

**First Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 21-0250.01 Duane Gall x4335

SENATE BILL 21-261

SENATE SPONSORSHIP

Fenberg and Priola, Bridges, Buckner, Jaquez Lewis, Lee, Winter

HOUSE SPONSORSHIP

Valdez A. and Amabile,

Senate Committees

Transportation & Energy

House Committees

Energy & Environment
Appropriations

A BILL FOR AN ACT

101 **CONCERNING MEASURES TO INCREASE THE DEPLOYMENT OF**
102 **RENEWABLE ENERGY GENERATION FACILITIES TO MEET**
103 **COLORADO'S ENERGY NEEDS, AND, IN CONNECTION THEREWITH,**
104 **RAISING THE ALLOWABLE CAPACITY OF CUSTOMER-SITED**
105 **RENEWABLE ENERGY GENERATION FACILITIES, GIVING**
106 **CUSTOMERS ADDITIONAL OPTIONS FOR INCREASING THE SCALE**
107 **AND FLEXIBILITY OF NEW INSTALLATIONS, AND MAKING AN**
108 **APPROPRIATION.**

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

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

SENATE
Amended 3rd Reading
May 20, 2021

SENATE
Amended 2nd Reading
May 19, 2021

<http://leg.colorado.gov>.)

Section 1 of the bill declares that customer-sited renewable energy generation facilities (distributed generation) such as rooftop solar panels, together with increased storage capacity and enhanced master meter operations, can make important contributions toward meeting Colorado's declared goal of reducing greenhouse gas emissions while providing a reliable, adaptable supply of electricity for homes, businesses, and the rapidly increasing numbers of electric vehicles.

Sections 3 and 5 remove most of the existing limitations on the size of distributed generation facilities, which currently cannot exceed 120% of a customer's historical annual usage, to qualify for renewable energy credits. Section 3 also expands an existing exemption from regulation as a public utility to include persons who sell excess power from distributed generation located anywhere on their property or on property owned or leased by others in a master meter operation, e.g., an apartment building or mobile home park. **Section 4** grants master meter operators (MMOs) that sell power from distributed generation a limited exemption from the general requirement not to charge their end users any amount above what they are billed for electricity supplied by the serving electric utility. MMOs may retain refunds, rebates, rate reductions, net metering credits, and similar reductions offered by the serving utility in its net metering program but may not charge end users at a rate higher than the serving utility's otherwise applicable rate for that class of utility customer.

Section 5 requires a qualifying retail utility to allow, and to adopt standards for the approval of, customer-owned meter collar adapters in residential installations. The public utilities commission (PUC) retains authority to resolve any disputes concerning the standards or their application in specific cases. **Section 2** defines a meter collar adapter as a device installed between the electric meter and the meter socket box that allows the customer to interconnect power from on-site sources.

Section 5 also:

- Requires qualifying retail utilities, under the standard offer to purchase renewable energy credits, to purchase energy produced from any renewable energy resources rather than exclusively solar energy resources;
- Doubles the allowable size of on-site renewable energy installations under the standard offer, from 500 kilowatts to one megawatt;
- Narrows the requirements for small hydroelectric facilities that qualify as renewable energy resources to exclude those that require the construction of new dams or reservoirs;
- Adds renewable energy storage as an eligible energy resource under the renewable energy standard and defines "renewable energy storage" as a facility that stores energy

- that is derived only from renewable energy resources;
- Allows a customer to carry forward monthly bill credits from distributed generation indefinitely, at any service address within a qualifying retail utility's service territory, unless the customer chooses to be reimbursed annually; and
- Directs the PUC to adopt rules to accommodate the aggregation and interconnection of retail distributed generation, including the pooling of renewable energy resources under a master meter or similar arrangement and the allocation of credits among customers on different rate schedules.

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

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

4 (a) The state of Colorado has established the goal of cutting
5 greenhouse gas emissions by at least twenty-six percent by 2025, fifty
6 percent by 2030, and ninety percent by 2050;

7 (b) In order to meet these goals, much of Colorado's heating,
8 electrical generation, and transportation systems will be increasingly
9 reliant on renewable energy;

10 (c) Although large-scale renewable energy generation resources
11 will make up most of Colorado's overall electric energy supply in the
12 future, distributed generation plays a significant and increasingly
13 important role because:

14 (I) Distributed generation reduces the need for investment in
15 expensive, long-term projects to develop transmission facilities, which are
16 required to bring energy from centralized power sources to the end user;

17 (II) When a producer exports excess electricity from distributed
18 generation onto the state's power grid, the electricity is quickly consumed
19 by nearby users, reducing the losses incurred in long-distance

1 transmission over power lines;

2 (III) Distributed generation and storage has the potential to be
3 used in advanced demand-response programs to create a more efficient
4 and resilient grid as well as reduce the need for investments in expensive,
5 yet rarely used, peaker plants;

