

CHAPTER 166

PUBLIC UTILITIES

HOUSE BILL 23-1252

BY REPRESENTATIVE(S) Lieder and Kipp, Amabile, Bacon, Bird, Boesenecker, Brown, Daugherty, deGruy Kennedy, Dickson, Hamrick, Herod, Joseph, Lindsay, Lindstedt, Lynch, Mabrey, McCormick, McLachlan, Michaelson Jenet, Parenti, Pugliese, Ricks, Snyder, Soper, Story, Taggart, Titone, Valdez, Velasco, Vigil, Willford, Young, McCluskie;
also SENATOR(S) Exum and Hansen, Ginal, Mullica, Priola, Sullivan, Winter F.

AN ACT**CONCERNING THE IMPLEMENTATION OF MEASURES TO ADVANCE THERMAL ENERGY SERVICE.**

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

SECTION 1. Legislative declaration. (1) The general assembly finds that:

(a) Colorado adopted Senate Bill 21-264, enacted in 2021, that requires regulated gas utilities to develop a clean heat plan to meet a four percent reduction below 2015 greenhouse gas emission levels by 2025 and a twenty-two percent reduction below 2015 greenhouse gas emission levels by 2030;

(b) Gas utility workers have helped provide reliable energy throughout the state. Affording gas utilities a pathway to providing thermal energy service in the state also provides gas utility employees an opportunity to utilize many of their existing skills for clean energy jobs for the utility.

(c) Colorado residential and business utility customers have been affected by recent trends in gas prices. Helping these utility customers shift from gas to clean thermal energy service could provide long-term price stability for heating and cooling their homes and businesses and for heating water in their homes and businesses.

(d) The use of thermal energy networks can help reduce greenhouse gas emissions from buildings and enhance resilience while supporting beneficial electrification. Utility-scale thermal energy projects and investments can especially help the state achieve these goals.

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.

(2) The general assembly declares that:

(a) Requiring gas utilities to present different approaches for cost recovery of investments in thermal energy service, and requiring the public utilities commission to consider the cost to customers under each approach presented, will help minimize the long-term cost to utility customers for the cost of transitioning to clean thermal energy service;

(b) It is important to pursue the decarbonization of buildings in the state in a manner that:

(I) Is affordable and accessible;

(II) Preserves existing living-wage jobs while also creating new living-wage jobs; and

(III) Retains the knowledge and experience of the existing utility union workforce;

(c) Passage of this act is intended for the purposes of:

(I) Removing the legal barriers to utilities' development of thermal energy networks;

(II) Requiring the public utilities commission to evaluate utilities' development of thermal energy networks; and

(III) Immediately commencing the piloting of thermal energy network projects by certain utilities; and

(d) In evaluating a gas utility's application to provide thermal energy service, the public utilities commission should consider any potential that the utility may have to reuse existing infrastructure that otherwise would result in stranded assets.

SECTION 2. In Colorado Revised Statutes, 24-38.5-118, **amend** (4)(a) introductory portion, (4)(a)(I), (4)(a)(II), (4)(a)(IV), and (4)(c)(II) as follows:

24-38.5-118. Geothermal energy grant program - creation - procedures - fund - report - definitions - repeal. (4) **Grants - limitations - qualifications.** The grant program consists of three types of grants:

(a) The single-structure geothermal grant, which is awarded to applicants that are constructing a new building OR RETROFITTING AN EXISTING BUILDING, including a single-family or multifamily residence, and ~~that are~~ installing a geothermal system for use as the primary heating and cooling system for the building. A single-structure geothermal grant is subject to the following limitations and qualifications:

(I) A developer or geothermal installer is eligible for grants for the construction OR RETROFITTING of no more than one hundred residential buildings;

(II) Commercial buildings and state and local government buildings that are constructed OR RETROFITTED using grant money must meet the standards of the 2021 International Energy Conservation Code, or subsequent edition of the code;

(IV) The office shall determine the amount of each grant based on per-ton heating capacity as follows; except that the office may change a grant award amount after the first year if the office determines that changes are necessary to advance geothermal development:

(A) A nonresidential building constructed OR RETROFITTED by a for-profit entity qualifies for up to two thousand dollars per ton of heating capacity;

(B) A nonresidential building constructed OR RETROFITTED by a nonprofit entity qualifies for up to three thousand dollars per ton of heating capacity;

