

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

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 23-0601.01 Jennifer Berman x3286

HOUSE BILL 23-1252

HOUSE SPONSORSHIP

Lieder and Kipp,

SENATE SPONSORSHIP

(None),

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.

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 beneficial electrification. Utility-scale thermal energy projects
16 and investments can especially help the state achieve these goals.

17 (2) The general assembly declares that:

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

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

25 (I) Is affordable and accessible;

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

1 (III) Retains the knowledge and experience of the existing utility
2 union workforce;

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

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

6 (II) Requiring the public utilities commission to evaluate utilities'
7 development of thermal energy networks; and

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

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

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

17 **24-38.5-118. Geothermal energy grant program - creation -**
18 **procedures - fund - report - definitions - repeal. (4) Grants -**
19 **limitations - qualifications.** The grant program consists of three types of
20 grants:

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

27 (I) A developer or geothermal installer is eligible for grants for the

1 construction OR RETROFITTING of no more than one hundred residential
2 buildings;

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

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

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

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

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

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

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

26 (c) The geothermal electricity generation grant, which is awarded
27 to support the development of geothermal electricity generation and

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

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

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

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

27 (a) THE APPRENTICESHIP REQUIREMENTS SET FORTH IN SECTION

1 24-92-115 IF THE ESTIMATED CONTRACT COST FOR THE PUBLIC PROJECT IS
2 ONE MILLION DOLLARS OR MORE; AND

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

6 (2) ANY THERMAL ENERGY NETWORK OR THERMAL ENERGY
7 SYSTEM PLUMBING AND ELECTRICAL WORK PERFORMED IN THE STATE
8 SHALL:

9 (a) BE PERFORMED BY LICENSED PLUMBERS, LICENSED
10 ELECTRICIANS, OR SUPERVISED APPRENTICES AT A RATIO NO GREATER
11 THAN THREE APPRENTICES FOR EACH LICENSED MASTER OR JOURNEYMAN
12 PLUMBER OR ELECTRICIAN, AS REQUIRED PURSUANT TO SECTION
13 12-115-115 (1) OR 12-155-124 (1); AND

14 (b) BE INSTALLED IN COMPLIANCE WITH THE RULES OF THE STATE
15 ELECTRICAL BOARD OR THE STATE PLUMBING BOARD AND IN ACCORDANCE
16 WITH THE ELECTRICAL AND PLUMBING CODES ADOPTED PURSUANT TO
17 THOSE RULES.

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

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

2 (b) MANAGEMENT FUNCTIONS FOR THE OPERATION OF
3 INFRASTRUCTURE; OR

4 (c) ANY WORK INCLUDED IN A WARRANTY.

5 (4) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
6 REQUIRES:

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

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

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

13 (d) "PUBLIC PROJECT" HAS THE MEANING SET FORTH IN SECTION
14 24-92-201 (5).

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

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

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

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

24 **40-3.2-108. Clean heat targets - legislative declaration -**
25 **definitions - plans - rules - reports. (2) Definitions.** As used in this
26 section, unless the context otherwise requires:

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

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

3 (V.5) THERMAL ENERGY; AND

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

6 (r) (I) "THERMAL ENERGY" MEANS PIPED, NONCOMBUSTIBLE
7 FLUIDS USED FOR ADDING OR REMOVING HEAT FROM BUILDINGS FOR THE
8 PURPOSE OF EFFICIENT BUILDING TEMPERATURE CONTROL AND DOMESTIC
9 HOT WATER, INCLUDING SPACE HEATING AND COOLING AND
10 REFRIGERATION.

11 (II) "THERMAL ENERGY" INCLUDES METHODS OF EXCHANGING THE
12 PIPED, NONCOMBUSTIBLE FLUIDS THROUGH THE GROUND, WASTEWATER
13 TREATMENT FACILITIES, OR OTHER SOURCES THAT ACHIEVE DESIRED FLUID
14 TEMPERATURES; EXCEPT THAT ANY SOURCE OF THERMAL ENERGY FOR
15 THIS PURPOSE MUST:

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

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

26 (s) "THERMAL ENERGY NETWORK":

27 (I) MEANS ALL REAL ESTATE, FIXTURES, AND PERSONAL PROPERTY

1 THAT ARE OPERATED, OWNED, USED, OR INTENDED TO BE USED FOR, IN
2 CONNECTION WITH, OR TO FACILITATE A DISTRIBUTION INFRASTRUCTURE
3 PROJECT THAT SUPPLIES THERMAL ENERGY TO TWO OR MORE BUILDINGS
4 THAT ARE NOT A CAMPUS, AS DEFINED IN SECTION 40-4-121 (1)(a), AND
5 THAT ASSISTS IN REDUCING GREENHOUSE GAS EMISSIONS IN THE STATE;

6 (II) CONSISTS OF PIPE LOOPS BETWEEN MULTIPLE BUILDINGS AND
7 ENERGY SOURCES CARRYING PIPED, NONCOMBUSTIBLE FLUIDS AT THE
8 DESIRED THERMAL TEMPERATURE;

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

11 (IV) MAY ALSO BE KNOWN AS A GEOTHERMAL EXCHANGE
12 DISTRICT, NETWORKED GEOTHERMAL SYSTEM, GEOEXCHANGE SYSTEM,
13 GEOGRID SYSTEM, COMMUNITY GEOTHERMAL HEATING AND COOLING
14 DISTRICT, OR A GEOTHERMAL HEATING DISTRICT.

15 (t) "THERMAL ENERGY SYSTEM" INCLUDES A GEOTHERMAL SYSTEM
16 OR OTHER METHOD OF EXCHANGING THE PIPED, NONCOMBUSTIBLE FLUIDS
17 THROUGH THE GROUND, WASTEWATER TREATMENT FACILITIES, OR OTHER
18 SOURCES OF THERMAL ENERGY THAT ACHIEVE DESIRED FLUID
19 TEMPERATURES.

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

22 (XIV.5) DEMONSTRATE THAT, WITH RESPECT TO ANY THERMAL
23 ENERGY NETWORK THAT WILL BE USED AS A CLEAN HEAT RESOURCE, ANY
24 GEOTHERMAL FLUID ASSOCIATED WITH THE THERMAL ENERGY SYSTEM OR
25 THERMAL ENERGY NETWORK IS USED IN COMPLIANCE WITH THE
26 PERMITTING REQUIREMENTS FOR PRODUCTION OF GEOTHERMAL FLUID SET
27 FORTH IN ARTICLE 90.5 OF TITLE 37; AND

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

3 **40-4-121. Thermal energy network projects - pilot program**
4 **for large gas utilities - application - commission proceeding -**
5 **reporting - exemption from regulation for local government- or**
6 **campus-owned thermal energy networks - definitions.** (1) AS USED IN
7 THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

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

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

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

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

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

24 (f) "THERMAL ENERGY" HAS THE MEANING SET FORTH IN SECTION
25 40-3.2-108 (2)(r).

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

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

3 (2) (a) EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION,
4 A GAS UTILITY THAT SEEKS TO OFFER THERMAL ENERGY NETWORK
5 SERVICE TO ITS CUSTOMERS MUST PROPOSE DEVELOPING A THERMAL
6 ENERGY NETWORK BY A SEPARATE APPLICATION TO THE COMMISSION
7 THAT IS NOT INCLUDED IN THE GAS UTILITY'S APPLICATION TO THE
8 COMMISSION FOR APPROVAL OF A CLEAN HEAT PLAN PURSUANT TO
9 SECTION 40-3.2-108 OR A GAS DEMAND-SIDE MANAGEMENT PROGRAM
10 PLAN PURSUANT TO SECTION 40-3.2-103 (3) OR AS PART OF A DSM
11 STRATEGIC ISSUES APPLICATION PURSUANT TO SECTION 40-3.2-103 (1).

