

First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 23-0601.01 Jennifer Berman x3286

HOUSE BILL 23-1252

HOUSE SPONSORSHIP

Lieder and Kipp,

SENATE SPONSORSHIP

(None),

House Committees
Energy & Environment

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE IMPLEMENTATION OF MEASURES TO ADVANCE
102 THERMAL ENERGY SERVICE.

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>.)

Section 2 of the bill authorizes the Colorado energy office to award grants for retrofitting existing buildings for installation of a geothermal system for heating and cooling under the single-structure geothermal grant that the office administers and for generating geothermal energy through direct air capture technology under the geothermal electricity generation grant that the office administers.

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

Section 3 establishes labor standards for thermal energy public projects that a state agency or a state institution of higher education procures.

In Colorado, a gas distribution utility providing gas service to more than 90,000 retail customers is required to file with the public utilities commission (commission) a clean heat plan, which is a plan demonstrating how the utility will use clean heat resources to meet clean heat targets for reducing carbon dioxide and methane emissions. **Section 4** adds thermal energy as an eligible clean heat resource for helping to meet clean heat targets.

Section 5 authorizes a gas utility that is regulated by the commission to apply for review and approval of the use of thermal energy networks in the gas utility's service area. A gas utility that is regulated by the commission and that serves more than 500,000 customers is required to propose pilot thermal energy network projects for the commission's review and approval. The commission shall initiate a proceeding on or before January 1, 2025, to determine if rule-making or legislative changes are needed to facilitate the development of thermal energy in the state.

Section 6 repeals the "Geothermal Heat Suppliers Act", which act requires geothermal heat suppliers to obtain operating permits from the commission.

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

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

4 (a) Colorado adopted Senate Bill 21-264, enacted in 2021, that
5 requires regulated gas utilities to develop a clean heat plan to meet a four
6 percent reduction below 2015 greenhouse gas emission levels by 2025
7 and a twenty-two percent reduction below 2015 greenhouse gas emission
8 levels by 2030;

9 (b) The use of gas to heat and cool buildings and to heat water is
10 a significant source of greenhouse gas emissions in the state. Shifting end
11 uses to nonemitting thermal energy can help reduce greenhouse gas
12 emissions from buildings.

13 (c) The development of thermal energy in Colorado could help

1 reduce greenhouse gas emissions from buildings and stabilize energy bills
2 by helping reduce utility customers' reliance on gas;

3 (d) Gas utility workers have helped provide reliable energy
4 throughout the state. Affording gas utilities a pathway to providing
5 thermal energy service in the state also provides gas utility employees an
6 opportunity to utilize many of their existing skills for clean energy jobs
7 for the utility.

8 (e) Colorado residential and business utility customers have been
9 affected by recent trends in gas prices. Helping these utility customers
10 shift from gas to clean thermal energy service could provide long-term
11 price stability for heating and cooling their homes and businesses and for
12 heating water in their homes and businesses.

13 (f) The use of thermal energy networks can help reduce
14 greenhouse gas emissions from buildings and enhance resilience while
15 supporting load increases to the state's electric grid. Utility-scale thermal
16 energy projects and investments can especially help the state achieve
17 these goals.

18 (2) The general assembly declares that:

19 (a) Requiring gas utilities to present different approaches for cost
20 recovery of investments in thermal energy service, and requiring the
21 public utilities commission to consider the cost to customers under each
22 approach presented, will help minimize the long-term cost to utility
23 customers for the cost of transitioning to clean thermal energy service;

24 (b) It is important to pursue the decarbonization of buildings in the
25 state in a manner that:

26 (I) Is affordable and accessible;

27 (II) Preserves existing living-wage jobs while also creating new

- 1 living-wage jobs; and
- 2 (III) Retains the knowledge and experience of the existing utility
- 3 union workforce;
- 4 (c) Passage of this act is intended for the purposes of:
- 5 (I) Removing the legal barriers to utilities' development of thermal
- 6 energy networks;
- 7 (II) Requiring the public utilities commission to evaluate utilities'
- 8 development of thermal energy networks; and
- 9 (III) Immediately commencing the piloting of thermal energy
- 10 network projects by certain utilities; and
- 11 (d) In evaluating a gas utility's application to provide thermal
- 12 energy service, the public utilities commission should consider any
- 13 potential that the utility may have to reuse existing infrastructure that
- 14 otherwise would result in stranded assets.

