

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

PREAMENDED

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

LLS NO. 24-0411.04 Clare Haffner x6137

HOUSE BILL 24-1370

HOUSE SPONSORSHIP

Kipp and Willford,

SENATE SPONSORSHIP

(None),

House Committees

Energy & Environment
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING MEASURES TO REDUCE THE COST OF USE OF NATURAL**
102 **GAS INFRASTRUCTURE.**

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 requires the Colorado energy office to issue a request for information by December 1, 2024, to solicit interest from local governments that are served by a dual-fuel utility (utility) in becoming a gas planning priority community (community). A gas planning priority community is defined in the bill as a local government in which constituents have gas service provided by a dual-fuel utility that formally

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.*

indicates an interest in working with the utility to mutually explore opportunities for neighborhood-scale alternatives projects. A neighborhood-scale alternatives project geographically targets decommissioning of a portion of the gas distribution system or avoids expanding the gas distribution system in order to serve new construction projects and provides substitute energy service to buildings within the project area that is cost-effective and reduces future greenhouse gas emissions required to serve buildings.

By April 30, 2025, the Colorado energy office and the utility must jointly file with the public utilities commission (commission) the results of the request for information, identifying any proposed communities. The Colorado energy office and the utility must also file a draft agreement between the utility and a proposed community to identify and pursue a neighborhood-scale alternatives project. The commission must approve or modify the list of proposed communities by June 30, 2025.

By October 1, 2025, a utility and each approved community must enter into an agreement, and the utility must submit to the commission a list of the communities with which the utility has entered into an agreement. For each approved community, the utility is required to disclose certain information to the Colorado energy office, the commission, and the community, including a map with information regarding the utility's gas distribution and electric systems and operations within the community.

The bill requires the utility to work with an approved community to rank neighborhood-scale alternatives projects and, before June 1, 2026, to submit at least one neighborhood-scale alternatives project in each community to the commission for approval or an explanation of why no neighborhood-scale alternatives project will be pursued in a community.

By June 1 of each year following approval of a neighborhood-scale alternatives project, a utility is required to submit a report to the commission on the implementation of any approved neighborhood-scale alternatives projects. The commission must allow the utility to recover costs incurred from the implementation of a neighborhood-scale alternatives project.

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

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

4 **ARTICLE 3.3**

5 **Gas Infrastructure Planning**

1 **40-3.3-101. Definitions.** AS USED IN THIS ARTICLE 3.3, UNLESS
2 THE CONTEXT OTHERWISE REQUIRES:

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

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

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

12 (4) "DUAL-FUEL UTILITY" MEANS AN INVESTOR-OWNED UTILITY IN
13 WHICH ONE COMPANY OR A SUBSIDIARY OF THE SAME COMPANY OPERATES
14 BOTH AN ELECTRIC AND A GAS UTILITY THAT HAVE SERVICE TERRITORIES
15 IN THE STATE WHERE GREATER THAN FIFTY PERCENT OF ALL CUSTOMERS
16 IN THOSE TERRITORIES RECEIVE BOTH GAS AND ELECTRIC SERVICE FROM
17 A UTILITY OPERATED BY THAT COMPANY OR A SUBSIDIARY OF THE SAME
18 COMPANY.

19 (5) "GAS" MEANS NATURAL OR GEOLOGICAL GAS, RECOVERED
20 METHANE, OR ANY MIXTURE OF NATURAL OR GEOLOGICAL GAS OR
21 RECOVERED METHANE THAT IS TRANSPORTED BY A COMMON CARRIER OR
22 DEDICATED PIPELINE, INCLUDING FLAMMABLE GAS; MANUFACTURED GAS;
23 PETROLEUM OR OTHER HYDROCARBON GASES, SUCH AS PROPANE; OR ANY
24 MIXTURE OF FOSSIL GASES THAT IS INJECTED INTO A PIPELINE AND
25 TRANSMITTED, DISTRIBUTED, OR FURNISHED BY A UTILITY.

26 (6) "GAS INFRASTRUCTURE PLAN" MEANS A REQUIREMENT FOR GAS
27 UTILITIES ESTABLISHED BY THE COMMISSION THAT IS DESIGNED TO

1 ESTABLISH A PROCESS TO DETERMINE THE NEED FOR, AND POTENTIAL
2 ALTERNATIVES TO, CAPITAL INVESTMENT, CONSISTENT WITH THE
3 OBJECTIVES OF MAINTAINING JUST AND REASONABLE RATES; ENSURING
4 SYSTEM SAFETY, RELIABILITY, AND RESILIENCY; AND PROTECTING
5 INCOME-QUALIFIED UTILITY CUSTOMERS AND DISPROPORTIONATELY
6 IMPACTED COMMUNITIES.

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

14 (8) "GREENHOUSE GAS REDUCTION GOALS" MEANS THE STATE'S
15 GREENHOUSE GAS REDUCTION GOALS DESCRIBED IN SECTION 25-7-102
16 (2)(g).

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

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

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

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

8 (13) "PIPELINE SEGMENT" MEANS A DISCRETE PORTION OF THE
9 DISTRIBUTION SYSTEM AND ALL ANCILLARY STRUCTURES, VALVES, AND
10 OTHER SYSTEMS NEEDED TO DISTRIBUTE GAS. A PIPELINE SEGMENT MUST
11 BE THE SMALLEST INCREMENTAL UNIT POSSIBLE, AS DEFINED BY PIPELINE
12 MATERIALS, GEOGRAPHICAL FEATURES, AND THE DESIGN OF THE
13 DISTRIBUTION SYSTEM.

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

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

18 **40-3.3-102. Request for information - gas planning pilot**
19 **community - disclosures.** (1) (a) BY DECEMBER 1, 2024, THE COLORADO
20 ENERGY OFFICE SHALL ISSUE A REQUEST FOR INFORMATION TO IDENTIFY
21 LOCAL GOVERNMENTS WHOSE RESIDENTS ARE SERVED BY A DUAL-FUEL
22 UTILITY THAT ARE INTERESTED IN BECOMING A GAS PLANNING PILOT
23 COMMUNITY.

24 (b) THE COLORADO ENERGY OFFICE SHALL INCLUDE IN THE
25 REQUEST FOR INFORMATION THE MINIMUM CRITERIA THAT A LOCAL
26 GOVERNMENT MUST MEET IN ORDER TO BECOME A GAS PLANNING PILOT
27 COMMUNITY, INCLUDING:

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

4 (II) A WILLINGNESS TO PROMOTE NEIGHBORHOOD-SCALE
5 ALTERNATIVES PROJECTS AND TO SUPPORT, ENGAGE, AND EDUCATE
6 RESIDENTS WITHIN A COMMUNITY FOR WHICH A NEIGHBORHOOD-SCALE
7 ALTERNATIVES PROJECT IS PROPOSED PRIOR TO APPROVAL BY THE
8 COMMISSION; AND

9 (III) A COMMITMENT OF INTERNAL OR EXTERNAL STAFF
10 RESOURCES TO IDENTIFY AND IMPLEMENT NEIGHBORHOOD-SCALE
11 ALTERNATIVES PROJECTS.

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

16 (2) (a) BY APRIL 30, 2025, THE COLORADO ENERGY OFFICE AND A
17 DUAL-FUEL UTILITY SHALL JOINTLY FILE WITH THE COMMISSION THE
18 RESULTS OF THE REQUEST FOR INFORMATION REQUIRED BY SUBSECTION
19 (1)(a) OF THIS SECTION, IDENTIFYING UP TO FIVE PROPOSED GAS PLANNING
20 PILOT COMMUNITIES, AND A DRAFT AGREEMENT BETWEEN THE DUAL-FUEL
21 UTILITY AND ANY PROPOSED GAS PLANNING PILOT COMMUNITY, WHICH
22 DRAFT AGREEMENT MUST:

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

26 (II) IDENTIFY TIME FRAMES FOR EACH PARTY TO FURNISH DATA OR
27 RESPOND TO REQUESTS FOR DATA FROM THE OTHER PARTY;

1 (III) INCLUDE ANY NECESSARY WAIVERS OF COMMISSION RULES TO
2 FACILITATE DATA TRANSFER BETWEEN THE PARTIES; AND

3 (IV) INCLUDE A PROCESS TO ADDRESS CONFLICTS BETWEEN THE
4 TWO PARTIES.

