

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

SENATE BILL 21-246

BY SENATOR(S) Fenberg, Bridges, Buckner, Danielson, Gonzales, Hansen, Jaquez Lewis, Lee, Moreno, Pettersen, Priola, Story, Winter; also REPRESENTATIVE(S) Valdez A. and Froelich, Bernett, Bird, Cutter, Duran, Gonzales-Gutierrez, Gray, Hooton, Jackson, Jodeh, Kennedy, Kipp, McCormick, Michaelson Jenet, Mullica, Ricks, Sirota, Titone, Woodrow.

CONCERNING MEASURES TO ENCOURAGE BENEFICIAL ELECTRIFICATION, AND, IN CONNECTION THEREWITH, DIRECTING THE PUBLIC UTILITIES COMMISSION AND COLORADO UTILITIES TO PROMOTE COMPLIANCE WITH CURRENT ENVIRONMENTAL AND LABOR STANDARDS AND MAKING AN APPROPRIATION.

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

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

(a) Colorado is and should remain a national leader in energy infrastructure innovation, creating family-sustaining jobs in the clean energy economy, and environmental stewardship;

(b) It is in the public interest and the policy of the state of Colorado

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.

to reduce greenhouse gas emissions. For that reason, it is critical that the electric utility sector be evaluated and regulated holistically so that investment can be compared and directed across fuel types to account for cost variance associated with asset procurement and operation as well as the public health and environmental costs of greenhouse gas emissions, energy efficiency, and electric infrastructure reliability accrued over the life cycle of an asset.

(c) Legislation adopted in 2007 directed the public utilities commission to establish electricity and natural gas energy savings targets, clarify parameters for cost-benefit analysis, and provide financial incentives to public utilities that meet or exceed specified goals for energy savings. The resulting demand-side management programs, also known as DSM programs, have provided substantial economic and environmental benefits for consumers, businesses, and utilities at modest cost.

(d) The public utilities commission's administration of DSM programs has appropriately effectuated legislative intent and has created a precedent for the deployment of programs to support customers using clean electricity to power high-efficiency appliances that provide space and water heating, cooking, and clothes drying in homes and businesses, as well as for certain industrial processes;

(e) Technology advancement can further advance cost-effective greenhouse gas emission reductions in the oil and gas, industrial, and building sectors, and electrification of customer end uses can be a pathway to reducing greenhouse gas emissions from these sectors and improving air quality;

(f) Fossil gas and petroleum products will contribute to supplying Colorado's energy needs for many years to come; nonetheless, transitioning to clean electric homes and businesses is a critical strategy for improving public health and safety, saving energy, creating family-sustaining jobs, and helping the state meet its greenhouse gas emission-reduction targets;

(g) Colorado has significant potential for replacing fossil gas with clean electricity; and

(h) Clean heat from appliances such as electric heat pumps, heat pump water heaters, and induction stoves will help Colorado reduce

greenhouse gas pollution and has potential to help improve indoor air quality and health and safety in buildings.

(2) The general assembly further declares its intent that the public utilities commission approve beneficial electrification plans for the purpose of incentivizing residential, commercial, and industrial utility customers to implement beneficial electrification projects voluntarily, without applying coercion or discriminatory treatment to customers that decline any incentives that may be offered to them.

SECTION 2. In Colorado Revised Statutes, 38-33.3-106.7, **amend** (1)(b)(IV) and (1)(b)(V); and **add** (1)(b)(VI) as follows:

38-33.3-106.7. Unreasonable restrictions on energy efficiency measures - definitions. (1) (b) As used in this section, "energy efficiency measure" means a device or structure that reduces the amount of energy derived from fossil fuels that is consumed by a residence or business located on the real property. "Energy efficiency measure" is further limited to include only the following types of devices or structures:

(IV) An energy-efficient outdoor lighting device, including without limitation a light fixture containing a coiled or straight fluorescent light bulb, and any solar recharging panel, motion detector, or other equipment connected to the lighting device; **and**

(V) A retractable clothesline; **AND**

(VI) A HEAT PUMP.

