

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0450.03 Sarah Lozano x3858

SENATE BILL 24-218

SENATE SPONSORSHIP

Hansen and Fenberg, Priola

HOUSE SPONSORSHIP

Duran and Brown,

Senate Committees
Finance

House Committees

A BILL FOR AN ACT

101 CONCERNING MEASURES TO MODERNIZE ENERGY DISTRIBUTION
102 SYSTEMS.

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 office of future of work to create a grant program, in coordination with the Colorado energy office, for lineworker apprenticeship programs (grant program). In connection with the grant program, the office of future of work must create a competitive application process and select apprenticeship programs that meet certain training and matching requirements. On July 1, 2024, the state treasurer

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.

must transfer \$800,000 from the general fund to the Colorado lineworker apprenticeship grant program cash fund, which is created in the bill, for the purposes of the grant program.

The bill also requires an investor-owned electric utility that serves 500,000 customers or more in the state (qualifying retail utility) to upgrade the qualifying retail utility's distribution systems as necessary to support the:

- Achievement of the state's beneficial and transportation electrification and decarbonization goals; and
- Implementation of federal, state, regional, and local air quality and decarbonization targets, standards, plans, and regulations (decarbonization targets and standards).

In connection with these goals and decarbonization targets and standards, a qualifying retail utility is required to:

- Commence a data collection process to inform future energization timelines;
- Adopt certain cost caps;
- Propose to the public utilities commission (commission) the use of an optional flexible interconnection or energization tariff or phased interconnection or energization agreement by a customer as an alternative to system upgrades that would otherwise be required for interconnection or energization; and
- Establish a procedure for customers with a hybrid facility to complete the interconnection and energization process through a single application.

A qualifying retail utility is required to identify interconnection and load hosting capacity for distributed energy resources for disproportionately impacted communities within its service territory.

Prior to the establishment of the grid modernization adjustment clause, a qualifying retail utility shall recover forecasted investments placed into service and costs incurred for certain capital investment and operations and maintenance expenses (distribution activities) for a period of time ending on December 31, 2025. Recovery of the costs associated with the distribution activities must occur through the transmission cost adjustment clause or another existing adjustment clause, subject to certain conditions.

Current law requires certain utilities to file a distribution system plan (plan) with the commission. The bill also requires the plans of a qualifying retail utility to create sufficient hosting capacity across its electrical distribution system to support the implementation of the decarbonization targets and standards and certain other laws, rules, plans, and policies.

In developing a plan, a qualifying retail utility must consult with and provide compensated opportunities to disproportionately impacted

communities.

As part of a plan proceeding, a qualifying retail utility is required to present at least 2 future planning scenarios with corresponding investments to show future different states of the distribution system. In evaluating a qualifying retail utility's plans, the commission must evaluate whether the plan satisfies certain criteria. In addition, the plan must include a performance-based framework, which must consist of certain specified components.

A qualifying retail utility must include in the qualifying retail utility's plan an analysis of current and future qualified staffing levels necessary to comply with state laws regarding distribution system planning (adequate staffing levels). The commission must review whether each qualifying retail utility's plan has adequate staffing levels before the qualifying retail utility's plan may proceed.

A qualifying retail utility must ensure that, in any projects undertaken to implement a plan, all labor is performed by the employees of the qualifying retail utility or by a contractor that meets certain labor requirements.

The commission must open a rule-making to consider and establish rules regarding energization timelines; interconnection; interconnection, energization, and electrification of end uses; and maximum individual cost caps or fees.

Subject to commission review and approval, a qualifying retail utility is required to recover certain projected costs related to distribution activities as part of the qualifying retail utility's plans. If the commission finds that the distribution activities benefit or advance the decarbonization targets and standards or state energy policy goals, recovery of the costs must occur through the grid modernization adjustment clause. For distribution system activities that do not benefit or advance the decarbonization targets and standards or state energy policy goals, recovery of the costs may occur through the grid modernization adjustment clause if the qualifying retail utility meets the criteria established in the performance-based framework in the qualifying retail utility's approved plan. A qualifying retail utility is required to make an annual grid modernization adjustment clause advice letter filing with the commission no later than November 1 of each year with an effective date of January 1 of the subsequent year.

No later than February 1, 2025, a qualifying retail utility is required to create and file with the commission an application to implement a virtual power plant program, including a tariff for performance-based compensation for a qualified virtual power plant. The virtual power plant program and tariff must include and implement certain requirements. A qualifying retail utility may apply to recover certain business costs to facilitate a virtual power plant program through the grid modernization adjustment clause.

By January 1, 2025, a qualifying retail utility is required to file a plan with the commission to implement programs for the undergrounding of utility distribution infrastructure (undergrounding) in nonfranchised areas in the state using 1% of an area's gross electric revenues from the prior year. A qualifying retail utility must also consider the public benefit of undergrounding in its plans.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 40-2-132.5 as
3 follows:

4 **40-2-132.5. Distribution system planning - grant program -**
5 **cash fund - requirements - study - staffing - labor - cost recovery -**
6 **virtual power plant program - undergrounding of power lines -**
7 **report - rules - definitions - legislative declaration - repeal.**

8 (1) **Legislative declaration.** (a) THE GENERAL ASSEMBLY FINDS THAT:

9 (I) DISTRIBUTION SYSTEM PLANNING REQUIREMENTS FOR
10 INVESTOR-OWNED UTILITIES WERE ESTABLISHED BY SENATE BILL 19-236,
11 ENACTED IN 2019;

12 (II) THE COMMISSION'S DISTRIBUTION SYSTEM PLANNING RULES
13 AND PLANS ESTABLISHED PURSUANT TO SENATE BILL 19-236, ENACTED IN
14 2019, HAVE PROVIDED A FORUM FOR PLANNING THE DISTRIBUTION SYSTEM
15 IN ORDER TO SUPPORT STATE POLICY GOALS BASED ON CURRENT
16 INFORMATION ABOUT UTILITY SYSTEMS AND PROACTIVE PLANNING,
17 ALTHOUGH CONSIDERABLE WORK REMAINS AND CUSTOMERS ARE
18 INCREASINGLY CHALLENGED BY DISTRIBUTION SYSTEM CONSTRAINTS;

19 (III) COLORADO HAS GOALS OF COST-EFFECTIVELY AND RELIABLY
20 REDUCING GREENHOUSE GAS EMISSIONS FROM TRANSPORTATION,
21 ELECTRICITY GENERATION, BUILDING HEATING AND COOLING, WATER
22 HEATING, AND INDUSTRIAL FUEL USES. TO AFFORDABLY AND RELIABLY

1 REDUCE EMISSIONS FROM THESE USES AS WELL AS TO MEET FEDERAL,
2 STATE, REGIONAL, AND LOCAL AIR QUALITY AND DECARBONIZATION
3 TARGETS, STANDARDS, PLANS, AND REGULATIONS, THE STATE WILL NEED
4 TO RAPIDLY SHIFT CUSTOMER END USES FROM FOSSIL FUELS TO A CLEANER
5 ELECTRICAL GRID, WHICH WILL DRIVE A LARGE INCREASE IN ELECTRICITY
6 DEMAND.

7 (IV) CONSUMER DEMAND FOR DISTRIBUTED ENERGY RESOURCES,
8 ELECTRIC VEHICLES, AND BENEFICIAL ELECTRIFICATION MEASURES IS
9 EXPECTED TO INCREASE DRAMATICALLY GIVEN STATE INCENTIVES AND
10 NEW REBATES AND INCENTIVES IN THE FEDERAL "INFLATION REDUCTION
11 ACT OF 2022", PUB.L. 117-169;

12 (V) CUSTOMER DEMAND FOR ELECTRIC POWER MAY START
13 EXCEEDING QUALIFYING RETAIL UTILITY CAPACITY ON THE DISTRIBUTION
14 SYSTEM IN CERTAIN LOCATIONS;

15 (VI) TO AFFORDABLY AND RELIABLY MEET FEDERAL, STATE,
16 REGIONAL, AND LOCAL AIR QUALITY AND DECARBONIZATION TARGETS,
17 STANDARDS, PLANS, AND REGULATIONS, THE STATE'S ELECTRICITY
18 DISTRIBUTION SYSTEMS MUST BE SUBSTANTIALLY AND STRATEGICALLY
19 UPGRADED, NEW CUSTOMERS MUST BE ABLE TO CONNECT TO THE
20 ELECTRICAL DISTRIBUTION SYSTEM, AND EXISTING CUSTOMERS MUST
21 HAVE THEIR SERVICE LEVELS PROMPTLY UPGRADED;

22 (VII) THE STATE HAS AN URGENT NEED TO INCREASE ITS SUPPLY
23 OF AFFORDABLE AND INFILL HOUSING, REQUIRING BOTH NEW ELECTRICAL
24 DISTRIBUTION CAPACITY AND THE PROMPT CONNECTION OF NEW
25 AFFORDABLE HOUSING TO THE DISTRIBUTION SYSTEM;

26 (VIII) IMPROVED AND PROACTIVE DISTRIBUTION SYSTEM
27 PLANNING TO REDUCE DELAYS AND MEET BUILDING, AFFORDABLE

1 HOUSING, AND TRANSPORTATION ELECTRIFICATION NEEDS IN AN
2 AFFORDABLE AND RELIABLE MANNER IS CRITICAL TO PROTECT
3 COLORADANS FROM THE WORST IMPACTS OF CLIMATE CHANGE, INCLUDING
4 EXTREME HEAT OR COLD, DROUGHT, AND WILDFIRES;

5 (IX) ELECTRIFYING TRANSPORTATION AND BUILDINGS MAY PUT
6 DOWNWARD PRESSURE ON RATES BY SPREADING FIXED COSTS OVER MORE
7 KILOWATT-HOURS OF USAGE SO LONG AS DEMAND AND SUPPLY CAN BE
8 DYNAMICALLY INTEGRATED IN WAYS THAT ENCOURAGE UTILITY
9 INVESTMENT IN AN AFFORDABLE AND RELIABLE SYSTEM THAT OPTIMIZES
10 THE USE OF GRID ASSETS;

11 (X) CONSTRAINTS IN THE CAPACITY OF THE ELECTRICAL
12 DISTRIBUTION SYSTEM CAN LIMIT THE ABILITY OF AN INDIVIDUAL
13 CUSTOMER TO COST-EFFECTIVELY AND RELIABLY INTERCONNECT
14 DISTRIBUTED ENERGY RESOURCES AND ENERGIZE BENEFICIAL
15 ELECTRIFICATION AND TRANSPORTATION ELECTRIFICATION RESOURCES;
16 AND

17 (XI) VIRTUAL POWER PLANTS CAN OFFER THE POTENTIAL TO
18 COST-EFFECTIVELY AND RELIABLY INCREASE THE GRID VALUE OF
19 DISTRIBUTED ENERGY RESOURCES, LIMIT COSTS FOR INCORPORATING
20 DISTRIBUTED ENERGY RESOURCES, AND INCREASE THE OPERATIONAL
21 EFFICIENCY OF THE DISTRIBUTION SYSTEM.

