

**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. 24-0450.03 Sarah Lozano x3858

**SENATE BILL 24-218**

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**SENATE SPONSORSHIP**

**Hansen and Fenberg**, Priola, Buckner, Cutter, Fields, Jaquez Lewis, Marchman,  
Michaelson Jenet, Simpson, Winter F.

**HOUSE SPONSORSHIP**

**Duran and Brown**,

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**Senate Committees**

Finance  
Appropriations

**House Committees**

Finance  
Appropriations

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**A BILL FOR AN ACT**

101    **CONCERNING MEASURES TO MODERNIZE ENERGY DISTRIBUTION**  
102        **SYSTEMS, AND, IN CONNECTION THEREWITH, MAKING AN**  
103        **APPROPRIATION.**

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**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 office of future of work to create a grant program, in coordination with the Colorado energy office, for lineworker apprenticeship programs (grant program). In connection with the grant program, the office of future of work must create a competitive application process and select apprenticeship programs that meet certain

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.*

SENATE  
3rd Reading Unamended  
May 1, 2024

SENATE  
Amended 2nd Reading  
April 30, 2024

training and matching requirements. On July 1, 2024, the state treasurer must transfer \$800,000 from the general fund to the Colorado lineworker apprenticeship grant program cash fund, which is created in the bill, for the purposes of the grant program.

The bill also requires an investor-owned electric utility that serves 500,000 customers or more in the state (qualifying retail utility) to upgrade the qualifying retail utility's distribution systems as necessary to support the:

- Achievement of the state's beneficial and transportation electrification and decarbonization goals; and
- Implementation of federal, state, regional, and local air quality and decarbonization targets, standards, plans, and regulations (decarbonization targets and standards).

In connection with these goals and decarbonization targets and standards, a qualifying retail utility is required to:

- Commence a data collection process to inform future energization timelines;
- Adopt certain cost caps;
- Propose to the public utilities commission (commission) the use of an optional flexible interconnection or energization tariff or phased interconnection or energization agreement by a customer as an alternative to system upgrades that would otherwise be required for interconnection or energization; and
- Establish a procedure for customers with a hybrid facility to complete the interconnection and energization process through a single application.

A qualifying retail utility is required to identify interconnection and load hosting capacity for distributed energy resources for disproportionately impacted communities within its service territory.

Prior to the establishment of the grid modernization adjustment clause, a qualifying retail utility shall recover forecasted investments placed into service and costs incurred for certain capital investment and operations and maintenance expenses (distribution activities) for a period of time ending on December 31, 2025. Recovery of the costs associated with the distribution activities must occur through the transmission cost adjustment clause or another existing adjustment clause, subject to certain conditions.

Current law requires certain utilities to file a distribution system plan (plan) with the commission. The bill also requires the plans of a qualifying retail utility to create sufficient hosting capacity across its electrical distribution system to support the implementation of the decarbonization targets and standards and certain other laws, rules, plans, and policies.

In developing a plan, a qualifying retail utility must consult with

and provide compensated opportunities to disproportionately impacted communities.

As part of a plan proceeding, a qualifying retail utility is required to present at least 2 future planning scenarios with corresponding investments to show future different states of the distribution system. In evaluating a qualifying retail utility's plans, the commission must evaluate whether the plan satisfies certain criteria. In addition, the plan must include a performance-based framework, which must consist of certain specified components.

A qualifying retail utility must include in the qualifying retail utility's plan an analysis of current and future qualified staffing levels necessary to comply with state laws regarding distribution system planning (adequate staffing levels). The commission must review whether each qualifying retail utility's plan has adequate staffing levels before the qualifying retail utility's plan may proceed.

A qualifying retail utility must ensure that, in any projects undertaken to implement a plan, all labor is performed by the employees of the qualifying retail utility or by a contractor that meets certain labor requirements.

The commission must open a rule-making to consider and establish rules regarding energization timelines; interconnection; interconnection, energization, and electrification of end uses; and maximum individual cost caps or fees.

Subject to commission review and approval, a qualifying retail utility is required to recover certain projected costs related to distribution activities as part of the qualifying retail utility's plans. If the commission finds that the distribution activities benefit or advance the decarbonization targets and standards or state energy policy goals, recovery of the costs must occur through the grid modernization adjustment clause. For distribution system activities that do not benefit or advance the decarbonization targets and standards or state energy policy goals, recovery of the costs may occur through the grid modernization adjustment clause if the qualifying retail utility meets the criteria established in the performance-based framework in the qualifying retail utility's approved plan. A qualifying retail utility is required to make an annual grid modernization adjustment clause advice letter filing with the commission no later than November 1 of each year with an effective date of January 1 of the subsequent year.

No later than February 1, 2025, a qualifying retail utility is required to create and file with the commission an application to implement a virtual power plant program, including a tariff for performance-based compensation for a qualified virtual power plant. The virtual power plant program and tariff must include and implement certain requirements. A qualifying retail utility may apply to recover certain business costs to facilitate a virtual power plant program through

the grid modernization adjustment clause.

By January 1, 2025, a qualifying retail utility is required to file a plan with the commission to implement programs for the undergrounding of utility distribution infrastructure (undergrounding) in nonfranchised areas in the state using 1% of an area's gross electric revenues from the prior year. A qualifying retail utility must also consider the public benefit of undergrounding in its plans.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 40-2-132.5 as  
3 follows:

4 **40-2-132.5. Distribution system planning - grant program -**  
5 **cash fund - requirements - study - staffing - labor - cost recovery -**  
6 **virtual power plant program - undergrounding of power lines -**  
7 **report - rules - definitions - legislative declaration - repeal.**

8 (1) **Legislative declaration.** (a) THE GENERAL ASSEMBLY FINDS THAT:

9 (I) DISTRIBUTION SYSTEM PLANNING REQUIREMENTS FOR  
10 INVESTOR-OWNED UTILITIES WERE ESTABLISHED BY SENATE BILL 19-236,  
11 ENACTED IN 2019;

12 (II) THE COMMISSION'S DISTRIBUTION SYSTEM PLANNING RULES  
13 AND PLANS ESTABLISHED PURSUANT TO SENATE BILL 19-236, ENACTED IN  
14 2019, HAVE PROVIDED A FORUM FOR PLANNING THE DISTRIBUTION SYSTEM  
15 IN ORDER TO SUPPORT STATE POLICY GOALS BASED ON CURRENT  
16 INFORMATION ABOUT UTILITY SYSTEMS AND PROACTIVE PLANNING,  
17 ALTHOUGH CONSIDERABLE WORK REMAINS AND CUSTOMERS ARE  
18 INCREASINGLY CHALLENGED BY DISTRIBUTION SYSTEM CONSTRAINTS;

19 (III) COLORADO HAS GOALS OF COST-EFFECTIVELY AND RELIABLY  
20 REDUCING GREENHOUSE GAS EMISSIONS FROM TRANSPORTATION,  
21 ELECTRICITY GENERATION, BUILDING HEATING AND COOLING, WATER  
22 HEATING, AND INDUSTRIAL FUEL USES. TO AFFORDABLY AND RELIABLY

1 REDUCE EMISSIONS FROM THESE USES AS WELL AS TO MEET FEDERAL,  
2 STATE, REGIONAL, AND LOCAL AIR QUALITY AND DECARBONIZATION  
3 TARGETS, STANDARDS, PLANS, AND REGULATIONS, THE STATE WILL NEED  
4 TO RAPIDLY SHIFT CUSTOMER END USES FROM FOSSIL FUELS TO A CLEANER  
5 ELECTRICAL GRID, WHICH WILL DRIVE A LARGE INCREASE IN ELECTRICITY  
6 DEMAND.

7 (IV) CONSUMER DEMAND FOR DISTRIBUTED ENERGY RESOURCES,  
8 ELECTRIC VEHICLES, AND BENEFICIAL ELECTRIFICATION MEASURES IS  
9 EXPECTED TO INCREASE DRAMATICALLY GIVEN STATE INCENTIVES AND  
10 NEW REBATES AND INCENTIVES IN THE FEDERAL "INFLATION REDUCTION  
11 ACT OF 2022", PUB.L. 117-169;

12 (V) CUSTOMER DEMAND FOR ELECTRIC POWER MAY START  
13 EXCEEDING QUALIFYING RETAIL UTILITY CAPACITY ON THE DISTRIBUTION  
14 SYSTEM IN CERTAIN LOCATIONS;

15 (VI) TO AFFORDABLY AND RELIABLY MEET FEDERAL, STATE,  
16 REGIONAL, AND LOCAL AIR QUALITY AND DECARBONIZATION TARGETS,  
17 STANDARDS, PLANS, AND REGULATIONS, THE STATE'S ELECTRICITY  
18 DISTRIBUTION SYSTEMS MUST BE SUBSTANTIALLY AND STRATEGICALLY  
19 UPGRADED, NEW CUSTOMERS MUST BE ABLE TO CONNECT TO THE  
20 ELECTRICAL DISTRIBUTION SYSTEM, AND EXISTING CUSTOMERS MUST  
21 HAVE THEIR SERVICE LEVELS PROMPTLY UPGRADED;

22 (VII) THE STATE HAS AN URGENT NEED TO INCREASE ITS SUPPLY  
23 OF AFFORDABLE AND INFILL HOUSING, REQUIRING BOTH NEW ELECTRICAL  
24 DISTRIBUTION CAPACITY AND THE PROMPT CONNECTION OF NEW  
25 AFFORDABLE HOUSING TO THE DISTRIBUTION SYSTEM;

26 (VIII) IMPROVED AND PROACTIVE DISTRIBUTION SYSTEM  
27 PLANNING TO REDUCE DELAYS AND MEET BUILDING, AFFORDABLE

1 HOUSING, AND TRANSPORTATION ELECTRIFICATION NEEDS IN AN  
2 AFFORDABLE AND RELIABLE MANNER IS CRITICAL TO PROTECT  
3 COLORADANS FROM THE WORST IMPACTS OF CLIMATE CHANGE, INCLUDING  
4 EXTREME HEAT OR COLD, DROUGHT, AND WILDFIRES;

5 (IX) ELECTRIFYING TRANSPORTATION AND BUILDINGS MAY PUT  
6 DOWNWARD PRESSURE ON RATES BY SPREADING FIXED COSTS OVER MORE  
7 KILOWATT-HOURS OF USAGE SO LONG AS DEMAND AND SUPPLY CAN BE  
8 DYNAMICALLY INTEGRATED IN WAYS THAT ENCOURAGE UTILITY  
9 INVESTMENT IN AN AFFORDABLE AND RELIABLE SYSTEM THAT OPTIMIZES  
10 THE USE OF GRID ASSETS;

11 (X) CONSTRAINTS IN THE CAPACITY OF THE ELECTRICAL  
12 DISTRIBUTION SYSTEM CAN LIMIT THE ABILITY OF AN INDIVIDUAL  
13 CUSTOMER TO COST-EFFECTIVELY AND RELIABLY INTERCONNECT  
14 DISTRIBUTED ENERGY RESOURCES AND ENERGIZE BENEFICIAL  
15 ELECTRIFICATION AND TRANSPORTATION ELECTRIFICATION RESOURCES;  
16 AND

17 (XI) VIRTUAL POWER PLANTS CAN OFFER THE POTENTIAL TO  
18 COST-EFFECTIVELY AND RELIABLY INCREASE THE GRID VALUE OF  
19 DISTRIBUTED ENERGY RESOURCES, LIMIT COSTS FOR INCORPORATING  
20 DISTRIBUTED ENERGY RESOURCES, AND INCREASE THE OPERATIONAL  
21 EFFICIENCY OF THE DISTRIBUTION SYSTEM.

22 (b) THE GENERAL ASSEMBLY FURTHER FINDS THAT:

23 (I) A MODERN ELECTRIC DISTRIBUTION SYSTEM SHOULD TAKE INTO  
24 ACCOUNT THE NEED FOR IMPROVED RESILIENCE AND SAFETY DUE TO THE  
25 INCREASED OCCURRENCE OF EXTREME WEATHER EVENTS AND  
26 CLIMATE-RELATED WILDFIRE RISK;

27 (II) UNDERGROUNDING POWER LINES CAN SIGNIFICANTLY HELP IN

1 AVOIDING THE RISK OF WILDFIRES AND POWER OUTAGES DUE TO STRONG  
2 WINDS, SEVERE STORMS, AND DRY CONDITIONS; AND

3 (III) IT IS IN THE PUBLIC INTEREST THAT ALL RATEPAYERS OF A  
4 QUALIFYING RETAIL UTILITY, INCLUDING THOSE WHO DO NOT LIVE IN A  
5 JURISDICTION WITH A FRANCHISE AGREEMENT, HAVE NONDISCRIMINATORY  
6 ANDEQUAL ACCESS TO THE OPPORTUNITY TO BENEFIT FROM INVESTMENTS  
7 IN UNDERGROUNDING POWER LINES.

8 (c) THE GENERAL ASSEMBLY THEREFORE DETERMINES AND  
9 DECLARES THAT:

10 (I) IT IS A MATTER OF STATE URGENCY TO ENSURE THAT THERE IS  
11 SUFFICIENT CAPACITY ON THE DISTRIBUTION SYSTEM TO AFFORDABLY AND  
12 RELIABLY MEET COLORADO'S DECARBONIZATION GOALS AND SUPPORT  
13 CONSUMER DEMAND FOR RETAIL DISTRIBUTED GENERATION AND  
14 BENEFICIAL ELECTRIFICATION MEASURES CONSISTENT WITH THEIR BENEFIT  
15 TO THE ELECTRICAL GRID;

16 (II) WHEN DETERMINING WHERE TO MAKE UNDERGROUNDING  
17 CONVERSION EXPENDITURES, A QUALIFYING RETAIL UTILITY SHOULD NOT,  
18 AS A POLICY OR COURSE OF BUSINESS, DISCRIMINATE AGAINST  
19 JURISDICTIONS THAT DO NOT HAVE FRANCHISE AGREEMENTS WITH THE  
20 QUALIFYING RETAIL UTILITY; AND

21 (III) A QUALIFYING RETAIL UTILITY SHOULD ESTABLISH PROGRAMS  
22 FOR NONFRANCHISED AREAS TO HAVE THE SAME BENEFIT UNDER THE SAME  
23 OR SIMILAR TERMS AS OFFERED TO AREAS THAT HAVE FRANCHISE  
24 AGREEMENTS WITH THE QUALIFYING RETAIL UTILITY.

25 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT  
26 OTHERWISE REQUIRES:

27 (a) "AFFORDABLE HOUSING" MEANS AFFORDABLE HOUSING THAT:

1 (I) HAS RECEIVED LOANS, GRANTS, EQUITY, BONDS, OR TAX  
2 CREDITS FROM ANY SOURCE TO SUPPORT THE CREATION, PRESERVATION,  
3 OR REHABILITATION OF AFFORDABLE HOUSING THAT, AS A CONDITION OF  
4 FUNDING, ENCUMBERS THE PROPERTY WITH A RESTRICTED USE COVENANT  
5 OR SIMILAR RECORDED AGREEMENT TO ENSURE AFFORDABILITY; OR HAS  
6 BEEN INCOME-RESTRICTED UNDER A LOCAL INCLUSIONARY ZONING  
7 ORDINANCE OR OTHER REGULATION OR PROGRAM;

8 (II) RESTRICTS OR LIMITS MAXIMUM RENTAL OR SALE PRICE FOR  
9 HOUSEHOLDS OF A GIVEN SIZE AT A GIVEN AREA MEDIAN INCOME, AS  
10 ESTABLISHED ANNUALLY BY THE UNITED STATES DEPARTMENT OF  
11 HOUSING AND URBAN DEVELOPMENT; AND

12 (III) ENSURES OCCUPANCY BY LOW- TO MODERATE-INCOME  
13 HOUSEHOLDS FOR A SPECIFIED PERIOD DETAILED IN A RESTRICTIVE USE  
14 COVENANT OR SIMILAR RECORDED AGREEMENT.

15 (b) "APPRENTICE" HAS THE MEANING SET FORTH IN SECTION  
16 8-15.7-101 (1).

17 (c) "AUTOMATED DISTRIBUTED RESOURCE MANAGEMENT SYSTEM"  
18 MEANS A CATEGORY OF TECHNOLOGIES THAT MANAGE DISTRIBUTED  
19 GENERATION OR LOAD AND THAT MAY BE USED TO REDUCE OR ELIMINATE  
20 THE NEED FOR SYSTEM UPGRADES TO THE DISTRIBUTION SYSTEM,  
21 CUSTOMER SERVICE CONNECTION, OR ELECTRICAL INFRASTRUCTURE ON  
22 THE CUSTOMER SIDE OF THE SERVICE METER. THESE TECHNOLOGIES  
23 INCLUDE:

24 (I) AUTOMATED LOAD MANAGEMENT TECHNOLOGIES;

25 (II) CERTIFIED POWER CONTROL SYSTEMS; AND

26 (III) SMART INVERTERS.

27 (d) "CERTIFIED POWER CONTROL SYSTEM" MEANS SOFTWARE OR



1       HARDWARE SERVING AS THE INTERFACE OF AN AUTOMATED DISTRIBUTED  
2       RESOURCE MANAGEMENT SYSTEM THAT CAN CURTAIL THE IMPORT AND  
3       EXPORT OF ELECTRICITY, THAT HAS ELECTRICITY IMPORT AND EXPORT  
4       CONTROL SET POINTS, AND THAT HAS BEEN CERTIFIED BY A NATIONALLY  
5       RECOGNIZED TESTING LABORATORY.

6               (e) "DEPARTMENT" MEANS THE DEPARTMENT OF LABOR AND  
7       EMPLOYMENT.

8               (f) "DER AGGREGATOR" MEANS A COMPANY OR AN ORGANIZATION  
9       THAT CONTROLS, MONITORS, AND MANAGES AGGREGATED DISTRIBUTED  
10       ENERGY RESOURCES TO ENSURE PERFORMANCE OF THE AGGREGATED  
11       DISTRIBUTED ENERGY RESOURCES IN A QUALIFYING VIRTUAL POWER  
12       PLANT.

13              (g) "DISTRIBUTED ENERGY RESOURCES" OR "DER" INCLUDES  
14       DISTRIBUTED GENERATION, ENERGY STORAGE SYSTEMS, ELECTRIC  
15       VEHICLES, MICROGRIDS, FUEL CELLS, AND DEMAND-SIDE MANAGEMENT  
16       MEASURES, INCLUDING ENERGY EFFICIENCY, DEMAND RESPONSE, AND  
17       DEMAND FLEXIBILITY THAT ARE DEPLOYED AT THE DISTRIBUTION GRID  
18       LEVEL ON EITHER THE CUSTOMER OR UTILITY SIDE OF THE METER.

19              (h) "DISTRIBUTION ACTIVITIES" MEANS:

20              (I) CAPITAL INVESTMENT AND OPERATIONS AND MAINTENANCE  
21       EXPENSES ASSOCIATED WITH EQUIPMENT UPGRADES, REPAIR AND  
22       REPLACEMENT PROGRAMS, CONDUCTOR REPLACEMENTS, CONDUCTOR  
23       INSTALLATIONS, POLE REPAIR AND REPLACEMENT, OVERHEAD REBUILDS,  
24       INSPECTION, MODELING, ASSET DATA GATHERING, DEFECT CORRECTIONS,  
25       AND MAJOR LINE REBUILDS; AND

26              (II) SIMILAR ACTIVITIES AND INVESTMENTS, INCLUDING  
27       INFORMATION AND OPERATIONAL TECHNOLOGY INVESTMENTS, WITH THE

1 OBJECTIVE OF ENHANCING THE DISTRIBUTION SYSTEM TO MEET STATE  
2 DECARBONIZATION GOALS AND FEDERAL, STATE, REGIONAL, AND LOCAL  
3 AIR QUALITY AND DECARBONIZATION TARGETS, STANDARDS, PLANS, AND  
4 REGULATIONS.

5 (i) (I) "ENERGIZATION" OR "ENERGIZE" MEANS CONNECTING NEW  
6 CUSTOMER LOAD TO THE ELECTRICAL GRID OR UPGRADING ELECTRICAL  
7 CAPACITY TO PROVIDE UPGRADED SERVICE TO AN EXISTING CUSTOMER,  
8 INCLUDING ESTABLISHING ADEQUATE ELECTRICAL CAPACITY TO PROVIDE  
9 FOR THE REQUIRED SERVICE.

10 (II) "ENERGIZATION" OR "ENERGIZE" DOES NOT INCLUDE  
11 ACTIVITIES RELATED TO INTERCONNECTING DISTRIBUTED GENERATION.

12 (j) "ENERGIZATION TIME PERIOD" MEANS THE ELAPSED TIME  
13 PERIOD BEGINNING WHEN THE QUALIFYING RETAIL UTILITY RECEIVES A  
14 SUBSTANTIALLY COMPLETE ENERGIZATION PROJECT APPLICATION AND  
15 ENDING WHEN THE ELECTRICAL SERVICE IS INSTALLED AND ENERGIZED.

16 (k) "FLEXIBLE INTERCONNECTION OR ENERGIZATION TARIFF"  
17 MEANS A SET OF RULES AND REQUIREMENTS FOR EXPEDITIOUSLY  
18 ENERGIZING NEW LOAD OR INTERCONNECTING A DISTRIBUTED ENERGY  
19 RESOURCE TO A QUALIFYING RETAIL UTILITY'S DISTRIBUTION SYSTEM AND  
20 INCLUDES AN AGREEMENT FOR CURTAILING THE IMPORT OR EXPORT OF  
21 ELECTRICITY FROM AND TO THE DISTRIBUTION SYSTEM.

22 (l) "FUND" MEANS THE COLORADO LINEWORKER APPRENTICESHIP  
23 GRANT PROGRAM CASH FUND CREATED IN SUBSECTION (3)(h)(I) OF THIS  
24 SECTION.

25 (m) "GRANT PROGRAM" MEANS THE GRANT PROGRAM CREATED  
26 PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION.

27 (n) "HOSTING CAPACITY" MEANS THE AMOUNT OF DISTRIBUTED

1 ENERGY RESOURCES OR TRANSPORTATION OR BENEFICIAL  
2 ELECTRIFICATION THAT CAN BE INTERCONNECTED OR ENERGIZED TO THE  
3 QUALIFYING RETAIL UTILITY'S DISTRIBUTION SYSTEM AT A GIVEN TIME  
4 AND AT A GIVEN LOCATION UNDER EXISTING ELECTRICAL GRID  
5 CONDITIONS AND THAT CAN OPERATE WITHOUT ADVERSELY IMPACTING  
6 SAFETY, POWER QUALITY, RELIABILITY, OR OTHER OPERATIONAL CRITERIA  
7 AND WITHOUT REQUIRING SYSTEM UPGRADES. HOSTING CAPACITY MAY BE  
8 EXPRESSED IN TERMS OF A LOAD OR GENERATION PROFILE.

9 (o) "HYBRID FACILITY" MEANS A FACILITY THAT HAS MORE THAN  
10 ONE DEVICE OF DIFFERENT TECHNOLOGY TYPES FOR THE PRODUCTION,  
11 STORAGE, OR CONSUMPTION OF ELECTRICITY THAT ARE LOCATED ON THE  
12 SAME SITE AND HAVE A SINGLE POINT OF INTERCONNECTION TO THE  
13 UTILITY DISTRIBUTION SYSTEM.