SECTION 3. In Colorado Revised Statutes, 40-1-102, **amend** (5)(a); and **add** (1.2) and (12) as follows:

40-1-102. Definitions. As used in articles 1 to 7 of this title 40, unless the context otherwise requires:

(1.2) (a) "BENEFICIAL ELECTRIFICATION" MEANS CONVERTING THE ENERGY SOURCE OF A CUSTOMER'S END USE FROM A NONELECTRIC FUEL SOURCE TO A HIGH-EFFICIENCY ELECTRIC SOURCE, OR AVOIDING THE USE OF NONELECTRIC FUEL SOURCES IN NEW CONSTRUCTION OR INDUSTRIAL APPLICATIONS, IF THE RESULT OF THE CONVERSION OR AVOIDANCE IS TO:

(I) REDUCE NET GREENHOUSE GAS EMISSIONS OVER THE LIFETIME OF THE CONVERSION OR AVOIDANCE; AND

(II) REDUCE SOCIETAL COSTS OR PROVIDE FOR MORE EFFICIENT UTILIZATION OF GRID RESOURCES.

(b) "BENEFICIAL ELECTRIFICATION" DOES NOT INCLUDE:

(I) RETAIL DISTRIBUTED GENERATION, AS DEFINED IN SECTION 40-2-124 (1)(a)(VIII); OR

(II) AN ENERGY STORAGE SYSTEM, AS DEFINED IN SECTION 40-2-130 (2)(a).

(5) (a) "Cost-effective", with reference to a natural gas or electric demand-side management program, A BENEFICIAL ELECTRIFICATION PROGRAM, or ~~related~~ ANY measure RELATED TO EITHER A DEMAND-SIDE MANAGEMENT OR BENEFICIAL ELECTRIFICATION PROGRAM, means having a benefit-cost ratio greater than one.

(12) "TECHNICAL SUPPORT DOCUMENT" MEANS THE 2016 TECHNICAL SUPPORT DOCUMENT OF THE FEDERAL INTERAGENCY WORKING GROUP ON SOCIAL COST OF GREENHOUSE GASES, ENTITLED "TECHNICAL UPDATE OF THE SOCIAL COST OF CARBON FOR REGULATORY IMPACT ANALYSIS UNDER EXECUTIVE ORDER 12866".

SECTION 4. In Colorado Revised Statutes, 40-3.2-106, **amend** (1) introductory portion, (1)(d), and (5); and **repeal** (6) as follows:

40-3.2-106. Costs of pollution in utility planning - definitions - rules. (1) The commission shall require an electric public utility subject to commission jurisdiction to consider the SOCIAL cost of carbon dioxide emissions AND THE SOCIAL COST OF METHANE EMISSIONS, as set forth ~~pursuant to subsection (4)~~ IN SUBSECTIONS (4) AND (5) of this section, when determining the cost, benefit, or net present value of any plan or proposal submitted in one of the following proceedings:

(d) A plan or application for transportation electrification UNDER SECTION 40-5-107 or ANY other ~~forms~~ FORM of beneficial electrification, INCLUDING BENEFICIAL ELECTRIFICATION IN BUILDINGS.

(5) The commission shall apply ~~a~~ THE SOCIAL cost of carbon dioxide AND THE SOCIAL COST OF METHANE emissions to the nonenergy benefits for programs that are defined to be beneficial electrification.

(6) ~~As used in this section:~~

~~(a) "Beneficial electrification" means a utility's change in the energy source powering an end use from a nonelectric source to an electric source, including transportation, water heating, space heating, or industrial processes, if the change:~~

~~(I) Reduces system costs for the utility's customers;~~

~~(II) Reduces net carbon dioxide emissions; or~~

~~(III) Provides for a more efficient utilization of grid resources.~~

~~(b) "Technical support document" means the 2016 technical support document of the federal interagency working group on social cost of greenhouse gases, entitled "Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866".~~

SECTION 5. In Colorado Revised Statutes, **add** 40-3.2-105.6 and 40-3.2-109 as follows:

40-3.2-105.6. Labor standards for beneficial electrification projects. (1) THIS SECTION APPLIES TO ALL NECESSARY MECHANICAL, PLUMBING, AND ELECTRICAL WORK PERFORMED IN CONNECTION WITH A PROJECT UNDERTAKEN PURSUANT TO A BENEFICIAL ELECTRIFICATION PROGRAM UNDER THIS ARTICLE 3.2 AND FOR WHICH A CUSTOMER OF AN INVESTOR-OWNED ELECTRIC UTILITY APPLIES FOR A REBATE DIRECTLY FROM THE UTILITY.

(2) WHEN PRACTICABLE, THE UTILITY MAY ASSIGN ITS OWN EMPLOYEES TO PERFORM THE WORK, SUBJECT TO STATE LICENSING REQUIREMENTS AND ALL APPLICABLE STATE AND LOCAL RULES, CODES, AND STANDARDS.

(3) (a) THE UTILITY SHALL OBTAIN FROM THE COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT AND SHALL MAKE USE OF A LIST,

REFERRED TO IN THIS SECTION AS THE "CERTIFIED CONTRACTOR LIST", CONTAINING THE NAMES AND CONTACT INFORMATION OF:

(I) QUALIFIED CONTRACTORS THAT PARTICIPATE IN APPRENTICESHIP PROGRAMS THAT ARE REGISTERED WITH THE UNITED STATES DEPARTMENT OF LABOR'S EMPLOYMENT AND TRAINING ADMINISTRATION OR WITH A STATE APPRENTICESHIP COUNCIL RECOGNIZED BY THE UNITED STATES DEPARTMENT OF LABOR; AND

(II) QUALIFIED MECHANICAL, ELECTRICAL, AND PLUMBING CONTRACTORS THAT MEET THE GRADUATION STANDARDS SPECIFIED IN SECTION 24-92-115 (1)(a)(II).

(b) THE UTILITY SHALL PUBLISH THE CERTIFIED CONTRACTOR LIST ON ITS WEBSITE AND INCLUDE OR REFERENCE THE LIST IN ALL OF THE UTILITY'S RELEVANT MARKETING MATERIAL FOR BENEFICIAL ELECTRIFICATION PROGRAMS.

(c) AS A CONDITION FOR CUSTOMER PARTICIPATION IN BENEFICIAL ELECTRIFICATION PROGRAMS WHERE A REBATE IS PAID DIRECTLY TO THE CUSTOMER AFTER INSTALLATION IS COMPLETE, EACH INVESTOR-OWNED ELECTRIC UTILITY SHALL REQUIRE ITS RESIDENTIAL CUSTOMERS TO VERIFY THAT THEY USED LICENSED ELECTRICIANS AND PLUMBERS OR PROPERLY SUPERVISED APPRENTICES ON ALL PLUMBING AND ELECTRICAL WORK PERFORMED BY A CONTRACTOR ON RESIDENTIAL INSTALLATIONS THAT QUALIFY FOR A BENEFICIAL ELECTRIFICATION REBATE.

(4) THE FOLLOWING REQUIREMENTS APPLY TO BENEFICIAL ELECTRIFICATION PROJECTS IN NEW OR EXISTING INDUSTRIAL, COMMERCIAL, OR MULTIFAMILY RESIDENTIAL BUILDINGS:

(a) FOR PLUMBING, MECHANICAL, OR ELECTRICAL PROJECTS UNDERTAKEN BY A COMMERCIAL OR INDUSTRIAL CUSTOMER IN A BUILDING THAT CONTAINS TWENTY THOUSAND SQUARE FEET OR MORE OF CONDITIONED FLOOR SPACE AND FOR WHICH A REBATE IS TO BE PROVIDED DIRECTLY TO THE CUSTOMER AS PART OF A BENEFICIAL ELECTRIFICATION PROGRAM, THE UTILITY SHALL CONDITION PAYMENT OF THE REBATE ON THE CUSTOMER'S EXCLUSIVE USE OF CONTRACTORS FROM THE CERTIFIED CONTRACTOR LIST UNLESS THE WORK IS DONE BY EMPLOYEES OF THE UTILITY.

