

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

INTRODUCED

LLS NO. 24-0411.04 Clare Haffner x6137

HOUSE BILL 24-1370

HOUSE SPONSORSHIP

Kipp and Willford,

SENATE SPONSORSHIP

(None),

House Committees
Energy & Environment

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING MEASURES TO REDUCE THE COST OF USE OF NATURAL**
102 **GAS INFRASTRUCTURE.**

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>.)

The bill requires the Colorado energy office to issue a request for information by December 1, 2024, to solicit interest from local governments that are served by a dual-fuel utility (utility) in becoming a gas planning priority community (community). A gas planning priority community is defined in the bill as a local government in which constituents have gas service provided by a dual-fuel utility that formally

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.*

indicates an interest in working with the utility to mutually explore opportunities for neighborhood-scale alternatives projects. A neighborhood-scale alternatives project geographically targets decommissioning of a portion of the gas distribution system or avoids expanding the gas distribution system in order to serve new construction projects and provides substitute energy service to buildings within the project area that is cost-effective and reduces future greenhouse gas emissions required to serve buildings.

By April 30, 2025, the Colorado energy office and the utility must jointly file with the public utilities commission (commission) the results of the request for information, identifying any proposed communities. The Colorado energy office and the utility must also file a draft agreement between the utility and a proposed community to identify and pursue a neighborhood-scale alternatives project. The commission must approve or modify the list of proposed communities by June 30, 2025.

By October 1, 2025, a utility and each approved community must enter into an agreement, and the utility must submit to the commission a list of the communities with which the utility has entered into an agreement. For each approved community, the utility is required to disclose certain information to the Colorado energy office, the commission, and the community, including a map with information regarding the utility's gas distribution and electric systems and operations within the community.

The bill requires the utility to work with an approved community to rank neighborhood-scale alternatives projects and, before June 1, 2026, to submit at least one neighborhood-scale alternatives project in each community to the commission for approval or an explanation of why no neighborhood-scale alternatives project will be pursued in a community.

By June 1 of each year following approval of a neighborhood-scale alternatives project, a utility is required to submit a report to the commission on the implementation of any approved neighborhood-scale alternatives projects. The commission must allow the utility to recover costs incurred from the implementation of a neighborhood-scale alternatives project.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** article 3.3 to title
3 40 as follows:

4 **ARTICLE 3.3**

5 **Gas Infrastructure Planning**

1 **40-3.3-101. Definitions.** AS USED IN THIS ARTICLE 3.3, UNLESS
2 THE CONTEXT OTHERWISE REQUIRES:

3 (1) "ALTERNATIVE ENERGY SERVICE" MEANS A RESIDENTIAL OR
4 COMMERCIAL ENERGY SERVICE THAT DOES NOT USE GAS BUT IS ABLE TO
5 MEET A CUSTOMER'S END USE NEED AND DOES NOT COMBUST GAS ON SITE
6 IN DOING SO.

7 (2) "COLORADO ENERGY OFFICE" MEANS THE COLORADO ENERGY
8 OFFICE CREATED IN SECTION 24-38.5-101.

9 (3) "DISTRIBUTION SYSTEM" HAS THE MEANING SET FORTH IN
10 SECTION 40-2-115 (2)(b) AND INCLUDES THE PIPING AND ASSOCIATED
11 FACILITIES USED TO DELIVER GEOLOGICAL GAS OR RECOVERED METHANE.

12 (4) "DUAL-FUEL UTILITY" MEANS AN INVESTOR-OWNED UTILITY IN
13 WHICH ONE COMPANY OR A SUBSIDIARY OF THE SAME COMPANY OPERATES
14 BOTH AN ELECTRIC AND A GAS UTILITY THAT HAVE SERVICE TERRITORIES
15 IN THE STATE WITH GREATER THAN FIFTY PERCENT OF THE CUSTOMERS IN
16 THOSE TERRITORIES RECEIVING BOTH GAS AND ELECTRIC SERVICE FROM A
17 UTILITY OPERATED BY THE COMPANY OR A SUBSIDIARY OF THE SAME
18 COMPANY.

19 (5) "GAS" MEANS NATURAL OR GEOLOGICAL GAS, RECOVERED
20 METHANE, OR ANY MIXTURE OF NATURAL OR GEOLOGICAL GAS OR
21 RECOVERED METHANE THAT IS TRANSPORTED BY A COMMON CARRIER OR
22 DEDICATED PIPELINE, INCLUDING FLAMMABLE GAS; MANUFACTURED GAS;
23 PETROLEUM OR OTHER HYDROCARBON GASSES, SUCH AS PROPANE; OR ANY
24 MIXTURE OF GASES THAT IS INJECTED INTO A PIPELINE AND TRANSMITTED,
25 DISTRIBUTED, OR FURNISHED BY A UTILITY.

26 (6) "GAS INFRASTRUCTURE PLAN" MEANS A REQUIREMENT FOR GAS
27 UTILITIES ESTABLISHED BY THE COMMISSION THAT IS DESIGNED TO

1 ESTABLISH A PROCESS TO DETERMINE THE NEED FOR, AND POTENTIAL
2 ALTERNATIVES TO, CAPITAL INVESTMENT, CONSISTENT WITH THE
3 OBJECTIVES OF MAINTAINING JUST AND REASONABLE RATES; ENSURING
4 SYSTEM SAFETY, RELIABILITY, AND RESILIENCY; AND PROTECTING
5 INCOME-QUALIFIED UTILITY CUSTOMERS AND DISPROPORTIONATELY
6 IMPACTED COMMUNITIES.

7 (7) "GAS PLANNING PRIORITY COMMUNITY" MEANS A LOCAL
8 GOVERNMENT IN WHICH CONSTITUENTS HAVE GAS SERVICE PROVIDED BY
9 A DUAL-FUEL UTILITY THAT FORMALLY INDICATES AN INTEREST IN
10 WORKING WITH A DUAL-FUEL UTILITY TO MUTUALLY EXPLORE
11 OPPORTUNITIES FOR NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS,
12 INCLUDING THROUGH THE EXCHANGE OF UTILITY GAS INFRASTRUCTURE
13 DATA AND COMMUNITY DEVELOPMENT PLANS.

14 (8) "GREENHOUSE GAS REDUCTION GOALS" MEANS THE STATE'S
15 GREENHOUSE GAS REDUCTION GOALS DESCRIBED IN SECTION 25-7-102
16 (2)(g).

17 (9) "INCOME-QUALIFIED UTILITY CUSTOMER" HAS THE MEANING
18 SET FORTH IN SECTION 40-3-106 (1)(d)(II).

19 (10) "LOCAL GOVERNMENT" MEANS A HOME RULE OR STATUTORY
20 COUNTY, CITY, OR CITY AND COUNTY.

21 (11) "NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT" MEANS A
22 PROJECT THAT GEOGRAPHICALLY TARGETS DECOMMISSIONING OF A
23 PORTION OF THE GAS DISTRIBUTION SYSTEM OR AVOIDS EXPANDING THE
24 GAS DISTRIBUTION SYSTEM IN ORDER TO SERVE NEW CONSTRUCTION
25 PROJECTS AND PROVIDES ALTERNATIVE ENERGY SERVICE TO BUILDINGS
26 WITHIN THE PROJECT AREA THAT IS COST-EFFECTIVE AND REDUCES FUTURE
27 GREENHOUSE GAS EMISSIONS REQUIRED TO SERVE BUILDINGS.

1 (12) "NONEMITTING THERMAL RESOURCE" MEANS EFFICIENT
2 THERMAL ENERGY FOR HEATING, COOLING, OR HOT WATER, WHICH
3 ENERGY DOES NOT REQUIRE COMBUSTION OF GAS, SUCH AS AN AIR-SOURCE
4 HEAT PUMP, A GROUND-SOURCE HEAT PUMP, A HEAT PUMP WATER HEATER,
5 A THERMAL ENERGY SYSTEM, OR A THERMAL ENERGY NETWORK.

6 (13) "PIPELINE SEGMENT" MEANS A DISCRETE PORTION OF THE
7 DISTRIBUTION SYSTEM AND ALL ANCILLARY STRUCTURES, VALVES, AND
8 OTHER SYSTEMS NEEDED TO DISTRIBUTE GAS. A PIPELINE SEGMENT MUST
9 BE THE SMALLEST INCREMENTAL UNIT POSSIBLE, AS DEFINED BY PIPELINE
10 MATERIALS, GEOGRAPHICAL FEATURES, AND THE DESIGN OF THE
11 DISTRIBUTION SYSTEM.

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

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

16 **40-3.3-102. Request for information - gas planning priority**
17 **community - disclosures.** (1) (a) BY DECEMBER 1, 2024, THE COLORADO
18 ENERGY OFFICE SHALL ISSUE A REQUEST FOR INFORMATION TO IDENTIFY
19 LOCAL GOVERNMENTS WHOSE RESIDENTS ARE SERVED BY A DUAL-FUEL
20 UTILITY THAT ARE INTERESTED IN BECOMING A GAS PLANNING PRIORITY
21 COMMUNITY.

22 (b) THE COLORADO ENERGY OFFICE SHALL INCLUDE IN THE
23 REQUEST FOR INFORMATION THE MINIMUM CRITERIA THAT A LOCAL
24 GOVERNMENT MUST MEET IN ORDER TO BECOME A GAS PLANNING
25 PRIORITY COMMUNITY, INCLUDING:

26 (I) A DEMONSTRATION THAT DESIGNATION AS A GAS PLANNING
27 PRIORITY COMMUNITY WOULD ALIGN WITH THE LOCAL GOVERNMENT'S

1 CLIMATE AND ENERGY AFFORDABILITY GOALS; AND

2 (II) A COMMITMENT OF INTERNAL OR EXTERNAL STAFF RESOURCES
3 TO IDENTIFY AND IMPLEMENT NEIGHBORHOOD-SCALE ALTERNATIVES
4 PROJECTS.

5 (c) AT LEAST THIRTY DAYS PRIOR TO ISSUING THE REQUEST FOR
6 INFORMATION, THE COLORADO ENERGY OFFICE SHALL PUBLISH A DRAFT
7 OF THE REQUEST FOR INFORMATION ON ITS WEBSITE AND PROVIDE AN
8 OPPORTUNITY FOR THE PUBLIC TO SUBMIT WRITTEN COMMENTS.

9 (2) (a) BY APRIL 30, 2025, THE COLORADO ENERGY OFFICE AND A
10 DUAL-FUEL UTILITY SHALL JOINTLY FILE WITH THE COMMISSION THE
11 RESULTS OF THE REQUEST FOR INFORMATION REQUIRED BY SUBSECTION
12 (1)(a) OF THIS SECTION, IDENTIFYING ANY PROPOSED GAS PLANNING
13 PRIORITY COMMUNITIES, AND A DRAFT AGREEMENT BETWEEN THE
14 DUAL-FUEL UTILITY AND ANY PROPOSED GAS PLANNING PRIORITY
15 COMMUNITY, WHICH DRAFT AGREEMENT MUST:

16 (I) IDENTIFY THE ROLES AND RESPONSIBILITIES OF THE DUAL-FUEL
17 UTILITY AND THE PROPOSED GAS PLANNING PRIORITY COMMUNITY IN
18 IDENTIFYING NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS;

19 (II) IDENTIFY TIME FRAMES FOR EACH PARTY TO FURNISH DATA OR
20 RESPOND TO REQUESTS FOR DATA FROM THE OTHER PARTY;

21 (III) INCLUDE ANY NECESSARY WAIVERS OF COMMISSION RULES TO
22 FACILITATE DATA TRANSFER BETWEEN THE PARTIES; AND

23 (IV) INCLUDE A PROCESS TO ADDRESS CONFLICTS BETWEEN THE
24 TWO PARTIES.