6 (IV) Distributed generation, especially when paired with energy
7 storage, creates a reliable energy source that is less vulnerable to natural
8 disasters and grid failures; and

9 (V) Consumers and local governments increasingly want to have
10 more local control over their energy decisions for both environmental and
11 economic reasons, making local distributed generation investments an
12 appealing option;

13 (d) Consumers and businesses are increasingly relying on electric
14 vehicles for transportation, therefore enhancing the importance of
15 abundant, locally produced power for recharging;

16 (e) Beneficial electrification policies and technological
17 advancements will result in consumers switching their existing space
18 heating and water heating systems to efficient electric heat pumps and
19 water heaters, which will increase the electricity demands of homes and
20 businesses;

21 (f) Colorado law currently limits the capacity of customer-sited
22 photovoltaic solar generating facilities to only twenty percent over a
23 customer's previous annual on-site energy usage, an artificial and
24 increasingly unrealistic barrier to Coloradans' ability to address their
25 future electricity and energy storage needs;

26 (g) Due to economies of scale, it is more cost-effective for
27 consumers to install a larger photovoltaic system based on projected

1 electricity needs rather than needing to supplement their system later
2 when their electric load increases;

3 (h) Measuring and enforcing such a limitation on the size of
4 customer-sited distributed generation creates unnecessary and costly
5 administrative burdens on both consumers and utilities; and

6 (i) It is in the public interest, and would serve Colorado's stated
7 policy goal of decarbonizing our electric power supply system, to remove
8 this arbitrary limit on customer-sited solar generation facilities and retail
9 distributed generation facilities, to allow for off-site generation, and to
10 reform other outdated regulations that hinder the efficient development
11 of clean energy resources.

12 **SECTION 2.** In Colorado Revised Statutes, 40-1-102, **add** (8.5)
13 as follows:

14 **40-1-102. Definitions.** As used in articles 1 to 7 of this title 40,
15 unless the context otherwise requires:

16 (8.5) "METER COLLAR ADAPTER" MEANS A DEVICE THAT IS
17 INSTALLED BETWEEN THE ELECTRIC METER AND THE METER SOCKET BOX
18 ON A UTILITY CUSTOMER'S PREMISES AND THAT HAS ELECTRICAL
19 CONNECTION POINTS BOTH ELECTRICALLY UPSTREAM AND ELECTRICALLY
20 DOWNSTREAM OF THE METER.

21 **SECTION 3.** In Colorado Revised Statutes, 40-1-103, **amend**
22 (2)(c) as follows:

23 **40-1-103. Public utility defined.** (2) (c) The supply of electricity
24 or heat to a consumer of the electricity or heat from ~~solar generating~~
25 ~~equipment located on the site of the consumer's property, which~~
26 ~~equipment is~~ RENEWABLE ENERGY GENERATION FACILITIES owned or
27 operated by an entity other than the consumer, ~~shall~~ INCLUDING A MASTER

1 METER OPERATOR, AS DESCRIBED IN SECTION 40-1-103.5, DOES NOT SUBJECT
2 THE OWNER OR OPERATOR OF THE ~~ON-SITE SOLAR GENERATING EQUIPMENT~~
3 RENEWABLE ENERGY GENERATION FACILITIES TO REGULATION AS A PUBLIC
4 UTILITY BY THE COMMISSION IF THE ~~SOLAR GENERATING EQUIPMENT IS SIZED TO~~
5 ~~SUPPLY NO MORE THAN ONE HUNDRED TWENTY PERCENT OF THE AVERAGE ANNUAL~~
6 ~~CONSUMPTION OF ELECTRICITY BY THE CONSUMER AT THAT SITE. FOR PURPOSES OF~~
7 ~~THIS PARAGRAPH (C), THE CONSUMER'S SITE SHALL INCLUDE ALL CONTIGUOUS~~
8 RENEWABLE ENERGY GENERATION FACILITIES ARE LOCATED ON PROPERTY
9 OWNED OR LEASED BY EITHER:

10 (I) THE CONSUMER; ~~WITHOUT REGARD TO INTERRUPTIONS IN CONTIGUITY~~
11 ~~CAUSED BY EASEMENTS, PUBLIC THOROUGHFARES, TRANSPORTATION RIGHTS-OF-WAY,~~
12 ~~OR UTILITY RIGHTS-OF-WAY. OR~~

13 (II) A MASTER METER OPERATOR OR ANOTHER CONSUMER SERVED
14 BY THE MASTER METER OPERATOR.