15 **SECTION 2.** In Colorado Revised Statutes, 24-38.5-118, **amend**

16 (4)(a) introductory portion, (4)(a)(I), (4)(a)(II), (4)(a)(IV), and (4)(c)(II)

17 as follows:

18 **24-38.5-118. Geothermal energy grant program - creation -**

19 **procedures - fund - report - definitions - repeal. (4) Grants -**

20 **limitations - qualifications.** The grant program consists of three types of

21 grants:

- 22 (a) The single-structure geothermal grant, which is awarded to
- 23 applicants that are constructing a new building OR RETROFITTING AN
- 24 EXISTING BUILDING, including a single-family or multifamily residence,
- 25 and ~~that are~~ installing a geothermal system for use as the primary heating
- 26 and cooling system for the building. A single-structure geothermal grant
- 27 is subject to the following limitations and qualifications:

1 (I) A developer or geothermal installer is eligible for grants for the
2 construction OR RETROFITTING of no more than one hundred residential
3 buildings;

4 (II) Commercial buildings and state and local government
5 buildings that are constructed OR RETROFITTED using grant money must
6 meet the standards of the 2021 International Energy Conservation Code,
7 or subsequent edition of the code;

8 (IV) The office shall determine the amount of each grant based on
9 per-ton heating capacity as follows; except that the office may change a
10 grant award amount after the first year if the office determines that
11 changes are necessary to advance geothermal development:

12 (A) A nonresidential building constructed OR RETROFITTED by a
13 for-profit entity qualifies for up to two thousand dollars per ton of heating
14 capacity;

15 (B) A nonresidential building constructed OR RETROFITTED by a
16 nonprofit entity qualifies for up to three thousand dollars per ton of
17 heating capacity;

18 (C) A multifamily residence constructed OR RETROFITTED by a
19 for-profit entity qualifies for up to two thousand dollars per ton of heating
20 capacity;

21 (D) A multifamily residence constructed OR RETROFITTED by a
22 nonprofit entity qualifies for up to three thousand dollars per ton of
23 heating capacity; and

24 (E) A single-family residence, including a residence within a
25 townhome or condominium building, qualifies for two thousand dollars
26 per ton of heating capacity; and

27 (c) The geothermal electricity generation grant, which is awarded

1 to support the development of geothermal electricity generation and
2 projects that pair geothermal electricity generation with electrolyzers for
3 the production of hydrogen from geothermal generation. A person may
4 apply for more than one cost-matching grant in a year. A geothermal
5 electricity generation grant is subject to the following limitations and
6 qualifications:

7 (II) For applications for a grant to help fund a study to identify
8 and explore resources that may be suitable for geothermal electricity
9 generation, costing up to one million dollars, the office may award a grant
10 of up to fifty percent of the study cost; except that, if the project includes
11 the production of hydrogen from electricity generated using geothermal
12 energy OR THE UTILIZATION OF DIRECT AIR CAPTURE TECHNOLOGY, the
13 office may award a grant of up to sixty percent of the study cost;

14 **SECTION 3.** In Colorado Revised Statutes, **add** 40-3.2-105.7 as
15 follows:

16 **40-3.2-105.7. Labor standards for state thermal energy**
17 **network and thermal energy system projects - definitions.** (1) ANY
18 THERMAL ENERGY NETWORK OR THERMAL ENERGY SYSTEM PROJECT THAT
19 AN AGENCY OF GOVERNMENT OR A STATE INSTITUTION OF HIGHER
20 EDUCATION PROCURES AND THAT IS A PUBLIC PROJECT MUST COMPLY
21 WITH:

22 (a) THE APPRENTICESHIP REQUIREMENTS SET FORTH IN SECTION
23 24-92-115 IF THE ESTIMATED CONTRACT COST FOR THE PUBLIC PROJECT IS
24 ONE MILLION DOLLARS OR MORE; AND

25 (b) PART 2 OF ARTICLE 92 OF TITLE 24 CONCERNING PREVAILING
26 WAGES FOR PUBLIC PROJECTS IF THE ESTIMATED CONTRACT COST FOR THE
27 PUBLIC PROJECT IS FIVE HUNDRED THOUSAND DOLLARS OR MORE.

1 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
2 REQUIRES:

3 (a) "AGENCY OF GOVERNMENT" HAS THE MEANING SET FORTH IN
4 SECTION 24-92-201 (1).

5 (b) "PUBLIC PROJECT" HAS THE MEANING SET FORTH IN SECTION
6 24-92-201 (5).

7 (c) "STATE INSTITUTION OF HIGHER EDUCATION" HAS THE
8 MEANING SET FORTH IN SECTION 23-18-102 (10).

9 (d) "THERMAL ENERGY NETWORK" HAS THE MEANING SET FORTH
10 IN SECTION 40-3.2-108 (2)(s).

11 (e) "THERMAL ENERGY SYSTEM" HAS THE MEANING SET FORTH IN
12 SECTION 40-3.2-108 (2)(t).

13 **SECTION 4.** In Colorado Revised Statutes, 40-3.2-108, **amend**
14 (2)(c)(V); and **add** (2)(c)(V.5), (2)(h.5), (2)(r), (2)(s), (2)(t), and
15 (4)(c)(XIV.5) as follows:

16 **40-3.2-108. Clean heat targets - legislative declaration -**
17 **definitions - plans - rules - reports. (2) Definitions.** As used in this
18 section, unless the context otherwise requires:

19 (c) "Clean heat resource" means any one or a combination of:

20 (V) Pyrolysis of tires if the pyrolysis meets a recovered methane
21 protocol; **and**

22 (V.5) THERMAL ENERGY; AND

23 (h.5) "GEOHERMAL FLUID" HAS THE MEANING SET FORTH IN
24 SECTION 37-90.5-103 (2).

25 (r) (I) "THERMAL ENERGY" MEANS PIPED, NONCOMBUSTIBLE
26 FLUIDS USED FOR ADDING OR REMOVING HEAT FROM BUILDINGS FOR THE
27 PURPOSE OF EFFICIENT BUILDING TEMPERATURE CONTROL AND DOMESTIC

1 HOT WATER, INCLUDING SPACE HEATING AND COOLING AND
2 REFRIGERATION.

3 (II) "THERMAL ENERGY" INCLUDES METHODS OF EXCHANGING THE
4 PIPED, NONCOMBUSTIBLE FLUIDS THROUGH THE GROUND, WASTEWATER
5 TREATMENT FACILITIES, OR OTHER SOURCES THAT ACHIEVE DESIRED FLUID
6 TEMPERATURES; EXCEPT THAT ANY METHOD OF EXCHANGING THE PIPED,
7 NONCOMBUSTIBLE FLUIDS MUST NOT:

8 (A) CAUSE COMBUSTION OF ADDITIONAL FOSSIL FUEL; OR

9 (B) BE DERIVED FROM A SYSTEM FOR WHICH THE PRIMARY
10 PURPOSE IS TO GENERATE ELECTRICITY, INCLUDING ANY PROCESS
11 INVOLVING ENGINE-DRIVEN GENERATION.

