

**NOTE: This bill has been prepared for the signatures of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.**



SENATE BILL 21-261

BY SENATOR(S) Fenberg and Priola, Bridges, Buckner, Jaquez Lewis, Lee, Winter;  
also REPRESENTATIVE(S) Valdez A. and Amabile, Bacon, Bernett, Bird, Boesenecker, Cutter, Daugherty, Exum, Froelich, Gray, Hooton, Jackson, Jodeh, Kipp, McCormick, Michaelson Jenet, Mullica, Ricks, Titone, Woodrow.

CONCERNING MEASURES TO INCREASE THE DEPLOYMENT OF RENEWABLE ENERGY GENERATION FACILITIES TO MEET COLORADO'S ENERGY NEEDS, AND, IN CONNECTION THEREWITH, RAISING THE ALLOWABLE CAPACITY OF CUSTOMER-SITED RENEWABLE ENERGY GENERATION FACILITIES, GIVING CUSTOMERS ADDITIONAL OPTIONS FOR INCREASING THE SCALE AND FLEXIBILITY OF NEW INSTALLATIONS, AND MAKING AN APPROPRIATION.

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

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

(a) The state of Colorado has established the goal of cutting greenhouse gas emissions by at least twenty-six percent by 2025, fifty

*Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.*

percent by 2030, and ninety percent by 2050;

(b) In order to meet these goals, much of Colorado's heating, electrical generation, and transportation systems will be increasingly reliant on renewable energy;

(c) Although large-scale renewable energy generation resources will make up most of Colorado's overall electric energy supply in the future, distributed generation plays a significant and increasingly important role because:

(I) Distributed generation reduces the need for investment in expensive, long-term projects to develop transmission facilities, which are required to bring energy from centralized power sources to the end user;

(II) When a producer exports excess electricity from distributed generation onto the state's power grid, the electricity is quickly consumed by nearby users, reducing the losses incurred in long-distance transmission over power lines;

(III) Distributed generation and storage has the potential to be used in advanced demand-response programs to create a more efficient and resilient grid as well as reduce the need for investments in expensive, yet rarely used, peaker plants;

(IV) Distributed generation, especially when paired with energy storage, creates a reliable energy source that is less vulnerable to natural disasters and grid failures; and

(V) Consumers and local governments increasingly want to have more local control over their energy decisions for both environmental and economic reasons, making local distributed generation investments an appealing option;

(d) Consumers and businesses are increasingly relying on electric vehicles for transportation, therefore enhancing the importance of abundant, locally produced power for recharging;

(e) Beneficial electrification policies and technological advancements will result in consumers switching their existing space

heating and water heating systems to efficient electric heat pumps and water heaters, which will increase the electricity demands of homes and businesses;

(f) Colorado law currently limits the capacity of customer-sited photovoltaic solar generating facilities to only twenty percent over a customer's previous annual on-site energy usage, an artificial and increasingly unrealistic barrier to Coloradans' ability to address their future electricity and energy storage needs;

(g) Due to economies of scale, it is more cost-effective for consumers to install a larger photovoltaic system based on projected electricity needs rather than needing to supplement their system later when their electric load increases;

(h) Measuring and enforcing such a limitation on the size of customer-sited distributed generation creates unnecessary and costly administrative burdens on both consumers and utilities; and

(i) It is in the public interest, and would serve Colorado's stated policy goal of decarbonizing our electric power supply system, to remove this arbitrary limit on customer-sited solar generation facilities and retail distributed generation facilities, to allow for off-site generation, and to reform other outdated regulations that hinder the efficient development of clean energy resources.

**SECTION 2.** In Colorado Revised Statutes, 40-1-102, **add** (8.5) as follows:

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

(8.5) "METER COLLAR ADAPTER" MEANS A DEVICE THAT IS INSTALLED BETWEEN THE ELECTRIC METER AND THE METER SOCKET BOX ON A UTILITY CUSTOMER'S PREMISES AND THAT HAS ELECTRICAL CONNECTION POINTS BOTH ELECTRICALLY UPSTREAM AND ELECTRICALLY DOWNSTREAM OF THE METER.