14 (p) "INFILL HOUSING" MEANS THE DEVELOPMENT OF HOUSING  
15 WITHIN EXISTING DEVELOPMENT PATTERNS, AS DELINEATED BY CENSUS  
16 URBAN AREAS ESTABLISHED BY THE MOST RECENT FEDERAL DECENNIAL  
17 CENSUS.

18 (q) "NON-WIRES ALTERNATIVES" MEANS THE STRATEGIC  
19 DEPLOYMENT OF DISTRIBUTED ENERGY RESOURCES BY A QUALIFYING  
20 RETAIL UTILITY OR A THIRD PARTY AND ASSOCIATED CONTROL OR  
21 AGGREGATION OF SYSTEMS AND TECHNOLOGIES INTENDED TO  
22 COST-EFFECTIVELY DEFER OR AVOID THE NEED FOR MAJOR DISTRIBUTION  
23 GRID PROJECTS.

24 (r) "OFFICE" MEANS THE COLORADO ENERGY OFFICE CREATED IN  
25 SECTION 24-38.5-101 (1).

26 (s) "OFFICE OF FUTURE OF WORK" MEANS THE OFFICE OF FUTURE  
27 OF WORK CREATED IN SECTION 8-15.8-103.

1 (t) "PERFORMANCE-BASED COMPENSATION" MEANS A FINANCIAL  
2 PAYMENT THAT IS MADE TO A QUALIFIED DER AGGREGATOR OR PASSED  
3 THROUGH A DER AGGREGATOR TO ELIGIBLE CUSTOMERS PARTICIPATING  
4 IN A VPP OPERATED BY THAT DER AGGREGATOR AND THAT IS PROVIDED  
5 BASED ON THE PERFORMANCE OF A QUALIFIED VIRTUAL POWER PLANT  
6 DURING A QUALIFIED VIRTUAL POWER PLANT EVENT.

7 (u) "PHASED INTERCONNECTION OR ENERGIZATION AGREEMENT"  
8 MEANS AN AGREEMENT BETWEEN A QUALIFYING RETAIL UTILITY AND A  
9 CUSTOMER TO PROVIDE CERTAIN LEVELS OF ELECTRICAL SERVICE  
10 CAPACITY ON A GUARANTEED TIMELINE IN EXCHANGE FOR THE CUSTOMER  
11 PARTICIPATING IN THE QUALIFYING RETAIL UTILITY'S FLEXIBLE  
12 INTERCONNECTION OR ENERGIZATION TARIFF WHILE NECESSARY GRID  
13 UPGRADES ARE BEING COMPLETED.

14 (v) "PROSUMER" MEANS A CUSTOMER OF A QUALIFYING RETAIL  
15 UTILITY THAT PARTICIPATES IN A COMMISSION-APPROVED VIRTUAL POWER  
16 PLANT PROGRAM.

17 (w) "QUALIFIED AGGREGATOR" MEANS A DER AGGREGATOR THAT  
18 HAS CONTROL OVER PROSUMER RESOURCES AND HAS THE DEMONSTRATED  
19 TECHNICAL CAPABILITY TO DISPATCH DISTRIBUTED ENERGY RESOURCES  
20 AT REQUIRED CAPACITY LEVELS WHEN CALLED UPON BY A QUALIFYING  
21 RETAIL UTILITY USING AVAILABLE TECHNOLOGY, SUCH AS METERING,  
22 TELEMETRY, CONTROL SOFTWARE MEASUREMENT AND VERIFICATION, AND  
23 FINANCIAL SETTLEMENTS.

24 (x) "QUALIFYING DISTRIBUTION ACTIVITY RECOVERY" MEANS  
25 DISTRIBUTION ACTIVITIES FOR WHICH THE COMMISSION APPROVES  
26 RECOVERY THROUGH THE GRID MODERNIZATION ADJUSTMENT CLAUSE.

27 (y) "QUALIFYING RETAIL UTILITY" MEANS AN INVESTOR-OWNED

1 ELECTRIC UTILITY SERVING FIVE HUNDRED THOUSAND CUSTOMERS OR  
2 MORE.

3 (z) "STATE APPRENTICESHIP AGENCY" HAS THE MEANING SET  
4 FORTH IN SECTION 8-15.7-101 (16).

5 (aa) "SYSTEMUPGRADES" MEANS THE ADDITIONS, MODIFICATIONS,  
6 AND SYSTEMUPGRADES TO A QUALIFYING RETAIL UTILITY'S DISTRIBUTION  
7 OR COMMISSION-JURISDICTIONAL TRANSMISSION SYSTEM, INCLUDING  
8 CUSTOMER-DRIVEN UPGRADES NECESSARY TO INTERCONNECT  
9 DISTRIBUTED ENERGY RESOURCES, ENERGIZE OR SERVICE-CONNECT  
10 TRANSPORTATION AND BENEFICIAL ELECTRIFICATION MEASURES, OR  
11 FACILITATE SERVICE CONNECTIONS TO AFFORDABLE HOUSING OR INFILL  
12 HOUSING.

13 (bb) "VIRTUAL POWER PLANT" OR "VPP" MEANS A  
14 COMMISSION-APPROVED PROGRAM THAT ACHIEVES THE COLLECTIVE  
15 MANAGEMENT OF DISPATCHABLE DEMAND OR DISTRIBUTED ENERGY  
16 RESOURCES CONNECTED TO THE UTILITY DISTRIBUTION GRID.

17 (3) **Grant program - report - cash fund - repeal.** (a) THE  
18 OFFICE OF FUTURE OF WORK, IN COORDINATION WITH THE OFFICE, SHALL  
19 CREATE A GRANT PROGRAM FOR LINEWORKER APPRENTICESHIP PROGRAMS  
20 TO EXPAND APPRENTICESHIP PROGRAMS REGISTERED WITH THE UNITED  
21 STATES DEPARTMENT OF LABOR'S OFFICE OF APPRENTICESHIP OR THE  
22 STATE APPRENTICESHIP AGENCY.

23 (b) THE OFFICE OF FUTURE OF WORK SHALL CREATE A COMPETITIVE  
24 APPLICATION PROCESS THROUGH WHICH THE OFFICE OF FUTURE OF WORK  
25 SELECTS ELIGIBLE REGISTERED APPRENTICESHIP PROGRAMS AS GRANT  
26 RECIPIENTS.

27 (c) A GRANT RECIPIENT MUST SATISFY, AT A MINIMUM, THE

1 FOLLOWING CRITERIA:

2 (I) THE GRANT RECIPIENT MUST TRAIN APPRENTICES AS  
3 TRANSMISSION OR DISTRIBUTION LINEWORKERS ON CONSTRUCTION  
4 PROJECTS AND RELATED INSTALLATIONS; AND

5 (II) THE GRANT RECIPIENT MUST MATCH THE GRANT AWARD WITH  
6 ACTUAL OR IN-KIND RESOURCES.

7 (d) THE OFFICE OF FUTURE OF WORK SHALL OFFER GRANTS FOR THE  
8 FOLLOWING PURPOSES:

9 (I) FUNDING FOR TRAINING MATERIALS OR SOFTWARE,  
10 APPRENTICESHIP TOOLS AND SUPPLIES, AND HANDS-ON TRAINING  
11 EQUIPMENT OR TECHNOLOGY UPGRADES TO EXPAND REGISTERED  
12 APPRENTICESHIP PROGRAMS THAT INSTRUCT TRANSMISSION OR  
13 DISTRIBUTION LINEWORKERS; AND

14 (II) ADDITIONAL STAFFING TO EXPAND INSTRUCTION CAPACITY OF  
15 REGISTERED APPRENTICESHIP PROGRAMS TO INSTRUCT TRANSMISSION OR  
16 DISTRIBUTION LINEWORKERS.

17 (e) THE OFFICE OF FUTURE OF WORK SHALL RESERVE AT LEAST  
18 FIFTY PERCENT OF THE GRANT FUNDING FOR GRANTS THAT ARE DIRECTED  
19 TOWARD PROGRAMS THAT ARE ORGANIZED AS A MULTIEMPLOYER  
20 REGISTERED APPRENTICESHIP PROGRAM ORGANIZED THROUGH A JOINT  
21 APPRENTICESHIP TRAINING COMMITTEE.

22 (f) THE OFFICE OF FUTURE OF WORK SHALL ENCOURAGE THE  
23 PRIMARY APPLICANT FOR A GRANT TO INCLUDE A DIVERSE SET OF  
24 CO-APPLICANTS, WHICH MAY INCLUDE TRADE ASSOCIATIONS, EMPLOYERS,  
25 LABOR UNION ORGANIZATIONS, PUBLIC UTILITIES, ACCREDITED  
26 INSTITUTIONS OF HIGHER EDUCATION, STATE-ACCREDITED COMMUNITY  
27 COLLEGES, OR OTHER CO-APPLICANTS THAT CAN ADVANCE THE GOALS OF

1 ALLOWING APPRENTICES TO REACH FULL JOURNEYWORKER STATUS AS A  
2 UTILITY TRANSMISSION OR DISTRIBUTION LINEWORKER.

3 (g) THE OFFICE OF FUTURE OF WORK SHALL:

4 (I) PUBLISH THE GRANT APPLICATION NO LATER THAN JANUARY 1,  
5 2025;

6 (II) DEVELOP PERFORMANCE EXPECTATIONS FOR GRANT  
7 RECIPIENTS, WHICH MAY CONTEMPLATE THE TERMINATION OF A GRANT  
8 RECIPIENT'S PARTICIPATION IN THE GRANT PROGRAM IF THE GRANT  
9 RECIPIENT FAILS TO SATISFY THE PERFORMANCE EXPECTATIONS;

10 (III) REQUIRE GRANT RECIPIENTS TO ANNUALLY REPORT DATA TO  
11 THE OFFICE OF FUTURE OF WORK, WHICH MUST INCLUDE, AT A MINIMUM,  
12 A DETAILED STATEMENT OF THE GRANT RECIPIENT'S ALLOCATION OF  
13 GRANT MONEY RECEIVED PURSUANT TO THE GRANT PROGRAM, INCLUDING  
14 ADMINISTRATION COSTS; AND

15 (IV) BEGINNING IN 2026, AND IN EACH YEAR THEREAFTER, SUBMIT  
16 A REPORT COMPILING THE DATA RECEIVED PURSUANT TO SUBSECTION  
17 (3)(g)(III) OF THIS SECTION TO THE BUSINESS, LABOR, AND TECHNOLOGY  
18 COMMITTEE OF THE SENATE AND THE BUSINESS AFFAIRS AND LABOR  
19 COMMITTEE OF THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR  
20 COMMITTEES.

21 (h) (I) THE COLORADO LINEWORKER APPRENTICESHIP GRANT  
22 PROGRAM CASH FUND IS CREATED IN THE STATE TREASURY. THE FUND  
23 CONSISTS OF GIFTS, GRANTS, AND DONATIONS AND ANY MONEY THAT THE  
24 GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER TO THE FUND. THE  
25 STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED  
26 FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE FUND TO THE  
27 FUND. MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE

1 DEPARTMENT FOR ALLOCATION TO THE OFFICE OF FUTURE OF WORK FOR  
2 THE PURPOSES OF ADMINISTERING THE GRANT PROGRAM PURSUANT TO  
3 THIS SUBSECTION (3). THE OFFICE OF FUTURE OF WORK MAY SEEK, ACCEPT,  
4 AND EXPEND GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC  
5 SOURCES FOR THE PURPOSES OF ADMINISTERING THE GRANT PROGRAM  
6 PURSUANT TO THIS SUBSECTION (3).

7 (II) (A) ON JULY 1, 2024, THE STATE TREASURER SHALL TRANSFER  
8 EIGHT HUNDRED THOUSAND DOLLARS FROM THE GENERAL FUND TO THE  
9 FUND.

10 (B) THIS SUBSECTION (3)(h)(II) IS REPEALED, EFFECTIVE JULY 1,  
11 2026.