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

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

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

26 (c) IN DEVELOPING A PILOT PROGRAM PROPOSAL, A LARGE GAS
27 UTILITY SHALL PROPOSE AS PART OF THE PROPOSED PILOT PROGRAM AT

1 LEAST ONE PILOT PROJECT THAT SERVES RESIDENTIAL CUSTOMERS
2 LOCATED IN A:

3 (I) DISPROPORTIONATELY IMPACTED COMMUNITY;

4 (II) MOUNTAIN COMMUNITY SERVED BY THE LARGE GAS UTILITY;

5 OR

6 (III) UTILITY SERVICE AREA THAT THE COMMISSION HAS
7 DETERMINED IS CAPACITY CONSTRAINED OR THAT IS TARGETED FOR
8 ELECTRIFICATION IN A UTILITY CLEAN HEAT PLAN OR BENEFICIAL
9 ELECTRIFICATION PLAN.

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

12 (I) INCLUDE SPECIFIC CUSTOMER PROTECTION PLANS THAT
13 PROMOTE STABLE UTILITY RATES;

14 (II) BE MADE PUBLICLY AVAILABLE ON THE COMMISSION'S
15 WEBSITE; AND

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

18 (e) IN CONSIDERING WHETHER TO APPROVE A LARGE GAS UTILITY'S
19 APPLICATION PROPOSING A PILOT THERMAL ENERGY NETWORK PROGRAM,
20 THE COMMISSION SHALL CONSIDER THE LONG-TERM EFFECTS THAT THE
21 PROPOSED PILOT THERMAL ENERGY NETWORK PROGRAM WOULD HAVE ON
22 THE STATE'S UTILITY WORKFORCE.

23 (f) A LARGE GAS UTILITY MAY PROPOSE A PILOT THERMAL ENERGY
24 NETWORK PROGRAM AS PART OF THE LARGE GAS UTILITY'S APPLICATION
25 FOR APPROVAL OF A CLEAN HEAT PLAN PURSUANT TO SECTION 40-3.2-108
26 OR A GAS DSM PROGRAM PLAN PURSUANT TO SECTION 40-3.2-103 (3) OR
27 AS PART OF A STRATEGIC ISSUES APPLICATION; EXCEPT THAT A PILOT

1 THERMAL ENERGY NETWORK PROGRAM APPLIED FOR AS PART OF A CLEAN
2 HEAT PLAN DOES NOT COUNT TOWARD THE CLEAN HEAT PLAN COST CAPS
3 SET FORTH IN SECTION 40-3.2-108 (6)(a)(I).

4 (g) IN PROPOSING A PILOT THERMAL ENERGY NETWORK PROGRAM
5 PURSUANT TO THIS SUBSECTION (3), A LARGE GAS UTILITY SHALL PRESENT
6 TO THE COMMISSION OPTIONS FOR HOW THE LARGE GAS UTILITY MAY FUND
7 THE PILOT PROGRAM, INCLUDING OPTIONS THAT INVOLVE THE USE OF ANY
8 FEDERAL OR PRIVATE SOURCES OF FUNDING OR RATE RECOVERY FROM
9 NONRESIDENTIAL CUSTOMERS TO MANAGE IMPACTS UPON RESIDENTIAL
10 CUSTOMERS. A PILOT THERMAL ENERGY NETWORK PROGRAM APPLICATION
11 MUST INCLUDE A CURRENT OR FORWARD-LOOKING RATE STRUCTURE TO
12 PROMOTE STABLE CUSTOMER BILLING.