15 **SECTION 4.** In Colorado Revised Statutes, 40-1-103.5, **amend**
16 (1) introductory portion, (1)(a), and (3) as follows:

17 **40-1-103.5. Limited exemption of master meter operators -**
18 **conditions - rules - definition.** (1) Upon its own motion or upon
19 application by any person who purchases gas or electric service from a
20 regulated public utility for the purpose of delivery of such service to end
21 users whose aggregate usage is to be measured by a master meter or other
22 composite measurement device, the commission may exempt such person
23 from regulation of rates under the "Public Utilities Law", articles 1 to 7
24 of this ~~title~~ TITLE 40, as the commission deems appropriate, so long as all
25 of the following conditions are met:

26 (a) Such person, referred to in this section as a "master meter
27 operator" or "MMO", does not charge the end users, as part of its billing

1 for utility service, for any costs in addition to the actual cost billed to the
2 MMO by the serving utility, including without limitation costs of
3 construction, maintenance, financing, administration, metering, or billing
4 for the utility distribution system owned by the MMO; EXCEPT THAT THIS
5 SUBSECTION (1)(a) DOES NOT APPLY TO REFUNDS, REBATES, RATE
6 REDUCTIONS, NET METERING CREDITS, OR SIMILAR ADJUSTMENTS
7 ATTRIBUTABLE TO THE USE OF ELECTRICITY GENERATED FROM RETAIL
8 DISTRIBUTED GENERATION THAT IS LOCATED ON PROPERTY OWNED OR
9 LEASED BY THE MMO OR BY A CUSTOMER SERVED BY THE MMO.

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11 (3) (a) The commission shall adopt such rules as it deems
12 necessary to implement this section.

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14 (b) NO LATER THAN DECEMBER 31, 2022, THE COMMISSION SHALL
15 ADOPT NEW OR AMENDED RULES THAT WOULD ENABLE LANDLORDS OF
16 MULTI-UNIT BUILDINGS AND TENANTS IN MULTI-UNIT BUILDINGS TO SHARE
17 IN THE PRODUCTION FROM A NET METERED RETAIL DISTRIBUTED
18 GENERATION INSTALLATION. IN ADOPTING RULES, THE COMMISSION SHALL
19 CONSIDER COLORADO'S GREENHOUSE GAS EMISSION-REDUCTION GOALS
20 AND THE NEED TO ELECTRIFY BUILDINGS, TRANSPORTATION, AND OTHER
21 COMMERCIAL AND INDUSTRIAL SECTORS TO MEET THOSE GOALS. THE
22 COMMISSION SHALL ALSO CONSIDER RULES THAT WOULD ENCOURAGE
23 LANDLORDS TO BEAR THE ATTENDANT COSTS AND TO RETAIN AT LEAST A
24 PORTION OF THE RESULTING BENEFITS IN ADDITION TO ANY OTHER
25 INCENTIVES THE COMMISSION FINDS APPROPRIATE.

26

27 **SECTION 5.** In Colorado Revised Statutes, 40-2-124, **amend**
(1)(a) introductory portion, (1)(a)(IV), (1)(a)(VII), (1)(a)(VIII),

1 (1)(c)(II)(B), (1)(e) introductory portion, (1)(e)(I), (1)(e)(II), (1)(e)(III),
2 and (1.5); and **add** (1)(a)(VII.5), (1)(e)(IV), and (1)(j) as follows:

3 **40-2-124. Renewable energy standards - qualifying retail and**
4 **wholesale utilities - definitions - net metering - legislative declaration.**

5 (1) Each provider of retail electric service in the state of Colorado, other
6 than municipally owned utilities that serve forty thousand customers or
7 fewer, is a qualifying retail utility. Each qualifying retail utility, with the
8 exception of cooperative electric associations that have voted to exempt
9 themselves from commission jurisdiction pursuant to section 40-9.5-104
10 and municipally owned utilities, is subject to the rules established under
11 this article 2 by the commission. No additional regulatory authority is
12 provided to the commission other than that specifically contained in this
13 section. In accordance with article 4 of title 24, the commission shall
14 revise or clarify existing rules to establish the following:

15 (a) Definitions of eligible energy resources that can be used to
16 meet the standards. "Eligible energy resources" means recycled energy,
17 **and** renewable energy resources, AND RENEWABLE ENERGY STORAGE. In
18 addition, resources using coal mine methane and synthetic gas produced
19 by pyrolysis of municipal solid waste MATERIALS are eligible energy
20 resources if the commission determines that the electricity generated by
21 those resources is greenhouse gas neutral. The commission shall
22 determine, following an evidentiary hearing, the extent to which such
23 electric generation technologies utilized in an optional pricing program
24 may be used to comply with this standard. A fuel cell using hydrogen
25 derived from an eligible energy resource is also an eligible electric
26 generation technology. Fossil and nuclear fuels and their derivatives are
27 not eligible energy resources. For purposes of this section:

