

## CHAPTER 60

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**PUBLIC UTILITIES**


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**HOUSE BILL 07-1281**

BY REPRESENTATIVE(S) Pommer and Witwer, Benefield, Borodkin, Buescher, Butcher, Casso, Cerbo, Fischer, Frangas, Gagliardi, Garcia, Gibbs, Green, Hicks, Jahn, Kefalas, Kerr A., Kerr J., Labuda, Levy, Looper, Madden, Marostica, Marshall, Massey, McFadyen, McGihon, McKinley, Merrifield, Peniston, Primavera, Rice, Riesberg, Roberts, Solano, Summers, Todd, Vaad, Carroll M., Carroll T., Hodge, Romanoff, Sonnenberg, Soper, Weissmann, Gallegos, Liston, Stafford, and White; also SENATOR(S) Schwartz, Bacon, Boyd, Fitz-Gerald, Gordon, Groff, Johnson, Keller, Kester, Morse, Romer, Shaffer, Tapia, Tochtrop, Tupa, Veiga, Williams, and Windels.

**AN ACT****CONCERNING INCREASED RENEWABLE ENERGY STANDARDS.**

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

**SECTION 1.** 40-2-124, Colorado Revised Statutes, is amended to read:

**40-2-124. Renewable energy standard.** (1) Each provider of retail electric service in the state of Colorado, ~~that serves over~~ OTHER THAN MUNICIPALLY OWNED UTILITIES THAT SERVE forty thousand customers OR LESS, shall be considered a qualifying retail utility. Each qualifying retail utility, with the exception of cooperative electric associations that have voted to exempt themselves from commission jurisdiction pursuant to section 40-9.5-104 and municipally owned utilities, shall be subject to the rules established under this article by the commission. No additional regulatory authority of the commission other than that specifically contained ~~herein~~ IN THIS SECTION is provided or implied. In accordance with article 4 of title 24, C.R.S., on or before ~~April 1, 2005~~ OCTOBER 1, 2007, the commission shall ~~initiate one or more rule-making processes~~ REVISE OR CLARIFY EXISTING RULES to establish the following:

(a) Definitions of eligible ~~renewable~~ energy resources that can be used to meet the standards. "Eligible ~~renewable~~ energy resources" ~~are~~ MEANS RECYCLED ENERGY AND RENEWABLE ENERGY RESOURCES. "RENEWABLE ENERGY RESOURCES" MEANS solar, wind, geothermal, biomass, new hydroelectricity with a nameplate rating of ten megawatts or less, and hydroelectricity in existence on January 1, 2005, with a nameplate rating of thirty megawatts or less. The commission shall determine,

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

following an evidentiary hearing, the extent to which such electric generation technologies utilized in an optional pricing program may be used to comply with this standard. A fuel cell using hydrogen derived from ~~these~~ AN eligible resources ENERGY RESOURCE is also an eligible electric generation technology. Fossil and nuclear fuels and their derivatives are not eligible ENERGY resources. ~~Further~~ FOR PURPOSES OF THIS SECTION:

(I) "Biomass" ~~shall be defined to mean~~ MEANS:

~~(F)~~ (A) Nontoxic plant matter consisting of agricultural crops or their byproducts, urban wood waste, mill residue, slash, or brush;

~~(H)~~ (B) Animal wastes and products of animal wastes; or

~~(HH)~~ (C) Methane produced at landfills or as a by-product of the treatment of wastewater residuals.

