

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

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 23-0213.01 Jennifer Berman x3286

SENATE BILL 23-016

SENATE SPONSORSHIP

Hansen,

HOUSE SPONSORSHIP

McCormick and Sirota,

Senate Committees

Transportation & Energy
Finance
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING MEASURES TO PROMOTE REDUCTIONS IN GREENHOUSE**
102 **GAS EMISSIONS IN COLORADO, AND, IN CONNECTION**
103 **THEREWITH, MAKING AN 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 <http://leg.colorado.gov>.)

Section 1 of the bill requires that, beginning in 2024, each insurance company issued a certificate of authority to transact insurance business that reports more than \$100 million on its annual schedule T filing with the National Association of Insurance Commissioners (NAIC) must participate in and complete the NAIC's "Insurer Climate Risk

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

SENATE
Amended 2nd Reading
April 13, 2023

Disclosure Survey" or successor survey or reporting mechanism.

Section 2 requires the public employees' retirement association (PERA) board, on or before June 1, 2024, to adopt proxy voting procedures that ensure that the board's voting decisions align with, and are supportive of, the statewide greenhouse gas (GHG) emission reduction goals.

Section 3 requires PERA to include as part of its annual investment stewardship report, which report is posted on the PERA board's website, a description of climate-related investment risks, impacts, and strategies.

Section 4 adds wastewater thermal energy equipment to the definition of "pollution control equipment", which equipment may be certified by the division of administration (division) in the department of public health and environment (CDPHE). Similarly, **section 5** adds wastewater thermal energy to the definition of "clean heat resource", which resource a gas distribution utility includes in its clean heat plan filed with the public utilities commission.

Section 6 updates the statewide GHG emission reduction goals to add a 65% reduction goal for 2035, an 80% reduction goal for 2040, and a 90% reduction goal for 2045 when compared to 2005 GHG pollution levels. **Section 6** also increases the 2050 GHG emission reduction goal from 90% of 2005 GHG pollution levels to 100%.

Section 7 gives the oil and gas conservation commission (COGCC) authority over class VI injection wells used for sequestration of GHG if the governor and COGCC determine, in accordance with a study that the COGCC conducted in 2021, that the state has sufficient resources to ensure the safe and effective regulation of the sequestration of GHG. If the governor and the COGCC determine there are sufficient resources, the COGCC may seek primacy under the federal "Safe Drinking Water Act" and, when granted, may issue and enforce permits for class VI injection wells. The COGCC shall require, as part of its regulation of class VI injection wells, that operators of the wells maintain adequate financial assurance until the COGCC approves the closure of a class VI injection well site.

Section 8 establishes a state income tax credit in an amount equal to 30% of the purchase price for new, electric-powered lawn equipment for purchases made in income tax years 2024 through 2026. A seller of new, electric-powered lawn equipment that demonstrates that it provided a purchaser a 30% discount from the purchase price of new, electric-powered lawn equipment may claim the tax credit.

Current law requires an electric retail utility (utility) to offer a net metering credit as the means of purchasing output from a community solar garden (CSG) located within the utility's service territory and establishes the means of calculating the net metering credit. **Section 9** maintains that calculation if the CSG indicates to the utility that the CSG's

subscribers' bill credits change annually. If the CSG indicates to the utility that the CSG's subscribers' bill credits remain fixed, however, **section 9** provides a different calculation for determining the net metering credit.

Sections 10 through 12 incorporate projects to renovate or recondition existing utility transmission lines into the "Colorado Electric Transmission Authority Act", allowing the Colorado electric transmission authority to finance and renovate, rebuild, or recondition existing transmission lines in order to update and optimize the transmission lines.

Section 13 requires a local government to expedite its review of a land use application that proposes a project to renovate, rebuild, or recondition existing transmission lines.

Section 14 makes a conforming amendment regarding the updated statewide GHG emission reduction goals set forth in **section 6**.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 10-3-244 as
3 follows:

4 **10-3-244. Climate risk disclosure - insurer participation - rules**
5 **- reporting - definition.** (1) THE COMMISSIONER SHALL ADOPT RULES
6 REQUIRING THAT, BEGINNING IN 2024, AN INSURER ISSUED A CERTIFICATE
7 OF AUTHORITY TO TRANSACT BUSINESS PURSUANT TO PART 1 OF THIS
8 ARTICLE 3 THAT REPORTS MORE THAN ONE HUNDRED MILLION DOLLARS ON
9 ITS ANNUAL NAIC SCHEDULE T FILING, OR SUCH OTHER THRESHOLD
10 DOLLAR AMOUNT THAT THE NAIC ESTABLISHES IN SUBSEQUENT YEARS,
11 MUST PARTICIPATE IN AND COMPLETE THE NAIC'S ANNUAL "INSURER
12 CLIMATE RISK DISCLOSURE SURVEY", OR SUCH OTHER SURVEY OR
13 REPORTING MECHANISM THAT THE NAIC ADOPTS IN SUBSEQUENT YEARS.
14 IF AN INSURER REPORTS LESS THAN ONE HUNDRED MILLION DOLLARS ON
15 ITS ANNUAL NAIC SCHEDULE T FILING, OR SUCH OTHER THRESHOLD
16 DOLLAR AMOUNT THAT THE NAIC ESTABLISHES IN SUBSEQUENT YEARS,
17 THE INSURER MAY PARTICIPATE IN AND COMPLETE THE SURVEY
18 VOLUNTARILY.

1 (2) AS USED IN THIS SECTION, "NAIC" MEANS THE NATIONAL
2 ASSOCIATION OF INSURANCE COMMISSIONERS, AN ORGANIZATION OF
3 INSURANCE REGULATORS FROM THE FIFTY STATES OF THE UNITED STATES,
4 THE DISTRICT OF COLUMBIA, AND FIVE UNITED STATES TERRITORIES.

5 SECTION 2. In Colorado Revised Statutes, 24-38.5-102 amend
6 (1) as follows:

7 24-38.5-102. Colorado energy office - duties and powers.

8 (1) The Colorado energy office shall:

9 (a) Work with communities, utilities, AND private and public
10 organizations and individuals to promote TO:

11 (I) SUPPORT ACHIEVING LEGISLATIVE GOALS TO REDUCE
12 STATEWIDE GREENHOUSE GAS POLLUTION, AS DEFINED IN SECTION
13 25-7-103 (22.5);

14 (II) MAKE PROGRESS TOWARD ELIMINATING GREENHOUSE GAS
15 POLLUTION FROM ELECTRICITY GENERATION, GAS UTILITIES, AND
16 TRANSPORTATION;

17 ~~(H)~~ (III) IMPLEMENT the renewable energy standard established in
18 section 40-2-124;

19 ~~(H)~~ Clean and (IV) SUPPORT THE DEPLOYMENT OF renewable
20 energy, such as wind, hydroelectricity, solar, CLEAN HYDROGEN, and
21 geothermal;

22 ~~(HH)~~ (V) EVALUATE, AND WHEN APPROPRIATE, SUPPORT THE
23 DEPLOYMENT OF cleaner energy sources such as biogas, biomass, and
24 CLEAN HYDROGEN, GEOTHERMAL, RECOVERED METHANE, RECOVERED
25 HEAT, AND ADVANCED nuclear;

26 ~~(IV)~~ Traditional energy sources such as oil and other petroleum
27 products, coal, propane, and natural gas;

1 ~~(V)~~ (VI) SUPPORT THE DEPLOYMENT OF energy efficiency AND
2 ENERGY LOAD MANAGEMENT technologies and practices;

3 ~~(VI) Cleaner technologies by utilizing traditional,~~
4 Colorado-sourced energy;

5 (VII) ~~New~~ EVALUATE, AND WHERE APPROPRIATE, SUPPORT THE
6 DEPLOYMENT OF INNOVATIVE energy technologies as described in section
7 40-2-123; and

8 (VIII) SUPPORT THE DEPLOYMENT OF energy storage systems,
9 INCLUDING BOTH LONG-DURATION AND SHORT-DURATION ENERGY
10 STORAGE;

11 (IX) SUPPORT THE IMPLEMENTATION OF CLEAN HEAT PLANS
12 PURSUANT TO SECTION 40-3.2-108;

13 (X) SUPPORT WIDESPREAD TRANSPORTATION ELECTRIFICATION;

14 (XI) SUPPORT BENEFICIAL ELECTRIFICATION, AS DEFINED IN
15 SECTION 40-1-102 (1.2) IN THE BUILDING, INDUSTRIAL, AND OIL AND GAS
16 SECTORS;

17 (XII) SUPPORT INDUSTRIAL EMISSIONS REDUCTIONS;

18 (XIII) SUPPORT POLLUTION REDUCTION THROUGH CARBON
19 CAPTURE AND SEQUESTRATION AND OTHER FORMS OF CARBON
20 MANAGEMENT; AND

21 (XIV) SUPPORT SUSTAINABLE LAND-USE PATTERNS THAT REDUCE
22 ENERGY CONSUMPTION AND GREENHOUSE GAS POLLUTION.