1 (IV) "Greenhouse gas neutral", with respect to electricity
2 generated USING BIOMASS OR by a coal mine methane or synthetic gas
3 facility, means that the volume of greenhouse gases emitted into the
4 atmosphere from AS A RESULT OF the conversion PROCESS of CONVERTING
5 THE fuel SOURCE to electricity is no greater than the volume of DO NOT
6 EXCEED THE greenhouse gases that would have been emitted into the
7 atmosphere over the next five years, beginning with the planned
8 COMMENCEMENT OF THE PROCESS OR INITIAL date of operation of the
9 facility, if the fuel SOURCE had not been converted to electricity, where
10 greenhouse gases are measured in terms of carbon dioxide equivalent.
11 ELECTRICITY PRODUCED BY A BIOMASS ELECTRIC GENERATION FACILITY
12 THAT WAS IN EXISTENCE ON OR BEFORE JANUARY 1, 2021, OR THAT HAS
13 A NAMEPLATE RATING OF TEN MEGAWATTS OR LESS, SHALL BE
14 CONSIDERED GREENHOUSE GAS NEUTRAL.

15 (VII) "Renewable energy resources" means solar, wind,
16 geothermal, biomass THAT IS GREENHOUSE GAS NEUTRAL, new
17 hydroelectricity with a nameplate rating of ten megawatts or less, and
18 hydroelectricity in existence on January 1, 2005, with a nameplate rating
19 of thirty megawatts or less AND THAT DOES NOT REQUIRE THE
20 CONSTRUCTION OF ANY NEW DAMS OR RESERVOIRS.

21 (VII.5) "RENEWABLE ENERGY STORAGE" MEANS AN ENERGY
22 STORAGE SYSTEM, AS DEFINED IN SECTION 40-2-130 (2)(a), THAT STORES
23 ENERGY PRODUCED ONLY BY RENEWABLE ENERGY RESOURCES.

24 (VIII) EXCEPT AS PROVIDED IN SUBSECTION (1)(c)(II)(D) OF THIS
25 SECTION WITH RESPECT TO COOPERATIVE ELECTRIC ASSOCIATIONS, "retail
26 distributed generation" means a renewable energy resource OR
27 RENEWABLE ENERGY STORAGE that is located on ~~the site of a customer's~~

1 ~~facilities~~ ANY PROPERTY OWNED OR LEASED BY THE CUSTOMER WITHIN
2 THE SERVICE TERRITORY OF THE QUALIFYING RETAIL UTILITY and is
3 interconnected on the customer's side of the utility meter. In addition,
4 retail distributed generation shall provide electric energy primarily to
5 serve the customer's load LOADS and shall be sized to supply no more than
6 oneTWO hundred twenty percent of the REASONABLY EXPECTED average
7 annual TOTAL consumption of electricity by the customer at that site. For
8 purposes of this subparagraph (VIII), the customer's "site" includes all
9 contiguous property owned or leased by the customer without regard to
10 interruptions in contiguity caused by easements, public thoroughfares,
11 transportation rights-of-way, or utility rights-of-way AT ALL PROPERTIES
12 OWNED OR LEASED BY THE CUSTOMER WITHIN THE UTILITY'S SERVICE
13 TERRITORY.

14 (c) Electric resource standards:

15 (II) (B) ~~Solar generating equipment located on-site at customers'~~
16 ~~facilities shall be sized to supply no more than one hundred twenty~~
17 ~~percent of the average annual consumption of electricity by the consumer~~
18 ~~at that site. For purposes of this sub-subparagraph (B), the consumer's~~
19 ~~"site" shall include all contiguous property owned or leased by the~~
20 ~~consumer, without regard to interruptions in contiguity caused by~~
21 ~~easements, public thoroughfares, transportation rights-of-way, or utility~~
22 ~~rights-of-way~~ A QUALIFYING RETAIL UTILITY THAT IS INVESTOR-OWNED
23 SHALL NOT LIMIT THE SIZING OF ON-SITE RETAIL DISTRIBUTED GENERATION
24 CAPACITY BASED SOLELY ON PAST CONSUMPTION. COOPERATIVE ELECTRIC
25 ASSOCIATIONS ARE NOT SUBJECT TO THIS SUBSECTION (1)(c)(II)(B).

26 (e) A REQUIREMENT THAT EACH QUALIFYING RETAIL UTILITY,
27 EXCEPT FOR COOPERATIVE ELECTRIC ASSOCIATIONS AND MUNICIPALLY

1 OWNED UTILITIES, MAKE AVAILABLE TO THEIR CUSTOMERS A standard
2 rebate offer ~~program~~ AND NET METERING SERVICE, under which:

3 (I) (A) ~~Each qualifying retail utility, except for cooperative~~
4 ~~electric associations and municipally owned utilities, shall make available~~
5 ~~to its retail electricity customers a standard rebate offer of~~ CUSTOMERS
6 ARE OFFERED a specified amount per watt for the installation of eligible
7 solar electric generation on THE customers' premises, up to a maximum
8 of one hundred kilowatts per installation.

