general election to be held in November 2026 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Julie McCluskie SPEAKER OF THE HOUSE OF REPRESENTATIVES	James Rashad Coleman, Sr. PRESIDENT OF THE SENATE
Vanessa Reilly CHIEF CLERK OF THE HOUSE OF REPRESENTATIVES	Esther van Mourik SECRETARY OF THE SENATE

APPROVED_____
(Date and Time)

_____
Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO