

**First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 23-0601.01 Jennifer Berman x3286

HOUSE BILL 23-1252

HOUSE SPONSORSHIP

Lieder and Kipp,

SENATE SPONSORSHIP

Exum,

House Committees

Energy & Environment
Appropriations

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.*

HOUSE
Amended 2nd Reading
April 19, 2023

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; and

9  
10 (b) Gas utility workers have helped provide reliable energy
11 throughout the state. Affording gas utilities a pathway to providing
12 thermal energy service in the state also provides gas utility employees an
13 opportunity to utilize many of their existing skills for clean energy jobs

1 for the utility.

2 (c) Colorado residential and business utility customers have been
3 affected by recent trends in gas prices. Helping these utility customers
4 shift from gas to clean thermal energy service could provide long-term
5 price stability for heating and cooling their homes and businesses and for
6 heating water in their homes and businesses.

7 (d) The use of thermal energy networks can help reduce
8 greenhouse gas emissions from buildings and enhance resilience while
9 supporting beneficial electrification. Utility-scale thermal energy projects
10 and investments can especially help the state achieve these goals.

11 (2) The general assembly declares that:

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

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

19 (I) Is affordable and accessible;

20 (II) Preserves existing living-wage jobs while also creating new
21 living-wage jobs; and

22 (III) Retains the knowledge and experience of the existing utility
23 union workforce;

24 (c) Passage of this act is intended for the purposes of:

25 (I) Removing the legal barriers to utilities' development of thermal
26 energy networks;

27 (II) Requiring the public utilities commission to evaluate utilities'

1 development of thermal energy networks; and

2 (III) Immediately commencing the piloting of thermal energy
3 network projects by certain utilities; and

4 (d) In evaluating a gas utility's application to provide thermal
5 energy service, the public utilities commission should consider any
6 potential that the utility may have to reuse existing infrastructure that
7 otherwise would result in stranded assets.

8 **SECTION 2.** In Colorado Revised Statutes, 24-38.5-118, **amend**
9 (4)(a) introductory portion, (4)(a)(I), (4)(a)(II), (4)(a)(IV), and (4)(c)(II)
10 as follows:

11 **24-38.5-118. Geothermal energy grant program - creation -**
12 **procedures - fund - report - definitions - repeal. (4) Grants -**
13 **limitations - qualifications.** The grant program consists of three types of
14 grants:

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

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

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

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

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

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

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

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

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

20 (c) The geothermal electricity generation grant, which is awarded
21 to support the development of geothermal electricity generation and
22 projects that pair geothermal electricity generation with electrolyzers for
23 the production of hydrogen from geothermal generation. A person may
24 apply for more than one cost-matching grant in a year. A geothermal
25 electricity generation grant is subject to the following limitations and
26 qualifications:

27 (II) For applications for a grant to help fund a study to identify

1 and explore resources that may be suitable for geothermal electricity AND
2 ENERGY generation, costing up to one million dollars, the office may
3 award a grant of up to fifty percent of the study cost; except that, if the
4 project includes the production of hydrogen from electricity generated
5 using geothermal energy OR THE UTILIZATION OF DIRECT AIR CAPTURE
6 TECHNOLOGY, the office may award a grant of up to sixty percent of the
7 study cost. ANY STUDY FUNDED PURSUANT TO THIS SUBSECTION (4)(c)(II)
8 MUST INCLUDE AN EVALUATION OF THE RESOURCES' SAFETY, ECONOMIC
9 FEASIBILITY, COST EFFICIENCY COMPARED TO RENEWABLE ENERGY
10 ALTERNATIVES, ENVIRONMENTAL IMPACTS, GREENHOUSE GAS AND AIR
11 POLLUTION EMISSIONS, QUALITY JOB CREATION OPPORTUNITIES, AND
12 IMPACTS TO NEIGHBORING COMMUNITIES.

