SENATE BILL 21-272

BY SENATOR(S) Hansen and Fenberg, Jaquez Lewis, Lee, Moreno, Pettersen, Priola, Story;
also REPRESENTATIVE(S) Bernet, Amabile, Boesenecker, Cutter, Froelich, Hooton, Jackson, Jodeh, Kennedy, Valdez A., Woodrow.

CONCERNING THE OPERATIONS OF THE PUBLIC UTILITIES COMMISSION, AND, IN CONNECTION THEREWITH, MODERNIZING THE COMMISSION'S STATUTORY DIRECTIVES REGARDING DISTRIBUTED GENERATION OF ELECTRICITY; REQUIRING ADDITIONAL DISCLOSURE FROM INTERVENORS IN ADVERSARIAL PROCEEDINGS; PROVIDING THE COMMISSIONERS WITH ACCESS TO INDEPENDENT SUBJECT-MATTER EXPERTS; AND MAKING AN APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, 40-2-104, add (4) as follows:

40-2-104. Assistants and employees - utilization of independent experts. (4) (a) OF THE MONEY THAT THE COMMISSION RECEIVES FROM THE PUBLIC UTILITIES COMMISSION FIXED UTILITY FUND PURSUANT TO SECTION 40-2-114 (1)(b)(II), UP TO TWO HUNDRED FIFTY THOUSAND DOLLARS PER
YEAR MAY BE ALLOCATED TO PERSONAL SERVICES CONTRACTS WITH OUTSIDE CONSULTANTS AND EXPERTS THAT MEET CRITERIA SPECIFIED BY THE COMMISSION.

(b) THE AMOUNT ALLOCATED FOR OUTSIDE CONSULTANTS AND EXPERTS PURSUANT TO SUBSECTION (4)(a) OF THIS SECTION SHALL BE ADJUSTED ANNUALLY IN ACCORDANCE WITH CHANGES IN THE UNITED STATES DEPARTMENT OF LABOR’S BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKEWOOD FOR ALL ITEMS AND ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX.

SECTION 2. In Colorado Revised Statutes, add 40-2-104.5 as follows:

40-2-104.5. Financial disclosures by intervenors. (1) AN INTERVENOR IN ANY MATTER BEFORE THE COMMISSION SHALL DISCLOSE ANY OF THE FOLLOWING RELATIONSHIPS THAT EXISTS OR, WITHIN THE IMMEDIATELY PRECEDING TWENTY-FOUR MONTHS, EXISTED BETWEEN THE INTERVENOR AND THE REGULATED UTILITY IN THE MATTER:

(a) ANY CORPORATE AFFILIATION WITH THE REGULATED UTILITY;

(b) THE RECEIPT OF ANY FUNDING FROM THE REGULATED UTILITY; OR

(c) ANY OTHER FINANCIAL RELATIONSHIP BETWEEN THE INTERVENOR AND THE REGULATED UTILITY.

(2) THE COMMISSION SHALL PUBLISH ON ITS WEBSITE ALL DISCLOSURES MADE PURSUANT TO THIS SECTION.

SECTION 3. In Colorado Revised Statutes, 40-2-108, add (3) as follows:

40-2-108. Rules - definitions - legislative declaration. (3) (a) THE GENERAL ASSEMBLY FINDS, DETERMINES, AND DECLARES THAT:

(I) CERTAIN COMMUNITIES, BOTH IN COLORADO AND INTERNATIONALLY, HAVE HISTORICALLY BEEN FORCED TO BEAR A DISPROPORTIONATE BURDEN OF ADVERSE HUMAN HEALTH OR ENVIRONMENTAL EFFECTS, AS DOCUMENTED IN NUMEROUS STUDIES,
INCLUDING THE "TOXIC WASTES AND RACE AT TWENTY, 1987-2007" REPORT BY THE UNITED CHURCH OF CHRIST JUSTICE & WITNESS MINISTRIES; FEDERAL ENVIRONMENTAL PROTECTION AGENCY ANNUAL ENVIRONMENTAL JUSTICE PROGRESS REPORTS; AND A 2021 REPORT FROM THE "MAPPING FOR ENVIRONMENTAL JUSTICE" PROJECT AT THE BERKELEY PUBLIC POLICY/THE GOLDMAN SCHOOL THAT SHOWS HOW THE POLLUTION BURDEN IS DISTRIBUTED IN COLORADO, WHILE ALSO FACING SYSTEMIC EXCLUSION FROM ENVIRONMENTAL DECISION-MAKING PROCESSES AND ENJOYING FEWER ENVIRONMENTAL BENEFITS; AND

