

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

Date

May 4, 2024

Committee on State, Civic, Military, & Veterans Affairs.

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

SB24-214 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend reengrossed bill, page 5, after line 13 insert:

2 "(2) "ELECTIVE PAY APPLICATION" MEANS ANY APPLICATION FOR
3 ELECTIVE PAY FUNDING AVAILABLE UNDER THE FEDERAL "INFLATION
4 REDUCTION ACT OF 2022", PUB.L. 117-169, 136 STAT. 1818 (2022).".

5 Renumber succeeding subsections accordingly.

6 Page 5, after line 17 insert:

7 "(4) "OFFICE" MEANS THE OFFICE OF SUSTAINABILITY CREATED IN
8 SECTION 24-30-2303 (1).

9 (5) "STATE AGENCY" MEANS A PRINCIPAL DEPARTMENT AS
10 DEFINED IN SECTION 24-1-110 AND ANY DIVISION, OFFICE, BOARD,
11 COMMISSION, OR ENTERPRISE WITHIN A PRINCIPAL DEPARTMENT; EXCEPT
12 THAT "STATE AGENCY" DOES NOT INCLUDE AN INSTITUTION OF HIGHER
13 EDUCATION AS DEFINED IN SECTION 23-18-102 (7).".

14 Renumber succeeding subsections accordingly.

15 Page 6, lines 4 and 5, strike "AND STATE INSTITUTIONS OF HIGHER
16 EDUCATION".

17 Page 8, line 8, strike "OF SUSTAINABILITY".

18 Page 8, line 13, strike "OF SUSTAINABILITY".

19 Page 9, strike lines 4 and 5.

1 Page 9, line 6, strike "STAT. 1818 (2022)," and substitute "AGENCIES'
2 ELECTIVE PAY APPLICATIONS".

3 Page 9, line 10, after "FEASIBLE." add "STATE AGENCIES SHALL SUBMIT
4 ELECTIVE PAY APPLICATIONS DIRECTLY TO THE OFFICE OF THE STATE
5 CONTROLLER."

6 Page 9, line 14, strike "DEPARTMENT" and substitute "STATE OR STATE
7 AGENCIES".

8 Page 10, after line 10 insert:

9 "SECTION 3. In Colorado Revised Statutes, **add** article 7.7 to
10 title 6 as follows:

11 **ARTICLE 7.7**
12 **Standards for Construction Projects**
13 **that Receive State Financial Assistance**

14 **6-7.7-101. Legislative declaration.** (1) THE GENERAL ASSEMBLY
15 FINDS THAT:

16 (a) APPLIANCES CERTIFIED BY THE ENERGY STAR PROGRAM MEET
17 STRICT ENERGY EFFICIENCY AND PERFORMANCE GUIDELINES SET BY THE
18 FEDERAL ENVIRONMENTAL PROTECTION AGENCY AND THE UNITED STATES
19 DEPARTMENT OF ENERGY AND CAN SAVE AN ESTIMATED TWENTY TO
20 THIRTY PERCENT MORE ENERGY THAN APPLIANCES THAT ARE NOT
21 CERTIFIED BY THE ENERGY STAR PROGRAM;

22 (b) NEW BUILDING CONSTRUCTION PROJECTS THAT USE TAXPAYER
23 DOLLARS TO PURCHASE EQUIPMENT SHOULD ENSURE THAT THE EQUIPMENT
24 HAS LOWER LIFETIME COSTS TO OPERATE AND MAINTAIN;

25 (c) MANY PROJECTS THAT RECEIVE STATE FINANCIAL ASSISTANCE
26 AIM TO ASSIST VULNERABLE LOWER-INCOME HOUSEHOLDS, AND
27 INSTALLING APPLIANCES CERTIFIED BY THE ENERGY STAR PROGRAM
28 COULD LOWER THE COSTS OF THE ENERGY BILLS OF THESE HOUSEHOLDS
29 OVER TIME; AND

30 (d) SAVING ENERGY IS CRUCIAL IN:

31 (I) AVOIDING THE MOST SERIOUS EFFECTS OF CLIMATE CHANGE
32 AND PRESERVING COLORADO'S WAY OF LIFE, THE HEALTH OF
33 COMMUNITIES, AND THE NATURAL ENVIRONMENT;

34 (II) ACHIEVING THE STATEWIDE GREENHOUSE GAS EMISSION
35 REDUCTION GOALS; AND

36 (III) REDUCING COSTS FOR COLORADANS.

