

HOUSE COMMITTEE OF REFERENCE REPORT

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Chair of Committee

April 20, 2023  
Date

Committee on Energy & Environment.

After consideration on the merits, the Committee recommends the following:

SB23-016 be amended as follows, and as so amended, be referred to the Committee on Finance with favorable recommendation:

1 Amend reengrossed bill, page 11, after line 18 insert:

2 "SECTION 6. In Colorado Revised Statutes, 25-7-142, amend  
3 (8)(c)(I) introductory portion and (8)(c)(II) introductory portion as  
4 follows:

5 **25-7-142. Energy benchmarking - data collection and access**  
6 **- utility requirements - task force - rules - reports - definitions -**  
7 **legislative declaration - repeal.** (8) (c) (I) If at least two-thirds of the  
8 members appointed to the task force agree on recommendations pursuant  
9 to subsection (8)(a)(I) of this section, and the director of the office in  
10 consultation with the division determines that the recommendations meet  
11 the greenhouse gas emission reduction requirements set forth in  
12 subsection (8)(a)(II) of this section, the division shall, on or before  
13 January 31, 2023, request that the commission publish a notice of  
14 proposed rule-making to adopt rules to implement performance standards.  
15 On or before ~~June 1, 2023~~ SEPTEMBER 1, 2023, the commission, upon  
16 careful consideration of the recommendations of the task force as  
17 presented by the division, shall promulgate rules to establish performance  
18 standards. The commission shall also adopt rules regarding waivers and  
19 extensions of time regarding the performance standard requirements. The  
20 commission's rules must include a provision that an owner of a public  
21 building need only comply with performance standards with regard to  
22 work on a construction or renovation project that:

23 (II) If two-thirds of the members of the task force cannot agree on  
24 recommendations or if the director of the office in consultation with the  
25 commission determines that the task force's recommendations do not meet  
26 the greenhouse gas emission reduction requirements set forth in  
27 subsection (8)(a)(II) of this section, the commission, on or before ~~June 1,~~

1 2023 SEPTEMBER 1, 2023, shall, by rule, adopt performance standards that  
2 meet the greenhouse gas emission reduction requirements set forth in  
3 subsection (8)(a)(II) of this section. The commission shall also adopt  
4 rules regarding waivers and extensions of time regarding the performance  
5 standard requirements. The commission's rules must include a provision  
6 that an owner of a public building need only comply with performance  
7 standards with regard to work on a construction or renovation project  
8 that:".

9 Renumber succeeding sections accordingly.

10 Page 12, line 27, strike "(9)(c) and (9)(d)" and substitute "(9)(c), (9)(d),  
11 (9)(e), (9.3), and (9.5)".

12 Page 14, strike lines 15 through 21 and substitute "SUBSECTION (9)(a) OF  
13 THIS SECTION.

14 (III) (A) IF THE CLASS VI INJECTION WELL IS PROPOSED TO BE  
15 SITED IN AN AREA THAT WOULD AFFECT A DISPROPORTIONATELY  
16 IMPACTED COMMUNITY, THE COMMISSION SHALL WEIGH THE GEOLOGIC  
17 STORAGE OPERATOR'S SUBMITTED CUMULATIVE IMPACTS ANALYSIS AND  
18 DETERMINE WHETHER, ON BALANCE, THE CUMULATIVE IMPACTS OF THE  
19 CLASS VI INJECTION WELL, INCLUDING THE ECONOMIC IMPACTS AND ANY  
20 REQUIRED MITIGATION MEASURES, WILL HAVE A POSITIVE EFFECT ON THE  
21 DISPROPORTIONATELY IMPACTED COMMUNITY. A PROPOSAL THAT WILL  
22 HAVE NEGATIVE NET CUMULATIVE IMPACTS ON ANY DISPROPORTIONATELY  
23 IMPACTED COMMUNITY MUST BE DENIED. THE COMMISSION SHALL ADOPT  
24 RULES TO GUIDE EACH COMMISSIONER'S EVALUATION OF CUMULATIVE  
25 IMPACTS.

26 (B) THE COMMISSION MAY AMEND BY RULE THE CUMULATIVE  
27 EFFECTS ANALYSIS AND REQUIREMENTS SET FORTH IN THIS SUBSECTION  
28 (9)(c)(III) IF THE ANALYSIS AND REQUIREMENTS ARE FOUND TO BE  
29 INCONSISTENT WITH OR INCOMPLETE WITH RESPECT TO THE COMMISSION'S  
30 APPLICATION TO THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY FOR  
31 CLASS VI PRIMACY."