(II) "RECYCLED ENERGY" MEANS ENERGY PRODUCED BY A GENERATION UNIT WITH A NAMEPLATE CAPACITY OF NOT MORE THAN FIFTEEN MEGAWATTS THAT CONVERTS THE OTHERWISE LOST ENERGY FROM THE HEAT FROM EXHAUST STACKS OR PIPES TO ELECTRICITY AND THAT DOES NOT COMBUST ADDITIONAL FOSSIL FUEL. "RECYCLED ENERGY" DOES NOT INCLUDE ENERGY PRODUCED BY ANY SYSTEM THAT USES ENERGY, LOST OR OTHERWISE, FROM A PROCESS WHOSE PRIMARY PURPOSE IS THE GENERATION OF ELECTRICITY, INCLUDING, WITHOUT LIMITATION, ANY PROCESS INVOLVING ENGINE-DRIVEN GENERATION OR PUMPED HYDROELECTRICITY GENERATION.

(b) Standards for the design, placement, and management of electric generation technologies that use eligible ~~renewable~~ energy resources to ensure that the environmental impacts of such facilities are minimized.

(c) ~~(F)~~ Electric resource standards: ~~for renewable energy resources:~~

(I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (V) OF THIS PARAGRAPH (c), the electric resource standards shall require each qualifying retail utility to generate, or cause to be generated, electricity from eligible ~~renewable~~ energy resources in the following minimum amounts:

(A) Three percent of its retail electricity sales in Colorado for the ~~years~~ YEAR 2007; ~~through 2010;~~

(B) FIVE PERCENT OF ITS RETAIL ELECTRICITY SALES IN COLORADO FOR THE YEARS 2008 THROUGH 2010;

~~(B)~~ (C) ~~Six~~ TEN percent of its retail electricity sales in Colorado for the years 2011 through 2014;

~~(C)~~ (D) ~~Ten~~ FIFTEEN percent of its retail electricity sales in Colorado for the years 2015 ~~and thereafter.~~ THROUGH 2019; AND

(E) TWENTY PERCENT OF ITS RETAIL ELECTRICITY SALES IN COLORADO FOR THE

YEARS 2020 AND THEREAFTER.

(II) Of the amounts in subparagraph (I) of paragraph (c) of this subsection (1), at least four percent shall be derived from solar electric generation technologies. At least one-half of this four percent shall be derived from solar electric technologies located on-site at customers' facilities.

(III) Each kilowatt-hour of ~~renewable~~ electricity generated FROM ELIGIBLE ENERGY RESOURCES in Colorado shall be counted as one and one-quarter kilowatt-hours for the purposes of compliance with this standard.

(IV) To the extent that the ability of a qualifying retail utility to acquire eligible ~~renewable electric generation~~ ENERGY RESOURCES is limited by a requirements contract with a wholesale electric supplier, the qualifying retail utility shall acquire the maximum amount allowed by the contract. For any shortfalls to the amounts established by the commission pursuant to subparagraph (I) of THIS paragraph (c), ~~of this subsection (1)~~; the qualifying retail utility shall acquire an equivalent amount of either renewable energy credits; documented and verified energy savings through energy efficiency and conservation programs; or a combination of both. Any contract entered into by a qualifying retail utility after December 1, 2004, shall not conflict with this article.

(V) NOTWITHSTANDING ANY OTHER PROVISION OF LAW BUT SUBJECT TO SUBSECTION (4) OF THIS SECTION, THE ELECTRIC RESOURCE STANDARDS SHALL REQUIRE EACH COOPERATIVE ELECTRIC ASSOCIATIONS AND MUNICIPALLY OWNED UTILITIES THAT ARE QUALIFYING RETAIL UTILITIES TO GENERATE, OR CAUSE TO BE GENERATED, ELECTRICITY FROM ELIGIBLE ENERGY RESOURCES IN THE FOLLOWING MINIMUM AMOUNTS:

(A) ONE PERCENT OF ITS RETAIL ELECTRICITY SALES IN COLORADO FOR THE YEARS 2008 THROUGH 2010;

(B) THREE PERCENT OF RETAIL ELECTRICITY SALES IN COLORADO FOR THE YEARS 2011 THROUGH 2014;

(C) SIX PERCENT OF RETAIL ELECTRICITY SALES IN COLORADO FOR THE YEARS 2015 THROUGH 2019; AND

(D) TEN PERCENT OF RETAIL ELECTRICITY SALES IN COLORADO FOR THE YEARS 2020 AND THEREAFTER.

