

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 21-0037.01 Duane Gall x4335

SENATE BILL 21-246

SENATE SPONSORSHIP

Fenberg,

HOUSE SPONSORSHIP

(None),

Senate Committees
Transportation & Energy

House Committees

A BILL FOR AN ACT

101 CONCERNING MEASURES TO ENCOURAGE BENEFICIAL
102 ELECTRIFICATION, AND, IN CONNECTION THEREWITH,
103 DIRECTING THE PUBLIC UTILITIES COMMISSION AND COLORADO
104 UTILITIES TO PROMOTE COMPLIANCE WITH CURRENT
105 ENVIRONMENTAL AND LABOR STANDARDS.

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 directs the public utilities commission (PUC) to establish energy savings targets and approve plans under which investor-owned

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

electric utilities will promote the use of energy-efficient electric equipment in place of less efficient fossil-fuel-based systems. This directive would substantially follow the model of existing demand-side management (DSM) policies established by the PUC.

Section 1 of the bill declares that DSM has provided substantial economic and environmental benefits, and the PUC's administration of DSM has successfully carried out legislative intent; therefore, the PUC is directed to implement the beneficial electrification programs and plans using the same approach.

Sections 2 and 4 specify the parameters for these programs and plans, including the types of systems and appliances that are eligible for installation, the criteria to be considered when the PUC evaluates plan proposals, the implementation of plans, utility cost-recovery mechanisms, and performance incentives. Section 4 also requires that any installation, upgrade, or new construction under a beneficial electrification program must be performed either by utility employees or by qualified, Colorado-licensed contractors.

Section 3 directs the PUC to apply current standards for measurement of the social cost of carbon emissions, including methane, in evaluating the cost, benefit, or net present value of utility plans and proposals for beneficial electrification.

Section 5 makes a conforming amendment.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds, determines, and declares that:

4 (a) Colorado is and should remain a national leader in energy
5 infrastructure innovation, creating family-sustaining jobs in the clean
6 energy economy, and environmental stewardship;

7 (b) It is in the public interest and the policy of the state of
8 Colorado to reduce greenhouse gas emissions. For that reason, it is
9 critical that the electric utility sector be evaluated and regulated
10 holistically so that investment can be compared and directed across fuel
11 types to account for cost variance associated with asset procurement and
12 operation as well as the public health and environmental costs of
13 greenhouse gas emissions, energy efficiency, and electric infrastructure

1 reliability accrued over the life cycle of an asset.

2 (c) Legislation adopted in 2007 directed the public utilities
3 commission to establish electricity and natural gas energy savings targets,
4 clarify parameters for cost-benefit analysis, and provide financial
5 incentives to public utilities that meet or exceed specified goals for
6 energy savings. The resulting demand-side management programs, also
7 known as DSM programs, have provided substantial economic and
8 environmental benefits for consumers, businesses, and utilities at modest
9 cost.

10 (d) The public utilities commission's administration of DSM
11 programs has appropriately effectuated legislative intent and has created
12 a precedent for the deployment of programs to support customers using
13 clean electricity to power high-efficiency appliances that provide space
14 and water heating, cooking, and clothes drying in homes and businesses,
15 as well as for certain industrial processes;

16 (e) Technology advancement can further advance cost-effective
17 greenhouse gas emission reductions in the oil and gas, industrial, and
18 building sectors, and electrification of customer end uses can be a
19 pathway to reducing greenhouse gas emissions from these sectors and
20 improving air quality;

21 (f) Fossil gas and petroleum products will contribute to supplying
22 Colorado's energy needs for many years to come; nonetheless,
23 transitioning to clean electric homes and businesses is a critical strategy
24 for improving public health and safety, saving energy, creating
25 family-sustaining jobs, and helping the state meet its greenhouse gas
26 emission-reduction targets;

27 (g) Colorado has significant potential for replacing fossil gas with

1 clean electricity; and

2 (h) Clean heat from appliances such as electric heat pumps, heat
3 pump water heaters, and induction stoves will help Colorado reduce
4 greenhouse gas pollution and has potential to help improve indoor air
5 quality and health and safety in buildings.