23 (b) Develop programs to promote high performance REDUCE
24 ENERGY USE AND GREENHOUSE GAS POLLUTION FROM buildings for IN
25 commercial and residential markets;

26 (c) ~~Make~~ SUPPORT EFFORTS TO REDUCE GREENHOUSE GAS
27 POLLUTION BY state government ~~more~~ THROUGH energy efficient

1 EFFICIENCY, LOAD MANAGEMENT, RENEWABLE ENERGY, TRANSPORTATION
2 ELECTRIFICATION, AND CLEANER PROCUREMENT;

3 (d) Promote technology transfer and economic development;

4 (e) Advance innovative energy efficiency, renewable energy, and
5 efficiency throughout the state as specified in sections 24-38.5-102.4 and
6 24-38.5-102.5;

7 (f) to (i) Repealed.

8 (j) (e) Ensure that information explaining the requirements of
9 SUPPORT THE ADOPTION AND IMPLEMENTATION OF ADVANCED energy
10 codes is available THAT REDUCE ENERGY USE AND GREENHOUSE GAS
11 EMISSIONS and provide INFORMATION AND technical assistance concerning
12 the implementation and enforcement of energy codes to both counties and
13 municipalities, INCLUDING as specified in sections 30-28-211 (7)
14 24-38.5-103, 24-38.5-401, 24-38.5-402, and 31-15-602 (7); C.R.S.;

15 (k) (f) Collaborate with the state board of land commissioners
16 regarding renewable energy resource development as specified in section
17 36-1-147.5 (4); C.R.S.;

18 (l) (g) Provide home energy efficiency improvements for
19 low-income households, INCLUDING THROUGH THE WEATHERIZATION
20 ASSISTANCE PROGRAM, as specified in section 40-8.7-112 (3)(b); C.R.S.;
21 and prepare and submit to the general assembly an annual report as
22 specified in section 40-8.7-112 (3)(f), C.R.S.;

23 (m) Establish and manage a program to improve energy efficiency
24 in public schools as provided in section 39-29-109.5, C.R.S.;

25 (n) (l) Provide public utilities with reasonable assistance, if
26 requested, in seeking and obtaining support and sponsorship for an IGCC
27 project and manage and distribute to the utility some or all of any funds

1 provided by the state or by the United States government to the state for
2 purposes of study or development of an IGCC project.

3 (H) As used in this subsection (1)(n), "IGCC project" means an
4 IGCC facility that:

5 (A) Demonstrates the use of IGCC technology to generate
6 electricity using Colorado or other western coal;

7 (B) Does not exceed three hundred fifty megawatts nameplate
8 capacity; except that it may exceed this capacity if the Colorado energy
9 office determines that a larger size is necessary to obtain the benefits of
10 federal cost sharing, financial grants or tax benefits, or other financial
11 opportunities or arrangements benefitting the project, including
12 opportunities to jointly develop the project with other electric utilities;

13 (C) Demonstrates the capture and sequestration of a portion of the
14 project's carbon dioxide emissions;

15 (D) Includes methods and procedures to monitor the fate of the
16 carbon dioxide captured and sequestered from the facility; and

17 (E) Is located in Colorado.

18 (H) As used in this subsection (1)(n), "IGCC facility" means an
19 integrated gasification combined cycle generation facility that converts
20 coal to a gaseous fuel from which impurities are removed prior to
21 combustion, uses the gaseous fuel in a combustion turbine to produce
22 electricity, and captures the waste heat from the combustion turbine to
23 drive a steam turbine to produce more electricity. An IGCC facility may
24 also use natural gas, in addition to gasified coal, as a fuel in the
25 combustion turbine.

26 (o) (h) Collaborate with stakeholders to develop and encourage
27 increased utilization of energy curricula, including science, technology,

1 engineering, and math curricula, that will serve the work force
2 WORKFORCE needs of all CLEAN energy industries. Such collaboration
3 may include executive departments, research institutions, state colleges,
4 community colleges, industry, and trade organizations in an effort to
5 develop a means by which the state may address all facets of work force
6 WORKFORCE demands in developing a balanced energy portfolio
7 SUPPORTING A CLEAN ENERGY FUTURE. Institutions may also partner in the
8 development of curricula with organizations that have existing energy
9 curricula and training programs.

10 (p) (i) Annually report to the senate agriculture, natural resources,
11 TRANSPORTATION and energy committee and the house agriculture,
12 livestock, and natural resources ENERGY AND ENVIRONMENT committee,
13 or their successor committees;

14 (q) (j) Administer the electric vehicle grant fund CREATED IN
15 SECTION 24-38.5-103 (1)(a) AND THE COMMUNITY ACCESS ENTERPRISE
16 CREATED IN SECTION 24-38.5-303 (1);

17 (r) and (s) Repealed.

18 (t) (k) Assist the executive director of the department of local
19 affairs in allocating revenues from the geothermal resource leasing fund
20 to eligible entities pursuant to section 34-63-105; C.R.S.;

21 (u) (l) Develop basic consumer education or guidance about
22 leased solar installation and purchased solar installation in consultation
23 with industries that offer these options to consumers; and

24 (v) (m) In consultation with the appropriate industries, develop
25 basic consumer education or guidance about purchased or, if available,
26 leased installation of a system that uses geothermal energy for water
27 heating or space heating or cooling in a single building or for space

1 heating for more than one building through a pipeline network.

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3 **SECTION 3.** In Colorado Revised Statutes, **amend** 24-51-220 as
4 follows:

5 **24-51-220. Reporting to general assembly - inclusion of**
6 **climate risk assessment in annual stewardship report.** (1) The
7 association shall ~~provide~~ SUBMIT a report to the general assembly on
8 January 1, 2016, and every five years thereafter, regarding the economic
9 impact of the 2010 legislative changes to the annual increase provisions
10 on the retirees and benefit recipients as compared to the actual rate of
11 inflation and the progress made toward eliminating the unfunded
12 liabilities of each division of the association.

13 (2) ON AND AFTER JANUARY 1, 2025, THE ASSOCIATION SHALL
14 INCLUDE, AS PART OF ITS ANNUAL INVESTMENT STEWARDSHIP REPORT OR
15 ANY SUCCESSOR ANNUAL REPORT REGARDING THE ASSOCIATION'S
16 INVESTMENTS THAT THE ASSOCIATION POSTS ON ITS WEBSITE OR
17 OTHERWISE MAKES AVAILABLE TO THE PUBLIC, A DESCRIPTION OF:

18 (a) THE ASSOCIATION'S PROCESS FOR IDENTIFYING
19 CLIMATE-CHANGE-RELATED RISKS AND ASSESSING THE FINANCIAL IMPACT
20 THAT THE CLIMATE-CHANGE-RELATED RISKS HAVE ON THE ASSOCIATION'S
21 OPERATIONS;

22 (b) THE CURRENT OR ANTICIPATED FUTURE RISKS THAT CLIMATE
23 CHANGE POSES TO THE ASSOCIATION'S INVESTMENT PORTFOLIO, THE
24 IMPACT THAT CLIMATE CHANGE HAS ON THE ASSOCIATION'S INVESTMENT
25 STRATEGIES, AND ANY STRATEGY CHANGES THAT THE ASSOCIATION HAS
26 IMPLEMENTED IN RESPONSE TO SUCH IMPACT;

27 (c) ACTIONS THAT THE ASSOCIATION IS TAKING TO MANAGE THE

1 RISKS THAT CLIMATE CHANGE POSES TO THE ASSOCIATION'S OPERATIONS;
2 AND

3 (d) THE ASSOCIATION'S USE AND CONSIDERATION OF ANY
4 CLIMATE-RELATED REPORTING THAT THE FEDERAL SECURITIES AND
5 EXCHANGE COMMISSION REQUIRES.

