

SENATE COMMITTEE OF REFERENCE REPORT

Chair of Committee

Date

May 11, 2026

Committee on Finance.

After consideration on the merits, the Committee recommends the following:

HB26-1326 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend reengrossed bill, page 22, after line 21 insert:

2 "SECTION 19. In Colorado Revised Statutes, 40-2-123, add (6)
3 and (7) as follows:

4 **40-2-123. Energy technologies - consideration by commission**
5 **- incentives - demonstration projects - commission may require**
6 **specific customer-facing programs - legislative declaration -**
7 **definitions.**

8 (6) (a) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

9 (I) SINCE 2007, COLORADO HAS ENACTED SEVERAL STATUTES
10 THAT DIRECT COMMISSION-REGULATED INVESTOR-OWNED UTILITIES TO
11 IMPLEMENT CUSTOMER-FACING PROGRAMS AIMED AT REDUCING ENERGY
12 BILLS, REDUCING ENERGY CONSUMPTION, OR SUPPORTING THE TRANSITION
13 TO LOWER- OR ZERO-CARBON-EMITTING TECHNOLOGIES;

14 (II) SUCH CUSTOMER-FACING PROGRAMS INCLUDE DEMAND-SIDE
15 MANAGEMENT, BENEFICIAL ELECTRIFICATION, CLEAN HEAT PLANS, AND
16 TRANSPORTATION ELECTRIFICATION;

17 (III) FOR MANY OF THESE PROGRAMS, UTILITIES MAY LACK A
18 NATURAL INCENTIVE TO TAKE CERTAIN ACTIONS OR IMPLEMENT THESE
19 PROGRAMS EFFECTIVELY. ADDITIONALLY, DUE TO STAFFING OR
20 ECONOMIES OF SCALE, SMALLER UTILITIES MAY LACK THE ABILITY TO
21 OPERATE SUCH PROGRAMS AT A REASONABLE COST TO RATEPAYERS.

22 (IV) CERTAIN RATEPAYER AFFORDABILITY PROGRAMS ARE
23 IMPLEMENTED BY A THIRD PARTY THAT WAS NOT SELECTED THROUGH A
24 COMPETITIVE PROCESS, AND THERE IS LIMITED OVERSIGHT OF THE THIRD
25 PARTY'S USE OF RATEPAYER DOLLARS;

26 (V) ESTABLISHED STATE ENTERPRISES, SUCH AS THE BUILDING
27 DECARBONIZATION ENTERPRISE CREATED IN SECTION 24-38.5-125, MAY

1 PROVIDE AN ALTERNATIVE OPTION FOR ADMINISTERING COMPETITIVE
2 SOLICITATIONS FOR THIRD-PARTY PROGRAM ADMINISTRATION; AND

3 (VI) THEREFORE, THE COMMISSION SHOULD BE AUTHORIZED TO
4 REQUIRE COMMISSION-REGULATED INVESTOR-OWNED UTILITIES TO
5 ENGAGE ONE OR MORE THIRD PARTIES TO ADMINISTER SPECIFIC
6 CUSTOMER-FACING PROGRAMS IF THE COMMISSION DEEMS THE USE OF ONE
7 OR MORE THIRD PARTIES PRUDENT AND IN THE BEST INTEREST OF
8 RATEPAYERS. IN ADDITION, THE COMMISSION SHOULD BE AUTHORIZED TO
9 REQUIRE THE USE OF A COMPETITIVE BIDDING PROCESS TO PROCURE THE
10 SERVICES OF A THIRD-PARTY ADMINISTRATOR.

11 (b) IN AN ADJUDICATORY PROCEEDING, THE COMMISSION MAY
12 REQUIRE A COMMISSION-REGULATED INVESTOR-OWNED UTILITY TO
13 ENGAGE ONE OR MORE THIRD PARTIES TO ADMINISTER SPECIFIC
14 CUSTOMER-FACING PROGRAMS IF THE COMMISSION DEEMS THE USE OF ONE
15 OR MORE THIRD PARTIES PRUDENT AND IN THE BEST INTEREST OF
16 RATEPAYERS. THE COMMISSION MAY REQUIRE A COMPETITIVE BIDDING
17 PROCESS TO PROCURE THE SERVICES OF A THIRD-PARTY ADMINISTRATOR.

18 (c) AS USED IN THIS SUBSECTION (6), "CUSTOMER-FACING
19 PROGRAM" MEANS A PROGRAM AIMED AT REDUCING ENERGY BILLS,
20 REDUCING ENERGY CONSUMPTION, OR SUPPORTING THE TRANSITION TO
21 LOWER- OR ZERO-CARBON-EMITTING TECHNOLOGIES.

22 (7)(a) A COMMISSION-REGULATED INVESTOR-OWNED UTILITY MAY
23 ENTER INTO A THIRD-PARTY AGREEMENT TO FACILITATE
24 CUSTOMER-FACING PROGRAMS, SUBJECT TO COMMISSION APPROVAL. THE
25 COMMISSION MAY DIRECT A COMMISSION-REGULATED INVESTOR-OWNED
26 UTILITY TO PROPOSE TO THE COMMISSION THE USE OF THIRD-PARTY
27 ADMINISTRATION FOR CUSTOMER-FACING PROGRAMS.