(b)(I) FOR PLUMBING, MECHANICAL, OR ELECTRICAL PROJECTS THAT INVOLVE THE BENEFICIAL ELECTRIFICATION OF CENTRAL BUILDING SYSTEMS IN A MULTIFAMILY BUILDING THAT CONTAINS TWENTY THOUSAND SQUARE FEET OR MORE OF CONDITIONED FLOOR SPACE AND FOR WHICH A REBATE IS TO BE PROVIDED DIRECTLY TO THE BUILDING OWNER AS PART OF A BENEFICIAL ELECTRIFICATION PROGRAM, THE UTILITY SHALL CONDITION PAYMENT OF THE REBATE ON THE BUILDING OWNER'S EXCLUSIVE USE OF CONTRACTORS THAT PARTICIPATE IN APPRENTICESHIP PROGRAMS REGISTERED WITH THE UNITED STATES DEPARTMENT OF LABOR'S EMPLOYMENT AND TRAINING ADMINISTRATION OR WITH A STATE APPRENTICESHIP COUNCIL RECOGNIZED BY THE UNITED STATES DEPARTMENT OF LABOR FOR ANY NECESSARY PLUMBING OR ELECTRICAL WORK. IF THE CONTRACTOR CHOSEN BY THE BUILDING OWNER IS NOT ON THE CERTIFIED CONTRACTOR LIST, THE UTILITY SHALL REQUIRE ANOTHER METHOD OF VERIFYING COMPLIANCE WITH THIS SUBSECTION (4)(b).

(II) THIS SUBSECTION (4)(b) DOES NOT APPLY TO A BENEFICIAL ELECTRIFICATION PROJECT THAT IS LIMITED TO IN-UNIT WORK IN A MULTIFAMILY BUILDING, AS UNDERTAKEN BY THE OWNER OR TENANT OF THE MULTIFAMILY BUILDING OR UNIT.

40-3.2-109. Beneficial electrification plans for electric utilities - definition - rules - recovery of costs - report. (1) **Definition.** AS USED IN THIS SECTION, "BENEFICIAL ELECTRIFICATION PLAN" OR "PLAN" MEANS AN ELECTRIC UTILITY'S PLAN TO INCREASE BENEFICIAL ELECTRIFICATION IN THE RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL SECTORS FOR PURPOSES OTHER THAN TRANSPORTATION.

(2) (a) THE COMMISSION SHALL ALLOW AN INVESTOR-OWNED ELECTRIC UTILITY TO IMPLEMENT COST-EFFECTIVE BENEFICIAL ELECTRIFICATION PLANS THAT SUPPORT VOLUNTARY CUSTOMER ADOPTION OF BENEFICIAL ELECTRIFICATION MEASURES.

(b) ON OR BEFORE JULY 1, 2022, AND THEREAFTER AS DIRECTED BY THE COMMISSION, BUT NO LESS FREQUENTLY THAN EVERY THREE YEARS, AN INVESTOR-OWNED ELECTRIC UTILITY SHALL FILE WITH THE COMMISSION AN APPLICATION FOR A BENEFICIAL ELECTRIFICATION PLAN FOR REGULATED ACTIVITIES TO SUPPORT BENEFICIAL ELECTRIFICATION. BENEFICIAL ELECTRIFICATION PLANS MAY BE COMBINED WITH OTHER DEMAND-SIDE MANAGEMENT STRATEGIC ISSUES OR TRANSPORTATION ELECTRIFICATION

PLANS, AS APPLICABLE, BUT A BENEFICIAL ELECTRIFICATION PLAN MUST, AT A MINIMUM:

(I) INCLUDE PROPOSED PROGRAMS TO ADVANCE BENEFICIAL ELECTRIFICATION FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS. PLANS MAY ALSO INCLUDE PROGRAMS TO ADVANCE BENEFICIAL ELECTRIFICATION FOR INDUSTRIAL CUSTOMERS.