(II) THE PURPOSE OF THIS SUBSECTION (3) IS TO ENSURE THAT THE COMMISSION, IN EXERCISING ITS REGULATORY AUTHORITY, WILL TAKE ACCOUNT OF AND, WHERE POSSIBLE, HELP TO CORRECT THESE HISTORICAL INEQUITIES.

(b) THE COMMISSION SHALL PROMULGATE RULES REQUIRING THAT THE COMMISSION, IN ALL OF ITS WORK INCLUDING ITS REVIEW OF ALL FILINGS AND ITS DETERMINATION OF ALL ADJUDICATIONS, CONSIDER HOW BEST TO PROVIDE EQUITY, MINIMIZE IMPACTS, AND PRIORITIZE BENEFITS TO DISPROPORTIONATELY IMPACTED COMMUNITIES AND ADDRESS HISTORICAL INEQUALITIES.

(c) (I) IN PROMULGATING RULES PURSUANT TO THIS SUBSECTION (3), THE COMMISSION SHALL IDENTIFY DISPROPORTIONATELY IMPACTED COMMUNITIES. IN IDENTIFYING THE COMMUNITIES, THE COMMISSION SHALL CONSIDER MINORITY, LOW-INCOME, TRIBAL, OR INDIGENOUS POPULATIONS IN THE STATE THAT EXPERIENCE DISPROPORTIONATE ENVIRONMENTAL HARM AND RISKS RESULTING FROM SUCH FACTORS AS INCREASED VULNERABILITY TO ENVIRONMENTAL DEGRADATION, LACK OF OPPORTUNITY FOR PUBLIC PARTICIPATION, OR OTHER FACTORS. INCREASED VULNERABILITY MAY BE ATTRIBUTABLE TO AN ACCUMULATION OF NEGATIVE OR A LACK OF POSITIVE ENVIRONMENTAL, HEALTH, ECONOMIC, OR SOCIAL CONDITIONS WITHIN THESE POPULATIONS.

(II) WHEN MAKING DECISIONS RELATING TO RETAIL CUSTOMER PROGRAMS, THE COMMISSION SHALL HOST INFORMATIONAL MEETINGS, WORKSHOPS, AND HEARINGS THAT INVITE INPUT FROM DISPROPORTIONATELY IMPACTED COMMUNITIES AND SHALL ENSURE, TO THE EXTENT REASONABLY POSSIBLE, THAT SUCH PROGRAMS, INCLUDING ANY ASSOCIATED INCENTIVES AND OTHER RELEVANT INVESTMENTS, INCLUDE FLOOR EXPENDITURES, SET
ASIDE AS EQUITY BUDGETS, TO ENSURE THAT LOW-INCOME CUSTOMERS AND DISPROPORTIONATELY IMPACTED COMMUNITIES WILL HAVE AT LEAST PROPORTIONATE ACCESS TO THE BENEFITS OF SUCH PROGRAMS, INCENTIVES, AND INVESTMENTS.

(d) As used in this subsection (3):

(I) "Cost-burdened" means a household that spends more than thirty percent of its income on housing.

(II) "Disproportionately impacted community" means a community that is in a census block group, as determined in accordance with the most recent United States census, where the proportion of households that are low income is greater than forty percent, the proportion of households that identify as minority is greater than forty percent, or the proportion of households that are housing cost-burdened is greater than forty percent; or is any other community as identified or approved by a state agency, if:

(A) The community has a history of environmental racism perpetuated through redlining, anti-Indigenous, anti-immigrant, anti-Hispanic, or anti-Black laws; or

(B) The community is one where multiple factors, including socioeconomic stressors, disproportionate environmental burdens, vulnerability to environmental degradation, and lack of public participation, may act cumulatively to affect health and the environment and contribute to persistent disparities.