37 (2) THE GENERAL ASSEMBLY THEREFORE DETERMINES AND
38 DECLARES THAT IT IS IN THE PUBLIC INTEREST OF THE HEALTH AND

1 ENVIRONMENT OF THE STATE TO REQUIRE THAT NEW BUILDING
2 CONSTRUCTION PROJECTS THAT RECEIVE STATE FINANCIAL ASSISTANCE
3 USE COVERED ENERGY-CONSUMING PRODUCTS THAT ARE CERTIFIED BY
4 THE ENERGY STAR PROGRAM.

5 **6-7.7-102. Definitions.** AS USED IN THIS ARTICLE 7.7, UNLESS THE
6 CONTEXT OTHERWISE REQUIRES:

7 (1) "COVERED ENERGY-CONSUMING PRODUCT" MEANS AN
8 APPLIANCE, DEVICE, OR PIECE OF EQUIPMENT THAT IS:

9 (a) POWERED BY ELECTRICITY OR FUEL;

10 (b) DESIGNED TO PERFORM ONE OR MORE SPECIFIC TASKS INSIDE
11 A RESIDENTIAL OR COMMERCIAL BUILDING, SUCH AS COOKING, WASHING,
12 DRYING, HEATING, COOLING, PROVIDING DOMESTIC HOT WATER, PRINTING,
13 OR DIGITAL ENTERTAINMENT; AND

14 (c) COVERED WITHIN THE SCOPE OF THE ENERGY STAR PROGRAM.

15 (2) "ENERGY STAR PROGRAM" MEANS THE FEDERAL PROGRAM
16 AUTHORIZED BY 42 U.S.C. SEC. 6294a, AS AMENDED.

17 (3) "SOCIAL COST OF CARBON" MEANS THE SOCIAL COST OF
18 CARBON DIOXIDE EMISSIONS DEVELOPED BY THE PUBLIC UTILITIES
19 COMMISSION PURSUANT TO SECTION 40-3.2-106.

20 (4) "STATE FINANCIAL ASSISTANCE" MEANS ALLOCATIONS FROM
21 THE GENERAL FUND OR OTHER LEGISLATIVE ALLOCATIONS, STATE
22 TAXPAYER FUNDS, REBATES, GRANTS, OR LOANS PROVIDED OR
23 ADMINISTERED BY THE STATE.

24 **6-7.7-103. Energy-efficiency standards for certain building**
25 **construction projects that receive state financial assistance - record**
26 **retention requirements - waivers - exemptions - standardized**
27 **resources - enforcement - civil penalties.** (1) ON AND AFTER JANUARY
28 1, 2025, EXCEPT AS SET FORTH IN SUBSECTION (3) OR (4) OF THIS SECTION,
29 RECIPIENTS OF STATE FINANCIAL ASSISTANCE FOR NEW BUILDING
30 CONSTRUCTION PROJECTS THAT INCLUDE THE SPECIFICATION, PROVISION,
31 OR PURCHASE OF COVERED ENERGY-CONSUMING PRODUCTS SHALL USE
32 COVERED ENERGY-CONSUMING PRODUCTS CERTIFIED BY THE ENERGY
33 STAR PROGRAM.