(VI) EACH KILOWATT-HOUR OF ELECTRICITY GENERATED FROM ELIGIBLE ENERGY RESOURCES AT A COMMUNITY-BASED PROJECT SHALL BE COUNTED AS ONE AND ONE-HALF KILOWATT-HOURS. FOR PURPOSES OF THIS SUBPARAGRAPH (VI), "COMMUNITY-BASED PROJECT" MEANS A PROJECT LOCATED IN COLORADO:

(A) THAT IS OWNED BY INDIVIDUAL RESIDENTS OF A COMMUNITY, NONPROFIT ORGANIZATION, COOPERATIVE, LOCAL GOVERNMENT ENTITY, OR TRIBAL COUNCIL;

(B) THE GENERATING CAPACITY OF WHICH DOES NOT EXCEED THIRTY MEGAWATTS; AND

(C) FOR WHICH THERE IS A RESOLUTION OF SUPPORT ADOPTED BY THE LOCAL GOVERNING BODY OF EACH LOCAL JURISDICTION IN WHICH THE PROJECT IS TO BE LOCATED.

(VII) (A) FOR PURPOSES OF COMPLIANCE WITH THE STANDARDS SET FORTH IN SUBPARAGRAPH (V) OF THIS PARAGRAPH (c), EACH KILOWATT-HOUR OF RENEWABLE ELECTRICITY GENERATED FROM SOLAR ELECTRIC GENERATION TECHNOLOGIES SHALL BE COUNTED AS THREE KILOWATT-HOURS.

(B) SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH (VII) APPLIES ONLY TO SOLAR ELECTRIC TECHNOLOGIES THAT BEGIN PRODUCING ELECTRICITY PRIOR TO JULY 1, 2015. FOR SOLAR ELECTRIC TECHNOLOGIES THAT BEGIN PRODUCING ELECTRICITY ON OR AFTER JULY 1, 2015, EACH KILOWATT-HOUR OF RENEWABLE ELECTRICITY SHALL BE COUNTED AS ONE KILOWATT-HOUR FOR PURPOSES OF COMPLIANCE WITH THE RENEWABLE ENERGY STANDARD.

(VIII) EACH KILOWATT-HOUR OF ELECTRICITY FROM ELIGIBLE ENERGY RESOURCES MAY TAKE ADVANTAGE OF ONLY ONE OF THE METHODS FOR COUNTING KILOWATT-HOURS SET FORTH IN SUBPARAGRAPHS (III), (VI), AND (VII) OF THIS PARAGRAPH (c).

(d) A system of tradable renewable energy credits that may be used by a qualifying retail utility to comply with this standard. The commission shall also analyze the effectiveness of utilizing any regional system of renewable energy credits in existence at the time of its rule-making process and determine whether the system is governed by rules that are consistent with the rules established for this article. THE COMMISSION SHALL NOT RESTRICT THE QUALIFYING RETAIL UTILITY'S OWNERSHIP OF RENEWABLE ENERGY CREDITS IF THE QUALIFYING RETAIL UTILITY COMPLIES WITH THE ELECTRIC RESOURCE STANDARD OF PARAGRAPH (c) OF THIS SUBSECTION (1) AND DOES NOT EXCEED THE RETAIL RATE IMPACT ESTABLISHED BY PARAGRAPH (g) OF THIS SUBSECTION (1).

