

HOUSE COMMITTEE OF REFERENCE AMENDMENT

Committee on Energy & Environment.

HB24-1370 be amended as follows:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute:

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

5 **ARTICLE 3.3**

6 **Gas Infrastructure Planning**

7 **40-3.3-101. Definitions.** AS USED IN THIS ARTICLE 3.3, UNLESS
8 THE CONTEXT OTHERWISE REQUIRES:

9 (1) "ALTERNATIVE ENERGY SERVICE" MEANS A LOW- OR
10 ZERO-CARBON RESIDENTIAL, COMMERCIAL, OR INDUSTRIAL ENERGY
11 SERVICE THAT DOES NOT USE GAS BUT IS ABLE TO MEET A CUSTOMER'S END
12 USE NEED AND DOES NOT COMBUST GAS ON SITE IN DOING SO.

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

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

18 (4) "DUAL-FUEL UTILITY" MEANS AN INVESTOR-OWNED UTILITY IN
19 WHICH ONE COMPANY OR A SUBSIDIARY OF THE SAME COMPANY OPERATES
20 BOTH AN ELECTRIC AND A GAS UTILITY THAT HAVE SERVICE TERRITORIES
21 IN THE STATE WHERE GREATER THAN FIFTY PERCENT OF ALL CUSTOMERS
22 IN THOSE TERRITORIES RECEIVE BOTH GAS AND ELECTRIC SERVICE FROM
23 A UTILITY OPERATED BY THAT COMPANY OR A SUBSIDIARY OF THE SAME
24 COMPANY.

25 (5) "GAS" MEANS NATURAL OR GEOLOGICAL GAS, RECOVERED
26 METHANE, OR ANY MIXTURE OF NATURAL OR GEOLOGICAL GAS OR
27 RECOVERED METHANE THAT IS TRANSPORTED BY A COMMON CARRIER OR
28 DEDICATED PIPELINE, INCLUDING FLAMMABLE GAS; MANUFACTURED GAS;
29 PETROLEUM OR OTHER HYDROCARBON GASES, SUCH AS PROPANE; OR ANY
30 MIXTURE OF FOSSIL GASES THAT IS INJECTED INTO A PIPELINE AND
31 TRANSMITTED, DISTRIBUTED, OR FURNISHED BY A UTILITY.

32 (6) "GAS INFRASTRUCTURE PLAN" MEANS A REQUIREMENT FOR GAS
33 UTILITIES ESTABLISHED BY THE COMMISSION THAT IS DESIGNED TO
34 ESTABLISH A PROCESS TO DETERMINE THE NEED FOR, AND POTENTIAL
35 ALTERNATIVES TO, CAPITAL INVESTMENT, CONSISTENT WITH THE
36 OBJECTIVES OF MAINTAINING JUST AND REASONABLE RATES; ENSURING
37 SYSTEM SAFETY, RELIABILITY, AND RESILIENCY; AND PROTECTING
38 INCOME-QUALIFIED UTILITY CUSTOMERS AND DISPROPORTIONATELY
39 IMPACTED COMMUNITIES.

40 (7) "GAS PLANNING PILOT COMMUNITY" MEANS A LOCAL

1 GOVERNMENT IN WHICH CONSTITUENTS HAVE GAS SERVICE PROVIDED BY
2 A DUAL-FUEL UTILITY, WHICH LOCAL GOVERNMENT FORMALLY INDICATES
3 AN INTEREST IN WORKING WITH THE DUAL-FUEL UTILITY TO MUTUALLY
4 EXPLORE OPPORTUNITIES FOR NEIGHBORHOOD-SCALE ALTERNATIVES
5 PROJECTS, INCLUDING THROUGH THE EXCHANGE OF UTILITY GAS
6 INFRASTRUCTURE DATA AND COMMUNITY DEVELOPMENT PLANS.

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

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

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

14 (11) "NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT" MEANS A
15 PROJECT IN A GAS PLANNING PILOT COMMUNITY THAT GEOGRAPHICALLY
16 TARGETS DECOMMISSIONING A PORTION OF THE GAS DISTRIBUTION SYSTEM
17 OR AVOIDS EXPANDING THE GAS DISTRIBUTION SYSTEM IN ORDER TO
18 SERVE NEW CONSTRUCTION PROJECTS AND PROVIDES ALTERNATIVE
19 ENERGY SERVICE TO BUILDINGS WITHIN THE PROJECT AREA THAT REDUCES
20 FUTURE GREENHOUSE GAS EMISSIONS REQUIRED TO SERVE BUILDINGS.

