

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

April 4, 2024
Date

Committee on Energy & Environment.

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

HB24-1370 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute:

3 "SECTION 1. In Colorado Revised Statutes, **add** article 3.3 to
4 title 40 as follows:

5 **ARTICLE 3.3**
6 **Gas Infrastructure Planning**

7 **40-3.3-101. Definitions.** AS USED IN THIS ARTICLE 3.3, UNLESS
8 THE CONTEXT OTHERWISE REQUIRES:

9 (1) "ALTERNATIVE ENERGY SERVICE" MEANS A LOW- OR
10 ZERO-CARBON RESIDENTIAL, COMMERCIAL, OR INDUSTRIAL ENERGY
11 SERVICE THAT DOES NOT USE GAS BUT IS ABLE TO MEET A CUSTOMER'S END
12 USE NEED AND DOES NOT COMBUST GAS ON SITE IN DOING SO.

13 (2) "COLORADO ENERGY OFFICE" MEANS THE COLORADO ENERGY
14 OFFICE CREATED IN SECTION 24-38.5-101.

15 (3) "DISTRIBUTION SYSTEM" HAS THE MEANING SET FORTH IN
16 SECTION 40-2-115 (2)(b) AND INCLUDES THE PIPING AND ASSOCIATED
17 FACILITIES USED TO DELIVER GEOLOGICAL GAS OR RECOVERED METHANE.

18 (4) "DUAL-FUEL UTILITY" MEANS AN INVESTOR-OWNED UTILITY IN
19 WHICH ONE COMPANY OR A SUBSIDIARY OF THE SAME COMPANY OPERATES
20 BOTH AN ELECTRIC AND A GAS UTILITY THAT HAVE SERVICE TERRITORIES
21 IN THE STATE WHERE GREATER THAN FIFTY PERCENT OF ALL CUSTOMERS
22 IN THOSE TERRITORIES RECEIVE BOTH GAS AND ELECTRIC SERVICE FROM
23 A UTILITY OPERATED BY THAT COMPANY OR A SUBSIDIARY OF THE SAME
24 COMPANY.

25 (5) "GAS" MEANS NATURAL OR GEOLOGICAL GAS, RECOVERED
26 METHANE, OR ANY MIXTURE OF NATURAL OR GEOLOGICAL GAS OR
27 RECOVERED METHANE THAT IS TRANSPORTED BY A COMMON CARRIER OR

1 DEDICATED PIPELINE, INCLUDING FLAMMABLE GAS; MANUFACTURED GAS;
2 PETROLEUM OR OTHER HYDROCARBON GASES, SUCH AS PROPANE; OR ANY
3 MIXTURE OF FOSSIL GASES THAT IS INJECTED INTO A PIPELINE AND
4 TRANSMITTED, DISTRIBUTED, OR FURNISHED BY A UTILITY.

5 (6) "GAS INFRASTRUCTURE PLAN" MEANS A REQUIREMENT FOR GAS
6 UTILITIES ESTABLISHED BY THE COMMISSION THAT IS DESIGNED TO
7 ESTABLISH A PROCESS TO DETERMINE THE NEED FOR, AND POTENTIAL
8 ALTERNATIVES TO, CAPITAL INVESTMENT, CONSISTENT WITH THE
9 OBJECTIVES OF MAINTAINING JUST AND REASONABLE RATES; ENSURING
10 SYSTEM SAFETY, RELIABILITY, AND RESILIENCY; AND PROTECTING
11 INCOME-QUALIFIED UTILITY CUSTOMERS AND DISPROPORTIONATELY
12 IMPACTED COMMUNITIES.

13 (7) "GAS PLANNING PILOT COMMUNITY" MEANS A LOCAL
14 GOVERNMENT IN WHICH CONSTITUENTS HAVE GAS SERVICE PROVIDED BY
15 A DUAL-FUEL UTILITY, WHICH LOCAL GOVERNMENT FORMALLY INDICATES
16 AN INTEREST IN WORKING WITH THE DUAL-FUEL UTILITY TO MUTUALLY
17 EXPLORE OPPORTUNITIES FOR NEIGHBORHOOD-SCALE ALTERNATIVES
18 PROJECTS, INCLUDING THROUGH THE EXCHANGE OF UTILITY GAS
19 INFRASTRUCTURE DATA AND COMMUNITY DEVELOPMENT PLANS.

20 (8) "GREENHOUSE GAS REDUCTION GOALS" MEANS THE STATE'S
21 GREENHOUSE GAS REDUCTION GOALS DESCRIBED IN SECTION 25-7-102
22 (2)(g).

23 (9) "INCOME-QUALIFIED UTILITY CUSTOMER" HAS THE MEANING
24 SET FORTH IN SECTION 40-3-106 (1)(d)(II).