25 (b) THE COMMISSION SHALL PROVIDE AN OPPORTUNITY FOR THE
26 PUBLIC TO SUBMIT WRITTEN COMMENTS ON THE FILING.

27 (c) BY JUNE 30, 2025, THE COMMISSION SHALL APPROVE OR

1 MODIFY THE LIST OF PROPOSED GAS PLANNING PRIORITY COMMUNITIES.

2 (3) BY OCTOBER 1, 2025, A DUAL-FUEL UTILITY SHALL ENTER INTO
3 AN AGREEMENT WITH EACH LOCAL GOVERNMENT THAT HAS BEEN
4 APPROVED AS A GAS PLANNING PRIORITY COMMUNITY AND SHALL SUBMIT
5 TO THE COMMISSION A LIST OF THE GAS PLANNING PRIORITY COMMUNITIES
6 WITH WHICH THE DUAL-FUEL UTILITY HAS ESTABLISHED AN AGREEMENT.

7 (4) (a) UNLESS OTHERWISE DIRECTED BY THE COMMISSION OR
8 REQUESTED BY THE GAS PLANNING PRIORITY COMMUNITY, A DUAL-FUEL
9 UTILITY SHALL PROVIDE EACH GAS PLANNING PRIORITY COMMUNITY, THE
10 COMMISSION, AND THE COLORADO ENERGY OFFICE WITH A MAP THAT
11 INCLUDES THE FOLLOWING INFORMATION ABOUT THE DUAL-FUEL UTILITY'S
12 DISTRIBUTION AND ELECTRIC SYSTEMS AND OPERATIONS WITHIN THE GAS
13 PLANNING PRIORITY COMMUNITY:

14 (I) THE LOCATION OF, AGE OF, AND MATERIAL TYPES OF THE
15 DISTRIBUTION SYSTEM AT THE PIPELINE SEGMENT LEVEL;

16 (II) THE LOCATIONS OF CUSTOMER-OWNED SERVICE LINES;

17 (III) THE LOCATIONS OF DISTRIBUTION SYSTEM PIPELINES THAT
18 ARE IDENTIFIED BY THE DUAL-FUEL UTILITY FOR UPRATING OR EXPANSION
19 OR THAT ARE TARGETED FOR REPLACEMENT PURSUANT TO THE MOST
20 RECENTLY APPROVED GAS INFRASTRUCTURE PLAN;

21 (IV) THE CLASSIFICATION OF EACH PIPELINE SEGMENT LOCATION
22 PURSUANT TO 49 CFR 192.5;

23 (V) THE NUMBER OF CUSTOMERS, DESIGN DAY PEAK DEMAND, AND
24 ANNUAL THROUGHPUT, DISAGGREGATED BY CUSTOMER CLASS SERVED BY
25 EACH PIPELINE SEGMENT; AND

26 (VI) THE LOCATIONS OF DISPROPORTIONATELY IMPACTED
27 COMMUNITIES AND THE IDENTIFICATION OF DISPROPORTIONATELY

1 IMPACTED COMMUNITIES SERVED BY EACH PIPELINE SEGMENT.

2 (b) A DUAL-FUEL UTILITY SHALL PROVIDE GAS PLANNING PRIORITY
3 COMMUNITY STAFF AND CONSULTANTS WHO HAVE SIGNED APPROPRIATE
4 NONDISCLOSURE AGREEMENTS WITH ALL REQUESTED GAS AND ELECTRIC
5 CUSTOMER USAGE AND PEAK DEMAND DATA DISAGGREGATED TO THE
6 INDIVIDUAL CUSTOMER. THE DUAL-FUEL UTILITY SHALL PROVIDE SUCH
7 INFORMATION WITHIN THE TIME FRAME ESTABLISHED PURSUANT TO
8 SUBSECTION (2)(a)(II) OF THIS SECTION.

9 (c) THE INFORMATION DESCRIBED IN SUBSECTIONS (4)(a) AND
10 (4)(b) OF THIS SECTION IS EXEMPT FROM THE "COLORADO OPEN RECORDS
11 ACT", PART 2 OF ARTICLE 72 OF TITLE 24.

12 **40-3.3-103. Neighborhood-scale alternatives projects - cost**
13 **recovery - reporting requirement.** (1) A DUAL-FUEL UTILITY SHALL
14 WORK WITH A GAS PLANNING PRIORITY COMMUNITY TO RANK
15 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS WITHIN EACH GAS
16 PLANNING PRIORITY COMMUNITY BASED ON LOCAL GOVERNMENT INPUT
17 AND CONSIDERATION OF:

18 (a) THE NUMBER AND CUSTOMER CLASS SERVED BY EACH PIPELINE
19 SEGMENT INCLUDED IN A NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT;

20 (b) THE COST-EFFECTIVENESS OF THE NEIGHBORHOOD-SCALE
21 ALTERNATIVES PROJECT USING THE COST-BENEFIT HANDBOOK FROM THE
22 DUAL-FUEL UTILITY'S MOST RECENT GAS INFRASTRUCTURE PLAN;

23 (c) THE AVAILABILITY OF ALTERNATIVE ENERGY SERVICE,
24 INCLUDING FOR SCENARIOS WITH ENHANCED GAS AND ELECTRIC DEMAND
25 RESPONSE OR DEMAND FLEXIBILITY;

26 (d) THE ABILITY OF THERMAL ENERGY NETWORKS TO SERVE THE
27 AREA COVERED BY THE NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT;

1 (e) WHETHER THE NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT
2 IS PART OF A NEW DEVELOPMENT OR WOULD SERVE EXISTING CUSTOMERS,
3 OR BOTH;

4 (f) THE PRIORITIZATION OF PIPELINE SEGMENTS THAT ARE PART OF
5 PROJECTS INCLUDED IN A DUAL-FUEL UTILITY'S GAS INFRASTRUCTURE
6 PLAN; AND

7 (g) THE LOCATION OF ANY NEARBY DISPROPORTIONATELY
8 IMPACTED COMMUNITY OR PIPELINE SEGMENTS THAT SERVE
9 DISPROPORTIONATELY IMPACTED COMMUNITIES.

10 (2) (a) PRIOR TO JUNE 1, 2026, A DUAL-FUEL UTILITY SHALL:

11 (I) SUBMIT, AS A STAND-ALONE APPLICATION, ONE OR MORE
12 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS IN EACH GAS PLANNING
13 PRIORITY COMMUNITY TO THE COMMISSION FOR APPROVAL; OR

14 (II) IF THE DUAL-FUEL UTILITY WILL NOT PURSUE A
15 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT IN ONE OR MORE GAS
16 PLANNING PRIORITY COMMUNITIES, PROVIDE THE COMMISSION WITH AN
17 EXPLANATION AS TO WHY A NEIGHBORHOOD-SCALE ALTERNATIVES
18 PROJECT WILL NOT BE PURSUED IN THAT COMMUNITY.

19 (b) THE COMMISSION SHALL PROVIDE AN OPPORTUNITY FOR PUBLIC
20 COMMENT REGARDING THE DUAL-FUEL UTILITY'S SUBMISSION PURSUANT
21 TO SUBSECTION (2)(a)(II) OF THIS SECTION.

22 (c) THE COMMISSION SHALL APPROVE A NEIGHBORHOOD-SCALE
23 ALTERNATIVES PROJECT APPLICATION SUBMITTED BY A DUAL-FUEL
24 UTILITY IF:

25 (I) THE PROJECT IS SUPPORTED BY A LOCAL GOVERNMENT
26 ORDINANCE, PROCLAMATION, OR RESOLUTION;

27 (II) THE COMMISSION FINDS THAT THE PROJECT IS:

1 (A) CONSISTENT WITH THE STATE'S GREENHOUSE GAS REDUCTION
2 GOALS; AND

3 (B) IN THE PUBLIC INTEREST; AND

4 (III) THE COMMISSION FINDS THAT ALTERNATIVE ENERGY SERVICE
5 IS AVAILABLE TO ALL CUSTOMERS WITHIN THE PROJECT AREA. IN MAKING
6 THIS FINDING, THE COMMISSION SHALL CONSIDER:

7 (A) THE COST OF END USES POWERED BY DIFFERENT FUELS,
8 IMPACTS ON INCOME-QUALIFIED UTILITY CUSTOMERS AND CUSTOMERS
9 LIVING IN DISPROPORTIONATELY IMPACTED COMMUNITIES, AND THE
10 STATE'S GREENHOUSE GAS EMISSION REDUCTION GOALS; AND

11 (B) EXISTING UTILITY OR OTHER INCENTIVES TO SUPPORT
12 CUSTOMER ADOPTION OF THE ALTERNATIVE ENERGY SERVICE.

13 (3) (a) THE COMMISSION SHALL ALLOW A DUAL-FUEL UTILITY TO
14 RECOVER THE COSTS INCURRED DURING THE DEVELOPMENT OF A
15 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, INCLUDING COSTS TO
16 TRANSITION THE DISTRIBUTION SYSTEM, INVEST IN ELECTRIC
17 INFRASTRUCTURE, AND PROVIDE CUSTOMER INCENTIVES. SUCH COSTS ARE
18 FULLY RECOVERABLE REGARDLESS OF THE PERFORMANCE OF THE
19 ALTERNATIVE ENERGY SERVICE.

20 (b) THE DUAL-FUEL UTILITY SHALL PROPOSE TO THE COMMISSION
21 HOW COSTS WILL BE RECOVERED ACROSS THE DUAL-FUEL UTILITY'S
22 ELECTRIC AND GAS BUSINESS.

23 (c) FOR COMMUNITIES THAT ARE SERVED BY A DUAL-FUEL UTILITY
24 BUT ARE NOT SERVED BY THE ELECTRIC UTILITY THAT IS PART OF THE
25 DUAL-FUEL UTILITY, THE COMMISSION SHALL CONSIDER A COST-SHARING
26 AGREEMENT, TO BE PROPOSED BY THE DUAL-FUEL UTILITY AND A LOCAL
27 COOPERATIVE ELECTRIC ASSOCIATION OR MUNICIPALLY OWNED ELECTRIC

1 UTILITY, THAT MAKES THE INCUMBENT GAS UTILITY THAT IS PART OF THE
2 DUAL-FUEL UTILITY AND ITS CUSTOMERS WHOLE FOR ANY PROJECTS
3 APPROVED BY THE COMMISSION WHEN THERE IS A COST SHIFT.

4 (4) IN APPROVING A NEIGHBORHOOD SCALE ALTERNATIVES
5 PROJECT, THE COMMISSION MAY MODIFY THE GAS UTILITY'S SERVICE
6 REQUIREMENT FOR SELECT PREMISES WITH AN ALTERNATIVE ENERGY
7 SERVICE REQUIREMENT. THE COMMISSION MAY GRANT AN ALTERNATIVE
8 ENERGY SERVICE REQUIREMENT FOR ANY CERTIFICATE OF PUBLIC
9 CONVENIENCE AND NECESSITY TO PROVIDE SERVICE TO THE TARGETED
10 AREA THAT IS THE SUBJECT OF THE NEIGHBORHOOD-SCALE ALTERNATIVES
11 PROJECT IF THE COMMISSION FINDS THAT ALTERNATIVE ENERGY SERVICE
12 IS AVAILABLE.

13 (5) (a) AS PART OF A NEIGHBORHOOD-SCALE ALTERNATIVES
14 PROJECT, A UTILITY MAY PROPOSE TO FUND CONVERSION OF EXISTING GAS
15 APPLIANCES OR EQUIPMENT TO NONEMITTING THERMAL RESOURCES,
16 INCLUDING OFFERING INCREMENTAL INCENTIVES, FINANCING ABOVE THAT
17 APPROVED FOR CLEAN HEAT PLANS, AS DEFINED IN SECTION 40-3.2-108,
18 BENEFICIAL ELECTRIFICATION PLANS, AS DEFINED IN SECTION 40-3.2-109,
19 DEMAND-SIDE MANAGEMENT PROGRAMS, AS DEFINED IN SECTION
20 40-1-102, OR OTHER RELATED FILINGS.