**SECTION 3.** In Colorado Revised Statutes, 40-1-103, **amend** (2)(c) as follows:

**40-1-103. Public utility defined.** (2) (c) The supply of electricity or heat to a consumer of the electricity or heat from ~~solar generating equipment located on the site of the consumer's property, which equipment is~~ RENEWABLE ENERGY GENERATION FACILITIES owned or operated by an entity other than the consumer, ~~shall~~ INCLUDING A MASTER METER OPERATOR, AS DESCRIBED IN SECTION 40-1-103.5, DOES not subject the owner or operator of the ~~on-site solar generating equipment~~ RENEWABLE ENERGY GENERATION FACILITIES to regulation as a public utility by the commission if the ~~solar generating equipment is sized to supply no more than one hundred twenty percent of the average annual consumption of electricity by the consumer at that site. For purposes of this paragraph (c), the consumer's site shall include all contiguous~~ RENEWABLE ENERGY GENERATION FACILITIES ARE LOCATED ON property owned or leased by EITHER:

(I) The consumer; ~~without regard to interruptions in contiguity caused by easements, public thoroughfares, transportation rights-of-way, or utility rights-of-way.~~ OR

(II) A MASTER METER OPERATOR OR ANOTHER CONSUMER SERVED BY THE MASTER METER OPERATOR.

**SECTION 4.** In Colorado Revised Statutes, 40-1-103.5, **amend** (1) introductory portion, (1)(a), and (3) as follows:

**40-1-103.5. Limited exemption of master meter operators - conditions - rules - definition.** (1) Upon its own motion or upon application by any person who purchases gas or electric service from a regulated public utility for the purpose of delivery of such service to end users whose aggregate usage is to be measured by a master meter or other composite measurement device, the commission may exempt such person from regulation of rates under the "Public Utilities Law", articles 1 to 7 of this ~~title~~ TITLE 40, as the commission deems appropriate, so long as all of the following conditions are met:

(a) Such person, referred to in this section as a "master meter operator" or "MMO", does not charge the end users, as part of its billing for utility service, for any costs in addition to the actual cost billed to the MMO by the serving utility, including without limitation costs of construction, maintenance, financing, administration, metering, or billing for the utility

distribution system owned by the MMO; EXCEPT THAT THIS SUBSECTION (1)(a) DOES NOT APPLY TO REFUNDS, REBATES, RATE REDUCTIONS, NET METERING CREDITS, OR SIMILAR ADJUSTMENTS ATTRIBUTABLE TO THE USE OF ELECTRICITY GENERATED FROM RETAIL DISTRIBUTED GENERATION THAT IS LOCATED ON PROPERTY OWNED OR LEASED BY THE MMO OR BY A CUSTOMER SERVED BY THE MMO.

(3) (a) The commission shall adopt such rules as it deems necessary to implement this section.

(b) NO LATER THAN DECEMBER 31, 2022, THE COMMISSION SHALL ADOPT NEW OR AMENDED RULES THAT WOULD ENABLE LANDLORDS OF MULTI-UNIT BUILDINGS AND TENANTS IN MULTI-UNIT BUILDINGS TO SHARE IN THE PRODUCTION FROM A NET METERED RETAIL DISTRIBUTED GENERATION INSTALLATION. IN ADOPTING RULES, THE COMMISSION SHALL CONSIDER COLORADO'S GREENHOUSE GAS EMISSION-REDUCTION GOALS AND THE NEED TO ELECTRIFY BUILDINGS, TRANSPORTATION, AND OTHER COMMERCIAL AND INDUSTRIAL SECTORS TO MEET THOSE GOALS. THE COMMISSION SHALL ALSO CONSIDER RULES THAT WOULD ENCOURAGE LANDLORDS TO BEAR THE ATTENDANT COSTS AND TO RETAIN AT LEAST A PORTION OF THE RESULTING BENEFITS IN ADDITION TO ANY OTHER INCENTIVES THE COMMISSION FINDS APPROPRIATE.