25 (10) "LOCAL GOVERNMENT" MEANS A HOME RULE OR STATUTORY
26 COUNTY, CITY, OR CITY AND COUNTY.

27 (11) "NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT" MEANS A
28 PROJECT IN A GAS PLANNING PILOT COMMUNITY THAT GEOGRAPHICALLY
29 TARGETS DECOMMISSIONING A PORTION OF THE GAS DISTRIBUTION SYSTEM
30 OR AVOIDS EXPANDING THE GAS DISTRIBUTION SYSTEM IN ORDER TO
31 SERVE NEW CONSTRUCTION PROJECTS AND PROVIDES ALTERNATIVE
32 ENERGY SERVICE TO BUILDINGS WITHIN THE PROJECT AREA THAT REDUCES
33 FUTURE GREENHOUSE GAS EMISSIONS REQUIRED TO SERVE BUILDINGS.

34 (12) "NONEMITTING THERMAL RESOURCE" MEANS EFFICIENT
35 THERMAL ENERGY FOR HEATING, COOLING, OR HOT WATER, WHICH
36 ENERGY DOES NOT REQUIRE COMBUSTION OF GAS, SUCH AS AN AIR-SOURCE
37 HEAT PUMP, AS DEFINED IN SECTION 39-22-554 (2)(a); A GROUND-SOURCE
38 HEAT PUMP, AS DEFINED IN SECTION 39-22-554 (2)(g); A HEAT PUMP
39 WATER HEATER; A THERMAL ENERGY SYSTEM; OR A THERMAL ENERGY
40 NETWORK.

41 (13) "PIPELINE SEGMENT" MEANS A DISCRETE PORTION OF THE
42 DISTRIBUTION SYSTEM AND ALL ANCILLARY STRUCTURES, VALVES, AND
43 OTHER SYSTEMS NEEDED TO DISTRIBUTE GAS. A PIPELINE SEGMENT MUST

1 BE THE SMALLEST INCREMENTAL UNIT POSSIBLE, AS DEFINED BY PIPELINE
2 MATERIALS, GEOGRAPHICAL FEATURES, AND THE DESIGN OF THE
3 DISTRIBUTION SYSTEM.

4 (14) "THERMAL ENERGY NETWORK" HAS THE MEANING SET FORTH
5 IN SECTION 40-3.2-108 (2)(s).

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

8 **40-3.3-102. Request for information - gas planning pilot**
9 **community - disclosures.** (1) (a) BY DECEMBER 1, 2024, THE COLORADO
10 ENERGY OFFICE SHALL ISSUE A REQUEST FOR INFORMATION TO IDENTIFY
11 LOCAL GOVERNMENTS WHOSE RESIDENTS ARE SERVED BY A DUAL-FUEL
12 UTILITY THAT ARE INTERESTED IN BECOMING A GAS PLANNING PILOT
13 COMMUNITY.

14 (b) THE COLORADO ENERGY OFFICE SHALL INCLUDE IN THE
15 REQUEST FOR INFORMATION THE MINIMUM CRITERIA THAT A LOCAL
16 GOVERNMENT MUST MEET IN ORDER TO BECOME A GAS PLANNING PILOT
17 COMMUNITY, INCLUDING:

18 (I) A DEMONSTRATION THAT DESIGNATION AS A GAS PLANNING
19 PILOT COMMUNITY WOULD ALIGN WITH THE LOCAL GOVERNMENT'S
20 CLIMATE AND ENERGY AFFORDABILITY GOALS;

21 (II) A WILLINGNESS TO PROMOTE NEIGHBORHOOD-SCALE
22 ALTERNATIVES PROJECTS AND TO SUPPORT, ENGAGE, AND EDUCATE
23 RESIDENTS WITHIN A COMMUNITY FOR WHICH A NEIGHBORHOOD-SCALE
24 ALTERNATIVES PROJECT IS PROPOSED PRIOR TO APPROVAL BY THE
25 COMMISSION; AND

26 (III) A COMMITMENT OF INTERNAL OR EXTERNAL STAFF
27 RESOURCES TO IDENTIFY AND IMPLEMENT NEIGHBORHOOD-SCALE
28 ALTERNATIVES PROJECTS.

29 (c) AT LEAST THIRTY DAYS PRIOR TO ISSUING THE REQUEST FOR
30 INFORMATION, THE COLORADO ENERGY OFFICE SHALL PUBLISH A DRAFT
31 OF THE REQUEST FOR INFORMATION ON ITS WEBSITE AND PROVIDE AN
32 OPPORTUNITY FOR THE PUBLIC TO SUBMIT WRITTEN COMMENTS.