12 (i) THIS SUBSECTION (3) IS REPEALED, EFFECTIVE JULY 1, 2028.

13 (4) **Near-term actions - interconnection and energization**  
14 **backlogs - identification of hosting capacity - cost recovery.**

15 (a) QUALIFYING RETAIL UTILITIES SHALL UPGRADE THE STATE'S  
16 ELECTRICAL DISTRIBUTION SYSTEMS AS NEEDED AND IN TIME TO  
17 AFFORDABLY AND RELIABLY SUPPORT THE ACHIEVEMENT OF THE STATE'S  
18 BENEFICIAL AND TRANSPORTATION ELECTRIFICATION AND  
19 DECARBONIZATION GOALS AND SUPPORT IMPLEMENTATION OF FEDERAL,  
20 STATE, REGIONAL, AND LOCAL AIR QUALITY AND DECARBONIZATION  
21 TARGETS, STANDARDS, PLANS, AND REGULATIONS.

22 (b) TO PROMPTLY, AFFORDABLY, AND RELIABLY INTERCONNECT  
23 AND ENERGIZE NEW CUSTOMERS AND COMPLY WITH THE OBLIGATION TO  
24 SERVE WITHOUT SUBSTANTIAL DELAY, A QUALIFYING RETAIL UTILITY  
25 SHALL:

26 (I) COMMENCE A DATA COLLECTION PROCESS TO INFORM FUTURE  
27 ENERGIZATION TIMELINES. THE COMMISSION MAY OPEN OR USE AN



1 EXISTING MISCELLANEOUS PROCEEDING TO ACCEPT INFORMATION  
2 COLLECTED BY THE QUALIFYING RETAIL UTILITY AND FROM OTHER  
3 STAKEHOLDERS.

4 (II) MEET THE INTERCONNECTION DEADLINES SPECIFIED IN  
5 SECTION 40-2-135 AND COMMISSION RULES;

6 (III) ADOPT THE FOLLOWING COST CAPS, WHICH COST CAPS MUST  
7 REMAIN IN EFFECT UNTIL THE COMMISSION COMPLETES THE RULE-MAKING  
8 DESCRIBED IN SUBSECTION (6) OF THIS SECTION:

9 (A) FOR DISTRIBUTED GENERATION SYSTEMS THAT ARE  
10 TWENTY-FIVE KILOWATTS OR LESS, ADOPT A CAP OF NO MORE THAN THREE  
11 HUNDRED DOLLARS FOR AN INDIVIDUAL CUSTOMER'S RESPONSIBILITY FOR  
12 INTERCONNECTION COSTS FOR A CUSTOMER-CAUSED UPGRADE OF THE  
13 QUALIFYING RETAIL UTILITY'S DISTRIBUTION SYSTEM, SO LONG AS THE  
14 COSTS ABOVE THE CAP REMAIN RECOVERABLE BY THE QUALIFYING RETAIL  
15 UTILITY;

16 (B) FOR RESIDENTIAL CUSTOMERS ENERGIZING TRANSPORTATION  
17 ELECTRIFICATION OR BENEFICIAL ELECTRIFICATION, NOT REQUIRE THE  
18 CUSTOMER TO PAY FOR THE COSTS OF ASSOCIATED DISTRIBUTION SYSTEM  
19 UPGRADES, SO LONG AS THE COSTS REMAIN RECOVERABLE BY THE  
20 QUALIFYING RETAIL UTILITY; AND

21 (C) FOR AFFORDABLE HOUSING DEVELOPMENTS, CAP THE COSTS  
22 FOR INTERCONNECTION OR ENERGIZATION FOR A PROJECT-CAUSED  
23 UPGRADE OF THE QUALIFYING RETAIL UTILITY'S DISTRIBUTION SYSTEM AT  
24 A LEVEL OF THREE HUNDRED DOLLARS PER RESIDENTIAL UNIT OF  
25 AFFORDABLE HOUSING, SO LONG AS COSTS ABOVE THE CAP REMAIN  
26 RECOVERABLE BY THE QUALIFYING RETAIL UTILITY;

27 (IV) PROPOSE, AND THE COMMISSION SHALL AUTHORIZE, MODIFY,

1 OR DENY IN A MANNER CONSISTENT WITH THE PUBLIC INTEREST, THE USE  
2 OF AN OPTIONAL FLEXIBLE INTERCONNECTION OR ENERGIZATION TARIFF  
3 OR PHASED INTERCONNECTION OR ENERGIZATION AGREEMENT BY A  
4 CUSTOMER AS AN ALTERNATIVE TO A SYSTEM UPGRADE THAT WOULD  
5 OTHERWISE BE REQUIRED BY THE QUALIFYING RETAIL UTILITY IN  
6 RESPONSE TO THE CUSTOMER'S REQUEST TO INTERCONNECT OR ENERGIZE  
7 A DISTRIBUTED ENERGY RESOURCE; AND

8 (V) ESTABLISH A PROCEDURE FOR CUSTOMERS WITH A HYBRID  
9 FACILITY TO COMPLETE THE INTERCONNECTION AND ENERGIZATION  
10 PROCESSES THROUGH A SINGLE APPLICATION.

11 (c) A QUALIFYING RETAIL UTILITY SHALL IDENTIFY  
12 INTERCONNECTION AND LOAD HOSTING CAPACITY FOR DERs, INCLUDING  
13 BENEFICIAL ELECTRIFICATION AND TRANSPORTATION ELECTRIFICATION,  
14 FOR DISPROPORTIONATELY IMPACTED COMMUNITIES WITHIN ITS SERVICE  
15 TERRITORY.

16 (d) (I) PRIOR TO THE ESTABLISHMENT OF THE GRID  
17 MODERNIZATION ADJUSTMENT CLAUSE, A QUALIFYING RETAIL UTILITY  
18 SHALL RECOVER THE FORECASTED INVESTMENTS PLACED IN SERVICE AND  
19 EXPENSES INCURRED FOR DISTRIBUTION ACTIVITIES DURING THE PERIOD  
20 BEGINNING ON THE EFFECTIVE DATE OF THIS SECTION, AND ENDING ON  
21 DECEMBER 31, 2025, CONSISTENT WITH THIS SECTION.

22 (II) COST RECOVERY MUST OCCUR THROUGH THE TRANSMISSION  
23 COST ADJUSTMENT CLAUSE OR ANOTHER EXISTING ADJUSTMENT CLAUSE,  
24 SUBJECT TO:

25 (A) A ONE-HALF PERCENT RETAIL RATE IMPACT CAP ON AN  
26 ANNUALIZED BASIS FOR 2024; AND

27 (B) A ONE AND ONE-FOURTH PERCENT RETAIL RATE IMPACT CAP

1 ON AN ANNUALIZED BASIS FOR 2025.

2 (III) WITHIN THIRTY DAYS AFTER THE EFFECTIVE DATE OF THIS  
3 SECTION, A QUALIFYING RETAIL UTILITY SHALL FILE AN ADVICE LETTER  
4 WITH THE COMMISSION IDENTIFYING THE DISTRIBUTION ACTIVITIES FOR  
5 RECOVERY, INCLUDING THE REVENUE REQUIREMENT FOR THE  
6 DISTRIBUTION ACTIVITIES AND A RETURN AT THE QUALIFYING RETAIL  
7 UTILITY'S MOST RECENTLY APPROVED WEIGHTED AVERAGE COST OF  
8 CAPITAL, FOR THE PERIOD BEGINNING ON THE EFFECTIVE DATE OF THIS  
9 SECTION, AND ENDING ON DECEMBER 31, 2024, TO BE INCLUDED IN THE  
10 TRANSMISSION COST ADJUSTMENT CLAUSE OR AN EXISTING ADJUSTMENT  
11 CLAUSE WITH AN EFFECTIVE DATE WITHIN SIXTY DAYS AFTER THE  
12 EFFECTIVE DATE OF THIS SECTION.

13 (IV) ON OR BEFORE NOVEMBER 1, 2024, A QUALIFYING RETAIL  
14 UTILITY SHALL FILE AN ADVICE LETTER WITH THE COMMISSION  
15 IDENTIFYING THE DISTRIBUTION ACTIVITIES FOR RECOVERY, INCLUDING  
16 THE REVENUE REQUIREMENT FOR THE DISTRIBUTION ACTIVITIES AND A  
17 RETURN AT THE QUALIFYING RETAIL UTILITY'S MOST RECENTLY APPROVED  
18 WEIGHTED AVERAGE COST OF CAPITAL, FOR THE PERIOD BEGINNING  
19 JANUARY 1, 2025, AND ENDING DECEMBER 31, 2025, TO BE INCLUDED IN  
20 THE TRANSMISSION COST ADJUSTMENT CLAUSE OR AN EXISTING  
21 ADJUSTMENT CLAUSE WITH AN EFFECTIVE DATE OF JANUARY 1, 2025.

22 (V) THE AMOUNTS RECOVERED PURSUANT TO THIS SUBSECTION  
23 (4)(d) ARE SUBJECT TO A TRUE-UP WITH ANY POSITIVE OR NEGATIVE  
24 BALANCE CREDITED TO CUSTOMERS OR RECOVERED BY THE QUALIFYING  
25 RETAIL UTILITY IN THE SUBSEQUENT YEAR AND WITH THE FINANCING COST  
26 FOR THE TRANSMISSION COST ADJUSTMENT CLAUSE OR THE APPLICABLE  
27 EXISTING ADJUSTMENT CLAUSE APPLIED TO THE POSITIVE OR NEGATIVE

1 BALANCES. ALL AMOUNTS RECOVERED ARE SUBJECT TO A PRUDENCE  
2 REVIEW BY THE COMMISSION THROUGH EITHER A STANDALONE PRUDENCE  
3 REVIEW PROCEEDING OR IN A BASE RATE PROCEEDING.

4 (VI) IN ADDITION TO THE AMOUNTS RECOVERED PURSUANT TO  
5 THIS SUBSECTION (4)(d), A QUALIFYING RETAIL UTILITY MAY SPEND AND  
6 RECOVER THROUGH THE TRANSMISSION COST ADJUSTMENT CLAUSE OR  
7 ANOTHER EXISTING ADJUSTMENT CLAUSE, THE REVENUE REQUIREMENT  
8 ASSOCIATED WITH UP TO AN ADDITIONAL ONE HUNDRED FIFTY MILLION  
9 DOLLARS IN INVESTMENT TO ORDER EQUIPMENT TO ADVANCE  
10 DISTRIBUTION ACTIVITIES, SUCH AS POWER TRANSFORMERS, SERVICE  
11 TRANSFORMERS, CAPACITOR BANKS, SWITCH CABINETS, AND FEEDER  
12 CABLES, AS LONG AS THE INVESTMENTS ARE PRUDENTLY INCURRED FOR  
13 THE PURPOSES OF ACHIEVING ECONOMIES OF SCALE, ADDRESSING SUPPLY  
14 CHAIN CONCERNS, OR OTHER SIMILAR PURPOSES.