**SECTION 5.** In Colorado Revised Statutes, 40-2-124, **amend** (1)(a) introductory portion, (1)(a)(IV), (1)(a)(VII), (1)(a)(VIII), (1)(c)(II)(B), (1)(e) introductory portion, (1)(e)(I), (1)(e)(II), (1)(e)(III), and (1.5); and **add** (1)(a)(IV.5), (1)(a)(VII.5), (1)(e)(IV), and (1)(j) as follows:

**40-2-124. Renewable energy standards - qualifying retail and wholesale utilities - definitions - net metering - legislative declaration.**

(1) Each provider of retail electric service in the state of Colorado, other than municipally owned utilities that serve forty thousand customers or fewer, is 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, is subject to the rules established under this article 2 by the commission. No additional regulatory authority is provided to the commission other than that specifically contained in this section. In accordance with article 4 of title 24, the commission shall revise or clarify existing rules to establish the following:

(a) Definitions of eligible energy resources that can be used to meet the standards. "Eligible energy resources" means recycled energy, ~~and~~ renewable energy resources, AND RENEWABLE ENERGY STORAGE. In addition, resources using coal mine methane and synthetic gas produced by pyrolysis of ~~municipal solid waste~~ MATERIALS are eligible energy resources if the commission determines that the electricity generated by those resources is greenhouse gas neutral. The commission shall determine, 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 an eligible energy resource is also an eligible electric generation technology. Fossil and nuclear fuels and their derivatives are not eligible energy resources. For purposes of this section:

(IV) "Greenhouse gas neutral", with respect to electricity generated USING BIOMASS OR by a coal mine methane or synthetic gas facility, means that the ~~volume of~~ greenhouse gases emitted into the atmosphere ~~from~~ AS A RESULT OF the ~~conversion~~ PROCESS of CONVERTING THE fuel SOURCE to electricity is ~~no greater than the volume of~~ DO NOT EXCEED THE greenhouse gases that would have been emitted into the atmosphere over the next five years, beginning with the ~~planned~~ COMMENCEMENT OF THE PROCESS OR INITIAL date of operation of the facility, if the fuel SOURCE had not been converted to electricity, where greenhouse gases are measured in terms of carbon dioxide equivalent.

(IV.5) "OFF-SITE" MEANS LOCATED ON NONCONTIGUOUS PROPERTY OWNED OR LEASED BY A CUSTOMER OF A QUALIFYING RETAIL UTILITY.

(VII) "Renewable energy resources" means solar, wind, geothermal, biomass THAT IS GREENHOUSE GAS NEUTRAL, 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 AND THAT DOES NOT REQUIRE THE CONSTRUCTION OF ANY NEW DAMS OR RESERVOIRS. NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBSECTION (1)(a)(VII), A BIOMASS ELECTRIC GENERATION FACILITY THAT WAS IN EXISTENCE ON OR BEFORE JANUARY 1, 2021, OR THAT HAS A NAMEPLATE RATING OF TEN MEGAWATTS OR LESS, SHALL BE CONSIDERED A RENEWABLE ENERGY RESOURCE.

(VII.5) "RENEWABLE ENERGY STORAGE" MEANS AN ENERGY

STORAGE SYSTEM, AS DEFINED IN SECTION 40-2-130 (2)(a), THAT STORES ENERGY PRODUCED ONLY BY RENEWABLE ENERGY RESOURCES.

(VIII) EXCEPT AS PROVIDED IN SUBSECTION (1)(c)(II)(D) OF THIS SECTION WITH RESPECT TO COOPERATIVE ELECTRIC ASSOCIATIONS, "retail distributed generation" means a renewable energy resource OR RENEWABLE ENERGY STORAGE that is located on ~~the site of a customer's facilities~~ ANY PROPERTY OWNED OR LEASED BY THE CUSTOMER WITHIN THE SERVICE TERRITORY OF THE QUALIFYING RETAIL UTILITY and is interconnected on the customer's side of the utility meter. In addition, retail distributed generation shall provide electric energy primarily to serve the customer's ~~load~~ LOADS and shall be sized to supply no more than ~~one~~ TWO hundred ~~twenty~~ percent of the REASONABLY EXPECTED average annual TOTAL consumption of electricity by the customer at that site. For purposes of this subparagraph (VIII), the customer's "site" includes ~~all contiguous property owned or leased by the customer without regard to interruptions in contiguity caused by easements, public thoroughfares, transportation rights-of-way, or utility rights-of-way~~ AT ALL PROPERTIES OWNED OR LEASED BY THE CUSTOMER WITHIN THE UTILITY'S SERVICE TERRITORY.