33 (2) (a) BY APRIL 30, 2025, THE COLORADO ENERGY OFFICE AND A
34 DUAL-FUEL UTILITY SHALL JOINTLY FILE WITH THE COMMISSION THE
35 RESULTS OF THE REQUEST FOR INFORMATION REQUIRED BY SUBSECTION
36 (1)(a) OF THIS SECTION, IDENTIFYING UP TO FIVE PROPOSED GAS PLANNING
37 PILOT COMMUNITIES, AND A DRAFT AGREEMENT BETWEEN THE DUAL-FUEL
38 UTILITY AND ANY PROPOSED GAS PLANNING PILOT COMMUNITY, WHICH
39 DRAFT AGREEMENT MUST:

40 (I) IDENTIFY THE ROLES AND RESPONSIBILITIES OF THE DUAL-FUEL
41 UTILITY AND THE PROPOSED GAS PLANNING PILOT COMMUNITY IN
42 IDENTIFYING NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS;

43 (II) IDENTIFY TIME FRAMES FOR EACH PARTY TO FURNISH DATA OR

1 RESPOND TO REQUESTS FOR DATA FROM THE OTHER PARTY;
2 (III) INCLUDE ANY NECESSARY WAIVERS OF COMMISSION RULES TO
3 FACILITATE DATA TRANSFER BETWEEN THE PARTIES; AND
4 (IV) INCLUDE A PROCESS TO ADDRESS CONFLICTS BETWEEN THE
5 TWO PARTIES.
6 (b) THE COMMISSION SHALL PROVIDE AN OPPORTUNITY FOR THE
7 PUBLIC TO SUBMIT WRITTEN COMMENTS ON THE FILING.
8 (c) BY JUNE 30, 2025, THE COMMISSION SHALL APPROVE OR
9 MODIFY THE LIST OF PROPOSED GAS PLANNING PILOT COMMUNITIES;
10 EXCEPT THAT THE COMMISSION SHALL NOT INCREASE THE NUMBER OF
11 PROPOSED GAS PLANNING PILOT COMMUNITIES BEYOND FIVE.
12 (3) BY OCTOBER 1, 2025, A DUAL-FUEL UTILITY SHALL ENTER INTO
13 AN AGREEMENT WITH EACH LOCAL GOVERNMENT THAT HAS BEEN
14 APPROVED AS A GAS PLANNING PILOT COMMUNITY AND SHALL SUBMIT TO
15 THE COMMISSION A LIST OF THE GAS PLANNING PILOT COMMUNITIES WITH
16 WHICH THE DUAL-FUEL UTILITY HAS ESTABLISHED AN AGREEMENT. THE
17 DUAL-FUEL UTILITY AND LOCAL GOVERNMENT MAY AGREE TO EXTEND
18 THIS DEADLINE.
19 (4) (a) UNLESS OTHERWISE DIRECTED BY THE COMMISSION OR
20 REQUESTED BY THE GAS PLANNING PILOT COMMUNITY, A DUAL-FUEL
21 UTILITY SHALL PROVIDE EACH GAS PLANNING PILOT COMMUNITY, THE
22 COMMISSION, AND THE COLORADO ENERGY OFFICE WITH DATA AND
23 INFORMATION TO INFORM THE EVALUATION OF POTENTIAL
24 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS THAT INCLUDES:
25 (I) THE LOCATION OF ANY PLANNED GAS INFRASTRUCTURE
26 PROJECTS IN THE GAS PLANNING PILOT COMMUNITY WITHIN THE SIX-YEAR
27 GAS PROJECT PLANNING FORECAST IN THE DUAL-FUEL UTILITY'S MOST
28 RECENTLY APPROVED GAS INFRASTRUCTURE PLAN OR IDENTIFIED BY THE
29 DUAL-FUEL UTILITY FOR INCLUSION IN A FUTURE GAS INFRASTRUCTURE
30 PLAN TO THE EXTENT AVAILABLE; AND
31 (II) THE FOLLOWING INFORMATION REGARDING THE PLANNED GAS
32 INFRASTRUCTURE PROJECTS DESCRIBED IN SUBSECTION (4)(a)(I) OF THIS
33 SECTION:
34 (A) THE PROJECT NAME;
35 (B) THE PROJECT CATEGORY, CONSISTENT WITH THE PLANNED
36 PROJECTS CATEGORIES DESCRIBED IN APPLICABLE COMMISSION RULES;
37 (C) A DESCRIPTION OF THE GENERAL SCOPE OF WORK AND AN
38 EXPLANATION OF THE NEED FOR THE PROJECT, INCLUDING ANY
39 APPLICABLE CODE REQUIREMENTS OF THE UNITED STATES DEPARTMENT
40 OF TRANSPORTATION'S PIPELINE AND HAZARDOUS MATERIALS SAFETY
41 ADMINISTRATION;
42 (D) THE PROJECTED LIFE OF THE PROJECT;
43 (E) AN INDICATION OF WHETHER THE PROJECT IS PRESENTED AS A

