

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

REENGROSSED

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

LLS NO. 21-0037.01 Duane Gall x4335

SENATE BILL 21-246

SENATE SPONSORSHIP

Fenberg, Bridges, Buckner, Danielson, Gonzales, Hansen, Jaquez Lewis, Lee, Moreno, Pettersen, Priola, Story, Winter

HOUSE SPONSORSHIP

Valdez A. and Froelich,

Senate Committees

Transportation & Energy
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING MEASURES TO ENCOURAGE BENEFICIAL**
102 **ELECTRIFICATION, AND, IN CONNECTION THEREWITH,**
103 **DIRECTING THE PUBLIC UTILITIES COMMISSION AND COLORADO**
104 **UTILITIES TO PROMOTE COMPLIANCE WITH CURRENT**
105 **ENVIRONMENTAL AND LABOR STANDARDS.**

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>.)

The bill directs the public utilities commission (PUC) to establish energy savings targets and approve plans under which investor-owned

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

SENATE
3rd Reading Unamended
May 12, 2021

SENATE
Amended 2nd Reading
May 11, 2021

electric utilities will promote the use of energy-efficient electric equipment in place of less efficient fossil-fuel-based systems. This directive would substantially follow the model of existing demand-side management (DSM) policies established by the PUC.

Section 1 of the bill declares that DSM has provided substantial economic and environmental benefits, and the PUC's administration of DSM has successfully carried out legislative intent; therefore, the PUC is directed to implement the beneficial electrification programs and plans using the same approach.

Sections 2 and 4 specify the parameters for these programs and plans, including the types of systems and appliances that are eligible for installation, the criteria to be considered when the PUC evaluates plan proposals, the implementation of plans, utility cost-recovery mechanisms, and performance incentives. Section 4 also requires that any installation, upgrade, or new construction under a beneficial electrification program must be performed either by utility employees or by qualified, Colorado-licensed contractors.

Section 3 directs the PUC to apply current standards for measurement of the social cost of carbon emissions, including methane, in evaluating the cost, benefit, or net present value of utility plans and proposals for beneficial electrification.

Section 5 makes a conforming amendment.

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

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

4 (a) Colorado is and should remain a national leader in energy
5 infrastructure innovation, creating family-sustaining jobs in the clean
6 energy economy, and environmental stewardship;

7 (b) It is in the public interest and the policy of the state of
8 Colorado to reduce greenhouse gas emissions. For that reason, it is
9 critical that the electric utility sector be evaluated and regulated
10 holistically so that investment can be compared and directed across fuel
11 types to account for cost variance associated with asset procurement and
12 operation as well as the public health and environmental costs of
13 greenhouse gas emissions, energy efficiency, and electric infrastructure

1 reliability accrued over the life cycle of an asset.

2 (c) Legislation adopted in 2007 directed the public utilities
3 commission to establish electricity and natural gas energy savings targets,
4 clarify parameters for cost-benefit analysis, and provide financial
5 incentives to public utilities that meet or exceed specified goals for
6 energy savings. The resulting demand-side management programs, also
7 known as DSM programs, have provided substantial economic and
8 environmental benefits for consumers, businesses, and utilities at modest
9 cost.

10 (d) The public utilities commission's administration of DSM
11 programs has appropriately effectuated legislative intent and has created
12 a precedent for the deployment of programs to support customers using
13 clean electricity to power high-efficiency appliances that provide space
14 and water heating, cooking, and clothes drying in homes and businesses,
15 as well as for certain industrial processes;

16 (e) Technology advancement can further advance cost-effective
17 greenhouse gas emission reductions in the oil and gas, industrial, and
18 building sectors, and electrification of customer end uses can be a
19 pathway to reducing greenhouse gas emissions from these sectors and
20 improving air quality;

21 (f) Fossil gas and petroleum products will contribute to supplying
22 Colorado's energy needs for many years to come; nonetheless,
23 transitioning to clean electric homes and businesses is a critical strategy
24 for improving public health and safety, saving energy, creating
25 family-sustaining jobs, and helping the state meet its greenhouse gas
26 emission-reduction targets;

27 (g) Colorado has significant potential for replacing fossil gas with

1 clean electricity; and

2 (h) Clean heat from appliances such as electric heat pumps, heat
3 pump water heaters, and induction stoves will help Colorado reduce
4 greenhouse gas pollution and has potential to help improve indoor air
5 quality and health and safety in buildings.

6 (2) The general assembly further declares its intent that the public
7 utilities commission approve beneficial electrification plans for the
8 purpose of incentivizing residential, commercial, and industrial utility
9 customers to implement beneficial electrification projects voluntarily,
10 without applying coercion or discriminatory treatment to customers that
11 decline any incentives that may be offered to them.

12 **SECTION 2.** In Colorado Revised Statutes, 38-33.3-106.7,
13 **amend (1)(b)(IV) and (1)(b)(V); and add (1)(b)(VI) as follows:**

14 **38-33.3-106.7. Unreasonable restrictions on energy efficiency**
15 **measures - definitions.** (1) (b) As used in this section, "energy
16 efficiency measure" means a device or structure that reduces the amount
17 of energy derived from fossil fuels that is consumed by a residence or
18 business located on the real property. "Energy efficiency measure" is
19 further limited to include only the following types of devices or
20 structures:

21 (IV) An energy-efficient outdoor lighting device, including
22 without limitation a light fixture containing a coiled or straight
23 fluorescent light bulb, and any solar recharging panel, motion detector, or
24 other equipment connected to the lighting device; and

25 (V) A retractable clothesline; AND

26 (VI) A HEAT PUMP.

27 **SECTION 3.** In Colorado Revised Statutes, 40-1-102, **amend**

1 (5)(a); and **add** (1.2) and (12) as follows:

2 **40-1-102. Definitions.** As used in articles 1 to 7 of this title 40,
3 unless the context otherwise requires:

4 (1.2) (a) "BENEFICIAL ELECTRIFICATION" MEANS CONVERTING THE
5 ENERGY SOURCE OF A CUSTOMER'S END USE FROM A NONELECTRIC FUEL
6 SOURCE TO A HIGH-EFFICIENCY ELECTRIC SOURCE, OR AVOIDING THE USE
7 OF NONELECTRIC FUEL SOURCES IN NEW CONSTRUCTION OR INDUSTRIAL
8 APPLICATIONS, IF THE RESULT OF THE CONVERSION OR AVOIDANCE IS TO:

9 (I) REDUCE NET GREENHOUSE GAS EMISSIONS OVER THE LIFETIME
10 OF THE CONVERSION OR AVOIDANCE; AND

11 (II) REDUCE SOCIETAL COSTS OR PROVIDE FOR MORE EFFICIENT
12 UTILIZATION OF GRID RESOURCES.

13 (b) "BENEFICIAL ELECTRIFICATION" DOES NOT INCLUDE:

14 (I) RETAIL DISTRIBUTED GENERATION, AS DEFINED IN SECTION
15 40-2-124 (1)(a)(VIII); OR

16 (II) AN ENERGY STORAGE SYSTEM, AS DEFINED IN SECTION
17 40-2-130 (2)(a).

18 (5) (a) "Cost-effective", with reference to a natural gas or electric
19 demand-side management program, A BENEFICIAL ELECTRIFICATION
20 PROGRAM, or ~~related~~ ANY measure RELATED TO EITHER A DEMAND-SIDE
21 MANAGEMENT OR BENEFICIAL ELECTRIFICATION PROGRAM, means having
22 a benefit-cost ratio greater than one.

23 (12) "TECHNICAL SUPPORT DOCUMENT" MEANS THE 2016
24 TECHNICAL SUPPORT DOCUMENT OF THE FEDERAL INTERAGENCY WORKING
25 GROUP ON SOCIAL COST OF GREENHOUSE GASES, ENTITLED "TECHNICAL
26 UPDATE OF THE SOCIAL COST OF CARBON FOR REGULATORY IMPACT
27 ANALYSIS UNDER EXECUTIVE ORDER 12866".

1 **SECTION 4.** In Colorado Revised Statutes, 40-3.2-106, **amend**
2 (1) introductory portion, (1)(d), and (5); and **repeal** (6) as follows:

3 **40-3.2-106. Costs of pollution in utility planning - definitions**
4 **- rules.** (1) The commission shall require an electric public utility subject
5 to commission jurisdiction to consider the SOCIAL cost of carbon dioxide
6 emissions AND THE SOCIAL COST OF METHANE EMISSIONS, as set forth
7 ~~pursuant to subsection (4)~~ IN SUBSECTIONS (4) AND (5) of this section,
8 when determining the cost, benefit, or net present value of any plan or
9 proposal submitted in one of the following proceedings:

10 (d) A plan or application for transportation electrification UNDER
11 SECTION 40-5-107 or ANY other ~~forms~~ FORM of beneficial electrification,
12 INCLUDING BENEFICIAL ELECTRIFICATION IN BUILDINGS.