22 (b) THE GENERAL ASSEMBLY FURTHER FINDS THAT:

23 (I) A MODERN ELECTRIC DISTRIBUTION SYSTEM SHOULD TAKE INTO
24 ACCOUNT THE NEED FOR IMPROVED RESILIENCE AND SAFETY DUE TO THE
25 INCREASED OCCURRENCE OF EXTREME WEATHER EVENTS AND
26 CLIMATE-RELATED WILDFIRE RISK;

27 (II) UNDERGROUNDING POWER LINES CAN SIGNIFICANTLY HELP IN

1 AVOIDING THE RISK OF WILDFIRES AND POWER OUTAGES DUE TO STRONG
2 WINDS, SEVERE STORMS, AND DRY CONDITIONS; AND

3 (III) IT IS IN THE PUBLIC INTEREST THAT ALL RATEPAYERS OF A
4 QUALIFYING RETAIL UTILITY, INCLUDING THOSE WHO DO NOT LIVE IN A
5 JURISDICTION WITH A FRANCHISE AGREEMENT, HAVE NONDISCRIMINATORY
6 ANDEQUAL ACCESS TO THE OPPORTUNITY TO BENEFIT FROM INVESTMENTS
7 IN UNDERGROUNDING POWER LINES.

8 (c) THE GENERAL ASSEMBLY THEREFORE DETERMINES AND
9 DECLARES THAT:

10 (I) IT IS A MATTER OF STATE URGENCY TO ENSURE THAT THERE IS
11 SUFFICIENT CAPACITY ON THE DISTRIBUTION SYSTEM TO AFFORDABLY AND
12 RELIABLY MEET COLORADO'S DECARBONIZATION GOALS AND SUPPORT
13 CONSUMER DEMAND FOR RETAIL DISTRIBUTED GENERATION AND
14 BENEFICIAL ELECTRIFICATION MEASURES CONSISTENT WITH THEIR BENEFIT
15 TO THE ELECTRICAL GRID;

16 (II) WHEN DETERMINING WHERE TO MAKE UNDERGROUNDING
17 CONVERSION EXPENDITURES, A QUALIFYING RETAIL UTILITY SHOULD NOT,
18 AS A POLICY OR COURSE OF BUSINESS, DISCRIMINATE AGAINST
19 JURISDICTIONS THAT DO NOT HAVE FRANCHISE AGREEMENTS WITH THE
20 QUALIFYING RETAIL UTILITY; AND

21 (III) A QUALIFYING RETAIL UTILITY SHOULD ESTABLISH PROGRAMS
22 FOR NONFRANCHISED AREAS TO HAVE THE SAME BENEFIT UNDER THE SAME
23 OR SIMILAR TERMS AS OFFERED TO AREAS THAT HAVE FRANCHISE
24 AGREEMENTS WITH THE QUALIFYING RETAIL UTILITY.

25 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
26 OTHERWISE REQUIRES:

27 (a) "AFFORDABLE HOUSING" MEANS AFFORDABLE HOUSING THAT:

1 (I) HAS RECEIVED LOANS, GRANTS, EQUITY, BONDS, OR TAX
2 CREDITS FROM ANY SOURCE TO SUPPORT THE CREATION, PRESERVATION,
3 OR REHABILITATION OF AFFORDABLE HOUSING THAT, AS A CONDITION OF
4 FUNDING, ENCUMBERS THE PROPERTY WITH A RESTRICTED USE COVENANT
5 OR SIMILAR RECORDED AGREEMENT TO ENSURE AFFORDABILITY; OR HAS
6 BEEN INCOME-RESTRICTED UNDER A LOCAL INCLUSIONARY ZONING
7 ORDINANCE OR OTHER REGULATION OR PROGRAM;

8 (II) RESTRICTS OR LIMITS MAXIMUM RENTAL OR SALE PRICE FOR
9 HOUSEHOLDS OF A GIVEN SIZE AT A GIVEN AREA MEDIAN INCOME, AS
10 ESTABLISHED ANNUALLY BY THE UNITED STATES DEPARTMENT OF
11 HOUSING AND URBAN DEVELOPMENT; AND

12 (III) ENSURES OCCUPANCY BY LOW- TO MODERATE-INCOME
13 HOUSEHOLDS FOR A SPECIFIED PERIOD DETAILED IN A RESTRICTIVE USE
14 COVENANT OR SIMILAR RECORDED AGREEMENT.

15 (b) "APPRENTICE" HAS THE MEANING SET FORTH IN SECTION
16 8-15.7-101 (1).

17 (c) "AUTOMATED DISTRIBUTED RESOURCE MANAGEMENT SYSTEM"
18 MEANS A CATEGORY OF TECHNOLOGIES THAT MANAGE DISTRIBUTED
19 GENERATION OR LOAD AND THAT MAY BE USED TO REDUCE OR ELIMINATE
20 THE NEED FOR SYSTEM UPGRADES TO THE DISTRIBUTION SYSTEM,
21 CUSTOMER SERVICE CONNECTION, OR ELECTRICAL INFRASTRUCTURE ON
22 THE CUSTOMER SIDE OF THE SERVICE METER. THESE TECHNOLOGIES
23 INCLUDE:

24 (I) AUTOMATED LOAD MANAGEMENT TECHNOLOGIES;

25 (II) CERTIFIED POWER CONTROL SYSTEMS; AND

26 (III) SMART INVERTERS.

27 (d) "CERTIFIED POWER CONTROL SYSTEM" MEANS SOFTWARE OR

1 HARDWARE SERVING AS THE INTERFACE OF AN AUTOMATED DISTRIBUTED
2 RESOURCE MANAGEMENT SYSTEM THAT CAN CURTAIL THE IMPORT AND
3 EXPORT OF ELECTRICITY, THAT HAS ELECTRICITY IMPORT AND EXPORT
4 CONTROL SET POINTS, AND THAT HAS BEEN CERTIFIED BY A NATIONALLY
5 RECOGNIZED TESTING LABORATORY.

6 (e) "DEPARTMENT" MEANS THE DEPARTMENT OF LABOR AND
7 EMPLOYMENT.

8 (f) "DER AGGREGATOR" MEANS A COMPANY OR AN ORGANIZATION
9 THAT CONTROLS, MONITORS, AND MANAGES AGGREGATED DISTRIBUTED
10 ENERGY RESOURCES TO ENSURE PERFORMANCE OF THE AGGREGATED
11 DISTRIBUTED ENERGY RESOURCES IN A QUALIFYING VIRTUAL POWER
12 PLANT.

13 (g) "DISTRIBUTED ENERGY RESOURCES" OR "DER" INCLUDES
14 DISTRIBUTED GENERATION, ENERGY STORAGE SYSTEMS, ELECTRIC
15 VEHICLES, MICROGRIDS, FUEL CELLS, AND DEMAND-SIDE MANAGEMENT
16 MEASURES, INCLUDING ENERGY EFFICIENCY, DEMAND RESPONSE, AND
17 DEMAND FLEXIBILITY THAT ARE DEPLOYED AT THE DISTRIBUTION GRID
18 LEVEL ON EITHER THE CUSTOMER OR UTILITY SIDE OF THE METER.

19 (h) "DISTRIBUTION ACTIVITIES" MEANS:

20 (I) CAPITAL INVESTMENT AND OPERATIONS AND MAINTENANCE
21 EXPENSES ASSOCIATED WITH EQUIPMENT UPGRADES, REPAIR AND
22 REPLACEMENT PROGRAMS, CONDUCTOR REPLACEMENTS, CONDUCTOR
23 INSTALLATIONS, POLE REPAIR AND REPLACEMENT, OVERHEAD REBUILDS,
24 INSPECTION, MODELING, ASSET DATA GATHERING, DEFECT CORRECTIONS,
25 AND MAJOR LINE REBUILDS; AND

26 (II) SIMILAR ACTIVITIES AND INVESTMENTS, INCLUDING
27 INFORMATION AND OPERATIONAL TECHNOLOGY INVESTMENTS, WITH THE

1 OBJECTIVE OF ENHANCING THE DISTRIBUTION SYSTEM TO MEET STATE
2 DECARBONIZATION GOALS AND FEDERAL, STATE, REGIONAL, AND LOCAL
3 AIR QUALITY AND DECARBONIZATION TARGETS, STANDARDS, PLANS, AND
4 REGULATIONS.

5 (i) (I) "ENERGIZATION" OR "ENERGIZE" MEANS CONNECTING NEW
6 CUSTOMER LOAD TO THE ELECTRICAL GRID OR UPGRADING ELECTRICAL
7 CAPACITY TO PROVIDE UPGRADED SERVICE TO AN EXISTING CUSTOMER,
8 INCLUDING ESTABLISHING ADEQUATE ELECTRICAL CAPACITY TO PROVIDE
9 FOR THE REQUIRED SERVICE.

10 (II) "ENERGIZATION" OR "ENERGIZE" DOES NOT INCLUDE
11 ACTIVITIES RELATED TO INTERCONNECTING DISTRIBUTED GENERATION.

12 (j) "ENERGIZATION TIME PERIOD" MEANS THE ELAPSED TIME
13 PERIOD BEGINNING WHEN THE QUALIFYING RETAIL UTILITY RECEIVES A
14 SUBSTANTIALLY COMPLETE ENERGIZATION PROJECT APPLICATION AND
15 ENDING WHEN THE ELECTRICAL SERVICE IS INSTALLED AND ENERGIZED.

16 (k) "FLEXIBLE INTERCONNECTION OR ENERGIZATION TARIFF"
17 MEANS A SET OF RULES AND REQUIREMENTS FOR EXPEDITIOUSLY
18 ENERGIZING NEW LOAD OR INTERCONNECTING A DISTRIBUTED ENERGY
19 RESOURCE TO A QUALIFYING RETAIL UTILITY'S DISTRIBUTION SYSTEM AND
20 INCLUDES AN AGREEMENT FOR CURTAILING THE IMPORT OR EXPORT OF
21 ELECTRICITY FROM AND TO THE DISTRIBUTION SYSTEM.

22 (l) "FUND" MEANS THE COLORADO LINEWORKER APPRENTICESHIP
23 GRANT PROGRAM CASH FUND CREATED IN SUBSECTION (3)(h)(I) OF THIS
24 SECTION.

25 (m) "GRANT PROGRAM" MEANS THE GRANT PROGRAM CREATED
26 PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION.

27 (n) "HOSTING CAPACITY" MEANS THE AMOUNT OF DISTRIBUTED

1 ENERGY RESOURCES OR TRANSPORTATION OR BENEFICIAL
2 ELECTRIFICATION THAT CAN BE INTERCONNECTED OR ENERGIZED TO THE
3 QUALIFYING RETAIL UTILITY'S DISTRIBUTION SYSTEM AT A GIVEN TIME
4 AND AT A GIVEN LOCATION UNDER EXISTING ELECTRICAL GRID
5 CONDITIONS AND THAT CAN OPERATE WITHOUT ADVERSELY IMPACTING
6 SAFETY, POWER QUALITY, RELIABILITY, OR OTHER OPERATIONAL CRITERIA
7 AND WITHOUT REQUIRING SYSTEM UPGRADES. HOSTING CAPACITY MAY BE
8 EXPRESSED IN TERMS OF A LOAD OR GENERATION PROFILE.

9 (o) "HYBRID FACILITY" MEANS A FACILITY THAT HAS MORE THAN
10 ONE DEVICE OF DIFFERENT TECHNOLOGY TYPES FOR THE PRODUCTION,
11 STORAGE, OR CONSUMPTION OF ELECTRICITY THAT ARE LOCATED ON THE
12 SAME SITE AND HAVE A SINGLE POINT OF INTERCONNECTION TO THE
13 UTILITY DISTRIBUTION SYSTEM.