(c) Electric resource standards:

(II) (B) ~~Solar generating equipment located on-site at customers' facilities shall be sized to supply no more than one hundred twenty percent of the average annual consumption of electricity by the consumer at that site. For purposes of this sub-subparagraph (B), the consumer's "site" shall include all contiguous property owned or leased by the consumer, without regard to interruptions in contiguity caused by easements, public thoroughfares, transportation rights-of-way, or utility rights-of-way~~ A QUALIFYING RETAIL UTILITY THAT IS INVESTOR-OWNED SHALL NOT LIMIT THE SIZING OF ON-SITE RETAIL DISTRIBUTED GENERATION CAPACITY BASED SOLELY ON PAST CONSUMPTION. COOPERATIVE ELECTRIC ASSOCIATIONS ARE NOT SUBJECT TO THIS SUBSECTION (1)(c)(II)(B).

(e) A REQUIREMENT THAT EACH QUALIFYING RETAIL UTILITY, EXCEPT FOR COOPERATIVE ELECTRIC ASSOCIATIONS AND MUNICIPALLY OWNED UTILITIES, MAKE AVAILABLE TO THEIR CUSTOMERS A standard rebate offer ~~program~~ AND NET METERING SERVICE, under which:

(I) (A) ~~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~~ CUSTOMERS ARE OFFERED a specified amount per watt for the installation of eligible solar electric generation on THE customers' premises, up to a maximum of one hundred kilowatts per installation.

(A.5) A QUALIFYING RETAIL UTILITY'S INTERCONNECTION STANDARDS FOR DISTRIBUTED ENERGY RESOURCES MUST ALLOW FOR CUSTOMER OWNERSHIP AND USE OF A METER COLLAR ADAPTER TO PERMIT THE INTERCONNECTION OF DISTRIBUTED ENERGY RESOURCES AND FOR ELECTRICAL ISOLATION OF THE CUSTOMER'S SITE FOR ENERGY BACKUP PURPOSES. THE QUALIFYING RETAIL UTILITY SHALL, WITHIN ONE HUNDRED EIGHTY DAYS AFTER THE EFFECTIVE DATE OF THIS SUBSECTION (1)(e)(I)(A.5), ADOPT A TRANSPARENT PROCESS FOR APPROVING CUSTOMER-OWNED METER COLLAR ADAPTERS THAT MEET MINIMUM SAFETY REQUIREMENTS. THE COMMISSION SHALL RESOLVE ANY DISPUTES CONCERNING THE SUBSTANCE OR PROCEDURES INVOLVED IN THE APPROVAL PROCESS OR ITS APPLICATION IN ANY SPECIFIC CASE. THE APPROVAL PROCESS MUST TAKE NO MORE THAN SIXTY DAYS AFTER THE DATE OF SUBMISSION FOR APPROVAL OF A SPECIFIC METER COLLAR ADAPTER BY THE PROPOSING PARTY. APPROVED METER COLLAR ADAPTERS MUST BE UL LISTED AND MUST BE SUITABLE PER THE ADAPTER'S UL LISTING DOCUMENTATION FOR USE IN METER SOCKETS OF UP TO TWO HUNDRED AMPERES. THE QUALIFYING RETAIL UTILITY SHALL DEFINE AND PUBLISH IN ITS TARIFFS A PROCESS TO REQUEST AND INSTALL A METER COLLAR ADAPTER, WHICH PROCESS IS TIMELY AND NOT UNDULY BURDENSOME TO THE CUSTOMER. THE QUALIFYING RETAIL UTILITY SHALL POST ON ITS WEBSITE ITS LIST OF APPROVED METER COLLAR ADAPTERS, WHICH LIST MUST BE UPDATED AT LEAST ANNUALLY.