15 (5) **Long-term actions - distribution system plan requirements**  
16 **- approval by commission - staffing requirements - labor**  
17 **requirements - report.** (a) A QUALIFYING RETAIL UTILITY SHALL FILE  
18 DISTRIBUTION SYSTEM PLANS PURSUANT TO SECTION 40-2-132, SUBJECT  
19 TO REVIEW, APPROVAL, MODIFICATION, OR DENIAL BY THE COMMISSION,  
20 TO CREATE SUFFICIENT HOSTING CAPACITY ACROSS ITS ELECTRICAL  
21 DISTRIBUTION SYSTEM TO AFFORDABLY AND RELIABLY SUPPORT THE  
22 IMPLEMENTATION OF THE FOLLOWING:

23 (I) FEDERAL, STATE, REGIONAL, AND LOCAL AIR QUALITY AND  
24 DECARBONIZATION TARGETS, STANDARDS, PLANS, AND REGULATIONS;

25 (II) THE TRANSPORTATION, AFFORDABLE HOUSING, NEW INFILL  
26 HOUSING, AND BUILDING ELECTRIFICATION POLICIES OF STATE AND LOCAL  
27 LAW, INCLUDING:

1 (A) THE RULES ADOPTED BY THE AIR QUALITY CONTROL  
2 COMMISSION RELATED TO GREENHOUSE GAS EMISSION REDUCTIONS FROM  
3 LIGHT-DUTY AND HEAVY-DUTY MOTOR VEHICLES; AND

4 (B) THE RULES ADOPTED BY THE AIR QUALITY CONTROL  
5 COMMISSION PURSUANT TO SECTION 25-7-142 OR LOCAL BUILDING  
6 PERFORMANCE STANDARDS;

7 (III) STATE AGENCY, LOCAL AGENCY, AND LOCAL GOVERNMENT  
8 PLANS AND REQUIREMENTS RELATED TO HOUSING, ECONOMIC  
9 DEVELOPMENT, CRITICAL FACILITIES, TRANSPORTATION, AND BUILDING  
10 ELECTRIFICATION;

11 (IV) ENFORCEABLE AND FUNDED FEDERAL, STATE, REGIONAL, AND  
12 LOCAL POLICIES, PLANS, GOALS, INCENTIVES, OR REQUIREMENTS DESIGNED  
13 TO INCREASE ACCESS TO DISTRIBUTED ENERGY RESOURCES, ELECTRIFIED  
14 TRANSPORTATION, AND BUILDING ELECTRIFICATION IN  
15 DISPROPORTIONATELY IMPACTED COMMUNITIES; AND

16 (V) THE QUALIFYING RETAIL UTILITY'S APPROVED RENEWABLE  
17 ENERGY STANDARD PLAN, CLEAN HEAT PLAN, BENEFICIAL  
18 ELECTRIFICATION PLAN, DEMAND-SIDE MANAGEMENT PLAN, GAS  
19 INFRASTRUCTURE PLAN, AND TRANSPORTATION ELECTRIFICATION PLAN  
20 REQUIRED BY THIS TITLE 40.

21 (b) IN DEVELOPING DISTRIBUTION SYSTEM PLANS PURSUANT TO  
22 SECTION 40-2-132, CONSISTENT WITH STATE-LEVEL RECOGNIZED BEST  
23 PRACTICES FOR COMMUNITY OUTREACH, A QUALIFYING RETAIL UTILITY  
24 SHALL CONSULT WITH AND PROVIDE OPPORTUNITIES FOR MEANINGFUL  
25 ENGAGEMENT AND EDUCATION THROUGH MULTILINGUAL AND  
26 CULTURALLY RELEVANT OUTREACH TO DISPROPORTIONATELY IMPACTED  
27 COMMUNITIES.

1 (c) (I) AS PART OF A DISTRIBUTION SYSTEM PLAN PROCEEDING, A  
2 QUALIFYING RETAIL UTILITY SHALL PRESENT AT LEAST TWO FUTURE  
3 PLANNING SCENARIOS WITH CORRESPONDING INVESTMENTS TO SHOW  
4 DIFFERENT FUTURE STATES OF THE DISTRIBUTION SYSTEM.

5 (II) IN DETERMINING THE DISTRIBUTION CAPACITY NECESSARY TO  
6 MEET PROJECTED LOAD GROWTH AND DISTRIBUTED ENERGY RESOURCE  
7 EXPANSION, INCLUDING TO AFFORDABLY AND RELIABLY SUPPORT  
8 IMPLEMENTATION OF APPLICABLE TARGETS, STANDARDS, PLANS, AND  
9 REGULATIONS DESCRIBED IN SUBSECTION (5)(a) OF THIS SECTION, A  
10 QUALIFYING RETAIL UTILITY SHALL INCORPORATE A SCENARIO THAT  
11 INCORPORATES LOAD AND MANAGED GENERATION FLEXIBILITY THAT MAY  
12 INCREASE SYSTEM CAPACITY UTILIZATION, REDUCE THE NEED FOR SYSTEM  
13 UPGRADES, AND LOWER SYSTEM COSTS.

14 (III) IN DETERMINING TO WHICH PORTIONS OF THE DISTRIBUTION  
15 SYSTEM TO PROPOSE SYSTEM UPGRADES TO AFFORDABLY AND RELIABLY  
16 SUPPORT THE IMPLEMENTATION OF THE APPLICABLE TARGETS,  
17 STANDARDS, PLANS, AND REGULATIONS DESCRIBED IN SUBSECTION (5)(a)  
18 OF THIS SECTION, A QUALIFYING RETAIL UTILITY SHALL PRIORITIZE  
19 CAPACITY INVESTMENTS IN AREAS OF ITS DISTRIBUTION SYSTEM THAT ARE  
20 AT OR NEAR THEIR HOSTING CAPACITY LIMITS OR THAT ARE PROJECTED TO  
21 HAVE ENERGIZATION LOADS THAT CANNOT BE MET WITHOUT A SYSTEM  
22 UPGRADE. A QUALIFYING RETAIL UTILITY SHALL PRIORITIZE SYSTEM  
23 UPGRADES TARGETED AT IMPROVING INFRASTRUCTURE FOR  
24 INCOME-QUALIFIED OR DISPROPORTIONATELY IMPACTED COMMUNITIES  
25 WITH RESIDENTIAL CAPACITY CONSTRAINTS.

26 (IV) SPECIFIC TO RELIABILITY INVESTMENTS, A QUALIFYING  
27 RETAIL UTILITY SHALL PRIORITIZE INVESTMENTS FOR

1 DISPROPORTIONATELY IMPACTED COMMUNITIES BASED ON RELIABILITY  
2 INFORMATION PROVIDED IN THE QUALIFYING RETAIL UTILITY'S QUALITY OF  
3 SERVICE PLAN.

4 (d) IN EVALUATING A QUALIFYING RETAIL UTILITY'S DISTRIBUTION  
5 SYSTEM PLANS, THE COMMISSION SHALL EVALUATE WHETHER THE  
6 DISTRIBUTION SYSTEM PLAN:

7 (I) ESTABLISHES A LONG-TERM DISTRIBUTION SYSTEM PLAN,  
8 WHICH MUST COVER AT LEAST FIVE YEARS, THAT INCLUDES TIMELINES  
9 AND BUDGETS TO CREATE SUFFICIENT HOSTING CAPACITY ACROSS THE  
10 QUALIFYING RETAIL UTILITY'S ELECTRICAL DISTRIBUTION SYSTEM TO  
11 AFFORDABLY AND RELIABLY SUPPORT THE IMPLEMENTATION OF THE  
12 APPLICABLE TARGETS, STANDARDS, PLANS, AND REGULATIONS DESCRIBED  
13 IN SUBSECTION (5)(a) OF THIS SECTION;

14 (II) INCLUDES THE IDENTIFICATION OF SPECIFIC DISTRIBUTION  
15 INVESTMENTS NEEDED TO STRATEGICALLY SUPPORT THE APPLICABLE  
16 TARGETS, STANDARDS, PLANS, AND REGULATIONS DESCRIBED IN  
17 SUBSECTION (5)(a) OF THIS SECTION OVER THE PLANNING PERIOD, WHICH  
18 MUST COVER AT LEAST FIVE YEARS, WITH INCREASED SPECIFICITY IN THE  
19 FIRST TWO YEARS OF THE PLANNING PERIOD;

20 (III) INCLUDES DETAILED MAPPING OF DISTRIBUTION HOSTING  
21 CAPACITY WITH APPROPRIATE SAFEGUARDS TO PROTECT CRITICAL  
22 INFRASTRUCTURE, AS DETERMINED BY THE COMMISSION;

23 (IV) INCLUDES A PROCESS TO IDENTIFY AND EVALUATE INFILL  
24 HOUSING LOADS;

25 (V) INCLUDES PROPOSED, UNLESS ALREADY INFORMED OR  
26 SATISFIED BY COMMISSION RULES, STANDARDIZED, QUANTIFIABLE, AND  
27 TRANSPARENT PROCESSES AND TIMELINES WITHIN THE PLANNING PERIOD

1 FOR FORMAL LOAD AND GENERATION INTERCONNECTION AND  
2 ENERGIZATION REQUESTS, SO LONG AS THE QUALIFYING RETAIL UTILITY IS  
3 NOT REQUIRED TO INCLUDE ENERGIZATION TIMELINES AS PART OF ITS FIRST  
4 DISTRIBUTION SYSTEM PLAN FILED AFTER THE EFFECTIVE DATE OF THIS  
5 SECTION;

6 (VI) INCLUDES PROPOSED ACTIONS TO FACILITATE PROGRAMS FOR:

7 (A) THE COMPETITIVE ACQUISITION OF COST-EFFECTIVE  
8 NON-WIRES ALTERNATIVES TO DEFER OR AVOID IDENTIFIED SYSTEM  
9 DISTRIBUTION INFRASTRUCTURE PROJECTS, SUBJECT TO INVESTMENT  
10 THRESHOLDS IN COMMISSION RULES;

11 (B) LOAD AND GENERATION FLEXIBILITY, INCLUDING  
12 INTERRUPTIBLE PROGRAMS, WITH DUE CONSIDERATION GIVEN TO  
13 PROGRAMS PROPOSED OR APPROVED IN OTHER COMMISSION PROCEEDINGS;  
14 AND

15 (C) OTHER ALTERNATIVES TO SYSTEM UPGRADES, WHICH MAY  
16 INCLUDE AUTOMATED DISTRIBUTED RESOURCE MANAGEMENT SYSTEMS;

17 (VII) INCLUDES ADEQUATE REPORTING AND SYSTEM MAPPING TO  
18 IMPLEMENT THE PROPOSED PLAN AND PROGRAMS, AS WELL AS:

19 (A) TO THE EXTENT AVAILABLE AT THE TIME OF THE DISTRIBUTION  
20 SYSTEM PLAN FILING, THE AVERAGE, MEDIAN, AND STANDARD DEVIATION  
21 TIME BETWEEN RECEIVING A FORMAL APPLICATION FOR INTERCONNECTION  
22 OR ENERGIZATION AND ENERGIZING THE ELECTRICAL SERVICE;  
23 CONSTRAINTS AND OBSTACLES TO EACH TYPE OF INTERCONNECTION OR  
24 ENERGIZATION, SUCH AS FUNDING LIMITATIONS, QUALIFIED STAFFING  
25 AVAILABILITY, OR EQUIPMENT AVAILABILITY; AND ANY OTHER  
26 INFORMATION REQUIRED BY THE COMMISSION; AND

27 (B) IF THE INTERCONNECTION AND ENERGIZATION TIME PERIODS



1 EXCEED ANY ESTABLISHED, COMMISSION-APPROVED AVERAGE TARGET  
2 ENERGIZATION TIME PERIODS, AS DETERMINED IN A QUALIFYING RETAIL  
3 UTILITY'S DISTRIBUTION SYSTEM PLAN PROCEEDING, OR IF THE QUALIFYING  
4 RETAIL UTILITY HAS A SUBSTANTIAL NUMBER OF INTERCONNECTION OR  
5 ENERGIZATION APPLICATIONS THAT EXCEED ANY ESTABLISHED  
6 COMMISSION-APPROVED MAXIMUM TARGET ENERGIZATION TIME PERIODS,  
7 A STRATEGY FOR MEETING THE TARGET ENERGIZATION TIME PERIODS IN  
8 THE FUTURE; AND

9 (VIII) INCLUDES DOCUMENTATION DEMONSTRATING PROGRESS  
10 TOWARD IMPLEMENTATION OF PREVIOUSLY APPROVED DISTRIBUTION  
11 SYSTEM PLANS.