21 (12) "NONEMITTING THERMAL RESOURCE" MEANS EFFICIENT
22 THERMAL ENERGY FOR HEATING, COOLING, OR HOT WATER, WHICH
23 ENERGY DOES NOT REQUIRE COMBUSTION OF GAS, SUCH AS AN AIR-SOURCE
24 HEAT PUMP, AS DEFINED IN SECTION 39-22-554 (2)(a); A GROUND-SOURCE
25 HEAT PUMP, AS DEFINED IN SECTION 39-22-554 (2)(g); A HEAT PUMP
26 WATER HEATER; A THERMAL ENERGY SYSTEM; OR A THERMAL ENERGY
27 NETWORK.

28 (13) "PIPELINE SEGMENT" MEANS A DISCRETE PORTION OF THE
29 DISTRIBUTION SYSTEM AND ALL ANCILLARY STRUCTURES, VALVES, AND
30 OTHER SYSTEMS NEEDED TO DISTRIBUTE GAS. A PIPELINE SEGMENT MUST
31 BE THE SMALLEST INCREMENTAL UNIT POSSIBLE, AS DEFINED BY PIPELINE
32 MATERIALS, GEOGRAPHICAL FEATURES, AND THE DESIGN OF THE
33 DISTRIBUTION SYSTEM.

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

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

38 **40-3.3-102. Request for information - gas planning pilot**
39 **community - disclosures.** (1) (a) BY DECEMBER 1, 2024, THE COLORADO
40 ENERGY OFFICE SHALL ISSUE A REQUEST FOR INFORMATION TO IDENTIFY
41 LOCAL GOVERNMENTS WHOSE RESIDENTS ARE SERVED BY A DUAL-FUEL
42 UTILITY THAT ARE INTERESTED IN BECOMING A GAS PLANNING PILOT
43 COMMUNITY.

1 (b) THE COLORADO ENERGY OFFICE SHALL INCLUDE IN THE
2 REQUEST FOR INFORMATION THE MINIMUM CRITERIA THAT A LOCAL
3 GOVERNMENT MUST MEET IN ORDER TO BECOME A GAS PLANNING PILOT
4 COMMUNITY, INCLUDING:
5 (I) A DEMONSTRATION THAT DESIGNATION AS A GAS PLANNING
6 PILOT COMMUNITY WOULD ALIGN WITH THE LOCAL GOVERNMENT'S
7 CLIMATE AND ENERGY AFFORDABILITY GOALS;
8 (II) A WILLINGNESS TO PROMOTE NEIGHBORHOOD-SCALE
9 ALTERNATIVES PROJECTS AND TO SUPPORT, ENGAGE, AND EDUCATE
10 RESIDENTS WITHIN A COMMUNITY FOR WHICH A NEIGHBORHOOD-SCALE
11 ALTERNATIVES PROJECT IS PROPOSED PRIOR TO APPROVAL BY THE
12 COMMISSION; AND
13 (III) A COMMITMENT OF INTERNAL OR EXTERNAL STAFF
14 RESOURCES TO IDENTIFY AND IMPLEMENT NEIGHBORHOOD-SCALE
15 ALTERNATIVES PROJECTS.
16 (c) AT LEAST THIRTY DAYS PRIOR TO ISSUING THE REQUEST FOR
17 INFORMATION, THE COLORADO ENERGY OFFICE SHALL PUBLISH A DRAFT
18 OF THE REQUEST FOR INFORMATION ON ITS WEBSITE AND PROVIDE AN
19 OPPORTUNITY FOR THE PUBLIC TO SUBMIT WRITTEN COMMENTS.
20 (2) (a) BY APRIL 30, 2025, THE COLORADO ENERGY OFFICE AND A
21 DUAL-FUEL UTILITY SHALL JOINTLY FILE WITH THE COMMISSION THE
22 RESULTS OF THE REQUEST FOR INFORMATION REQUIRED BY SUBSECTION
23 (1)(a) OF THIS SECTION, IDENTIFYING UP TO FIVE PROPOSED GAS PLANNING
24 PILOT COMMUNITIES, AND A DRAFT AGREEMENT BETWEEN THE DUAL-FUEL
25 UTILITY AND ANY PROPOSED GAS PLANNING PILOT COMMUNITY, WHICH
26 DRAFT AGREEMENT MUST:
27 (I) IDENTIFY THE ROLES AND RESPONSIBILITIES OF THE DUAL-FUEL
28 UTILITY AND THE PROPOSED GAS PLANNING PILOT COMMUNITY IN
29 IDENTIFYING NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS;
30 (II) IDENTIFY TIME FRAMES FOR EACH PARTY TO FURNISH DATA OR
31 RESPOND TO REQUESTS FOR DATA FROM THE OTHER PARTY;
32 (III) INCLUDE ANY NECESSARY WAIVERS OF COMMISSION RULES TO
33 FACILITATE DATA TRANSFER BETWEEN THE PARTIES; AND
34 (IV) INCLUDE A PROCESS TO ADDRESS CONFLICTS BETWEEN THE
35 TWO PARTIES.
36 (b) THE COMMISSION SHALL PROVIDE AN OPPORTUNITY FOR THE
37 PUBLIC TO SUBMIT WRITTEN COMMENTS ON THE FILING.
38 (c) BY JUNE 30, 2025, THE COMMISSION SHALL APPROVE OR
39 MODIFY THE LIST OF PROPOSED GAS PLANNING PILOT COMMUNITIES;
40 EXCEPT THAT THE COMMISSION SHALL NOT INCREASE THE NUMBER OF
41 PROPOSED GAS PLANNING PILOT COMMUNITIES BEYOND FIVE.
42 (3) BY OCTOBER 1, 2025, A DUAL-FUEL UTILITY SHALL ENTER INTO
43 AN AGREEMENT WITH EACH LOCAL GOVERNMENT THAT HAS BEEN