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

15 40-3.2-105.7. Labor standards for state thermal energy
16 network and thermal energy system projects - definitions. (1) ANY
17 THERMAL ENERGY NETWORK OR THERMAL ENERGY SYSTEM PROJECT THAT
18 AN AGENCY OF GOVERNMENT OR A STATE INSTITUTION OF HIGHER
19 EDUCATION PROCURES AND THAT IS A PUBLIC PROJECT MUST COMPLY
20 WITH:

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

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

27 (2) ANY THERMAL ENERGY NETWORK OR THERMAL ENERGY

1 SYSTEM PLUMBING AND ELECTRICAL WORK PERFORMED IN THE STATE
2 SHALL:

3 (a) BE PERFORMED BY LICENSED PLUMBERS, LICENSED
4 ELECTRICIANS, OR SUPERVISED APPRENTICES AT A RATIO NO GREATER
5 THAN THREE APPRENTICES FOR EACH LICENSED MASTER OR JOURNEYMAN
6 PLUMBER OR ELECTRICIAN, AS REQUIRED PURSUANT TO SECTION
7 12-115-115 (1) OR 12-155-124 (1); AND

8 (b) BE INSTALLED IN COMPLIANCE WITH THE RULES OF THE STATE
9 ELECTRICAL BOARD OR THE STATE PLUMBING BOARD AND IN ACCORDANCE
10 WITH THE ELECTRICAL AND PLUMBING CODES ADOPTED PURSUANT TO
11 THOSE RULES.

12 (3) FOR ANY THERMAL ENERGY NETWORK OR THERMAL ENERGY
13 SYSTEM THAT A UTILITY OWNS, THE UTILITY SHALL USE UTILITY
14 EMPLOYEES OR QUALIFIED CONTRACTORS TO PERFORM ANY
15 CONSTRUCTION TRADE WORK DEEMED NECESSARY TO COMPLETE THE
16 PROJECT. A QUALIFIED CONTRACTOR IS A CONTRACTOR WITH EMPLOYEES
17 THAT HAVE ACCESS TO AN APPRENTICESHIP PROGRAM AS DEFINED IN
18 SECTION 8-83-308 (3)(a). ALL MECHANICAL, ELECTRICAL, AND PLUMBING
19 CONTRACTORS AND SUBCONTRACTORS MUST MEET THE APPRENTICESHIP
20 UTILIZATION REQUIREMENTS OF SECTION 24-92-115; EXCEPT THAT THE
21 APPRENTICESHIP UTILIZATION REQUIREMENTS DO NOT APPLY TO:

22 (a) THE DESIGN, PLANNING, OR ENGINEERING OF INFRASTRUCTURE;

23 (b) MANAGEMENT FUNCTIONS FOR THE OPERATION OF
24 INFRASTRUCTURE; OR

25 (c) ANY WORK INCLUDED IN A WARRANTY.

26 (4) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
27 REQUIRES:

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

3 (b) "LICENSED ELECTRICIAN" MEANS AN ELECTRICIAN LICENSED
4 PURSUANT TO SECTION 12-115-110.

5 (c) "LICENSED PLUMBER" MEANS A PLUMBER LICENSED PURSUANT
6 TO SECTION 12-155-108.

7 (d) "PUBLIC PROJECT" HAS THE MEANING SET FORTH IN SECTION
8 24-92-201 (5).

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

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

13 (g) "THERMAL ENERGY SYSTEM" HAS THE MEANING SET FORTH IN
14 SECTION 40-3.2-108 (2)(t).

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

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

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

22 (V) Pyrolysis of tires if the pyrolysis meets a recovered methane
23 protocol; and

24 (V.5) THERMAL ENERGY; AND

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

27 (r) (I) "THERMAL ENERGY" MEANS PIPED, NONCOMBUSTIBLE

1 FLUIDS USED FOR ADDING OR REMOVING HEAT FROM BUILDINGS FOR THE
2 PURPOSE OF EFFICIENT BUILDING TEMPERATURE CONTROL AND DOMESTIC
3 HOT WATER, INCLUDING SPACE HEATING AND COOLING AND
4 REFRIGERATION.