(C) A multifamily residence constructed OR RETROFITTED by a for-profit entity qualifies for up to two thousand dollars per ton of heating capacity;

(D) A multifamily residence constructed OR RETROFITTED by a nonprofit entity qualifies for up to three thousand dollars per ton of heating capacity; and

(E) A single-family residence, including a residence within a townhome or condominium building, qualifies for two thousand dollars per ton of heating capacity; and

(c) The geothermal electricity generation grant, which is awarded to support the development of geothermal electricity generation and projects that pair geothermal electricity generation with electrolyzers for the production of hydrogen from geothermal generation. A person may apply for more than one cost-matching grant in a year. A geothermal electricity generation grant is subject to the following limitations and qualifications:

(II) For applications for a grant to help fund a study to identify and explore resources that may be suitable for geothermal electricity AND ENERGY generation, costing up to one million dollars, the office may award a grant of up to fifty percent of the study cost; except that, if the project includes the production of hydrogen from electricity generated using geothermal energy OR THE UTILIZATION OF DIRECT AIR CAPTURE TECHNOLOGY, the office may award a grant of up to sixty percent of the study cost. ANY STUDY FUNDED PURSUANT TO THIS SUBSECTION (4)(c)(II) MUST INCLUDE AN EVALUATION OF THE RESOURCES' SAFETY, ECONOMIC FEASIBILITY, COST EFFICIENCY COMPARED TO RENEWABLE ENERGY ALTERNATIVES, ENVIRONMENTAL IMPACTS, GREENHOUSE GAS AND AIR POLLUTION EMISSIONS, QUALITY JOB CREATION OPPORTUNITIES, AND IMPACTS TO NEIGHBORING COMMUNITIES.

SECTION 3. In Colorado Revised Statutes, **add** 40-3.2-105.7 as follows:

40-3.2-105.7. Labor standards for state thermal energy network and thermal energy system projects - definitions. (1) ANY THERMAL ENERGY NETWORK OR THERMAL ENERGY SYSTEM PROJECT THAT AN AGENCY OF GOVERNMENT OR A STATE INSTITUTION OF HIGHER EDUCATION PROCURES AND THAT IS A PUBLIC PROJECT MUST COMPLY WITH:

(a) THE APPRENTICESHIP REQUIREMENTS SET FORTH IN SECTION 24-92-115 IF THE ESTIMATED CONTRACT COST FOR THE PUBLIC PROJECT IS ONE MILLION DOLLARS OR MORE; AND

(b) PART 2 OF ARTICLE 92 OF TITLE 24 CONCERNING PREVAILING WAGES FOR PUBLIC PROJECTS IF THE ESTIMATED CONTRACT COST FOR THE PUBLIC PROJECT IS FIVE HUNDRED THOUSAND DOLLARS OR MORE.

(2) ANY THERMAL ENERGY NETWORK OR THERMAL ENERGY SYSTEM PLUMBING AND ELECTRICAL WORK PERFORMED IN THE STATE SHALL:

(a) BE PERFORMED BY LICENSED PLUMBERS, LICENSED ELECTRICIANS, OR SUPERVISED APPRENTICES AT A RATIO NO GREATER THAN THREE APPRENTICES FOR EACH LICENSED MASTER OR JOURNEYMAN PLUMBER OR ELECTRICIAN, AS REQUIRED PURSUANT TO SECTION 12-115-115 (1) OR 12-155-124 (1); AND

(b) BE INSTALLED IN COMPLIANCE WITH THE RULES OF THE STATE ELECTRICAL BOARD OR THE STATE PLUMBING BOARD AND IN ACCORDANCE WITH THE ELECTRICAL AND PLUMBING CODES ADOPTED PURSUANT TO THOSE RULES.