5 (b) THE COMMISSION SHALL PROVIDE AN OPPORTUNITY FOR THE
6 PUBLIC TO SUBMIT WRITTEN COMMENTS ON THE FILING.

7 (c) BY JUNE 30, 2025, THE COMMISSION SHALL APPROVE OR
8 MODIFY THE LIST OF PROPOSED GAS PLANNING PILOT COMMUNITIES;
9 EXCEPT THAT THE COMMISSION SHALL NOT INCREASE THE NUMBER OF
10 PROPOSED GAS PLANNING PILOT COMMUNITIES BEYOND FIVE.

11 (3) BY OCTOBER 1, 2025, A DUAL-FUEL UTILITY SHALL ENTER INTO
12 AN AGREEMENT WITH EACH LOCAL GOVERNMENT THAT HAS BEEN
13 APPROVED AS A GAS PLANNING PILOT COMMUNITY AND SHALL SUBMIT TO
14 THE COMMISSION A LIST OF THE GAS PLANNING PILOT COMMUNITIES WITH
15 WHICH THE DUAL-FUEL UTILITY HAS ESTABLISHED AN AGREEMENT. THE
16 DUAL-FUEL UTILITY AND LOCAL GOVERNMENT MAY AGREE TO EXTEND
17 THIS DEADLINE.

18 (4) (a) UNLESS OTHERWISE DIRECTED BY THE COMMISSION OR
19 REQUESTED BY THE GAS PLANNING PILOT COMMUNITY, A DUAL-FUEL
20 UTILITY SHALL PROVIDE EACH GAS PLANNING PILOT COMMUNITY, THE
21 COMMISSION, AND THE COLORADO ENERGY OFFICE WITH DATA AND
22 INFORMATION TO INFORM THE EVALUATION OF POTENTIAL
23 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS THAT INCLUDES:

24 (I) THE LOCATION OF ANY PLANNED GAS INFRASTRUCTURE
25 PROJECTS IN THE GAS PLANNING PILOT COMMUNITY WITHIN THE SIX-YEAR
26 GAS PROJECT PLANNING FORECAST IN THE DUAL-FUEL UTILITY'S MOST
27 RECENTLY APPROVED GAS INFRASTRUCTURE PLAN OR IDENTIFIED BY THE

1 DUAL-FUEL UTILITY FOR INCLUSION IN A FUTURE GAS INFRASTRUCTURE
2 PLAN TO THE EXTENT AVAILABLE; AND

3 (II) THE FOLLOWING INFORMATION REGARDING THE PLANNED GAS
4 INFRASTRUCTURE PROJECTS DESCRIBED IN SUBSECTION (4)(a)(I) OF THIS
5 SECTION:

6 (A) THE PROJECT NAME;

7 (B) THE PROJECT CATEGORY, CONSISTENT WITH THE PLANNED
8 PROJECTS CATEGORIES DESCRIBED IN APPLICABLE COMMISSION RULES;

9 (C) A DESCRIPTION OF THE GENERAL SCOPE OF WORK AND AN
10 EXPLANATION OF THE NEED FOR THE PROJECT, INCLUDING ANY
11 APPLICABLE CODE REQUIREMENTS OF THE UNITED STATES DEPARTMENT
12 OF TRANSPORTATION'S PIPELINE AND HAZARDOUS MATERIALS SAFETY
13 ADMINISTRATION;

14 (D) THE PROJECTED LIFE OF THE PROJECT;

15 (E) AN INDICATION OF WHETHER THE PROJECT IS PRESENTED AS A
16 GAS INFRASTRUCTURE PLAN ACTION PERIOD PROJECT OR A GAS
17 INFRASTRUCTURE PLAN INFORMATIONAL PERIOD PROJECT PURSUANT TO
18 APPLICABLE COMMISSION RULES;

19 (F) THE ANTICIPATED: CONSTRUCTION START DATE FOR THE
20 PROJECT; CONSTRUCTION PERIOD FOR THE PROJECT, INCLUDING AN
21 INDICATION OF ANY CONSTRUCTION PHASES; AND IN-SERVICE DATE FOR
22 THE PROJECT;