12 (s) "THERMAL ENERGY NETWORK":

13 (I) MEANS ALL REAL ESTATE, FIXTURES, AND PERSONAL PROPERTY
14 THAT ARE OPERATED, OWNED, USED, OR INTENDED TO BE USED FOR, IN
15 CONNECTION WITH, OR TO FACILITATE A DISTRIBUTION INFRASTRUCTURE
16 PROJECT THAT SUPPLIES THERMAL ENERGY TO TWO OR MORE BUILDINGS
17 THAT ARE NOT A CAMPUS, AS DEFINED IN SECTION 40-4-121 (1)(a), OR TO
18 ONE OR MORE BUILDINGS THAT ARE MULTIFAMILY RESIDENCES WITH
19 CENTRAL BUILDING HEATING AND COOLING OR WATER HEATING SYSTEMS
20 AND THAT ASSISTS IN REDUCING GREENHOUSE GAS EMISSIONS IN THE
21 STATE;

22 (II) CONSISTS OF PIPE LOOPS BETWEEN MULTIPLE BUILDINGS AND
23 ENERGY SOURCES CARRYING PIPED, NONCOMBUSTIBLE FLUIDS AT AMBIENT
24 TEMPERATURE;

25 (III) INCLUDES A NETWORK THAT CAN BE USED FOR HEATING,
26 COOLING, AND OTHER BUILDING SERVICES; AND

27 (IV) MAY ALSO BE KNOWN AS A GEOTHERMAL EXCHANGE

1 DISTRICT, NETWORKED GEOTHERMAL SYSTEM, GEOEXCHANGE SYSTEM,
2 GEOGRID SYSTEM, COMMUNITY GEOTHERMAL HEATING AND COOLING
3 DISTRICT, OR A GEOTHERMAL HEATING DISTRICT.

4 (t) "THERMAL ENERGY SYSTEM" INCLUDES A GEOTHERMAL SYSTEM
5 OR OTHER METHOD OF EXCHANGING THE PIPED, NONCOMBUSTIBLE FLUIDS
6 THROUGH THE GROUND, WASTEWATER TREATMENT FACILITIES, OR OTHER
7 SOURCES THAT ACHIEVE DESIRED FLUID TEMPERATURES.

8 (4) **Submission of clean heat plans.** (c) A clean heat plan filed
9 pursuant to this subsection (4) must:

10 (XIV.5) DEMONSTRATE THAT, WITH RESPECT TO ANY THERMAL
11 ENERGY NETWORK THAT WILL BE USED AS A CLEAN HEAT RESOURCE, ANY
12 GEOTHERMAL FLUID ASSOCIATED WITH THE THERMAL ENERGY SYSTEM OR
13 THERMAL ENERGY NETWORK IS USED IN COMPLIANCE WITH THE
14 PERMITTING REQUIREMENTS FOR PRODUCTION OF GEOTHERMAL FLUID SET
15 FORTH IN ARTICLE 90.5 OF TITLE 37; AND

16 **SECTION 5.** In Colorado Revised Statutes, **add** 40-4-121 as
17 follows:

18 **40-4-121. Thermal energy network projects - pilot program**
19 **for large gas utilities - application - commission proceeding -**
20 **reporting - exemption from regulation for local government- or**
21 **campus-owned thermal energy networks - definitions.** (1) AS USED IN
22 THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

23 (a) (I) "CAMPUS" MEANS A COLLECTION OF TWO OR MORE
24 BUILDINGS THAT ARE OWNED AND OPERATED BY THE SAME PERSON AND
25 THAT HAVE A SHARED PURPOSE AND FUNCTION AS A SINGLE PROPERTY.

26 (II) "CAMPUS" INCLUDES TWO OR MORE OF THE BUILDINGS THAT
27 COMPRISE THE CAPITOL COMPLEX, AS DEFINED IN SECTION 24-82-101

1 (3)(f).

2 (b) "DISPROPORTIONATELY IMPACTED COMMUNITY" HAS THE
3 MEANING SET FORTH IN SECTION 24-4-109 (2)(b)(II).