12 (e) THE DISTRIBUTION SYSTEM PLAN MUST INCLUDE A  
13 PERFORMANCE-BASED FRAMEWORK, WHICH MUST CONSIST OF:

14 (I) APPLICABLE INTERCONNECTION TIMELINES;

15 (II) APPLICABLE ENERGIZATION TIMELINES, SO LONG AS:

16 (A) THE ENERGIZATION TIMELINES ARE NOT APPLICABLE TO THE  
17 FIRST DISTRIBUTION SYSTEM PLAN FILED AFTER THE EFFECTIVE DATE OF  
18 THIS SECTION;

19 (B) IN THE SECOND DISTRIBUTION SYSTEM PLAN FILED AFTER THE  
20 EFFECTIVE DATE OF THIS SECTION, MEASUREMENT OF ANY ENERGIZATION  
21 TIMELINES MUST COMMENCE UPON SUBMISSION BY THE CUSTOMER OF A  
22 FORMAL LOAD REQUEST, AND ANY PERFORMANCE-BASED FRAMEWORK  
23 MUST ONLY INCLUDE THE STEPS IN THE ENERGIZATION PROCESS THAT ARE  
24 THE SOLE RESPONSIBILITY OF THE QUALIFYING RETAIL UTILITY;

25 (C) ANY ENERGIZATION TIMELINES IN A PERFORMANCE-BASED  
26 FRAMEWORK MUST ACCOUNT FOR EXTENUATING CIRCUMSTANCES, AS  
27 DEMONSTRATED BY THE QUALIFYING RETAIL UTILITY, THAT DO NOT

1 RESULT IN ANY FINDING OF NONCOMPLIANCE BY THE COMMISSION FOR THE  
2 QUALIFYING RETAIL UTILITY;

3 (D) ANY ENERGIZATION TIMELINES AND PERFORMANCE  
4 REQUIREMENTS DO NOT INCLUDE CONCEPTUAL CAPACITY CHECKS OR  
5 OTHER INFORMATIONAL EVALUATIONS THAT MAY PRECEDE A FORMAL  
6 LOAD REQUEST; AND

7 (E) THE QUALIFYING RETAIL UTILITY MUST BE REQUIRED TO TRACK  
8 AND COLLECT DATA ON STEPS AND OUTCOMES THAT MAY PRECEDE THE  
9 FORMAL ENERGIZATION PROCESS, AND THE COMMISSION MAY CONSIDER  
10 THIS DATA IN UPDATING ANY PERFORMANCE-BASED ENERGIZATION  
11 TIMELINE REQUIREMENTS IN THE THIRD DISTRIBUTION SYSTEM PLAN FILED  
12 AFTER THE EFFECTIVE DATE OF THIS SECTION; AND

13 (III) REASONABLE AND COST-EFFECTIVE TARGETS MEASURED IN  
14 MEGAWATTS FOR FLEXIBLE LOAD AND DEMAND MANAGEMENT, SO LONG  
15 AS:

16 (A) A GENERAL TARGET-SETTING FRAMEWORK MUST BE  
17 EVALUATED IN THE FIRST DISTRIBUTION SYSTEM PLAN FILED AFTER THE  
18 EFFECTIVE DATE OF THIS SECTION AND FURTHER DEVELOPED THROUGH  
19 OTHER PLANNING PROCESSES, INCLUDING SUBSEQUENT DISTRIBUTION  
20 SYSTEM PLANS, ELECTRIC RESOURCE PLANS, AND DEMAND-SIDE  
21 MANAGEMENT PLANS; AND

22 (B) THE TARGETS ARE APPLICABLE IN THE SECOND DISTRIBUTION  
23 SYSTEM PLAN FILED AFTER THE EFFECTIVE DATE OF THIS SECTION AND  
24 SUBSEQUENT DISTRIBUTION SYSTEM PLANS.

25 (f) (I) A QUALIFYING RETAIL UTILITY SHALL INCLUDE IN ITS  
26 DISTRIBUTION SYSTEM PLAN A DETAILED ANALYSIS OF ITS CURRENT  
27 QUALIFIED STAFFING LEVEL AND FUTURE REQUIRED QUALIFIED STAFFING

1 LEVEL FOR EACH JOB CLASSIFICATION NEEDED TO ACHIEVE THE POLICIES  
2 AND REQUIREMENTS OF THIS SECTION. THE ANALYSIS OF WORKFORCE  
3 NEEDS MUST INCLUDE REVIEW OF BOTH THE ANTICIPATED NEEDS OF  
4 FUTURE UTILITY EMPLOYEES AS WELL AS THE ANTICIPATED NEEDS FOR  
5 WORKFORCE ACQUIRED THROUGH THIRD-PARTY UTILITY AND  
6 CONSTRUCTION CONTRACTORS. ADEQUATE STAFFING INCLUDES  
7 ENGINEERING AND PROGRAMMING STAFF NECESSARY TO OVERSEE THE  
8 TIMELY INTERCONNECTION OF DISTRIBUTED ENERGY RESOURCES,  
9 ENERGIZATION OF ELECTRIFIED END USES, AND ENERGIZATION OF NEW  
10 SERVICE CONNECTIONS TO THE QUALIFYING RETAIL UTILITY'S  
11 DISTRIBUTION SYSTEM.

12 (II) THE COMMISSION SHALL REVIEW WHETHER EACH QUALIFYING  
13 RETAIL UTILITY HAS ADEQUATE QUALIFIED STAFFING NEEDED TO ACHIEVE  
14 THE POLICIES AND REQUIREMENTS OF THIS SECTION. THE ANALYSIS OF  
15 ADEQUATE STAFFING MUST BE CONSIDERED IN A QUALIFYING RETAIL  
16 UTILITY'S DISTRIBUTION SYSTEM PLAN PROCEEDING.

17 (g) A QUALIFYING RETAIL UTILITY SHALL ENSURE THAT, IN ANY  
18 CONSTRUCTION, EXPANSION, OR MAINTENANCE OF DISTRIBUTION PROJECTS  
19 UNDERTAKEN AS A PART OF THE DISTRIBUTION SYSTEM PLAN, ALL LABOR  
20 IS PERFORMED EITHER BY THE EMPLOYEES OF THE QUALIFYING RETAIL  
21 UTILITY OR BY QUALIFIED CONTRACTORS, OR BOTH, AND THAT, EXCEPT AS  
22 OTHERWISE PROVIDED IN SUBSECTION (5)(i) OF THIS SECTION, A  
23 QUALIFYING RETAIL UTILITY SHALL NOT USE A CONTRACTOR UNLESS:

24 (I) THE CONTRACTOR IS CHOSEN FROM A LIST OF QUALIFIED  
25 CONTRACTORS PREPARED AND UPDATED AT LEAST ANNUALLY BY THE  
26 DEPARTMENT; AND

27 (II) THE CONTRACTOR'S EMPLOYEES HAVE ACCESS TO AN

1 APPRENTICESHIP PROGRAM REGISTERED WITH THE UNITED STATES  
2 DEPARTMENT OF LABOR'S OFFICE OF APPRENTICESHIP OR THE STATE  
3 APPRENTICESHIP AGENCY; EXCEPT THAT THIS APPRENTICESHIP PROGRAM  
4 REQUIREMENT DOES NOT APPLY TO:

5 (A) THE DESIGN, PLANNING, OR ENGINEERING OF THE FACILITIES;

6 (B) MANAGEMENT FUNCTIONS TO OPERATE THE FACILITIES; OR

7 (C) ANY WORK PERFORMED IN RESPONSE TO A WARRANTY CLAIM.

8 (h) TO QUALIFY PURSUANT TO SUBSECTION (5)(g)(I) OF THIS  
9 SECTION, AN APPRENTICESHIP PROGRAM MUST CERTIFY TO THE  
10 QUALIFYING RETAIL UTILITY THAT:

11 (I) ITS CURRICULUM INCLUDES REQUIREMENTS FOR THE  
12 COMPLETION OF:

13 (A) AT LEAST SEVEN THOUSAND HOURS OF ON-THE-JOB TRAINING  
14 TO ACHIEVE JOURNEYMAN LINEMAN STATUS, WITH AT LEAST SIX HUNDRED  
15 FIFTY OF THOSE HOURS SPENT WORKING ON ENERGIZED POWER LINES AT  
16 VOLTAGES OF AT LEAST SIX HUNDRED VOLTS; AND

17 (B) A CLASS IN ELECTRIC TRANSMISSION AND DISTRIBUTION  
18 OFFERED BY THE FEDERAL OCCUPATIONAL SAFETY AND HEALTH  
19 ADMINISTRATION KNOWN AS THE "OSHA ET&D TEN-HOUR TRAINING"  
20 AND COMPRISING CONTENT SUBSTANTIALLY EQUIVALENT TO THAT OF THE  
21 "OSHA 10" CLASS OFFERED DURING CALENDAR YEAR 2021; AND

22 (II) SUPERVISION OF APPRENTICES MEETS THE FOLLOWING  
23 STANDARDS:

24 (A) APPRENTICES MUST WORK UNDER THE SUPERVISION OF A  
25 JOURNEYMAN-LEVEL WORKER AT ALL TIMES; AND

26 (B) THE RATIO OF APPRENTICES TO JOURNEYMEN LINEMEN DOES  
27 NOT EXCEED TWO TO ONE WHEN WORKING ON DISTRIBUTION PROJECTS FOR

1 BOTH ENERGIZED AND NON-ENERGIZED WORK.

2 (i) THE REQUEST FOR PROPOSAL FOR ANY CONTRACT WORK ON  
3 FACILITIES SUBJECT TO THIS SECTION MUST BE SUBMITTED TO THE LIST OF  
4 QUALIFIED CONTRACTORS DESCRIBED IN SUBSECTION (5)(g)(I) OF THIS  
5 SECTION FOR AT LEAST SIXTY DAYS. IF NONE OF THE CONTRACTORS ON THE  
6 LIST SUBMITS A QUALIFYING BID WITHIN SIXTY DAYS, THEN THE ENTITY  
7 PROCURING THE WORK MAY SOLICIT BIDS FROM CONTRACTORS THAT ARE  
8 NOT ON THE LIST BUT OTHERWISE QUALIFY UNDER THE TERMS OF THE  
9 REQUEST FOR PROPOSAL SO LONG AS THOSE TERMS INCLUDE COMPLIANCE  
10 WITH ALL APPLICABLE LAWS AND REGULATIONS RELATED TO SAFETY.

11 (j) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), TWO YEARS  
12 AFTER THE APPROVAL OF ANY DISTRIBUTION SYSTEM PLAN, AND EVERY  
13 TWO YEARS THEREAFTER, A QUALIFYING RETAIL UTILITY SHALL PREPARE  
14 A REPORT AND SUBMIT THE REPORT TO THE GENERAL ASSEMBLY AND THE  
15 COMMISSION OUTLINING PROGRESS TOWARD THE OBJECTIVES SET FORTH  
16 IN THIS SECTION, INCLUDING PROGRESS TOWARD MEETING THE HOSTING  
17 CAPACITY NEEDS IN DISPROPORTIONATELY IMPACTED COMMUNITIES  
18 IDENTIFIED PURSUANT TO SUBSECTION (4)(c) OF THIS SECTION. THE  
19 PROGRESS REPORTS MUST BE POSTED ON THE QUALIFYING RETAIL  
20 UTILITY'S WEBSITE AND THE COMMISSION'S WEBSITE.