6 (2) The general assembly further declares its intent that the public
7 utilities commission approve beneficial electrification plans for the
8 purpose of incentivizing residential, commercial, and industrial utility
9 customers to implement beneficial electrification projects voluntarily,
10 without applying coercion or discriminatory treatment to customers that
11 decline any incentives that may be offered to them.

12 **SECTION 2.** In Colorado Revised Statutes, 40-1-102, **amend**
13 (5)(a); and **add** (1.2) and (12) as follows:

14 **40-1-102. Definitions.** As used in articles 1 to 7 of this title 40,
15 unless the context otherwise requires:

16 (1.2) "BENEFICIAL ELECTRIFICATION" MEANS CONVERTING THE
17 ENERGY SOURCE OF A CUSTOMER'S END USE FROM A NONELECTRIC FUEL
18 SOURCE TO A HIGH-EFFICIENCY ELECTRIC SOURCE, OR AVOIDING THE USE
19 OF NONELECTRIC FUEL SOURCES IN NEW CONSTRUCTION OR INDUSTRIAL
20 APPLICATIONS, IF THE RESULT OF THE CONVERSION OR AVOIDANCE IS TO:

21 (a) REDUCE NET GREENHOUSE GAS EMISSIONS OVER THE LIFETIME
22 OF THE CONVERSION OR AVOIDANCE; AND

23 (b) REDUCE SOCIETAL COSTS OR PROVIDE FOR MORE EFFICIENT
24 UTILIZATION OF GRID RESOURCES.

25 (5) (a) "Cost-effective", with reference to a natural gas or electric
26 demand-side management program, A BENEFICIAL ELECTRIFICATION
27 PROGRAM, or ~~related~~ ANY measure RELATED TO EITHER A DEMAND-SIDE

1 MANAGEMENT OR BENEFICIAL ELECTRIFICATION PROGRAM, means having
2 a benefit-cost ratio greater than one.

3 (12) "TECHNICAL SUPPORT DOCUMENT" MEANS THE 2016
4 TECHNICAL SUPPORT DOCUMENT OF THE FEDERAL INTERAGENCY WORKING
5 GROUP ON SOCIAL COST OF GREENHOUSE GASES, ENTITLED "TECHNICAL
6 UPDATE OF THE SOCIAL COST OF CARBON FOR REGULATORY IMPACT
7 ANALYSIS UNDER EXECUTIVE ORDER 12866".

8 **SECTION 3.** In Colorado Revised Statutes, 40-3.2-106, **amend**
9 (1) introductory portion, (1)(d), and (5); and **repeal** (6) as follows:

10 **40-3.2-106. Costs of pollution in utility planning - definitions**
11 **- rules.** (1) The commission shall require an electric public utility subject
12 to commission jurisdiction to consider the SOCIAL cost of carbon dioxide
13 emissions AND THE SOCIAL COST OF METHANE EMISSIONS, as set forth
14 ~~pursuant to subsection (4)~~ IN SUBSECTIONS (4) AND (5) of this section,
15 when determining the cost, benefit, or net present value of any plan or
16 proposal submitted in one of the following proceedings:

17 (d) A plan or application for transportation electrification UNDER
18 SECTION 40-5-107 or ANY other ~~forms~~ FORM of beneficial electrification,
19 INCLUDING BENEFICIAL ELECTRIFICATION IN BUILDINGS.

20 (5) The commission shall apply ~~a~~ THE SOCIAL cost of carbon
21 dioxide AND THE SOCIAL COST OF METHANE emissions to the nonenergy
22 benefits for programs that are defined to be beneficial electrification.

