

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

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 22-0401.01 Jennifer Berman x3286

HOUSE BILL 22-1013

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House Committees

Energy & Environment
Appropriations

Senate Committees

Transportation & Energy
Appropriations

SENATE
3rd Reading Unamended
May 6, 2022

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A GRANT PROGRAM TO BUILD**
102 **COMMUNITY RESILIENCE REGARDING ELECTRIC GRID**
103 **DISRUPTIONS THROUGH THE DEVELOPMENT OF MICROGRIDS,**
104 **AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

SENATE
Amended 2nd Reading
May 5, 2022

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>.)

HOUSE
3rd Reading Unamended
May 2, 2022

The bill creates the microgrids for community resilience grant program (grant program) to be administered by the division of local government (division) in the department of local affairs (department), in

HOUSE
Amended 2nd Reading
April 29, 2022

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.

collaboration with the Colorado resiliency office (office) in the division. A cooperative electric association or a municipally owned utility (utility) may apply to the division for a grant award to finance the purchase of microgrid resources in eligible rural communities within the utility's service territory that are at significant risk of severe weather or natural disaster events and in which there are one or more community anchor institutions. The microgrids, which can be connected to or be disconnected from, and work independent of, the utility's electric grid, can increase an eligible rural community's resilience regarding any interruptions to the electric grid, such as those caused by severe weather or natural disaster events. On an annual basis, the division is required to report on the progress of the grant program, submit copies of the report to the house of representatives energy and environment committee and the senate transportation and energy committee, or their successor committees, and publish the report on the department's website.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** article 9.8 to title
3 40 as follows:

4 **ARTICLE 9.8**

5 **Microgrids for Community Resilience**

6 **40-9.8-101. Short title.** THE SHORT TITLE OF THIS ARTICLE 9.8 IS
7 THE "MICROGRIDS FOR COMMUNITY RESILIENCE ACT".

8 **40-9.8-102. Legislative declaration.** (1) THE GENERAL
9 ASSEMBLY HEREBY FINDS AND DECLARES THAT:

10 (a) SEVERE WEATHER OR NATURAL DISASTER EVENTS CAN AFFECT
11 AN ELECTRIC UTILITY'S ABILITY TO DELIVER UNINTERRUPTED ELECTRICITY
12 THROUGHOUT ITS SERVICE TERRITORY, PARTICULARLY IN RURAL AREAS;

13 (b) IN THE RURAL AREAS OF THE STATE IN WHICH MANY
14 COOPERATIVE ELECTRIC ASSOCIATIONS OPERATE, INTERRUPTIONS IN THE
15 DELIVERY OF ELECTRIC SERVICE PRESENT SIGNIFICANT THREATS TO THE
16 COMMUNITY ANCHOR INSTITUTIONS LOCATED IN THOSE AREAS;

17 (c) USE OF MICROGRIDS CAN HELP INCREASE A COMMUNITY'S

1 RESILIENCE REGARDING SEVERE WEATHER OR NATURAL DISASTER EVENTS
2 THAT CAN AFFECT THE ELECTRIC GRID BY PROVIDING THE COMMUNITY
3 WITH AN ALTERNATIVE, RELIABLE SOURCE OF ELECTRICITY THAT IS NOT
4 DEPENDENT ON THE ELECTRIC GRID;

5 (d) MANY RURAL COMMUNITIES LACK THE RESOURCES NECESSARY
6 TO DEVELOP MICROGRIDS; AND

7 (e) THROUGH GRANTS MADE TO COOPERATIVE ELECTRIC
8 ASSOCIATIONS AND MUNICIPALLY OWNED UTILITIES, ASSOCIATIONS AND
9 MUNICIPALLY OWNED UTILITIES CAN INVEST IN MICROGRID RESOURCES IN
10 ELIGIBLE RURAL COMMUNITIES WITHIN THEIR SERVICE TERRITORIES THAT
11 ARE AT SIGNIFICANT RISK OF SEVERE WEATHER OR NATURAL DISASTER
12 EVENTS.