13 (5) The commission shall apply ~~a~~ THE SOCIAL cost of carbon
14 dioxide AND THE SOCIAL COST OF METHANE emissions to the nonenergy
15 benefits for programs that are defined to be beneficial electrification.

16 (6) ~~As used in this section:~~

17 ~~(a) "Beneficial electrification" means a utility's change in the~~
18 ~~energy source powering an end use from a nonelectric source to an~~
19 ~~electric source, including transportation, water heating, space heating, or~~
20 ~~industrial processes, if the change:~~

21 ~~(I) Reduces system costs for the utility's customers;~~

22 ~~(II) Reduces net carbon dioxide emissions; or~~

23 ~~(III) Provides for a more efficient utilization of grid resources.~~

24 ~~(b) "Technical support document" means the 2016 technical~~
25 ~~support document of the federal interagency working group on social cost~~
26 ~~of greenhouse gases, entitled "Technical Update of the Social Cost of~~
27 ~~Carbon for Regulatory Impact Analysis Under Executive Order 12866".~~

1 **SECTION 5.** In Colorado Revised Statutes, **add** 40-3.2-105.6 and
2 40-3.2-107 as follows:

3 **40-3.2-105.6. Labor standards for beneficial electrification**
4 **projects.** (1) THIS SECTION APPLIES TO ALL NECESSARY MECHANICAL,
5 PLUMBING, AND ELECTRICAL WORK PERFORMED IN CONNECTION WITH A
6 PROJECT UNDERTAKEN PURSUANT TO A BENEFICIAL ELECTRIFICATION
7 PROGRAM UNDER THIS ARTICLE 3.2 AND FOR WHICH A CUSTOMER OF AN
8 INVESTOR-OWNED ELECTRIC UTILITY APPLIES FOR A REBATE DIRECTLY
9 FROM THE UTILITY.

10 (2) WHEN PRACTICABLE, THE UTILITY MAY ASSIGN ITS OWN
11 EMPLOYEES TO PERFORM THE WORK, SUBJECT TO STATE LICENSING
12 REQUIREMENTS AND ALL APPLICABLE STATE AND LOCAL RULES, CODES,
13 AND STANDARDS.

14 (3) (a) THE UTILITY SHALL OBTAIN FROM THE COLORADO
15 DEPARTMENT OF LABOR AND EMPLOYMENT AND SHALL MAKE USE OF A
16 LIST, REFERRED TO IN THIS SECTION AS THE "CERTIFIED CONTRACTOR
17 LIST", CONTAINING THE NAMES AND CONTACT INFORMATION OF:

18 (I) QUALIFIED CONTRACTORS THAT PARTICIPATE IN
19 APPRENTICESHIP PROGRAMS THAT ARE REGISTERED WITH THE UNITED
20 STATES DEPARTMENT OF LABOR'S EMPLOYMENT AND TRAINING
21 ADMINISTRATION OR WITH A STATE APPRENTICESHIP COUNCIL RECOGNIZED
22 BY THE UNITED STATES DEPARTMENT OF LABOR; AND

23 ==
24 (II) QUALIFIED MECHANICAL, ELECTRICAL, AND PLUMBING
25 CONTRACTORS THAT MEET THE GRADUATION STANDARDS SPECIFIED IN
26 SECTION 24-92-115 (1)(a)(II).

27 (b) THE UTILITY SHALL PUBLISH THE CERTIFIED CONTRACTOR LIST

1 ON ITS WEBSITE AND INCLUDE OR REFERENCE THE LIST IN ALL OF THE
2 UTILITY'S RELEVANT MARKETING MATERIAL FOR BENEFICIAL
3 ELECTRIFICATION PROGRAMS.

4 (c) AS A CONDITION FOR CUSTOMER PARTICIPATION IN
5 BENEFICIAL ELECTRIFICATION PROGRAMS WHERE A REBATE IS PAID
6 DIRECTLY TO THE CUSTOMER AFTER INSTALLATION IS COMPLETE, EACH
7 INVESTOR-OWNED ELECTRIC UTILITY SHALL REQUIRE ITS RESIDENTIAL
8 CUSTOMERS TO VERIFY THAT THEY USED LICENSED ELECTRICIANS AND
9 PLUMBERS OR PROPERLY SUPERVISED APPRENTICES ON ALL PLUMBING AND
10 ELECTRICAL WORK PERFORMED BY A CONTRACTOR ON RESIDENTIAL
11 INSTALLATIONS THAT QUALIFY FOR A BENEFICIAL ELECTRIFICATION
12 REBATE.