14 (p) "INFILL HOUSING" MEANS THE DEVELOPMENT OF HOUSING
15 WITHIN EXISTING DEVELOPMENT PATTERNS, AS DELINEATED BY CENSUS
16 URBAN AREAS ESTABLISHED BY THE MOST RECENT FEDERAL DECENNIAL
17 CENSUS.

18 (q) "NON-WIRES ALTERNATIVES" MEANS THE STRATEGIC
19 DEPLOYMENT OF DISTRIBUTED ENERGY RESOURCES BY A QUALIFYING
20 RETAIL UTILITY OR A THIRD PARTY AND ASSOCIATED CONTROL OR
21 AGGREGATION OF SYSTEMS AND TECHNOLOGIES INTENDED TO
22 COST-EFFECTIVELY DEFER OR AVOID THE NEED FOR MAJOR DISTRIBUTION
23 GRID PROJECTS.

24 (r) "OFFICE" MEANS THE COLORADO ENERGY OFFICE CREATED IN
25 SECTION 24-38.5-101 (1).

26 (s) "OFFICE OF FUTURE OF WORK" MEANS THE OFFICE OF FUTURE
27 OF WORK CREATED IN SECTION 8-15.8-103.

1 (t) "PERFORMANCE-BASED COMPENSATION" MEANS A FINANCIAL
2 PAYMENT THAT IS MADE TO A QUALIFIED DER AGGREGATOR OR PASSED
3 THROUGH A DER AGGREGATOR TO ELIGIBLE CUSTOMERS PARTICIPATING
4 IN A VPP OPERATED BY THAT DER AGGREGATOR AND THAT IS PROVIDED
5 BASED ON THE PERFORMANCE OF A QUALIFIED VIRTUAL POWER PLANT
6 DURING A QUALIFIED VIRTUAL POWER PLANT EVENT.

7 (u) "PHASED INTERCONNECTION OR ENERGIZATION AGREEMENT"
8 MEANS AN AGREEMENT BETWEEN A QUALIFYING RETAIL UTILITY AND A
9 CUSTOMER TO PROVIDE CERTAIN LEVELS OF ELECTRICAL SERVICE
10 CAPACITY ON A GUARANTEED TIMELINE IN EXCHANGE FOR THE CUSTOMER
11 PARTICIPATING IN THE QUALIFYING RETAIL UTILITY'S FLEXIBLE
12 INTERCONNECTION OR ENERGIZATION TARIFF WHILE NECESSARY GRID
13 UPGRADES ARE BEING COMPLETED.

14 (v) "PROSUMER" MEANS A CUSTOMER OF A QUALIFYING RETAIL
15 UTILITY THAT PARTICIPATES IN A COMMISSION-APPROVED VIRTUAL POWER
16 PLANT PROGRAM.

17 (w) "QUALIFIED AGGREGATOR" MEANS A DER AGGREGATOR THAT
18 HAS CONTROL OVER PROSUMER RESOURCES AND HAS THE DEMONSTRATED
19 TECHNICAL CAPABILITY TO DISPATCH DISTRIBUTED ENERGY RESOURCES
20 AT REQUIRED CAPACITY LEVELS WHEN CALLED UPON BY A QUALIFYING
21 RETAIL UTILITY USING AVAILABLE TECHNOLOGY, SUCH AS METERING,
22 TELEMETRY, CONTROL SOFTWARE MEASUREMENT AND VERIFICATION, AND
23 FINANCIAL SETTLEMENTS.

24 (x) "QUALIFYING DISTRIBUTION ACTIVITY RECOVERY" MEANS
25 DISTRIBUTION ACTIVITIES FOR WHICH THE COMMISSION APPROVES
26 RECOVERY THROUGH THE GRID MODERNIZATION ADJUSTMENT CLAUSE.

27 (y) "QUALIFYING RETAIL UTILITY" MEANS AN INVESTOR-OWNED

1 ELECTRIC UTILITY SERVING FIVE HUNDRED THOUSAND CUSTOMERS OR
2 MORE.

3 (z) "STATE APPRENTICESHIP AGENCY" HAS THE MEANING SET
4 FORTH IN SECTION 8-15.7-101 (16).

5 (aa) "SYSTEMUPGRADES" MEANS THE ADDITIONS, MODIFICATIONS,
6 ANDSYSTEMUPGRADES TO A QUALIFYING RETAIL UTILITY'S DISTRIBUTION
7 OR COMMISSION-JURISDICTIONAL TRANSMISSION SYSTEM, INCLUDING
8 CUSTOMER-DRIVEN UPGRADES NECESSARY TO INTERCONNECT
9 DISTRIBUTED ENERGY RESOURCES, ENERGIZE OR SERVICE-CONNECT
10 TRANSPORTATION AND BENEFICIAL ELECTRIFICATION MEASURES, OR
11 FACILITATE SERVICE CONNECTIONS TO AFFORDABLE HOUSING OR INFILL
12 HOUSING.

13 (bb) "VIRTUAL POWER PLANT" OR "VPP" MEANS A
14 COMMISSION-APPROVED PROGRAM THAT ACHIEVES THE COLLECTIVE
15 MANAGEMENT OF DISPATCHABLE DEMAND OR DISTRIBUTED ENERGY
16 RESOURCES CONNECTED TO THE UTILITY DISTRIBUTION GRID.

17 (3) **Grant program - report - cash fund - repeal.** (a) THE
18 OFFICE OF FUTURE OF WORK, IN COORDINATION WITH THE OFFICE, SHALL
19 CREATE A GRANT PROGRAM FOR LINEWORKER APPRENTICESHIP PROGRAMS
20 TO EXPAND APPRENTICESHIP PROGRAMS REGISTERED WITH THE UNITED
21 STATES DEPARTMENT OF LABOR'S OFFICE OF APPRENTICESHIP OR THE
22 STATE APPRENTICESHIP AGENCY.

23 (b) THE OFFICE OF FUTURE OF WORK SHALL CREATE A COMPETITIVE
24 APPLICATION PROCESS THROUGH WHICH THE OFFICE OF FUTURE OF WORK
25 SELECTS ELIGIBLE REGISTERED APPRENTICESHIP PROGRAMS AS GRANT
26 RECIPIENTS.

27 (c) A GRANT RECIPIENT MUST SATISFY, AT A MINIMUM, THE

1 FOLLOWING CRITERIA:

2 (I) THE GRANT RECIPIENT MUST TRAIN APPRENTICES AS
3 TRANSMISSION OR DISTRIBUTION LINEWORKERS ON CONSTRUCTION
4 PROJECTS AND RELATED INSTALLATIONS; AND

5 (II) THE GRANT RECIPIENT MUST MATCH THE GRANT AWARD WITH
6 ACTUAL OR IN-KIND RESOURCES.

7 (d) THE OFFICE OF FUTURE OF WORK SHALL OFFER GRANTS FOR THE
8 FOLLOWING PURPOSES:

9 (I) FUNDING FOR TRAINING MATERIALS OR SOFTWARE,
10 APPRENTICESHIP TOOLS AND SUPPLIES, AND HANDS-ON TRAINING
11 EQUIPMENT OR TECHNOLOGY UPGRADES TO EXPAND REGISTERED
12 APPRENTICESHIP PROGRAMS THAT INSTRUCT TRANSMISSION OR
13 DISTRIBUTION LINEWORKERS; AND

14 (II) ADDITIONAL STAFFING TO EXPAND INSTRUCTION CAPACITY OF
15 REGISTERED APPRENTICESHIP PROGRAMS TO INSTRUCT TRANSMISSION OR
16 DISTRIBUTION LINEWORKERS.

17 (e) THE OFFICE OF FUTURE OF WORK SHALL RESERVE AT LEAST
18 FIFTY PERCENT OF THE GRANT FUNDING FOR GRANTS THAT ARE DIRECTED
19 TOWARD PROGRAMS THAT ARE ORGANIZED AS A MULTIEMPLOYER
20 REGISTERED APPRENTICESHIP PROGRAM ORGANIZED THROUGH A JOINT
21 APPRENTICESHIP TRAINING COMMITTEE.

22 (f) THE OFFICE OF FUTURE OF WORK SHALL ENCOURAGE THE
23 PRIMARY APPLICANT FOR A GRANT TO INCLUDE A DIVERSE SET OF
24 CO-APPLICANTS, WHICH MAY INCLUDE TRADE ASSOCIATIONS, EMPLOYERS,
25 LABOR UNION ORGANIZATIONS, PUBLIC UTILITIES, ACCREDITED
26 INSTITUTIONS OF HIGHER EDUCATION, STATE-ACCREDITED COMMUNITY
27 COLLEGES, OR OTHER CO-APPLICANTS THAT CAN ADVANCE THE GOALS OF

1 ALLOWING APPRENTICES TO REACH FULL JOURNEYWORKER STATUS AS A
2 UTILITY TRANSMISSION OR DISTRIBUTION LINEWORKER.

3 (g) THE OFFICE OF FUTURE OF WORK SHALL:

4 (I) PUBLISH THE GRANT APPLICATION NO LATER THAN JANUARY 1,
5 2025;

6 (II) DEVELOP PERFORMANCE EXPECTATIONS FOR GRANT
7 RECIPIENTS, WHICH MAY CONTEMPLATE THE TERMINATION OF A GRANT
8 RECIPIENT'S PARTICIPATION IN THE GRANT PROGRAM IF THE GRANT
9 RECIPIENT FAILS TO SATISFY THE PERFORMANCE EXPECTATIONS;

10 (III) REQUIRE GRANT RECIPIENTS TO ANNUALLY REPORT DATA TO
11 THE OFFICE OF FUTURE OF WORK, WHICH MUST INCLUDE, AT A MINIMUM,
12 A DETAILED STATEMENT OF THE GRANT RECIPIENT'S ALLOCATION OF
13 GRANT MONEY RECEIVED PURSUANT TO THE GRANT PROGRAM, INCLUDING
14 ADMINISTRATION COSTS; AND

15 (IV) BEGINNING IN 2026, AND IN EACH YEAR THEREAFTER, SUBMIT
16 A REPORT COMPILING THE DATA RECEIVED PURSUANT TO SUBSECTION
17 (3)(g)(III) OF THIS SECTION TO THE BUSINESS, LABOR, AND TECHNOLOGY
18 COMMITTEE OF THE SENATE AND THE BUSINESS AFFAIRS AND LABOR
19 COMMITTEE OF THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR
20 COMMITTEES.

21 (h) (I) THE COLORADO LINEWORKER APPRENTICESHIP GRANT
22 PROGRAM CASH FUND IS CREATED IN THE STATE TREASURY. THE FUND
23 CONSISTS OF GIFTS, GRANTS, AND DONATIONS AND ANY MONEY THAT THE
24 GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER TO THE FUND. THE
25 STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED
26 FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE FUND TO THE
27 FUND. MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE

1 DEPARTMENT FOR ALLOCATION TO THE OFFICE OF FUTURE OF WORK FOR
2 THE PURPOSES OF ADMINISTERING THE GRANT PROGRAM PURSUANT TO
3 THIS SUBSECTION (3). THE OFFICE OF FUTURE OF WORK MAY SEEK, ACCEPT,
4 AND EXPEND GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC
5 SOURCES FOR THE PURPOSES OF ADMINISTERING THE GRANT PROGRAM
6 PURSUANT TO THIS SUBSECTION (3).