(3) FOR ANY THERMAL ENERGY NETWORK OR THERMAL ENERGY SYSTEM THAT A UTILITY OWNS, THE UTILITY SHALL USE UTILITY EMPLOYEES OR QUALIFIED CONTRACTORS TO PERFORM ANY CONSTRUCTION TRADE WORK DEEMED NECESSARY TO COMPLETE THE PROJECT. A QUALIFIED CONTRACTOR IS A CONTRACTOR WITH EMPLOYEES THAT HAVE ACCESS TO AN APPRENTICESHIP PROGRAM AS DEFINED IN SECTION 8-83-308 (3)(a). ALL MECHANICAL, ELECTRICAL, AND PLUMBING CONTRACTORS AND SUBCONTRACTORS MUST MEET THE APPRENTICESHIP UTILIZATION REQUIREMENTS OF SECTION 24-92-115; EXCEPT THAT THE APPRENTICESHIP UTILIZATION REQUIREMENTS DO NOT APPLY TO:

- (a) THE DESIGN, PLANNING, OR ENGINEERING OF INFRASTRUCTURE;
- (b) MANAGEMENT FUNCTIONS FOR THE OPERATION OF INFRASTRUCTURE; OR
- (c) ANY WORK INCLUDED IN A WARRANTY.

(4) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "AGENCY OF GOVERNMENT" HAS THE MEANING SET FORTH IN SECTION 24-92-201 (1).

(b) "LICENSED ELECTRICIAN" MEANS AN ELECTRICIAN LICENSED PURSUANT TO SECTION 12-115-110.

(c) "LICENSED PLUMBER" MEANS A PLUMBER LICENSED PURSUANT TO SECTION 12-155-108.

(d) "PUBLIC PROJECT" HAS THE MEANING SET FORTH IN SECTION 24-92-201 (5).

(e) "STATE INSTITUTION OF HIGHER EDUCATION" HAS THE MEANING SET FORTH IN SECTION 23-18-102 (10).

(f) "THERMAL ENERGY NETWORK" HAS THE MEANING SET FORTH IN SECTION 40-3.2-108 (2)(s).

(g) "THERMAL ENERGY SYSTEM" HAS THE MEANING SET FORTH IN SECTION 40-3.2-108 (2)(t).

SECTION 4. In Colorado Revised Statutes, 40-3.2-108, **amend** (2)(c)(V); and **add** (2)(c)(V.5), (2)(h.5), (2)(r), (2)(s), (2)(t), and (4)(c)(XIV.5) as follows:

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

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

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

(V.5) THERMAL ENERGY; AND

(h.5) "GEOHERMAL FLUID" HAS THE MEANING SET FORTH IN SECTION 37-90.5-103 (2).

(r) (I) "THERMAL ENERGY" MEANS PIPED, NONCOMBUSTIBLE FLUIDS USED FOR ADDING OR REMOVING HEAT FROM BUILDINGS FOR THE PURPOSE OF EFFICIENT BUILDING TEMPERATURE CONTROL AND DOMESTIC HOT WATER, INCLUDING SPACE HEATING AND COOLING AND REFRIGERATION.

(II) "THERMAL ENERGY" INCLUDES METHODS OF EXCHANGING THE PIPED, NONCOMBUSTIBLE FLUIDS THROUGH THE GROUND, WASTEWATER TREATMENT FACILITIES, OR OTHER SOURCES THAT ACHIEVE DESIRED FLUID TEMPERATURES; EXCEPT THAT ANY SOURCE OF THERMAL ENERGY FOR THIS PURPOSE MUST:

(A) NOT CAUSE INCREMENTAL GREENHOUSE GAS EMISSIONS OR RELY ON INCREASED, LONG-TERM COMBUSTION OF FOSSIL FUELS; AND

(B) BE EVALUATED BY THE COMMISSION TO PROTECT AGAINST INCREASED EMISSIONS OF HARMFUL CO-POLLUTANTS, NEGATIVE IMPACTS TO COMMUNITIES INCLUDING TO DISPROPORTIONATELY IMPACTED COMMUNITIES, AS DEFINED IN SECTION 24-4-109 (2)(b)(II), AND THE RISK OF STRANDED ASSETS, IF THE THERMAL ENERGY IS FROM ANY INDUSTRIAL SOURCE INCLUDING A SYSTEM FOR WHICH THE PRIMARY PURPOSE IS TO GENERATE ELECTRICITY, INCLUDING ANY PROCESS INVOLVING ENGINE-DRIVEN GENERATION.