13 (4) THE FOLLOWING REQUIREMENTS APPLY TO BENEFICIAL
14 ELECTRIFICATION PROJECTS IN NEW OR EXISTING INDUSTRIAL,
15 COMMERCIAL, OR MULTIFAMILY RESIDENTIAL BUILDINGS:

16 (a) FOR PLUMBING, MECHANICAL, OR ELECTRICAL PROJECTS
17 UNDERTAKEN BY A COMMERCIAL OR INDUSTRIAL CUSTOMER IN A BUILDING
18 THAT CONTAINS TWENTY THOUSAND SQUARE FEET OR MORE OF
19 CONDITIONED FLOOR SPACE AND FOR WHICH A REBATE IS TO BE PROVIDED
20 DIRECTLY TO THE CUSTOMER AS PART OF A BENEFICIAL ELECTRIFICATION
21 PROGRAM, THE UTILITY SHALL CONDITION PAYMENT OF THE REBATE ON
22 THE CUSTOMER'S EXCLUSIVE USE OF CONTRACTORS FROM THE CERTIFIED
23 CONTRACTOR LIST UNLESS THE WORK IS DONE BY EMPLOYEES OF THE
24 UTILITY.

25 (b) (I) FOR PLUMBING, MECHANICAL, OR ELECTRICAL PROJECTS
26 THAT INVOLVE THE BENEFICIAL ELECTRIFICATION OF CENTRAL BUILDING
27 SYSTEMS IN A MULTIFAMILY BUILDING THAT CONTAINS TWENTY

1 THOUSAND SQUARE FEET OR MORE OF CONDITIONED FLOOR SPACE AND FOR
2 WHICH A REBATE IS TO BE PROVIDED DIRECTLY TO THE BUILDING OWNER
3 AS PART OF A BENEFICIAL ELECTRIFICATION PROGRAM, THE UTILITY SHALL
4 CONDITION PAYMENT OF THE REBATE ON THE BUILDING OWNER'S
5 EXCLUSIVE USE OF CONTRACTORS THAT PARTICIPATE IN APPRENTICESHIP
6 PROGRAMS REGISTERED WITH THE UNITED STATES DEPARTMENT OF
7 LABOR'S EMPLOYMENT AND TRAINING ADMINISTRATION OR WITH A STATE
8 APPRENTICESHIP COUNCIL RECOGNIZED BY THE UNITED STATES
9 DEPARTMENT OF LABOR FOR ANY NECESSARY PLUMBING OR ELECTRICAL
10 WORK. IF THE CONTRACTOR CHOSEN BY THE BUILDING OWNER IS NOT ON
11 THE CERTIFIED CONTRACTOR LIST, THE UTILITY SHALL REQUIRE ANOTHER
12 METHOD OF VERIFYING COMPLIANCE WITH THIS SUBSECTION (4)(b).

13 (II) THIS SUBSECTION (4)(b) DOES NOT APPLY TO A BENEFICIAL
14 ELECTRIFICATION PROJECT THAT IS LIMITED TO IN-UNIT WORK IN A
15 MULTIFAMILY BUILDING, AS UNDERTAKEN BY THE OWNER OR TENANT OF
16 THE MULTIFAMILY BUILDING OR UNIT.

17 **40-3.2-107. Beneficial electrification plans for electric utilities**
18 **- definition - rules - recovery of costs - report. (1) Definition.** AS USED
19 IN THIS SECTION, "BENEFICIAL ELECTRIFICATION PLAN" OR "PLAN" MEANS
20 AN ELECTRIC UTILITY'S PLAN TO INCREASE BENEFICIAL ELECTRIFICATION
21 IN THE RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL SECTORS FOR
22 PURPOSES OTHER THAN TRANSPORTATION.

23 (2) (a) THE COMMISSION SHALL ALLOW AN INVESTOR-OWNED
24 ELECTRIC UTILITY TO IMPLEMENT COST-EFFECTIVE BENEFICIAL
25 ELECTRIFICATION PLANS THAT SUPPORT VOLUNTARY CUSTOMER ADOPTION
26 OF BENEFICIAL ELECTRIFICATION MEASURES.