5 (II) "THERMAL ENERGY" INCLUDES METHODS OF EXCHANGING THE
6 PIPED, NONCOMBUSTIBLE FLUIDS THROUGH THE GROUND, WASTEWATER
7 TREATMENT FACILITIES, OR OTHER SOURCES THAT ACHIEVE DESIRED FLUID
8 TEMPERATURES; EXCEPT THAT ANY SOURCE OF THERMAL ENERGY FOR
9 THIS PURPOSE MUST:

10 (A) NOT CAUSE INCREMENTAL GREENHOUSE GAS EMISSIONS OR
11 RELY ON INCREASED, LONG-TERM COMBUSTION OF FOSSIL FUELS; AND

12 (B) BE EVALUATED BY THE COMMISSION TO PROTECT AGAINST
13 INCREASED EMISSIONS OF HARMFUL CO-POLLUTANTS, NEGATIVE IMPACTS
14 TO COMMUNITIES INCLUDING TO DISPROPORTIONATELY IMPACTED
15 COMMUNITIES, AS DEFINED IN SECTION 24-4-109 (2)(b)(II), AND THE RISK
16 OF STRANDED ASSETS, IF THE THERMAL ENERGY IS FROM ANY INDUSTRIAL
17 SOURCE INCLUDING A SYSTEM FOR WHICH THE PRIMARY PURPOSE IS TO
18 GENERATE ELECTRICITY, INCLUDING ANY PROCESS INVOLVING
19 ENGINE-DRIVEN GENERATION.

20 (s) "THERMAL ENERGY NETWORK":

21 (I) MEANS ALL REAL ESTATE, FIXTURES, AND PERSONAL PROPERTY
22 THAT ARE OPERATED, OWNED, USED, OR INTENDED TO BE USED FOR, IN
23 CONNECTION WITH, OR TO FACILITATE A DISTRIBUTION INFRASTRUCTURE
24 PROJECT THAT SUPPLIES THERMAL ENERGY TO TWO OR MORE BUILDINGS
25 THAT ARE NOT A CAMPUS, AS DEFINED IN SECTION 40-4-121 (1)(a), AND
26 THAT ASSISTS IN REDUCING GREENHOUSE GAS EMISSIONS IN THE STATE;

27 (II) CONSISTS OF PIPE LOOPS BETWEEN MULTIPLE BUILDINGS AND

1 ENERGY SOURCES CARRYING PIPED, NONCOMBUSTIBLE FLUIDS AT THE
2 DESIRED THERMAL TEMPERATURE;

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

5 (IV) MAY ALSO BE KNOWN AS A GEOTHERMAL EXCHANGE
6 DISTRICT, NETWORKED GEOTHERMAL SYSTEM, GEOEXCHANGE SYSTEM,
7 GEOGRID SYSTEM, COMMUNITY GEOTHERMAL HEATING AND COOLING
8 DISTRICT, OR A GEOTHERMAL HEATING DISTRICT.

9 (t) "THERMAL ENERGY SYSTEM" INCLUDES A GEOTHERMAL SYSTEM
10 OR OTHER METHOD OF EXCHANGING THE PIPED, NONCOMBUSTIBLE FLUIDS
11 THROUGH THE GROUND, WASTEWATER TREATMENT FACILITIES, OR OTHER
12 SOURCES OF THERMAL ENERGY THAT ACHIEVE DESIRED FLUID
13 TEMPERATURES.

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

16 (XIV.5) DEMONSTRATE THAT, WITH RESPECT TO ANY THERMAL
17 ENERGY NETWORK THAT WILL BE USED AS A CLEAN HEAT RESOURCE, ANY
18 GEOTHERMAL FLUID ASSOCIATED WITH THE THERMAL ENERGY SYSTEM OR
19 THERMAL ENERGY NETWORK IS USED IN COMPLIANCE WITH THE
20 PERMITTING REQUIREMENTS FOR PRODUCTION OF GEOTHERMAL FLUID SET
21 FORTH IN ARTICLE 90.5 OF TITLE 37; AND

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

24 **40-4-121. Thermal energy network projects - pilot program**
25 **for large gas utilities - application - commission proceeding -**
26 **reporting - exemption from regulation for local government- or**
27 **campus-owned thermal energy networks - definitions.** (1) AS USED IN

1 THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

2 (a) (I) "CAMPUS" MEANS A COLLECTION OF TWO OR MORE
3 BUILDINGS THAT ARE OWNED AND OPERATED BY THE SAME PERSON, THAT
4 HAVE A SHARED PURPOSE AND FUNCTION AS A SINGLE PROPERTY, THAT DO
5 NOT LEASE SPACE TO TENANTS, AND THAT DO NOT PROVIDE ENERGY OR
6 HEAT SERVICES FOR A FEE.