1 APPROVED AS A GAS PLANNING PILOT COMMUNITY AND SHALL SUBMIT TO
2 THE COMMISSION A LIST OF THE GAS PLANNING PILOT COMMUNITIES WITH
3 WHICH THE DUAL-FUEL UTILITY HAS ESTABLISHED AN AGREEMENT. THE
4 DUAL-FUEL UTILITY AND LOCAL GOVERNMENT MAY AGREE TO EXTEND
5 THIS DEADLINE.

6 (4) (a) UNLESS OTHERWISE DIRECTED BY THE COMMISSION OR
7 REQUESTED BY THE GAS PLANNING PILOT COMMUNITY, A DUAL-FUEL
8 UTILITY SHALL PROVIDE EACH GAS PLANNING PILOT COMMUNITY, THE
9 COMMISSION, AND THE COLORADO ENERGY OFFICE WITH DATA AND
10 INFORMATION TO INFORM THE EVALUATION OF POTENTIAL
11 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS THAT INCLUDES:

12 (I) THE LOCATION OF ANY PLANNED GAS INFRASTRUCTURE
13 PROJECTS IN THE GAS PLANNING PILOT COMMUNITY WITHIN THE SIX-YEAR
14 GAS PROJECT PLANNING FORECAST IN THE DUAL-FUEL UTILITY'S MOST
15 RECENTLY APPROVED GAS INFRASTRUCTURE PLAN OR IDENTIFIED BY THE
16 DUAL-FUEL UTILITY FOR INCLUSION IN A FUTURE GAS INFRASTRUCTURE
17 PLAN TO THE EXTENT AVAILABLE; AND

18 (II) THE FOLLOWING INFORMATION REGARDING THE PLANNED GAS
19 INFRASTRUCTURE PROJECTS DESCRIBED IN SUBSECTION (4)(a)(I) OF THIS
20 SECTION:

21 (A) THE PROJECT NAME;

22 (B) THE PROJECT CATEGORY, CONSISTENT WITH THE PLANNED
23 PROJECTS CATEGORIES DESCRIBED IN APPLICABLE COMMISSION RULES;

24 (C) A DESCRIPTION OF THE GENERAL SCOPE OF WORK AND AN
25 EXPLANATION OF THE NEED FOR THE PROJECT, INCLUDING ANY
26 APPLICABLE CODE REQUIREMENTS OF THE UNITED STATES DEPARTMENT
27 OF TRANSPORTATION'S PIPELINE AND HAZARDOUS MATERIALS SAFETY
28 ADMINISTRATION;