34 (2) ON AND AFTER JANUARY 1, 2025, A STATE AGENCY THAT
35 PROVIDES OR ADMINISTERS STATE FINANCIAL ASSISTANCE FOR A NEW
36 BUILDING CONSTRUCTION PROJECT SHALL:

37 (a) INCLUDE THE REQUIREMENTS OF SUBSECTION (1) OF THIS
38 SECTION IN THE STATE AGENCY'S CRITERIA OR GUIDANCE FOR APPLYING
39 FOR OR RECEIVING STATE FINANCIAL ASSISTANCE FOR NEW BUILDING
40 CONSTRUCTION PROJECTS;

41 (b) REQUEST AN ATTESTATION SIGNED BY A RECIPIENT OF STATE
42 FINANCIAL ASSISTANCE FOR NEW BUILDING CONSTRUCTION PROJECTS
43 THAT DECLARES THAT:

1 (I) THE REQUIREMENTS OF SUBSECTION (1) OF THIS SECTION HAVE
2 BEEN OR WILL BE FOLLOWED; OR

3 (II) THE RECIPIENT OF THE STATE FINANCIAL ASSISTANCE IS
4 REQUESTING A WAIVER PURSUANT TO SUBSECTION (3) OF THIS SECTION;
5 AND

6 (c) RESPOND TO WAIVER REQUESTS RECEIVED PURSUANT TO
7 SUBSECTION (3) OF THIS SECTION.

8 (3) A STATE AGENCY THAT PROVIDES OR ADMINISTERS STATE
9 FINANCIAL ASSISTANCE FOR NEW BUILDING CONSTRUCTION PROJECTS MAY
10 ISSUE A STANDARDIZED WAIVER FROM THE REQUIREMENTS OF SUBSECTION
11 (1) OF THIS SECTION FOR A NEW BUILDING CONSTRUCTION PROJECT IF THE
12 RECIPIENT DEMONSTRATES, THROUGH EVIDENCE AND ATTESTATION FROM
13 A LICENSED PROFESSIONAL ENGINEER OR DESIGN PROFESSIONAL, THAT:

14 (a) NO COVERED ENERGY-CONSUMING PRODUCT CERTIFIED BY THE
15 ENERGY STAR PROGRAM AND THAT MEETS THE FUNCTIONAL
16 REQUIREMENTS OF THE PROJECT IS REASONABLY AVAILABLE TO THE
17 APPLICANT; OR

18 (b) TAKING ENERGY COST SAVINGS AND THE SOCIAL COST OF
19 CARBON INTO ACCOUNT, NO COVERED ENERGY-CONSUMING PRODUCT
20 CERTIFIED BY THE ENERGY STAR PROGRAM IS COST-EFFECTIVE OVER THE
21 LIFE OF THE PRODUCT.

22 (4) THE FOLLOWING NEW BUILDING CONSTRUCTION PROJECTS ARE
23 EXEMPT FROM THE REQUIREMENTS OF THIS SECTION:

24 (a) PROJECTS THAT HAVE PASSED THE DESIGN PHASE BEFORE
25 JANUARY 1, 2025, AND WOULD REQUIRE SIGNIFICANT REDESIGN TO
26 INCLUDE A COVERED ENERGY-CONSUMING PRODUCT CERTIFIED BY THE
27 ENERGY STAR PROGRAM; AND

28 (b) PROJECTS THAT HAVE RECEIVED A PERMIT FROM A LOCAL
29 GOVERNMENT FOR THE USE OF A COVERED ENERGY-CONSUMING PRODUCT
30 BEFORE JANUARY 1, 2025.

31 (5) IF THE ATTORNEY GENERAL, BY A PREPONDERANCE OF THE
32 EVIDENCE, BELIEVES THAT A PERSON HAS VIOLATED OR CAUSED ANOTHER
33 PERSON TO VIOLATE SUBSECTION (1) OF THIS SECTION, THE ATTORNEY
34 GENERAL MAY BRING A CIVIL ACTION ON BEHALF OF THE STATE TO SEEK
35 THE ASSESSMENT OF A CIVIL PENALTY OF UP TO THE TOTAL AMOUNT OF
36 STATE FINANCIAL ASSISTANCE RECEIVED BY THE VIOLATOR ON OR AFTER
37 JANUARY 1, 2025, WHICH AMOUNT MUST BE TRANSMITTED TO THE STATE
38 TREASURER, WHO SHALL CREDIT THE AMOUNT TO THE ENERGY FUND
39 CREATED IN SECTION 24-38.5-102.4 (1)(a)(I)."