7 (II) "CAMPUS" INCLUDES TWO OR MORE OF THE BUILDINGS THAT
8 COMPRISE THE CAPITOL COMPLEX, AS DEFINED IN SECTION 24-82-101
9 (3)(f).

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

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

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

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

18 (f) "THERMAL ENERGY" HAS THE MEANING SET FORTH IN SECTION
19 40-3.2-108 (2)(r).

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

22 (h) "THERMAL ENERGY SYSTEM" HAS THE MEANING SET FORTH IN
23 SECTION 40-3.2-108 (2)(t).

24 (2) (a) EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION,
25 A GAS UTILITY THAT SEEKS TO OFFER THERMAL ENERGY NETWORK
26 SERVICE TO ITS CUSTOMERS MUST PROPOSE DEVELOPING A THERMAL
27 ENERGY NETWORK BY A SEPARATE APPLICATION TO THE COMMISSION

1 THAT IS NOT INCLUDED IN THE GAS UTILITY'S APPLICATION TO THE
2 COMMISSION FOR APPROVAL OF A CLEAN HEAT PLAN PURSUANT TO
3 SECTION 40-3.2-108 OR A GAS DEMAND-SIDE MANAGEMENT PROGRAM
4 PLAN PURSUANT TO SECTION 40-3.2-103 (3) OR AS PART OF A DSM
5 STRATEGIC ISSUES APPLICATION PURSUANT TO SECTION 40-3.2-103 (1).

6 (b) IN CONSIDERING WHETHER TO APPROVE A GAS UTILITY'S
7 APPLICATION TO OFFER THERMAL ENERGY NETWORK SERVICE, THE
8 COMMISSION SHALL CONSIDER THE LONG-TERM EFFECTS THAT THE
9 PROPOSED THERMAL ENERGY NETWORK WOULD HAVE ON THE STATE'S
10 UTILITY WORKFORCE.

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

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

20 (c) IN DEVELOPING A PILOT PROGRAM PROPOSAL, A LARGE GAS
21 UTILITY SHALL PROPOSE AS PART OF THE PROPOSED PILOT PROGRAM AT
22 LEAST ONE PILOT PROJECT THAT SERVES RESIDENTIAL CUSTOMERS
23 LOCATED IN A:

- 24 (I) DISPROPORTIONATELY IMPACTED COMMUNITY;
- 25 (II) MOUNTAIN COMMUNITY SERVED BY THE LARGE GAS UTILITY;
- 26 OR
- 27 (III) UTILITY SERVICE AREA THAT THE COMMISSION HAS

1 DETERMINED IS CAPACITY CONSTRAINED OR THAT IS TARGETED FOR
2 ELECTRIFICATION IN A UTILITY CLEAN HEAT PLAN OR BENEFICIAL
3 ELECTRIFICATION PLAN.

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

6 (I) INCLUDE SPECIFIC CUSTOMER PROTECTION PLANS THAT
7 PROMOTE STABLE UTILITY RATES;

8 (II) BE MADE PUBLICLY AVAILABLE ON THE COMMISSION'S
9 WEBSITE; AND

10 (III) IF APPROVED, BE IMPLEMENTED IN COMPLIANCE WITH THE
11 LABOR STANDARDS SET FORTH IN SECTION 40-3.2-105.7.

12 (e) IN CONSIDERING WHETHER TO APPROVE A LARGE GAS UTILITY'S
13 APPLICATION PROPOSING A PILOT THERMAL ENERGY NETWORK PROGRAM,
14 THE COMMISSION SHALL CONSIDER THE LONG-TERM EFFECTS THAT THE
15 PROPOSED PILOT THERMAL ENERGY NETWORK PROGRAM WOULD HAVE ON
16 THE STATE'S UTILITY WORKFORCE.