(B) ~~The standard rebate offer shall~~ QUALIFYING RETAIL UTILITY'S NET METERING SERVICE MUST allow the customer's retail electricity consumption to be offset by the solar electricity generated BY CUSTOMER-SITED RENEWABLE ENERGY GENERATION FACILITIES. To the extent that solar THE electricity generation THUS GENERATED exceeds the customer's consumption during a billing month, ~~such~~ THE QUALIFYING RETAIL UTILITY SHALL CARRY FORWARD THE VALUE OF THE excess electricity ~~shall be carried forward~~ as a credit to the following month's CUSTOMER'S consumption ~~To the extent that solar electricity generation exceeds the customer's consumption during a calendar year, the customer shall be~~ IN THE FOLLOWING MONTH. THE MONTHLY CARRY-FORWARD

CONTINUES FROM MONTH TO MONTH INDEFINITELY UNTIL THE CUSTOMER TERMINATES SERVICE WITH THE QUALIFYING RETAIL UTILITY AT ALL SERVICE ADDRESSES WITHIN THE SERVICE TERRITORY OF THE QUALIFYING RETAIL UTILITY, AT WHICH TIME THE QUALIFYING RETAIL UTILITY IS NOT REQUIRED TO PAY THE CUSTOMER FOR ANY REMAINING EXCESS ELECTRICITY SUPPLIED BY THE CUSTOMER; EXCEPT THAT, TO THE EXTENT THAT SOLAR ELECTRICITY GENERATION EXCEEDS THE CUSTOMER'S CONSUMPTION DURING A CALENDAR YEAR, THE CUSTOMER MAY ELECT, IN WRITING, TO BE reimbursed by the qualifying retail utility AT THE END OF EACH CALENDAR YEAR at ~~its~~ THE QUALIFYING RETAIL UTILITY'S average hourly incremental cost of electricity supply over ~~the prior twelve-month period unless the customer makes a one-time election, in writing, to request that the excess electricity be carried forward as a credit from month to month indefinitely until the customer terminates service with the qualifying retail utility, at which time no payment shall be required from the qualifying retail utility for any remaining excess electricity supplied by the customer~~ THAT CALENDAR YEAR. THE CUSTOMER, AT THE END OF THE CALENDAR YEAR, AND THE QUALIFYING RETAIL UTILITY, UPON TERMINATION OF SERVICE TO THE CUSTOMER, SHALL BE PERMITTED TO DONATE ANY OF THE CUSTOMER'S REMAINING EXCESS BILLING CREDITS TO A THIRD-PARTY ADMINISTRATOR THAT IS QUALIFIED AND APPROVED BY THE QUALIFYING RETAIL UTILITY OR THE COMMISSION FOR THE PURPOSE OF PROVIDING LOW-INCOME ENERGY ASSISTANCE AND BILL REDUCTIONS WITHIN THE QUALIFYING RETAIL UTILITY'S SERVICE TERRITORY. The qualifying retail utility shall not apply unreasonably burdensome ~~interconnection~~ requirements TO INTERCONNECTION, REIMBURSEMENT, OR DONATION OPTIONS in connection with ~~this standard rebate offer~~ THE QUALIFYING RETAIL UTILITY'S NET METERING SERVICE. Electricity generated under this program ~~shall be~~ IS eligible for PURPOSES OF the qualifying retail utility's compliance with this ~~article~~ ARTICLE 2 SO LONG AS THE QUALIFYING RETAIL UTILITY PURCHASES THE ASSOCIATED RENEWABLE ENERGY CREDITS. THE COMMISSION SHALL NOT PERMIT A QUALIFYING RETAIL UTILITY TO PLACE A CUSTOMER IN A DIFFERENT RATE CLASS, OTHER THAN THE CUSTOMER'S DEFAULT RATE CLASS, SOLELY AS A RESULT OF THE CUSTOMER'S PARTICIPATION IN A REBATE OFFER OR NET METERING SERVICE.