13 **40-9.8-103. Definitions - rules.** AS USED IN THIS ARTICLE 9.8,
14 UNLESS THE CONTEXT OTHERWISE REQUIRES:

15 (1) "COMMUNITY ANCHOR INSTITUTION" MEANS A:

16 (a) SCHOOL, AS DEFINED IN SECTION 24-37.5-902 (10);

17 (b) LIBRARY;

18 (c) HOSPITAL OR OTHER HEALTH-CARE FACILITY LICENSED OR
19 CERTIFIED PURSUANT TO SECTION 25-1.5-103;

20 (d) LAW ENFORCEMENT, EMERGENCY MEDICAL SERVICE PROVIDER,
21 OR OTHER PUBLIC SAFETY AGENCY;

22 (e) GOVERNMENT OFFICE;

23 (f) COMMUNITY ORGANIZATION FACILITY AT WHICH SERVICES TO
24 AT-RISK POPULATIONS SUCH AS INCOME-ELIGIBLE HOUSEHOLDS, SENIORS,
25 OR UNHOUSED PERSONS ARE PROVIDED; OR

26 (g) OTHER CRITICAL COMMUNITY SERVICE FACILITIES, AS
27 DETERMINED BY THE DEPARTMENT BY POLICY.

1 (2) "COOPERATIVE ELECTRIC ASSOCIATION" OR "ASSOCIATION"
2 HAS THE MEANING SET FORTH IN SECTION 40-9.5-102 (1).

3 (3) "DEPARTMENT" MEANS THE DEPARTMENT OF LOCAL AFFAIRS
4 CREATED IN SECTION 24-1-125.

5 (4) "DISTRIBUTED ENERGY RESOURCE" MEANS AN ELECTRIC
6 GENERATION RESOURCE, INCLUDING A RENEWABLE ENERGY RESOURCE OR
7 RENEWABLE ENERGY STORAGE, THAT IS LOCATED ON A PROPERTY WITHIN
8 AN ELECTRIC UTILITY'S SERVICE TERRITORY AND THAT IS
9 INTERCONNECTED TO THE ELECTRIC GRID.

10 (5) "DIVISION" MEANS THE DIVISION OF LOCAL GOVERNMENT
11 CREATED IN SECTION 24-32-103.

12 (6) "ELIGIBLE RURAL COMMUNITY" MEANS A RURAL COMMUNITY:

13 (a) THAT IS AT SIGNIFICANT RISK OF EXPERIENCING SEVERE
14 WEATHER OR NATURAL DISASTER EVENTS; AND

15 (b) IN WHICH ONE OR MORE COMMUNITY ANCHOR INSTITUTIONS
16 ARE LOCATED.

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

19 (8) "GRANT PROGRAM" MEANS THE MICROGRIDS FOR COMMUNITY
20 RESILIENCE GRANT PROGRAM CREATED IN SECTION 40-9.8-104 (1)(a).

21 (9) "ISLAND MODE" MEANS AN ELECTRIC GENERATION SYSTEM
22 THAT IS NOT CONNECTED TO THE ELECTRIC GRID AND CAN OPERATE
23 INDEPENDENT OF THE GRID.

24 (10) "MICROGRID" MEANS A GROUP OF INTERCONNECTED ELECTRIC
25 LOADS AND DISTRIBUTED ENERGY RESOURCES WITH CLEARLY DEFINED
26 ELECTRICAL BOUNDARIES THAT:

27 (a) FUNCTIONS AS A SINGLE, CONTROLLABLE ENTITY WITH RESPECT

1 TO THE ELECTRIC GRID; AND

2 (b) CAN BE CONNECTED TO OR DISCONNECTED FROM THE ELECTRIC
3 GRID TO ENABLE IT TO OPERATE EITHER IN GRID-CONNECTED MODE OR IN
4 ISLAND MODE.

5 (11) "OFFICE" MEANS THE COLORADO RESILIENCY OFFICE
6 CREATED IN SECTION 24-32-121.

7 (12) "RENEWABLE ENERGY" HAS THE MEANING SET FORTH IN
8 SECTION 40-1-102 (11).

9 (13) "RENEWABLE ENERGY STORAGE" MEANS AN ENERGY
10 STORAGE SYSTEM, AS DEFINED IN SECTION 40-2-130 (2)(a).

11 (14) "SEVERE WEATHER OR NATURAL DISASTER EVENTS"
12 INCLUDES, BUT IS NOT LIMITED TO, SNOWSTORMS, FREEZES, WILDFIRES,
13 TORNADOES, HIGH WINDS, AND FLOODS.