4 (c) "GAS UTILITY" MEANS A GAS UTILITY IN THE STATE THAT THE
5 COMMISSION REGULATES WITH RESPECT TO RATES AND CHARGES.

6 (d) "LARGE GAS UTILITY" MEANS A GAS UTILITY THAT SERVES
7 MORE THAN FIVE HUNDRED THOUSAND CUSTOMERS.

8 (e) "LOCAL GOVERNMENT" MEANS A STATUTORY OR HOME-RULE
9 CITY, TOWN, COUNTY, OR CITY AND COUNTY.

10 (f) "THERMAL ENERGY" HAS THE MEANING SET FORTH IN SECTION
11 40-3.2-108 (2)(r).

12 (g) "THERMAL ENERGY NETWORK" HAS THE MEANING SET FORTH
13 IN SECTION 40-3.2-108 (2)(s).

14 (2) (a) EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION,
15 A GAS UTILITY THAT SEEKS TO OFFER THERMAL ENERGY NETWORK
16 SERVICE TO ITS CUSTOMERS MUST PROPOSE DEVELOPING A THERMAL
17 ENERGY NETWORK BY A SEPARATE APPLICATION TO THE COMMISSION
18 THAT IS NOT INCLUDED IN THE GAS UTILITY'S APPLICATION TO THE
19 COMMISSION FOR APPROVAL OF A CLEAN HEAT PLAN PURSUANT TO
20 SECTION 40-3.2-108 OR A GAS DEMAND-SIDE MANAGEMENT PROGRAM
21 PLAN PURSUANT TO SECTION 40-3.2-103 (3) OR AS PART OF A STRATEGIC
22 ISSUES APPLICATION.

23 (b) IN CONSIDERING WHETHER TO APPROVE A GAS UTILITY'S
24 APPLICATION TO OFFER THERMAL ENERGY NETWORK SERVICE, THE
25 COMMISSION SHALL CONSIDER THE LONG-TERM EFFECTS THAT THE
26 PROPOSED THERMAL ENERGY NETWORK WOULD HAVE ON THE STATE'S
27 UTILITY WORKFORCE.

1 (3) (a) ON OR BEFORE SEPTEMBER 1, 2024, A LARGE GAS UTILITY
2 SHALL SUBMIT TO THE COMMISSION FOR REVIEW AND APPROVAL AT LEAST
3 ONE PILOT PROGRAM, CONSISTING OF ONE OR MORE PILOT PROJECTS, TO
4 PROVIDE THERMAL ENERGY SERVICE IN ITS SERVICE AREA.

5 (b) A LARGE GAS UTILITY MAY PROPOSE MORE THAN ONE PILOT
6 THERMAL ENERGY NETWORK PROGRAM PURSUANT TO THIS SUBSECTION (3)
7 BY FILING SEPARATE APPLICATIONS FOR REVIEW AND APPROVAL OF
8 ADDITIONAL PILOT PROGRAMS WITH THE COMMISSION ON OR BEFORE
9 SEPTEMBER 1, 2026.

10 (c) IN DEVELOPING A PILOT PROGRAM PROPOSAL, A LARGE GAS
11 UTILITY SHALL PROPOSE AS PART OF THE PROPOSED PILOT PROGRAM AT
12 LEAST ONE PILOT PROJECT THAT SERVES RESIDENTIAL CUSTOMERS
13 LOCATED IN A:

- 14 (I) DISPROPORTIONATELY IMPACTED COMMUNITY;
- 15 (II) MOUNTAIN COMMUNITY SERVED BY THE LARGE GAS UTILITY;
- 16 OR
- 17 (III) UTILITY SERVICE AREA THAT THE COMMISSION HAS
18 DETERMINED IS CAPACITY CONSTRAINED.