27 (b) ON OR BEFORE JULY 1, 2022, AND THEREAFTER AS DIRECTED

1 BY THE COMMISSION, BUT NO LESS FREQUENTLY THAN EVERY THREE
2 YEARS, AN INVESTOR-OWNED ELECTRIC UTILITY SHALL FILE WITH THE
3 COMMISSION AN APPLICATION FOR A BENEFICIAL ELECTRIFICATION PLAN
4 FOR REGULATED ACTIVITIES TO SUPPORT BENEFICIAL ELECTRIFICATION.
5 BENEFICIAL ELECTRIFICATION PLANS MAY BE COMBINED WITH OTHER
6 DEMAND-SIDE MANAGEMENT STRATEGIC ISSUES OR TRANSPORTATION
7 ELECTRIFICATION PLANS, AS APPLICABLE, BUT A BENEFICIAL
8 ELECTRIFICATION PLAN MUST, AT A MINIMUM:

9 (I) INCLUDE PROPOSED PROGRAMS TO ADVANCE BENEFICIAL
10 ELECTRIFICATION FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS. PLANS
11 MAY ALSO INCLUDE PROGRAMS TO ADVANCE BENEFICIAL ELECTRIFICATION
12 FOR INDUSTRIAL CUSTOMERS.

13 (II) INCLUDE PROGRAMS TARGETED TO LOW-INCOME HOUSEHOLDS
14 OR DISPROPORTIONATELY IMPACTED COMMUNITIES, WITH AT LEAST
15 TWENTY PERCENT OF THE TOTAL BENEFICIAL ELECTRIFICATION PROGRAM
16 FUNDING TARGETED TO PROGRAMS THAT SERVE LOW-INCOME
17 HOUSEHOLDS OR DISPROPORTIONATELY IMPACTED COMMUNITIES;

18 (III) INCLUDE BUDGETS; TARGETED NUMBERS OF INSTALLATIONS;
19 PROJECTED FUEL SAVINGS; PROJECTED COST-EFFECTIVENESS
20 CALCULATIONS, INCLUDING THE SOCIAL COST OF METHANE AND CARBON
21 DIOXIDE EMISSIONS AND AN APPROPRIATE SOCIAL DISCOUNT RATE IN THE
22 COST-BENEFIT ANALYSIS; PROJECTED REDUCTIONS IN GREENHOUSE GAS
23 EMISSIONS; AND OTHER INFORMATION DEEMED RELEVANT BY THE
24 COMMISSION FOR THE PLAN AS A WHOLE AND FOR EACH PROGRAM
25 INCLUDED IN THE PLAN;

26 (IV) DEMONSTRATE THAT THE UTILITY WILL, TO THE GREATEST
27 EXTENT PRACTICABLE, SERVE INCREMENTAL LOAD ATTRIBUTABLE TO

1 BENEFICIAL ELECTRIFICATION WITH GENERATION THAT CAN BE
2 REASONABLY EXPECTED TO HAVE A CARBON INTENSITY NO HIGHER THAN
3 THE AVERAGE CARBON INTENSITY FOR ALL GENERATION IN THE UTILITY'S
4 PORTFOLIO;

5 (V) INCLUDE INCENTIVES TO FACILITATE BENEFICIAL
6 ELECTRIFICATION, WITH PROGRAMS TARGETED TOWARD NEW AND
7 EXISTING BUILDING MARKETS. PRODUCTS ELIGIBLE FOR INCENTIVES MUST
8 BE CERTIFIED UNDER THE FEDERAL ENERGY STAR PROGRAM, AS DEFINED
9 IN SECTION 6-7.5-102 (15), OR A SUCCESSOR PROGRAM IF THAT
10 CERTIFICATION IS AVAILABLE, IN PRODUCT CATEGORIES FOR WHICH SUCH
11 CERTIFICATION EXISTS.

12 (VI) INCLUDE AN OUTREACH PLAN FOR ENGAGEMENT WITH
13 CUSTOMERS IN LOW-INCOME HOUSEHOLDS AND DISPROPORTIONATELY
14 IMPACTED COMMUNITIES TO DEVELOP PROGRAMS TO SUPPORT THOSE
15 CUSTOMERS IN EVERY PHASE OF THE UTILITY'S BENEFICIAL
16 ELECTRIFICATION PROGRAMS, INCLUDING THROUGH INCENTIVES OFFERED
17 TO MULTIFAMILY BUILDINGS OCCUPIED IN FULL OR IN PART BY
18 LOW-INCOME HOUSEHOLDS; AND

19 (VII) INCLUDE DOCUMENTATION AND DATA TO SHOW THAT THE
20 UTILITY'S BENEFICIAL ELECTRIFICATION PLAN IS CONSISTENT WITH
21 MAINTAINING THE RELIABILITY OF THE ELECTRIC GRID.