6 **SECTION 4.** In Colorado Revised Statutes, 25-6.5-201, **amend**
7 (2); and **add** (3) as follows:

8 **25-6.5-201. Definitions.** As used in this part 2, unless the context
9 otherwise requires:

10 (2) (a) "Pollution control equipment" means any personal
11 property, including ~~but not limited to,~~ equipment, machinery, devices,
12 systems, buildings, or structures, that is installed, constructed, or used in
13 or as a part of a facility that creates a product in a manner that generates
14 less pollution by the utilization of an alternative manufacturing or
15 generating technology.

16 (b) "Pollution control equipment" includes: ~~but is not limited to,~~

17 (I) Gas or wind turbines and associated compressors or
18 equipment;

19 (II) Solar, thermal, or photovoltaic equipment; ~~or~~

20 (III) Equipment used as part of a system that uses geothermal
21 energy for water heating or space heating or cooling in a single building,
22 for space heating for more than one building through a pipeline network,
23 or for electricity generation; OR

24 (IV) WASTEWATER THERMAL ENERGY EQUIPMENT.

25 (3) "WASTEWATER THERMAL ENERGY EQUIPMENT" MEANS
26 EQUIPMENT USED AS PART OF A SYSTEM THAT USES THERMAL ENERGY IN
27 WASTEWATER, TO HEAT OR COOL A SPACE, OR FOR ANY OTHER USEFUL

1 THERMAL PURPOSE THAT REDUCES GREENHOUSE GAS EMISSIONS FROM THE
2 COMBUSTION OF GAS IN CUSTOMER END USES.

3 **SECTION 5.** In Colorado Revised Statutes, 25-7-114.7, **amend**
4 **(2)(a)(VII)** as follows:

5 **25-7-114.7. Emission fees - fund - rules - definition - repeal.**

6 **(2) (a) (VII) The commission shall establish, by rule, a fee per ton of**
7 **greenhouse gas, in the form of carbon dioxide equivalent, that was**
8 **reported in the most recent air pollutant emission notice on file with the**
9 **division, OR THAT WAS REPORTED TO THE DIVISION PURSUANT TO SECTION**
10 **25-7-140 (2)(a)(I), in an amount that is sufficient to cover the indirect and**
11 **direct costs required to develop and administer the programs established**
12 **pursuant to this article 7 that pertain to emissions of greenhouse gas. The**
13 **commission may set thresholds of reported greenhouse gas below which**
14 **no such fee shall be assessed. No more frequently than annually, the**
15 **commission may adjust the fee for greenhouse gas by rule to cover the**
16 **indirect and direct costs required to develop and administer the programs**
17 **established pursuant to this article 7 that pertain to emissions of**
18 **greenhouse gas.**

19 **SECTION 6.** In Colorado Revised Statutes, 40-3.2-108, **amend**
20 **(2)(c)(V); and add (2)(c)(V.5) and (2)(r)** as follows:

21 **40-3.2-108. Clean heat targets - legislative declaration -**
22 **definitions - plans - rules - reports. (2) Definitions.** As used in this
23 section, unless the context otherwise requires:

24 (c) "Clean heat resource" means any one or a combination of:

25 (V) Pyrolysis of tires if the pyrolysis meets a recovered methane
26 protocol; and

27 (V.5) WASTEWATER THERMAL ENERGY; AND

1 (r) "WASTEWATER THERMAL ENERGY" MEANS A SYSTEM THAT
2 USES THERMAL ENERGY IN WASTEWATER, TO HEAT OR COOL A SPACE, OR
3 FOR ANY OTHER USEFUL THERMAL PURPOSE THAT REDUCES GREENHOUSE
4 GAS EMISSIONS FROM THE COMBUSTION OF GAS IN CUSTOMER END USES.

5 **SECTION 7.** In Colorado Revised Statutes, 25-7-102, **amend**
6 (2)(g) as follows:

7 **25-7-102. Legislative declaration.** (2) It is further declared that:

8 (g) (I) Accordingly, Colorado shall strive to increase renewable
9 energy generation and eliminate statewide greenhouse gas pollution by
10 the middle of the twenty-first century and have goals of achieving, at a
11 minimum:

12 (A) A twenty-six percent reduction in statewide greenhouse gas
13 pollution by 2025;

14 (B) A fifty percent reduction in statewide greenhouse gas
15 pollution by 2030;

16 (C) A SIXTY-FIVE PERCENT REDUCTION IN STATEWIDE
17 GREENHOUSE GAS POLLUTION BY 2035;

18 (D) AN SEVENTY-FIVE PERCENT REDUCTION IN STATEWIDE
19 GREENHOUSE GAS POLLUTION BY 2040;

20 (E) A NINETY PERCENT REDUCTION IN STATEWIDE GREENHOUSE
21 GAS POLLUTION BY 2045; and

22 (F) A ~~ninety~~ ONE HUNDRED percent reduction in statewide
23 greenhouse gas pollution by 2050.

24 (II) The reductions identified in this subsection (2)(g) are
25 measured relative to 2005 statewide greenhouse gas pollution levels.

26 **SECTION 8.** In Colorado Revised Statutes, 34-60-106, **amend**
27 (9)(a) and (9)(b)(I); and **add** (9)(c) and (9)(d) as follows:

1 **34-60-106. Additional powers of commission - rules -**
2 **definitions - repeal.** (9) (a) (I) Notwithstanding section 34-60-120 or any
3 other provision of law AND SUBJECT TO SUBSECTION (9)(a)(II) OF THIS
4 SECTION, the commission, as to class II AND CLASS VI injection wells
5 classified in 40 CFR 144.6, may perform all acts for the ~~purpose~~
6 PURPOSES of protecting underground sources of drinking water in
7 accordance with state programs authorized by THE FEDERAL "SAFE
8 DRINKING WATER ACT", 42 U.S.C. sec. 300f et seq., and regulations
9 under those sections, as amended, AND ENSURING THE SAFE AND
10 EFFECTIVE SEQUESTRATION OF GREENHOUSE GASES IN A VERIFIABLE
11 MANNER THAT MEETS COLORADO'S SHORT- AND LONG-TERM GREENHOUSE
12 GAS EMISSION REDUCTION GOALS, AS SET FORTH IN SECTION 25-7-102
13 (2)(g).

14 (II) IN PERFORMING ACTS FOR THE PURPOSE OF ENSURING THE SAFE
15 AND EFFECTIVE SEQUESTRATION OF GREENHOUSE GASES PURSUANT TO
16 SUBSECTION (9)(a)(I) OF THIS SECTION, THE COMMISSION SHALL ACT IN
17 ACCORDANCE WITH SUBSECTION (9)(c) OF THIS SECTION AND ONLY AFTER
18 THE GOVERNOR AND THE COMMISSION HAVE MADE AN AFFIRMATIVE
19 DETERMINATION THAT THE STATE HAS SUFFICIENT RESOURCES NECESSARY
20 TO ENSURE THE SAFE AND EFFECTIVE REGULATION OF THE SEQUESTRATION
21 OF GREENHOUSE GASES IN ACCORDANCE WITH THE FINDINGS FROM THE
22 COMMISSION'S STUDY CONDUCTED PURSUANT TO SUBSECTION (9)(b) OF
23 THIS SECTION.

24 (b) The commission shall:

25 (I) Conduct a study to evaluate what resources are needed to
26 ensure the safe and effective regulation of the sequestration of greenhouse
27 gases ~~as that term is defined in section 25-7-140 (6)~~, and to identify and

1 assess the applicable resources that the commission or other state
2 agencies have; and

3 (c) (I) THE COMMISSION MAY SEEK CLASS VI INJECTION WELL
4 PRIMACY UNDER THE FEDERAL "SAFE DRINKING WATER ACT", 42 U.S.C.
5 SEC. 300f ET SEQ., AS AMENDED, AFTER THE COMMISSION:

6 (A) DETERMINES IT HAS THE NECESSARY RESOURCES FOR THE
7 APPLICATION OUTLINED IN THE COMMISSION'S STUDY PERFORMED
8 PURSUANT TO SUBSECTION (9)(b) OF THIS SECTION; AND

9 (B) HOLDS A PUBLIC HEARING ON THE MATTER.