19 (d) A LARGE GAS UTILITY'S PILOT THERMAL ENERGY NETWORK
20 PROGRAM PROPOSAL MUST:

- 21 (I) INCLUDE SPECIFIC CUSTOMER PROTECTION PLANS THAT
22 PROMOTE STABLE UTILITY RATES;
- 23 (II) BE MADE PUBLICLY AVAILABLE ON THE COMMISSION'S
24 WEBSITE; AND
- 25 (III) IF APPROVED, BE IMPLEMENTED IN COMPLIANCE WITH THE
26 LABOR STANDARDS SET FORTH IN SECTION 40-3.2-105.7.

27 (e) IN CONSIDERING WHETHER TO APPROVE A LARGE GAS UTILITY'S

1 APPLICATION PROPOSING A PILOT THERMAL ENERGY NETWORK PROGRAM,
2 THE COMMISSION SHALL CONSIDER THE LONG-TERM EFFECTS THAT THE
3 PROPOSED PILOT THERMAL ENERGY NETWORK PROGRAM WOULD HAVE ON
4 THE STATE'S UTILITY WORKFORCE.

5 (f) A LARGE GAS UTILITY MAY PROPOSE A PILOT THERMAL ENERGY
6 NETWORK PROGRAM AS PART OF THE LARGE GAS UTILITY'S APPLICATION
7 FOR APPROVAL OF A CLEAN HEAT PLAN PURSUANT TO SECTION 40-3.2-108
8 OR A GAS DSM PROGRAM PLAN PURSUANT TO SECTION 40-3.2-103 (3) OR
9 AS PART OF A STRATEGIC ISSUES APPLICATION; EXCEPT THAT A PILOT
10 THERMAL ENERGY NETWORK PROGRAM APPLIED FOR AS PART OF A CLEAN
11 HEAT PLAN DOES NOT COUNT TOWARD THE CLEAN HEAT PLAN COST CAPS
12 SET FORTH IN SECTION 40-3.2-108 (6)(a)(I).

13 (g) IN PROPOSING A PILOT THERMAL ENERGY NETWORK PROGRAM
14 PURSUANT TO THIS SUBSECTION (3), A LARGE GAS UTILITY SHALL PRESENT
15 TO THE COMMISSION OPTIONS FOR HOW THE LARGE GAS UTILITY MAY FUND
16 THE PILOT PROGRAM, INCLUDING OPTIONS THAT INVOLVE THE USE OF ANY
17 FEDERAL OR PRIVATE SOURCES OF FUNDING OR RATE RECOVERY FROM
18 ONLY NONRESIDENTIAL CUSTOMERS. A PILOT THERMAL ENERGY NETWORK
19 PROGRAM APPLICATION MUST INCLUDE A CURRENT OR FORWARD-LOOKING
20 RATE STRUCTURE TO PROMOTE STABLE CUSTOMER BILLING.

21 (4) A LARGE GAS UTILITY THAT DEVELOPS A PILOT THERMAL
22 ENERGY NETWORK PROGRAM SHALL REPORT TO THE COMMISSION IN THE
23 FORM AND MANNER REQUIRED BY THE COMMISSION INFORMATION AND
24 DATA REGARDING THE PILOT PROGRAM TO HELP FURTHER THE
25 DEVELOPMENT OF FUTURE THERMAL ENERGY NETWORKS. THE LARGE GAS
26 UTILITY'S REPORT MUST INCLUDE:

27 (a) THE POTENTIAL FOR IMPLEMENTATION OF THERMAL ENERGY

1 NETWORKS TO PROVIDE CONSUMER BILL STABILIZATION AND THE
2 METHODS BY WHICH SUCH STABILIZATION MAY BE ACHIEVED;

3 (b) THE POTENTIAL FOR IMPLEMENTATION OF THERMAL ENERGY
4 NETWORKS TO REDUCE CONSUMER BILL COSTS;