13 (4) A LARGE GAS UTILITY THAT DEVELOPS A PILOT THERMAL
14 ENERGY NETWORK PROGRAM SHALL REPORT TO THE COMMISSION IN THE
15 FORM AND MANNER REQUIRED BY THE COMMISSION INFORMATION AND
16 DATA REGARDING THE PILOT PROGRAM TO HELP FURTHER THE
17 DEVELOPMENT OF FUTURE THERMAL ENERGY NETWORKS. THE LARGE GAS
18 UTILITY'S REPORT MUST INCLUDE:

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

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

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

27 (d) THE POTENTIAL FOR IMPLEMENTATION OF THERMAL ENERGY

1 NETWORKS TO ASSIST THE LARGE GAS UTILITY IN AVOIDING STRANDED GAS
2 ASSETS;

3 (e) AN ESTIMATE OF AVOIDED EMISSIONS FROM IMPLEMENTATION
4 OF THERMAL ENERGY NETWORKS; AND

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

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

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

14 (A) THE APPROPRIATE UTILITY OWNERSHIP MODELS FOR
15 DEVELOPMENT, ACQUISITION, CUSTOMER SERVICE, AND COST RECOVERY
16 FOR THERMAL ENERGY NETWORKS; AND

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

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

21 (A) CREATE REQUIREMENTS FOR GAS-UTILITY-OWNED THERMAL
22 ENERGY NETWORKS CONCERNING A LARGE GAS UTILITY'S ABILITY TO
23 PARTNER WITH QUALIFIED THIRD PARTIES THROUGH JOINT VENTURES,
24 ASSET DEVELOPMENT AND TRANSFERS, OR SIMILAR STRUCTURES AND
25 FACILITATE THE DEVELOPMENT OF THERMAL ENERGY NETWORKS;

26 (B) ENSURE THAT ANY THERMAL ENERGY NETWORK
27 INCORPORATED INTO A LARGE GAS UTILITY'S SYSTEM PROVIDES RELIABLE

1 AND RESILIENT SERVICE;

2 (C) PROMOTE TRAINING AND TRANSITION OF UTILITY WORKERS
3 FOR THERMAL ENERGY JOBS;

4 (D) ADJUST A LARGE GAS UTILITY'S RATE RECOVERY MECHANISMS
5 TO FURTHER SUPPORT THE DEVELOPMENT OF THERMAL ENERGY
6 NETWORKS AS PART OF MEETING THE STATE'S OVERALL ENERGY POLICY
7 OBJECTIVES; AND

8 (E) DETERMINE APPROPRIATE METHODS OF COST RECOVERY FOR
9 THERMAL ENERGY NETWORKS, INCLUDING CONSIDERATION OF THE
10 STABILITY OF UTILITY CUSTOMERS' BILLS.

11 (6) A LOCAL GOVERNMENT OR CAMPUS THAT DEVELOPS AND
12 OPERATES A THERMAL ENERGY SYSTEM THAT PROVIDES THERMAL ENERGY
13 SERVICE TO BUILDINGS THAT THE LOCAL GOVERNMENT OR CAMPUS OWNS
14 AND MANAGES IS NOT CONSIDERED A PUBLIC UTILITY AND IS NOT SUBJECT
15 TO REGULATION BY THE COMMISSION.

16 **SECTION 6.** In Colorado Revised Statutes, **repeal** article 40 of
17 title 40.

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

20 **30-20-603. Improvements and funding authorized - how**
21 **instituted - conditions - definitions.** (1) (a) (I) A district may be formed
22 in accordance with the requirements of this part 6 for the purpose of
23 constructing, installing, acquiring, or funding, in whole or in part, any
24 public improvement, so long as the county that forms the district is
25 authorized to provide such improvement or provide for such funding
26 under the county's home rule charter, if any, or the laws of this state.
27 Public improvements or the funding ~~thereof shall~~ OF PUBLIC

1 IMPROVEMENTS MUST not include any facility identified in section
2 30-20-101 (8) or (9). ~~No such~~ A district shall NOT provide the same
3 improvement as an existing special district within the territory of ~~such~~
4 THE existing special district unless the existing special district consents.

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

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

27 (IV) Drainage facilities shall not be provided in any area ~~which~~

1 THAT is within an existing drainage district organized or created pursuant
2 to law without the approval of ~~such~~ THE district.

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

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