10 (II) THE COMMISSION MAY ISSUE AND ENFORCE PERMITS AS
11 NECESSARY FOR THE PURPOSE SET FORTH IN THIS SUBSECTION (9)(c) AFTER
12 THE COMMISSION MAKES THE DETERMINATION AND HOLDS THE HEARING
13 SET FORTH IN SUBSECTION (9)(c)(I) OF THIS SECTION AND THE COMMISSION
14 AND THE GOVERNOR SATISFY THE REQUIREMENTS SET FORTH IN
15 SUBSECTION (9)(a) OF THIS SECTION. IN ISSUING AND ENFORCING PERMITS
16 PURSUANT TO THIS SUBSECTION (9)(c), THE COMMISSION SHALL ENSURE
17 THAT THE PERMITTING OF A CLASS VI INJECTION WELL:

18 (A) DOES NOT DISPROPORTIONATELY AFFECT THE HEALTH AND
19 WELL-BEING OF DISPROPORTIONATELY IMPACTED COMMUNITIES; AND

20 (B) COMPLIES WITH A LOCAL GOVERNMENT'S SITING OF THE
21 PROPOSED CLASS VI INJECTION WELL LOCATION.

22 (III) (A) THE COMMISSION SHALL REQUIRE EACH OPERATOR OF A
23 CLASS VI INJECTION WELL TO PROVIDE ADEQUATE FINANCIAL ASSURANCE
24 DEMONSTRATING THAT THE OPERATOR IS FINANCIALLY CAPABLE OF
25 FULFILLING EVERY OBLIGATION IMPOSED ON THE OPERATOR UNDER THIS
26 ARTICLE 60 AND UNDER RULES THAT THE COMMISSION ADOPTS PURSUANT
27 TO THIS ARTICLE 60.

1 (B) THE FINANCIAL ASSURANCE REQUIRED UNDER THIS
2 SUBSECTION (9)(c)(III) MUST COVER THE COST OF CORRECTIVE ACTION,
3 INJECTION WELL PLUGGING, POST-INJECTION SITE CARE, SITE CLOSURE,
4 AND ANY EMERGENCY AND REMEDIAL RESPONSE.

5 (C) THE COMMISSION SHALL ADOPT RULES REQUIRING THAT THE
6 FINANCIAL ASSURANCE COVER THE COST OF OBLIGATIONS THAT ARE IN
7 ADDITION TO THE OBLIGATIONS LISTED IN SUBSECTION (9)(c)(III)(B) OF
8 THIS SECTION IF THE ADDITIONAL OBLIGATIONS ARE REASONABLY
9 ASSOCIATED WITH CLASS VI INJECTION WELLS AND LOCATIONS.

10 (D) AN OPERATOR SHALL MAINTAIN THE FINANCIAL ASSURANCE
11 REQUIRED UNDER THIS SUBSECTION (9)(c)(III) OR UNDER ANY RULES
12 ADOPTED PURSUANT TO THIS SUBSECTION (9)(c)(III) UNTIL THE
13 COMMISSION APPROVES SITE CLOSURE, AS SPECIFIED IN RULES ADOPTED BY
14 THE COMMISSION. COMMISSION APPROVAL OF A SITE CLOSURE DOES NOT
15 OTHERWISE MODIFY AN OPERATOR'S RESPONSIBILITY TO COMPLY WITH
16 APPLICABLE LAWS.

17 (E) FINANCIAL ASSURANCE PROVIDED UNDER THIS SUBSECTION
18 (9)(c)(III) MAY BE IN THE FORM OF A SURETY BOND, INSURANCE, OR ANY
19 OTHER INSTRUMENT THAT THE COMMISSION, BY RULE, DEEMS
20 SATISFACTORY.

21 (d) AS USED IN THIS SUBSECTION (9), UNLESS THE CONTEXT
22 OTHERWISE REQUIRES:

23 (I) "CORRECTIVE ACTION" HAS THE MEANING SET FORTH IN 40 CFR
24 146.81.

25 (II) "DISPROPORTIONATELY IMPACTED COMMUNITY" HAS THE
26 MEANING SET FORTH IN SECTION 24-4-109 (2)(b)(II).

27 (III) "GREENHOUSE GAS" HAS THE MEANING SET FORTH IN SECTION

1 25-7-140 (6).

2 (IV) "POST-INJECTION SITE CARE" HAS THE MEANING SET FORTH
3 IN 40 CFR 146.81.

4 (V) "SITE CLOSURE" HAS THE MEANING SET FORTH IN 40 CFR
5 146.81.

6 **SECTION 9.** In Colorado Revised Statutes, 38-30-168, **amend**
7 **(1)(b)(II) and (1)(b)(III); and add (1)(b)(IV) as follows:**

8 **38-30-168. Unreasonable restrictions on renewable energy**
9 **generation devices - definitions.** (1) (b) As used in this section,
10 **"renewable energy generation device" means:**

11 **(II) A wind-electric generator that meets the interconnection**
12 **standards established in rules promulgated by the public utilities**
13 **commission pursuant to section 40-2-124; or**

14 **(III) A geothermal energy device; OR**

15 **(IV) A HEAT PUMP SYSTEM, AS DEFINED IN SECTION 39-26-732**
16 **(2)(c).**

17 **SECTION 10.** In Colorado Revised Statutes, 38-33.3-106.7,
18 **amend (1)(b)(VI) as follows:**

19 **38-33.3-106.7. Unreasonable restrictions on energy efficiency**
20 **measures - definitions.** (1) (b) As used in this section, "energy
21 **efficiency measure" means a device or structure that reduces the amount**
22 **of energy derived from fossil fuels that is consumed by a residence or**
23 **business located on the real property. "Energy efficiency measure" is**
24 **further limited to include only the following types of devices or**
25 **structures:**

26 **(VI) A heat pump SYSTEM, AS DEFINED IN SECTION 39-26-732**
27 **(2)(c).**

1 **SECTION 11.** In Colorado Revised Statutes, **add** 39-22-549 as
2 follows:

3 **39-22-549. Tax credit for reducing emissions from certain**
4 **lawn equipment - report - legislative declaration - tax preference**
5 **performance statement - definitions - repeal.** (1) (a) THE GENERAL
6 ASSEMBLY FINDS AND DECLARES THAT:

7 (I) GASOLINE-POWERED LAWN EQUIPMENT, SUCH AS LAWN
8 MOWERS, LEAF BLOWERS, TRIMMERS, AND SNOWBLOWERS, EMITS HIGH
9 LEVELS OF AIR POLLUTANTS, INCLUDING NITROGEN OXIDES AND VOLATILE
10 ORGANIC COMPOUNDS THAT, TOGETHER, FORM OZONE AND PARTICULATE
11 MATTER;

12 (II) REPLACING SUCH GASOLINE-POWERED LAWN EQUIPMENT WITH
13 ELECTRIC-POWERED LAWN EQUIPMENT CAN REDUCE OZONE POLLUTION;
14 AND

15 (III) THE PURPOSE OF THE TAX CREDIT IN SUBSECTION (3) OF THIS
16 SECTION IS TO INCENTIVIZE THE VOLUNTARY TRANSITION FROM
17 GASOLINE-POWERED TO ELECTRIC-POWERED LAWN EQUIPMENT.

18 (b) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
19 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
20 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
21 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FURTHER FINDS AND
22 DECLARES THAT:

23 (I) THE GENERAL LEGISLATIVE PURPOSE OF THE TAX CREDIT
24 ALLOWED BY SUBSECTION (3) OF THIS SECTION IS TO INDUCE CERTAIN
25 DESIGNATED BEHAVIORS BY TAXPAYERS, SPECIFICALLY THE PURCHASE OF
26 ELECTRIC-POWERED LAWN EQUIPMENT; AND

27 (II) IN ORDER TO ALLOW THE GENERAL ASSEMBLY AND THE STATE

1 AUDITOR TO MEASURE THE EFFECTIVENESS OF THE TAX CREDIT, THE
2 DEPARTMENT OF REVENUE SHALL SUBMIT TO THE GENERAL ASSEMBLY
3 AND THE STATE AUDITOR AN ANNUAL REPORT IN ACCORDANCE WITH
4 SUBSECTION (5) OF THIS SECTION DETAILING THE SALES OF NEW,
5 ELECTRIC-POWERED LAWN EQUIPMENT, AS REPORTED BY TAXPAYERS
6 CLAIMING THE TAX CREDIT AUTHORIZED UNDER SUBSECTION (3) OF THIS
7 SECTION.