40 Renumber succeeding sections accordingly.

41 Page 17, strike line 26 and substitute "COLORADO ENERGY OFFICE;".

1 Page 18, after line 25 insert:

2 "SECTION 12. In Colorado Revised Statutes, **add** part 16 to
3 article 7 of title 25 as follows:

4 PART 16

5 AFFORDABLE APPLIANCES FOR A HEALTHY COMMUNITY

6 **25-7-1601. Legislative declaration.** (1) THE GENERAL ASSEMBLY
7 FINDS AND DETERMINES THAT:

8 (a) RISING TEMPERATURES ARE INCREASING THE DEMAND FOR AIR
9 CONDITIONERS;

10 (b) COMMON TYPES OF AIR CONDITIONERS CAN ALSO PROVIDE
11 WINTER HEATING IF THEY ARE CONFIGURED AS HEAT PUMPS, WHICH ARE
12 A MORE ENVIRONMENTALLY FRIENDLY OPTION THAN OTHER TYPES OF
13 HEATING, VENTILATION, AND AIR CONDITIONING SYSTEMS;

14 (c) THE "INFLATION REDUCTION ACT OF 2022", THE STATE, AND
15 UTILITIES ARE OPENING UP OPPORTUNITIES TO MAKE THIS TECHNOLOGY
16 LESS EXPENSIVE THAN COOLING-ONLY SYSTEMS; AND

17 (d) COLORADO SHOULD BE PREPARED TO TAKE ADVANTAGE OF
18 NEW OPPORTUNITIES TO THE MAXIMUM EXTENT TO CREATE A MORE
19 AFFORDABLE AND ENVIRONMENTALLY FRIENDLY HOUSING MARKET AND
20 HEATING, VENTILATION, AND AIR CONDITIONING INDUSTRY.

21 (2) THE GENERAL ASSEMBLY, THEREFORE, DETERMINES AND
22 DECLARES THAT IT IS IN THE PUBLIC INTEREST FOR THE HEALTH AND
23 ENVIRONMENT OF THE STATE TO REQUIRE THAT THE COLORADO ENERGY
24 OFFICE CONDUCT A STUDY OF THE TECHNICAL VIABILITY, ECONOMIC
25 CONDITIONS, AND WORKFORCE READINESS OF STANDARDS FOR
26 CONFIGURING NEW RESIDENTIAL AIR CONDITIONERS AS HEAT PUMPS.

27 **25-7-1602. Definitions.** AS USED IN THIS PART 16, UNLESS THE
28 CONTEXT OTHERWISE REQUIRES:

29 (1) "AIR CONDITIONER" MEANS AN ELECTRICALLY POWERED
30 MECHANICAL DEVICE THAT USES THE REFRIGERATION CYCLE TO COOL AN
31 INTERIOR HABITABLE SPACE.

32 (2) "APPLICABLE AIR CONDITIONER" MEANS AN AIR CONDITIONER
33 THAT IS:

34 (a) NEW;

35 (b) POWERED BY A SINGLE-PHASE CURRENT;

36 (c) DESIGNED AND INTENDED FOR RESIDENTIAL USE;

37 (d) DESIGNED AND INTENDED FOR PERMANENT INSTALLATION; AND

38 (e) NOT DESIGNED OR INTENDED TO BE WINDOW MOUNTED.

39 (3) "HEAT PUMP" MEANS AN ELECTRICALLY POWERED
40 MECHANICAL DEVICE THAT USES THE REFRIGERATION CYCLE TO TRANSFER
41 THERMAL ENERGY FROM ONE LOCATION TO ANOTHER.

1 (4) "HVAC" MEANS A HEATING, VENTILATION, AND AIR
2 CONDITIONING SYSTEM.