17 (f) A LARGE GAS UTILITY MAY PROPOSE A PILOT THERMAL ENERGY
18 NETWORK PROGRAM AS PART OF THE LARGE GAS UTILITY'S APPLICATION
19 FOR APPROVAL OF A CLEAN HEAT PLAN PURSUANT TO SECTION 40-3.2-108
20 OR A GAS DSM PROGRAM PLAN PURSUANT TO SECTION 40-3.2-103 (3) OR
21 AS PART OF A STRATEGIC ISSUES APPLICATION; EXCEPT THAT A PILOT
22 THERMAL ENERGY NETWORK PROGRAM APPLIED FOR AS PART OF A CLEAN
23 HEAT PLAN DOES NOT COUNT TOWARD THE CLEAN HEAT PLAN COST CAPS
24 SET FORTH IN SECTION 40-3.2-108 (6)(a)(I).

25 (g) IN PROPOSING A PILOT THERMAL ENERGY NETWORK PROGRAM
26 PURSUANT TO THIS SUBSECTION (3), A LARGE GAS UTILITY SHALL PRESENT
27 TO THE COMMISSION OPTIONS FOR HOW THE LARGE GAS UTILITY MAY FUND

1 THE PILOT PROGRAM, INCLUDING OPTIONS THAT INVOLVE THE USE OF ANY
2 FEDERAL OR PRIVATE SOURCES OF FUNDING OR RATE RECOVERY FROM
3 NONRESIDENTIAL CUSTOMERS TO MANAGE IMPACTS UPON RESIDENTIAL
4 CUSTOMERS. A PILOT THERMAL ENERGY NETWORK PROGRAM APPLICATION
5 MUST INCLUDE A CURRENT OR FORWARD-LOOKING RATE STRUCTURE TO
6 PROMOTE STABLE CUSTOMER BILLING.

7 (4) A LARGE GAS UTILITY THAT DEVELOPS A PILOT THERMAL
8 ENERGY NETWORK PROGRAM SHALL REPORT TO THE COMMISSION IN THE
9 FORM AND MANNER REQUIRED BY THE COMMISSION INFORMATION AND
10 DATA REGARDING THE PILOT PROGRAM TO HELP FURTHER THE
11 DEVELOPMENT OF FUTURE THERMAL ENERGY NETWORKS. THE LARGE GAS
12 UTILITY'S REPORT MUST INCLUDE:

13 (a) THE POTENTIAL FOR IMPLEMENTATION OF THERMAL ENERGY
14 NETWORKS TO PROVIDE CONSUMER BILL STABILIZATION AND THE
15 METHODS BY WHICH SUCH STABILIZATION MAY BE ACHIEVED;

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

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

21 (d) THE POTENTIAL FOR IMPLEMENTATION OF THERMAL ENERGY
22 NETWORKS TO ASSIST THE LARGE GAS UTILITY IN AVOIDING STRANDED GAS
23 ASSETS;

24 (e) AN ESTIMATE OF AVOIDED EMISSIONS FROM IMPLEMENTATION
25 OF THERMAL ENERGY NETWORKS; AND

26 (f) PROGRAMS, INCENTIVES, OR OTHER MECHANISMS THAT THE
27 LARGE GAS UTILITY MAY EMPLOY TO MAKE WIDESPREAD THERMAL

1 ENERGY NETWORK IMPLEMENTATION A VIABLE OPTION.

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

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

8 (A) THE APPROPRIATE UTILITY OWNERSHIP MODELS FOR
9 DEVELOPMENT, ACQUISITION, CUSTOMER SERVICE, AND COST RECOVERY
10 FOR THERMAL ENERGY NETWORKS; AND

11 (B) THE APPROPRIATE UTILITY RATE STRUCTURES FOR AND
12 CUSTOMER TYPES OR CLASSES SERVED BY THERMAL ENERGY NETWORKS.