8 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
9 REQUIRES:

10 (a) "LAWN EQUIPMENT" MEANS A LAWN MOWER, LEAF BLOWER,
11 TRIMMER, OR SNOWBLOWER.

12 (b) "PURCHASE PRICE" HAS THE MEANING SET FORTH IN SECTION
13 39-26-102 (7).

14 (c) "RETAILER" HAS THE MEANING SET FORTH IN SECTION
15 39-26-102 (8).

16 (d) "RETAIL SALE" HAS THE MEANING SET FORTH IN SECTION
17 39-26-102 (9).

18 (3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
19 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2027, A RETAILER QUALIFIED
20 PURSUANT TO SUBSECTION (3)(d)(III) OF THIS SECTION IS ALLOWED A TAX
21 CREDIT AGAINST THE TAX IMPOSED PURSUANT TO THIS ARTICLE 22 IN AN
22 AMOUNT EQUAL TO THIRTY PERCENT OF THE AGGREGATE PURCHASE PRICE
23 FOR ALL RETAIL SALES OF NEW, ELECTRIC-POWERED LAWN EQUIPMENT
24 THAT THE QUALIFIED RETAILER SOLD IN THE STATE DURING THE TAX YEAR.

25 (b) IN ORDER TO QUALIFY FOR THE TAX CREDIT ALLOWED UNDER
26 THIS SUBSECTION (3), THE QUALIFIED RETAILER SHALL PROVIDE TO THE
27 PURCHASER, AT THE TIME OF THE RETAIL SALE OF NEW,

1 ELECTRIC-POWERED LAWN EQUIPMENT, A DISCOUNT ON THE PURCHASE
2 PRICE OF THE LAWN EQUIPMENT EQUAL TO THIRTY PERCENT OF THE
3 PURCHASE PRICE AND SHALL SHOW THE DISCOUNT AS A SEPARATE ITEM ON
4 THE RECEIPT OR INVOICE PROVIDED TO THE PURCHASER.

5 (c) TO DETERMINE WHETHER A QUALIFIED RETAILER SOLD NEW,
6 ELECTRIC-POWERED LAWN EQUIPMENT IN THIS STATE, THE RULES OF
7 SECTION 39-26-104 (3)(a) APPLY.

8 (d) (I) THE QUALIFIED RETAILER SHALL ELECTRONICALLY
9 SUBMIT A REPORT TO THE DEPARTMENT OF REVENUE, ON A QUARTERLY
10 BASIS AND IN THE FORM AND MANNER REQUIRED BY THE DEPARTMENT,
11 THAT DETAILS THE NUMBER OF PIECES OF NEW, ELECTRIC-POWERED LAWN
12 EQUIPMENT SOLD BY THE QUALIFIED RETAILER IN THE REPORTING PERIOD
13 FOR WHICH THE QUALIFIED RETAILER PROVIDED A DISCOUNT AS DESCRIBED
14 IN SUBSECTION (3)(b) OF THIS SECTION. THE DEPARTMENT MAY REQUIRE
15 THE QUALIFIED RETAILER TO INCLUDE ADDITIONAL INFORMATION IN THE
16 REPORT.

17 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
18 1, 2025, THE QUALIFIED RETAILER MAY ELECT ADVANCE PAYMENTS OF THE
19 CREDIT ALLOWED PURSUANT TO THIS SECTION AS SPECIFIED IN SECTION
20 39-22-629.

21 (III) BEFORE SELLING A PIECE OF NEW, ELECTRIC-POWERED LAWN
22 EQUIPMENT FOR WHICH A RETAILER INTENDS TO CLAIM A CREDIT
23 PURSUANT TO THIS SECTION, THE RETAILER SHALL REGISTER AS A
24 QUALIFIED RETAILER BY FILING WITH THE DEPARTMENT OF REVENUE A
25 REGISTRATION STATEMENT IN THE FORM AND MANNER THAT THE
26 DEPARTMENT PRESCRIBES.

27 (4) IF A CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE

1 INCOME TAX DUE ON THE INCOME OF THE QUALIFIED RETAILER FOR THE
2 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND
3 MUST BE REFUNDED TO THE QUALIFIED RETAILER.

4 (5) PURSUANT TO SECTION 39-21-304 (3), NOTWITHSTANDING
5 SECTION 24-1-136 (11)(a)(I), AND FOR THE PURPOSE OF PROVIDING DATA
6 THAT ALLOWS THE GENERAL ASSEMBLY AND THE STATE AUDITOR TO
7 MEASURE THE EFFECTIVENESS OF THE TAX CREDIT CREATED IN
8 SUBSECTION (3) OF THIS SECTION, THE DEPARTMENT OF REVENUE, ON OR
9 BEFORE JANUARY 1, 2025, AND ON OR BEFORE JANUARY 1 OF EACH YEAR
10 THEREAFTER THROUGH JANUARY 1, 2028, SHALL SUBMIT TO THE GENERAL
11 ASSEMBLY AND THE STATE AUDITOR A REPORT DETAILING THE SALES OF
12 NEW, ELECTRIC-POWERED LAWN EQUIPMENT, AS REPORTED BY A
13 QUALIFIED RETAILER CLAIMING THE TAX CREDIT AUTHORIZED UNDER
14 SUBSECTION (3) OF THIS SECTION. THE TAX CREDIT ESTABLISHED IN THIS
15 SECTION MEETS ITS PURPOSE IF SALES OF NEW, GASOLINE-POWERED LAWN
16 EQUIPMENT ARE SIGNIFICANTLY REDUCED WITHIN FIVE YEARS AFTER THE
17 TAX CREDIT BECOMES EFFECTIVE, AS DETERMINED BY THE GENERAL
18 ASSEMBLY AND THE STATE AUDITOR PURSUANT TO SECTION 39-21-304(3).

19 (6) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2033.

20 **SECTION 12. In Colorado Revised Statutes, 39-29-110, amend**
21 **(9)(b) as follows:**

22 **39-29-110. Local government severance tax fund - creation -**
23 **administration - definitions - repeal.**

24 **(9) (b) This subsection (9) is repealed, effective July 1, 2023**
25 **1, 2025.**

26 **SECTION 13. In Session Laws of Colorado 2021, amend section**
27 **3 of chapter 225, (HB 21-1253), as follows:**

1 Section 3. **Appropriation.** For the 2020-21 state fiscal year,
2 \$5,000,000 is appropriated to the department of local affairs for use by
3 the division of local government. This appropriation is from the local
4 government severance tax fund created in section 39-29-110 (1)(a)(I),
5 C.R.S. To implement this act, the division of local government may use
6 this appropriation for grants for renewable and clean energy
7 implementation projects that meet the division's eligibility criteria for
8 funding under the department's renewable and clean energy initiative
9 program. Any money appropriated in this section not expended prior to
10 July 1, 2021 JULY 1, 2025, is further appropriated to the division of local
11 government for the 2021-22 and 2022-23 state fiscal years for the same
12 purpose UNTIL THE MONEY IS FULLY EXPENDED.

13 **SECTION 14.** In Colorado Revised Statutes, 39-22-629, **amend**
14 **as added by House Bill 23-1272 (1)(a) as follows:**

15 **39-22-629. Advance payments of income tax credits -**
16 **definitions - repeal.** (1) As used in this section, unless the context
17 otherwise requires:

18 (a) "Applicable credit" means the credits allowed in sections
19 39-22-516.7, 39-22-516.8, ~~39-22-549~~, and 39-22-553.

20 **SECTION 15.** In Colorado Revised Statutes, 40-1-102, **amend**
21 (1.3); and **add** (1.4), (8.2), and (8.3) as follows:

22 **40-1-102. Definitions.** As used in articles 1 to 7 of this title 40,
23 unless the context otherwise requires:

24 (1.3) "~~Charge~~" includes any consideration, however denominated,
25 ~~paid or provided by a retail cooperative electric association to a wholesale~~
26 ~~electric cooperative in connection with an agreement by which the retail~~
27 ~~cooperative electric association terminates a wholesale electric service~~

1 contract with the wholesale electric cooperative "CERTIFICATE OF
2 COMPLETION" MEANS AN ATTESTATION THAT AN INTERCONNECTION
3 CUSTOMER SUBMITS TO A PUBLIC UTILITY TO CONFIRM THAT A RETAIL
4 DISTRIBUTED GENERATION RESOURCE HAS BEEN PROPERLY INSPECTED OR
5 OTHERWISE CERTIFIED TO MEET THE SAFE OPERATION REQUIREMENTS OF
6 A LOCAL GOVERNMENT'S BUILDING CODE ENFORCEMENT AUTHORITY.