23 (G) THE COST-ESTIMATE CLASSIFICATION FOR THE PROJECT, USING
24 THE DUAL-FUEL UTILITY'S OR AN INDUSTRY-ACCEPTED COST-ESTIMATE
25 CLASSIFICATION INDEX; SUPPORT FOR THE COST-ESTIMATE
26 CLASSIFICATION; AND THE TOTAL COST ESTIMATE FOR THE PROJECT;

27 (H) THE TECHNICAL DETAILS OF THE PROJECT, SUCH AS THE

1 PHYSICAL EQUIPMENT CHARACTERISTICS OF THE PROPOSED FACILITIES,
2 PIPELINE LENGTH, PIPELINE DIAMETER, PROJECT MATERIALS, AND
3 MAXIMUM ALLOWABLE OPERATING PRESSURE;

4 (I) THE PROJECT LOCATION AND AN ILLUSTRATIVE MAP OF THE GAS
5 DISTRIBUTION SYSTEM FACILITIES, SUBJECT TO NECESSARY
6 CONFIDENTIALITY PROVISIONS, INCLUDING: THE PRESSURE DISTRICT OR
7 GEOGRAPHIC AREA THAT REQUIRES THE PROPOSED FACILITIES, THE
8 EXISTING AND PROPOSED REGULATOR STATIONS AND EXISTING AND
9 PROPOSED DISTRIBUTION PIPING AND HIGHER CAPACITY PIPELINES SERVED
10 BY OR REPRESENTING THE PROPOSED FACILITIES, THE LOCATIONS OF ANY
11 NEARBY DISPROPORTIONATELY IMPACTED COMMUNITIES, AND ANY OTHER
12 INFORMATION NECESSARY TO ALLOW THE LOCAL GOVERNMENT TO MAKE
13 A THOROUGH EVALUATION OF THE PROJECT;

14 (J) TO THE EXTENT PRACTICABLE, THE NUMBER OF CUSTOMERS,
15 ANNUAL SALES, AND DESIGN PEAK DEMAND REQUIREMENTS,
16 DISAGGREGATED BY CUSTOMER CLASS, POTENTIALLY DIRECTLY IMPACTED
17 OR SERVED BY THE PROJECT;

18 (K) ANY PERMITS REQUIRED FOR WORK ON THE PROJECT TO BEGIN;
19 AND

20 (L) ANY ENVIRONMENTAL REQUIREMENTS ASSOCIATED WITH
21 COMPLETION OF THE PROJECT.

22 (b) A DUAL-FUEL UTILITY SHALL PROVIDE GAS PLANNING PILOT
23 COMMUNITY STAFF AND CONSULTANTS, WHO HAVE SIGNED APPROPRIATE
24 NONDISCLOSURE AGREEMENTS, WITH ALL REQUESTED GAS AND ELECTRIC
25 CUSTOMER USAGE AND DESIGN PEAK DEMAND DATA, TO THE EXTENT
26 AVAILABLE AND DISAGGREGATED TO THE INDIVIDUAL CUSTOMER, FOR ALL
27 PLANNED GAS INFRASTRUCTURE PROJECTS LOCATED IN A GAS PLANNING

1 PILOT COMMUNITY WITHIN THE SIX-YEAR GAS PROJECT PLANNING
2 FORECAST IN THE DUAL-FUEL UTILITY'S MOST RECENTLY APPROVED GAS
3 INFRASTRUCTURE PLAN OR IDENTIFIED BY THE DUAL-FUEL UTILITY FOR
4 INCLUSION IN A FUTURE GAS INFRASTRUCTURE PLAN. THE DUAL-FUEL
5 UTILITY SHALL PROVIDE SUCH INFORMATION WITHIN THE RELEVANT TIME
6 FRAME ESTABLISHED PURSUANT TO SUBSECTION (2)(a)(II) OF THIS
7 SECTION.