9 (A.5) A QUALIFYING RETAIL UTILITY'S INTERCONNECTION
10 STANDARDS FOR DISTRIBUTED ENERGY RESOURCES MUST ALLOW FOR
11 CUSTOMER OWNERSHIP AND USE OF A METER COLLAR ADAPTER TO PERMIT
12 THE INTERCONNECTION OF DISTRIBUTED ENERGY RESOURCES AND FOR
13 ELECTRICAL ISOLATION OF THE CUSTOMER'S SITE FOR ENERGY BACKUP
14 PURPOSES. THE QUALIFYING RETAIL UTILITY SHALL, WITHIN ONE HUNDRED
15 EIGHTY DAYS AFTER THE EFFECTIVE DATE OF THIS SUBSECTION
16 (1)(e)(I)(A.5), ADOPT A TRANSPARENT PROCESS FOR APPROVING
17 CUSTOMER-OWNED METER COLLAR ADAPTERS THAT MEET MINIMUM
18 SAFETY REQUIREMENTS. THE COMMISSION SHALL RESOLVE ANY DISPUTES
19 CONCERNING THE SUBSTANCE OR PROCEDURES INVOLVED IN THE
20 APPROVAL PROCESS OR ITS APPLICATION IN ANY SPECIFIC CASE. THE
21 APPROVAL PROCESS MUST TAKE NO MORE THAN SIXTY DAYS AFTER THE
22 DATE OF SUBMISSION FOR APPROVAL OF A SPECIFIC METER COLLAR
23 ADAPTER BY THE PROPOSING PARTY. APPROVED METER COLLAR ADAPTERS
24 MUST BE UL LISTED AND MUST BE SUITABLE PER THE ADAPTER'S UL
25 LISTING DOCUMENTATION FOR USE IN METER SOCKETS OF UP TO TWO
26 HUNDRED AMPERES. THE QUALIFYING RETAIL UTILITY SHALL DEFINE AND
27 PUBLISH IN ITS TARIFFS A PROCESS TO REQUEST AND INSTALL A METER

1 COLLAR ADAPTER, WHICH PROCESS IS TIMELY AND NOT UNDULY
2 BURDENSOME TO THE CUSTOMER. THE QUALIFYING RETAIL UTILITY SHALL
3 POST ON ITS WEBSITE ITS LIST OF APPROVED METER COLLAR ADAPTERS,
4 WHICH LIST MUST BE UPDATED AT LEAST ANNUALLY.

5 (B) ~~The standard rebate offer shall~~ QUALIFYING RETAIL UTILITY'S
6 NET METERING SERVICE MUST allow the customer's retail electricity
7 consumption to be offset by the solar electricity generated BY
8 CUSTOMER-SITED RENEWABLE ENERGY GENERATION FACILITIES. To the
9 extent that solar THE electricity generation THUS GENERATED exceeds the
10 customer's consumption during a billing month, ~~such~~ THE QUALIFYING
11 RETAIL UTILITY SHALL CARRY FORWARD THE VALUE OF THE excess
12 electricity ~~shall be carried forward~~ as a credit to the following month's
13 CUSTOMER'S consumption ~~To the extent that solar electricity generation~~
14 ~~exceeds the customer's consumption during a calendar year, the customer~~
15 ~~shall be~~ IN THE FOLLOWING MONTH. THE MONTHLY CARRY-FORWARD
16 CONTINUES FROM MONTH TO MONTH INDEFINITELY UNTIL THE CUSTOMER
17 TERMINATES SERVICE WITH THE QUALIFYING RETAIL UTILITY AT ALL
18 SERVICE ADDRESSES WITHIN THE SERVICE TERRITORY OF THE QUALIFYING
19 RETAIL UTILITY, AT WHICH TIME THE QUALIFYING RETAIL UTILITY IS NOT
20 REQUIRED TO PAY THE CUSTOMER FOR ANY REMAINING EXCESS
21 ELECTRICITY SUPPLIED BY THE CUSTOMER; EXCEPT THAT, TO THE EXTENT
22 THAT SOLAR ELECTRICITY GENERATION EXCEEDS THE CUSTOMER'S
23 CONSUMPTION DURING A CALENDAR YEAR, THE CUSTOMER MAY ELECT, IN
24 WRITING, TO BE reimbursed by the qualifying retail utility AT THE END OF
25 EACH CALENDAR YEAR ~~at its~~ THE QUALIFYING RETAIL UTILITY'S average
26 hourly incremental cost of electricity supply over ~~the prior twelve-month~~
27 ~~period unless the customer makes a one-time election, in writing, to~~