7 (1.4) "CHARGE" INCLUDES ANY CONSIDERATION, HOWEVER
8 DENOMINATED, PAID OR PROVIDED BY A RETAIL COOPERATIVE ELECTRIC
9 ASSOCIATION TO A WHOLESALE ELECTRIC COOPERATIVE IN CONNECTION
10 WITH AN AGREEMENT BY WHICH THE RETAIL COOPERATIVE ELECTRIC
11 ASSOCIATION TERMINATES A WHOLESALE ELECTRIC SERVICE CONTRACT
12 WITH THE WHOLESALE ELECTRIC COOPERATIVE.

13 (8.2) "INTERCONNECTION AGREEMENT" MEANS AN AGREEMENT
14 BETWEEN A PUBLIC UTILITY AND AN INTERCONNECTION CUSTOMER TO
15 INTERCONNECT A RETAIL DISTRIBUTED GENERATION RESOURCE TO THE
16 UTILITY SYSTEM.

17 (8.3) (a) "INTERCONNECTION CUSTOMER" MEANS AN ENTITY THAT
18 PROPOSES TO INTERCONNECT A RETAIL DISTRIBUTED GENERATION
19 RESOURCE ON THE DISTRIBUTION SYSTEM OF A PUBLIC UTILITY.

20 (b) "INTERCONNECTION CUSTOMER" INCLUDES AN AFFILIATE OR A
21 SUBSIDIARY OF A PUBLIC UTILITY THAT PROPOSES TO INTERCONNECT A
22 RETAIL DISTRIBUTED GENERATION RESOURCE TO THE PUBLIC UTILITY'S
23 SYSTEM.

24 **SECTION 16. In Colorado Revised Statutes, 40-1-126, add (2.5)**
25 **as follows:**

26 **40-2-126. Transmission facilities - biennial review - energy**
27 **resource zones - definitions - plans - approval - cost recovery -**

1 **powerline trail consideration. (2.5)** IN REVIEWING A PLAN THAT AN
2 ELECTRIC UTILITY SUBMITS PURSUANT TO SUBSECTION (2)(b) OF THIS
3 SECTION, THE COMMISSION SHALL CONSIDER THE NEED FOR EXPANDED
4 TRANSMISSION CAPACITY IN THE STATE, INCLUDING THE ABILITY TO
5 EXPAND CAPACITY THROUGH THE CONSTRUCTION OF NEW TRANSMISSION
6 LINES, IMPROVEMENTS TO EXISTING TRANSMISSION LINES, AND
7 CONNECTIONS TO ORGANIZED WHOLESALE MARKETS, AS DEFINED IN
8 SECTION 40-5-108 (1)(a).

9
10 **SECTION 17.** In Colorado Revised Statutes, 40-2-114, **amend**
11 (2)(a)(III) as follows:

12 **40-2-114. Disposition of fees collected - telecommunications**
13 **utility fund - fixed utility fund - appropriation.** (2) (a) Money in the
14 funds created in subsection (1) of this section shall be expended only to
15 defray the full amount determined by the general assembly for:

16 (III) With regard only to expenditures from the public utilities
17 commission fixed utility fund created in subsection (1)(b) of this section,
18 the administrative expenses, not to exceed five hundred thousand dollars
19 annually, incurred by the Colorado electric transmission authority in
20 carrying out its duties under article 42 of this title 40. The Colorado
21 electric transmission authority shall remit to the PUBLIC UTILITIES
22 COMMISSION fixed utility fund any amounts it receives in excess of its
23 actual administrative expenses plus a ~~fifteen~~ FIFTY percent reserve
24 margin.

25 **SECTION 18.** In Colorado Revised Statutes, **amend** 40-2-135 as
26 follows:

27 **40-2-135. Retail distributed generation - customers' rights -**

1 rules. (1) A retail electric utility customer is entitled to generate,
2 consume, store, and export electricity produced from eligible energy
3 resources to the electric grid through the use of customer-sited retail
4 distributed generation, as defined in section 40-2-124 (1)(a)(VIII), subject
5 to reliability standards, interconnection rules, and procedures, as
6 determined by the commission.

7 (2) (a) A RETAIL ELECTRIC UTILITY VIOLATES THIS SECTION IF THE
8 UTILITY FAILS TO PROVIDE REASONABLE, GOOD FAITH, AND TIMELY
9 SERVICE TO AN INTERCONNECTION CUSTOMER AND SUCH VIOLATION MAY
10 RESULT IN COMMISSION ACTION, INCLUDING THE ASSESSMENT OF
11 MONETARY FINES AGAINST THE RETAIL ELECTRIC UTILITY. IF A RETAIL
12 ELECTRIC UTILITY FAILS TO PROVIDE TIMELY SERVICE AND ADHERE TO
13 TIMELINES THAT THE COMMISSION ESTABLISHES AS PART OF THE
14 COMMISSION'S INTERCONNECTION RULES, THE RETAIL ELECTRIC UTILITY
15 MAY BE SUBJECT TO PENALTIES OF UP TO TWO THOUSAND DOLLARS PER
16 DAY FOR EACH DAY THAT THE VIOLATION OCCURRED.

17 (b) THE COMMISSION SHALL ADOPT RULES TO ANNUALLY ADJUST
18 THE PENALTY AMOUNT SET FORTH IN SUBSECTION (2)(a) OF THIS SECTION
19 BASED ON THE ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES
20 DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS CONSUMER PRICE
21 INDEX FOR THE DENVER-AURORA-LAKEWOOD AREA FOR ALL ITEMS PAID
22 BY ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX.

23 (c) (I) FOR A RETAIL DISTRIBUTED GENERATION RESOURCE THAT
24 IS TWENTY-FIVE KILOWATTS OR LESS, A PUBLIC UTILITY SHALL PROVIDE AN
25 INTERCONNECTION CUSTOMER AN EXECUTED INTERCONNECTION
26 AGREEMENT NO MORE THAN THIRTY BUSINESS DAYS AFTER RECEIVING
27 PAYMENT OF AN INTERCONNECTION FEE FROM THE INTERCONNECTION

1 CUSTOMER.

2 (II) FOLLOWING THE CONSTRUCTION OF A RETAIL DISTRIBUTED
3 GENERATION RESOURCE, A PUBLIC UTILITY MUST PROVIDE
4 INTERCONNECTION OF THE CUSTOMER'S RETAIL DISTRIBUTED GENERATION
5 RESOURCE NO MORE THAN THIRTY BUSINESS DAYS AFTER THE
6 INTERCONNECTION CUSTOMER SUBMITS TO THE PUBLIC UTILITY A
7 CERTIFICATE OF COMPLETION.

8 (III) IF THE SUM OF A PUBLIC UTILITY'S COMPLIANCE WITH THESE
9 TIMES SET FORTH IN THIS SUBSECTION (2)(c) EXCEEDS SIXTY DAYS, THE
10 PUBLIC UTILITY MAY BE SUBJECT TO PENALTIES CONSISTENT WITH THIS
11 SUBSECTION (2).

12 (d) A PUBLIC UTILITY IS NOT SUBJECT TO PENALTIES UNDER THIS
13 SUBSECTION (2) IF THE PUBLIC UTILITY CAN DEMONSTRATE THAT:

14 (I) THE INTERCONNECTION CUSTOMER FAILED TO TIMELY REMEDY
15 ANY MATERIAL DEFECTS IN THE COMPLETION OF THE INTERCONNECTION
16 CUSTOMER'S APPLICATION FOR INTERCONNECTION AND THE PUBLIC
17 UTILITY IDENTIFIED THE DEFECTS DURING ITS REVIEW OF THE
18 APPLICATION;

19 (II) THE RETAIL DISTRIBUTED GENERATION RESOURCE CANNOT BE
20 SAFELY INTERCONNECTED TO THE PUBLIC UTILITY'S SYSTEM IN A MANNER
21 CONSISTENT WITH THE COMMISSION'S INTERCONNECTION RULES; OR

22 (III) OTHER EXTENUATING CIRCUMSTANCES CAUSED A DELAY IN
23 INTERCONNECTION.

24 (3) (a) AN INTERCONNECTION CUSTOMER MAY FILE A COMPLAINT
25 WITH THE COMMISSION IN ACCORDANCE WITH SECTION 40-6-108 ALLEGING
26 THAT A PUBLIC UTILITY HAS VIOLATED SUBSECTION (2) OF THIS SECTION.