(e) A standard rebate offer program. Each qualifying retail utility, EXCEPT FOR COOPERATIVE ELECTRIC ASSOCIATIONS AND MUNICIPALLY OWNED UTILITIES, shall make available to its retail electricity customers a standard rebate offer of a minimum of two dollars per watt for the installation of eligible solar electric generation on customers' premises up to a maximum of one hundred kilowatts per installation. Such offer shall allow the customer's retail electricity consumption to be offset by the solar electricity generated. To the extent that solar electricity generation exceeds the customer's consumption during a billing month, such excess electricity shall be carried forward as a credit to the following month's consumption. To the extent that solar electricity generation exceeds the customer's consumption during a calendar year, the customer shall be reimbursed by the qualifying retail utility at its average hourly incremental cost of electricity supply over the prior twelve-month period. The qualifying retail utility shall not apply unreasonably burdensome interconnection requirements in connection with this standard rebate offer. Electricity generated under this program shall be eligible for the qualifying retail utility's compliance with this article.

(f) Policies for the recovery of costs incurred with respect to these standards for qualifying retail utilities that are subject to rate regulation by the commission.

THESE POLICIES SHALL PROVIDE INCENTIVES TO QUALIFYING RETAIL UTILITIES TO INVEST IN ELIGIBLE ENERGY RESOURCES IN THE STATE OF COLORADO. Such policies shall include:

(I) ALLOWING A QUALIFYING RETAIL UTILITY TO DEVELOP AND OWN AS UTILITY RATE-BASED PROPERTY UP TO TWENTY-FIVE PERCENT OF THE TOTAL NEW ELIGIBLE ENERGY RESOURCES THE UTILITY ACQUIRES FROM ENTERING INTO POWER PURCHASE AGREEMENTS AND FROM DEVELOPING AND OWNING RESOURCES AFTER THE EFFECTIVE DATE OF THIS SUBPARAGRAPH (I), IF THE NEW ELIGIBLE ENERGY RESOURCES PROPOSED TO BE DEVELOPED AND OWNED BY THE UTILITY CAN BE CONSTRUCTED AT REASONABLE COST COMPARED TO THE COST OF SIMILAR ELIGIBLE ENERGY RESOURCES AVAILABLE IN THE MARKET. THE QUALIFYING RETAIL UTILITY SHALL BE ALLOWED TO DEVELOP AND OWN AS UTILITY RATE-BASED PROPERTY MORE THAN TWENTY-FIVE PERCENT BUT NOT MORE THAN FIFTY PERCENT OF TOTAL NEW ELIGIBLE ENERGY RESOURCES ACQUIRED AFTER THE EFFECTIVE DATE OF THIS SUBPARAGRAPH (I), IF THE QUALIFYING RETAIL UTILITY SHOWS THAT ITS PROPOSAL WOULD PROVIDE SIGNIFICANT ECONOMIC DEVELOPMENT, EMPLOYMENT, ENERGY SECURITY, OR OTHER BENEFITS TO THE STATE OF COLORADO. THE QUALIFYING RETAIL UTILITY MAY DEVELOP AND OWN THESE RESOURCES EITHER BY ITSELF OR JOINTLY WITH OTHER OWNERS, AND, IF OWNED JOINTLY, THE ENTIRE JOINTLY OWNED RESOURCE SHALL COUNT TOWARD THE PERCENTAGE LIMITATIONS IN THIS SUBPARAGRAPH (I). FOR THE RESOURCES ADDRESSED IN THIS SUBPARAGRAPH (I), THE QUALIFYING RETAIL UTILITY SHALL NOT BE REQUIRED TO COMPLY WITH THE COMPETITIVE BIDDING REQUIREMENTS OF THE COMMISSION'S RULES; EXCEPT THAT NOTHING IN THIS SUBPARAGRAPH (I) SHALL PRECLUDE THE QUALIFYING RETAIL UTILITY FROM BIDDING TO OWN A GREATER PERCENTAGE OF NEW ELIGIBLE ENERGY RESOURCES THAN PERMITTED BY THIS SUBPARAGRAPH (I). IN ADDITION, NOTHING IN THIS SUBPARAGRAPH (I) SHALL PREVENT THE COMMISSION FROM WAIVING, REPEALING, OR REVISING ANY COMMISSION RULE IN A MANNER OTHERWISE CONSISTENT WITH APPLICABLE LAW.