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

15 (A) CREATE REQUIREMENTS FOR GAS-UTILITY-OWNED THERMAL
16 ENERGY NETWORKS CONCERNING A LARGE GAS UTILITY'S ABILITY TO
17 PARTNER WITH QUALIFIED THIRD PARTIES THROUGH JOINT VENTURES,
18 ASSET DEVELOPMENT AND TRANSFERS, OR SIMILAR STRUCTURES AND
19 FACILITATE THE DEVELOPMENT OF THERMAL ENERGY NETWORKS;

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

23 (C) PROMOTE TRAINING AND TRANSITION OF UTILITY WORKERS
24 FOR THERMAL ENERGY JOBS;

25 (D) ADJUST A LARGE GAS UTILITY'S RATE RECOVERY MECHANISMS
26 TO FURTHER SUPPORT THE DEVELOPMENT OF THERMAL ENERGY
27 NETWORKS AS PART OF MEETING THE STATE'S OVERALL ENERGY POLICY

1 OBJECTIVES; AND

2 (E) DETERMINE APPROPRIATE METHODS OF COST RECOVERY FOR
3 THERMAL ENERGY NETWORKS, INCLUDING CONSIDERATION OF THE
4 STABILITY OF UTILITY CUSTOMERS' BILLS.

5 (6) A LOCAL GOVERNMENT OR CAMPUS THAT DEVELOPS AND
6 OPERATES A THERMAL ENERGY SYSTEM THAT PROVIDES THERMAL ENERGY
7 SERVICE TO BUILDINGS THAT THE LOCAL GOVERNMENT OR CAMPUS OWNS
8 AND MANAGES IS NOT CONSIDERED A PUBLIC UTILITY AND IS NOT SUBJECT
9 TO REGULATION BY THE COMMISSION.

10 **SECTION 6.** In Colorado Revised Statutes, **repeal** article 40 of
11 title 40.

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

14 **30-20-603. Improvements and funding authorized - how**
15 **instituted - conditions - definitions.** (1) (a) (I) A district may be formed
16 in accordance with the requirements of this part 6 for the purpose of
17 constructing, installing, acquiring, or funding, in whole or in part, any
18 public improvement, so long as the county that forms the district is
19 authorized to provide such improvement or provide for such funding
20 under the county's home rule charter, if any, or the laws of this state.
21 Public improvements or the funding ~~thereof shall~~ OF PUBLIC
22 IMPROVEMENTS MUST not include any facility identified in section
23 30-20-101 (8) or (9). ~~No such~~ A district shall NOT provide the same
24 improvement as an existing special district within the territory of ~~such~~
25 THE existing special district unless the existing special district consents.

26 (II) The improvements authorized by this part 6 may consist,
27 without limitation, of constructing, grading, paving, pouring, curbing,

1 guttering, lining, or otherwise improving the whole or any part of any
2 street or providing street lighting, drainage facilities, or service
3 improvements in the unincorporated area of a county or wholly or partly
4 within the boundaries of any municipality within the county if such
5 municipality consents by ordinance to ~~such~~ THE improvements. If
6 improvements within a municipality are ~~so~~ included in a county
7 improvement district by municipal consent, the county ~~shall have full~~
8 ~~authority to~~ MAY construct or acquire such improvements, ~~to~~ assess
9 property within ~~such~~ THE municipality benefited by ~~such~~ THE
10 improvements, and ~~to~~ enforce and collect such assessments, in the manner
11 provided in this part 6. The improvements authorized by this part 6 may
12 include, without limitation, the construction of sidewalks adjacent to any
13 such streets or maintenance roads adjacent to any such drainage facilities.

14 (III) Prior to the establishment of any improvement district for the
15 purpose of providing street lighting, arrangements, by contract or
16 otherwise, must be established under which the owners of property
17 included within ~~such~~ THE district ~~shall be~~ ARE responsible for the
18 maintenance and operation of such street lighting improvement. The costs
19 of maintenance and operation of ~~such~~ THE street lighting improvements
20 shall not be paid from the county general fund.

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

24 (V) ~~The term~~ AS USED IN THIS SUBSECTION (1)(a), "service" ~~as~~
25 ~~used in this paragraph (a)~~ includes the services provided by a public
26 utility as defined in section 40-1-103, ~~C.R.S.~~, as well as advanced service
27 as defined in section 29-27-102 (1), ~~C.R.S.~~, cable television service as

1 defined in section 29-27-102 (2), ~~C.R.S.~~, telecommunications service as
2 defined in section 40-15-102 (29), ~~C.R.S.~~, ~~geothermal heat suppliers, as~~
3 ~~defined in section 40-40-103, C.R.S.~~, and information service as defined
4 in 47 U.S.C. sec. 153 ~~(20)~~ (24), or any successor section.

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