(II) INCLUDE PROGRAMS TARGETED TO LOW-INCOME HOUSEHOLDS OR DISPROPORTIONATELY IMPACTED COMMUNITIES, WITH AT LEAST TWENTY PERCENT OF THE TOTAL BENEFICIAL ELECTRIFICATION PROGRAM FUNDING TARGETED TO PROGRAMS THAT SERVE LOW-INCOME HOUSEHOLDS OR DISPROPORTIONATELY IMPACTED COMMUNITIES;

(III) INCLUDE BUDGETS; TARGETED NUMBERS OF INSTALLATIONS; PROJECTED FUEL SAVINGS; PROJECTED COST-EFFECTIVENESS CALCULATIONS, INCLUDING THE SOCIAL COST OF METHANE AND CARBON DIOXIDE EMISSIONS AND AN APPROPRIATE SOCIAL DISCOUNT RATE IN THE COST-BENEFIT ANALYSIS; PROJECTED REDUCTIONS IN GREENHOUSE GAS EMISSIONS; AND OTHER INFORMATION DEEMED RELEVANT BY THE COMMISSION FOR THE PLAN AS A WHOLE AND FOR EACH PROGRAM INCLUDED IN THE PLAN;

(IV) DEMONSTRATE THAT THE UTILITY WILL, TO THE GREATEST EXTENT PRACTICABLE, SERVE INCREMENTAL LOAD ATTRIBUTABLE TO BENEFICIAL ELECTRIFICATION WITH GENERATION THAT CAN BE REASONABLY EXPECTED TO HAVE A CARBON INTENSITY NO HIGHER THAN THE AVERAGE CARBON INTENSITY FOR ALL GENERATION IN THE UTILITY'S PORTFOLIO;

(V) INCLUDE INCENTIVES TO FACILITATE BENEFICIAL ELECTRIFICATION, WITH PROGRAMS TARGETED TOWARD NEW AND EXISTING BUILDING MARKETS. PRODUCTS ELIGIBLE FOR INCENTIVES MUST BE CERTIFIED UNDER THE FEDERAL ENERGY STAR PROGRAM, AS DEFINED IN SECTION 6-7.5-102 (15), OR A SUCCESSOR PROGRAM IF THAT CERTIFICATION IS AVAILABLE, IN PRODUCT CATEGORIES FOR WHICH SUCH CERTIFICATION EXISTS.

(VI) INCLUDE AN OUTREACH PLAN FOR ENGAGEMENT WITH CUSTOMERS IN LOW-INCOME HOUSEHOLDS AND DISPROPORTIONATELY IMPACTED COMMUNITIES TO DEVELOP PROGRAMS TO SUPPORT THOSE CUSTOMERS IN EVERY PHASE OF THE UTILITY'S BENEFICIAL ELECTRIFICATION

PROGRAMS, INCLUDING THROUGH INCENTIVES OFFERED TO MULTIFAMILY BUILDINGS OCCUPIED IN FULL OR IN PART BY LOW-INCOME HOUSEHOLDS; AND

(VII) INCLUDE DOCUMENTATION AND DATA TO SHOW THAT THE UTILITY'S BENEFICIAL ELECTRIFICATION PLAN IS CONSISTENT WITH MAINTAINING THE RELIABILITY OF THE ELECTRIC GRID.

(3) THE COMMISSION AND INVESTOR-OWNED ELECTRIC UTILITIES SUBJECT TO COMMISSION JURISDICTION SHALL:

(a) INCORPORATE INTO THE COST-BENEFIT ANALYSIS OF BENEFICIAL ELECTRIFICATION PLANS AND PROGRAMS:

(I) THE SOCIAL COSTS OF CARBON DIOXIDE AND METHANE EMISSIONS, INCLUDING THE AVOIDED CARBON DIOXIDE EMISSIONS FROM THE DIRECT COMBUSTION OF FOSSIL FUEL IN APPLIANCES OR INDUSTRIAL EQUIPMENT THAT IS REPLACED WITH ELECTRICITY;