7 (II) (A) ON JULY 1, 2024, THE STATE TREASURER SHALL TRANSFER
8 EIGHT HUNDRED THOUSAND DOLLARS FROM THE GENERAL FUND TO THE
9 FUND.

10 (B) THIS SUBSECTION (3)(h)(II) IS REPEALED, EFFECTIVE JULY 1,
11 2026.

12 (i) THIS SUBSECTION (3) IS REPEALED, EFFECTIVE JULY 1, 2028.

13 (4) **Near-term actions - interconnection and energization**
14 **backlogs - identification of hosting capacity - cost recovery.**

15 (a) QUALIFYING RETAIL UTILITIES SHALL UPGRADE THE STATE'S
16 ELECTRICAL DISTRIBUTION SYSTEMS AS NEEDED AND IN TIME TO
17 AFFORDABLY AND RELIABLY SUPPORT THE ACHIEVEMENT OF THE STATE'S
18 BENEFICIAL AND TRANSPORTATION ELECTRIFICATION AND
19 DECARBONIZATION GOALS AND SUPPORT IMPLEMENTATION OF FEDERAL,
20 STATE, REGIONAL, AND LOCAL AIR QUALITY AND DECARBONIZATION
21 TARGETS, STANDARDS, PLANS, AND REGULATIONS.

22 (b) TO PROMPTLY, AFFORDABLY, AND RELIABLY INTERCONNECT
23 AND ENERGIZE NEW CUSTOMERS AND COMPLY WITH THE OBLIGATION TO
24 SERVE WITHOUT SUBSTANTIAL DELAY, A QUALIFYING RETAIL UTILITY
25 SHALL:

26 (I) COMMENCE A DATA COLLECTION PROCESS TO INFORM FUTURE
27 ENERGIZATION TIMELINES. THE COMMISSION MAY OPEN OR USE AN

1 EXISTING MISCELLANEOUS PROCEEDING TO ACCEPT INFORMATION
2 COLLECTED BY THE QUALIFYING RETAIL UTILITY AND FROM OTHER
3 STAKEHOLDERS.

4 (II) MEET THE INTERCONNECTION DEADLINES SPECIFIED IN
5 SECTION 40-2-135 AND COMMISSION RULES;

6 (III) ADOPT THE FOLLOWING COST CAPS, WHICH COST CAPS MUST
7 REMAIN IN EFFECT UNTIL THE COMMISSION COMPLETES THE RULE-MAKING
8 DESCRIBED IN SUBSECTION (6) OF THIS SECTION:

9 (A) FOR DISTRIBUTED GENERATION SYSTEMS THAT ARE
10 TWENTY-FIVE KILOWATTS OR LESS, ADOPT A CAP OF NO MORE THAN THREE
11 HUNDRED DOLLARS FOR AN INDIVIDUAL CUSTOMER'S RESPONSIBILITY FOR
12 INTERCONNECTION COSTS FOR A CUSTOMER-CAUSED UPGRADE OF THE
13 QUALIFYING RETAIL UTILITY'S DISTRIBUTION SYSTEM, SO LONG AS THE
14 COSTS ABOVE THE CAP REMAIN RECOVERABLE BY THE QUALIFYING RETAIL
15 UTILITY;

16 (B) FOR RESIDENTIAL CUSTOMERS ENERGIZING TRANSPORTATION
17 ELECTRIFICATION OR BENEFICIAL ELECTRIFICATION, NOT REQUIRE THE
18 CUSTOMER TO PAY FOR THE COSTS OF ASSOCIATED DISTRIBUTION SYSTEM
19 UPGRADES, SO LONG AS THE COSTS REMAIN RECOVERABLE BY THE
20 QUALIFYING RETAIL UTILITY; AND

21 (C) FOR AFFORDABLE HOUSING DEVELOPMENTS, CAP THE COSTS
22 FOR INTERCONNECTION OR ENERGIZATION FOR A PROJECT-CAUSED
23 UPGRADE OF THE QUALIFYING RETAIL UTILITY'S DISTRIBUTION SYSTEM AT
24 A LEVEL OF THREE HUNDRED DOLLARS PER RESIDENTIAL UNIT OF
25 AFFORDABLE HOUSING, SO LONG AS COSTS ABOVE THE CAP REMAIN
26 RECOVERABLE BY THE QUALIFYING RETAIL UTILITY;

27 (IV) PROPOSE, AND THE COMMISSION SHALL AUTHORIZE, MODIFY,

1 OR DENY IN A MANNER CONSISTENT WITH THE PUBLIC INTEREST, THE USE
2 OF AN OPTIONAL FLEXIBLE INTERCONNECTION OR ENERGIZATION TARIFF
3 OR PHASED INTERCONNECTION OR ENERGIZATION AGREEMENT BY A
4 CUSTOMER AS AN ALTERNATIVE TO A SYSTEM UPGRADE THAT WOULD
5 OTHERWISE BE REQUIRED BY THE QUALIFYING RETAIL UTILITY IN
6 RESPONSE TO THE CUSTOMER'S REQUEST TO INTERCONNECT OR ENERGIZE
7 A DISTRIBUTED ENERGY RESOURCE; AND

8 (V) ESTABLISH A PROCEDURE FOR CUSTOMERS WITH A HYBRID
9 FACILITY TO COMPLETE THE INTERCONNECTION AND ENERGIZATION
10 PROCESSES THROUGH A SINGLE APPLICATION.

11 (c) A QUALIFYING RETAIL UTILITY SHALL IDENTIFY
12 INTERCONNECTION AND LOAD HOSTING CAPACITY FOR DERs, INCLUDING
13 BENEFICIAL ELECTRIFICATION AND TRANSPORTATION ELECTRIFICATION,
14 FOR DISPROPORTIONATELY IMPACTED COMMUNITIES WITHIN ITS SERVICE
15 TERRITORY.

16 (d) (I) PRIOR TO THE ESTABLISHMENT OF THE GRID
17 MODERNIZATION ADJUSTMENT CLAUSE, A QUALIFYING RETAIL UTILITY
18 SHALL RECOVER THE FORECASTED INVESTMENTS PLACED IN SERVICE AND
19 EXPENSES INCURRED FOR DISTRIBUTION ACTIVITIES DURING THE PERIOD
20 BEGINNING ON THE EFFECTIVE DATE OF THIS SECTION, AND ENDING ON
21 DECEMBER 31, 2025, CONSISTENT WITH THIS SECTION.

22 (II) COST RECOVERY MUST OCCUR THROUGH THE TRANSMISSION
23 COST ADJUSTMENT CLAUSE OR ANOTHER EXISTING ADJUSTMENT CLAUSE,
24 SUBJECT TO:

25 (A) A ONE-HALF PERCENT RETAIL RATE IMPACT CAP ON AN
26 ANNUALIZED BASIS FOR 2024; AND

27 (B) A ONE AND ONE-FOURTH PERCENT RETAIL RATE IMPACT CAP

1 ON AN ANNUALIZED BASIS FOR 2025.

2 (III) WITHIN THIRTY DAYS AFTER THE EFFECTIVE DATE OF THIS
3 SECTION, A QUALIFYING RETAIL UTILITY SHALL FILE AN ADVICE LETTER
4 WITH THE COMMISSION IDENTIFYING THE DISTRIBUTION ACTIVITIES FOR
5 RECOVERY, INCLUDING THE REVENUE REQUIREMENT FOR THE
6 DISTRIBUTION ACTIVITIES AND A RETURN AT THE QUALIFYING RETAIL
7 UTILITY'S MOST RECENTLY APPROVED WEIGHTED AVERAGE COST OF
8 CAPITAL, FOR THE PERIOD BEGINNING ON THE EFFECTIVE DATE OF THIS
9 SECTION, AND ENDING ON DECEMBER 31, 2024, TO BE INCLUDED IN THE
10 TRANSMISSION COST ADJUSTMENT CLAUSE OR AN EXISTING ADJUSTMENT
11 CLAUSE WITH AN EFFECTIVE DATE WITHIN SIXTY DAYS AFTER THE
12 EFFECTIVE DATE OF THIS SECTION.

13 (IV) ON OR BEFORE NOVEMBER 1, 2024, A QUALIFYING RETAIL
14 UTILITY SHALL FILE AN ADVICE LETTER WITH THE COMMISSION
15 IDENTIFYING THE DISTRIBUTION ACTIVITIES FOR RECOVERY, INCLUDING
16 THE REVENUE REQUIREMENT FOR THE DISTRIBUTION ACTIVITIES AND A
17 RETURN AT THE QUALIFYING RETAIL UTILITY'S MOST RECENTLY APPROVED
18 WEIGHTED AVERAGE COST OF CAPITAL, FOR THE PERIOD BEGINNING
19 JANUARY 1, 2025, AND ENDING DECEMBER 31, 2025, TO BE INCLUDED IN
20 THE TRANSMISSION COST ADJUSTMENT CLAUSE OR AN EXISTING
21 ADJUSTMENT CLAUSE WITH AN EFFECTIVE DATE OF JANUARY 1, 2025.

22 (V) THE AMOUNTS RECOVERED PURSUANT TO THIS SUBSECTION
23 (4)(d) ARE SUBJECT TO A TRUE-UP WITH ANY POSITIVE OR NEGATIVE
24 BALANCE CREDITED TO CUSTOMERS OR RECOVERED BY THE QUALIFYING
25 RETAIL UTILITY IN THE SUBSEQUENT YEAR AND WITH THE FINANCING COST
26 FOR THE TRANSMISSION COST ADJUSTMENT CLAUSE OR THE APPLICABLE
27 EXISTING ADJUSTMENT CLAUSE APPLIED TO THE POSITIVE OR NEGATIVE

1 BALANCES. ALL AMOUNTS RECOVERED ARE SUBJECT TO A PRUDENCE
2 REVIEW BY THE COMMISSION THROUGH EITHER A STANDALONE PRUDENCE
3 REVIEW PROCEEDING OR IN A BASE RATE PROCEEDING.

4 (VI) IN ADDITION TO THE AMOUNTS RECOVERED PURSUANT TO
5 THIS SUBSECTION (4)(d), A QUALIFYING RETAIL UTILITY MAY SPEND AND
6 RECOVER THROUGH THE TRANSMISSION COST ADJUSTMENT CLAUSE OR
7 ANOTHER EXISTING ADJUSTMENT CLAUSE, THE REVENUE REQUIREMENT
8 ASSOCIATED WITH UP TO AN ADDITIONAL ONE HUNDRED FIFTY MILLION
9 DOLLARS IN INVESTMENT TO ORDER EQUIPMENT TO ADVANCE
10 DISTRIBUTION ACTIVITIES, SUCH AS POWER TRANSFORMERS, SERVICE
11 TRANSFORMERS, CAPACITOR BANKS, SWITCH CABINETS, AND FEEDER
12 CABLES.