(III) "Low income" means meeting one or more of the following criteria:

(A) Median household income less than or equal to two hundred percent of the federal poverty guideline;

(B) Median household income less than or equal to eighty percent of area median income; or

(C) Qualification under income guidelines adopted by the
DEPARTMENT OF HUMAN SERVICES PURSUANT TO SECTION 40-8.5-105.

SECTION 4. In Colorado Revised Statutes, amend 40-2-113 as follows:

40-2-113. Collection of fees - limitation. (1) On or before June 15 of each year, the department of revenue shall notify each public utility subject to this article ARTICLE 2 of the amount of its fee for the ensuing fiscal year beginning July 1, computed by multiplying its gross intrastate utility operating revenues for the preceding calendar year, as set forth in its return filed for that purpose, by the percentage determined in accordance with section 40-2-112; but EXCEPT THAT the department of revenue shall not require a public utility that is a telephone corporation to pay a fee in excess of one-fifth TWO-FIFTHS of one percent of its gross intrastate utility operating revenues for the preceding calendar year and shall not require any other public utility to pay a fee in excess of one-quarter FORTY-FIVE ONE-HUNDREDTHS of one percent of its gross intrastate utility operating revenues for the preceding calendar year.

(2) Each public utility shall pay the fee assessed against it to the department of revenue in equal quarterly installments on or before July 15, October 15, January 15, and April 15 in each fiscal year. If a public utility does not make a payment by one of the quarterly deadlines, the department of revenue shall charge the public utility a penalty of ten percent of the installment due, together with interest at the rate of one percent per month on the amount of the unpaid installment until the full amount of the installment, penalty, and interest has been paid. Upon failure, refusal, or neglect of any public utility to pay the fee, or any penalty or interest, the attorney general shall bring suit in the name of the state to collect the amount due.

(3) THE COMMISSION SHALL ALLOW A PUBLIC UTILITY THAT IS NOT A TELEPHONE CORPORATION FULL RECOVERY OF FEES ASSESSED AND REMITTED TO THE DEPARTMENT OF REVENUE PURSUANT TO THIS SECTION. THE RECOVERY MECHANISM MUST INCLUDE THE ABILITY OF THE UTILITY, AT ITS OPTION, TO USE A DEFERRED ACCOUNT TO TRACK CHANGES IN FEES BETWEEN RATE PROCEEDINGS.

SECTION 5. In Colorado Revised Statutes, 40-2-123, add (1)(d) as follows:

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40-2-123. New energy technologies - consideration by commission - incentives - definitions - legislative declaration. (1) (d) IN ITS CONSIDERATION OF GENERATION ACQUISITIONS FOR ELECTRIC UTILITIES, THE COMMISSION SHALL CONSIDER THE ECONOMIC OPPORTUNITIES THAT MAY BE PROVIDED THROUGH WORKFORCE TRANSITION AND COMMUNITY ASSISTANCE PLANS, AS WELL AS WHETHER THE ACQUISITIONS WILL CREATE BENEFITS FOR LOW-INCOME CUSTOMERS AND DISPROPORTIONATELY IMPACTED COMMUNITIES.

SECTION 6. In Colorado Revised Statutes, 40-2-124, amend (1)(d); and add (1)(g)(I)(D) as follows:

40-2-124. Renewable energy standards - qualifying retail and wholesale utilities - definitions - net metering - legislative declaration - rules. (1) Each provider of retail electric service in the state of Colorado, other than municipally owned utilities that serve forty thousand customers or fewer, is a qualifying retail utility. Each qualifying retail utility, with the exception of cooperative electric associations that have voted to exempt themselves from commission jurisdiction pursuant to section 40-9.5-104 and municipally owned utilities, is subject to the rules established under this article 2 by the commission. No additional regulatory authority is provided to the commission other than that specifically contained in this section. In accordance with article 4 of title 24, the commission shall revise or clarify existing rules to establish the following:

(d) (I) (A) SUBJECT TO RULES PROMULGATED PURSUANT TO SUBSECTION (1)(d)(II) OF THIS SECTION, a system of tradable renewable energy credits that A QUALIFYING RETAIL UTILITY may use to comply with this standard. The commission shall also analyze the effectiveness of utilizing any regional system of renewable energy credits in existence at the time of its rule-making process and determine whether the system is governed by rules that are consistent with the rules established for this article ARTICLE 2.