(II) THE AVOIDED UPSTREAM EMISSIONS OF METHANE FROM THE PRODUCTION AND DELIVERY OF FOSSIL FUEL TO THE APPLIANCE OR EQUIPMENT;

(III) THE INCREMENTAL CARBON DIOXIDE EMISSIONS FROM GENERATION OF ELECTRICITY; AND

(IV) THE INCREMENTAL LOAD ATTRIBUTABLE TO BENEFICIAL ELECTRIFICATION;

(b) USE THE METHODOLOGY DEFINED IN SECTION 40-3.2-106 (4) TO DETERMINE THE COST OF CARBON DIOXIDE EMISSIONS;

(c) BASE THE COST OF METHANE EMISSIONS ON THE MOST RECENT ASSESSMENT OF THE GLOBAL SOCIAL COST OF METHANE DEVELOPED BY THE FEDERAL GOVERNMENT, USING A DISCOUNT RATE OF TWO AND ONE-HALF PERCENT OR LESS; EXCEPT THAT, BEGINNING ON THE EFFECTIVE DATE OF THIS SECTION, THE COMMISSION SHALL USE A SOCIAL COST OF METHANE OF NOT LESS THAN ONE THOUSAND SEVEN HUNDRED FIFTY-SIX DOLLARS PER SHORT TON. THE COMMISSION SHALL MODIFY THE SOCIAL COST OF METHANE BASED ON ESCALATION RATES OF THE 2020 BASE COST BY AN AMOUNT THAT

IS EQUAL TO OR GREATER THAN THE ESCALATION RATES ESTABLISHED IN THE ADDENDUM TO THE TECHNICAL SUPPORT DOCUMENT AND SHALL USE A DISCOUNT RATE THAT DOES NOT EXCEED THE LESSER OF TWO AND ONE-HALF PERCENT OR ANY LOWER VALUE ESTABLISHED BY THE MOST RECENT AVAILABLE SUCCESSOR TO THE TECHNICAL SUPPORT DOCUMENT.

(d) INCLUDE UPSTREAM LEAKAGE OF METHANE EMISSIONS IN THE EXTRACTION, PRODUCTION, AND TRANSPORTATION OF FOSSIL GAS IN THE COST-BENEFIT ANALYSIS IF THE AIR QUALITY CONTROL COMMISSION DETERMINES AN ESTIMATE FOR UPSTREAM METHANE LEAKAGE.

(4) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE COMMISSION SHALL ALLOW AN ELECTRIC UTILITY TO OFFER INCENTIVES TO ITS CUSTOMERS TO REPLACE GAS APPLIANCES WITH HIGH-EFFICIENCY ELECTRIC APPLIANCES.

(5) (a) THE COMMISSION SHALL ALLOW AN ELECTRIC UTILITY TO RECOVER ITS PRUDENTLY INCURRED COSTS, ON A CURRENT BASIS, FOR IMPLEMENTATION OF APPROVED BENEFICIAL ELECTRIFICATION PROGRAMS.

(b) THE COMMISSION MAY PROVIDE AN ELECTRIC UTILITY AN OPPORTUNITY TO EARN INCENTIVES FOR EXCEEDING BENEFICIAL ELECTRIFICATION TARGETS OR EMISSION-REDUCTION PERFORMANCE TARGETS THAT THE COMMISSION HAS ESTABLISHED FOR THE BENEFICIAL ELECTRIFICATION PLAN. FOR PURPOSES OF IMPLEMENTING THIS SUBSECTION (5)(b), THE COMMISSION MAY CONSIDER INCENTIVE MECHANISMS TO PROMOTE THE ADVANCEMENT OF THE UTILITY'S BENEFICIAL ELECTRIFICATION PROGRAMS, WHICH MAY INCLUDE:

(I) AN INCENTIVE RATE OF RETURN ON BENEFICIAL ELECTRIFICATION INVESTMENTS;

(II) AN INCENTIVE TO ALLOW THE UTILITY TO ACCELERATE DEPRECIATION;

(III) AN INCENTIVE TO ALLOW THE UTILITY TO RETAIN A PORTION OF THE NET ECONOMIC BENEFITS OF BENEFICIAL ELECTRIFICATION;

(IV) AN INCENTIVE TO ALLOW THE UTILITY TO COLLECT THE COST OF BENEFICIAL ELECTRIFICATION PROGRAMS THROUGH A RIDER OR COST

ADJUSTMENT CLAUSE; OR

(V) ANY OTHER INCENTIVE MECHANISM THE COMMISSION DEEMS APPROPRIATE.