(C) FOR RETAIL DISTRIBUTED GENERATION THAT IS USED TO MEET LOADS OF A NONCONTIGUOUS PROPERTY OWNED OR LEASED BY THE CUSTOMER, A QUALIFYING RETAIL UTILITY'S NET METERING PROGRAM MUST PROVIDE THE CUSTOMER A NET METERING CREDIT MINUS A REASONABLE

CHARGE, AS DETERMINED BY THE COMMISSION, TO COVER THE UTILITY'S COSTS OF DELIVERING TO THE CUSTOMER'S PREMISES THE ELECTRICITY GENERATED BY THE RETAIL DISTRIBUTED GENERATION AND OF ADMINISTERING THE OFF-SITE NET METERING CREDITS. THE REASONABLE CHARGE SHALL BE FIXED FOR THE TERM OF THE INTERCONNECTION AGREEMENT PERTAINING TO THE RETAIL DISTRIBUTED GENERATION FACILITIES AND SHALL BE DETERMINED BY A UTILITY TARIFF FILING, WHICH MAY BE UPDATED ONCE ANNUALLY. THE COMMISSION SHALL ENSURE THAT THIS CHARGE DOES NOT REFLECT COSTS THAT ARE ALREADY RECOVERED BY THE UTILITY FROM THE CUSTOMER THROUGH OTHER CHARGES. IF, AND TO THE EXTENT THAT, A CUSTOMER'S NET METERING CREDIT EXCEEDS THE CUSTOMER'S ELECTRIC BILL IN ANY BILLING PERIOD, THE NET METERING CREDIT SHALL BE CARRIED FORWARD AND APPLIED AGAINST FUTURE BILLS.

(D) THE COMMISSION MAY PERMIT A QUALIFYING RETAIL UTILITY TO LIMIT THE TOTAL AMOUNT CARRIED FORWARD ON BEHALF OF A CUSTOMER PURSUANT TO SUBSECTION (1)(e)(I)(B) OF THIS SECTION SO LONG AS THE LIMIT IS NOT LESS THAN ONE HUNDRED PERCENT OF THE CUSTOMER'S REASONABLY EXPECTED AVERAGE ANNUAL CONSUMPTION. ANY EXCESS ELECTRICITY ABOVE THE LIMIT SHALL BE REIMBURSED AT THE QUALIFYING RETAIL UTILITY'S AVERAGE HOURLY INCREMENTAL COST OF ELECTRICITY SUPPLY OVER THE IMMEDIATELY PRECEDING TWELVE-MONTH PERIOD.

(E) FOR THE 2022 AND 2023 COMPLIANCE YEARS, EACH QUALIFYING RETAIL UTILITY SHALL ISSUE ONE OR MORE STANDARD OFFERS TO INTERCONNECT AND NET METER OFF-SITE, CUSTOMER-OWNED DISTRIBUTED GENERATION AND SHALL RESERVE, FOR THIS PURPOSE, CAPACITY EQUAL TO ONE-QUARTER OF ONE PERCENT OF THE UTILITY'S ANNUAL RETAIL SALES FROM THE IMMEDIATELY PRECEDING YEAR. THEREAFTER, THE COMMISSION MAY SET LIMITS, BASED ON MARKET DEMAND, ON ANNUAL MINIMUM AND MAXIMUM AVAILABLE CAPACITY FOR NEWLY INSTALLED OFF-SITE DISTRIBUTED GENERATION THAT THE QUALIFYING RETAIL UTILITY SHALL PLAN TO INTERCONNECT AND NET METER. THE CUSTOMER MAY CHOOSE TO RETAIN OR SELL TO THE QUALIFYING RETAIL UTILITY THE CUSTOMER'S RENEWABLE ENERGY CREDITS.

~~(II) Sales of electricity to a consumer may be made by The owner or operator of the solar electric generation facilities located on the site of the consumer's property if the solar generating equipment is sized to supply no more than one hundred twenty percent of the average annual~~

~~consumption of electricity by the consumer at that site. For purposes of this subparagraph (H), the consumer's site shall include all contiguous ANY property owned or leased by the consumer, without regard to interruptions in contiguity caused by easements, public thoroughfares, transportation rights-of-way, or utility rights-of-way WHICH PROPERTY IS WITHIN THE SERVICE TERRITORY OF THE QUALIFYING RETAIL UTILITY, MAY SELL ELECTRICITY TO THE CONSUMER. If the A solar electric generation facility is not owned by the consumer, then THE COMMISSION SHALL NOT REQUIRE the qualifying retail utility shall not be required by the commission to pay for the renewable energy credits generated by the facility on any basis other than a metered basis. The owner or operator of the solar electric generation facility shall pay the cost of installing the production meter.~~