3 (5) "OFFICE" MEANS THE COLORADO ENERGY OFFICE CREATED IN
4 SECTION 24-38.5-101 (1).

5 (6) "RESIDENTIAL" MEANS ONE- AND TWO-FAMILY DWELLINGS
6 AND TOWNHOUSES, AS DEFINED IN THE MOST RECENT EDITION OF THE
7 INTERNATIONAL RESIDENTIAL CODE.

8 **25-7-1603. Colorado energy office - study - accelerated**
9 **adoption of heat pump technology.** (1) ON OR BEFORE AUGUST 1, 2024,
10 THE OFFICE SHALL COMMENCE A STUDY WITH TARGETED STAKEHOLDER
11 INPUT TO EXPLORE HOW TO ACCELERATE ADOPTION OF HEAT PUMP
12 TECHNOLOGY IN COLORADO THROUGH A TECHNICAL STANDARD FOR
13 APPLICABLE AIR CONDITIONERS.

14 (2) IN CONDUCTING THE STUDY, THE OFFICE SHALL:

15 (a) FOCUS ON A STATEWIDE POINT-OF-SALE STANDARD ON NEW
16 AND REPLACEMENT AIR CONDITIONERS;

17 (b) CONSIDER EQUIPMENT PERFORMANCE IN DIFFERENT CLIMATE
18 ZONES AND CONDITIONS;

19 (c) CONSULT WITH STAKEHOLDERS FROM MANUFACTURERS,
20 DISTRIBUTORS, CONTRACTORS, HEAT PUMP EXPERTS, GREEN BUILDERS,
21 ENVIRONMENTAL JUSTICE GROUPS, AND UTILITIES SERVING RETAIL
22 CUSTOMERS;

23 (d) USE DATA AND FINDINGS FROM RECENT PUBLIC UTILITY
24 PROCEEDINGS TO ACCELERATE DATA COLLECTION FOR THE STUDY;

25 (e) DETERMINE THE REQUIREMENTS FOR SUCCESSFUL
26 IMPLEMENTATION OF A STATEWIDE POINT-OF-SALE STANDARD; AND

27 (f) MAKE RECOMMENDATIONS ON HOW THE STATE CAN ADDRESS
28 ANY ASSOCIATED NEEDS OR GAPS BEFORE A STATEWIDE POINT-OF-SALE
29 STANDARD TAKES EFFECT.

30 (3) IN CONDUCTING THE STUDY, THE OFFICE SHALL ASSESS AND
31 DETERMINE:

32 (a) UP-FRONT COST GAPS AND ONGOING COSTS AND COST SAVINGS
33 FOR RESIDENTIAL HOMES FROM IMPLEMENTATION OF A STATEWIDE
34 POINT-OF-SALE STANDARD;

35 (b) WHETHER AND WHERE FEDERAL, STATE, LOCAL, AND UTILITY
36 INCENTIVES CAN COVER ANY IDENTIFIED COST GAPS, AND MAKE
37 RECOMMENDATIONS FOR WHAT, IF ANY, NEW INCENTIVES MAY BE NEEDED
38 FOR INCOME-QUALIFIED HOUSEHOLDS;

39 (c) ANY TECHNICAL LIMITATIONS, AND POTENTIAL REMEDIES FOR
40 THOSE LIMITATIONS, FOR A STATEWIDE POINT-OF-SALE STANDARD;

41 (d) SYSTEM CONFIGURATION OPTIONS FOR COLD-TEMPERATURE
42 PERFORMANCE;