29 (D) THE PROJECTED LIFE OF THE PROJECT;

30 (E) AN INDICATION OF WHETHER THE PROJECT IS PRESENTED AS A
31 GAS INFRASTRUCTURE PLAN ACTION PERIOD PROJECT OR A GAS
32 INFRASTRUCTURE PLAN INFORMATIONAL PERIOD PROJECT PURSUANT TO
33 APPLICABLE COMMISSION RULES;

34 (F) THE ANTICIPATED: CONSTRUCTION START DATE FOR THE
35 PROJECT; CONSTRUCTION PERIOD FOR THE PROJECT, INCLUDING AN
36 INDICATION OF ANY CONSTRUCTION PHASES; AND IN-SERVICE DATE FOR
37 THE PROJECT;

38 (G) THE COST-ESTIMATE CLASSIFICATION FOR THE PROJECT, USING
39 THE DUAL-FUEL UTILITY'S OR AN INDUSTRY-ACCEPTED COST-ESTIMATE
40 CLASSIFICATION INDEX; SUPPORT FOR THE COST-ESTIMATE
41 CLASSIFICATION; AND THE TOTAL COST ESTIMATE FOR THE PROJECT;

42 (H) THE TECHNICAL DETAILS OF THE PROJECT, SUCH AS THE
43 PHYSICAL EQUIPMENT CHARACTERISTICS OF THE PROPOSED FACILITIES,

1 PIPELINE LENGTH, PIPELINE DIAMETER, PROJECT MATERIALS, AND
2 MAXIMUM ALLOWABLE OPERATING PRESSURE;

3 (I) THE PROJECT LOCATION AND AN ILLUSTRATIVE MAP OF THE GAS
4 DISTRIBUTION SYSTEM FACILITIES, SUBJECT TO NECESSARY
5 CONFIDENTIALITY PROVISIONS, INCLUDING: THE PRESSURE DISTRICT OR
6 GEOGRAPHIC AREA THAT REQUIRES THE PROPOSED FACILITIES, THE
7 EXISTING AND PROPOSED REGULATOR STATIONS AND EXISTING AND
8 PROPOSED DISTRIBUTION PIPING AND HIGHER CAPACITY PIPELINES SERVED
9 BY OR REPRESENTING THE PROPOSED FACILITIES, THE LOCATIONS OF ANY
10 NEARBY DISPROPORTIONATELY IMPACTED COMMUNITIES, AND ANY OTHER
11 INFORMATION NECESSARY TO ALLOW THE LOCAL GOVERNMENT TO MAKE
12 A THOROUGH EVALUATION OF THE PROJECT;

13 (J) TO THE EXTENT PRACTICABLE, THE NUMBER OF CUSTOMERS,
14 ANNUAL SALES, AND DESIGN PEAK DEMAND REQUIREMENTS,
15 DISAGGREGATED BY CUSTOMER CLASS, POTENTIALLY DIRECTLY IMPACTED
16 OR SERVED BY THE PROJECT;

17 (K) ANY PERMITS REQUIRED FOR WORK ON THE PROJECT TO BEGIN;
18 AND

19 (L) ANY ENVIRONMENTAL REQUIREMENTS ASSOCIATED WITH
20 COMPLETION OF THE PROJECT.

21 (b) A DUAL-FUEL UTILITY SHALL PROVIDE GAS PLANNING PILOT
22 COMMUNITY STAFF AND CONSULTANTS, WHO HAVE SIGNED APPROPRIATE
23 NONDISCLOSURE AGREEMENTS, WITH ALL REQUESTED GAS AND ELECTRIC
24 CUSTOMER USAGE AND DESIGN PEAK DEMAND DATA, TO THE EXTENT
25 AVAILABLE AND DISAGGREGATED TO THE INDIVIDUAL CUSTOMER, FOR ALL
26 PLANNED GAS INFRASTRUCTURE PROJECTS LOCATED IN A GAS PLANNING
27 PILOT COMMUNITY WITHIN THE SIX-YEAR GAS PROJECT PLANNING
28 FORECAST IN THE DUAL-FUEL UTILITY'S MOST RECENTLY APPROVED GAS
29 INFRASTRUCTURE PLAN OR IDENTIFIED BY THE DUAL-FUEL UTILITY FOR
30 INCLUSION IN A FUTURE GAS INFRASTRUCTURE PLAN. THE DUAL-FUEL
31 UTILITY SHALL PROVIDE SUCH INFORMATION WITHIN THE RELEVANT TIME
32 FRAME ESTABLISHED PURSUANT TO SUBSECTION (2)(a)(II) OF THIS
33 SECTION.