(s) "THERMAL ENERGY NETWORK":

(I) MEANS ALL REAL ESTATE, FIXTURES, AND PERSONAL PROPERTY THAT ARE OPERATED, OWNED, USED, OR INTENDED TO BE USED FOR, IN CONNECTION WITH, OR TO FACILITATE A DISTRIBUTION INFRASTRUCTURE PROJECT THAT SUPPLIES THERMAL ENERGY TO TWO OR MORE BUILDINGS THAT ARE NOT A CAMPUS, AS DEFINED IN SECTION 40-4-121 (1)(a), AND THAT ASSISTS IN REDUCING GREENHOUSE GAS EMISSIONS IN THE STATE;

(II) CONSISTS OF PIPE LOOPS BETWEEN MULTIPLE BUILDINGS AND ENERGY SOURCES CARRYING PIPED, NONCOMBUSTIBLE FLUIDS AT THE DESIRED THERMAL TEMPERATURE;

(III) INCLUDES A NETWORK THAT CAN BE USED FOR HEATING, COOLING, AND OTHER BUILDING SERVICES; AND

(IV) MAY ALSO BE KNOWN AS A GEOTHERMAL EXCHANGE DISTRICT, NETWORKED GEOTHERMAL SYSTEM, GEOEXCHANGE SYSTEM, GEOGRID SYSTEM, COMMUNITY GEOTHERMAL HEATING AND COOLING DISTRICT, OR A GEOTHERMAL HEATING DISTRICT.

(t) "THERMAL ENERGY SYSTEM" INCLUDES A GEOTHERMAL SYSTEM OR OTHER METHOD OF EXCHANGING THE PIPED, NONCOMBUSTIBLE FLUIDS THROUGH THE GROUND, WASTEWATER TREATMENT FACILITIES, OR OTHER SOURCES OF THERMAL ENERGY THAT ACHIEVE DESIRED FLUID TEMPERATURES.

(4) **Submission of clean heat plans.** (c) A clean heat plan filed pursuant to this subsection (4) must:

(XIV.5) DEMONSTRATE THAT, WITH RESPECT TO ANY THERMAL ENERGY NETWORK THAT WILL BE USED AS A CLEAN HEAT RESOURCE, ANY GEOTHERMAL FLUID ASSOCIATED WITH THE THERMAL ENERGY SYSTEM OR THERMAL ENERGY NETWORK IS USED IN COMPLIANCE WITH THE PERMITTING REQUIREMENTS FOR PRODUCTION OF GEOTHERMAL FLUID SET FORTH IN ARTICLE 90.5 OF TITLE 37; AND

SECTION 5. In Colorado Revised Statutes, **add** 40-4-121 as follows:

40-4-121. Thermal energy network projects - pilot program for large gas utilities - application - commission proceeding - reporting - exemption from regulation for local government - or campus-owned thermal energy networks - definitions. (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) (I) "CAMPUS" MEANS A COLLECTION OF TWO OR MORE BUILDINGS THAT ARE OWNED AND OPERATED BY THE SAME PERSON, THAT HAVE A SHARED PURPOSE AND FUNCTION AS A SINGLE PROPERTY, THAT DO NOT LEASE SPACE TO TENANTS, AND THAT DO NOT PROVIDE ENERGY OR HEAT SERVICES FOR A FEE.

(II) "CAMPUS" INCLUDES TWO OR MORE OF THE BUILDINGS THAT COMPRISE THE CAPITOL COMPLEX, AS DEFINED IN SECTION 24-82-101 (3)(f).

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

(c) "GAS UTILITY" MEANS A GAS UTILITY IN THE STATE THAT THE COMMISSION REGULATES WITH RESPECT TO RATES AND CHARGES.

(d) "LARGE GAS UTILITY" MEANS A GAS UTILITY THAT SERVES MORE THAN FIVE HUNDRED THOUSAND CUSTOMERS.

(e) "LOCAL GOVERNMENT" MEANS A STATUTORY OR HOME-RULE CITY, TOWN, COUNTY, OR CITY AND COUNTY.

(f) "THERMAL ENERGY" HAS THE MEANING SET FORTH IN SECTION 40-3.2-108 (2)(r).

(g) "THERMAL ENERGY NETWORK" HAS THE MEANING SET FORTH IN SECTION 40-3.2-108 (2)(s).

(h) "THERMAL ENERGY SYSTEM" HAS THE MEANING SET FORTH IN SECTION 40-3.2-108 (2)(t).