28 (b) IN A COMMISSION-REGULATED INVESTOR-OWNED UTILITY'S
29 PROPOSAL TO UTILIZE THIRD-PARTY ADMINISTRATION OF A
30 CUSTOMER-FACING PROGRAM, THE UTILITY SHALL EXPLAIN TO THE
31 COMMISSION HOW THE UTILITY CONSIDERED THE FOLLOWING IN RELATION
32 TO THE CUSTOMER-FACING PROGRAM:

33 (I) THE POTENTIAL FOR PROGRAM SUCCESS BASED ON AN
34 ASSESSMENT OF SIMILAR ADMINISTRATION STRUCTURES THAT OTHER
35 UTILITIES USE FOR SIMILAR CUSTOMER-FACING PROGRAMS;

36 (II) THE ADMINISTRATIVE COST RATIO OF ADMINISTERING REBATES
37 VERSUS THE INCENTIVES PAID OUT AS PART OF THE PROGRAM;

38 (III) THE TIME REQUIRED TO FULFILL CUSTOMER REBATE
39 REQUESTS; AND

40 (IV) PRIOR PROGRAM PERFORMANCE UNDER A UTILITY-LED
41 MODEL.

42 (c) IN AN APPLICATION TO THE COMMISSION TO ENTER INTO A
43 THIRD-PARTY AGREEMENT TO FACILITATE CUSTOMER-FACING PROGRAMS,

1 THE UTILITY MAY NOT:
2 (I) FORCE A LAYOFF OF, OR UNILATERALLY CHANGE THE TERMS OF
3 EMPLOYMENT FOR, THE UTILITY EMPLOYEES WHO, IN WHOLE OR IN PART,
4 PERFORM THE ADMINISTRATIVE OR SERVICE FUNCTIONS FOR THE SPECIFIC
5 PROGRAM, SUBJECT TO A THIRD-PARTY AGREEMENT, AND WHO ARE
6 COVERED BY A COLLECTIVE BARGAINING AGREEMENT UNLESS THE UTILITY
7 AND THE LABOR UNION REPRESENTING THE EMPLOYEES COME TO AN
8 AGREEMENT TO REASSIGN THE EMPLOYEES TO OTHER POSITIONS WITHIN
9 THE UTILITY AT COMPARABLE PAY AND BENEFITS AS PER THE TERMS OF
10 THE COLLECTIVE BARGAINING AGREEMENT AND ANY RELATED COMPANY
11 POLICIES; AND

12 (II) PROPOSE TO ENTER INTO ANY THIRD-PARTY ADMINISTRATOR
13 AGREEMENTS THAT CANCEL OR MODIFY AGREEMENTS WITH
14 CONSTRUCTION OR UTILITY CONSTRUCTION CONTRACTORS WHO ARE
15 UNDER A CURRENT CONTRACT TO PERFORM WORK DIRECTLY FOR THE
16 UTILITY ON A DEMAND-SIDE MANAGEMENT, BENEFICIAL ELECTRIFICATION,
17 CLEAN HEAT, OR TRANSPORTATION ELECTRIFICATION CUSTOMER-FACING
18 PROGRAM. THE CONTRACTS SHALL REMAIN IN FORCE EVEN IF A
19 THIRD-PARTY ADMINISTRATOR IS CONTRACTED TO ADMINISTER THE
20 CUSTOMER-FACING PROGRAM. FUTURE CONSIDERATIONS AS TO WHETHER
21 TO EXTEND OR RENEW THE CONSTRUCTION OR UTILITY CONSTRUCTION
22 CONTRACTORS' AGREEMENTS CAN REMAIN WITH THE UTILITY, AND THE
23 UTILITY CAN REMAIN THE CLIENT OF RECORD FOR THE CONSTRUCTION OR
24 UTILITY CONSTRUCTION CONTRACTORS. PROGRAMS THAT DIRECT A
25 RESIDENTIAL UTILITY CUSTOMER TO ENGAGE A CONTRACTOR DIRECTLY
26 ARE EXEMPT FROM THIS SUBSECTION (7)(c)(II).

27 (d) SUBJECT TO COMMISSION APPROVAL BASED ON A
28 DEMONSTRATION OF THE FACTORS SET FORTH IN SUBSECTION (7)(b) OF
29 THIS SECTION, A COMMISSION-REGULATED INVESTOR-OWNED UTILITY
30 SHALL UTILIZE THIRD-PARTY ADMINISTRATION FOR ANY
31 CUSTOMER-FACING PROGRAM.

32 (e) A THIRD-PARTY ADMINISTRATOR OF A CUSTOMER-FACING
33 PROGRAM IS DIRECTLY RESPONSIBLE FOR COMPLIANCE WITH, AND SHALL
34 ADHERE TO APPLICABLE LABOR STANDARDS FOR, CONSTRUCTION- OR
35 UTILITY-CONSTRUCTION-SPECIFIC WORK THAT WOULD OTHERWISE BE
36 APPLICABLE TO THE UTILITY UNDER COLORADO LAW."

37 Renumber succeeding sections accordingly.

38 Page 31, strike lines 18 through 27.

39 Strike page 32.

- 1 Page 33, strike lines 1 through 22.
- 2 Renumber succeeding sections accordingly.
- 3 Page 33, lines 24 and 25, strike "**repeal** (7)(a); and".
- 4 Page 34, strike lines 1 through 8.

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