(B) The commission shall not restrict the qualifying retail utility's ownership OR PURCHASE of renewable energy credits if: The qualifying retail utility complies with the electric resource standard of paragraph (c) of this subsection (1); SUBSECTION (1)(c) OF THIS SECTION AND THE CONDITIONS OF ANY RATE RECOVERY MECHANISM ADOPTED PURSUANT TO SUBSECTION (1)(f)(IV) OF THIS SECTION; THE QUALIFYING RETAIL UTILITY...
uses definitions of eligible energy resources that are limited to those identified in paragraph (a) of this subsection (1) SUBSECTION (1)(a) OF THIS SECTION, as clarified by the commission, and does not exceed the retail rate impact established by paragraph (g) of this subsection (1) SUBSECTION (1)(g) OF THIS SECTION; AND THE COMMISSION FINDS THAT THE RESOURCES ARE PRUDENTLY ACQUIRED AT A REASONABLE COST AND RATE IMPACT.

(C) Once a qualifying retail utility either receives a permit pursuant to article 7 or 8 of title 25 C.R.S., for a generation facility that relies on or is affected by the definitions of eligible energy resources or enters into a contract that relies on or is affected by the definitions of eligible energy resources, such the definitions apply to the contract or facility notwithstanding any subsequent alteration of the definitions, whether by statute or rule.

(D) For purposes of compliance with the renewable energy standard, if a generation system uses a combination of fossil fuel and eligible renewable energy resources to generate electricity, a qualified retail utility that is not an investor-owned utility may count as eligible renewable energy only the proportion of the total electric output of the generation system that results from the use of eligible renewable energy resources.

(II) THE SYSTEM OF TRADABLE RENEWABLE ENERGY CREDITS MUST INCLUDE REQUIREMENTS FOR THE RETIREMENT OF RENEWABLE ENERGY CREDITS TO ENSURE THAT COMPLIANCE WITH THE RENEWABLE ENERGY STANDARD:

(A) IS EFFECTUATED IN A MANNER THAT BENEFITS COLORADO'S CITIES, COUNTIES, AND BUSINESSES;

(B) ENABLES A UTILITY'S CUSTOMERS TO ACCOUNT FOR THE ENVIRONMENTAL BENEFITS OF THE RENEWABLE ENERGY GENERATED TO SERVE THOSE CUSTOMERS AND PURCHASED FOR THOSE CUSTOMERS; AND

(C) IS CONSISTENT WITH TIMELY ATTAINMENT OF THE STATE'S CLEAN ENERGY AND CLIMATE GOALS.

(g) Retail rate impact rule:

(I) (D) TO ADDRESS HISTORICAL EQUITY ISSUES CONCERNING ACCESS

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BY LOW-INCOME CUSTOMERS TO RENEWABLE ENERGY AND RETAIL DISTRIBUTED GENERATION PROGRAMS AND PRIORITIZE INVESTMENT AND DIRECT BENEFITS FOR DISPROPORTIONATELY IMPACTED COMMUNITIES, THE COMMISSION SHALL REQUIRE QUALIFYING RETAIL UTILITIES TO PLAN THEIR EXPENDITURES SO THAT, BEFORE REACHING THE LIMITS IMPOSED BY THIS SUBSECTION (1)(g), THEY WILL PRIORITIZE RENEWABLE ENERGY INVESTMENT AND PROGRAMS FOR LOW-INCOME CUSTOMERS AND DISPROPORTIONATELY IMPACTED COMMUNITIES. BEGINNING ON JANUARY 1, 2022, AND CONTINUING THROUGH AT LEAST DECEMBER 31, 2028, NOT LESS THAN FORTY PERCENT OF SUCH EXPENDITURES, NOT INCLUDING ANY FUNDS SET ASIDE TO RECOVER THE COST OF CLEAN ENERGY RESOURCES AND DIRECTLY RELATED INTERCONNECTION FACILITIES PURSUANT TO SECTION 40-2-125.5 (4)(a)(VIII), SHALL BE DIRECTED TO PROGRAMS, INCENTIVES, OR OTHER DIRECT INVESTMENTS BENEFITTING LOW-INCOME CUSTOMERS AND DISPROPORTIONATELY IMPACTED COMMUNITIES.