27 (b) IN CONSIDERING A COMPLAINT FILED PURSUANT TO THIS

1 SUBSECTION (3), THE COMMISSION MAY ORDER THE PUBLIC UTILITY TO
2 REFUND INTERCONNECTION STUDY FEES CHARGED TO THE
3 INTERCONNECTION CUSTOMER. IF A PUBLIC UTILITY IS ORDERED TO
4 REFUND SUCH INTERCONNECTION STUDY FEES, SUCH REFUND IS NOT AN
5 EXPENSE THAT THE PUBLIC UTILITY MAY RECOVER FROM ITS RATEPAYERS.

6 (4) THE COMMISSION SHALL ONLY ASSESS THE PENALTIES SET
7 FORTH IN SUBSECTION (2)(a) OF THIS SECTION AGAINST A PUBLIC UTILITY
8 IF:

9 (a) AN INTERCONNECTION CUSTOMER OR COMMISSION STAFF HAS
10 FILED, AND THE COMMISSION HAS ADJUDICATED, A COMPLAINT PURSUANT
11 TO SECTION 40-6-108; AND

12 (b) THE PUBLIC UTILITY HAS A TARIFF ON FILE WITH THE
13 COMMISSION THAT PROVIDES INCENTIVES AND PENALTIES TO PROVIDE
14 INTERCONNECTION SERVICE AND THE PUBLIC UTILITY HAS EXCEEDED THE
15 TIMELINES ESTABLISHED IN THE TARIFF FILING.

16 (5) IN JURISDICTIONS THAT ALLOW INTERCONNECTION WITHOUT A
17 PUBLIC UTILITY PRESENT, AN INTERCONNECTION CUSTOMER MAY INSTALL
18 ALL NECESSARY METERING EQUIPMENT AND ENERGIZE THE SYSTEM
19 FOLLOWING INSTALLATION IF:

20 (a) THE INTERCONNECTION CUSTOMER HAS AN INTERCONNECTION
21 AGREEMENT WITH A PUBLIC UTILITY AND A CERTIFICATE OF COMPLETION
22 FROM A LOCAL GOVERNMENT'S BUILDING CODE ENFORCEMENT
23 AUTHORITY; AND

24 (b) THE INSTALLATION AND ENERGIZING WORK IS OVERSEEN BY A
25 LICENSED MASTER ELECTRICIAN.

26 (6) A PUBLIC UTILITY MAY RECOVER ITS PRUDENTLY INCURRED
27 COSTS TO FACILITATE A TIMELY INTERCONNECTION, WHICH COSTS MAY

1 INCLUDE THE COST OF EQUIPMENT THAT THE PUBLIC UTILITY PROCURES
2 FOR FUTURE UPGRADES NEEDED TO INTERCONNECT RETAIL DISTRIBUTED
3 GENERATION RESOURCES. A PUBLIC UTILITY MAY RECOVER THE COSTS OF
4 ANY SUCH EQUIPMENT INVENTORY AS CAPITAL WORK IN PROGRESS IF THE
5 INVENTORY IS PROJECTED TO BE USED WITHIN FIVE YEARS OF ITS
6 PROCUREMENT AND WITH A RETURN AT THE MOST RECENTLY AUTHORIZED
7 WEIGHTED AVERAGE COST OF CAPITAL.

8 **SECTION 19.** In Colorado Revised Statutes, 40-7-105, **amend**
9 **(1); and add (1.5) and (4) as follows:**

10 **40-7-105. Violations - penalty - separate offenses - rules.**

11 **(1) Any public utility ~~which~~ THAT violates or fails to comply with any**
12 **provision of the state constitution or of articles 1 to 7 of this ~~title~~ TITLE 40**
13 **or ~~which~~ THAT fails, omits, or neglects to obey, observe, or comply with**
14 **any order, decision, decree, rule, direction, demand, or requirement of the**
15 **commission or any part or provision thereof, except an order for the**
16 **payment of money, in a case in which a penalty has not been provided for**
17 **~~such~~ THE public utility, is subject to a penalty of not more than ~~two~~**
18 **TWENTY thousand dollars ~~for each~~ PER offense FOR EACH DAY THAT THE**
19 **OFFENSE CONTINUES.**

20 **(1.5) (a) ANY PROPOSED PENALTY IS SUBJECT TO A FINDING BY THE**
21 **COMMISSION OF CUSTOMER HARM THAT IS COMMENSURATE WITH THE**
22 **AMOUNT OF THE PENALTY LEVIED. IN DETERMINING THE AMOUNT OF A**
23 **PENALTY OR WHETHER ANY PENALTY IS LEVIED, THE COMMISSION SHALL**
24 **ALSO CONSIDER FACTORS INCLUDING:**

- 25 **(I) THE SIZE OF THE UTILITY;**
- 26 **(II) FACTORS INFLUENCING THE VIOLATION;**
- 27 **(III) THE UTILITY'S PREVIOUS HISTORY OF ANY SIMILAR**

1 VIOLATIONS;

2 (IV) REMEDIAL MEASURES; AND

3 (V) ANY OTHER FACTORS THAT MAY MITIGATE ANY HARM TO
4 CUSTOMERS.

5 (b) THE COMMISSION SHALL ADOPT RULES TO ANNUALLY ADJUST
6 THE MAXIMUM PER-DAY PENALTY AMOUNT SET FORTH IN SUBSECTION (1)
7 OF THIS SECTION BASED ON THE ANNUAL PERCENTAGE CHANGE IN THE
8 UNITED STATES DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS
9 CONSUMER PRICE INDEX FOR THE DENVER-AURORA-LAKEWOOD AREA FOR
10 ALL ITEMS PAID BY ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX.

11 (4) ANY PENALTY THAT THE COMMISSION ASSESSES AGAINST A
12 UTILITY UNDER THIS SECTION IS NOT RECOVERABLE AS AN EXPENSE
13 PAYABLE BY THE UTILITY'S RATEPAYERS.

14 **SECTION 20.** In Colorado Revised Statutes, 40-3.2-108, **amend**
15 **(2)(a)(II) and (2)(p) introductory portion as follows:**

16 **40-3.2-108. Clean heat targets - legislative declaration -**
17 **definitions - plans - rules - reports. (2) Definitions.** As used in this
18 **section, unless the context otherwise requires:**

19 **(a) "Biomethane":**

20 **(II) Includes biomethane recovered from manure management**
21 **systems or anaerobic digesters, INCLUDING FROM OPERATIONS FOR DAIRY**
22 **COWS, BEEF CATTLE, POULTRY, SWINE, OR SHEEP, that has been processed**
23 **to meet pipeline quality.**

24 **(p) "Recovered methane protocol" means a documented set of**
25 **procedures and requirements established by the air quality control**
26 **commission to quantify ongoing greenhouse gas emission reductions or**
27 **greenhouse gas removal enhancements achieved by a recovered methane**

1 project and to calculate the project baseline. A RECOVERED METHANE
2 PROTOCOL THAT THE AIR QUALITY CONTROL COMMISSION ADOPTS FOR
3 BIOMETHANE FROM MANURE MANAGEMENT SYSTEMS MUST ALLOW FOR
4 THE USE OF MANURE FROM BEEF CATTLE OPERATIONS. THE AIR QUALITY
5 CONTROL COMMISSION MAY ALSO ADOPT A RECOVERED METHANE
6 PROTOCOL THAT IS SPECIFIC TO MANURE MANAGEMENT FROM BEEF
7 CATTLE OPERATIONS. A recovered methane protocol must:

8 **SECTION 21.** In Colorado Revised Statutes, 40-42-102, **amend**
9 (14) as follows:

10 **40-42-102. Definitions.** As used in this article 42, unless the
11 context otherwise requires:

12 (14) "Project" means an undertaking by the authority to finance
13 or to:

14 (a) Plan, acquire, maintain, and operate eligible facilities located
15 partly or entirely within Colorado; OR

16 (b) RENOVATE, REBUILD, OR RECONDITION EXISTING ELIGIBLE
17 FACILITIES, THAT ARE LOCATED PARTLY OR ENTIRELY WITHIN COLORADO
18 AND ARE APPROVED THROUGH A LOCAL GOVERNMENT'S LAND-USE
19 APPLICATION PROCESS, TO UPGRADE AND OPTIMIZE THE EXISTING
20 FACILITIES.