23 (6) ~~As used in this section:~~

24 (a) ~~"Beneficial electrification" means a utility's change in the~~
25 ~~energy source powering an end use from a nonelectric source to an~~
26 ~~electric source, including transportation, water heating, space heating, or~~
27 ~~industrial processes, if the change:~~

- 1 ~~(I) Reduces system costs for the utility's customers;~~
- 2 ~~(II) Reduces net carbon dioxide emissions; or~~
- 3 ~~(III) Provides for a more efficient utilization of grid resources.~~
- 4 ~~(b) "Technical support document" means the 2016 technical~~
- 5 ~~support document of the federal interagency working group on social cost~~
- 6 ~~of greenhouse gases, entitled "Technical Update of the Social Cost of~~
- 7 ~~Carbon for Regulatory Impact Analysis Under Executive Order 12866".~~

8 **SECTION 4.** In Colorado Revised Statutes, **add** 40-3.2-105.6 and
9 40-3.2-107 as follows:

10 **40-3.2-105.6. Labor standards for beneficial electrification**
11 **projects.** (1) THIS SECTION APPLIES TO ALL NECESSARY CONSTRUCTION,
12 PLUMBING, AND ELECTRICAL WORK PERFORMED IN CONNECTION WITH A
13 PROJECT UNDERTAKEN PURSUANT TO A BENEFICIAL ELECTRIFICATION
14 PROGRAM UNDER THIS ARTICLE 3.2 AND FOR WHICH A CUSTOMER OF AN
15 INVESTOR-OWNED ELECTRIC UTILITY APPLIES FOR A REBATE DIRECTLY
16 FROM THE UTILITY.

17 (2) WHEN PRACTICABLE, THE UTILITY MAY ASSIGN ITS OWN
18 EMPLOYEES TO PERFORM THE WORK, SUBJECT TO STATE LICENSING
19 REQUIREMENTS AND ALL APPLICABLE STATE AND LOCAL RULES, CODES,
20 AND STANDARDS.

21 (3) (a) THE UTILITY SHALL ASSEMBLE, MAINTAIN, AND UPDATE AT
22 LEAST EVERY SIX MONTHS A LIST, REFERRED TO IN THIS SECTION AS THE
23 "CERTIFIED CONTRACTOR LIST", CONTAINING THE NAMES AND CONTACT
24 INFORMATION OF:

25 (I) QUALIFIED CONTRACTORS THAT PARTICIPATE IN
26 APPRENTICESHIP PROGRAMS THAT:

27 (A) ARE REGISTERED WITH THE UNITED STATES DEPARTMENT OF

1 LABOR'S EMPLOYMENT AND TRAINING ADMINISTRATION OR WITH A STATE
2 APPRENTICESHIP COUNCIL RECOGNIZED BY THE UNITED STATES
3 DEPARTMENT OF LABOR; AND

4 (B) HAVE BEEN PROVIDING TRAINING FOR AT LEAST SIX MONTHS;
5 AND

6 (II) QUALIFIED MECHANICAL, ELECTRICAL, AND PLUMBING
7 CONTRACTORS THAT MEET THE GRADUATION STANDARDS SPECIFIED IN
8 SECTION 24-92-115 (1)(a)(II).

9 (b) THE UTILITY SHALL PUBLISH THE CERTIFIED CONTRACTOR LIST
10 ON ITS WEBSITE AND INCLUDE OR REFERENCE THE LIST IN ALL OF THE
11 UTILITY'S RELEVANT MARKETING MATERIAL FOR BENEFICIAL
12 ELECTRIFICATION PROGRAMS.

13 (c) IN ADDITION TO THE CERTIFIED CONTRACTOR LIST, EACH
14 INVESTOR-OWNED UTILITY SHALL ESTABLISH AND PROMOTE TO ITS
15 RESIDENTIAL CUSTOMERS A LIST, REFERRED TO IN THIS SECTION AS THE
16 "LICENSED CONTRACTOR LIST", CONTAINING THE NAMES AND CONTACT
17 INFORMATION OF LICENSED PLUMBING AND ELECTRICAL CONTRACTORS
18 THAT PERFORM THE TYPE OF WORK APPROPRIATE TO RESIDENTIAL
19 INSTALLATIONS. FOR BENEFICIAL ELECTRIFICATION PROJECTS THAT
20 INVOLVE WORK FOR WHICH THERE ARE STATE LICENSING REQUIREMENTS,
21 AND WHERE THE REBATE IS RECEIVED AFTER INSTALLATION IS COMPLETE,
22 THE UTILITY SHALL REQUIRE RESIDENTIAL CUSTOMERS TO USE A
23 CONTRACTOR ON THE LICENSED CONTRACTOR LIST OR PROVIDE LICENSE
24 INFORMATION AS PART OF THE REBATE APPLICATION.