32 Renumber succeeding subparagraph accordingly.

33 Page 15, line 7, strike "(9)(c)(III)(B)" and substitute "(9)(c)(IV)(B)".

34 Page 15, after line 20 insert:

35 "(d) IN ISSUING AND ENFORCING PERMITS PURSUANT TO  
36 SUBSECTION (9)(c) OF THIS SECTION, THE COMMISSION SHALL ENSURE,

1 AFTER A PUBLIC HEARING, THAT:

2 (I) THE PERMITTING OF A CLASS VI INJECTION WELL COMPLIES  
3 WITH A LOCAL GOVERNMENT'S SITING OF THE PROPOSED CLASS VI  
4 INJECTION WELL LOCATION;

5 (II) THE PROPOSED NEW OR MODIFIED CLASS VI INJECTION WELL  
6 HAS RECEIVED AN APPLICABLE AIR PERMIT FROM THE DIVISION OF  
7 ADMINISTRATION IN THE DEPARTMENT OF PUBLIC HEALTH AND  
8 ENVIRONMENT;

9 (III) THE OPERATOR OF THE CLASS VI INJECTION WELL HAS  
10 RECEIVED THE CONSENT OF ANY SURFACE OWNER OR OWNERS OF THE  
11 LAND WHERE THE SURFACE DISTURBANCE WILL OCCUR AND HAS PROVIDED  
12 THE COMMISSION A WRITTEN CONTRACTUAL AGREEMENT THAT THE  
13 SURFACE OWNER OR OWNERS HAVE EXECUTED; AND

14 (IV) THE COMMISSION HAS DELIBERATED ON THE CUMULATIVE  
15 IMPACTS OF THE PROPOSED CLASS VI INJECTION WELL. THE CUMULATIVE  
16 IMPACT ANALYSIS MUST INCLUDE:

17 (A) ANY APPLICABLE AIR QUALITY MODELING REQUIRED BY  
18 SECTION 25-7-111 (2);

19 (B) AN ANALYSIS OF THE NET IMPACT OF THE WELL ON  
20 GREENHOUSE GAS EMISSIONS AND COPOLLUTANTS, INCLUDING  
21 CONSIDERATION OF A NO-ACTION ALTERNATIVE AND OF NET CHANGES IN  
22 LIFE CYCLE EMISSIONS; AND

23 (C) AN EVALUATION OF HOW NEGATIVE IMPACTS ARE AVOIDED OR,  
24 IF NOT AVOIDED, HOW NEGATIVE IMPACTS ARE MINIMIZED AND MITIGATED  
25 AND WHICH, IF ANY, NEGATIVE IMPACTS COULD NOT BE MITIGATED."

26 Reletter succeeding paragraph accordingly.

27 Page 15, after line 24 insert:

28 "(II) "CUMULATIVE IMPACTS" MEANS THE EFFECT OF A PROPOSED  
29 NEW OR MODIFIED CLASS VI INJECTION WELL ON THE ENVIRONMENT,  
30 INCLUDING THE EFFECT ON AIR QUALITY, WATER QUALITY, CLIMATE,  
31 NOISE, ODOR, WILDLIFE, BIOLOGICAL RESOURCES, AND PUBLIC HEALTH,  
32 THAT IS CAUSED BY THE INCREMENTAL IMPACT THAT A NEW OR MODIFIED  
33 CLASS VI INJECTION WELL HAS, WHEN ADDED TO THE IMPACTS FROM  
34 OTHER PAST, PRESENT, AND REASONABLY FORESEEABLE FUTURE  
35 DEVELOPMENT OF ANY TYPE, ON THE RELEVANT AREA, INCLUDING AN  
36 AIRSHED OR WATERSHED, OR ON A DISPROPORTIONATELY IMPACTED  
37 COMMUNITY."

38 Renumber succeeding subparagraphs accordingly.

1 Page 16, after line 5 insert:

2 "(9.3) (a) THE COMMISSION, IN CONSULTATION WITH THE  
3 DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, SHALL DEVELOP AND  
4 UTILIZE REGULATIONS FOR ANALYZING THE FULL LIFE CYCLE OF EMISSIONS  
5 RELATED TO THE PERMITTING OF A PROPOSED NEW OR MODIFIED CLASS VI  
6 INJECTION WELL. THE COMMISSION AND THE DEPARTMENT MAY REQUEST  
7 FROM AN OPERATOR, AND ARE ENTITLED TO RECEIVE, ANY RELEVANT  
8 DATA REQUIRED TO COMPLETE SUCH ANALYSIS.

9 (b) A LIFE CYCLE EMISSIONS ANALYSIS MUST INCLUDE  
10 CONSIDERATION OF:

11 (I) THE DIRECT EMISSIONS FROM THE CONSTRUCTION AND  
12 OPERATIONS OF THE CLASS VI INJECTION WELL;

13 (II) POTENTIAL LEAKAGE FROM THE CLASS VI INJECTION WELL  
14 OVER ITS LIFETIME, IF APPLICABLE; AND

15 (III) THE SCOPE OF THE EMISSIONS FROM ENERGY INPUTS TO  
16 CONSTRUCT OR OPERATE THE CLASS VI INJECTION WELL, BASED ON THE  
17 MOST CURRENT ENERGY INPUTS AND CONSIDERATION OF EMISSION  
18 INTENSITY FORECASTS, IF APPLICABLE.