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

37 **40-3.3-103. Neighborhood-scale alternatives projects - cost**
38 **recovery - reporting requirement.** (1) A DUAL-FUEL UTILITY SHALL
39 WORK WITH A GAS PLANNING PILOT COMMUNITY TO RANK AND PRIORITIZE
40 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS WITHIN EACH GAS
41 PLANNING PILOT COMMUNITY BASED ON LOCAL GOVERNMENT INPUT AND
42 CONSIDERATION OF:

43 (a) THE NUMBER AND CUSTOMER CLASS SERVED BY EACH PIPELINE

1 SEGMENT INCLUDED IN A NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT;
2 (b) THE DEGREE OF SUPPORT FOR THE NEIGHBORHOOD-SCALE
3 ALTERNATIVES PROJECT FROM CUSTOMERS POTENTIALLY IMPACTED BY
4 THE PROJECT, WITH PREFERENCE GIVEN TO THOSE PROJECTS THAT HAVE
5 FULL SUPPORT FROM POTENTIALLY IMPACTED CUSTOMERS;
6 (c) THE COST-EFFECTIVENESS OF THE NEIGHBORHOOD-SCALE
7 ALTERNATIVES PROJECT, USING THE COST-BENEFIT HANDBOOK FROM THE
8 DUAL-FUEL UTILITY'S MOST RECENT GAS INFRASTRUCTURE PLAN;
9 (d) THE AVAILABILITY OF ALTERNATIVE ENERGY SERVICE,
10 INCLUDING FOR SCENARIOS WITH ENHANCED GAS AND ELECTRIC DEMAND
11 RESPONSE OR DEMAND FLEXIBILITY;
12 (e) THE ABILITY OF THERMAL ENERGY NETWORKS TO SERVE THE
13 AREA COVERED BY THE NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT;
14 (f) WHETHER THE NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT
15 IS PART OF A NEW DEVELOPMENT OR WOULD SERVE EXISTING CUSTOMERS,
16 OR BOTH;
17 (g) THE PRIORITIZATION OF PIPELINE SEGMENTS THAT ARE PART OF
18 PROJECTS INCLUDED IN A DUAL-FUEL UTILITY'S GAS INFRASTRUCTURE
19 PLAN OR OTHERWISE IDENTIFIED BY THE DUAL-FUEL UTILITY FOR
20 INCLUSION IN A FUTURE GAS INFRASTRUCTURE PLAN, TO THE EXTENT THIS
21 INFORMATION IS AVAILABLE;
22 (h) THE LOCATION OF ANY NEARBY DISPROPORTIONATELY
23 IMPACTED COMMUNITY OR PIPELINE SEGMENTS THAT SERVE
24 DISPROPORTIONATELY IMPACTED COMMUNITIES; AND
25 (i) THE EXTENT TO WHICH A NEIGHBORHOOD-SCALE
26 ALTERNATIVES PROJECT AVOIDS COST SHIFTS TO NONPARTICIPATING
27 CUSTOMERS, WITH PREFERENCE GIVEN TO THOSE PROJECTS THAT
28 DEMONSTRATE A MINIMAL OR NO COST SHIFT.
29 (2) (a) (I) PRIOR TO JUNE 1, 2026, A DUAL-FUEL UTILITY AND
30 LOCAL GOVERNMENT SHALL JOINTLY SUBMIT FOR APPROVAL AT LEAST ONE
31 INITIAL NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, TO BE LOCATED
32 WITHIN A GAS PLANNING PILOT COMMUNITY, TO THE COMMISSION IF THE
33 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT HAS THE FULL SUPPORT
34 AND CONSENT OF POTENTIALLY AFFECTED CUSTOMERS. THE FILING MUST
35 ALSO CONTAIN A LIST OF POTENTIAL PROJECTS THAT ARE RANKED HIGHLY
36 BUT DO NOT HAVE FULL CUSTOMER SUPPORT AT THE TIME OF THE FILING.
37 (II) PRIOR TO JUNE 1, 2027, A DUAL-FUEL UTILITY AND A LOCAL
38 GOVERNMENT SHALL JOINTLY SUBMIT FOR COMMISSION APPROVAL THE
39 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS INCLUDED ON THE LIST
40 IN THE FILING SUBMITTED PURSUANT TO SUBSECTION (2)(a)(I) OF THIS
41 SECTION AND THAT WILL BE PURSUED IN A GAS PLANNING PILOT
42 COMMUNITY, WHICH PROJECTS MAY LACK FULL CUSTOMER SUPPORT IF THE
43 LOCAL GOVERNMENT HAS DETERMINED THAT A REASONABLE MAJORITY OF