(II) Allowing qualifying retail utilities to earn an extra profit on their investment in ~~renewable~~ ELIGIBLE energy RESOURCE technologies if these investments provide net economic benefits to customers as determined by the commission. The allowable extra profit in any year shall be the qualifying retail utility's most recent commission authorized rate of return plus a bonus limited to fifty percent of the net economic benefit.

(III) Allowing qualifying retail utilities to earn their most recent commission authorized rate of return, but no bonus, on investments in ~~renewable~~ ELIGIBLE energy RESOURCE technologies if these investments do not provide a net economic benefit to customers.

(IV) CONSIDERING, WHEN THE QUALIFYING RETAIL UTILITY APPLIES FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY UNDER SECTION 40-5-101, RATE RECOVERY MECHANISMS THAT PROVIDE FOR EARLIER AND TIMELY RECOVERY OF COSTS PRUDENTLY AND REASONABLY INCURRED BY THE QUALIFYING RETAIL UTILITY IN DEVELOPING, CONSTRUCTING, AND OPERATING THE ELIGIBLE ENERGY RESOURCE, INCLUDING:

(A) RATE ADJUSTMENT CLAUSES UNTIL THE COSTS OF THE ELIGIBLE ENERGY

RESOURCE CAN BE INCLUDED IN THE UTILITY'S BASE RATES; AND

(B) A CURRENT RETURN ON THE UTILITY'S CAPITAL EXPENDITURES DURING CONSTRUCTION AT THE UTILITY'S WEIGHTED AVERAGE COST OF CAPITAL, INCLUDING ITS MOST RECENTLY AUTHORIZED RATE OF RETURN ON EQUITY, DURING THE CONSTRUCTION, STARTUP, AND OPERATION PHASES OF THE ELIGIBLE ENERGY RESOURCE.

~~(H)~~ (V) If the commission approves the terms and conditions of a ~~renewable~~ AN ELIGIBLE energy RESOURCE contract between the qualifying retail utility and another party, the ~~renewable energy~~ contract and its terms and conditions shall be deemed to be a prudent investment, and the commission shall approve retail rates sufficient to recover all just and reasonable costs associated with the contract. All contracts for acquisition of eligible ~~renewable electricity~~ ENERGY RESOURCES shall have a minimum term of twenty years; except that the contract term may be shortened at the sole discretion of the seller. All contracts for the acquisition of renewable energy credits from solar electric technologies located on site at customer facilities shall also have a minimum term of twenty years.

~~(IV)~~ (VI) A requirement that qualifying retail utilities consider proposals offered by third parties for the sale of renewable energy or renewable energy credits. The commission may develop standard terms for the submission of such proposals.

(g) Retail rate impact rule:

(I) EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH (IV) OF THIS PARAGRAPH (g), for each qualifying utility, the commission shall establish a maximum retail rate impact for this section of ~~one~~ TWO percent of the total electric bill annually for each customer. The retail rate impact shall be determined net of new ~~nonrenewable~~ alternative sources of electricity supply FROM NONELIGIBLE ENERGY RESOURCES THAT ARE reasonably available at the time of the determination. IF THE RETAIL RATE IMPACT DOES NOT EXCEED THE MAXIMUM IMPACT PERMITTED BY THIS PARAGRAPH (g), THE QUALIFYING UTILITY MAY ACQUIRE MORE THAN THE MINIMUM AMOUNT OF ELIGIBLE ENERGY RESOURCES AND RENEWABLE ENERGY CREDITS REQUIRED BY THIS SECTION.