SECTION 7. In Colorado Revised Statutes, add 40-2-137 as follows:

40-2-137. Investor-owned utility electric resource planning - retirement of electric generation facility - commission to consider securitization as means of financing. (1) FOR EACH INVESTOR-OWNED ELECTRIC UTILITY THAT SUBMITS FOR COMMISSION APPROVAL AN ELECTRIC RESOURCE PLAN THAT INCLUDES A PORTFOLIO IN WHICH AN EXISTING ELECTRIC GENERATING FACILITY IN THE STATE WOULD BE RETIRED, THE COMMISSION SHALL REQUIRE THE INVESTOR-OWNED ELECTRIC UTILITY TO PRESENT AS PART OF THE RESOURCE PLAN THE NET PRESENT VALUE OF REVENUE REQUIREMENTS FOR THE PORTFOLIO BASED ON:

(a) A PROJECTION IN WHICH THE INVESTOR-OWNED ELECTRIC UTILITY ISSUES CO-EI BONDS, AS DEFINED IN SECTION 40-41-102 (5), TO RECOVER, FINANCE, OR REFINANCE COSTS ARISING FROM THE RETIREMENT OF THE ELECTRIC GENERATING FACILITY PURSUANT TO THE "COLORADO ENERGY IMPACT BOND ACT", ARTICLE 41 OF THIS TITLE 40; AND

(b) A PROJECTION IN WHICH THE INVESTOR-OWNED ELECTRIC UTILITY DOES NOT ISSUE CO-EI BONDS.

(2) THE COMMISSION SHALL CONSIDER THE TWO NET PRESENT VALUE OF REVENUE REQUIREMENT OPTIONS PRESENTED BY THE INVESTOR-OWNED
ELECTRIC UTILITY IN ITS REVIEW OF THE INVESTOR-OWNED ELECTRIC UTILITY'S ELECTRIC RESOURCE PLAN.

SECTION 8. In Colorado Revised Statutes, 40-3.2-106, amend (3) introductory portion and (3)(a) as follows:

40-3.2-106. Costs of pollution in utility planning - definitions - rules. (3) In approving a resource plan, EITHER WITH GENERIC RESOURCES OR IN THE ANALYSIS OF BIDS IN A COMPETITIVE SOLICITATION, the commission shall REQUIRE A COMPARISON OF THE PORTFOLIOS' NET PRESENT VALUE OF REVENUE REQUIREMENTS INCLUSIVE OF THE SOCIAL COST OF CARBON DIOXIDE. THE COMMISSION SHALL ALSO consider:

(a) The net present value of revenue requirements of the cost of carbon dioxide or carbon dioxide equivalent emissions;

SECTION 9. In Colorado Revised Statutes, 40-6-109.5, amend (2) as follows:

40-6-109.5. Hearings on applications - time limits for decisions. (2) In the case of any application not accompanied by prefiled testimony and exhibits, the commission shall issue its decision no later than two hundred ten FIFTY days after the application is deemed complete as prescribed by the commission's rules.

SECTION 10. In Colorado Revised Statutes, 40-41-103, amend (2)(a) and (2)(b); and add (2)(d) as follows:

40-41-103. Financing orders - application requirements. (2) (a) An investor-owned or other regulated electric utility may file an application for approval to issue CO-EI bonds in one or more series, impose, charge, and collect CO-EI charges, and create CO-EI property related to:

(I) The retirement of an electric generating facility in Colorado that has previously been approved by the commission; OR

(II) OTHER PROGRAMS OR PROJECTS AS APPROVED BY THE COMMISSION, INCLUDING PROGRAMS OR PROJECTS TO MITIGATE THE EFFECTS OF EXTREME WEATHER, WILDFIRES, CLIMATE CHANGE, OR OTHER HAZARDS.
(b) An electric utility that is not regulated may file an application for approval to issue CO-EI bonds in one or more series, impose, charge, and collect CO-EI charges, and create CO-EI property related to:

(I) The retirement of an electric generating facility in Colorado; OR

(II) OTHER PROGRAMS OR PROJECTS AS APPROVED BY THE COMMISSION, INCLUDING PROGRAMS OR PROJECTS TO MITIGATE THE EFFECTS OF EXTREME WEATHER, WILDFIRES, CLIMATE CHANGE, OR OTHER HAZARDS.