5 (c) THE POTENTIAL TO REUSE EXISTING GAS INFRASTRUCTURE FOR,
6 OR TO TIME END-OF-LIFE GAS INFRASTRUCTURE RETIREMENT OR
7 REPLACEMENT WITH, IMPLEMENTATION OF THERMAL ENERGY NETWORKS;

8 (d) THE POTENTIAL FOR IMPLEMENTATION OF THERMAL ENERGY
9 NETWORKS TO ASSIST THE LARGE GAS UTILITY IN AVOIDING STRANDED GAS
10 ASSETS;

11 (e) AN ESTIMATE OF AVOIDED EMISSIONS FROM IMPLEMENTATION
12 OF THERMAL ENERGY NETWORKS; AND

13 (f) PROGRAMS, INCENTIVES, OR OTHER MECHANISMS THAT THE
14 LARGE GAS UTILITY MAY EMPLOY TO MAKE WIDESPREAD THERMAL
15 ENERGY NETWORK IMPLEMENTATION A VIABLE OPTION.

16 (5) (a) ON OR BEFORE JANUARY 1, 2025, THE COMMISSION SHALL
17 INITIATE A PROCEEDING TO DETERMINE WHETHER COMMISSION
18 RULE-MAKING OR ADDITIONAL LEGISLATIVE CHANGES ARE NEEDED TO
19 FACILITATE THE DEVELOPMENT OF THERMAL ENERGY IN THE STATE.

20 (b) (I) AS PART OF THE PROCEEDING HELD PURSUANT TO THIS
21 SUBSECTION (5), THE COMMISSION SHALL CONSIDER:

22 (A) THE APPROPRIATE UTILITY OWNERSHIP MODELS FOR THERMAL
23 ENERGY NETWORKS; AND

24 (B) THE APPROPRIATE UTILITY RATE STRUCTURES FOR THERMAL
25 ENERGY NETWORKS.

26 (II) THE COMMISSION MAY ALSO CONSIDER DURING THE
27 PROCEEDING WHETHER RULES ARE NECESSARY TO:

1 (A) CREATE FAIR-MARKET ACCESS REQUIREMENTS FOR
2 GAS-UTILITY-OWNED THERMAL ENERGY NETWORKS CONCERNING A LARGE
3 GAS UTILITY'S ACCEPTANCE OF THERMAL ENERGY AS PART OF ITS SYSTEM
4 AND A DETERMINATION OF THERMAL ENERGY SOURCES ALLOWABLE TO BE
5 INCLUDED IN THE SYSTEM;

6 (B) ENSURE THAT ANY THERMAL ENERGY NETWORK
7 INCORPORATED INTO A LARGE GAS UTILITY'S SYSTEM PROVIDES RELIABLE
8 AND RESILIENT SERVICE;

9 (C) PROMOTE TRAINING AND TRANSITION OF UTILITY WORKERS
10 FOR THERMAL ENERGY JOBS;

11 (D) ADJUST A LARGE GAS UTILITY'S RATE RECOVERY MECHANISMS
12 TO FURTHER SUPPORT THE DEVELOPMENT OF THERMAL ENERGY
13 NETWORKS AS PART OF MEETING THE STATE'S OVERALL ENERGY POLICY
14 OBJECTIVES; AND

15 (E) DETERMINE APPROPRIATE METHODS OF COST RECOVERY FOR
16 THERMAL ENERGY NETWORKS, INCLUDING CONSIDERATION OF THE
17 STABILITY OF UTILITY CUSTOMERS' BILLS.

18 (6) A LOCAL GOVERNMENT OR CAMPUS THAT DEVELOPS AND
19 OPERATES A THERMAL ENERGY NETWORK THAT PROVIDES THERMAL
20 ENERGY SERVICE TO BUILDINGS THAT THE LOCAL GOVERNMENT OR
21 CAMPUS OWNS AND MANAGES IS NOT CONSIDERED A PUBLIC UTILITY AND
22 IS NOT SUBJECT TO REGULATION BY THE COMMISSION.