1 request that the excess electricity be carried forward as a credit from
2 month to month indefinitely until the customer terminates service with the
3 qualifying retail utility, at which time no payment shall be required from
4 the qualifying retail utility for any remaining excess electricity supplied
5 by the customer THAT CALENDAR YEAR. THE CUSTOMER, AT THE END OF
6 THE CALENDAR YEAR, AND THE QUALIFYING RETAIL UTILITY, UPON
7 TERMINATION OF SERVICE TO THE CUSTOMER, SHALL BE PERMITTED TO
8 DONATE ANY OF THE CUSTOMER'S REMAINING EXCESS BILLING CREDITS TO
9 A THIRD-PARTY ADMINISTRATOR THAT IS QUALIFIED AND APPROVED BY
10 THE QUALIFYING RETAIL UTILITY OR THE COMMISSION FOR THE PURPOSE
11 OF PROVIDING LOW-INCOME ENERGY ASSISTANCE AND BILL REDUCTIONS
12 WITHIN THE QUALIFYING RETAIL UTILITY'S SERVICE TERRITORY. The
13 qualifying retail utility shall not apply unreasonably burdensome
14 ~~interconnection~~ requirements to INTERCONNECTION, REIMBURSEMENT, OR
15 DONATION OPTIONS in connection with ~~this standard rebate offer~~ THE
16 QUALIFYING RETAIL UTILITY'S NET METERING SERVICE. Electricity
17 generated under this program ~~shall be~~ IS eligible for PURPOSES OF the
18 qualifying retail utility's compliance with this ~~article~~ ARTICLE 2 SO LONG
19 AS THE QUALIFYING RETAIL UTILITY PURCHASES THE ASSOCIATED
20 RENEWABLE ENERGY CREDITS. THE COMMISSION SHALL NOT PERMIT A
21 QUALIFYING RETAIL UTILITY TO PLACE A CUSTOMER IN A DIFFERENT RATE
22 CLASS AS A RESULT OF THE CUSTOMER'S PARTICIPATION IN A REBATE
23 OFFER OR NET METERING SERVICE.

24 (C) FOR RETAIL DISTRIBUTED GENERATION THAT IS USED TO MEET
25 LOADS OF A NONCONTIGUOUS PROPERTY OWNED OR LEASED BY THE
26 CUSTOMER, A QUALIFYING RETAIL UTILITY'S NET METERING PROGRAM
27 MUST PROVIDE THE CUSTOMER A NET METERING CREDIT MINUS A

1 REASONABLE CHARGE, AS DETERMINED BY THE COMMISSION, TO COVER
2 THE UTILITY'S COSTS OF DELIVERING TO THE CUSTOMER'S PREMISES THE
3 ELECTRICITY GENERATED BY THE RETAIL DISTRIBUTED GENERATION AND
4 OF ADMINISTERING THE OFF-SITE NET METERING CREDITS. THE
5 REASONABLE CHARGE SHALL BE FIXED FOR THE TERM OF THE
6 INTERCONNECTION AGREEMENT PERTAINING TO THE RETAIL DISTRIBUTED
7 GENERATION FACILITIES AND SHALL BE DETERMINED BY A UTILITY TARIFF
8 FILING, WHICH MAY BE UPDATED ONCE ANNUALLY. THE COMMISSION
9 SHALL ENSURE THAT THIS CHARGE DOES NOT REFLECT COSTS THAT ARE
10 ALREADY RECOVERED BY THE UTILITY FROM THE CUSTOMER THROUGH
11 OTHER CHARGES. IF, AND TO THE EXTENT THAT, A CUSTOMER'S NET
12 METERING CREDIT EXCEEDS THE CUSTOMER'S ELECTRIC BILL IN ANY
13 BILLING PERIOD, THE NET METERING CREDIT SHALL BE CARRIED FORWARD
14 AND APPLIED AGAINST FUTURE BILLS.

15 (D) THE COMMISSION MAY PERMIT A QUALIFYING RETAIL UTILITY
16 TO LIMIT THE TOTAL AMOUNT CARRIED FORWARD ON BEHALF OF A
17 CUSTOMER PURSUANT TO SUBSECTION (1)(e)(I)(B) OF THIS SECTION SO
18 LONG AS THE LIMIT IS NOT LESS THAN ONE HUNDRED PERCENT OF THE
19 CUSTOMER'S REASONABLY EXPECTED AVERAGE ANNUAL CONSUMPTION.
20 ANY EXCESS ELECTRICITY ABOVE THE LIMIT SHALL BE REIMBURSED AT
21 THE QUALIFYING RETAIL UTILITY'S AVERAGE HOURLY INCREMENTAL COST
22 OF ELECTRICITY SUPPLY OVER THE IMMEDIATELY PRECEDING
23 TWELVE-MONTH PERIOD.