21 (6) **Longer-term requirements - rules.** (a) FOLLOWING THE  
22 ADJUDICATION AND FINAL COMMISSION DECISION ON A QUALIFYING RETAIL  
23 UTILITY'S FIRST DISTRIBUTION SYSTEM PLAN FILING AFTER THE EFFECTIVE  
24 DATE OF THIS SECTION, THE COMMISSION SHALL OPEN A RULE-MAKING,  
25 FOR A QUALIFYING RETAIL UTILITY, TO CONSIDER AND ESTABLISH:

26 (I) TARGET AVERAGE AND MAXIMUM ENERGIZATION TIMELINES;

27 (II) ANY NECESSARY UPDATES TO EXISTING INTERCONNECTION

1 RULES;

2 (III) RULES FOR INTERCONNECTION, ENERGIZATION, AND  
3 ELECTRIFICATION OF END USES IN NEW CONSTRUCTION HOMES,  
4 PARTICULARLY REGARDING TIME FRAMES FOR RESPONDING TO COST  
5 PROJECTION REQUESTS, THE RELIABILITY OF UTILITY COST ESTIMATES, AND  
6 REASONABLE CONSTRUCTION SCHEDULES; AND

7 (IV) MAXIMUM INDIVIDUAL CUSTOMER COST CAPS OR FEES FOR  
8 INTERCONNECTION OR ENERGIZATION OF RESOURCES OF ALL SIZES TO HELP  
9 DEFRAY OR ELIMINATE THE COSTS OF INTERCONNECTING NEW  
10 DISTRIBUTED GENERATION OR ENERGIZING TRANSPORTATION OR  
11 BENEFICIAL ELECTRIFICATION LOAD TO THE ELECTRICAL GRID. THE RULES,  
12 WHERE APPROPRIATE, SHOULD SPECIFICALLY EXEMPT INCOME-QUALIFIED  
13 CUSTOMERS FROM PAYMENT OF SYSTEM UPGRADE FEES.

14 (b) THE RULE-MAKING DESCRIBED IN SUBSECTION (6)(a) OF THIS  
15 SECTION MAY SET DIFFERENT FEES BASED ON THE INCLUSION OF  
16 TECHNOLOGIES OR AGREEMENTS TO REDUCE SYSTEM COSTS, INCLUDING  
17 FLEXIBLE INTERCONNECTION OR ENERGIZATION TARIFFS AND AUTOMATED  
18 DISTRIBUTED RESOURCE MANAGEMENT SYSTEMS.

19 (c) THE COMMISSION'S CONSIDERATION OF THE RULE-MAKING  
20 PROCEEDING DESCRIBED IN SUBSECTIONS (6)(a) AND (6)(b) OF THIS  
21 SECTION MUST CONCLUDE IN A TIME THAT IS SUFFICIENT TO ALLOW THE  
22 QUALIFYING RETAIL UTILITY TO FILE ITS SECOND DISTRIBUTION SYSTEM  
23 PLAN AFTER THE EFFECTIVE DATE OF THIS SECTION.

24 (7) **Cost recovery - grid modernization adjustment clause.**

25 (a) A QUALIFYING RETAIL UTILITY SHALL RECOVER, ON AN ANNUAL BASIS,  
26 PROJECTED DISTRIBUTION ACTIVITIES THROUGH A GRID MODERNIZATION  
27 ADJUSTMENT CLAUSE ESTABLISHED AS PART OF THE QUALIFYING RETAIL

1 UTILITY'S FIRST DISTRIBUTION SYSTEM PLAN APPLICATION AFTER THE  
2 EFFECTIVE DATE OF THIS SECTION, SO LONG AS THE GRID MODERNIZATION  
3 ADJUSTMENT CLAUSE CONTINUES IN EFFECT THROUGH SUBSEQUENT  
4 DISTRIBUTION SYSTEM PLANS.

5 (b) (I) WITHIN THE DISTRIBUTION SYSTEM PLAN, A QUALIFYING  
6 RETAIL UTILITY SHALL PROPOSE, AND THE COMMISSION SHALL EVALUATE,  
7 WHETHER THE PROJECTED DISTRIBUTION ACTIVITIES AND CORRESPONDING  
8 BUDGETS STRATEGICALLY BENEFIT OR ADVANCE THE APPLICABLE  
9 TARGETS, STANDARDS, PLANS, AND REGULATIONS DESCRIBED IN  
10 SUBSECTION (5)(a) OF THIS SECTION OR STATE ENERGY POLICY GOALS,  
11 INCLUDING GREENHOUSE GAS EMISSION REDUCTIONS, BENEFICIAL  
12 ELECTRIFICATION, INCREASED RELIABILITY, AND INCREASED RESILIENCY,  
13 AND THE COMMISSION SHALL ALLOW GRID MODERNIZATION ADJUSTMENT  
14 CLAUSE RECOVERY FOR SUCH APPROVED DISTRIBUTION ACTIVITIES.

15 (II) IF THE COMMISSION FINDS THAT THE PROJECTED DISTRIBUTION  
16 ACTIVITIES AND CORRESPONDING BUDGETS AFFORDABLY AND  
17 STRATEGICALLY BENEFIT OR ADVANCE THE GOALS DESCRIBED IN  
18 SUBSECTION (7)(b)(I) OF THIS SECTION, THE DISTRIBUTION ACTIVITIES ARE  
19 QUALIFYING DISTRIBUTION ACTIVITY RECOVERY AND RECOVERY MUST  
20 OCCUR THROUGH THE GRID MODERNIZATION ADJUSTMENT CLAUSE IN A  
21 MANNER CONSISTENT WITH THIS SECTION.

22 (III) FOR PROJECTED DISTRIBUTION ACTIVITIES AND  
23 CORRESPONDING BUDGETS THAT THE COMMISSION FINDS DO NOT BENEFIT  
24 OR ADVANCE THE GOALS DESCRIBED IN SUBSECTION (7)(b)(I) OF THIS  
25 SECTION, RECOVERY MAY OCCUR THROUGH THE GRID MODERNIZATION  
26 ADJUSTMENT CLAUSE IF THE QUALIFYING RETAIL UTILITY MEETS THE  
27 CRITERIA ESTABLISHED IN THE PERFORMANCE-BASED FRAMEWORK

1 APPROVED BY THE COMMISSION PURSUANT TO SUBSECTION (5)(e) OF THIS  
2 SECTION THROUGH THE DISTRIBUTION SYSTEM PLANNING PROCESS.

3 (c) (I) THE GRID MODERNIZATION ADJUSTMENT CLAUSE IS SUBJECT  
4 TO ANNUAL ADJUSTMENTS, WHICH ARE EFFECTIVE ON JANUARY 1 OF EACH  
5 YEAR.

6 (II) A QUALIFYING RETAIL UTILITY SHALL MAKE A GRID  
7 MODERNIZATION ADJUSTMENT CLAUSE ADVICE LETTER FILING WITH THE  
8 COMMISSION ANNUALLY, AND NO LATER THAN NOVEMBER 1 OF EACH  
9 YEAR, WITH AN EFFECTIVE DATE OF JANUARY 1 OF THE SUBSEQUENT YEAR,  
10 WHICH MUST INCLUDE THE QUALIFYING DISTRIBUTION ACTIVITY  
11 RECOVERY AND OTHER DISTRIBUTION ACTIVITIES APPROVED PURSUANT TO  
12 SUBSECTION (7)(b) OF THIS SECTION FOR THE NEXT TWELVE MONTHS,  
13 INCLUDING A RETURN AT THE QUALIFYING RETAIL UTILITY'S MOST  
14 RECENTLY APPROVED WEIGHTED AVERAGE COST OF CAPITAL.

15 (III) THE GRID MODERNIZATION ADJUSTMENT CLAUSE MUST BE  
16 REDUCED TO THE EXTENT THAT ANY PRUDENTLY INCURRED COSTS BEING  
17 RECOVERED THROUGH THE GRID MODERNIZATION ADJUSTMENT CLAUSE  
18 HAVE ALREADY BEEN INCLUDED IN THE QUALIFYING RETAIL UTILITY'S  
19 BASE RATES AS A RESULT OF THE COMMISSION'S FINAL ORDER IN A RATE  
20 CASE, AND RECOVERED QUALIFYING DISTRIBUTION ACTIVITY RECOVERY  
21 IS SUBJECT TO A TRUE-UP WITH ANY POSITIVE OR NEGATIVE BALANCE  
22 CREDITED TO CUSTOMERS OR RECOVERED BY THE QUALIFYING RETAIL  
23 UTILITY IN THE SUBSEQUENT YEAR AND AN APPROPRIATE FINANCING COST  
24 APPLIED TO THE POSITIVE OR NEGATIVE BALANCES.

25 (d) RECOVERY THROUGH THE GRID MODERNIZATION ADJUSTMENT  
26 CLAUSE MUST NOT APPLY TO WHOLESALE CUSTOMERS WITH RATES UNDER  
27 FEDERAL JURISDICTION OR CUSTOMERS THAT DO NOT TAKE DISTRIBUTION



1 SERVICE FROM THE QUALIFYING RETAIL UTILITY.

2 (8) **Virtual power plant program.** (a) NO LATER THAN  
3 FEBRUARY 1, 2025, A QUALIFYING RETAIL UTILITY SHALL CREATE AND  
4 FILE WITH THE COMMISSION AN APPLICATION TO IMPLEMENT A VIRTUAL  
5 POWER PLANT PROGRAM, INCLUDING A TARIFF FOR PERFORMANCE-BASED  
6 COMPENSATION FOR A QUALIFIED VIRTUAL POWER PLANT.

7 (b) A VIRTUAL POWER PLANT PROGRAM IMPLEMENTED PURSUANT  
8 TO SUBSECTION (8)(a) OF THIS SECTION:

9 (I) MUST DEFINE THE GOALS OF THE VIRTUAL POWER PLANT  
10 PROGRAM AND CONSIDER THE ROLE THAT VIRTUAL POWER PLANTS CAN  
11 PLAY IN MODELING AND MEETING SYSTEM NEEDS IN THE RESOURCE  
12 PLANNING PROCESS AND ELIGIBILITY REQUIREMENTS FOR DER  
13 AGGREGATORS AND TECHNOLOGIES;

14 (II) MUST ESTABLISH A REQUIREMENT FOR A DER AGGREGATOR  
15 TO PARTICIPATE IN A VIRTUAL POWER PLANT AS A QUALIFIED  
16 AGGREGATOR, INCLUDING COMMUNICATION, DISPATCH, MEASUREMENT  
17 AND VERIFICATION, AND SETTLEMENT OF PERFORMANCE-BASED  
18 COMPENSATION;

19 (III) MAY SET A CAP FOR INDIVIDUAL RESOURCE CAPACITY AND  
20 MINIMUM AGGREGATION CAPACITY FOR PARTICIPATION IN THE VIRTUAL  
21 POWER PLANT PROGRAM;

22 (IV) MUST HAVE PROVISIONS FOR THE ENROLLMENT OF  
23 PROSUMERS BY DER AGGREGATORS;

24 (V) MUST HAVE REQUIREMENTS FOR A DER AGGREGATOR TO  
25 PARTICIPATE IN A VIRTUAL POWER PLANT TARIFF, INCLUDING  
26 REQUIREMENTS FOR THE MEASUREMENTS OF DISTRIBUTED ENERGY  
27 RESOURCES ASSOCIATED WITH THE VIRTUAL POWER PLANT;

1 (VI) MUST HAVE REQUIREMENTS FOR A STANDARD TARIFF OR  
2 TARIFFS TO SET PERFORMANCE REQUIREMENTS AND PERFORMANCE-BASED  
3 COMPENSATION FOR THE DER AGGREGATOR, WHICH REQUIREMENTS MUST  
4 INCLUDE:

5 (A) A REQUIREMENT THAT OTHERWISE ELIGIBLE CUSTOMERS MUST  
6 PARTICIPATE IN THE TARIFF OR TARIFFS THROUGH A DER AGGREGATOR,  
7 REGARDLESS OF THE CUSTOMER'S ELECTRICITY SERVICE RATE; AND

8 (B) A REQUIREMENT TO EXPLORE THE COSTS AND BENEFITS OF  
9 SETTING THE TARIFF REQUIREMENTS AND COMPENSATION FOR A PERIOD OF  
10 FIVE YEARS, AFTER WHICH DER AGGREGATORS MAY BE REQUIRED TO  
11 TRANSITION TO DIFFERENT TARIFF REQUIREMENTS AND COMPENSATION;