13 (5) **Long-term actions - distribution system plan requirements**
14 **- approval by commission - staffing requirements - labor**
15 **requirements - report.** (a) A QUALIFYING RETAIL UTILITY SHALL FILE
16 DISTRIBUTION SYSTEM PLANS PURSUANT TO SECTION 40-2-132, SUBJECT
17 TO REVIEW, APPROVAL, MODIFICATION, OR DENIAL BY THE COMMISSION,
18 TO CREATE SUFFICIENT HOSTING CAPACITY ACROSS ITS ELECTRICAL
19 DISTRIBUTION SYSTEM TO AFFORDABLY AND RELIABLY SUPPORT THE
20 IMPLEMENTATION OF THE FOLLOWING:

21 (I) FEDERAL, STATE, REGIONAL, AND LOCAL AIR QUALITY AND
22 DECARBONIZATION TARGETS, STANDARDS, PLANS, AND REGULATIONS;

23 (II) THE TRANSPORTATION, AFFORDABLE HOUSING, NEW INFILL
24 HOUSING, AND BUILDING ELECTRIFICATION POLICIES OF STATE AND LOCAL
25 LAW, INCLUDING:

26 (A) THE RULES ADOPTED BY THE AIR QUALITY CONTROL
27 COMMISSION RELATED TO GREENHOUSE GAS EMISSION REDUCTIONS FROM

1 LIGHT-DUTY AND HEAVY-DUTY MOTOR VEHICLES; AND

2 (B) THE RULES ADOPTED BY THE AIR QUALITY CONTROL
3 COMMISSION PURSUANT TO SECTION 25-7-142 OR LOCAL BUILDING
4 PERFORMANCE STANDARDS;

5 (III) STATE AGENCY, LOCAL AGENCY, AND LOCAL GOVERNMENT
6 PLANS AND REQUIREMENTS RELATED TO HOUSING, ECONOMIC
7 DEVELOPMENT, CRITICAL FACILITIES, TRANSPORTATION, AND BUILDING
8 ELECTRIFICATION;

9 (IV) ENFORCEABLE AND FUNDED FEDERAL, STATE, REGIONAL, AND
10 LOCAL POLICIES, PLANS, GOALS, INCENTIVES, OR REQUIREMENTS DESIGNED
11 TO INCREASE ACCESS TO DISTRIBUTED ENERGY RESOURCES, ELECTRIFIED
12 TRANSPORTATION, AND BUILDING ELECTRIFICATION IN
13 DISPROPORTIONATELY IMPACTED COMMUNITIES; AND

14 (V) THE QUALIFYING RETAIL UTILITY'S APPROVED RENEWABLE
15 ENERGY STANDARD PLAN, CLEAN HEAT PLAN, BENEFICIAL
16 ELECTRIFICATION PLAN, DEMAND-SIDE MANAGEMENT PLAN, GAS
17 INFRASTRUCTURE PLAN, AND TRANSPORTATION ELECTRIFICATION PLAN
18 REQUIRED BY THIS TITLE 40.

19 (b) IN DEVELOPING DISTRIBUTION SYSTEM PLANS PURSUANT TO
20 SECTION 40-2-132, CONSISTENT WITH STATE-LEVEL RECOGNIZED BEST
21 PRACTICES FOR COMMUNITY OUTREACH, A QUALIFYING RETAIL UTILITY
22 SHALL CONSULT WITH AND PROVIDE OPPORTUNITIES FOR MEANINGFUL
23 ENGAGEMENT AND EDUCATION THROUGH MULTILINGUAL AND
24 CULTURALLY RELEVANT OUTREACH TO DISPROPORTIONATELY IMPACTED
25 COMMUNITIES.

26 (c) (I) AS PART OF A DISTRIBUTION SYSTEM PLAN PROCEEDING, A
27 QUALIFYING RETAIL UTILITY SHALL PRESENT AT LEAST TWO FUTURE

1 PLANNING SCENARIOS WITH CORRESPONDING INVESTMENTS TO SHOW
2 DIFFERENT FUTURE STATES OF THE DISTRIBUTION SYSTEM.

3 (II) IN DETERMINING THE DISTRIBUTION CAPACITY NECESSARY TO
4 MEET PROJECTED LOAD GROWTH AND DISTRIBUTED ENERGY RESOURCE
5 EXPANSION, INCLUDING TO AFFORDABLY AND RELIABLY SUPPORT
6 IMPLEMENTATION OF APPLICABLE TARGETS, STANDARDS, PLANS, AND
7 REGULATIONS DESCRIBED IN SUBSECTION (5)(a) OF THIS SECTION, A
8 QUALIFYING RETAIL UTILITY SHALL INCORPORATE A SCENARIO THAT
9 INCORPORATES LOAD AND MANAGED GENERATION FLEXIBILITY THAT MAY
10 INCREASE SYSTEM CAPACITY UTILIZATION, REDUCE THE NEED FOR SYSTEM
11 UPGRADES, AND LOWER SYSTEM COSTS.

12 (III) IN DETERMINING TO WHICH PORTIONS OF THE DISTRIBUTION
13 SYSTEM TO PROPOSE SYSTEM UPGRADES TO AFFORDABLY AND RELIABLY
14 SUPPORT THE IMPLEMENTATION OF THE APPLICABLE TARGETS,
15 STANDARDS, PLANS, AND REGULATIONS DESCRIBED IN SUBSECTION (5)(a)
16 OF THIS SECTION, A QUALIFYING RETAIL UTILITY SHALL PRIORITIZE
17 CAPACITY INVESTMENTS IN AREAS OF ITS DISTRIBUTION SYSTEM THAT ARE
18 AT OR NEAR THEIR HOSTING CAPACITY LIMITS OR THAT ARE PROJECTED TO
19 HAVE ENERGIZATION LOADS THAT CANNOT BE MET WITHOUT A SYSTEM
20 UPGRADE. A QUALIFYING RETAIL UTILITY SHALL PRIORITIZE SYSTEM
21 UPGRADES TARGETED AT IMPROVING INFRASTRUCTURE FOR
22 INCOME-QUALIFIED OR DISPROPORTIONATELY IMPACTED COMMUNITIES
23 WITH RESIDENTIAL CAPACITY CONSTRAINTS.

24 (IV) SPECIFIC TO RELIABILITY INVESTMENTS, A QUALIFYING
25 RETAIL UTILITY SHALL PRIORITIZE INVESTMENTS FOR
26 DISPROPORTIONATELY IMPACTED COMMUNITIES BASED ON RELIABILITY
27 INFORMATION PROVIDED IN THE QUALIFYING RETAIL UTILITY'S QUALITY OF

1 SERVICE PLAN.

2 (d) IN EVALUATING A QUALIFYING RETAIL UTILITY'S DISTRIBUTION
3 SYSTEM PLANS, THE COMMISSION SHALL EVALUATE WHETHER THE
4 DISTRIBUTION SYSTEM PLAN:

5 (I) ESTABLISHES A LONG-TERM DISTRIBUTION SYSTEM PLAN,
6 WHICH MUST COVER AT LEAST FIVE YEARS, THAT INCLUDES TIMELINES
7 AND BUDGETS TO CREATE SUFFICIENT HOSTING CAPACITY ACROSS THE
8 QUALIFYING RETAIL UTILITY'S ELECTRICAL DISTRIBUTION SYSTEM TO
9 AFFORDABLY AND RELIABLY SUPPORT THE IMPLEMENTATION OF THE
10 APPLICABLE TARGETS, STANDARDS, PLANS, AND REGULATIONS DESCRIBED
11 IN SUBSECTION (5)(a) OF THIS SECTION;

12 (II) INCLUDES THE IDENTIFICATION OF SPECIFIC DISTRIBUTION
13 INVESTMENTS NEEDED TO STRATEGICALLY SUPPORT THE APPLICABLE
14 TARGETS, STANDARDS, PLANS, AND REGULATIONS DESCRIBED IN
15 SUBSECTION (5)(a) OF THIS SECTION OVER THE PLANNING PERIOD, WHICH
16 MUST COVER AT LEAST FIVE YEARS, WITH INCREASED SPECIFICITY IN THE
17 FIRST TWO YEARS OF THE PLANNING PERIOD;

18 (III) INCLUDES DETAILED MAPPING OF DISTRIBUTION HOSTING
19 CAPACITY WITH APPROPRIATE SAFEGUARDS TO PROTECT CRITICAL
20 INFRASTRUCTURE, AS DETERMINED BY THE COMMISSION;

21 (IV) INCLUDES A PROCESS TO IDENTIFY AND EVALUATE INFILL
22 HOUSING LOADS;

23 (V) INCLUDES PROPOSED, UNLESS ALREADY INFORMED OR
24 SATISFIED BY COMMISSION RULES, STANDARDIZED, QUANTIFIABLE, AND
25 TRANSPARENT PROCESSES AND TIMELINES WITHIN THE PLANNING PERIOD
26 FOR FORMAL LOAD AND GENERATION INTERCONNECTION AND
27 ENERGIZATION REQUESTS, SO LONG AS THE QUALIFYING RETAIL UTILITY IS

1 NOT REQUIRED TO INCLUDE ENERGIZATION TIMELINES AS PART OF ITS FIRST
2 DISTRIBUTION SYSTEM PLAN FILED AFTER THE EFFECTIVE DATE OF THIS
3 SECTION;

4 (VI) INCLUDES PROPOSED ACTIONS TO FACILITATE PROGRAMS FOR:

5 (A) THE COMPETITIVE ACQUISITION OF COST-EFFECTIVE
6 NON-WIRES ALTERNATIVES TO DEFER OR AVOID IDENTIFIED SYSTEM
7 DISTRIBUTION INFRASTRUCTURE PROJECTS, SUBJECT TO INVESTMENT
8 THRESHOLDS IN COMMISSION RULES;

9 (B) LOAD AND GENERATION FLEXIBILITY, INCLUDING
10 INTERRUPTIBLE PROGRAMS, WITH DUE CONSIDERATION GIVEN TO
11 PROGRAMS PROPOSED OR APPROVED IN OTHER COMMISSION PROCEEDINGS;

12 AND

13 (C) OTHER ALTERNATIVES TO SYSTEM UPGRADES, WHICH MAY
14 INCLUDE AUTOMATED DISTRIBUTED RESOURCE MANAGEMENT SYSTEMS;

15 (VII) INCLUDES ADEQUATE REPORTING AND SYSTEM MAPPING TO
16 IMPLEMENT THE PROPOSED PLAN AND PROGRAMS, AS WELL AS:

17 (A) TO THE EXTENT AVAILABLE AT THE TIME OF THE DISTRIBUTION
18 SYSTEM PLAN FILING, THE AVERAGE, MEDIAN, AND STANDARD DEVIATION
19 TIME BETWEEN RECEIVING A FORMAL APPLICATION FOR INTERCONNECTION
20 OR ENERGIZATION AND ENERGIZING THE ELECTRICAL SERVICE;
21 CONSTRAINTS AND OBSTACLES TO EACH TYPE OF INTERCONNECTION OR
22 ENERGIZATION, SUCH AS FUNDING LIMITATIONS, QUALIFIED STAFFING
23 AVAILABILITY, OR EQUIPMENT AVAILABILITY; AND ANY OTHER
24 INFORMATION REQUIRED BY THE COMMISSION; AND

25 (B) IF THE INTERCONNECTION AND ENERGIZATION TIME PERIODS
26 EXCEED ANY ESTABLISHED, COMMISSION-APPROVED AVERAGE TARGET
27 ENERGIZATION TIME PERIODS, AS DETERMINED IN A QUALIFYING RETAIL

1 UTILITY'S DISTRIBUTION SYSTEM PLAN PROCEEDING, OR IF THE QUALIFYING
2 RETAIL UTILITY HAS A SUBSTANTIAL NUMBER OF INTERCONNECTION OR
3 ENERGIZATION APPLICATIONS THAT EXCEED ANY ESTABLISHED
4 COMMISSION-APPROVED MAXIMUM TARGET ENERGIZATION TIME PERIODS,
5 A STRATEGY FOR MEETING THE TARGET ENERGIZATION TIME PERIODS IN
6 THE FUTURE; AND

7 (VIII) INCLUDES DOCUMENTATION DEMONSTRATING PROGRESS
8 TOWARD IMPLEMENTATION OF PREVIOUSLY APPROVED DISTRIBUTION
9 SYSTEM PLANS.