1 CUSTOMERS SUPPORTS THE PROJECT. THE LOCAL GOVERNMENT SHALL
2 DETERMINE WHAT CONSTITUTES A REASONABLE MAJORITY. THE
3 DETERMINATION OF A REASONABLE MAJORITY OF CUSTOMER SUPPORT AND
4 EFFORTS TO OBTAIN CUSTOMER CONSENT MUST BE SUPPORTED BY A
5 SWORN AFFIDAVIT OR TESTIMONY FROM AN OFFICIAL EMPLOYEE OF THE
6 LOCAL GOVERNMENT AS PART OF THE JOINT APPLICATION TO THE
7 COMMISSION.

8 (III) IF A DUAL-FUEL UTILITY WILL NOT PURSUE A
9 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT IN ONE OR MORE GAS
10 PLANNING PILOT COMMUNITIES, THE DUAL-FUEL UTILITY AND LOCAL
11 GOVERNMENT, PRIOR TO JUNE 1, 2027, SHALL JOINTLY FILE A REPORT WITH
12 THE COMMISSION EXPLAINING WHY A NEIGHBORHOOD-SCALE
13 ALTERNATIVES PROJECT WILL NOT BE PURSUED IN THAT COMMUNITY.

14 (b) THE COMMISSION SHALL PROVIDE AN OPPORTUNITY FOR PUBLIC
15 COMMENT REGARDING THE DUAL-FUEL UTILITY'S SUBMISSION PURSUANT
16 TO SUBSECTION (2)(a)(III) OF THIS SECTION.

17 (c) THE COMMISSION SHALL APPROVE A NEIGHBORHOOD-SCALE
18 ALTERNATIVES PROJECT APPLICATION SUBMITTED BY A DUAL-FUEL
19 UTILITY IF:

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

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

23 (A) CONSISTENT WITH THE STATE'S GREENHOUSE GAS REDUCTION
24 GOALS; AND

25 (B) IN THE PUBLIC INTEREST, CONSIDERING COSTS AND BENEFITS
26 TO THE GAS PLANNING PILOT COMMUNITY AND RATEPAYERS WITHIN THE
27 DUAL-FUEL UTILITY'S GAS SERVICE TERRITORY; AND

28 (III) THE COMMISSION FINDS THAT ALTERNATIVE ENERGY SERVICE
29 IS AVAILABLE TO ALL CUSTOMERS WITHIN THE PROJECT AREA AND CAN
30 REASONABLY BE IMPLEMENTED WITHIN THE PROJECT AREA. IN MAKING
31 THIS FINDING, THE COMMISSION SHALL CONSIDER:

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

36 (B) EXISTING UTILITY OR OTHER INCENTIVES TO SUPPORT
37 CUSTOMER ADOPTION OF THE ALTERNATIVE ENERGY SERVICE; AND

38 (C) THE DEGREE OF CUSTOMER SUPPORT FOR THE PROJECT,
39 CONSIDERING THE INFORMATION PROVIDED PURSUANT TO SUBSECTION
40 (1)(b) OF THIS SECTION, AND WITH PRIORITY GIVEN TO PROJECTS THAT
41 HAVE THE FULL SUPPORT OF POTENTIALLY AFFECTED CUSTOMERS.