14 **40-9.8-104. Microgrids for community resilience grant**
15 **program - creation - grant application process - report - repeal.**

16 (1) (a) (I) THE MICROGRIDS FOR COMMUNITY RESILIENCE GRANT
17 PROGRAM IS HEREBY CREATED IN THE DIVISION TO PROVIDE GRANTS FOR
18 COOPERATIVE ELECTRIC ASSOCIATIONS AND MUNICIPALLY OWNED
19 UTILITIES TO PURCHASE MICROGRID RESOURCES FOR ELIGIBLE RURAL
20 COMMUNITIES LOCATED WITHIN THEIR SERVICE TERRITORIES. THE
21 DIVISION, IN COLLABORATION WITH THE OFFICE AND ENERGY OFFICE,
22 SHALL AWARD GRANTS FROM THE MONEY THAT THE GENERAL ASSEMBLY
23 APPROPRIATES TO THE DEPARTMENT FOR USE BY THE DIVISION FOR THE
24 GRANT PROGRAM, AS WELL AS ANY MONEY RECEIVED FROM FEDERAL
25 SOURCES THAT MAY BE USED FOR THE GRANT PROGRAM. THE
26 DEPARTMENT MAY APPLY FOR, RECEIVE, AND DISTRIBUTE FEDERAL MONEY
27 FOR THE GRANT PROGRAM, AND MAY SEEK, ACCEPT, AND EXPEND GIFTS,

1 GRANTS, AND DONATIONS FROM PRIVATE AND PUBLIC RESOURCES.

2 (II) IN ADDITION TO COLLABORATING WITH THE DIVISION
3 REGARDING THE AWARDING OF GRANTS PURSUANT TO SUBSECTION
4 (1)(a)(I) OF THIS SECTION, THE ENERGY OFFICE SHALL ADVISE THE
5 DIVISION ON CRITERIA TO CONSIDER IN AWARDING GRANTS, REVIEW COPIES
6 OF GRANT APPLICATIONS, AND ADVISE THE DIVISION BASED ON THE
7 ENERGY OFFICE'S REVIEW OF THE GRANT APPLICATIONS.

8 (III) THE DIVISION, OFFICE, ENERGY OFFICE, AND DEPARTMENT
9 MAY USE A PORTION OF THE GRANT PROGRAM MONEY FOR
10 ADMINISTRATIVE PURPOSES IN AN AMOUNT NOT TO EXCEED THE AMOUNT
11 OF MONEY REQUIRED TO COVER THEIR DIRECT AND INDIRECT COSTS IN
12 ADMINISTERING THE GRANT PROGRAM.

13

14 (b) TO ADMINISTER THE GRANT PROGRAM, THE DIVISION, IN
15 COLLABORATION WITH THE OFFICE AND THE ENERGY OFFICE, SHALL
16 DEVELOP A GRANT APPLICATION PROCESS AND, ON OR BEFORE JANUARY
17 1, 2023, POST INFORMATION ABOUT THE PROCESS, INCLUDING ANY
18 APPLICATION FORM DEVELOPED AND DEADLINES SET, ON THE
19 DEPARTMENT'S WEBSITE. THE DIVISION SHALL BEGIN ACCEPTING
20 APPLICATIONS AFTER IT POSTS THE INFORMATION ABOUT THE APPLICATION
21 PROCESS ON THE DEPARTMENT'S WEBSITE. THE DIVISION SHALL CONTINUE
22 TO ACCEPT APPLICATIONS UNTIL ALL OF THE GRANT MONEY IS AWARDED.

23 (c) ONLY COOPERATIVE ELECTRIC ASSOCIATIONS AND
24 MUNICIPALLY OWNED UTILITIES THAT SERVE ELIGIBLE RURAL
25 COMMUNITIES ARE ELIGIBLE TO APPLY FOR A GRANT UNDER THE GRANT
26 PROGRAM.

27 (2) AS PART OF ITS GRANT APPLICATION, AN APPLICANT MUST:

1 (a) IDENTIFY ONE OR MORE ELIGIBLE RURAL COMMUNITIES WITHIN
2 THE APPLICANT'S SERVICE TERRITORY FOR WHICH THE APPLICANT PLANS
3 TO UTILIZE MICROGRID RESOURCES TO INCREASE THE COMMUNITY'S
4 RESILIENCE REGARDING INTERRUPTIONS TO THE ELECTRIC GRID THAT CAN
5 BE CAUSED BY SEVERE WEATHER OR NATURAL DISASTER EVENTS; AND

6 (b) SUBMIT WITH THE APPLICATION A PLAN DETAILING HOW THE
7 APPLICANT WILL UTILIZE MICROGRID RESOURCES IN ONE OR MORE ELIGIBLE
8 RURAL COMMUNITIES IDENTIFIED IN THE APPLICATION PURSUANT TO
9 SUBSECTION (2)(a) OF THIS SECTION.