1 GAS INFRASTRUCTURE PLAN ACTION PERIOD PROJECT OR A GAS
2 INFRASTRUCTURE PLAN INFORMATIONAL PERIOD PROJECT PURSUANT TO
3 APPLICABLE COMMISSION RULES;

4 (F) THE ANTICIPATED: CONSTRUCTION START DATE FOR THE
5 PROJECT; CONSTRUCTION PERIOD FOR THE PROJECT, INCLUDING AN
6 INDICATION OF ANY CONSTRUCTION PHASES; AND IN-SERVICE DATE FOR
7 THE PROJECT;

8 (G) THE COST-ESTIMATE CLASSIFICATION FOR THE PROJECT, USING
9 THE DUAL-FUEL UTILITY'S OR AN INDUSTRY-ACCEPTED COST-ESTIMATE
10 CLASSIFICATION INDEX; SUPPORT FOR THE COST-ESTIMATE
11 CLASSIFICATION; AND THE TOTAL COST ESTIMATE FOR THE PROJECT;

12 (H) THE TECHNICAL DETAILS OF THE PROJECT, SUCH AS THE
13 PHYSICAL EQUIPMENT CHARACTERISTICS OF THE PROPOSED FACILITIES,
14 PIPELINE LENGTH, PIPELINE DIAMETER, PROJECT MATERIALS, AND
15 MAXIMUM ALLOWABLE OPERATING PRESSURE;

16 (I) THE PROJECT LOCATION AND AN ILLUSTRATIVE MAP OF THE GAS
17 DISTRIBUTION SYSTEM FACILITIES, SUBJECT TO NECESSARY
18 CONFIDENTIALITY PROVISIONS, INCLUDING: THE PRESSURE DISTRICT OR
19 GEOGRAPHIC AREA THAT REQUIRES THE PROPOSED FACILITIES, THE
20 EXISTING AND PROPOSED REGULATOR STATIONS AND EXISTING AND
21 PROPOSED DISTRIBUTION PIPING AND HIGHER CAPACITY PIPELINES SERVED
22 BY OR REPRESENTING THE PROPOSED FACILITIES, THE LOCATIONS OF ANY
23 NEARBY DISPROPORTIONATELY IMPACTED COMMUNITIES, AND ANY OTHER
24 INFORMATION NECESSARY TO ALLOW THE LOCAL GOVERNMENT TO MAKE
25 A THOROUGH EVALUATION OF THE PROJECT;

26 (J) TO THE EXTENT PRACTICABLE, THE NUMBER OF CUSTOMERS,
27 ANNUAL SALES, AND DESIGN PEAK DEMAND REQUIREMENTS,
28 DISAGGREGATED BY CUSTOMER CLASS, POTENTIALLY DIRECTLY IMPACTED
29 OR SERVED BY THE PROJECT;

30 (K) ANY PERMITS REQUIRED FOR WORK ON THE PROJECT TO BEGIN;
31 AND

32 (L) ANY ENVIRONMENTAL REQUIREMENTS ASSOCIATED WITH
33 COMPLETION OF THE PROJECT.

34 (b) A DUAL-FUEL UTILITY SHALL PROVIDE GAS PLANNING PILOT
35 COMMUNITY STAFF AND CONSULTANTS, WHO HAVE SIGNED APPROPRIATE
36 NONDISCLOSURE AGREEMENTS, WITH ALL REQUESTED GAS AND ELECTRIC
37 CUSTOMER USAGE AND DESIGN PEAK DEMAND DATA, TO THE EXTENT
38 AVAILABLE AND DISAGGREGATED TO THE INDIVIDUAL CUSTOMER, FOR ALL
39 PLANNED GAS INFRASTRUCTURE PROJECTS LOCATED IN A GAS PLANNING
40 PILOT COMMUNITY WITHIN THE SIX-YEAR GAS PROJECT PLANNING
41 FORECAST IN THE DUAL-FUEL UTILITY'S MOST RECENTLY APPROVED GAS
42 INFRASTRUCTURE PLAN OR IDENTIFIED BY THE DUAL-FUEL UTILITY FOR
43 INCLUSION IN A FUTURE GAS INFRASTRUCTURE PLAN. THE DUAL-FUEL

1 UTILITY SHALL PROVIDE SUCH INFORMATION WITHIN THE RELEVANT TIME
2 FRAME ESTABLISHED PURSUANT TO SUBSECTION (2)(a)(II) OF THIS
3 SECTION.