(III) The qualifying retail utility may establish one or more standard offers to purchase renewable energy credits generated from ~~the eligible solar electric generation~~ ELIGIBLE ENERGY RESOURCES on the customer's premises so long as ~~the generation meets the size and location requirements set forth in subparagraph (H) of this paragraph (c) and so long as~~ the generation is ~~five hundred kilowatts~~ ONE MEGAWATT or less in size. When establishing the standard offers, THE QUALIFYING RETAIL UTILITY SHOULD SET the prices for renewable energy credits ~~should be set~~ at levels sufficient to encourage increased ~~customer-sited solar~~ DISTRIBUTED generation AND RENEWABLE ENERGY STORAGE in the size ranges covered by each standard offer, but at levels that will still allow the qualifying retail utility to comply with the electric resource standards set forth in ~~paragraph (c) of this subsection (1)~~ SUBSECTION (1)(c) OF THIS SECTION without exceeding the retail rate impact limit in ~~paragraph (g) of this subsection (1)~~. The ~~commission shall encourage qualifying retail utilities to design solar programs that allow consumers of all income levels to obtain the benefits offered by solar electricity generation and shall allow programs that are designed to extend participation to customers in market segments that have not been responding to the standard offer program~~ SUBSECTION (1)(g) OF THIS SECTION.

(IV) THE COMMISSION SHALL ENCOURAGE QUALIFYING RETAIL UTILITIES TO DESIGN REBATE OFFERS AND OTHER INCENTIVE PROGRAMS THAT ALLOW CONSUMERS OF ALL INCOME LEVELS, PARTICULARLY THOSE IN LOW-INCOME AND DISPROPORTIONATELY IMPACTED COMMUNITIES, TO OBTAIN THE BENEFITS OFFERED BY DISTRIBUTED GENERATION AND ENERGY STORAGE, AND SHALL ENCOURAGE PROGRAMS THAT ARE DESIGNED TO

EXTEND PARTICIPATION TO CUSTOMERS IN THESE AND OTHER MARKET SEGMENTS THAT HAVE PREVIOUSLY BEEN UNDERREPRESENTED IN THE STANDARD OFFER PROGRAM.

(j) RULES TO ACCOMMODATE AGGREGATION AND INTERCONNECTION OF RETAIL DISTRIBUTED GENERATION, INCLUDING:

(I) ALLOWING ELECTRICITY GENERATED FROM A SINGLE RENEWABLE RETAIL DISTRIBUTED GENERATION RESOURCE ON A MULTI-UNIT PROPERTY TO BE ALLOCATED AS NET METERING CREDITS TO EITHER COMMON AREAS OF THE PROPERTY OR TO INDIVIDUALLY METERED ACCOUNTS WITHOUT REQUIRING THE RESOURCE TO BE PHYSICALLY INTERCONNECTED WITH EACH OWNER'S OR LESSEE'S METER;

(II) ALLOWING A UTILITY CUSTOMER WITH RETAIL DISTRIBUTED GENERATION INTERCONNECTED WITH A MASTER METER TO ALLOCATE EXCESS NET METERING CREDITS TO ANY METER ON PROPERTY OWNED OR LEASED BY THE CUSTOMER IN ACCORDANCE WITH A CUSTOMER-DEFINED SYSTEM SHARE FOR EACH ADDITIONAL METER, WITH EXCESS NET METERING CREDITS APPLIED TO THE ADDITIONAL METER;

(III) WHERE RETAIL DISTRIBUTED GENERATION IS BEING USED TO OFFSET THE LOAD OF MULTIPLE, SEPARATELY METERED PROPERTIES THAT ARE NOT ON THE SAME RATE SCHEDULE, ALLOWING ALLOCATION OF THE BILL CREDITS THAT MAY BE APPLIED TO ANY OF THE METERED ACCOUNTS;