(d) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE COMMISSION SHALL NOT APPROVE THE ISSUANCE OF, NOR SHALL AN ELECTRIC UTILITY ISSUE, CO-EI BONDS TO FINANCE THE PAYMENT OF DAMAGES FOR A WILDFIRE OR OTHER LIABILITY OF THE ELECTRIC UTILITY.

SECTION 11. Appropriation - adjustments to House Bill 21-1269. (1) To implement this act, appropriations made in H.B. 21-1269 for the 2021-22 state fiscal year to the department of regulatory agencies for use by the public utilities commission are adjusted as follows:

(a) The general fund appropriation for personal services is decreased by $41,391, and the related FTE is decreased by 0.5 FTE; and

(b) The general fund appropriation for operating expenses is decreased by $7,010.

SECTION 12. Appropriation - adjustments to Senate Bill 21-108. (1) To implement this act, appropriations made in S.B. 21-108 for the 2021-22 state fiscal year to the department of regulatory agencies are adjusted as follows:

(a) The general fund appropriation for use by the public utilities commission for personal services is decreased by $264,878, and the related FTE is decreased by 3.7 FTE;

(b) The general fund appropriation for use by the public utilities commission for operating expenses is decreased by $105,400; and

(c) The general fund appropriation for the purchase of legal services is decreased by $53,170.
(2) To implement this act, the reappropriated funds appropriation made in S.B. 21-108 for the 2021-22 state fiscal year to the department of law is decreased by $53,170, and the related FTE is decreased by 0.3 FTE.

SECTION 13. Appropriation. (1) For the 2021-22 state fiscal year, $48,391 is appropriated to the department of regulatory agencies for use by the public utilities commission. This appropriation is from the public utilities commission fixed utility fund created in section 40-2-114 (1)(b)(II), C.R.S. To implement this act, the commission may use this appropriation for the implementation of H.B. 21-1269 as follows:

(a) $41,381 for personal services, which amount is based on an assumption that the commission will require an additional 0.5 FTE; and

(b) $7,010 for operating expenses.

(2) For the 2021-22 state fiscal year, $500,000 is appropriated to the department of regulatory agencies for use by the public utilities commission. This appropriation is from the public utilities commission fixed utility fund created in section 40-2-114 (1)(b)(II), C.R.S. To implement this act, the commission may use this appropriation for the implementation of S.B. 21-072.

(3) For the 2021-22 state fiscal year, $423,448 is appropriated to the department of regulatory agencies. This appropriation is from the public utilities commission fixed utility fund created in section 40-2-114 (1)(b)(II), C.R.S. To implement this act, the department may use this appropriation for the implementation of S.B. 21-108 as follows:

(a) $264,878 for use by the public utilities commission for personal services, which amount is based on an assumption that the commission will require an additional 3.7 FTE;

(b) $105,400 for use by the public utilities commission for operating expenses; and

(c) $53,170 for the purchase of legal services.

(4) For the 2021-22 state fiscal year, $53,170 is appropriated to the department of law. This appropriation is from reappropriated funds received
from the department of regulatory agencies under subsection (3)(c) of this section and is based on an assumption that the department of law will require an additional 0.3 FTE. To implement this act, the department of law may use this appropriation to provide legal services for the department of regulatory agencies.

**SECTION 14. Applicability.** This act applies to conduct occurring on or after the effective date of this act.

**SECTION 15. Safety clause.** The general assembly hereby finds,
determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.

Leroy M. Garcia
PRESIDENT OF THE SENATE

Alec Garnett
SPEAKER OF THE HOUSE OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF THE SENATE

Robin Jones
CHIEF CLERK OF THE HOUSE OF REPRESENTATIVES

APPROVED June 10, 2021 at 3:30 pm
(Date and Time)

Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO

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