42 (3) (a) THE COMMISSION SHALL ALLOW A DUAL-FUEL UTILITY TO
43 CURRENTLY RECOVER THE COSTS INCURRED DURING THE DEVELOPMENT

1 OF A NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, INCLUDING COSTS
2 TO TRANSITION THE DISTRIBUTION SYSTEM, INVEST IN ELECTRIC
3 INFRASTRUCTURE, AND PROVIDE CUSTOMER INCENTIVES. SUCH COSTS ARE
4 FULLY RECOVERABLE REGARDLESS OF THE PERFORMANCE OF THE
5 ALTERNATIVE ENERGY SERVICE. THE COMMISSION SHALL ALSO PERMIT
6 COST RECOVERY FOR PERSONNEL TO WORK ON THE DEVELOPMENT, IN
7 WHOLE OR IN PART, OF NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS.

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

11 (c) FOR GAS PLANNING PILOT COMMUNITIES THAT RECEIVE GAS
12 SERVICE FROM A DUAL-FUEL UTILITY BUT ARE NOT SERVED BY THE
13 ELECTRIC UTILITY THAT IS PART OF THE DUAL-FUEL UTILITY, THE
14 COMMISSION SHALL CONSIDER A COST-SHARING AGREEMENT, AS
15 NECESSARY TO IMPLEMENT A NEIGHBORHOOD-SCALE ALTERNATIVES
16 PROJECT, TO BE PROPOSED BY THE DUAL-FUEL UTILITY AND A LOCAL
17 COOPERATIVE ELECTRIC ASSOCIATION OR MUNICIPALLY OWNED ELECTRIC
18 UTILITY, THAT MAKES THE INCUMBENT GAS UTILITY THAT IS PART OF THE
19 DUAL-FUEL UTILITY AND ITS CUSTOMERS WHOLE FOR ANY PROJECTS
20 APPROVED BY THE COMMISSION WHEN THERE IS A COST SHIFT. ANY
21 FEDERAL, STATE, OR LOCAL FUNDING MADE AVAILABLE FOR A PROJECT
22 SHALL BE APPLIED PRIOR TO APPLICATION OF UTILITY PROGRAMMATIC
23 FUNDS, SUCH AS DEMAND-SIDE MANAGEMENT, BENEFICIAL
24 ELECTRIFICATION, OR OTHER EXISTING OR FUTURE CUSTOMER-SITED
25 PROGRAMS, INCENTIVES, REBATES, AND FINANCING.

26 (4) IN APPROVING A NEIGHBORHOOD-SCALE ALTERNATIVES
27 PROJECT IN A GAS PLANNING PILOT COMMUNITY, THE COMMISSION MAY
28 MODIFY THE GAS UTILITY'S SERVICE REQUIREMENT FOR SELECT PREMISES
29 WITH AN ALTERNATIVE ENERGY SERVICE REQUIREMENT.
30 NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, NOTHING
31 IN THIS SECTION AFFECTS OR ABRIDGES A DUAL-FUEL UTILITY'S SERVICE
32 REQUIREMENTS IN AREAS OUTSIDE THE NEIGHBORHOOD-SCALE
33 ALTERNATIVES PROJECT AREA. THE COMMISSION MAY IMPOSE AN
34 ALTERNATIVE ENERGY SERVICE REQUIREMENT FOR ANY CERTIFICATE OF
35 PUBLIC CONVENIENCE AND NECESSITY GRANTED TO THE GAS UTILITY TO
36 PROVIDE SERVICE TO THE TARGETED AREA THAT IS THE SUBJECT OF THE
37 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT IF THE COMMISSION FINDS
38 THAT ALTERNATIVE ENERGY SERVICE IS AVAILABLE.

39 (5) (a) AS PART OF A NEIGHBORHOOD-SCALE ALTERNATIVES
40 PROJECT, A DUAL-FUEL UTILITY MAY PROPOSE TO FUND CONVERSION OF
41 EXISTING GAS APPLIANCES OR EQUIPMENT TO NONEMITTING THERMAL
42 RESOURCES, INCLUDING OFFERING INCREMENTAL INCENTIVES OR
43 FINANCING ABOVE THAT APPROVED FOR CLEAN HEAT PLANS, AS DEFINED

1 IN SECTION 40-3.2-108; BENEFICIAL ELECTRIFICATION PLANS, AS DEFINED
2 IN SECTION 40-3.2-109; DEMAND-SIDE MANAGEMENT PROGRAMS, AS
3 DEFINED IN SECTION 40-1-102; OR OTHER RELATED FILINGS.