24 (E) FOR THE 2022 AND 2023 COMPLIANCE YEARS, EACH
25 QUALIFYING RETAIL UTILITY SHALL ISSUE ONE OR MORE STANDARD OFFERS
26 TO INTERCONNECT AND NET METER OFF-SITE, CUSTOMER-OWNED
27 DISTRIBUTED GENERATION AND SHALL RESERVE, FOR THIS PURPOSE,

1 CAPACITY EQUAL TO ONE-QUARTER OF ONE PERCENT OF THE UTILITY'S
2 ANNUAL RETAIL SALES FROM THE IMMEDIATELY PRECEDING YEAR.
3 THEREAFTER, THE COMMISSION MAY SET LIMITS, BASED ON MARKET
4 DEMAND, ON ANNUAL MINIMUM AND MAXIMUM AVAILABLE CAPACITY FOR
5 NEWLY INSTALLED OFF-SITE DISTRIBUTED GENERATION THAT THE
6 QUALIFYING RETAIL UTILITY SHALL PLAN TO INTERCONNECT AND NET
7 METER. THE CUSTOMER MAY CHOOSE TO RETAIN OR SELL TO THE
8 QUALIFYING RETAIL UTILITY THE CUSTOMER'S RENEWABLE ENERGY
9 CREDITS.

10 (F) AS USED IN THIS SUBSECTION (1)(e)(I), "OFF-SITE" MEANS
11 LOCATED ON NONCONTIGUOUS PROPERTY OWNED OR LEASED BY THE
12 CUSTOMER.

13 (II) ~~Sales of electricity to a consumer may be made by~~ The owner
14 ~~or operator of the solar electric generation facilities located on the site of~~
15 ~~the consumer's property if the solar generating equipment is sized to~~
16 ~~supply no more than one hundred twenty percent of the average annual~~
17 ~~consumption of electricity by the consumer at that site. For purposes of~~
18 ~~this subparagraph (H), the consumer's site shall include all contiguous~~
19 ~~ANY property owned or leased by the consumer, without regard to~~
20 ~~interruptions in contiguity caused by easements, public thoroughfares,~~
21 ~~transportation rights-of-way, or utility rights-of-way WHICH PROPERTY IS~~
22 ~~WITHIN THE SERVICE TERRITORY OF THE QUALIFYING RETAIL UTILITY, MAY~~
23 ~~SELL ELECTRICITY TO THE CONSUMER. If ~~the~~ A solar electric generation~~
24 ~~facility is not owned by the consumer, then THE COMMISSION SHALL NOT~~
25 ~~REQUIRE the qualifying retail utility shall not be required by the~~
26 ~~commission to pay for the renewable energy credits generated by the~~
27 ~~facility on any basis other than a metered basis. The owner or operator of~~

1 the solar electric generation facility shall pay the cost of installing the
2 production meter.

3 (III) The qualifying retail utility may establish one or more
4 standard offers to purchase renewable energy credits generated from ~~the~~
5 ~~eligible solar electric generation~~ ELIGIBLE ENERGY RESOURCES on the
6 customer's premises so long as ~~the generation meets the size and location~~
7 ~~requirements set forth in subparagraph (H) of this paragraph (c) and so~~
8 ~~long as~~ the generation is ~~five hundred kilowatts~~ ONE MEGAWATT or less
9 in size. When establishing the standard offers, THE QUALIFYING RETAIL
10 UTILITY SHOULD SET the prices for renewable energy credits ~~should be set~~
11 at levels sufficient to encourage increased ~~customer-sited solar~~
12 DISTRIBUTED generation AND RENEWABLE ENERGY STORAGE in the size
13 ranges covered by each standard offer, but at levels that will still allow
14 the qualifying retail utility to comply with the electric resource standards
15 set forth in ~~paragraph (c) of this subsection (1)~~ SUBSECTION (1)(c) OF THIS
16 SECTION without exceeding the retail rate impact limit in ~~paragraph (g) of~~
17 ~~this subsection (1)~~. ~~The commission shall encourage qualifying retail~~
18 ~~utilities to design solar programs that allow consumers of all income~~
19 ~~levels to obtain the benefits offered by solar electricity generation and~~
20 ~~shall allow programs that are designed to extend participation to~~
21 ~~customers in market segments that have not been responding to the~~
22 ~~standard offer program~~ SUBSECTION (1)(g) OF THIS SECTION.

23 (IV) THE COMMISSION SHALL ENCOURAGE QUALIFYING RETAIL
24 UTILITIES TO DESIGN REBATE OFFERS AND OTHER INCENTIVE PROGRAMS
25 THAT ALLOW CONSUMERS OF ALL INCOME LEVELS, PARTICULARLY THOSE
26 IN LOW-INCOME AND DISPROPORTIONATELY IMPACTED COMMUNITIES, TO
27 OBTAIN THE BENEFITS OFFERED BY DISTRIBUTED GENERATION AND

1 ENERGY STORAGE, AND SHALL ENCOURAGE PROGRAMS THAT ARE
2 DESIGNED TO EXTEND PARTICIPATION TO CUSTOMERS IN THESE AND OTHER
3 MARKET SEGMENTS THAT HAVE PREVIOUSLY BEEN UNDERREPRESENTED
4 IN THE STANDARD OFFER PROGRAM.