4 (c) THE INFORMATION DESCRIBED IN SUBSECTIONS (4)(a) AND
5 (4)(b) OF THIS SECTION IS EXEMPT FROM THE "COLORADO OPEN RECORDS
6 ACT", PART 2 OF ARTICLE 72 OF TITLE 24.

7 **40-3.3-103. Neighborhood-scale alternatives projects - cost**
8 **recovery - reporting requirement.** (1) A DUAL-FUEL UTILITY SHALL
9 WORK WITH A GAS PLANNING PILOT COMMUNITY TO RANK AND PRIORITIZE
10 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS WITHIN EACH GAS
11 PLANNING PILOT COMMUNITY BASED ON LOCAL GOVERNMENT INPUT AND
12 CONSIDERATION OF:

13 (a) THE NUMBER AND CUSTOMER CLASS SERVED BY EACH PIPELINE
14 SEGMENT INCLUDED IN A NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT;

15 (b) THE DEGREE OF SUPPORT FOR THE NEIGHBORHOOD-SCALE
16 ALTERNATIVES PROJECT FROM CUSTOMERS POTENTIALLY IMPACTED BY
17 THE PROJECT, WITH PREFERENCE GIVEN TO THOSE PROJECTS THAT HAVE
18 FULL SUPPORT FROM POTENTIALLY IMPACTED CUSTOMERS;

19 (c) THE COST-EFFECTIVENESS OF THE NEIGHBORHOOD-SCALE
20 ALTERNATIVES PROJECT, USING THE COST-BENEFIT HANDBOOK FROM THE
21 DUAL-FUEL UTILITY'S MOST RECENT GAS INFRASTRUCTURE PLAN;

22 (d) THE AVAILABILITY OF ALTERNATIVE ENERGY SERVICE,
23 INCLUDING FOR SCENARIOS WITH ENHANCED GAS AND ELECTRIC DEMAND
24 RESPONSE OR DEMAND FLEXIBILITY;

25 (e) THE ABILITY OF THERMAL ENERGY NETWORKS TO SERVE THE
26 AREA COVERED BY THE NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT;

27 (f) WHETHER THE NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT
28 IS PART OF A NEW DEVELOPMENT OR WOULD SERVE EXISTING CUSTOMERS,
29 OR BOTH;

30 (g) THE PRIORITIZATION OF PIPELINE SEGMENTS THAT ARE PART OF
31 PROJECTS INCLUDED IN A DUAL-FUEL UTILITY'S GAS INFRASTRUCTURE
32 PLAN OR OTHERWISE IDENTIFIED BY THE DUAL-FUEL UTILITY FOR
33 INCLUSION IN A FUTURE GAS INFRASTRUCTURE PLAN, TO THE EXTENT THIS
34 INFORMATION IS AVAILABLE;

35 (h) THE LOCATION OF ANY NEARBY DISPROPORTIONATELY
36 IMPACTED COMMUNITY OR PIPELINE SEGMENTS THAT SERVE
37 DISPROPORTIONATELY IMPACTED COMMUNITIES; AND

38 (i) THE EXTENT TO WHICH A NEIGHBORHOOD-SCALE
39 ALTERNATIVES PROJECT AVOIDS COST SHIFTS TO NONPARTICIPATING
40 CUSTOMERS, WITH PREFERENCE GIVEN TO THOSE PROJECTS THAT
41 DEMONSTRATE A MINIMAL OR NO COST SHIFT.

42 (2) (a) (I) PRIOR TO JUNE 1, 2026, A DUAL-FUEL UTILITY AND
43 LOCAL GOVERNMENT SHALL JOINTLY SUBMIT FOR APPROVAL AT LEAST ONE

1 INITIAL NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, TO BE LOCATED
2 WITHIN A GAS PLANNING PILOT COMMUNITY, TO THE COMMISSION IF THE
3 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT HAS THE FULL SUPPORT OF
4 POTENTIALLY AFFECTED CUSTOMERS. THE FILING MUST ALSO CONTAIN A
5 LIST OF POTENTIAL PROJECTS THAT ARE RANKED HIGHLY BUT DO NOT
6 HAVE FULL CUSTOMER SUPPORT AT THE TIME OF THE FILING.