21 == ==

22 **SECTION 22.** In Colorado Revised Statutes, 40-42-107, **amend**
23 (1) introductory portion as follows:

24 **40-42-107. Labor standards - apprenticeship - supervision.**

25 (1) The authority shall ensure that, in any construction, expansion,
26 RENOVATION, REBUILDING, RECONDITIONING, or maintenance of facilities
27 undertaken in Colorado pursuant to this article 42, all labor is performed

1 either by the employees of an electric utility, ~~or~~ by qualified contractors,
2 or BY both, and that, except as otherwise provided in subsection (3) of
3 this section, an electric utility DOES not use a contractor unless:

4 SECTION 23. In Colorado Revised Statutes, add 40-42-109 as
5 follows:

6 40-42-109. Study on expanding transmission capacity -
7 reporting - repeal. (1) THE AUTHORITY SHALL EXPEND MONEY FROM THE
8 OPERATIONAL FUND CREATED IN SECTION 40-42-106 TO STUDY THE NEED
9 FOR EXPANDED TRANSMISSION CAPACITY IN THE STATE, INCLUDING:

10 (a) THE ABILITY TO EXPAND CAPACITY THROUGH THE
11 CONSTRUCTION OF NEW TRANSMISSION LINES, IMPROVEMENTS TO
12 EXISTING TRANSMISSION LINES, AND CONNECTIONS TO ORGANIZED
13 WHOLESALE MARKETS, AS DEFINED IN SECTION 40-5-108 (1)(a);

14 (b) WHETHER AND HOW EXPANDED TRANSMISSION CAPACITY WILL:

15 (I) IMPROVE THE SYSTEM RELIABILITY OF THE ELECTRIC GRID AND
16 PROVIDE OPTIMAL UTILIZATION OF ELECTRICITY FLOWS IN THE STATE;

17 (II) SUPPORT THE STATE'S EMISSION REDUCTION GOALS SET FORTH
18 IN SECTION 25-7-102 (2)(g);

19 (III) SUPPORT THE STATE'S FORECASTED ELECTRICITY NEEDS; AND

20 (IV) REDUCE LAND IMPACTS BY USING EXISTING RIGHTS-OF-WAY,
21 INCLUDING FOR LARGE CAPACITY TRANSMISSION LINES; CO-LOCATING
22 MULTIPLE TRANSMISSION LINES; RECONDUCTORING TRANSMISSION LINES;
23 AND STRATEGICALLY SITING NEW TRANSMISSION CORRIDORS.

24 (2) THE AUTHORITY SHALL PREPARE:

25 (a) AN INITIAL REPORT OF THE STUDY, INCLUDING ANY
26 RECOMMENDATIONS, AND PRESENT THE INITIAL REPORT TO THE
27 COMMISSION ON OR BEFORE SEPTEMBER 1, 2024; AND

1 (b) A FINAL REPORT OF THE STUDY, INCLUDING ANY
2 RECOMMENDATIONS, AND PRESENT THE FINAL REPORT TO THE JOINT
3 COMMITTEE OF THE HOUSE OF REPRESENTATIVES ENERGY AND
4 ENVIRONMENT COMMITTEE AND THE SENATE TRANSPORTATION AND
5 ENERGY COMMITTEE, OR THEIR SUCCESSOR COMMITTEES, ON OR BEFORE
6 JANUARY 31, 2025.

7 (3) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2025.

8 **SECTION 24.** In Colorado Revised Statutes, 29-20-108, **add** (7)
9 as follows:

10 **29-20-108. Local government regulation - location,**
11 **construction, or improvement of major electrical or natural gas**
12 **facilities - powerline trail notification - expedited review for certain**
13 **transmission line projects - legislative declaration - definitions. (7) A**
14 LOCAL GOVERNMENT SHALL EXPEDITE, AS PRACTICABLE, ITS REVIEW OF A
15 LAND USE APPLICATION WITH REGARD TO A PROPOSED PROJECT TO
16 RENOVATE, REBUILD, OR RECONDITION A TRANSMISSION LINE IN
17 ACCORDANCE WITH SECTION 40-42-104 (3)(c).

18 **SECTION 25.** In Colorado Revised Statutes, 25-7-105, **amend**
19 (1)(e)(II) as follows:

20 **25-7-105. Duties of commission - technical secretary - rules -**
21 **legislative declaration - definitions. (1) Except as provided in sections**
22 **25-7-130 and 25-7-131, the commission shall promulgate rules that are**
23 **consistent with the legislative declaration set forth in section 25-7-102**
24 **and necessary for the proper implementation and administration of this**
25 **article 7, including:**

26 (e) (II) Consistent with section 25-7-102 (2)(g), the commission
27 shall timely promulgate implementing rules and regulations. The

1 implementing rules may take into account other relevant laws and rules,
2 as well as voluntary actions taken by local communities and the private
3 sector, to enhance efficiency and cost-effectiveness, and shall be revised
4 as necessary over time to ensure timely progress toward the 2025, 2030,
5 **2035, 2040, 2045**, and 2050 goals. The implementing rules ~~shall~~ MUST
6 provide for ongoing tracking of emission sources that adversely affect
7 disproportionately impacted communities and are subject to rules
8 implemented pursuant to this subsection (1)(e) and must include strategies
9 designed to achieve reductions in harmful air pollution affecting those
10 communities.

11 **SECTION 26. Appropriation.** (1) For the 2023-24 state fiscal
12 year, \$191,790 is appropriated to the department of natural resources for
13 use by the oil and gas conservation commission. This appropriation is
14 from the oil and gas conservation and environmental response fund
15 created in section 34-60-122 (5)(a), C.R.S. To implement this act, the
16 commission may use this appropriation as follows:

17 (a) \$151,142 for program costs, which amount is based on an
18 assumption that the commission will require an additional 1.6 FTE;

19 (b) \$19,500 for the underground injection program; and

20 (c) \$21,148 for the purchase of legal services.

21 (2) For the 2023-24 state fiscal year, \$288,016 is appropriated to
22 the department of public health and environment for use by the air
23 pollution control division. This appropriation is from the general fund. To
24 implement this act, the division may use this appropriation as follows:

25 (a) \$135,054 for personal services related to stationary sources,
26 which amount is based on an assumption that the subdivision will require
27 an additional 1.4 FTE;

1 (b) \$15,500 for operating expenses related to stationary sources;

2 and

3 (c) \$137,462 for the purchase of legal services.

4 (3) For the 2023-24 state fiscal year, \$99,769 is appropriated to
5 the department of revenue. This appropriation is from the general fund.

6 To implement this act, the division may use this appropriation as follows:

7 (a) \$44,327 for use by taxation services for personal services,
8 which amount is based on an assumption that the division will require an
9 additional 0.7 FTE;

10 (b) \$15,007 for use by taxation services for operating expenses;

11 and

12 (c) \$40,435 for use by administration for tax administration IT
13 system (GenTax) support.

14 (4) For the 2023-24 state fiscal year, \$158,610 is appropriated to
15 the department of law. This appropriation is from reappropriated funds
16 received from the departments of natural resources and public health and
17 environment under subsections (1)(c) and (2)(c) of this section and is
18 based on an assumption that the department of law will require an
19 additional 0.8 FTE. To implement this act, the department of law may use
20 this appropriation to provide legal services for the departments of natural
21 resources and public health and environment.

22 **SECTION 27. Act subject to petition - effective date.**

23 (1) Except as provided in subsection (2) of this section, this act takes
24 effect at 12:01 a.m. on the day following the expiration of the ninety-day
25 period after final adjournment of the general assembly; except that, if a
26 referendum petition is filed pursuant to section 1 (3) of article V of the
27 state constitution against this act or an item, section, or part of this act

1 within such period, then the act, item, section, or part will not take effect
2 unless approved by the people at the general election to be held in
3 November 2024 and, in such case, will take effect on the date of the
4 official declaration of the vote thereon by the governor.

5 (2) Section 39-22-549 (3)(d)(II), Colorado Revised Statutes, as
6 enacted in section 8 of this act, and section 9 of this act take effect only
7 if House Bill 23-1272 becomes law, in which case section 39-22-549
8 (3)(d)(II), Colorado Revised Statutes, as enacted in section 8 of this act,
9 and section 9 of this act take effect on the effective date of this act or
10 House Bill 23-1272, whichever is later.