23 **SECTION 6.** In Colorado Revised Statutes, **repeal** article 40 of
24 title 40.

25 **SECTION 7.** In Colorado Revised Statutes, 30-20-603, **amend**
26 (1)(a) as follows:

27 **30-20-603. Improvements and funding authorized - how**

1 **instituted - conditions - definitions.** (1) (a) (I) A district may be formed
2 in accordance with the requirements of this part 6 for the purpose of
3 constructing, installing, acquiring, or funding, in whole or in part, any
4 public improvement, so long as the county that forms the district is
5 authorized to provide such improvement or provide for such funding
6 under the county's home rule charter, if any, or the laws of this state.
7 Public improvements or the funding ~~thereof shall~~ OF PUBLIC
8 IMPROVEMENTS MUST not include any facility identified in section
9 30-20-101 (8) or (9). ~~No such~~ A district shall NOT provide the same
10 improvement as an existing special district within the territory of ~~such~~
11 THE existing special district unless the existing special district consents.

12 (II) The improvements authorized by this part 6 may consist,
13 without limitation, of constructing, grading, paving, pouring, curbing,
14 guttering, lining, or otherwise improving the whole or any part of any
15 street or providing street lighting, drainage facilities, or service
16 improvements in the unincorporated area of a county or wholly or partly
17 within the boundaries of any municipality within the county if such
18 municipality consents by ordinance to ~~such~~ THE improvements. If
19 improvements within a municipality are ~~so~~ included in a county
20 improvement district by municipal consent, the county ~~shall have full~~
21 ~~authority to~~ MAY construct or acquire such improvements, ~~to~~ assess
22 property within ~~such~~ THE municipality benefited by ~~such~~ THE
23 improvements, and ~~to~~ enforce and collect such assessments, in the manner
24 provided in this part 6. The improvements authorized by this part 6 may
25 include, without limitation, the construction of sidewalks adjacent to any
26 such streets or maintenance roads adjacent to any such drainage facilities.

27 (III) Prior to the establishment of any improvement district for the

1 purpose of providing street lighting, arrangements, by contract or
2 otherwise, must be established under which the owners of property
3 included within ~~such~~ THE district ~~shall be~~ ARE responsible for the
4 maintenance and operation of such street lighting improvement. The costs
5 of maintenance and operation of ~~such~~ THE street lighting improvements
6 shall not be paid from the county general fund.

7 (IV) Drainage facilities shall not be provided in any area ~~which~~
8 THAT is within an existing drainage district organized or created pursuant
9 to law without the approval of ~~such~~ THE district.

10 (V) ~~The term~~ AS USED IN THIS SUBSECTION (1)(a), "service" as
11 ~~used in this paragraph (a)~~ includes the services provided by a public
12 utility as defined in section 40-1-103, ~~C.R.S.~~, as well as advanced service
13 as defined in section 29-27-102 (1), ~~C.R.S.~~, cable television service as
14 defined in section 29-27-102 (2), ~~C.R.S.~~, telecommunications service as
15 defined in section 40-15-102 (29), ~~C.R.S.~~, ~~geothermal heat suppliers, as~~
16 ~~defined in section 40-40-103, C.R.S.~~, and information service as defined
17 in 47 U.S.C. sec. 153 ~~(20)~~ (24), or any successor section.

18 **SECTION 8. Act subject to petition - effective date.** This act
19 takes effect at 12:01 a.m. on the day following the expiration of the
20 ninety-day period after final adjournment of the general assembly; except
21 that, if a referendum petition is filed pursuant to section 1 (3) of article V
22 of the state constitution against this act or an item, section, or part of this
23 act within such period, then the act, item, section, or part will not take
24 effect unless approved by the people at the general election to be held in
25 November 2024 and, in such case, will take effect on the date of the
26 official declaration of the vote thereon by the governor.