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

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

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

19 (b) THE DEGREE OF SUPPORT FOR THE NEIGHBORHOOD-SCALE
20 ALTERNATIVES PROJECT FROM CUSTOMERS POTENTIALLY IMPACTED BY
21 THE PROJECT, WITH PREFERENCE GIVEN TO THOSE PROJECTS THAT HAVE
22 FULL SUPPORT FROM POTENTIALLY IMPACTED CUSTOMERS;

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

26 (d) THE AVAILABILITY OF ALTERNATIVE ENERGY SERVICE,
27 INCLUDING FOR SCENARIOS WITH ENHANCED GAS AND ELECTRIC DEMAND

1 RESPONSE OR DEMAND FLEXIBILITY;

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

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

7 (g) THE PRIORITIZATION OF PIPELINE SEGMENTS THAT ARE PART OF
8 PROJECTS INCLUDED IN A DUAL-FUEL UTILITY'S GAS INFRASTRUCTURE
9 PLAN OR OTHERWISE IDENTIFIED BY THE DUAL-FUEL UTILITY FOR
10 INCLUSION IN A FUTURE GAS INFRASTRUCTURE PLAN, TO THE EXTENT THIS
11 INFORMATION IS AVAILABLE;

12 (h) THE LOCATION OF ANY NEARBY DISPROPORTIONATELY
13 IMPACTED COMMUNITY OR PIPELINE SEGMENTS THAT SERVE
14 DISPROPORTIONATELY IMPACTED COMMUNITIES; AND

15 (i) THE EXTENT TO WHICH A NEIGHBORHOOD-SCALE
16 ALTERNATIVES PROJECT AVOIDS COST SHIFTS TO NONPARTICIPATING
17 CUSTOMERS, WITH PREFERENCE GIVEN TO THOSE PROJECTS THAT
18 DEMONSTRATE A MINIMAL OR NO COST SHIFT.

19 (2) (a) (I) PRIOR TO JUNE 1, 2026, A DUAL-FUEL UTILITY AND
20 LOCAL GOVERNMENT SHALL JOINTLY SUBMIT FOR APPROVAL AT LEAST ONE
21 INITIAL NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, TO BE LOCATED
22 WITHIN A GAS PLANNING PILOT COMMUNITY, TO THE COMMISSION IF THE
23 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT HAS THE FULL SUPPORT OF
24 POTENTIALLY AFFECTED CUSTOMERS. THE FILING MUST ALSO CONTAIN A
25 LIST OF POTENTIAL PROJECTS THAT ARE RANKED HIGHLY BUT DO NOT
26 HAVE FULL CUSTOMER SUPPORT AT THE TIME OF THE FILING.

27 (II) PRIOR TO JUNE 1, 2027, A DUAL-FUEL UTILITY AND A LOCAL

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

14 (III) IF A DUAL-FUEL UTILITY WILL NOT PURSUE A
15 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT IN ONE OR MORE GAS
16 PLANNING PILOT COMMUNITIES, THE DUAL-FUEL UTILITY AND LOCAL
17 GOVERNMENT, PRIOR TO JUNE 1, 2027, SHALL JOINTLY FILE A REPORT WITH
18 THE COMMISSION EXPLAINING WHY A NEIGHBORHOOD-SCALE
19 ALTERNATIVES PROJECT WILL NOT BE PURSUED IN THAT COMMUNITY.

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

23 (c) THE COMMISSION SHALL APPROVE A NEIGHBORHOOD-SCALE
24 ALTERNATIVES PROJECT APPLICATION SUBMITTED BY A DUAL-FUEL
25 UTILITY IF:

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

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

2 (A) CONSISTENT WITH THE STATE'S GREENHOUSE GAS REDUCTION
3 GOALS; AND

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

7 (III) THE COMMISSION FINDS THAT ALTERNATIVE ENERGY SERVICE
8 IS AVAILABLE TO ALL CUSTOMERS WITHIN THE PROJECT AREA AND CAN
9 REASONABLY BE IMPLEMENTED WITHIN THE PROJECT AREA. IN MAKING
10 THIS FINDING, THE COMMISSION SHALL CONSIDER:

11 (A) THE COST OF END USES POWERED BY DIFFERENT FUELS,
12 IMPACTS ON INCOME-QUALIFIED UTILITY CUSTOMERS AND CUSTOMERS
13 LIVING IN DISPROPORTIONATELY IMPACTED COMMUNITIES, AND THE
14 STATE'S GREENHOUSE GAS EMISSION REDUCTION GOALS;

15 (B) EXISTING UTILITY OR OTHER INCENTIVES TO SUPPORT
16 CUSTOMER ADOPTION OF THE ALTERNATIVE ENERGY SERVICE; AND

17 (C) THE DEGREE OF CUSTOMER SUPPORT FOR THE PROJECT,
18 CONSIDERING THE INFORMATION PROVIDED PURSUANT TO SUBSECTION
19 (1)(b) OF THIS SECTION, AND WITH PRIORITY GIVEN TO PROJECTS THAT
20 HAVE THE FULL SUPPORT OF POTENTIALLY AFFECTED CUSTOMERS.