(II) EACH WHOLESALE ENERGY PROVIDER SHALL OFFER TO ITS WHOLESALE CUSTOMERS THAT ARE COOPERATIVE ELECTRIC ASSOCIATIONS THE OPPORTUNITY TO PURCHASE THEIR LOAD RATIO SHARE OF THE WHOLESALE ENERGY PROVIDER'S ELECTRICITY FROM ELIGIBLE ENERGY RESOURCES. If a wholesale customer agrees to pay the full costs associated with the acquisition of ~~renewable~~ ELIGIBLE ENERGY resources and associated renewable energy credits by its wholesale provider BY PROVIDING NOTICE OF ITS INTENT TO PAY THE FULL COSTS WITHIN SIXTY DAYS AFTER THE WHOLESALE PROVIDER EXTENDS THE OFFER, the wholesale customer shall be entitled to receive the appropriate credit toward the renewable energy standard as well as any associated renewable energy credits. To the extent that the full costs are not recovered from wholesale customers, a qualifying retail utility shall be entitled to recover those costs from retail customers.

(III) SUBJECT TO THE MAXIMUM RETAIL RATE IMPACT PERMITTED BY THIS PARAGRAPH (g), THE QUALIFYING RETAIL UTILITY SHALL HAVE THE DISCRETION TO

DETERMINE, IN A NONDISCRIMINATORY MANNER, THE PRICE IT WILL PAY FOR RENEWABLE ENERGY CREDITS FROM ON-SITE CUSTOMER FACILITIES THAT ARE NO LARGER THAN ONE HUNDRED KILOWATTS.

(IV) FOR COOPERATIVE ELECTRIC ASSOCIATIONS, THE MAXIMUM RETAIL RATE IMPACT FOR THIS SECTION IS ONE PERCENT OF THE TOTAL ELECTRIC BILL ANNUALLY FOR EACH CUSTOMER.

(h) **Annual reports.** Each qualifying retail utility shall submit to the commission an annual report that provides information relating to the actions taken to comply with this article including the costs and benefits of expenditures for renewable energy. The report shall be within the time prescribed and in a format approved by the commission.

(i) Rules necessary for the administration of this article including enforcement mechanisms necessary to ensure that each qualifying retail utility complies with this standard, and provisions governing the imposition of administrative penalties assessed after a hearing held by the commission pursuant to section 40-6-109. The commission shall exempt a qualifying retail utility from administrative penalties for an individual compliance year if the utility demonstrates that the retail rate impact cap described in paragraph (g) of this subsection (1) has been reached and the utility has not achieved full compliance with paragraph (c) of this subsection (1). Under no circumstances shall the costs of administrative penalties be recovered from Colorado retail customers.

~~(2) The commission shall establish all rules called for in paragraphs (a) to (g) of subsection (1) of this section by March 31, 2006.~~

(3) Each municipally owned electric utility ~~and each cooperative electric association that has voted to exempt itself from commission jurisdiction but~~ THAT is a qualifying retail utility shall implement a renewable energy standard substantially similar to this section. The municipally owned utility ~~or cooperative electric association~~ shall submit a statement to the commission that demonstrates such municipal utility ~~or cooperative electric association~~ has a substantially similar renewable energy standard. The statement submitted by the municipally owned utility ~~or cooperative electric association~~ is for informational purposes and is not subject to approval by the commission. Upon filing of the certification statement, the municipally owned utility ~~or cooperative electric association~~ shall have no further obligations under subsection (1) of this section. The renewable energy standard of a municipally owned utility ~~or cooperative electric association~~ shall, at a minimum, meet the following criteria:

(a) The eligible ~~renewable~~ energy resources ~~must~~ SHALL be limited to those identified in paragraph (a) of subsection (1) of this section;

(b) The percentage requirements ~~must~~ SHALL be equal to or greater in the same years than those identified in subparagraph ~~(F)~~ (V) of paragraph (c) of subsection (1) of this section, counted in the manner allowed by ~~subparagraph (H)~~ of said paragraph (c); and

(c) The utility must have an optional pricing program in effect that allows retail

customers the option to support through utility rates emerging renewable energy technologies.