25 (4) THE FOLLOWING REQUIREMENTS APPLY TO BENEFICIAL
26 ELECTRIFICATION PROJECTS IN NEW OR EXISTING BUILDINGS:

27 (a) FOR PROJECTS UNDERTAKEN BY A COMMERCIAL OR INDUSTRIAL

1 CUSTOMER AND FOR WHICH A REBATE IS TO BE PROVIDED DIRECTLY TO
2 THE CUSTOMER, THE UTILITY SHALL CONDITION PAYMENT OF THE REBATE
3 ON THE CUSTOMER'S EXCLUSIVE USE OF CONTRACTORS FROM THE
4 CERTIFIED CONTRACTOR LIST UNLESS THE WORK IS DONE BY EMPLOYEES
5 OF THE UTILITY.

6 (b) (I) FOR PROJECTS THAT INVOLVE ENERGY EFFICIENCY
7 IMPROVEMENTS TO CENTRAL BUILDING SYSTEMS IN MULTIFAMILY
8 BUILDINGS, THE UTILITY SHALL CONDITION PAYMENT OF THE REBATE ON
9 THE CUSTOMER'S EXCLUSIVE USE OF CONTRACTORS THAT PARTICIPATE IN
10 APPRENTICESHIP PROGRAMS REGISTERED WITH THE UNITED STATES
11 DEPARTMENT OF LABOR'S EMPLOYMENT AND TRAINING ADMINISTRATION
12 OR WITH A STATE APPRENTICESHIP COUNCIL RECOGNIZED BY THE UNITED
13 STATES DEPARTMENT OF LABOR FOR ANY NECESSARY PLUMBING OR
14 ELECTRICAL WORK. IF THE CONTRACTOR CHOSEN BY THE CUSTOMER IS
15 NOT ON THE CERTIFIED CONTRACTOR LIST, THE UTILITY SHALL REQUIRE
16 ANOTHER METHOD OF VERIFYING COMPLIANCE WITH THIS SUBSECTION
17 (4)(b).

18 (II) THIS SUBSECTION (4)(b) DOES NOT APPLY TO A BENEFICIAL
19 ELECTRIFICATION PROJECT THAT IS LIMITED TO IN-UNIT WORK IN A
20 MULTIFAMILY BUILDING, AS UNDERTAKEN BY THE OWNER OR TENANT OF
21 THE MULTIFAMILY BUILDING OR UNIT.

22 **40-3.2-107. Beneficial electrification plans for electric utilities**
23 **- definition - rules - recovery of costs - report. (1) Definition.** AS USED
24 IN THIS SECTION, "BENEFICIAL ELECTRIFICATION PLAN" OR "PLAN" MEANS
25 AN ELECTRIC UTILITY'S PLAN TO INCREASE BENEFICIAL ELECTRIFICATION
26 IN THE RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL SECTORS FOR
27 PURPOSES OTHER THAN TRANSPORTATION.

1 (2) (a) THE COMMISSION SHALL ALLOW AN INVESTOR-OWNED
2 ELECTRIC UTILITY TO IMPLEMENT COST-EFFECTIVE BENEFICIAL
3 ELECTRIFICATION PLANS THAT SUPPORT VOLUNTARY CUSTOMER ADOPTION
4 OF BENEFICIAL ELECTRIFICATION MEASURES.

5 (b) ON OR BEFORE APRIL 1, 2022, AND THEREAFTER AS DIRECTED
6 BY THE COMMISSION, BUT NO LESS FREQUENTLY THAN EVERY THREE
7 YEARS, AN INVESTOR-OWNED ELECTRIC UTILITY SHALL FILE WITH THE
8 COMMISSION AN APPLICATION FOR A BENEFICIAL ELECTRIFICATION PLAN
9 FOR REGULATED ACTIVITIES TO SUPPORT BENEFICIAL ELECTRIFICATION. A
10 BENEFICIAL ELECTRIFICATION PLAN MUST, AT A MINIMUM:

11 (I) INCLUDE PROPOSED PROGRAMS TO ADVANCE BENEFICIAL
12 ELECTRIFICATION FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS. PLANS
13 MAY ALSO INCLUDE PROGRAMS TO ADVANCE BENEFICIAL ELECTRIFICATION
14 FOR INDUSTRIAL CUSTOMERS.