21 (3) (a) THE COMMISSION SHALL ALLOW A DUAL-FUEL UTILITY TO
22 CURRENTLY RECOVER THE COSTS INCURRED DURING THE DEVELOPMENT
23 OF A NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, INCLUDING COSTS
24 TO TRANSITION THE DISTRIBUTION SYSTEM, INVEST IN ELECTRIC
25 INFRASTRUCTURE, AND PROVIDE CUSTOMER INCENTIVES. SUCH COSTS ARE
26 FULLY RECOVERABLE REGARDLESS OF THE PERFORMANCE OF THE
27 ALTERNATIVE ENERGY SERVICE. THE COMMISSION SHALL ALSO PERMIT

1 COST RECOVERY FOR PERSONNEL TO WORK ON THE DEVELOPMENT, IN
2 WHOLE OR IN PART, OF NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS.

3 (b) THE DUAL-FUEL UTILITY SHALL PROPOSE TO THE COMMISSION
4 HOW COSTS WILL BE RECOVERED ACROSS THE DUAL-FUEL UTILITY'S
5 ELECTRIC AND GAS BUSINESS.

6 (c) FOR GAS PLANNING PILOT COMMUNITIES THAT RECEIVE GAS
7 SERVICE FROM A DUAL-FUEL UTILITY BUT ARE NOT SERVED BY THE
8 ELECTRIC UTILITY THAT IS PART OF THE DUAL-FUEL UTILITY, THE
9 COMMISSION SHALL CONSIDER A COST-SHARING AGREEMENT, AS
10 NECESSARY TO IMPLEMENT A NEIGHBORHOOD-SCALE ALTERNATIVES
11 PROJECT, WHICH AGREEMENT THE DUAL-FUEL UTILITY PROPOSES TO ENTER
12 INTO WITH A LOCAL COOPERATIVE ELECTRIC ASSOCIATION OR
13 MUNICIPALLY OWNED ELECTRIC UTILITY TO MAKE THE INCUMBENT GAS
14 UTILITY THAT IS PART OF THE DUAL-FUEL UTILITY AND ITS CUSTOMERS
15 WHOLE FOR ANY PROJECTS APPROVED BY THE COMMISSION WHEN THERE
16 IS A COST SHIFT. THIS SUBSECTION (3)(c) SHALL NOT BE CONSTRUED TO
17 SUBJECT A LOCAL COOPERATIVE ELECTRIC ASSOCIATION OR MUNICIPALLY
18 OWNED ELECTRIC UTILITY ENTERING INTO SUCH AN AGREEMENT WITH A
19 DUAL-FUEL UTILITY TO THE JURISDICTION OF THE COMMISSION. ANY
20 FEDERAL, STATE, OR LOCAL FUNDING MADE AVAILABLE FOR A PROJECT
21 SHALL BE APPLIED PRIOR TO APPLICATION OF UTILITY PROGRAMMATIC
22 FUNDS, SUCH AS DEMAND-SIDE MANAGEMENT, BENEFICIAL
23 ELECTRIFICATION, OR OTHER EXISTING OR FUTURE CUSTOMER-SITED
24 PROGRAMS, INCENTIVES, REBATES, AND FINANCING.