(IV) REQUIRING QUALIFYING RETAIL UTILITIES TO APPLY THE SAME INSTALLATION STANDARDS AND LIST OF APPROVED METER COLLAR ADAPTERS DEVELOPED PURSUANT TO SUBSECTION (1)(e)(I)(A.5) OF THIS SECTION TO ALL CUSTOMERS DESIRING TO USE RETAIL DISTRIBUTED GENERATION TO OFFSET THEIR INDIVIDUAL ENERGY LOADS;

(V) REQUIRING QUALIFYING RETAIL UTILITIES TO DEVELOP OPTIONAL PROGRAMS AND TARIFFS TO SUPPORT THE ADOPTION AND USE OF DISPATCHABLE RENEWABLE DISTRIBUTED GENERATION AND STORAGE RESOURCES TO PROVIDE GRID BENEFITS, SUCH AS ENHANCING THE EFFICIENCY, CAPACITY, AND RESILIENCE OF THE ELECTRIC GRID, AND TO REDUCE GREENHOUSE GAS EMISSIONS. AS USED IN THIS SUBSECTION (1)(j)(V), "DISPATCHABLE" MEANS THAT THE POWER OUTPUT SUPPLIED TO THE ELECTRIC GRID BY A CUSTOMER-SITED RENEWABLE ENERGY

GENERATION OR STORAGE FACILITY CAN BE TURNED ON AND OFF OR OTHERWISE ADJUSTED ON DEMAND.

(VI) REQUIRING QUALIFYING RETAIL UTILITIES TO ADOPT PROCEDURES DESIGNED TO ENSURE THAT, FOR ALL RENEWABLE DISTRIBUTED GENERATION OR STORAGE FACILITIES INCLUDED IN THEIR NET METERING SERVICE:

(A) THE SIZE OF ANY OFF-SITE, SINGLE-METER INSTALLATION DOES NOT EXCEED FIVE HUNDRED KILOWATTS;

(B) THE SIZE OF ANY OFF-SITE, MULTI-METER INSTALLATION DOES NOT EXCEED THREE HUNDRED KILOWATTS PER METER; AND

(C) FOR ANY OFF-SITE FACILITY EXCEEDING THREE HUNDRED KILOWATTS, THE INSTALLATION AND ANY NECESSARY REPAIR OR MAINTENANCE WORK IS PERFORMED BY A LICENSED MASTER ELECTRICIAN, LICENSED JOURNEYMAN ELECTRICIAN, OR LICENSED RESIDENTIAL WIREMAN OR BY PROPERLY SUPERVISED APPRENTICES, IN ADDITION TO COMPLYING WITH ALL APPLICABLE INTERCONNECTION RULES.

(1.5) Notwithstanding any provision of law to the contrary, ~~paragraph (c) of subsection (1)~~ SUBSECTIONS (1)(e) AND (1)(j) of this section shall DO not apply to a municipally owned utility or to a cooperative electric association.

**SECTION 6. Appropriation.** (1) For the 2021-22 state fiscal year, \$91,488 is appropriated to the department of regulatory agencies for use by the public utilities commission. This appropriation is from the public utilities commission fixed utility fund created in section 40-2-114 (1)(b)(II), C.R.S. To implement this act, the commission may use this appropriation as follows:

(a) \$83,938 for personal services, which amount is based on an assumption that the commission will require an additional 1.0 FTE; and

(b) \$7,550 for operating expenses.

**SECTION 7. Applicability.** This act applies to contracts for distributed generation and energy storage facilities executed on or after the

effective date of this act.

**SECTION 8. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.

\_\_\_\_\_  
Leroy M. Garcia  
PRESIDENT OF  
THE SENATE

\_\_\_\_\_  
Alec Garnett  
SPEAKER OF THE HOUSE  
OF REPRESENTATIVES

\_\_\_\_\_  
Cindi L. Markwell  
SECRETARY OF  
THE SENATE

\_\_\_\_\_  
Robin Jones  
CHIEF CLERK OF THE HOUSE  
OF REPRESENTATIVES

APPROVED \_\_\_\_\_  
(Date and Time)

\_\_\_\_\_  
Jared S. Polis  
GOVERNOR OF THE STATE OF COLORADO