(2) (a) EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION, A GAS UTILITY THAT SEEKS TO OFFER THERMAL ENERGY NETWORK SERVICE TO ITS CUSTOMERS MUST PROPOSE DEVELOPING A THERMAL ENERGY NETWORK BY A SEPARATE APPLICATION TO THE COMMISSION THAT IS NOT INCLUDED IN THE GAS UTILITY'S APPLICATION TO THE COMMISSION FOR APPROVAL OF A CLEAN HEAT PLAN PURSUANT TO SECTION 40-3.2-108 OR A GAS DEMAND-SIDE MANAGEMENT PROGRAM PLAN PURSUANT TO SECTION 40-3.2-103 (3) OR AS PART OF A DSM STRATEGIC ISSUES APPLICATION PURSUANT TO SECTION 40-3.2-103 (1).

(b) IN CONSIDERING WHETHER TO APPROVE A GAS UTILITY'S APPLICATION TO OFFER THERMAL ENERGY NETWORK SERVICE, THE COMMISSION SHALL CONSIDER THE LONG-TERM EFFECTS THAT THE PROPOSED THERMAL ENERGY NETWORK WOULD HAVE ON THE STATE'S UTILITY WORKFORCE.

(3) (a) ON OR BEFORE SEPTEMBER 1, 2024, A LARGE GAS UTILITY SHALL SUBMIT TO THE COMMISSION FOR REVIEW AND APPROVAL AT LEAST ONE PILOT PROGRAM, CONSISTING OF ONE OR MORE PILOT PROJECTS, TO PROVIDE THERMAL ENERGY SERVICE IN ITS SERVICE AREA.

(b) A LARGE GAS UTILITY MAY PROPOSE MORE THAN ONE PILOT THERMAL ENERGY NETWORK PROGRAM PURSUANT TO THIS SUBSECTION (3) BY FILING SEPARATE APPLICATIONS FOR REVIEW AND APPROVAL OF ADDITIONAL PILOT PROGRAMS WITH THE COMMISSION ON OR BEFORE SEPTEMBER 1, 2026.

(c) IN DEVELOPING A PILOT PROGRAM PROPOSAL, A LARGE GAS UTILITY SHALL PROPOSE AS PART OF THE PROPOSED PILOT PROGRAM AT LEAST ONE PILOT PROJECT THAT SERVES RESIDENTIAL CUSTOMERS LOCATED IN A:

(I) DISPROPORTIONATELY IMPACTED COMMUNITY;

(II) MOUNTAIN COMMUNITY SERVED BY THE LARGE GAS UTILITY; OR

(III) UTILITY SERVICE AREA THAT THE COMMISSION HAS DETERMINED IS CAPACITY CONSTRAINED OR THAT IS TARGETED FOR ELECTRIFICATION IN A UTILITY CLEAN HEAT PLAN OR BENEFICIAL ELECTRIFICATION PLAN.

(d) A LARGE GAS UTILITY'S PILOT THERMAL ENERGY NETWORK PROGRAM PROPOSAL MUST:

(I) INCLUDE SPECIFIC CUSTOMER PROTECTION PLANS THAT PROMOTE STABLE UTILITY RATES;

(II) BE MADE PUBLICLY AVAILABLE ON THE COMMISSION'S WEBSITE; AND

(III) IF APPROVED, BE IMPLEMENTED IN COMPLIANCE WITH THE LABOR STANDARDS SET FORTH IN SECTION 40-3.2-105.7.

(e) IN CONSIDERING WHETHER TO APPROVE A LARGE GAS UTILITY'S APPLICATION PROPOSING A PILOT THERMAL ENERGY NETWORK PROGRAM, THE COMMISSION SHALL CONSIDER THE LONG-TERM EFFECTS THAT THE PROPOSED PILOT THERMAL ENERGY NETWORK PROGRAM WOULD HAVE ON THE STATE'S UTILITY WORKFORCE.

(f) A LARGE GAS UTILITY MAY PROPOSE A PILOT THERMAL ENERGY NETWORK PROGRAM AS PART OF THE LARGE GAS UTILITY'S APPLICATION FOR APPROVAL OF A CLEAN HEAT PLAN PURSUANT TO SECTION 40-3.2-108 OR A GAS DSM PROGRAM PLAN PURSUANT TO SECTION 40-3.2-103 (3) OR AS PART OF A STRATEGIC ISSUES APPLICATION; EXCEPT THAT A PILOT THERMAL ENERGY NETWORK PROGRAM APPLIED FOR AS PART OF A CLEAN HEAT PLAN DOES NOT COUNT TOWARD THE CLEAN HEAT PLAN COST CAPS SET FORTH IN SECTION 40-3.2-108 (6)(a)(I).