7 (II) PRIOR TO JUNE 1, 2027, A DUAL-FUEL UTILITY AND A LOCAL
8 GOVERNMENT SHALL JOINTLY SUBMIT FOR COMMISSION APPROVAL THE
9 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS INCLUDED ON THE LIST
10 IN THE FILING SUBMITTED PURSUANT TO SUBSECTION (2)(a)(I) OF THIS
11 SECTION AND THAT WILL BE PURSUED IN A GAS PLANNING PILOT
12 COMMUNITY, WHICH PROJECTS MAY LACK FULL CUSTOMER SUPPORT IF THE
13 LOCAL GOVERNMENT HAS DETERMINED THAT A REASONABLE MAJORITY OF
14 CUSTOMERS SUPPORTS THE PROJECT. THE LOCAL GOVERNMENT SHALL
15 DETERMINE WHAT CONSTITUTES A REASONABLE MAJORITY. THE
16 DETERMINATION OF A REASONABLE MAJORITY OF CUSTOMER SUPPORT AND
17 EFFORTS TO OBTAIN CUSTOMER CONSENT MUST BE SUPPORTED BY A
18 SWORN AFFIDAVIT OR TESTIMONY FROM AN OFFICIAL EMPLOYEE OF THE
19 LOCAL GOVERNMENT AS PART OF THE JOINT APPLICATION TO THE
20 COMMISSION.

21 (III) IF A DUAL-FUEL UTILITY WILL NOT PURSUE A
22 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT IN ONE OR MORE GAS
23 PLANNING PILOT COMMUNITIES, THE DUAL-FUEL UTILITY AND LOCAL
24 GOVERNMENT, PRIOR TO JUNE 1, 2027, SHALL JOINTLY FILE A REPORT WITH
25 THE COMMISSION EXPLAINING WHY A NEIGHBORHOOD-SCALE
26 ALTERNATIVES PROJECT WILL NOT BE PURSUED IN THAT COMMUNITY.

27 (b) THE COMMISSION SHALL PROVIDE AN OPPORTUNITY FOR PUBLIC
28 COMMENT REGARDING THE DUAL-FUEL UTILITY'S SUBMISSION PURSUANT
29 TO SUBSECTION (2)(a)(III) OF THIS SECTION.

30 (c) THE COMMISSION SHALL APPROVE A NEIGHBORHOOD-SCALE
31 ALTERNATIVES PROJECT APPLICATION SUBMITTED BY A DUAL-FUEL
32 UTILITY IF:

33 (I) THE PROJECT IS SUPPORTED BY A LOCAL GOVERNMENT
34 ORDINANCE, PROCLAMATION, OR RESOLUTION;

35 (II) THE COMMISSION FINDS THAT THE PROJECT IS:

36 (A) CONSISTENT WITH THE STATE'S GREENHOUSE GAS REDUCTION
37 GOALS; AND

38 (B) IN THE PUBLIC INTEREST, CONSIDERING COSTS AND BENEFITS
39 TO THE GAS PLANNING PILOT COMMUNITY AND RATEPAYERS WITHIN THE
40 DUAL-FUEL UTILITY'S GAS SERVICE TERRITORY; AND

41 (III) THE COMMISSION FINDS THAT ALTERNATIVE ENERGY SERVICE
42 IS AVAILABLE TO ALL CUSTOMERS WITHIN THE PROJECT AREA AND CAN
43 REASONABLY BE IMPLEMENTED WITHIN THE PROJECT AREA. IN MAKING