21 (b) A DUAL-FUEL UTILITY MAY ALSO PROPOSE TO OFFER NEW RATE
22 STRUCTURES TO PAY FOR THERMAL ENERGY NETWORKS OR OTHER
23 NONEMITTING THERMAL RESOURCES AS AN ALTERNATIVE ENERGY
24 SERVICE, WHERE CUSTOMERS PAY THE UTILITY FOR THERMAL ENERGY
25 NETWORK SERVICES TO OFFSET THE INITIAL COST OF NEW APPLIANCES OR
26 OTHER EQUIPMENT. A DUAL-FUEL UTILITY SHALL HAVE THE RIGHT OF
27 FIRST REFUSAL TO OFFER THERMAL ENERGY NETWORK SERVICE AS PART

1 OF A NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT.

2 (6) IN REVIEWING PROJECTS WITH GAS PLANNING PRIORITY
3 COMMUNITIES, A DUAL-FUEL UTILITY SHALL WAIVE THE PROJECT
4 THRESHOLDS BELOW THOSE ESTABLISHED IN THE COMMISSION'S GAS
5 INFRASTRUCTURE PLANNING RULES. THIS ARTICLE 3.3 DOES NOT CHANGE
6 GAS INFRASTRUCTURE PLANNING RULES OR REQUIREMENTS FOR
7 NONPARTICIPATING COMMUNITIES OR CLEAN HEAT OR RELATED INCENTIVE
8 LEVELS.

9 (7) BY JUNE 1 OF EACH YEAR FOLLOWING APPROVAL OF A
10 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, A DUAL-FUEL UTILITY
11 SHALL SUBMIT A REPORT TO THE COMMISSION ON THE IMPLEMENTATION
12 OF THE NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT. THE REPORT
13 MUST INCLUDE, AT A MINIMUM:

14 (a) AN UPDATE ON PROJECT IMPLEMENTATION;

15 (b) AN EXPLANATION OF CUSTOMER SATISFACTION WITH
16 ALTERNATIVE ENERGY SERVICE;

17 (c) ACTUAL PROJECT COSTS INCURRED; AND

18 (d) ANY OTHER INFORMATION REQUIRED BY THE COMMISSION.

19 (8) BY JUNE 30, 2026, THE COMMISSION SHALL OPEN A
20 MISCELLANEOUS PROCEEDING TO ADDRESS, OR SHALL ADDRESS IN AN
21 EXISTING MISCELLANEOUS PROCEEDING, THE PROCESS AND
22 CIRCUMSTANCES TO INTEGRATE NEIGHBORHOOD-SCALE ALTERNATIVES
23 PROJECTS INTO THE GAS INFRASTRUCTURE PLANNING PROCESS. THIS MUST
24 INCLUDE THE CRITERIA TO EXPAND TO COMMUNITIES THAT RECEIVE GAS
25 SERVICE, BUT NOT ELECTRIC SERVICE, FROM A DUAL-FUEL UTILITY AND
26 GAS-ONLY UTILITIES, AND ALSO ASSESSING THE REQUIREMENTS FOR LOCAL
27 GOVERNMENTS AND THE UTILITY TO BRING FORWARD AND ASSESS

1 PROJECTS BEYOND THOSE WITHIN THE INITIAL GAS PLANNING PRIORITY
2 COMMUNITIES.

3 **SECTION 2. Act subject to petition - effective date.** This act
4 takes effect at 12:01 a.m. on the day following the expiration of the
5 ninety-day period after final adjournment of the general assembly; except
6 that, if a referendum petition is filed pursuant to section 1 (3) of article V
7 of the state constitution against this act or an item, section, or part of this
8 act within such period, then the act, item, section, or part will not take
9 effect unless approved by the people at the general election to be held in
10 November 2024 and, in such case, will take effect on the date of the
11 official declaration of the vote thereon by the governor.