(g) IN PROPOSING A PILOT THERMAL ENERGY NETWORK PROGRAM PURSUANT TO THIS SUBSECTION (3), A LARGE GAS UTILITY SHALL PRESENT TO THE COMMISSION OPTIONS FOR HOW THE LARGE GAS UTILITY MAY FUND THE PILOT PROGRAM, INCLUDING OPTIONS THAT INVOLVE THE USE OF ANY FEDERAL OR PRIVATE SOURCES OF FUNDING OR RATE RECOVERY FROM NONRESIDENTIAL CUSTOMERS TO MANAGE IMPACTS UPON RESIDENTIAL CUSTOMERS. A PILOT THERMAL ENERGY NETWORK PROGRAM APPLICATION MUST INCLUDE A CURRENT OR FORWARD-LOOKING RATE STRUCTURE TO PROMOTE STABLE CUSTOMER BILLING.

(4) A LARGE GAS UTILITY THAT DEVELOPS A PILOT THERMAL ENERGY NETWORK PROGRAM SHALL REPORT TO THE COMMISSION IN THE FORM AND MANNER REQUIRED BY THE COMMISSION INFORMATION AND DATA REGARDING THE PILOT PROGRAM TO HELP FURTHER THE DEVELOPMENT OF FUTURE THERMAL ENERGY NETWORKS. THE LARGE GAS UTILITY'S REPORT MUST INCLUDE:

(a) THE POTENTIAL FOR IMPLEMENTATION OF THERMAL ENERGY NETWORKS TO PROVIDE CONSUMER BILL STABILIZATION AND THE METHODS BY WHICH SUCH STABILIZATION MAY BE ACHIEVED;

(b) THE POTENTIAL FOR IMPLEMENTATION OF THERMAL ENERGY NETWORKS TO REDUCE CONSUMER BILL COSTS;

(c) THE POTENTIAL TO REUSE EXISTING GAS INFRASTRUCTURE FOR, OR TO TIME END-OF-LIFE GAS INFRASTRUCTURE RETIREMENT OR REPLACEMENT WITH, IMPLEMENTATION OF THERMAL ENERGY NETWORKS;

(d) THE POTENTIAL FOR IMPLEMENTATION OF THERMAL ENERGY NETWORKS TO ASSIST THE LARGE GAS UTILITY IN AVOIDING STRANDED GAS ASSETS;

(e) AN ESTIMATE OF AVOIDED EMISSIONS FROM IMPLEMENTATION OF THERMAL ENERGY NETWORKS; AND

(f) PROGRAMS, INCENTIVES, OR OTHER MECHANISMS THAT THE LARGE GAS UTILITY MAY EMPLOY TO MAKE WIDESPREAD THERMAL ENERGY NETWORK IMPLEMENTATION A VIABLE OPTION.

(5) (a) ON OR BEFORE JANUARY 1, 2025, THE COMMISSION SHALL INITIATE A PROCEEDING TO DETERMINE WHETHER COMMISSION RULE-MAKING OR ADDITIONAL LEGISLATIVE CHANGES ARE NEEDED TO FACILITATE THE DEVELOPMENT OF THERMAL ENERGY IN THE STATE.

(b) (I) AS PART OF THE PROCEEDING HELD PURSUANT TO THIS SUBSECTION (5), THE COMMISSION SHALL CONSIDER:

(A) THE APPROPRIATE UTILITY OWNERSHIP MODELS FOR DEVELOPMENT, ACQUISITION, CUSTOMER SERVICE, AND COST RECOVERY FOR THERMAL ENERGY NETWORKS; AND

(B) THE APPROPRIATE UTILITY RATE STRUCTURES FOR AND CUSTOMER TYPES OR CLASSES SERVED BY THERMAL ENERGY NETWORKS.