15 (II) INCLUDE PROGRAMS TARGETED TO LOW-INCOME HOUSEHOLDS
16 OR DISPROPORTIONATELY IMPACTED COMMUNITIES, WITH AT LEAST
17 TWENTY PERCENT OF THE TOTAL BENEFICIAL ELECTRIFICATION PROGRAM
18 FUNDING TARGETED TO PROGRAMS THAT SERVE LOW-INCOME
19 HOUSEHOLDS OR DISPROPORTIONATELY IMPACTED COMMUNITIES;

20 (III) INCLUDE BUDGETS; TARGETED NUMBERS OF INSTALLATIONS;
21 PROJECTED FUEL SAVINGS; PROJECTED COST-EFFECTIVENESS
22 CALCULATIONS, INCLUDING THE SOCIAL COST OF METHANE AND CARBON
23 DIOXIDE EMISSIONS AND AN APPROPRIATE SOCIAL DISCOUNT RATE IN THE
24 COST-BENEFIT ANALYSIS; PROJECTED REDUCTIONS IN GREENHOUSE GAS
25 EMISSIONS; AND OTHER INFORMATION DEEMED RELEVANT BY THE
26 COMMISSION FOR THE PLAN AS A WHOLE AND FOR EACH PROGRAM
27 INCLUDED IN THE PLAN;

1 (IV) DEMONSTRATE THAT THE UTILITY WILL, TO THE GREATEST
2 EXTENT PRACTICABLE, SERVE INCREMENTAL LOAD ATTRIBUTABLE TO
3 BENEFICIAL ELECTRIFICATION WITH GENERATION THAT CAN BE
4 REASONABLY EXPECTED TO HAVE A CARBON INTENSITY NO HIGHER THAN
5 THE AVERAGE CARBON INTENSITY FOR ALL GENERATION IN THE UTILITY'S
6 PORTFOLIO;

7 (V) INCLUDE INCENTIVES TO FACILITATE BENEFICIAL
8 ELECTRIFICATION, WITH PROGRAMS TARGETED TOWARD NEW AND
9 EXISTING BUILDING MARKETS. PRODUCTS ELIGIBLE FOR INCENTIVES MUST
10 BE CERTIFIED UNDER THE FEDERAL ENERGY STAR PROGRAM, AS DEFINED
11 IN SECTION 6-7.5-102 (15), OR A SUCCESSOR PROGRAM IF THAT
12 CERTIFICATION IS AVAILABLE, IN PRODUCT CATEGORIES FOR WHICH SUCH
13 CERTIFICATION EXISTS.

14 (VI) INCLUDE AN OUTREACH PLAN FOR ENGAGEMENT WITH
15 CUSTOMERS IN LOW-INCOME HOUSEHOLDS AND DISPROPORTIONATELY
16 IMPACTED COMMUNITIES TO DEVELOP PROGRAMS TO SUPPORT THOSE
17 CUSTOMERS IN EVERY PHASE OF THE UTILITY'S BENEFICIAL
18 ELECTRIFICATION PROGRAMS, INCLUDING THROUGH INCENTIVES OFFERED
19 TO MULTIFAMILY BUILDINGS OCCUPIED IN FULL OR IN PART BY
20 LOW-INCOME HOUSEHOLDS; AND

21 (VII) INCLUDE DOCUMENTATION AND DATA TO SHOW THAT THE
22 UTILITY'S BENEFICIAL ELECTRIFICATION PLAN IS CONSISTENT WITH
23 MAINTAINING THE RELIABILITY OF THE ELECTRIC GRID.