25 (4) IN APPROVING A NEIGHBORHOOD-SCALE ALTERNATIVES
26 PROJECT IN A GAS PLANNING PILOT COMMUNITY, THE COMMISSION MAY
27 MODIFY THE GAS UTILITY'S SERVICE REQUIREMENT FOR SELECT PREMISES

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

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

19 (b) A DUAL-FUEL UTILITY MAY ALSO PROPOSE TO OFFER NEW RATE
20 STRUCTURES TO PAY FOR THERMAL ENERGY NETWORKS OR OTHER
21 NONEMITTING THERMAL RESOURCES AS AN ALTERNATIVE ENERGY
22 SERVICE, UNDER WHICH RATE STRUCTURES CUSTOMERS PAY THE UTILITY
23 FOR THERMAL ENERGY NETWORK SERVICES TO OFFSET THE INITIAL COST
24 OF NEW APPLIANCES OR OTHER EQUIPMENT. IF A DUAL-FUEL UTILITY
25 PROPOSES TO OFFER SUCH A RATE, THE COMMISSION SHALL NOT GRANT
26 THE DUAL-FUEL UTILITY CURRENT COST RECOVERY PURSUANT TO
27 SUBSECTION (3)(a) OF THIS SECTION. A DUAL-FUEL UTILITY SHALL HAVE

1 THE RIGHT OF FIRST REFUSAL TO OFFER THERMAL ENERGY NETWORK
2 SERVICE OR ALTERNATIVE ENERGY SERVICE AS PART OF A
3 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, PROVIDED THAT SUCH
4 RIGHT OF FIRST REFUSAL:

- 5 (I) IS APPROVED BY THE COMMISSION;
- 6 (II) IS LIMITED TO NEIGHBORHOOD-SCALE ALTERNATIVES
7 PROJECTS IN GAS PLANNING PILOT COMMUNITIES; AND
- 8 (III) IS EXERCISED WITHIN TWO YEARS AFTER APPROVAL BY THE
9 COMMISSION.

10 (6) BY JUNE 1 OF EACH YEAR FOLLOWING APPROVAL OF A
11 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, A DUAL-FUEL UTILITY
12 SHALL SUBMIT A REPORT TO THE COMMISSION ON THE IMPLEMENTATION
13 OF THE NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT. THE REPORT
14 MUST INCLUDE, AT A MINIMUM:

- 15 (a) AN UPDATE ON PROJECT IMPLEMENTATION, INCLUDING THE
16 DEGREE OF CUSTOMER SUPPORT FOR THE PROJECT;
- 17 (b) AN EXPLANATION OF CUSTOMER SATISFACTION WITH
18 ALTERNATIVE ENERGY SERVICE;
- 19 (c) ACTUAL PROJECT COSTS INCURRED;
- 20 (d) THE IMPACT ON TOTAL ENERGY BILL AND ENERGY RELIABILITY
21 FOR CUSTOMERS RECEIVING ALTERNATIVE ENERGY SERVICE;
- 22 (e) ANY ENCOUNTERED BARRIERS TO PROJECT IMPLEMENTATION,
23 INCLUDING TECHNOLOGICAL OR WORKFORCE BARRIERS, AND THE LESSONS
24 LEARNED IN OVERCOMING THOSE BARRIERS;
- 25 (f) THE IMPACT ON INCOME-QUALIFIED UTILITY CUSTOMERS AND
26 CUSTOMERS LIVING IN DISPROPORTIONATELY IMPACTED COMMUNITIES;
27 AND

- 1 (g) ANY OTHER INFORMATION REQUIRED BY THE COMMISSION.
- 2 (7) BY DECEMBER 30, 2027, THE COMMISSION SHALL OPEN A
3 MISCELLANEOUS PROCEEDING TO ADDRESS, OR SHALL ADDRESS IN AN
4 EXISTING MISCELLANEOUS PROCEEDING, THE LESSONS LEARNED FROM
5 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS, INCLUDING:
- 6 (a) THE COSTS, BENEFITS, AND CUSTOMER EXPERIENCE;
- 7 (b) THE ABILITY OF NEIGHBORHOOD-SCALE ALTERNATIVES
8 PROJECTS TO CONTRIBUTE TO MEETING CLEAN HEAT TARGETS PURSUANT
9 TO SECTION 40-3.2-108;
- 10 (c) THE APPROPRIATE ROLE OF A DUAL-FUEL UTILITY IN OFFERING
11 ALTERNATIVE ENERGY SERVICE; AND
- 12 (d) CONSIDERATIONS FOR THE APPROPRIATE PROCEEDING AND
13 PROCESSES FOR THE IDENTIFICATION AND FILING OF FUTURE
14 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS BEYOND THOSE IN THE
15 INITIAL GAS PLANNING PILOT COMMUNITIES.

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