10 (3) IN AWARDING GRANTS, THE DIVISION, IN COLLABORATION WITH
11 THE OFFICE AND ENERGY OFFICE, SHALL CONSIDER THE FOLLOWING WITH
12 REGARD TO ONE OR MORE ELIGIBLE RURAL COMMUNITIES THAT AN
13 APPLICANT IDENTIFIES IN ITS GRANT PROGRAM APPLICATION:

14 (a) EACH ELIGIBLE RURAL COMMUNITY'S DEGREE OF EXPOSURE TO
15 SEVERE WEATHER OR NATURAL DISASTER EVENTS;

16 (b) THE NATURE OF EACH ELIGIBLE RURAL COMMUNITY'S
17 INTERESTS THAT ARE AT RISK FROM SEVERE WEATHER OR NATURAL
18 DISASTER EVENTS;

19 (c) THE AVAILABILITY OF ALTERNATIVE RESOURCES TO MEET THE
20 NEEDS OF EACH ELIGIBLE RURAL COMMUNITY IF FACED WITH A SEVERE
21 WEATHER OR NATURAL DISASTER EVENT;

22 (d) THE OPPORTUNITY FOR THE UTILITY TO PROMOTE ENERGY
23 EFFICIENCY AND DEMAND-SIDE MANAGEMENT PROGRAMS; AND

24 (e) THE FINANCIAL RESOURCES OF EACH ELIGIBLE RURAL
25 COMMUNITY TO MITIGATE THE RISKS.

26 (4) IN AWARDING GRANTS, THE DIVISION, IN COLLABORATION WITH
27 THE OFFICE AND ENERGY OFFICE, SHALL PRIORITIZE MICROGRIDS WITH A

1 HIGHER RELIANCE ON NONFOSSIL-FUEL-BASED GENERATION.

2 (5) ON OR BEFORE DECEMBER 1, 2023, AND ON OR BEFORE
3 DECEMBER 1 OF EACH YEAR THEREAFTER, THE DIVISION SHALL SUBMIT A
4 REPORT SUMMARIZING THE GRANTS AWARDED IN THE PREVIOUS TWELVE
5 MONTHS THROUGH THE GRANT PROGRAM, INCLUDING:

6 (a) THE NUMBER OF GRANTS AWARDED; AND

7 (b) FOR EACH GRANT AWARDED:

8 (I) THE AMOUNT AWARDED;

9 (II) THE LOCATION OF THE ELIGIBLE RURAL COMMUNITY OR
10 COMMUNITIES FOR WHICH THE GRANT WILL BE USED; AND

11 (III) INFORMATION CONCERNING THE GRANTEE'S PROGRESS IN
12 DEVELOPING MICROGRID RESOURCES, INCLUDING A DESCRIPTION OF THE
13 MICROGRID RESOURCES BEING DEVELOPED AND THE KILOWATT-HOURS
14 THAT THE MICROGRID RESOURCES ARE OR WILL BE CAPABLE OF
15 GENERATING.

16 (6) THE DIVISION SHALL PUBLISH THE ANNUAL REPORT ON THE
17 DEPARTMENT'S WEBSITE AND FURNISH COPIES OF THE REPORT TO THE
18 HOUSE OF REPRESENTATIVES ENERGY AND ENVIRONMENT COMMITTEE AND
19 THE SENATE TRANSPORTATION AND ENERGY COMMITTEE, OR THEIR
20 SUCCESSOR COMMITTEES.

21 (7) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2026.

22 **SECTION 2. Appropriation.** (1) For the 2022-23 state fiscal
23 year, \$3,500,000 is appropriated to the department of local affairs for use
24 by the division of local government. This appropriation is from the
25 general fund, and is based on an assumption that the division will require
26 an additional 1.6 FTE. To implement this act, the division may use this
27 appropriation for microgrids for community resilience grant program.

1 Any money appropriated in this subsection (1) that is not expended prior
2 to July 1, 2023 is further appropriated for the 2023-24, 2024-25, and
3 2025-26 state fiscal years for the same purpose.

4 (2) For the 2022-23 state fiscal year, \$20,713 is appropriated to
5 the office of the governor for use by the Colorado energy office. This
6 appropriation is from the General Fund and is based on an assumption
7 that the office will require an additional 0.2 FTE. To implement this act,
8 the office may use this appropriation for program administration.

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