24 (3) THE COMMISSION AND INVESTOR-OWNED ELECTRIC UTILITIES
25 SUBJECT TO COMMISSION JURISDICTION SHALL:

26 (a) INCORPORATE INTO THE COST-BENEFIT ANALYSIS OF
27 BENEFICIAL ELECTRIFICATION PLANS AND PROGRAMS:

1 (I) THE SOCIAL COSTS OF CARBON DIOXIDE AND METHANE
2 EMISSIONS, INCLUDING THE AVOIDED CARBON DIOXIDE EMISSIONS FROM
3 THE DIRECT COMBUSTION OF FOSSIL FUEL IN APPLIANCES OR INDUSTRIAL
4 EQUIPMENT THAT IS REPLACED WITH ELECTRICITY;

5 (II) THE AVOIDED UPSTREAM EMISSIONS OF METHANE FROM THE
6 PRODUCTION AND DELIVERY OF FOSSIL FUEL TO THE APPLIANCE OR
7 EQUIPMENT; AND

8 (III) THE INCREMENTAL CARBON DIOXIDE EMISSIONS FROM
9 GENERATION OF ELECTRICITY;

10 (b) USE THE METHODOLOGY DEFINED IN SECTION 40-3.2-106 (4)
11 TO DETERMINE THE COST OF CARBON DIOXIDE EMISSIONS;

12 (c) BASE THE COST OF METHANE EMISSIONS ON THE MOST RECENT
13 ASSESSMENT OF THE GLOBAL SOCIAL COST OF METHANE DEVELOPED BY
14 THE FEDERAL GOVERNMENT, USING A DISCOUNT RATE OF TWO AND
15 ONE-HALF PERCENT OR LESS; EXCEPT THAT, BEGINNING ON THE EFFECTIVE
16 DATE OF THIS SECTION, THE COMMISSION SHALL USE A SOCIAL COST OF
17 METHANE OF NOT LESS THAN ONE THOUSAND SEVEN HUNDRED FIFTY-SIX
18 DOLLARS PER SHORT TON. THE COMMISSION SHALL MODIFY THE SOCIAL
19 COST OF METHANE BASED ON ESCALATION RATES OF THE 2020 BASE COST
20 BY AN AMOUNT THAT IS EQUAL TO OR GREATER THAN THE ESCALATION
21 RATES ESTABLISHED IN THE ADDENDUM TO THE TECHNICAL SUPPORT
22 DOCUMENT AND SHALL USE A DISCOUNT RATE THAT DOES NOT EXCEED
23 THE LESSER OF TWO AND ONE-HALF PERCENT OR ANY LOWER VALUE
24 ESTABLISHED BY THE MOST RECENT AVAILABLE SUCCESSOR TO THE
25 TECHNICAL SUPPORT DOCUMENT.

26 (d) INCLUDE UPSTREAM LEAKAGE OF METHANE EMISSIONS IN THE
27 EXTRACTION, PRODUCTION, AND TRANSPORTATION OF FOSSIL GAS IN THE

1 COST-BENEFIT ANALYSIS IF THE AIR QUALITY CONTROL COMMISSION
2 DETERMINES AN ESTIMATE FOR UPSTREAM METHANE LEAKAGE.

3 (4) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE
4 COMMISSION SHALL ALLOW AN ELECTRIC UTILITY TO OFFER INCENTIVES TO
5 ITS CUSTOMERS TO REPLACE GAS APPLIANCES WITH HIGH-EFFICIENCY
6 ELECTRIC APPLIANCES.

7 (5) (a) THE COMMISSION SHALL ALLOW COST RECOVERY FOR
8 IMPLEMENTATION OF APPROVED BENEFICIAL ELECTRIFICATION PROGRAMS.

9 (b) THE COMMISSION MAY PROVIDE AN ELECTRIC UTILITY AN
10 OPPORTUNITY TO EARN INCENTIVES FOR EXCEEDING BENEFICIAL
11 ELECTRIFICATION TARGETS OR EMISSION-REDUCTION PERFORMANCE
12 TARGETS THAT THE COMMISSION HAS ESTABLISHED FOR THE BENEFICIAL
13 ELECTRIFICATION PLAN. FOR PURPOSES OF IMPLEMENTING THIS
14 SUBSECTION (5)(b), THE COMMISSION SHALL CONSIDER THE FOLLOWING
15 INCENTIVE MECHANISMS TO PROMOTE THE ADVANCEMENT OF THE
16 UTILITY'S BENEFICIAL ELECTRIFICATION PROGRAMS:

17 (I) AN INCENTIVE RATE OF RETURN ON BENEFICIAL
18 ELECTRIFICATION INVESTMENTS;

19 (II) AN INCENTIVE TO ALLOW THE UTILITY TO ACCELERATE
20 DEPRECIATION;

21 (III) AN INCENTIVE TO ALLOW THE UTILITY TO RETAIN A PORTION
22 OF THE NET ECONOMIC BENEFITS OF BENEFICIAL ELECTRIFICATION;

23 (IV) AN INCENTIVE TO ALLOW THE UTILITY TO COLLECT THE COST
24 OF BENEFICIAL ELECTRIFICATION PROGRAMS THROUGH A RIDER OR COST
25 ADJUSTMENT CLAUSE; AND

26 (V) ANY OTHER INCENTIVE MECHANISM THE COMMISSION DEEMS
27 APPROPRIATE.

1 (6) BY APRIL 1, 2024, AND THEREAFTER AS DETERMINED BY THE
2 COMMISSION BUT NO LESS FREQUENTLY THAN EVERY SIX YEARS, AN
3 INVESTOR-OWNED ELECTRIC UTILITY SHALL FILE AN APPLICATION FOR A
4 BENEFICIAL ELECTRIFICATION STRATEGIC ISSUES FILING THAT PROPOSES
5 A TEN-YEAR BENEFICIAL ELECTRIFICATION TARGET. THE TARGET SHALL BE
6 EXPRESSED IN TERMS OF ONE OR MORE OBJECTIVE CRITERIA CHOSEN BY
7 THE UTILITY, WHICH CRITERIA MAY INCLUDE THE LEVEL OF SUBSTITUTION
8 OF RENEWABLE SOURCES FOR FOSSIL FUEL OR THE LEVEL OF REDUCTION
9 IN GREENHOUSE GAS EMISSIONS. THE COMMISSION SHALL APPROVE OR
10 AMEND AND APPROVE THE UTILITY'S APPLICATION, TAKING INTO ACCOUNT
11 THE UTILITY'S POTENTIAL FOR COST-EFFECTIVE BENEFICIAL
12 ELECTRIFICATION, THE STATE'S GREENHOUSE GAS POLLUTION REDUCTION
13 TARGETS, AND THE POTENTIAL FOR BENEFICIAL ELECTRIFICATION TO
14 REDUCE GREENHOUSE GAS EMISSIONS.

15 (7) THE ELECTRIC UTILITY OR OTHER ENTITY COMMISSIONING A
16 BENEFICIAL ELECTRIFICATION PROJECT SHALL ENSURE COMPLIANCE WITH
17 THE LABOR STANDARDS SET FORTH IN SECTION 40-3.2-105.6.

18 (8) EACH ELECTRIC UTILITY THAT IMPLEMENTS A BENEFICIAL
19 ELECTRIFICATION PLAN SHALL SUBMIT TO THE COMMISSION AN ANNUAL
20 REPORT DESCRIBING THE BENEFICIAL ELECTRIFICATION PROGRAMS
21 IMPLEMENTED UNDER THE PLAN AND DOCUMENTING:

22 (a) PROGRAM EXPENDITURES, ENERGY SAVINGS, INCREMENTAL
23 ADDITIONAL ELECTRIC LOAD ATTRIBUTABLE TO APPROVED BENEFICIAL
24 ELECTRIFICATION PROGRAMS, AND INCREMENTAL ADDITIONAL
25 GREENHOUSE GAS EMISSIONS ASSOCIATED WITH BENEFICIAL ELECTRIC
26 LOAD ATTRIBUTABLE TO APPROVED BENEFICIAL ELECTRIFICATION
27 PROGRAMS;

1 (b) ASSUMED AVOIDED GREENHOUSE GAS EMISSIONS FROM OTHER
2 SECTORS RESULTING FROM APPROVED BENEFICIAL ELECTRIFICATION
3 PROGRAMS;

4 (c) SOCIETAL COSTS AND BENEFITS OF APPROVED BENEFICIAL
5 ELECTRIFICATION PROGRAMS AS WELL AS THE TECHNIQUES USED TO
6 CALCULATE THOSE IMPACTS;

7 (d) COMPLIANCE WITH THE LABOR STANDARDS SET FORTH IN
8 SECTION 40-3.2-105.6; AND

9 (e) ANY OTHER INFORMATION THAT THE COMMISSION REQUESTS.