19 (c) THE COMMISSION MAY ADOPT RULES TO ESTABLISH A PROCESS  
20 TO CERTIFY THE QUANTITY OF CARBON DIOXIDE THAT WILL BE STORED IN  
21 A PROPOSED NEW OR MODIFIED CLASS VI INJECTION WELL.

22 (d) THE COMMISSION, IN CONSULTATION WITH THE DEPARTMENT  
23 OF PUBLIC HEALTH AND ENVIRONMENT, SHALL EVALUATE THE RISK OF  
24 CLASS VI INJECTION WELLS BY DETERMINING THE LIKELIHOOD AND  
25 SEVERITY OF AN INCIDENT INVOLVING A CLASS VI INJECTION WELL, THE  
26 POTENTIAL FOR EXPOSURE FROM SUCH INCIDENT, AND THE OVERALL  
27 EFFECT THAT SUCH INCIDENT COULD HAVE ON THE PUBLIC HEALTH,  
28 SAFETY, AND WELFARE AND ON THE ENVIRONMENT.

29 (9.5) (a) ON OR BEFORE FEBRUARY 1, 2024, THE COMMISSION, IN  
30 CONSULTATION WITH THE DEPARTMENT OF PUBLIC HEALTH AND  
31 ENVIRONMENT, SHALL CONDUCT A STUDY TO BETTER UNDERSTAND THE  
32 SAFETY OF CLASS VI INJECTION WELLS, THE POTENTIAL FOR CARBON  
33 DIOXIDE RELEASES FROM THE WELLS, AND METHODS TO LIMIT THE  
34 LIKELIHOOD OF A CARBON DIOXIDE RELEASE FROM A CLASS VI INJECTION  
35 WELL OR CARBON DIOXIDE PIPELINE OR SEQUESTRATION FACILITY. THE  
36 STUDY MUST INCLUDE:

37 (I) AN EVALUATION OF THE POTENTIAL AIR QUALITY IMPACTS OF  
38 CAPTURE TECHNOLOGY AT A CARBON DIOXIDE SOURCE FACILITY;

39 (II) CARBON DIOXIDE PIPELINE SAFETY CONSIDERATIONS,  
40 INCLUDING COMPUTER MODELING TO SIMULATE CARBON DIOXIDE LEAKS  
41 FROM PIPELINES OF VARYING DIAMETERS AND LENGTHS;

42 (III) APPROPRIATE SAFETY PROTOCOLS IN THE OPERATION AND

1 MAINTENANCE OF A CLASS VI INJECTION WELL;  
2 (IV) METHODS FOR DETERMINING THE STABILITY OF  
3 UNDERGROUND CARBON DIOXIDE STORAGE AND ESTIMATES OF THE TIME  
4 NEEDED FOR CARBON DIOXIDE PLUME STABILIZATION; AND

5 (V) RECOMMENDATIONS FOR SAFETY MEASURES TO PROTECT  
6 COMMUNITIES FROM CARBON DIOXIDE RELEASES, SUCH AS HAZARD ZONES,  
7 PUBLIC NOTIFICATION SYSTEMS, SETBACKS, ADDITIONAL MONITORING  
8 REQUIREMENTS, OR OTHER MEASURES.

9 (b) ON OR BEFORE MARCH 1, 2024, THE COMMISSION SHALL  
10 PRESENT ITS FINDINGS AND CONCLUSIONS FROM THE STUDY, INCLUDING  
11 ANY RECOMMENDATIONS FOR LEGISLATION, TO THE HOUSE OF  
12 REPRESENTATIVES ENERGY AND ENVIRONMENT COMMITTEE AND THE  
13 SENATE TRANSPORTATION AND ENERGY COMMITTEE, OR THEIR SUCCESSOR  
14 COMMITTEES. THE COMMISSION SHALL NOT PERMIT A CLASS VI INJECTION  
15 WELL IN THE STATE UNTIL THE STUDY HAS BEEN COMPLETED AND  
16 PRESENTED TO THE GENERAL ASSEMBLY.

17 (c) A CLASS VI INJECTION WELL SHALL NOT BE LOCATED WITHIN  
18 TWO THOUSAND FEET OF A RESIDENCE, SCHOOL, OR COMMERCIAL  
19 BUILDING. THE COMMISSION MAY ADJUST THE TWO-THOUSAND-FOOT  
20 SETBACK BY RULE AFTER STUDYING AND EVALUATING THE SEVERITY OF  
21 IMPACTS ARISING FROM FOUR OR MORE CLASS VI INJECTION WELLS THAT  
22 HAVE BEEN IN PLACE IN THE STATE FOR AT LEAST FOUR YEARS."

23 Strike "(9)(c)(III)" and substitute "(9)(c)(IV)" on: **Page 15**, lines 2, 11, 12,  
24 and 18.

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