22 (3) THE COMMISSION AND INVESTOR-OWNED ELECTRIC UTILITIES
23 SUBJECT TO COMMISSION JURISDICTION SHALL:

24 (a) INCORPORATE INTO THE COST-BENEFIT ANALYSIS OF
25 BENEFICIAL ELECTRIFICATION PLANS AND PROGRAMS:

26 (I) THE SOCIAL COSTS OF CARBON DIOXIDE AND METHANE
27 EMISSIONS, INCLUDING THE AVOIDED CARBON DIOXIDE EMISSIONS FROM

1 THE DIRECT COMBUSTION OF FOSSIL FUEL IN APPLIANCES OR INDUSTRIAL
2 EQUIPMENT THAT IS REPLACED WITH ELECTRICITY;

3 (II) THE AVOIDED UPSTREAM EMISSIONS OF METHANE FROM THE
4 PRODUCTION AND DELIVERY OF FOSSIL FUEL TO THE APPLIANCE OR
5 EQUIPMENT; ==

6 (III) THE INCREMENTAL CARBON DIOXIDE EMISSIONS FROM
7 GENERATION OF ELECTRICITY; AND

8 (IV) THE INCREMENTAL LOAD ATTRIBUTABLE TO BENEFICIAL
9 ELECTRIFICATION;

10 (b) USE THE METHODOLOGY DEFINED IN SECTION 40-3.2-106 (4)
11 TO DETERMINE THE COST OF CARBON DIOXIDE EMISSIONS;

12 (c) BASE THE COST OF METHANE EMISSIONS ON THE MOST RECENT
13 ASSESSMENT OF THE GLOBAL SOCIAL COST OF METHANE DEVELOPED BY
14 THE FEDERAL GOVERNMENT, USING A DISCOUNT RATE OF TWO AND
15 ONE-HALF PERCENT OR LESS; EXCEPT THAT, BEGINNING ON THE EFFECTIVE
16 DATE OF THIS SECTION, THE COMMISSION SHALL USE A SOCIAL COST OF
17 METHANE OF NOT LESS THAN ONE THOUSAND SEVEN HUNDRED FIFTY-SIX
18 DOLLARS PER SHORT TON. THE COMMISSION SHALL MODIFY THE SOCIAL
19 COST OF METHANE BASED ON ESCALATION RATES OF THE 2020 BASE COST
20 BY AN AMOUNT THAT IS EQUAL TO OR GREATER THAN THE ESCALATION
21 RATES ESTABLISHED IN THE ADDENDUM TO THE TECHNICAL SUPPORT
22 DOCUMENT AND SHALL USE A DISCOUNT RATE THAT DOES NOT EXCEED
23 THE LESSER OF TWO AND ONE-HALF PERCENT OR ANY LOWER VALUE
24 ESTABLISHED BY THE MOST RECENT AVAILABLE SUCCESSOR TO THE
25 TECHNICAL SUPPORT DOCUMENT.

26 (d) INCLUDE UPSTREAM LEAKAGE OF METHANE EMISSIONS IN THE
27 EXTRACTION, PRODUCTION, AND TRANSPORTATION OF FOSSIL GAS IN THE

1 COST-BENEFIT ANALYSIS IF THE AIR QUALITY CONTROL COMMISSION
2 DETERMINES AN ESTIMATE FOR UPSTREAM METHANE LEAKAGE.

3 (4) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE
4 COMMISSION SHALL ALLOW AN ELECTRIC UTILITY TO OFFER INCENTIVES TO
5 ITS CUSTOMERS TO REPLACE GAS APPLIANCES WITH HIGH-EFFICIENCY
6 ELECTRIC APPLIANCES.

7 (5) (a) THE COMMISSION SHALL ALLOW AN ELECTRIC UTILITY TO
8 RECOVER ITS PRUDENTLY INCURRED COSTS, ON A CURRENT BASIS, FOR
9 IMPLEMENTATION OF APPROVED BENEFICIAL ELECTRIFICATION PROGRAMS.