10 (e) THE DISTRIBUTION SYSTEM PLAN MUST INCLUDE A
11 PERFORMANCE-BASED FRAMEWORK, WHICH MUST CONSIST OF:

12 (I) APPLICABLE INTERCONNECTION TIMELINES;

13 (II) APPLICABLE ENERGIZATION TIMELINES, SO LONG AS:

14 (A) THE ENERGIZATION TIMELINES ARE NOT APPLICABLE TO THE
15 FIRST DISTRIBUTION SYSTEM PLAN FILED AFTER THE EFFECTIVE DATE OF
16 THIS SECTION;

17 (B) IN THE SECOND DISTRIBUTION SYSTEM PLAN FILED AFTER THE
18 EFFECTIVE DATE OF THIS SECTION, MEASUREMENT OF ANY ENERGIZATION
19 TIMELINES MUST COMMENCE UPON SUBMISSION BY THE CUSTOMER OF A
20 FORMAL LOAD REQUEST, AND ANY PERFORMANCE-BASED FRAMEWORK
21 MUST ONLY INCLUDE THE STEPS IN THE ENERGIZATION PROCESS THAT ARE
22 THE SOLE RESPONSIBILITY OF THE QUALIFYING RETAIL UTILITY;

23 (C) ANY ENERGIZATION TIMELINES IN A PERFORMANCE-BASED
24 FRAMEWORK MUST ACCOUNT FOR EXTENUATING CIRCUMSTANCES, AS
25 DEMONSTRATED BY THE QUALIFYING RETAIL UTILITY, THAT DO NOT
26 RESULT IN ANY FINDING OF NONCOMPLIANCE BY THE COMMISSION FOR THE
27 QUALIFYING RETAIL UTILITY;

1 (D) ANY ENERGIZATION TIMELINES AND PERFORMANCE
2 REQUIREMENTS DO NOT INCLUDE CONCEPTUAL CAPACITY CHECKS OR
3 OTHER INFORMATIONAL EVALUATIONS THAT MAY PRECEDE A FORMAL
4 LOAD REQUEST; AND

5 (E) THE QUALIFYING RETAIL UTILITY MUST BE REQUIRED TO TRACK
6 AND COLLECT DATA ON STEPS AND OUTCOMES THAT MAY PRECEDE THE
7 FORMAL ENERGIZATION PROCESS, AND THE COMMISSION MAY CONSIDER
8 THIS DATA IN UPDATING ANY PERFORMANCE-BASED ENERGIZATION
9 TIMELINE REQUIREMENTS IN THE THIRD DISTRIBUTION SYSTEM PLAN FILED
10 AFTER THE EFFECTIVE DATE OF THIS SECTION; AND

11 (III) REASONABLE AND COST-EFFECTIVE TARGETS MEASURED IN
12 MEGAWATTS FOR FLEXIBLE LOAD AND DEMAND MANAGEMENT, SO LONG
13 AS:

14 (A) A GENERAL TARGET-SETTING FRAMEWORK MUST BE
15 EVALUATED IN THE FIRST DISTRIBUTION SYSTEM PLAN FILED AFTER THE
16 EFFECTIVE DATE OF THIS SECTION AND FURTHER DEVELOPED THROUGH
17 OTHER PLANNING PROCESSES, INCLUDING SUBSEQUENT DISTRIBUTION
18 SYSTEM PLANS, ELECTRIC RESOURCE PLANS, AND DEMAND-SIDE
19 MANAGEMENT PLANS; AND

20 (B) THE TARGETS ARE APPLICABLE IN THE SECOND DISTRIBUTION
21 SYSTEM PLAN FILED AFTER THE EFFECTIVE DATE OF THIS SECTION AND
22 SUBSEQUENT DISTRIBUTION SYSTEM PLANS.

23 (f) (I) A QUALIFYING RETAIL UTILITY SHALL INCLUDE IN ITS
24 DISTRIBUTION SYSTEM PLAN A DETAILED ANALYSIS OF ITS CURRENT
25 QUALIFIED STAFFING LEVEL AND FUTURE REQUIRED QUALIFIED STAFFING
26 LEVEL FOR EACH JOB CLASSIFICATION NEEDED TO ACHIEVE THE POLICIES
27 AND REQUIREMENTS OF THIS SECTION. THE ANALYSIS OF WORKFORCE

1 NEEDS MUST INCLUDE REVIEW OF BOTH THE ANTICIPATED NEEDS OF
2 FUTURE UTILITY EMPLOYEES AS WELL AS THE ANTICIPATED NEEDS FOR
3 WORKFORCE ACQUIRED THROUGH THIRD-PARTY UTILITY AND
4 CONSTRUCTION CONTRACTORS. ADEQUATE STAFFING INCLUDES
5 ENGINEERING AND PROGRAMMING STAFF NECESSARY TO OVERSEE THE
6 TIMELY INTERCONNECTION OF DISTRIBUTED ENERGY RESOURCES,
7 ENERGIZATION OF ELECTRIFIED END USES, AND ENERGIZATION OF NEW
8 SERVICE CONNECTIONS TO THE QUALIFYING RETAIL UTILITY'S
9 DISTRIBUTION SYSTEM.

10 (II) THE COMMISSION SHALL REVIEW WHETHER EACH QUALIFYING
11 RETAIL UTILITY HAS ADEQUATE QUALIFIED STAFFING NEEDED TO ACHIEVE
12 THE POLICIES AND REQUIREMENTS OF THIS SECTION. THE ANALYSIS OF
13 ADEQUATE STAFFING MUST BE CONSIDERED IN A QUALIFYING RETAIL
14 UTILITY'S DISTRIBUTION SYSTEM PLAN PROCEEDING.

15 (g) A QUALIFYING RETAIL UTILITY SHALL ENSURE THAT, IN ANY
16 CONSTRUCTION, EXPANSION, OR MAINTENANCE OF DISTRIBUTION PROJECTS
17 UNDERTAKEN AS A PART OF THE DISTRIBUTION SYSTEM PLAN, ALL LABOR
18 IS PERFORMED EITHER BY THE EMPLOYEES OF THE QUALIFYING RETAIL
19 UTILITY OR BY QUALIFIED CONTRACTORS, OR BOTH, AND THAT, EXCEPT AS
20 OTHERWISE PROVIDED IN SUBSECTION (5)(i) OF THIS SECTION, A
21 QUALIFYING RETAIL UTILITY SHALL NOT USE A CONTRACTOR UNLESS:

22 (I) THE CONTRACTOR IS CHOSEN FROM A LIST OF QUALIFIED
23 CONTRACTORS PREPARED AND UPDATED AT LEAST ANNUALLY BY THE
24 DEPARTMENT; AND

25 (II) THE CONTRACTOR'S EMPLOYEES HAVE ACCESS TO AN
26 APPRENTICESHIP PROGRAM REGISTERED WITH THE UNITED STATES
27 DEPARTMENT OF LABOR'S OFFICE OF APPRENTICESHIP OR THE STATE

1 APPRENTICESHIP AGENCY; EXCEPT THAT THIS APPRENTICESHIP PROGRAM
2 REQUIREMENT DOES NOT APPLY TO:

- 3 (A) THE DESIGN, PLANNING, OR ENGINEERING OF THE FACILITIES;
- 4 (B) MANAGEMENT FUNCTIONS TO OPERATE THE FACILITIES; OR
- 5 (C) ANY WORK PERFORMED IN RESPONSE TO A WARRANTY CLAIM.

6 (h) TO QUALIFY PURSUANT TO SUBSECTION (5)(g)(I) OF THIS
7 SECTION, AN APPRENTICESHIP PROGRAM MUST CERTIFY TO THE
8 QUALIFYING RETAIL UTILITY THAT:

9 (I) ITS CURRICULUM INCLUDES REQUIREMENTS FOR THE
10 COMPLETION OF:

11 (A) AT LEAST SEVEN THOUSAND HOURS OF ON-THE-JOB TRAINING
12 TO ACHIEVE JOURNEYMAN LINEMAN STATUS, WITH AT LEAST SIX HUNDRED
13 FIFTY OF THOSE HOURS SPENT WORKING ON ENERGIZED POWER LINES AT
14 VOLTAGES OF AT LEAST SIX HUNDRED VOLTS; AND

15 (B) A CLASS IN ELECTRIC TRANSMISSION AND DISTRIBUTION
16 OFFERED BY THE FEDERAL OCCUPATIONAL SAFETY AND HEALTH
17 ADMINISTRATION KNOWN AS THE "OSHA ET&D TEN-HOUR TRAINING"
18 AND COMPRISING CONTENT SUBSTANTIALLY EQUIVALENT TO THAT OF THE
19 "OSHA 10" CLASS OFFERED DURING CALENDAR YEAR 2021; AND

20 (II) SUPERVISION OF APPRENTICES MEETS THE FOLLOWING
21 STANDARDS:

22 (A) APPRENTICES MUST WORK UNDER THE SUPERVISION OF A
23 JOURNEYMAN-LEVEL WORKER AT ALL TIMES; AND

24 (B) THE RATIO OF APPRENTICES TO JOURNEYMEN LINEMEN DOES
25 NOT EXCEED TWO TO ONE WHEN WORKING ON DISTRIBUTION PROJECTS FOR
26 BOTH ENERGIZED AND NON-ENERGIZED WORK.

27 (i) THE REQUEST FOR PROPOSAL FOR ANY CONTRACT WORK ON

1 FACILITIES SUBJECT TO THIS SECTION MUST BE SUBMITTED TO THE LIST OF
2 QUALIFIED CONTRACTORS DESCRIBED IN SUBSECTION (5)(g)(I) OF THIS
3 SECTION FOR AT LEAST SIXTY DAYS. IF NONE OF THE CONTRACTORS ON THE
4 LIST SUBMITS A QUALIFYING BID WITHIN SIXTY DAYS, THEN THE ENTITY
5 PROCURING THE WORK MAY SOLICIT BIDS FROM CONTRACTORS THAT ARE
6 NOT ON THE LIST BUT OTHERWISE QUALIFY UNDER THE TERMS OF THE
7 REQUEST FOR PROPOSAL SO LONG AS THOSE TERMS INCLUDE COMPLIANCE
8 WITH ALL APPLICABLE LAWS AND REGULATIONS RELATED TO SAFETY.