(4) For municipal utilities ~~and cooperative electric associations~~ that become qualifying retail utilities after December 31, 2006, the percentage requirements identified in subparagraph ~~(F)~~ (V) of paragraph (c) of subsection (1) of this section shall begin in the first calendar year following qualification as follows:

(a) Years one through ~~four~~: three: ONE percent of retail electricity sales;

(b) Years ~~five~~ FOUR through ~~eight~~: Six SEVEN: THREE percent of retail electricity sales; ~~and~~

(c) ~~Year nine and thereafter~~: Ten YEARS EIGHT THROUGH TWELVE: SIX percent of retail electricity sales; AND

(d) YEARS THIRTEEN AND THEREAFTER: TEN PERCENT OF RETAIL ELECTRICITY SALES.

(5) **Procedure for exemption and inclusion - election.** ~~(a) The board of directors of each qualifying retail utility subject to this section may, at its option, submit the question of its exemption from this section to its consumers on a one meter equals one vote basis. Approval by a majority of those voting in the election shall be required for such exemption, providing that a minimum of twenty-five percent of eligible consumers participates in the election.~~

(b) The board of directors of each municipally owned electric utility ~~or cooperative electric association~~ not subject to this section may, at its option, submit the question of its inclusion in this section to its consumers on a one meter equals one vote basis. Approval by a majority of those voting in the election shall be required for such inclusion, providing that a minimum of twenty-five percent of eligible consumers participates in the election.

(5.5) EACH COOPERATIVE ELECTRIC ASSOCIATION THAT IS A QUALIFYING RETAIL UTILITY SHALL SUBMIT AN ANNUAL COMPLIANCE REPORT TO THE COMMISSION NO LATER THAN JUNE 1 OF EACH YEAR IN WHICH THE COOPERATIVE ELECTRIC ASSOCIATION IS SUBJECT TO THE RENEWABLE ENERGY STANDARD REQUIREMENTS ESTABLISHED IN THIS SECTION. THE ANNUAL COMPLIANCE REPORT SHALL DESCRIBE THE STEPS TAKEN BY THE COOPERATIVE ELECTRIC ASSOCIATION TO COMPLY WITH THE RENEWABLE ENERGY STANDARDS AND SHALL INCLUDE THE SAME INFORMATION SET FORTH IN THE RULES OF THE COMMISSION FOR JURISDICTIONAL UTILITIES. COOPERATIVE ELECTRIC ASSOCIATIONS SHALL NOT BE SUBJECT TO ANY PART OF THE COMPLIANCE REPORT REVIEW PROCESS AS PROVIDED IN THE RULES FOR JURISDICTIONAL UTILITIES. COOPERATIVE ELECTRIC ASSOCIATIONS SHALL NOT BE REQUIRED TO OBTAIN COMMISSION APPROVAL OF ANNUAL COMPLIANCE REPORTS, AND NO ADDITIONAL REGULATORY AUTHORITY OF THE COMMISSION OTHER THAN THAT SPECIFICALLY CONTAINED IN THIS SUBSECTION (5.5) IS CREATED OR IMPLIED BY THIS SUBSECTION (5.5).

~~(6) Section 3 of this initiated measure provides that this section and section 40-2-125 shall be effective December 1, 2004.~~

**SECTION 2.** Article 2 of title 40, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**40-2-127. Community energy funds.** THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT LOCAL COMMUNITIES CAN BENEFIT FROM THE FURTHER DEVELOPMENT OF RENEWABLE ENERGY, ENERGY EFFICIENCY, CONSERVATION, AND ENVIRONMENTAL IMPROVEMENT PROJECTS, AND THE GENERAL ASSEMBLY HEREBY ENCOURAGES ELECTRIC UTILITIES TO ESTABLISH COMMUNITY ENERGY FUNDS FOR THE DEVELOPMENT OF SUCH PROJECTS.

**SECTION 3. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: March 27, 2007