1 THIS FINDING, THE COMMISSION SHALL CONSIDER:
2 (A) THE COST OF END USES POWERED BY DIFFERENT FUELS,
3 IMPACTS ON INCOME-QUALIFIED UTILITY CUSTOMERS AND CUSTOMERS
4 LIVING IN DISPROPORTIONATELY IMPACTED COMMUNITIES, AND THE
5 STATE'S GREENHOUSE GAS EMISSION REDUCTION GOALS;
6 (B) EXISTING UTILITY OR OTHER INCENTIVES TO SUPPORT
7 CUSTOMER ADOPTION OF THE ALTERNATIVE ENERGY SERVICE; AND
8 (C) THE DEGREE OF CUSTOMER SUPPORT FOR THE PROJECT,
9 CONSIDERING THE INFORMATION PROVIDED PURSUANT TO SUBSECTION
10 (1)(b) OF THIS SECTION, AND WITH PRIORITY GIVEN TO PROJECTS THAT
11 HAVE THE FULL SUPPORT OF POTENTIALLY AFFECTED CUSTOMERS.
12 (3) (a) THE COMMISSION SHALL ALLOW A DUAL-FUEL UTILITY TO
13 CURRENTLY RECOVER THE COSTS INCURRED DURING THE DEVELOPMENT
14 OF A NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, INCLUDING COSTS
15 TO TRANSITION THE DISTRIBUTION SYSTEM, INVEST IN ELECTRIC
16 INFRASTRUCTURE, AND PROVIDE CUSTOMER INCENTIVES. SUCH COSTS ARE
17 FULLY RECOVERABLE REGARDLESS OF THE PERFORMANCE OF THE
18 ALTERNATIVE ENERGY SERVICE. THE COMMISSION SHALL ALSO PERMIT
19 COST RECOVERY FOR PERSONNEL TO WORK ON THE DEVELOPMENT, IN
20 WHOLE OR IN PART, OF NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS.
21 (b) THE DUAL-FUEL UTILITY SHALL PROPOSE TO THE COMMISSION
22 HOW COSTS WILL BE RECOVERED ACROSS THE DUAL-FUEL UTILITY'S
23 ELECTRIC AND GAS BUSINESS.
24 (c) FOR GAS PLANNING PILOT COMMUNITIES THAT RECEIVE GAS
25 SERVICE FROM A DUAL-FUEL UTILITY BUT ARE NOT SERVED BY THE
26 ELECTRIC UTILITY THAT IS PART OF THE DUAL-FUEL UTILITY, THE
27 COMMISSION SHALL CONSIDER A COST-SHARING AGREEMENT, AS
28 NECESSARY TO IMPLEMENT A NEIGHBORHOOD-SCALE ALTERNATIVES
29 PROJECT, WHICH AGREEMENT THE DUAL-FUEL UTILITY PROPOSES TO ENTER
30 INTO WITH A LOCAL COOPERATIVE ELECTRIC ASSOCIATION OR
31 MUNICIPALLY OWNED ELECTRIC UTILITY TO MAKE THE INCUMBENT GAS
32 UTILITY THAT IS PART OF THE DUAL-FUEL UTILITY AND ITS CUSTOMERS
33 WHOLE FOR ANY PROJECTS APPROVED BY THE COMMISSION WHEN THERE
34 IS A COST SHIFT. THIS SUBSECTION (3)(c) SHALL NOT BE CONSTRUED TO
35 SUBJECT A LOCAL COOPERATIVE ELECTRIC ASSOCIATION OR MUNICIPALLY
36 OWNED ELECTRIC UTILITY ENTERING INTO SUCH AN AGREEMENT WITH A
37 DUAL-FUEL UTILITY TO THE JURISDICTION OF THE COMMISSION. ANY
38 FEDERAL, STATE, OR LOCAL FUNDING MADE AVAILABLE FOR A PROJECT
39 SHALL BE APPLIED PRIOR TO APPLICATION OF UTILITY PROGRAMMATIC
40 FUNDS, SUCH AS DEMAND-SIDE MANAGEMENT, BENEFICIAL
41 ELECTRIFICATION, OR OTHER EXISTING OR FUTURE CUSTOMER-SITED
42 PROGRAMS, INCENTIVES, REBATES, AND FINANCING.
43 (4) IN APPROVING A NEIGHBORHOOD-SCALE ALTERNATIVES

1 PROJECT IN A GAS PLANNING PILOT COMMUNITY, THE COMMISSION MAY
2 MODIFY THE GAS UTILITY'S SERVICE REQUIREMENT FOR SELECT PREMISES
3 WITH AN ALTERNATIVE ENERGY SERVICE REQUIREMENT.
4 NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, NOTHING
5 IN THIS SECTION AFFECTS OR ABRIDGES A DUAL-FUEL UTILITY'S SERVICE
6 REQUIREMENTS IN AREAS OUTSIDE THE NEIGHBORHOOD-SCALE
7 ALTERNATIVES PROJECT AREA. THE COMMISSION MAY IMPOSE AN
8 ALTERNATIVE ENERGY SERVICE REQUIREMENT FOR ANY CERTIFICATE OF
9 PUBLIC CONVENIENCE AND NECESSITY GRANTED TO THE GAS UTILITY TO
10 PROVIDE SERVICE TO THE TARGETED AREA THAT IS THE SUBJECT OF THE
11 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT IF THE COMMISSION FINDS
12 THAT ALTERNATIVE ENERGY SERVICE IS AVAILABLE.

13 (5) (a) AS PART OF A NEIGHBORHOOD-SCALE ALTERNATIVES
14 PROJECT, A DUAL-FUEL UTILITY MAY PROPOSE TO FUND CONVERSION OF
15 EXISTING GAS APPLIANCES OR EQUIPMENT TO NONEMITTING THERMAL
16 RESOURCES, INCLUDING OFFERING INCREMENTAL INCENTIVES OR
17 FINANCING ABOVE THAT APPROVED FOR CLEAN HEAT PLANS, AS DEFINED
18 IN SECTION 40-3.2-108; BENEFICIAL ELECTRIFICATION PLANS, AS DEFINED
19 IN SECTION 40-3.2-109; DEMAND-SIDE MANAGEMENT PROGRAMS, AS
20 DEFINED IN SECTION 40-1-102; OR OTHER RELATED FILINGS.