5 (j) RULES TO ACCOMMODATE AGGREGATION AND
6 INTERCONNECTION OF RETAIL DISTRIBUTED GENERATION, INCLUDING:

7 (I) ALLOWING ELECTRICITY GENERATED FROM A SINGLE
8 RENEWABLE RETAIL DISTRIBUTED GENERATION RESOURCE ON A
9 MULTI-UNIT PROPERTY TO BE ALLOCATED AS NET METERING CREDITS TO
10 EITHER COMMON AREAS OF THE PROPERTY OR TO INDIVIDUALLY METERED
11 ACCOUNTS WITHOUT REQUIRING THE RESOURCE TO BE PHYSICALLY
12 INTERCONNECTED WITH EACH OWNER'S OR LESSEE'S METER;

13 (II) ALLOWING A UTILITY CUSTOMER WITH RETAIL DISTRIBUTED
14 GENERATION INTERCONNECTED WITH A MASTER METER TO ALLOCATE
15 EXCESS NET METERING CREDITS TO ANY METER ON PROPERTY OWNED OR
16 LEASED BY THE CUSTOMER IN ACCORDANCE WITH A CUSTOMER-DEFINED
17 SYSTEM SHARE FOR EACH ADDITIONAL METER, WITH EXCESS NET
18 METERING CREDITS APPLIED TO THE ADDITIONAL METER;

19 (III) WHERE RETAIL DISTRIBUTED GENERATION IS BEING USED TO
20 OFFSET THE LOAD OF MULTIPLE, SEPARATELY METERED PROPERTIES THAT
21 ARE NOT ON THE SAME RATE SCHEDULE, ALLOWING ALLOCATION OF THE
22 BILL CREDITS THAT MAY BE APPLIED TO ANY OF THE METERED ACCOUNTS;

23 (IV) REQUIRING QUALIFYING RETAIL UTILITIES TO APPLY THE SAME
24 INSTALLATION STANDARDS AND LIST OF APPROVED METER COLLAR
25 ADAPTERS DEVELOPED PURSUANT TO SUBSECTION (1)(e)(I)(A.5) OF THIS
26 SECTION TO ALL CUSTOMERS DESIRING TO USE RETAIL DISTRIBUTED
27 GENERATION TO OFFSET THEIR INDIVIDUAL ENERGY LOADS; AND

1 (V) REQUIRING QUALIFYING RETAIL UTILITIES TO DEVELOP
2 OPTIONAL PROGRAMS AND TARIFFS TO SUPPORT THE ADOPTION AND USE
3 OF DISPATCHABLE RENEWABLE DISTRIBUTED GENERATION AND STORAGE
4 RESOURCES TO PROVIDE GRID BENEFITS, SUCH AS ENHANCING THE
5 EFFICIENCY, CAPACITY, AND RESILIENCE OF THE ELECTRIC GRID, AND TO
6 REDUCE GREENHOUSE GAS EMISSIONS. AS USED IN THIS SUBSECTION
7 (1)(j)(V), "DISPATCHABLE" MEANS THAT THE POWER OUTPUT SUPPLIED TO
8 THE ELECTRIC GRID BY A CUSTOMER-SITED RENEWABLE ENERGY
9 GENERATION OR STORAGE FACILITY CAN BE TURNED ON AND OFF OR
10 OTHERWISE ADJUSTED ON DEMAND.

11 (1.5) Notwithstanding any provision of law to the contrary,
12 ~~paragraph (c) of subsection (1)~~ SUBSECTIONS (1)(e) AND (1)(j) of this
13 section shall DO not apply to a municipally owned utility or to a
14 cooperative electric association.

15 **SECTION 6. Appropriation.** (1) For the 2021-22 state fiscal
16 year, \$91,488 is appropriated to the department of regulatory agencies for
17 use by the public utilities commission. This appropriation is from the
18 public utilities commission fixed utility fund created in section 40-2-114
19 (1)(b)(II), C.R.S. To implement this act, the commission may use this
20 appropriation as follows:

- 21 (a) \$83,938 for personal services, which amount is based on an
22 assumption that the commission will require an additional 1.0 FTE; and
- 23 (b) \$7,550 for operating expenses.

24 **SECTION 7. Applicability.** This act applies to contracts for
25 distributed generation and energy storage facilities executed on or after
26 the effective date of this act.

27 **SECTION 8. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, or safety.