9 (j) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), TWO YEARS
10 AFTER THE APPROVAL OF ANY DISTRIBUTION SYSTEM PLAN, AND EVERY
11 TWO YEARS THEREAFTER, A QUALIFYING RETAIL UTILITY SHALL PREPARE
12 A REPORT AND SUBMIT THE REPORT TO THE GENERAL ASSEMBLY AND THE
13 COMMISSION OUTLINING PROGRESS TOWARD THE OBJECTIVES SET FORTH
14 IN THIS SECTION, INCLUDING PROGRESS TOWARD MEETING THE HOSTING
15 CAPACITY NEEDS IN DISPROPORTIONATELY IMPACTED COMMUNITIES
16 IDENTIFIED PURSUANT TO SUBSECTION (4)(c) OF THIS SECTION. THE
17 PROGRESS REPORTS MUST BE POSTED ON THE QUALIFYING RETAIL
18 UTILITY'S WEBSITE AND THE COMMISSION'S WEBSITE.

19 (6) **Longer-term requirements - rules.** (a) FOLLOWING THE
20 ADJUDICATION AND FINAL COMMISSION DECISION ON A QUALIFYING RETAIL
21 UTILITY'S FIRST DISTRIBUTION SYSTEM PLAN FILING AFTER THE EFFECTIVE
22 DATE OF THIS SECTION, THE COMMISSION SHALL OPEN A RULE-MAKING TO
23 CONSIDER AND ESTABLISH:

24 (I) TARGET AVERAGE AND MAXIMUM ENERGIZATION TIMELINES;

25 (II) ANY NECESSARY UPDATES TO EXISTING INTERCONNECTION
26 RULES;

27 (III) RULES FOR INTERCONNECTION, ENERGIZATION, AND

1 ELECTRIFICATION OF END USES IN NEW CONSTRUCTION HOMES,
2 PARTICULARLY REGARDING TIME FRAMES FOR RESPONDING TO COST
3 PROJECTION REQUESTS, THE RELIABILITY OF UTILITY COST ESTIMATES, AND
4 REASONABLE CONSTRUCTION SCHEDULES; AND

5 (IV) MAXIMUM INDIVIDUAL CUSTOMER COST CAPS OR FEES FOR
6 INTERCONNECTION OR ENERGIZATION OF RESOURCES OF ALL SIZES TO HELP
7 DEFRAID OR ELIMINATE THE COSTS OF INTERCONNECTING NEW
8 DISTRIBUTED GENERATION OR ENERGIZING TRANSPORTATION OR
9 BENEFICIAL ELECTRIFICATION LOAD TO THE ELECTRICAL GRID. THE RULES,
10 WHERE APPROPRIATE, SHOULD SPECIFICALLY EXEMPT INCOME-QUALIFIED
11 CUSTOMERS FROM PAYMENT OF SYSTEM UPGRADE FEES.

12 (b) THE RULE-MAKING DESCRIBED IN SUBSECTION (6)(a) OF THIS
13 SECTION MAY SET DIFFERENT FEES BASED ON THE INCLUSION OF
14 TECHNOLOGIES OR AGREEMENTS TO REDUCE SYSTEM COSTS, INCLUDING
15 FLEXIBLE INTERCONNECTION OR ENERGIZATION TARIFFS AND AUTOMATED
16 DISTRIBUTED RESOURCE MANAGEMENT SYSTEMS.

17 (c) THE COMMISSION'S CONSIDERATION OF THE RULE-MAKING
18 PROCEEDING DESCRIBED IN SUBSECTIONS (6)(a) AND (6)(b) OF THIS
19 SECTION MUST CONCLUDE IN A TIME THAT IS SUFFICIENT TO ALLOW THE
20 QUALIFYING RETAIL UTILITY TO FILE ITS SECOND DISTRIBUTION SYSTEM
21 PLAN AFTER THE EFFECTIVE DATE OF THIS SECTION.

22 (7) **Cost recovery - grid modernization adjustment clause.**

23 (a) A QUALIFYING RETAIL UTILITY SHALL RECOVER, ON AN ANNUAL BASIS,
24 PROJECTED DISTRIBUTION ACTIVITIES THROUGH A GRID MODERNIZATION
25 ADJUSTMENT CLAUSE ESTABLISHED AS PART OF THE QUALIFYING RETAIL
26 UTILITY'S FIRST DISTRIBUTION SYSTEM PLAN APPLICATION AFTER THE
27 EFFECTIVE DATE OF THIS SECTION, SO LONG AS THE GRID MODERNIZATION

1 ADJUSTMENT CLAUSE CONTINUES IN EFFECT THROUGH SUBSEQUENT
2 DISTRIBUTION SYSTEM PLANS.

3 (b) (I) WITHIN THE DISTRIBUTION SYSTEM PLAN, A QUALIFYING
4 RETAIL UTILITY SHALL PROPOSE, AND THE COMMISSION SHALL EVALUATE,
5 WHETHER THE PROJECTED DISTRIBUTION ACTIVITIES AND CORRESPONDING
6 BUDGETS STRATEGICALLY BENEFIT OR ADVANCE THE APPLICABLE
7 TARGETS, STANDARDS, PLANS, AND REGULATIONS DESCRIBED IN
8 SUBSECTION (5)(a) OF THIS SECTION OR STATE ENERGY POLICY GOALS,
9 INCLUDING GREENHOUSE GAS EMISSION REDUCTIONS, BENEFICIAL
10 ELECTRIFICATION, INCREASED RELIABILITY, AND INCREASED RESILIENCY,
11 AND THE COMMISSION SHALL ALLOW GRID MODERNIZATION ADJUSTMENT
12 CLAUSE RECOVERY FOR SUCH APPROVED DISTRIBUTION ACTIVITIES.

13 (II) IF THE COMMISSION FINDS THAT THE PROJECTED DISTRIBUTION
14 ACTIVITIES AND CORRESPONDING BUDGETS AFFORDABLY AND
15 STRATEGICALLY BENEFIT OR ADVANCE THE GOALS DESCRIBED IN
16 SUBSECTION (7)(b)(I) OF THIS SECTION, THE DISTRIBUTION ACTIVITIES ARE
17 QUALIFYING DISTRIBUTION ACTIVITY RECOVERY AND RECOVERY MUST
18 OCCUR THROUGH THE GRID MODERNIZATION ADJUSTMENT CLAUSE IN A
19 MANNER CONSISTENT WITH THIS SECTION.

20 (III) FOR PROJECTED DISTRIBUTION ACTIVITIES AND
21 CORRESPONDING BUDGETS THAT THE COMMISSION FINDS DO NOT BENEFIT
22 OR ADVANCE THE GOALS DESCRIBED IN SUBSECTION (7)(b)(I) OF THIS
23 SECTION, RECOVERY MAY OCCUR THROUGH THE GRID MODERNIZATION
24 ADJUSTMENT CLAUSE IF THE QUALIFYING RETAIL UTILITY MEETS THE
25 CRITERIA ESTABLISHED IN THE PERFORMANCE-BASED FRAMEWORK
26 APPROVED BY THE COMMISSION PURSUANT TO SUBSECTION (5)(e) OF THIS
27 SECTION THROUGH THE DISTRIBUTION SYSTEM PLANNING PROCESS.

1 (c) (I) THE GRID MODERNIZATION ADJUSTMENT CLAUSE IS SUBJECT
2 TO ANNUAL ADJUSTMENTS, WHICH ARE EFFECTIVE ON JANUARY 1 OF EACH
3 YEAR.

4 (II) A QUALIFYING RETAIL UTILITY SHALL MAKE A GRID
5 MODERNIZATION ADJUSTMENT CLAUSE ADVICE LETTER FILING WITH THE
6 COMMISSION ANNUALLY, AND NO LATER THAN NOVEMBER 1 OF EACH
7 YEAR, WITH AN EFFECTIVE DATE OF JANUARY 1 OF THE SUBSEQUENT YEAR,
8 WHICH MUST INCLUDE THE QUALIFYING DISTRIBUTION ACTIVITY
9 RECOVERY AND OTHER DISTRIBUTION ACTIVITIES APPROVED PURSUANT TO
10 SUBSECTION (7)(b) OF THIS SECTION FOR THE NEXT TWELVE MONTHS,
11 INCLUDING A RETURN AT THE QUALIFYING RETAIL UTILITY'S MOST
12 RECENTLY APPROVED WEIGHTED AVERAGE COST OF CAPITAL.

13 (III) THE GRID MODERNIZATION ADJUSTMENT CLAUSE MUST BE
14 REDUCED TO THE EXTENT THAT ANY PRUDENTLY INCURRED COSTS BEING
15 RECOVERED THROUGH THE GRID MODERNIZATION ADJUSTMENT CLAUSE
16 HAVE ALREADY BEEN INCLUDED IN THE QUALIFYING RETAIL UTILITY'S
17 BASE RATES AS A RESULT OF THE COMMISSION'S FINAL ORDER IN A RATE
18 CASE, AND RECOVERED QUALIFYING DISTRIBUTION ACTIVITY RECOVERY
19 IS SUBJECT TO A TRUE-UP WITH ANY POSITIVE OR NEGATIVE BALANCE
20 CREDITED TO CUSTOMERS OR RECOVERED BY THE QUALIFYING RETAIL
21 UTILITY IN THE SUBSEQUENT YEAR AND AN APPROPRIATE FINANCING COST
22 APPLIED TO THE POSITIVE OR NEGATIVE BALANCES.

23 (8) **Virtual power plant program.** (a) NO LATER THAN
24 FEBRUARY 1, 2025, A QUALIFYING RETAIL UTILITY SHALL CREATE AND
25 FILE WITH THE COMMISSION AN APPLICATION TO IMPLEMENT A VIRTUAL
26 POWER PLANT PROGRAM, INCLUDING A TARIFF FOR PERFORMANCE-BASED
27 COMPENSATION FOR A QUALIFIED VIRTUAL POWER PLANT.

1 (b) A VIRTUAL POWER PLANT PROGRAM IMPLEMENTED PURSUANT
2 TO SUBSECTION (8)(a) OF THIS SECTION:

3 (I) MUST DEFINE THE GOALS OF THE VIRTUAL POWER PLANT
4 PROGRAM AND CONSIDER THE ROLE THAT VIRTUAL POWER PLANTS CAN
5 PLAY IN MODELING AND MEETING SYSTEM NEEDS IN THE RESOURCE
6 PLANNING PROCESS AND ELIGIBILITY REQUIREMENTS FOR DER
7 AGGREGATORS AND TECHNOLOGIES;

8 (II) MUST ESTABLISH A REQUIREMENT FOR A DER AGGREGATOR
9 TO PARTICIPATE IN A VIRTUAL POWER PLANT AS A QUALIFIED
10 AGGREGATOR, INCLUDING COMMUNICATION, DISPATCH, MEASUREMENT
11 AND VERIFICATION, AND SETTLEMENT OF PERFORMANCE-BASED
12 COMPENSATION;

13 (III) MAY SET A CAP FOR INDIVIDUAL RESOURCE CAPACITY AND
14 MINIMUM AGGREGATION CAPACITY FOR PARTICIPATION IN THE VIRTUAL
15 POWER PLANT PROGRAM;

16 (IV) MUST HAVE PROVISIONS FOR THE ENROLLMENT OF
17 PROSUMERS BY DER AGGREGATORS;

18 (V) MUST HAVE REQUIREMENTS FOR A DER AGGREGATOR TO
19 PARTICIPATE IN A VIRTUAL POWER PLANT TARIFF, INCLUDING
20 REQUIREMENTS FOR THE MEASUREMENTS OF DISTRIBUTED ENERGY
21 RESOURCES ASSOCIATED WITH THE VIRTUAL POWER PLANT;