21 (b) A DUAL-FUEL UTILITY MAY ALSO PROPOSE TO OFFER NEW RATE
22 STRUCTURES TO PAY FOR THERMAL ENERGY NETWORKS OR OTHER
23 NONEMITTING THERMAL RESOURCES AS AN ALTERNATIVE ENERGY
24 SERVICE, UNDER WHICH RATE STRUCTURES CUSTOMERS PAY THE UTILITY
25 FOR THERMAL ENERGY NETWORK SERVICES TO OFFSET THE INITIAL COST
26 OF NEW APPLIANCES OR OTHER EQUIPMENT. IF A DUAL-FUEL UTILITY
27 PROPOSES TO OFFER SUCH A RATE, THE COMMISSION SHALL NOT GRANT
28 THE DUAL-FUEL UTILITY CURRENT COST RECOVERY PURSUANT TO
29 SUBSECTION (3)(a) OF THIS SECTION. A DUAL-FUEL UTILITY SHALL HAVE
30 THE RIGHT OF FIRST REFUSAL TO OFFER THERMAL ENERGY NETWORK
31 SERVICE OR ALTERNATIVE ENERGY SERVICE AS PART OF A
32 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, PROVIDED THAT SUCH
33 RIGHT OF FIRST REFUSAL:

- 34 (I) IS APPROVED BY THE COMMISSION;
- 35 (II) IS LIMITED TO NEIGHBORHOOD-SCALE ALTERNATIVES
36 PROJECTS IN GAS PLANNING PILOT COMMUNITIES; AND
- 37 (III) IS EXERCISED WITHIN TWO YEARS AFTER APPROVAL BY THE
38 COMMISSION.

39 (6) BY JUNE 1 OF EACH YEAR FOLLOWING APPROVAL OF A
40 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, A DUAL-FUEL UTILITY
41 SHALL SUBMIT A REPORT TO THE COMMISSION ON THE IMPLEMENTATION
42 OF THE NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT. THE REPORT
43 MUST INCLUDE, AT A MINIMUM:

- 1 (a) AN UPDATE ON PROJECT IMPLEMENTATION, INCLUDING THE
2 DEGREE OF CUSTOMER SUPPORT FOR THE PROJECT;
- 3 (b) AN EXPLANATION OF CUSTOMER SATISFACTION WITH
4 ALTERNATIVE ENERGY SERVICE;
- 5 (c) ACTUAL PROJECT COSTS INCURRED;
- 6 (d) THE IMPACT ON TOTAL ENERGY BILL AND ENERGY RELIABILITY
7 FOR CUSTOMERS RECEIVING ALTERNATIVE ENERGY SERVICE;
- 8 (e) ANY ENCOUNTERED BARRIERS TO PROJECT IMPLEMENTATION,
9 INCLUDING TECHNOLOGICAL OR WORKFORCE BARRIERS, AND THE LESSONS
10 LEARNED IN OVERCOMING THOSE BARRIERS;
- 11 (f) THE IMPACT ON INCOME-QUALIFIED UTILITY CUSTOMERS AND
12 CUSTOMERS LIVING IN DISPROPORTIONATELY IMPACTED COMMUNITIES;
13 AND
- 14 (g) ANY OTHER INFORMATION REQUIRED BY THE COMMISSION.
- 15 (7) BY DECEMBER 30, 2027, THE COMMISSION SHALL OPEN A
16 MISCELLANEOUS PROCEEDING TO ADDRESS, OR SHALL ADDRESS IN AN
17 EXISTING MISCELLANEOUS PROCEEDING, THE LESSONS LEARNED FROM
18 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS, INCLUDING:
- 19 (a) THE COSTS, BENEFITS, AND CUSTOMER EXPERIENCE;
- 20 (b) THE ABILITY OF NEIGHBORHOOD-SCALE ALTERNATIVES
21 PROJECTS TO CONTRIBUTE TO MEETING CLEAN HEAT TARGETS PURSUANT
22 TO SECTION 40-3.2-108;
- 23 (c) THE APPROPRIATE ROLE OF A DUAL-FUEL UTILITY IN OFFERING
24 ALTERNATIVE ENERGY SERVICE; AND
- 25 (d) CONSIDERATIONS FOR THE APPROPRIATE PROCEEDING AND
26 PROCESSES FOR THE IDENTIFICATION AND FILING OF FUTURE
27 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS BEYOND THOSE IN THE
28 INITIAL GAS PLANNING PILOT COMMUNITIES.

29 **SECTION 2. Act subject to petition - effective date.** This act
30 takes effect at 12:01 a.m. on the day following the expiration of the
31 ninety-day period after final adjournment of the general assembly; except
32 that, if a referendum petition is filed pursuant to section 1 (3) of article V
33 of the state constitution against this act or an item, section, or part of this
34 act within such period, then the act, item, section, or part will not take
35 effect unless approved by the people at the general election to be held in
36 November 2024 and, in such case, will take effect on the date of the
37 official declaration of the vote thereon by the governor."

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