(6) (a) BY APRIL 1, 2024, AND THEREAFTER AS DETERMINED BY THE COMMISSION BUT NO LESS FREQUENTLY THAN EVERY SIX YEARS, AN INVESTOR-OWNED ELECTRIC UTILITY SHALL FILE AN APPLICATION FOR A BENEFICIAL ELECTRIFICATION STRATEGIC ISSUES FILING THAT PROPOSES A TEN-YEAR BENEFICIAL ELECTRIFICATION TARGET AND OBJECTIVE CRITERIA FOR MEASURING PROGRESS TOWARD ATTAINMENT OF THE TARGET, WHICH CRITERIA MAY INCLUDE THE LEVEL OF SUBSTITUTION OF RENEWABLE SOURCES FOR FOSSIL FUEL OR THE LEVEL OF REDUCTION IN GREENHOUSE GAS EMISSIONS. THE COMMISSION SHALL APPROVE OR AMEND AND APPROVE THE UTILITY'S APPLICATION, TAKING INTO ACCOUNT THE UTILITY'S POTENTIAL FOR COST-EFFECTIVE BENEFICIAL ELECTRIFICATION, THE STATE'S GREENHOUSE GAS POLLUTION REDUCTION TARGETS, AND THE POTENTIAL FOR BENEFICIAL ELECTRIFICATION TO REDUCE GREENHOUSE GAS EMISSIONS.

(b) THE BENEFICIAL ELECTRIFICATION STRATEGIC ISSUES FILING MAY BE COMBINED WITH OTHER DEMAND-SIDE MANAGEMENT STRATEGIC ISSUES OR RELATED FILINGS AS APPROPRIATE, AND AN INVESTOR-OWNED GAS UTILITY MAY FILE WITH THE COMMISSION AN APPLICATION FOR A BENEFICIAL ELECTRIFICATION PLAN FOR REGULATED ACTIVITIES TO SUPPORT BENEFICIAL ELECTRIFICATION AS PART OF SUCH A PROCEEDING OR AS A SEPARATE APPLICATION. A BENEFICIAL ELECTRIFICATION PLAN FILED BY AN INVESTOR-OWNED GAS UTILITY IS ELIGIBLE FOR THE SAME TREATMENT AS A BENEFICIAL ELECTRIFICATION PLAN FILED BY AN INVESTOR-OWNED ELECTRIC UTILITY PURSUANT TO THIS SECTION.

(7) THE ELECTRIC UTILITY OR OTHER ENTITY COMMISSIONING A BENEFICIAL ELECTRIFICATION PROJECT SHALL ENSURE COMPLIANCE WITH THE LABOR STANDARDS SET FORTH IN SECTION 40-3.2-105.6.

(8) EACH ELECTRIC UTILITY THAT IMPLEMENTS A BENEFICIAL ELECTRIFICATION PLAN SHALL SUBMIT TO THE COMMISSION AN ANNUAL REPORT DESCRIBING THE BENEFICIAL ELECTRIFICATION PROGRAMS IMPLEMENTED UNDER THE PLAN AND DOCUMENTING:

(a) PROGRAM EXPENDITURES, ENERGY SAVINGS, INCREMENTAL

ADDITIONAL ELECTRIC LOAD ATTRIBUTABLE TO APPROVED BENEFICIAL ELECTRIFICATION PROGRAMS, AND INCREMENTAL ADDITIONAL GREENHOUSE GAS EMISSIONS ASSOCIATED WITH BENEFICIAL ELECTRIC LOAD ATTRIBUTABLE TO APPROVED BENEFICIAL ELECTRIFICATION PROGRAMS;