12 (VII) MUST HAVE STREAMLINED AND REASONABLE DATA  
13 REQUIREMENTS FOR THE PARTICIPATION OF QUALIFIED AGGREGATORS,  
14 PROSUMERS, OR OTHERWISE ELIGIBLE CUSTOMERS IN THE VIRTUAL POWER  
15 PLANT PROGRAM;

16 (VIII) MUST PROVIDE THAT PROSUMERS OR OTHERWISE ELIGIBLE  
17 CUSTOMERS MUST NOT BE DISQUALIFIED FROM PARTICIPATION IN A  
18 COMMISSION-APPROVED VIRTUAL POWER PLANT PROGRAM OR  
19 PERFORMANCE-BASED COMPENSATION DUE TO RECEIPT OF OTHER  
20 INCENTIVES, INCLUDING UP-FRONT INCENTIVES OR PERFORMANCE  
21 PAYMENTS FOR ENERGY, CAPACITY, OR OTHER GRID SERVICES THAT ARE  
22 DISTINCT FROM THE VIRTUAL POWER PLANT;

23 (IX) MUST PROVIDE THAT PROSUMERS OR OTHERWISE ELIGIBLE  
24 CUSTOMERS ARE NOT COMPENSATED FOR THE PROVISION OF THE SAME  
25 SERVICE MORE THAN ONCE;

26 (X) MUST REQUIRE THAT DER AGGREGATORS ADHERE TO ALL  
27 RELEVANT INTERCONNECTION RULES, TARIFFS, AND APPLICABLE

1 QUALIFYING RETAIL UTILITY PROCEDURES TO ENSURE THE SAFE  
2 OPERATION OF VIRTUAL POWER PLANTS WITHIN THE DISTRIBUTION  
3 SYSTEM;

4 (XI) MUST PRESCRIBE THE METHOD FOR SETTING  
5 PERFORMANCE-BASED COMPENSATION. THE VIRTUAL POWER PLANT  
6 PROGRAM MAY MAKE USE OF TARIFF RIDERS TO REFLECT STANDARD AND  
7 ADDITIONAL VALUES PROVIDED BY CERTAIN RESOURCES, LOCATIONS,  
8 TIMES, OR GRID CONDITIONS. TO THE EXTENT APPLICABLE, THE  
9 PERFORMANCE-BASED COMPENSATION METHODOLOGY MUST REFLECT THE  
10 FULL VALUE OF SERVICES, WHICH MAY INCLUDE:

11 (A) LOCAL AND SYSTEM PEAK DEMAND REDUCTION;

12 (B) CLEAN PEAK SERVICE;

13 (C) VOLTAGE SUPPORT AND OTHER ANCILLARY SERVICES;

14 (D) THE AVOIDANCE OR DEFERRAL OF ELECTRIC OR GAS  
15 TRANSMISSION OR DISTRIBUTION UPGRADES OR CAPACITY EXPANSION;

16 (E) LOCATIONAL VALUE AS REVEALED BY A GRID NEEDS  
17 ASSESSMENT OR PARTICIPATION IN NON-WIRES ALTERNATIVES IDENTIFIED  
18 IN THE QUALIFYING RETAIL UTILITY'S DISTRIBUTION SYSTEM PLAN;

19 (F) THE USE OF TELEMETRY FOR SETTLEMENT; AND

20 (G) OTHER FUNCTIONS THAT THE COMMISSION DETERMINES ARE  
21 SUPPORTIVE OF EFFICIENT PLANNING AND OPERATION OF THE ELECTRICAL  
22 GRID; AND

23 (XII) MUST ALLOW A QUALIFYING RETAIL UTILITY TO SERVE AS A  
24 DER AGGREGATOR SO LONG AS THE TARIFF OR ACCESS TO NECESSARY  
25 DATA DOES NOT PROVIDE THE UTILITY A COMPETITIVE ADVANTAGE OVER  
26 THIRD-PARTY AGGREGATORS.

27 (c) AS PART OF THE TARIFF APPLICATION, THE COMMISSION SHALL

1 CONSIDER WHETHER IT IS APPROPRIATE TO SET DIFFERENT  
2 PERFORMANCE-BASED COMPENSATION AND REQUIREMENTS FOR  
3 DIFFERENT TECHNOLOGIES OR SERVICES.

4 (d) ANY TARIFF FILED BY A QUALIFYING RETAIL UTILITY PURSUANT  
5 TO SUBSECTION (8)(a) OF THIS SECTION MUST INCLUDE, AT A MINIMUM,  
6 THE FOLLOWING TERMS FOR THE COMMISSION TO APPROVE, MODIFY, OR  
7 DENY THE TARIFF:

8 (I) MINIMUM AND MAXIMUM NUMBERS OF GRID EVENTS FOR  
9 WHICH THE QUALIFYING RETAIL UTILITY MAY DISPATCH THE VIRTUAL  
10 POWER PLANT;

11 (II) MONTHS OF THE YEAR THAT GRID EVENTS CAN OCCUR;

12 (III) DAYS OF THE WEEK THAT GRID EVENTS CAN OCCUR;

13 (IV) TIMES OF DAY THAT GRID EVENTS CAN OCCUR;

14 (V) THE MAXIMUM DURATION OF GRID EVENTS; AND

15 (VI) MINIMUM ADVANCE NOTIFICATION REQUIREMENTS OF GRID  
16 EVENTS.

17 (e) NOTHING IN THIS SECTION AFFECTS A QUALIFYING RETAIL  
18 UTILITY'S NET METERING PROGRAM REQUIRED BY SECTION 40-2-124 FOR  
19 ENERGY THAT IS EXPORTED OUTSIDE OF A COMMISSION-APPROVED  
20 VIRTUAL POWER PLANT PROGRAM.

21 (f) A QUALIFYING RETAIL UTILITY SHALL RECOVER COSTS TO  
22 FACILITATE A VIRTUAL POWER PLANT PROGRAM, INCLUDING  
23 FOUNDATIONAL TECHNOLOGY COSTS OR INVESTMENTS, OPERATIONS AND  
24 MAINTENANCE EXPENSES, OPERATING TECHNOLOGY COSTS OR  
25 INVESTMENTS, AND INFORMATION TECHNOLOGY COSTS OR INVESTMENTS,  
26 THROUGH THE GRID MODERNIZATION ADJUSTMENT CLAUSE.

27 (g) (I) IN ORDER TO PARTICIPATE IN A VIRTUAL POWER PLANT

1 PROGRAM UNDER THIS SECTION, AN INDIVIDUAL ENERGY STORAGE  
2 PROJECT PUT OUT TO BID BY THE PROJECT OWNER AFTER JUNE 30, 2024,  
3 WITH A USABLE ENERGY CAPACITY OF ONE MEGAWATT OR HIGHER IS  
4 SUBJECT TO THE REQUIREMENTS OF SECTIONS 24-92-304, 24-92-305,  
5 24-92-306, AND 24-92-307.

6 (II) THE DER AGGREGATOR ADMINISTERING THE VPP SHALL FILE  
7 AN AFFIDAVIT UNDER PENALTY OF PERJURY WITH THE COMMISSION  
8 STATING THAT ALL ENERGY STORAGE SYSTEMS WITH A USABLE ENERGY  
9 CAPACITY OF ONE MEGAWATT OR HIGHER PARTICIPATING IN THE VPP ARE  
10 IN COMPLIANCE WITH THIS SECTION.

11 (III) THE COMMISSION MAY ASK THE QUALIFYING RETAIL UTILITY  
12 TO GET ADDITIONAL INFORMATION OR DOCUMENTATION FROM THE DER  
13 AGGREGATOR IF THE COMMISSION DEEMS IT NECESSARY TO ENSURE  
14 COMPLIANCE WITH THIS SECTION.

15 (IV) AFTER THE INITIAL FILING OF THE AFFIDAVIT WITH THE  
16 COMMISSION, IF A DER AGGREGATOR ADDS AN INDIVIDUAL ADDITIONAL  
17 STORAGE SYSTEM CAPACITY OF ONE MEGAWATT OR HIGHER, THE DER  
18 AGGREGATOR SHALL FILE ANOTHER AFFIDAVIT WITH THE COMMISSION.

19 (h) UNLESS IMPLEMENTED IN ANOTHER PROCEEDING, THE  
20 COMMISSION SHALL DETERMINE WHETHER TO DIRECT A QUALIFYING  
21 RETAIL UTILITY TO PROPOSE A COMPETITIVE SOLICITATION FOR VIRTUAL  
22 POWER PLANTS THAT MAY OPERATE IN CONJUNCTION WITH THE  
23 TARIFF-BASED VIRTUAL POWER PLANT PROGRAM IN EVALUATING THE  
24 APPROVAL OF THE TARIFF.

25 (9) **Underground conversion and community benefit programs**  
26 **- plans - definition.** (a) BY JANUARY 1, 2025, A QUALIFYING RETAIL  
27 UTILITY SHALL FILE WITH THE COMMISSION A PLAN TO IMPLEMENT

1 COMMUNITY-DIRECTED UNDERGROUND CONVERSION AND COMMUNITY  
2 BENEFIT PROGRAMS FOR THE UNDERGROUNDING OF UTILITY DISTRIBUTION  
3 INFRASTRUCTURE AND OTHER COMMUNITY BENEFIT INVESTMENTS IN  
4 NONFRANCHISED AREAS OF THE QUALIFYING RETAIL UTILITY IN THE STATE  
5 USING ONE PERCENT OF THE AREA'S GROSS ELECTRIC REVENUES FROM THE  
6 PRIOR YEAR.

7 (b) AS PART OF A QUALIFYING RETAIL UTILITY'S DISTRIBUTION  
8 SYSTEM PLANS, THE QUALIFYING RETAIL UTILITY SHALL CONSIDER THE  
9 PUBLIC BENEFIT OF UNDERGROUNDING EXISTING AND NEW DISTRIBUTION  
10 SYSTEM INFRASTRUCTURE AND OTHER COMMUNITY BENEFIT  
11 INVESTMENTS. A QUALIFYING RETAIL UTILITY SHALL INCLUDE IN ITS  
12 DISTRIBUTION SYSTEM PLANS A DESCRIPTION OF HOW SUCH PUBLIC  
13 BENEFIT HAS BEEN CONSIDERED IN ITS DISTRIBUTION SYSTEM PLANNING.

14 (c) IN ORDER TO ACCOUNT FOR THE FACT THAT UNDERGROUNDING  
15 SIGNIFICANT PORTIONS OF UTILITY DISTRIBUTION INFRASTRUCTURE MAY  
16 NOT BE FEASIBLE OR EFFICIENT IN SOME AREAS, AS USED IN THIS  
17 SUBSECTION (9), "COMMUNITY BENEFIT INVESTMENTS" MEANS  
18 COMMUNITY-DIRECTED PROJECTS SUCH AS MICROGRIDS, CUSTOMER-SITED  
19 ENERGY STORAGE, AND OTHER SIMILAR PROJECTS AIMED AT COMMUNITY  
20 ENERGY RESILIENCY.

21 **SECTION 2. Appropriation.** (1) For the 2024-25 state fiscal  
22 year, \$420,500 is appropriated to the department of regulatory agencies  
23 for use by the public utilities commission. This appropriation is from the  
24 public utilities commission fixed utility fund created in section 40-2-114  
25 (1)(b)(II), C.R.S. To implement this act, the commission may use this  
26 appropriation as follows:

27 (a) \$382,670 for personal services, which amount is based on an

1 assumption that the commission will require an additional 3.5 FTE; and  
2 (b) \$37,830 for operating expenses.

3 **SECTION 3. Safety clause.** The general assembly finds,  
4 determines, and declares that this act is necessary for the immediate  
5 preservation of the public peace, health, or safety or for appropriations for  
6 the support and maintenance of the departments of the state and state  
7 institutions.