10 (b) THE COMMISSION MAY PROVIDE AN ELECTRIC UTILITY AN
11 OPPORTUNITY TO EARN INCENTIVES FOR EXCEEDING BENEFICIAL
12 ELECTRIFICATION TARGETS OR EMISSION-REDUCTION PERFORMANCE
13 TARGETS THAT THE COMMISSION HAS ESTABLISHED FOR THE BENEFICIAL
14 ELECTRIFICATION PLAN. FOR PURPOSES OF IMPLEMENTING THIS
15 SUBSECTION (5)(b), THE COMMISSION MAY CONSIDER INCENTIVE
16 MECHANISMS TO PROMOTE THE ADVANCEMENT OF THE UTILITY'S
17 BENEFICIAL ELECTRIFICATION PROGRAMS, WHICH MAY INCLUDE:

18 (I) AN INCENTIVE RATE OF RETURN ON BENEFICIAL
19 ELECTRIFICATION INVESTMENTS;

20 (II) AN INCENTIVE TO ALLOW THE UTILITY TO ACCELERATE
21 DEPRECIATION;

22 (III) AN INCENTIVE TO ALLOW THE UTILITY TO RETAIN A PORTION
23 OF THE NET ECONOMIC BENEFITS OF BENEFICIAL ELECTRIFICATION;

24 (IV) AN INCENTIVE TO ALLOW THE UTILITY TO COLLECT THE COST
25 OF BENEFICIAL ELECTRIFICATION PROGRAMS THROUGH A RIDER OR COST
26 ADJUSTMENT CLAUSE; OR

27 (V) ANY OTHER INCENTIVE MECHANISM THE COMMISSION DEEMS

1 APPROPRIATE.

2 (6) (a) BY APRIL 1, 2024, AND THEREAFTER AS DETERMINED BY
3 THE COMMISSION BUT NO LESS FREQUENTLY THAN EVERY SIX YEARS, AN
4 INVESTOR-OWNED ELECTRIC UTILITY SHALL FILE AN APPLICATION FOR A
5 BENEFICIAL ELECTRIFICATION STRATEGIC ISSUES FILING THAT PROPOSES
6 A TEN-YEAR BENEFICIAL ELECTRIFICATION TARGET AND OBJECTIVE
7 CRITERIA FOR MEASURING PROGRESS TOWARD ATTAINMENT OF THE
8 TARGET, WHICH CRITERIA MAY INCLUDE THE LEVEL OF SUBSTITUTION OF
9 RENEWABLE SOURCES FOR FOSSIL FUEL OR THE LEVEL OF REDUCTION IN
10 GREENHOUSE GAS EMISSIONS. THE COMMISSION SHALL APPROVE OR
11 AMEND AND APPROVE THE UTILITY'S APPLICATION, TAKING INTO ACCOUNT
12 THE UTILITY'S POTENTIAL FOR COST-EFFECTIVE BENEFICIAL
13 ELECTRIFICATION, THE STATE'S GREENHOUSE GAS POLLUTION REDUCTION
14 TARGETS, AND THE POTENTIAL FOR BENEFICIAL ELECTRIFICATION TO
15 REDUCE GREENHOUSE GAS EMISSIONS.

16 (b) THE BENEFICIAL ELECTRIFICATION STRATEGIC ISSUES FILING
17 MAY BE COMBINED WITH OTHER DEMAND-SIDE MANAGEMENT STRATEGIC
18 ISSUES OR RELATED FILINGS AS APPROPRIATE, AND AN INVESTOR-OWNED
19 GAS UTILITY MAY FILE WITH THE COMMISSION AN APPLICATION FOR A
20 BENEFICIAL ELECTRIFICATION PLAN FOR REGULATED ACTIVITIES TO
21 SUPPORT BENEFICIAL ELECTRIFICATION AS PART OF SUCH A PROCEEDING
22 OR AS A SEPARATE APPLICATION. A BENEFICIAL ELECTRIFICATION PLAN
23 FILED BY AN INVESTOR-OWNED GAS UTILITY IS ELIGIBLE FOR THE SAME
24 TREATMENT AS A BENEFICIAL ELECTRIFICATION PLAN FILED BY AN
25 INVESTOR-OWNED ELECTRIC UTILITY PURSUANT TO THIS SECTION.

26 (7) THE ELECTRIC UTILITY OR OTHER ENTITY COMMISSIONING A
27 BENEFICIAL ELECTRIFICATION PROJECT SHALL ENSURE COMPLIANCE WITH

1 THE LABOR STANDARDS SET FORTH IN SECTION 40-3.2-105.6.

2 (8) EACH ELECTRIC UTILITY THAT IMPLEMENTS A BENEFICIAL
3 ELECTRIFICATION PLAN SHALL SUBMIT TO THE COMMISSION AN ANNUAL
4 REPORT DESCRIBING THE BENEFICIAL ELECTRIFICATION PROGRAMS
5 IMPLEMENTED UNDER THE PLAN AND DOCUMENTING:

6 (a) PROGRAM EXPENDITURES, ENERGY SAVINGS, INCREMENTAL
7 ADDITIONAL ELECTRIC LOAD ATTRIBUTABLE TO APPROVED BENEFICIAL
8 ELECTRIFICATION PROGRAMS, AND INCREMENTAL ADDITIONAL
9 GREENHOUSE GAS EMISSIONS ASSOCIATED WITH BENEFICIAL ELECTRIC
10 LOAD ATTRIBUTABLE TO APPROVED BENEFICIAL ELECTRIFICATION
11 PROGRAMS;

12 (b) ASSUMED AVOIDED GREENHOUSE GAS EMISSIONS FROM OTHER
13 SECTORS RESULTING FROM APPROVED BENEFICIAL ELECTRIFICATION
14 PROGRAMS;

15 (c) SOCIETAL COSTS AND BENEFITS OF APPROVED BENEFICIAL
16 ELECTRIFICATION PROGRAMS AS WELL AS THE TECHNIQUES USED TO
17 CALCULATE THOSE IMPACTS;

18 (d) COMPLIANCE WITH THE LABOR STANDARDS SET FORTH IN
19 SECTION 40-3.2-105.6; AND

20 (e) ANY OTHER INFORMATION THAT THE COMMISSION REQUESTS.

21 (9) MUNICIPALLY OWNED ELECTRIC UTILITIES, COOPERATIVE
22 ELECTRIC ASSOCIATIONS, AND WHOLESALE ELECTRIC COOPERATIVES, AS
23 DEFINED IN SECTION 40-2-134, IN COLORADO ARE ENCOURAGED TO:

24 ==

25 (a) DEVELOP BENEFICIAL ELECTRIFICATION PLANS AS ADDRESSED
26 IN THIS SECTION AND TRANSPORTATION ELECTRIFICATION PROGRAMS
27 PURSUANT TO SECTION 40-5-107 THAT HELP THEIR CUSTOMERS INVEST IN

1 BENEFICIAL ELECTRIFICATION IN BUILDINGS AND TRANSPORTATION;

2 (b) ACCOUNT FOR THE SOCIAL COST OF CARBON DIOXIDE AND
3 METHANE EMISSIONS, SET TOTAL ENERGY SAVINGS AND
4 GREENHOUSE-GAS-EMISSION-REDUCTION GOALS, AND IMPLEMENT
5 BENEFICIAL ELECTRIFICATION PROGRAMS FOR THEIR CUSTOMERS;

6 (c) INCLUDE A BENEFICIAL ELECTRIFICATION PLAN OR
7 TRANSPORTATION ELECTRIFICATION PROGRAM AS PART OF A CLEAN
8 ENERGY PLAN; AND

9 (d) PARTICIPATE IN STATEWIDE OR REGIONAL INITIATIVES TO
10 INCREASE THE AVAILABILITY OF, DEVELOP THE MARKET FOR, AND SUPPORT
11 CONTRACTOR TRAINING ON HIGH-EFFICIENCY ELECTRIC TECHNOLOGIES. ==

12 (10) IN IMPLEMENTING THIS SECTION, THE COMMISSION SHALL NOT
13 REQUIRE THE REMOVAL OF GAS-FUELED APPLIANCES OR EQUIPMENT FROM
14 ANY EXISTING STRUCTURE OR BAN THE INSTALLATION OF GAS SERVICE
15 LINES TO ANY NEW STRUCTURE.

16 **SECTION 6.** In Colorado Revised Statutes, 22-43.7-107, **amend**
17 (2)(e) as follows:

18 **22-43.7-107. Public school facility construction guidelines -**
19 **establishment by board - use.** (2) The public school facility
20 construction guidelines must identify and describe the capital
21 construction, renovation, and equipment needs in public school facilities
22 and means of addressing those needs that will provide educational and
23 safety benefits at a reasonable cost. In preparing the guidelines, the board
24 shall address the following considerations:

25 (e) Consultation with the incumbent electric utility regarding
26 energy efficiency; beneficial electrification, as defined in ~~section~~
27 ~~40-3.2-106 (6)(a)~~ SECTION 40-1-102 (1.2); and renewable distributed

1 generation opportunities;

2 **SECTION 7. Act subject to petition - effective date.** This act
3 takes effect at 12:01 a.m. on the day following the expiration of the
4 ninety-day period after final adjournment of the general assembly; except
5 that, if a referendum petition is filed pursuant to section 1 (3) of article V
6 of the state constitution against this act or an item, section, or part of this
7 act within such period, then the act, item, section, or part will not take
8 effect unless approved by the people at the general election to be held in
9 November 2022 and, in such case, will take effect on the date of the
10 official declaration of the vote thereon by the governor.