4 (b) A DUAL-FUEL UTILITY MAY ALSO PROPOSE TO OFFER NEW RATE
5 STRUCTURES TO PAY FOR THERMAL ENERGY NETWORKS OR OTHER
6 NONEMITTING THERMAL RESOURCES AS AN ALTERNATIVE ENERGY
7 SERVICE, UNDER WHICH RATE STRUCTURES CUSTOMERS PAY THE UTILITY
8 FOR THERMAL ENERGY NETWORK SERVICES TO OFFSET THE INITIAL COST
9 OF NEW APPLIANCES OR OTHER EQUIPMENT. IF A DUAL-FUEL UTILITY
10 PROPOSES TO OFFER SUCH A RATE, THE COMMISSION SHALL NOT GRANT
11 THE DUAL-FUEL UTILITY CURRENT COST RECOVERY PURSUANT TO
12 SUBSECTION (3)(a) OF THIS SECTION. A DUAL-FUEL UTILITY SHALL HAVE
13 THE RIGHT OF FIRST REFUSAL TO OFFER THERMAL ENERGY NETWORK
14 SERVICE OR ALTERNATIVE ENERGY SERVICE AS PART OF A
15 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, PROVIDED THAT SUCH
16 RIGHT OF FIRST REFUSAL:

- 17 (I) IS APPROVED BY THE COMMISSION;
- 18 (II) IS LIMITED TO NEIGHBORHOOD-SCALE ALTERNATIVES
19 PROJECTS IN GAS PLANNING PILOT COMMUNITIES; AND
- 20 (III) IS EXERCISED WITHIN TWO YEARS AFTER APPROVAL BY THE
21 COMMISSION.

22 (6) BY JUNE 1 OF EACH YEAR FOLLOWING APPROVAL OF A
23 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, A DUAL-FUEL UTILITY
24 SHALL SUBMIT A REPORT TO THE COMMISSION ON THE IMPLEMENTATION
25 OF THE NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT. THE REPORT
26 MUST INCLUDE, AT A MINIMUM:

- 27 (a) AN UPDATE ON PROJECT IMPLEMENTATION, INCLUDING THE
28 DEGREE OF CUSTOMER SUPPORT FOR THE PROJECT;
- 29 (b) AN EXPLANATION OF CUSTOMER SATISFACTION WITH
30 ALTERNATIVE ENERGY SERVICE;
- 31 (c) ACTUAL PROJECT COSTS INCURRED;
- 32 (d) THE IMPACT ON TOTAL ENERGY BILL AND ENERGY RELIABILITY
33 FOR CUSTOMERS RECEIVING ALTERNATIVE ENERGY SERVICE;
- 34 (e) ANY ENCOUNTERED BARRIERS TO PROJECT IMPLEMENTATION,
35 INCLUDING TECHNOLOGICAL OR WORKFORCE BARRIERS, AND THE LESSONS
36 LEARNED IN OVERCOMING THOSE BARRIERS;
- 37 (f) THE IMPACT ON INCOME-QUALIFIED UTILITY CUSTOMERS AND
38 CUSTOMERS LIVING IN DISPROPORTIONATELY IMPACTED COMMUNITIES;
39 AND
- 40 (g) ANY OTHER INFORMATION REQUIRED BY THE COMMISSION.

41 (7) BY DECEMBER 30, 2027, THE COMMISSION SHALL OPEN A
42 MISCELLANEOUS PROCEEDING TO ADDRESS, OR SHALL ADDRESS IN AN
43 EXISTING MISCELLANEOUS PROCEEDING, THE LESSONS LEARNED FROM

1 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS, INCLUDING:
2 (a) THE COSTS, BENEFITS, AND CUSTOMER EXPERIENCE;
3 (b) THE ABILITY OF NEIGHBORHOOD-SCALE ALTERNATIVES
4 PROJECTS TO CONTRIBUTE TO MEETING CLEAN HEAT TARGETS PURSUANT
5 TO SECTION 40-3.2-108;
6 (c) THE APPROPRIATE ROLE OF A DUAL-FUEL UTILITY IN OFFERING
7 ALTERNATIVE ENERGY SERVICE; AND
8 (d) CONSIDERATIONS FOR THE APPROPRIATE PROCEEDING AND
9 PROCESSES FOR THE IDENTIFICATION AND FILING OF FUTURE
10 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS BEYOND THOSE IN THE
11 INITIAL GAS PLANNING PILOT COMMUNITIES.

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

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