22 (VI) MUST HAVE REQUIREMENTS FOR A STANDARD TARIFF OR
23 TARIFFS TO SET PERFORMANCE REQUIREMENTS AND PERFORMANCE-BASED
24 COMPENSATION FOR THE DER AGGREGATOR, WHICH REQUIREMENTS MUST
25 INCLUDE:

26 (A) A REQUIREMENT THAT OTHERWISE ELIGIBLE CUSTOMERS CAN
27 PARTICIPATE IN THE TARIFF OR TARIFFS THROUGH A DER AGGREGATOR,

1 REGARDLESS OF THE CUSTOMER'S ELECTRICITY SERVICE RATE; AND

2 (B) A REQUIREMENT TO EXPLORE THE COSTS AND BENEFITS OF

3 SETTING THE TARIFF REQUIREMENTS AND COMPENSATION FOR A PERIOD OF

4 FIVE YEARS, AFTER WHICH DER AGGREGATORS MAY BE REQUIRED TO

5 TRANSITION TO DIFFERENT TARIFF REQUIREMENTS AND COMPENSATION;

6 (VII) MUST HAVE STREAMLINED AND REASONABLE DATA

7 REQUIREMENTS FOR THE PARTICIPATION OF QUALIFIED AGGREGATORS,

8 PROSUMERS, OR OTHERWISE ELIGIBLE CUSTOMERS IN THE VIRTUAL POWER

9 PLANT PROGRAM;

10 (VIII) MUST PROVIDE THAT PROSUMERS OR OTHERWISE ELIGIBLE

11 CUSTOMERS MUST NOT BE DISQUALIFIED FROM PARTICIPATION IN A

12 COMMISSION-APPROVED VIRTUAL POWER PLANT PROGRAM OR

13 PERFORMANCE-BASED COMPENSATION DUE TO RECEIPT OF OTHER

14 INCENTIVES, INCLUDING UP-FRONT INCENTIVES OR PERFORMANCE

15 PAYMENTS FOR ENERGY, CAPACITY, OR OTHER GRID SERVICES THAT ARE

16 DISTINCT FROM THE VIRTUAL POWER PLANT;

17 (IX) MUST PROVIDE THAT PROSUMERS OR OTHERWISE ELIGIBLE

18 CUSTOMERS ARE NOT COMPENSATED FOR THE PROVISION OF THE SAME

19 SERVICE MORE THAN ONCE;

20 (X) MUST REQUIRE THAT DER AGGREGATORS ADHERE TO ALL

21 RELEVANT INTERCONNECTION RULES, TARIFFS, AND APPLICABLE

22 QUALIFYING RETAIL UTILITY PROCEDURES TO ENSURE THE SAFE

23 OPERATION OF VIRTUAL POWER PLANTS WITHIN THE DISTRIBUTION

24 SYSTEM;

25 (XI) MUST PRESCRIBE THE METHOD FOR SETTING

26 PERFORMANCE-BASED COMPENSATION. THE VIRTUAL POWER PLANT

27 PROGRAM MAY MAKE USE OF TARIFF RIDERS TO REFLECT STANDARD AND

1 ADDITIONAL VALUES PROVIDED BY CERTAIN RESOURCES, LOCATIONS,
2 TIMES, OR GRID CONDITIONS. TO THE EXTENT APPLICABLE, THE
3 PERFORMANCE-BASED COMPENSATION METHODOLOGY MUST REFLECT THE
4 FULL VALUE OF SERVICES, WHICH MAY INCLUDE:

- 5 (A) LOCAL AND SYSTEM PEAK DEMAND REDUCTION;
- 6 (B) CLEAN PEAK SERVICE;
- 7 (C) VOLTAGE SUPPORT AND OTHER ANCILLARY SERVICES;
- 8 (D) THE AVOIDANCE OR DEFERRAL OF ELECTRIC OR GAS
9 TRANSMISSION OR DISTRIBUTION UPGRADES OR CAPACITY EXPANSION;
- 10 (E) LOCATIONAL VALUE AS REVEALED BY A GRID NEEDS
11 ASSESSMENT OR PARTICIPATION IN NON-WIRES ALTERNATIVES IDENTIFIED
12 IN THE QUALIFYING RETAIL UTILITY'S DISTRIBUTION SYSTEM PLAN;
- 13 (F) THE USE OF TELEMETRY FOR SETTLEMENT; AND
- 14 (G) OTHER FUNCTIONS THAT THE COMMISSION DETERMINES ARE
15 SUPPORTIVE OF EFFICIENT PLANNING AND OPERATION OF THE ELECTRICAL
16 GRID; AND

17 (XII) MUST ALLOW A QUALIFYING RETAIL UTILITY TO SERVE AS A
18 DER AGGREGATOR SO LONG AS THE TARIFF OR ACCESS TO NECESSARY
19 DATA DOES NOT PROVIDE THE UTILITY A COMPETITIVE ADVANTAGE OVER
20 THIRD-PARTY AGGREGATORS.

21 (c) AS PART OF THE TARIFF APPLICATION, THE COMMISSION SHALL
22 CONSIDER WHETHER IT IS APPROPRIATE TO SET DIFFERENT
23 PERFORMANCE-BASED COMPENSATION AND REQUIREMENTS FOR
24 DIFFERENT TECHNOLOGIES OR SERVICES.

25 (d) ANY TARIFF FILED BY A QUALIFYING RETAIL UTILITY PURSUANT
26 TO SUBSECTION (8)(a) OF THIS SECTION MUST INCLUDE, AT A MINIMUM,
27 THE FOLLOWING TERMS FOR THE COMMISSION TO APPROVE, MODIFY, OR

1 DENY THE TARIFF:

2 (I) MINIMUM AND MAXIMUM NUMBERS OF GRID EVENTS FOR
3 WHICH THE QUALIFYING RETAIL UTILITY MAY DISPATCH THE VIRTUAL
4 POWER PLANT;

5 (II) MONTHS OF THE YEAR THAT GRID EVENTS CAN OCCUR;

6 (III) DAYS OF THE WEEK THAT GRID EVENTS CAN OCCUR;

7 (IV) TIMES OF DAY THAT GRID EVENTS CAN OCCUR;

8 (V) THE MAXIMUM DURATION OF GRID EVENTS; AND

9 (VI) MINIMUM ADVANCE NOTIFICATION REQUIREMENTS OF GRID
10 EVENTS.

11 (e) NOTHING IN THIS SECTION AFFECTS A QUALIFYING RETAIL
12 UTILITY'S NET METERING PROGRAM REQUIRED BY SECTION 40-2-124 FOR
13 ENERGY THAT IS EXPORTED OUTSIDE OF A COMMISSION-APPROVED
14 VIRTUAL POWER PLANT PROGRAM.

15 (f) A QUALIFYING RETAIL UTILITY SHALL RECOVER COSTS TO
16 FACILITATE A VIRTUAL POWER PLANT PROGRAM, INCLUDING
17 FOUNDATIONAL TECHNOLOGY COSTS OR INVESTMENTS, OPERATIONS AND
18 MAINTENANCE EXPENSES, OPERATING TECHNOLOGY COSTS OR
19 INVESTMENTS, AND INFORMATION TECHNOLOGY COSTS OR INVESTMENTS,
20 THROUGH THE GRID MODERNIZATION ADJUSTMENT CLAUSE.

21 (g) (I) IN ORDER TO PARTICIPATE IN A VIRTUAL POWER PLANT
22 PROGRAM UNDER THIS SECTION, AN INDIVIDUAL ENERGY STORAGE
23 PROJECT PUT OUT TO BID BY THE PROJECT OWNER AFTER JUNE 30, 2024,
24 WITH A USABLE ENERGY CAPACITY OF ONE MEGAWATT OR HIGHER IS
25 SUBJECT TO THE REQUIREMENTS OF SECTIONS 24-92-304, 24-92-305,
26 24-92-306, AND 24-92-307.

27 (II) THE DER AGGREGATOR ADMINISTERING THE VPP SHALL FILE

1 AN AFFIDAVIT UNDER PENALTY OF PERJURY WITH THE COMMISSION
2 STATING THAT ALL ENERGY STORAGE SYSTEMS WITH A USABLE ENERGY
3 CAPACITY OF ONE MEGAWATT OR HIGHER PARTICIPATING IN THE VPP ARE
4 IN COMPLIANCE WITH THIS SECTION.

5 (III) THE COMMISSION MAY ASK THE QUALIFYING RETAIL UTILITY
6 TO GET ADDITIONAL INFORMATION OR DOCUMENTATION FROM THE DER
7 AGGREGATOR IF THE COMMISSION DEEMS IT NECESSARY TO ENSURE
8 COMPLIANCE WITH THIS SECTION.

9 (IV) AFTER THE INITIAL FILING OF THE AFFIDAVIT WITH THE
10 COMMISSION, IF A DER AGGREGATOR ADDS AN INDIVIDUAL ADDITIONAL
11 STORAGE SYSTEM CAPACITY OF ONE MEGAWATT OR HIGHER, THE DER
12 AGGREGATOR SHALL FILE ANOTHER AFFIDAVIT WITH THE COMMISSION.

13 (h) UNLESS IMPLEMENTED IN ANOTHER PROCEEDING, THE
14 COMMISSION SHALL DETERMINE WHETHER TO DIRECT A QUALIFYING
15 RETAIL UTILITY TO PROPOSE A COMPETITIVE SOLICITATION FOR VIRTUAL
16 POWER PLANTS THAT MAY OPERATE IN CONJUNCTION WITH THE
17 TARIFF-BASED VIRTUAL POWER PLANT PROGRAM IN EVALUATING THE
18 APPROVAL OF THE TARIFF.

19 (9) **Underground conversion programs - plans.** (a) BY
20 JANUARY 1, 2025, A QUALIFYING RETAIL UTILITY SHALL FILE WITH THE
21 COMMISSION A PLAN TO IMPLEMENT COMMUNITY-DIRECTED
22 UNDERGROUND CONVERSION PROGRAMS FOR THE UNDERGROUNDING OF
23 UTILITY DISTRIBUTION INFRASTRUCTURE IN NONFRANCHISED AREAS IN THE
24 STATE USING ONE PERCENT OF AN AREA'S GROSS ELECTRIC REVENUES
25 FROM THE PRIOR YEAR.

26 (b) AS PART OF A QUALIFYING RETAIL UTILITY'S DISTRIBUTION
27 SYSTEM PLANS, THE QUALIFYING RETAIL UTILITY SHALL CONSIDER THE

1 PUBLIC BENEFIT OF UNDERGROUNDING EXISTING AND NEW DISTRIBUTION
2 SYSTEM INFRASTRUCTURE. A QUALIFYING RETAIL UTILITY SHALL INCLUDE
3 IN ITS DISTRIBUTION SYSTEM PLANS A DESCRIPTION OF HOW SUCH PUBLIC
4 BENEFIT HAS BEEN CONSIDERED IN ITS DISTRIBUTION SYSTEM PLANNING.

5 **SECTION 2. Safety clause.** The general assembly finds,
6 determines, and declares that this act is necessary for the immediate
7 preservation of the public peace, health, or safety or for appropriations for
8 the support and maintenance of the departments of the state and state
9 institutions.