(II) THE COMMISSION MAY ALSO CONSIDER DURING THE PROCEEDING WHETHER RULES ARE NECESSARY TO:

(A) CREATE REQUIREMENTS FOR GAS-UTILITY-OWNED THERMAL ENERGY NETWORKS CONCERNING A LARGE GAS UTILITY'S ABILITY TO PARTNER WITH QUALIFIED THIRD PARTIES THROUGH JOINT VENTURES, ASSET DEVELOPMENT AND TRANSFERS, OR SIMILAR STRUCTURES AND FACILITATE THE DEVELOPMENT OF THERMAL ENERGY NETWORKS;

(B) ENSURE THAT ANY THERMAL ENERGY NETWORK INCORPORATED INTO A LARGE GAS UTILITY'S SYSTEM PROVIDES RELIABLE AND RESILIENT SERVICE;

(C) PROMOTE TRAINING AND TRANSITION OF UTILITY WORKERS FOR THERMAL ENERGY JOBS;

(D) ADJUST A LARGE GAS UTILITY'S RATE RECOVERY MECHANISMS TO FURTHER SUPPORT THE DEVELOPMENT OF THERMAL ENERGY NETWORKS AS PART OF MEETING THE STATE'S OVERALL ENERGY POLICY OBJECTIVES; AND

(E) DETERMINE APPROPRIATE METHODS OF COST RECOVERY FOR THERMAL ENERGY NETWORKS, INCLUDING CONSIDERATION OF THE STABILITY OF UTILITY CUSTOMERS' BILLS.

(6) A LOCAL GOVERNMENT OR CAMPUS THAT DEVELOPS AND OPERATES A THERMAL ENERGY SYSTEM THAT PROVIDES THERMAL ENERGY SERVICE TO BUILDINGS THAT THE LOCAL GOVERNMENT OR CAMPUS OWNS AND MANAGES IS NOT CONSIDERED A PUBLIC UTILITY AND IS NOT SUBJECT TO REGULATION BY THE COMMISSION.

SECTION 6. In Colorado Revised Statutes, **repeal** article 40 of title 40.

SECTION 7. In Colorado Revised Statutes, 30-20-603, **amend** (1)(a) as follows:

30-20-603. Improvements and funding authorized - how instituted - conditions - definitions. (1) (a) (I) A district may be formed in accordance with the requirements of this part 6 for the purpose of constructing, installing, acquiring, or funding, in whole or in part, any public improvement, so long as the county that forms the district is authorized to provide such improvement or provide for such funding under the county's home rule charter, if any, or the laws of this state. Public improvements or the funding thereof shall OF PUBLIC IMPROVEMENTS MUST not include any facility identified in section 30-20-101 (8) or (9). ~~No such~~ A district shall NOT provide the same improvement as an existing special district within the territory of ~~such~~ THE existing special district unless the existing special district consents.

(II) The improvements authorized by this part 6 may consist, without limitation, of constructing, grading, paving, pouring, curbing, guttering, lining, or otherwise improving the whole or any part of any street or providing street lighting, drainage facilities, or service improvements in the unincorporated area of a county or wholly or partly within the boundaries of any municipality within the county if such municipality consents by ordinance to ~~such~~ THE improvements. If improvements within a municipality are so included in a county improvement district by municipal consent, the county ~~shall have full authority to~~ MAY construct or acquire such improvements, to assess property within ~~such~~ THE municipality benefited by ~~such~~ THE improvements, and to enforce and collect such assessments, in the manner provided in this part 6. The improvements authorized by this part 6 may include, without limitation, the construction of sidewalks adjacent to any such streets or maintenance roads adjacent to any such drainage facilities.

(III) Prior to the establishment of any improvement district for the purpose of providing street lighting, arrangements, by contract or otherwise, must be established under which the owners of property included within ~~such~~ THE district ~~shall be~~ ARE responsible for the maintenance and operation of such street lighting improvement. The costs of maintenance and operation of ~~such~~ THE street lighting improvements shall not be paid from the county general fund.

(IV) Drainage facilities shall not be provided in any area ~~which~~ THAT is within an existing drainage district organized or created pursuant to law without the approval of ~~such~~ THE district.

(V) ~~The term~~ AS USED IN THIS SUBSECTION (1)(a), "service" ~~as used in this paragraph (a)~~ includes the services provided by a public utility as defined in section 40-1-103, ~~C.R.S.~~, as well as advanced service as defined in section 29-27-102 (1), ~~C.R.S.~~, cable television service as defined in section 29-27-102 (2), ~~C.R.S.~~, telecommunications service as defined in section 40-15-102 (29), ~~C.R.S.~~, ~~geothermal heat suppliers, as defined in section 40-40-103, C.R.S., and information service as defined in 47 U.S.C. sec. 153 (20) (24), or any successor section.~~

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 2024 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 11, 2023