10 (9) MUNICIPALLY OWNED ELECTRIC UTILITIES, COOPERATIVE
11 ELECTRIC ASSOCIATIONS, AND WHOLESALE ELECTRIC COOPERATIVES, AS
12 DEFINED IN SECTION 40-2-134, IN COLORADO:

13 (a) ARE ENCOURAGED TO:

14 (I) DEVELOP BENEFICIAL ELECTRIFICATION PLANS AS ADDRESSED
15 IN THIS SECTION AND TRANSPORTATION ELECTRIFICATION PROGRAMS
16 PURSUANT TO SECTION 40-5-107 THAT HELP THEIR CUSTOMERS INVEST IN
17 BENEFICIAL ELECTRIFICATION IN BUILDINGS AND TRANSPORTATION;

18 (II) ACCOUNT FOR THE SOCIAL COST OF CARBON DIOXIDE AND
19 METHANE EMISSIONS, SET TOTAL ENERGY SAVINGS AND
20 GREENHOUSE-GAS-EMISSION-REDUCTION GOALS, AND IMPLEMENT
21 BENEFICIAL ELECTRIFICATION PROGRAMS FOR THEIR CUSTOMERS;

22 (III) INCLUDE A BENEFICIAL ELECTRIFICATION PLAN OR
23 TRANSPORTATION ELECTRIFICATION PROGRAM AS PART OF A CLEAN
24 ENERGY PLAN; AND

25 (IV) PARTICIPATE IN STATEWIDE OR REGIONAL INITIATIVES TO
26 INCREASE THE AVAILABILITY OF, DEVELOP THE MARKET FOR, AND SUPPORT
27 CONTRACTOR TRAINING ON HIGH-EFFICIENCY ELECTRIC TECHNOLOGIES;

1 AND

2 (b) SHALL REPORT ON THE STATUS AND IMPACTS OF BENEFICIAL
3 ELECTRIFICATION PLANS AND PROGRAMS TO THE COLORADO ENERGY
4 OFFICE ANNUALLY. THESE REPORTS MUST BE SUBMITTED BY JUNE 30 OF
5 EACH YEAR AND MUST COMPLY WITH ANY GUIDELINES ISSUED BY THE
6 COLORADO ENERGY OFFICE.

7 (10) IN IMPLEMENTING THIS SECTION, THE COMMISSION SHALL NOT
8 REQUIRE THE REMOVAL OF GAS-FUELED APPLIANCES OR EQUIPMENT FROM
9 ANY EXISTING STRUCTURE OR BAN THE INSTALLATION OF GAS SERVICE
10 LINES TO ANY NEW STRUCTURE.

11 **SECTION 5.** In Colorado Revised Statutes, 22-43.7-107, **amend**
12 (2)(e) as follows:

13 **22-43.7-107. Public school facility construction guidelines -**
14 **establishment by board - use.** (2) The public school facility
15 construction guidelines must identify and describe the capital
16 construction, renovation, and equipment needs in public school facilities
17 and means of addressing those needs that will provide educational and
18 safety benefits at a reasonable cost. In preparing the guidelines, the board
19 shall address the following considerations:

20 (e) Consultation with the incumbent electric utility regarding
21 energy efficiency; beneficial electrification, as defined in ~~section~~
22 ~~40-3.2-106 (6)(a)~~ SECTION 40-1-102 (1.2); and renewable distributed
23 generation opportunities;

24 **SECTION 6. Act subject to petition - effective date.** This act
25 takes effect at 12:01 a.m. on the day following the expiration of the
26 ninety-day period after final adjournment of the general assembly; except
27 that, if a referendum petition is filed pursuant to section 1 (3) of article V

1 of the state constitution against this act or an item, section, or part of this
2 act within such period, then the act, item, section, or part will not take
3 effect unless approved by the people at the general election to be held in
4 November 2022 and, in such case, will take effect on the date of the
5 official declaration of the vote thereon by the governor.