43 (e) NECESSARY CUSTOMER INFORMATION REGARDING

1 COLD-TEMPERATURE PERFORMANCE;
2 (f) WHAT, IF ANY, EXCEPTIONS OR EXEMPTIONS MAY BE
3 NECESSARY FOR A STATEWIDE POINT-OF-SALE STANDARD AND HOW SUCH
4 EXCEPTIONS OR EXEMPTIONS COULD BE ADMINISTERED;
5 (g) POTENTIAL IMPROVEMENTS TO THE STATE INCOME TAX CREDIT
6 CREATED IN SECTION 39-22-554;
7 (h) SUPPLY CHAIN STATUS;
8 (i) CONTRACTOR TRAINING NEEDS; AND
9 (j) QUALITY ASSURANCE MEASURES.
10 (4) THE OFFICE SHALL DELIVER THE STUDY RESULTS TO THE
11 CHAIRS OF THE TRANSPORTATION AND ENERGY COMMITTEE OF THE
12 SENATE AND THE ENERGY AND ENVIRONMENT COMMITTEE OF THE HOUSE
13 OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEES, ACCORDING TO
14 THE FOLLOWING SCHEDULE:
15 (a) ON OR BEFORE JANUARY 1, 2025, THE OFFICE SHALL DELIVER
16 A PROGRESS REPORT;
17 (b) ON OR BEFORE MARCH 1, 2025, THE OFFICE SHALL DELIVER
18 INTERIM RESULTS AND LEGISLATIVE RECOMMENDATIONS; AND
19 (c) ON OR BEFORE JUNE 1, 2025, THE OFFICE SHALL DELIVER THE
20 FINAL STUDY AND FINAL LEGISLATIVE RECOMMENDATIONS.
21 **25-7-1604. Repeal of part.** THIS PART 16 IS REPEALED, EFFECTIVE
22 JULY 1, 2030."

23 Renumber succeeding sections accordingly.

24 Page 23, after line 24 insert:

25 **"SECTION 16.** In Colorado Revised Statutes, 39-22-554, **amend**
26 (2)(a)(I)(C), (2)(g)(I)(C), (2)(g)(I)(D), (2)(p)(I)(C), (2)(p)(I)(D),
27 (2)(q)(I)(C), (2)(p)(I)(D), (2)(q)(I)(D), (3)(c)(I) introductory portion,
28 (3)(d)(II), (3)(e), (5)(a)(II), (5)(a)(V), and (5)(d)(II)(A); **repeal**
29 (2)(a)(I)(B), (2)(a)(III), (2)(g)(III), (2)(g)(IV), (2)(p)(III), (2)(q)(III), and
30 (5)(a)(III); and **add** (2)(a)(I)(D), (2)(a)(I)(E), (2)(c.5), (2)(d.5),
31 (2)(g)(I)(E), (2)(i.5), (2)(q)(I)(E), and (5)(a)(III.5) as follows:

32 **39-22-554. Heat pump technology and thermal energy**
33 **network tax credit - tax preference performance statement -**
34 **definitions - repeal.** (2) **Definitions.** As used in this section, unless the
35 context otherwise requires:

- 36 (a) (I) "Air-source heat pump system" means a system that:
37 (B) ~~Has a variable speed compressor;~~ and
38 (C) Is listed in the Air-conditioning, Heating, and Refrigeration
39 Institute directory of certified product performance as a matched system;
40 (D) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND

1 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS; AND
2 (E) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S
3 SPECIFICATIONS.
4 (III) ~~"Air-source heat pump system" includes mechanical and~~
5 ~~electrical equipment central to the operation of an air-source heat pump;~~
6 ~~including an upgraded electrical panel if necessary.~~
7 (c.5) "COLD-CLIMATE HEAT PUMP" MEANS A TYPE OF AIR-SOURCE
8 HEAT PUMP SYSTEM THAT:
9 (I) MEETS THE QUALIFICATION CRITERIA OF THE FEDERAL
10 ENVIRONMENTAL PROTECTION AGENCY'S ENERGY STAR PROGRAM'S
11 COLD-CLIMATE HEAT PUMP DESIGNATION OR MEETS THE HIGHEST TIER OF
12 THE CONSORTIUM FOR ENERGY EFFICIENCY'S NORTHERN AIR-SOURCE
13 HEAT PUMP SPECIFICATIONS, NOT INCLUDING AN ADVANCED TIER;
14 (II) IS INSTALLED WITH CONTROLS THAT SET A CROSSOVER
15 TEMPERATURE SPECIFIED BY GUIDELINES ESTABLISHED BY THE OFFICE
16 PURSUANT TO SUBSECTION (7) OF THIS SECTION;
17 (III) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND
18 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS;
19 (IV) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S
20 SPECIFICATIONS; AND
21 (V) IS LISTED IN THE AIR-CONDITIONING, HEATING, AND
22 REFRIGERATION INSTITUTE DIRECTORY OF CERTIFIED PRODUCT
23 PERFORMANCE AS A MATCHED SYSTEM.
24 (d.5) "CROSSOVER TEMPERATURE" MEANS THE POINT THAT A
25 HEAT-PUMP-BASED HVAC SYSTEM SWITCHES EITHER PARTIALLY OR
26 FULLY FROM THE HEAT PUMP TO A SUPPLEMENTARY HEATING SOURCE.
27 (g) (I) "Ground-source heat pump system" means a system that:
28 (C) Has blowers that are variable speed, high-efficiency motors
29 that meet or exceed efficiency levels listed in the National Electrical
30 Manufacturers Association MG 1-1993 publication; and
31 (D) Complies with all state and local drinking water guidelines
32 and regulations and public water system requirements; AND
33 (E) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S
34 SPECIFICATIONS.
35 (III) ~~"Ground-source heat pump system" includes mechanical and~~
36 ~~electrical equipment central to the operation of a ground-source heat~~
37 ~~pump, including an upgraded electrical panel if necessary.~~
38 (IV) ~~"Ground-source heat pump system" may include a heat~~
39 ~~exchanger for water heating.~~
40 (i.5) "HEAT PUMP" MEANS AN ELECTRICALLY POWERED
41 MECHANICAL DEVICE THAT USES THE REFRIGERATION CYCLE TO TRANSFER
42 THERMAL ENERGY FROM ONE LOCATION TO ANOTHER.
43 (p) (I) "Variable refrigerant flow heat pump system" means a

1 system that:

2 (C) Has blowers that are ~~variable speed~~, high-efficiency motors

3 that meet or exceed efficiency levels listed in the National Electrical

4 Manufacturers Association ~~MGI-1993~~ MG 1-1993 publication; ~~and~~

5 (D) Complies with all state and local drinking water guidelines

6 and regulations and public water system and wastewater system

7 requirements; AND

8 (E) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S

9 SPECIFICATIONS.

10 (III) ~~"Variable refrigerant flow system" includes mechanical and~~

11 ~~electrical equipment central to the operation of a variable refrigerant flow~~

12 ~~system:~~

13 (q) (I) "Water-source heat pump system" means a system that:

14 (C) Has blowers that are ~~variable speed~~, high-efficiency motors

15 that meet or exceed efficiency levels listed in the National Electrical

16 Manufacturers Association MG 1-1993 publication; ~~and~~

17 (D) Complies with all state and local drinking water guidelines

18 and regulations and public water system and wastewater system

19 requirements; AND

20 (E) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S

21 SPECIFICATIONS.

22 (III) ~~"Water-source heat pump system" includes mechanical and~~

23 ~~electrical equipment central to the operation of a water-source heat pump:~~

24 (3) (c) Subject to the modifications set forth in subsection (3)(d)

25 of this section and the annual review required pursuant to subsection

26 (3)(e) of this section and except as otherwise provided in subsection (3)(f)

27 of this section, the amount of the credit allowed pursuant to this section

28 is calculated as follows:

29 (I) For the installation of an air-source heat pump system THAT IS

30 NOT A COLD-CLIMATE HEAT PUMP, or FOR a variable refrigerant flow heat

31 PUMP system:

32 (d) Notwithstanding the amounts set forth in subsection (3)(c) of

33 this section, the amount of the credit allowed by this section may be

34 modified as follows:

35 (II) For a nonresidential building, the amount of the credit is the

36 amount of the credit permitted pursuant to subsection (3)(c) of this

37 section multiplied by the number of increments of four tons of heating

38 capacity; ~~up to a maximum of one hundred tons~~; and

39 (e) The office shall annually review and evaluate the effectiveness

40 of the tax credits and may, FOR THE SUBSEQUENT TAX YEAR:

41 (I) Modify the amounts set forth in subsection (3)(c) of this

42 section; AND

43 (II) ESTABLISH, MODIFY, OR REMOVE LIMITS ON THE CREDITS

1 CALCULATED PURSUANT TO SUBSECTION (3)(d) OF THIS SECTION.
2 (5) (a) The office shall create, and update at least annually, a list
3 containing the names and contact information of eligible taxpayers. To
4 become an eligible taxpayer, and be included on the list described in this
5 subsection (5), a taxpayer shall demonstrate to the office that the taxpayer
6 and any of its employees who will be installing heat pump technology or
7 thermal energy networks:
8 (II) Are knowledgeable of AND AGREE TO FOLLOW the relevant
9 system requirements set forth in subsections (2)(a), ~~(2)(c.5)~~, (2)(g), (2)(h),
10 (2)(i), (2)(m), (2)(n), (2)(p), and (2)(q) of this section;
11 ~~(III) Will install heat pump technology and thermal energy~~
12 ~~networks in accordance with the national electric code and manufacturer's~~
13 ~~specifications;~~
14 (III.5) HAVE RECEIVED TRAINING PURSUANT TO THE GUIDELINES
15 ISSUED BY THE OFFICE PURSUANT TO SUBSECTION (7) OF THIS SECTION;
16 (V) Will meet any additional standards established by the office
17 in its guidelines. ~~including, if applicable, the 2021 international energy~~
18 ~~conservation code.~~
19 (d) (II) (A) The office shall ~~annually~~ PERIODICALLY examine a
20 sample of the eligible taxpayers on the list described in this subsection (5)
21 to substantiate that the eligible taxpayers are meeting the office's
22 standards and properly claiming the credit allowed by this section. Every
23 eligible taxpayer shall produce the books and records described in
24 subsection (5)(d)(I) of this section for examination at any time by the
25 office."

26 Renumber succeeding sections accordingly.

27 Page 25, after line 20 insert:

28 "SECTION 20. In Colorado Revised Statutes, add 40-3.2-110 as
29 follows:

30 **40-3.2-110. Requirements related to heat pumps - definitions.**

31 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
32 REQUIRES, "HEAT PUMP" MEANS AN ELECTRICALLY POWERED DEVICE THAT
33 USES THE REFRIGERATION CYCLE TO TRANSFER THERMAL ENERGY FROM
34 ONE LOCATION TO ANOTHER.

35 (2) ON OR BEFORE AUGUST 1, 2027, AN INVESTOR-OWNED UTILITY
36 THAT PROVIDES ELECTRIC OR THERMAL ENERGY SHALL, WITHIN A
37 GENERAL RATE CASE REQUEST, SUBMIT TO THE COMMISSION A PROPOSAL
38 FOR A VOLUNTARY RATE OR RATES FOR ENERGY SUPPLIED TO RESIDENTIAL
39 CUSTOMERS WHO UTILIZE A HEAT PUMP AS THEIR PRIMARY HEATING
40 SOURCE, WHICH VOLUNTARY RATE OR RATES:

- 1 (a) MAY BE NEW RATES, NEW OR EXISTING RIDERS, OR
2 INCORPORATED INTO AN EXISTING TIME-OF-USE RATE;
3 (b) IF COST-JUSTIFIED, ARE DESIGNED TO LOWER THE AVERAGE
4 MONTHLY ENERGY BILL OF RESIDENTIAL CUSTOMERS WHO UTILIZE A HEAT
5 PUMP AS THEIR PRIMARY HEATING SOURCE; AND
6 (c) AVOID CROSS-SUBSIDIES FROM OTHER CUSTOMERS."

7 Renumber succeeding sections accordingly.

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