(b) ASSUMED AVOIDED GREENHOUSE GAS EMISSIONS FROM OTHER SECTORS RESULTING FROM APPROVED BENEFICIAL ELECTRIFICATION PROGRAMS;

(c) SOCIETAL COSTS AND BENEFITS OF APPROVED BENEFICIAL ELECTRIFICATION PROGRAMS AS WELL AS THE TECHNIQUES USED TO CALCULATE THOSE IMPACTS;

(d) COMPLIANCE WITH THE LABOR STANDARDS SET FORTH IN SECTION 40-3.2-105.6; AND

(e) ANY OTHER INFORMATION THAT THE COMMISSION REQUESTS.

(9) MUNICIPALLY OWNED ELECTRIC UTILITIES, COOPERATIVE ELECTRIC ASSOCIATIONS, AND WHOLESALE ELECTRIC COOPERATIVES, AS DEFINED IN SECTION 40-2-134, IN COLORADO ARE ENCOURAGED TO:

(a) DEVELOP BENEFICIAL ELECTRIFICATION PLANS AS ADDRESSED IN THIS SECTION AND TRANSPORTATION ELECTRIFICATION PROGRAMS PURSUANT TO SECTION 40-5-107 THAT HELP THEIR CUSTOMERS INVEST IN BENEFICIAL ELECTRIFICATION IN BUILDINGS AND TRANSPORTATION;

(b) ACCOUNT FOR THE SOCIAL COST OF CARBON DIOXIDE AND METHANE EMISSIONS, SET TOTAL ENERGY SAVINGS AND GREENHOUSE-GAS-EMISSION-REDUCTION GOALS, AND IMPLEMENT BENEFICIAL ELECTRIFICATION PROGRAMS FOR THEIR CUSTOMERS;

(c) INCLUDE A BENEFICIAL ELECTRIFICATION PLAN OR TRANSPORTATION ELECTRIFICATION PROGRAM AS PART OF A CLEAN ENERGY PLAN; AND

(d) PARTICIPATE IN STATEWIDE OR REGIONAL INITIATIVES TO INCREASE THE AVAILABILITY OF, DEVELOP THE MARKET FOR, AND SUPPORT CONTRACTOR TRAINING ON HIGH-EFFICIENCY ELECTRIC TECHNOLOGIES.

(10) IN IMPLEMENTING THIS SECTION, THE COMMISSION SHALL NOT REQUIRE THE REMOVAL OF GAS-FUELED APPLIANCES OR EQUIPMENT FROM ANY EXISTING STRUCTURE OR BAN THE INSTALLATION OF GAS SERVICE LINES TO ANY NEW STRUCTURE.

SECTION 6. In Colorado Revised Statutes, 22-43.7-107, **amend** (2)(e) as follows:

22-43.7-107. Public school facility construction guidelines - establishment by board - use. (2) The public school facility construction guidelines must identify and describe the capital construction, renovation, and equipment needs in public school facilities and means of addressing those needs that will provide educational and safety benefits at a reasonable cost. In preparing the guidelines, the board shall address the following considerations:

(e) Consultation with the incumbent electric utility regarding energy efficiency; beneficial electrification, as defined in ~~section 40-3.2-106(6)(a)~~ SECTION 40-1-102(1.2); and renewable distributed generation opportunities;

SECTION 7. Appropriation. (1) For the 2021-22 state fiscal year, \$168,448 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 as follows:

(a) \$128,548 for personal services, which amount is based on an assumption that the commission will require an additional 1.6 FTE; and

(b) \$39,900 for operating expenses.

(2) For the 2021-22 state fiscal year, \$73,351 is appropriated to the department of labor and employment for use by the division of employment and training. This appropriation is from the general fund and is based on the assumption that the department will require an additional 0.9 FTE. To implement this act, the division may use this appropriation for assembling and maintaining a certified contractor list.

SECTION 8. 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; 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 2022 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

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 _____

(Date and Time)

Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO