

First Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 11-0338.01 Duane Gall

HOUSE BILL 11-1228

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HOUSE SPONSORSHIP

Solano, Vigil, Massey

SENATE SPONSORSHIP

Schwartz, White

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House Committees

Agriculture, Livestock, & Natural Resources

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING MEASURES TO PROMOTE ECONOMIC DEVELOPMENT  
102 THROUGH THE USE OF DISTRIBUTED RENEWABLE ENERGY  
103 GENERATION, AND, IN CONNECTION THEREWITH, AUTHORIZING  
104 AN INDEPENDENT STUDY OF THE POTENTIAL FOR JOB CREATION  
105 AND PRESERVATION AND OTHER BENEFITS AVAILABLE FROM  
106 ADOPTION OF INCENTIVES FOR DISTRIBUTED RENEWABLE  
107 ENERGY GENERATION.

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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*

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

*http://www.leg.state.co.us/bills/summaries.*)

The bill directs the office of economic development to commission a study of the potential benefits of building upon the state's existing renewable energy portfolio standard through the adoption of additional incentives to increase the amount of distributed generation included in utilities' portfolios for the purpose of job creation and economic development.

The bill specifically requires this study to include the potential for job creation and retention in Colorado, broken down by region and by the type of renewable energy source; attraction of new businesses and new capital from outside the state; expansion of revenue streams for farmers, ranchers, and retirees; and creation of additional tax revenue for the state.

The study is to be conducted by an independent entity selected by the office of economic development, and funded through gifts, grants, and donations. A report is due to the committees of the general assembly with jurisdiction over business and economic development issues by late 2011.

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

2           **SECTION 1. Legislative declaration.** The general assembly  
3 finds, determines, and declares that, as a means to improve Colorado's  
4 economy, there is a need to conduct an independent, legislatively  
5 sanctioned, Colorado-focused study of a distributed generation policy  
6 with proven results worldwide for creating jobs and accelerating markets  
7 for local energy production.

8           **SECTION 2.** Part 1 of article 48.5 of title 24, Colorado Revised  
9 Statutes, is amended BY THE ADDITION OF A NEW SECTION to  
10 read:

11           **24-48.5-113. Economic development through distributed**  
12 **generation - study - report - funding - fund created - repeal.**

13 (1) (a) AS SOON AS POSSIBLE, BUT NO LATER THAN JULY 1, 2011, THE  
14 OFFICE OF ECONOMIC DEVELOPMENT SHALL SELECT ONE OR MORE  
15 INDEPENDENT PERSONS OR ENTITIES, ALSO REFERRED TO IN THIS SECTION  
16 COLLECTIVELY AS THE "ANALYST", TO PROVIDE TECHNICAL EXPERTISE

1 AND STRATEGIC POLICY RECOMMENDATIONS, FROM A STATEWIDE  
2 PERSPECTIVE, TO THE OFFICE AND THE GENERAL ASSEMBLY. THE OFFICE  
3 SHALL SELECT THE ANALYST THROUGH A COMPETITIVE  
4 REQUEST-FOR-PROPOSALS PROCESS.

5 (b) THE ANALYST'S PRIMARY TASK IS TO PRODUCE A REPORT  
6 CONTAINING FINDINGS AND LEGISLATIVE RECOMMENDATIONS ON THE  
7 POTENTIAL FOR PROMOTING ECONOMIC DEVELOPMENT IN COLORADO BY  
8 INCREASING DISTRIBUTED GENERATION OF ENERGY FROM RENEWABLE  
9 SOURCES, AS MORE FULLY DESCRIBED IN SUBSECTION (2) OF THIS SECTION.

10 (c) IN COLLECTING INFORMATION FOR ITS REPORT, THE ANALYST  
11 SHALL:

12 (I) SOLICIT AND RECEIVE COMMENTS, INCLUDING WRITTEN  
13 SUBMISSIONS AND OTHER INFORMATION, FROM MEMBERS OF THE PUBLIC.  
14 THE ANALYST MAY DETERMINE THE MANNER IN WHICH COMMENTS ARE  
15 SOLICITED AND RECEIVED.

16 (II) CONSIDER ANY COMMENTS, INCLUDING WRITTEN SUBMISSIONS  
17 AND OTHER INFORMATION, RECEIVED FROM:

18 (A) BUSINESSES, TRADE ASSOCIATIONS, AND INDUSTRY GROUPS;

19 (B) PUBLIC AND PRIVATE ENTITIES THAT PROMOTE RURAL  
20 ECONOMIC DEVELOPMENT;

21 (C) COUNTIES, CITIES, AND STATE AGENCIES;

22 (D) PUBLIC UTILITIES AND THEIR CUSTOMERS;

23 (E) ENVIRONMENTAL GROUPS; AND

24 (F) OTHER INTERESTED STAKEHOLDERS; AND

25 (III) CONSIDER ANY AVAILABLE REPORTS, ANALYSES, RESEARCH  
26 PAPERS, WHITE PAPERS, FEASIBILITY STUDIES, PILOT PROJECTS, AND  
27 TECHNICAL INFORMATION, INCLUDING AGGREGATED UTILITY DATA;

1 RESEARCH FROM THE NATIONAL RENEWABLE ENERGY LABORATORY, THE  
2 GOVERNOR'S ENERGY OFFICE, THE COLORADO PUBLIC UTILITIES  
3 COMMISSION, ACADEMIC INSTITUTIONS, PUBLIC UTILITIES, AND PRIVATE  
4 CITIZENS; AND INFORMATION FROM ANY OTHER PUBLIC OR PRIVATE  
5 ENTITY.

6 (2) **Report - scope and content - issues to be considered.**

7 (a) THE ANALYST SHALL PREPARE AND DELIVER ITS REPORT TO THE HOUSE  
8 ECONOMIC AND BUSINESS DEVELOPMENT COMMITTEE, THE SENATE  
9 BUSINESS, LABOR, AND TECHNOLOGY COMMITTEE, AND THE MEMBERS OF  
10 THE GENERAL ASSEMBLY, IN ACCORDANCE WITH SECTION 24-1-136(9), ON  
11 OR BEFORE DECEMBER 15, 2011. THE REPORT MUST CONTAIN AN  
12 INDEPENDENT STUDY OF THE OPPORTUNITIES FOR ECONOMIC  
13 DEVELOPMENT AND JOB CREATION IN COLORADO DERIVED FROM  
14 DEPLOYING LOCALLY GENERATED RENEWABLE ENERGY VIA A  
15 LEGISLATIVELY ENACTED POLICY MECHANISM, WHICH MAY CONSIST OF OR  
16 INCLUDE A STANDARD OFFER THAT:

17 (I) COVERS ALL FORMS OF RENEWABLE ENERGY GENERATION;

18 (II) CONNECTS ALL PRODUCERS OF RENEWABLE ENERGY TO LOCAL  
19 DISTRIBUTION IN A TIMELY FASHION;

20 (III) COMPENSATES PRODUCERS FOR THE COST OF THEIR SYSTEM  
21 PLUS A MODEST RATE OF RETURN THROUGH A LONG-TERM, MUST-TAKE  
22 CONTRACT WITH THE LOCAL UTILITY;

23 (IV) COVERS COSTS THROUGH MODEST UTILITY RATE INCREASES;

24 (V) APPLIES TO ELECTRICITY AND HEAT GENERATION; AND

25 (VI) HAS A DEFINED LIFETIME, AND IS NOT A POLICY INTENDED TO  
26 RUN IN PERPETUITY.

27 (b) THE REPORT MUST ADDRESS AT LEAST THE FOLLOWING

1 SPECIFIC POINTS:

2 (I) AN ASSESSMENT OF THE PROBABLE ECONOMIC IMPACT OF A  
3 MARKET-BASED APPROACH TO INCREASING RENEWABLE ENERGY  
4 GENERATION ON A UTILITY-BY-UTILITY BASIS, INCLUDING  
5 INVESTOR-OWNED, MUNICIPALLY OWNED, AND COOPERATIVELY OWNED  
6 ELECTRIC UTILITIES. THE ASSESSMENT IS TO INCLUDE OUTCOME DATA  
7 RELEVANT TO:

8 (A) POTENTIAL JOB CREATION AND PRESERVATION PER REGION  
9 WITHIN COLORADO AND PER RENEWABLES SECTOR, INCLUDING THE  
10 MULTIPLIER EFFECT OF WAGES AND SALARIES EARNED FOR THOSE JOBS;

11 (B) RATE IMPACTS FOR CUSTOMERS;

12 (C) AVOIDED COSTS FOR UTILITIES;

13 (D) ATTRACTION OF NEW CAPITAL TO COLORADO;

14 (E) ATTRACTION OF NEW BUSINESSES TO COLORADO;

15 (F) ENCOURAGEMENT OF ENTREPRENEURIAL ACTIVITY AND  
16 INNOVATION;

17 (G) EXPANSION OF REVENUE STREAMS FOR FARMERS AND  
18 RANCHERS;

19 (H) PASSIVE INCOME FOR CITIZENS LIVING ON FIXED INCOMES; AND

20 (I) ADDITIONAL TAX REVENUE FOR THE STATE OF COLORADO;

21 (II) PRESENTATION OF CASE STUDY INFORMATION FROM THE  
22 IMPLEMENTATION OF PILOT PROGRAMS OR OTHER, SIMILAR EFFORTS IN  
23 COLORADO OR OTHER LOCATIONS, IF SUCH INFORMATION IS AVAILABLE;

24 (III) AN ASSESSMENT OF GRID CONNECTIVITY COSTS AND ISSUES  
25 FOR NEW RENEWABLE GENERATION, RANGING FROM SMALL-SCALE TO  
26 LARGE-SCALE DEPLOYMENT;

27 (IV) INFORMATION ON THE MECHANICS, ADVANTAGES,

1 DISADVANTAGES, AND COSTS OF ESTABLISHING A THIRD-PARTY,  
2 NONREGULATORY CLEARINGHOUSE TO MONITOR THE OPERATION OF A  
3 MARKET-BASED POLICY, ONCE IMPLEMENTED;

4 (V) AN ESTIMATE OF THE ECONOMIC BENEFIT OF INCLUDING  
5 RENEWABLE HEAT, SOLAR THERMAL COLLECTION, COMBINED HEAT AND  
6 POWER RETROFITS, DISTRICT HEAT, OR WASTE HEAT RECAPTURE,  
7 TOGETHER WITH THE COSTS AND BENEFITS OF ANY ASSOCIATED  
8 INCENTIVES;

9 (VI) A DETERMINATION OF WHAT ACCOMMODATIONS, IF ANY,  
10 WOULD NEED TO BE MADE FOR FEDERAL POLICIES AND POTENTIAL  
11 CHANGES TO THOSE POLICIES;

12 (VII) COMPARISON AND CONTRAST BETWEEN ANY PROPOSED  
13 POLICY FOR THE PROMOTION OF RENEWABLE ENERGY GENERATION AND  
14 EXISTING POLICIES, INCLUDING AN ASSESSMENT OF THE RELATIVE  
15 COST-EFFICIENCY OF THOSE POLICIES, AND SUGGESTIONS FOR ANY  
16 NECESSARY AMENDMENTS TO HARMONIZE, UPGRADE, OR UNIFY EXISTING  
17 POLICIES WITH THE PROPOSED POLICY. AS USED IN THIS SUBPARAGRAPH  
18 (VII), "EXISTING POLICIES" INCLUDES NET METERING, TIME-OF-USE RATES,  
19 INTERCONNECTION, SOLAR GARDENS LEGISLATION AND REGULATION,  
20 TIERED-RATE ELECTRICITY PRICING, TAX CREDITS, REBATES, AND THE  
21 RENEWABLE PORTFOLIO STANDARD CONTAINED IN SECTION 40-2-124,  
22 C.R.S.

23 (VIII) AN ASSESSMENT OF WHETHER ANY PROPOSED POLICY  
24 WOULD AFFECT ACCESS TO CAPITAL FOR RENEWABLE PROJECT  
25 DEVELOPERS OF VARIOUS SCALES;

26 (IX) AN ESTIMATE OF THE AGGREGATE ECONOMIC EFFECTS OF ANY  
27 PROPOSED POLICY; AND

1           (X) SUGGESTIONS FOR IDENTIFYING APPROPRIATE MILESTONES FOR  
2           SUCCESS AND DEFINING THE DECOMMISSIONING TRIGGERS, IN  
3           RECOGNITION THAT THE PROPOSED POLICY IS NOT INTENDED TO CONTINUE  
4           INDEFINITELY.

5           (3) **Funding.** (a) THE OFFICE OF ECONOMIC DEVELOPMENT MAY  
6           ACCEPT PRIVATE GIFTS, GRANTS, AND DONATIONS FOR THE PURPOSE OF  
7           PROVIDING SUPPORT TO THE ANALYST TO PERFORM ITS RESPONSIBILITIES  
8           SPECIFIED IN THIS SECTION. ANY SUCH GIFTS, GRANTS, AND DONATIONS  
9           SHALL BE HELD IN THE DISTRIBUTED GENERATION ECONOMIC  
10          DEVELOPMENT FUND, ALSO REFERRED TO IN THIS SECTION AS THE "FUND",  
11          WHICH IS HEREBY CREATED IN THE STATE TREASURY, AND SHALL BE  
12          AVAILABLE TO THE OFFICE AND THE ANALYST ONLY FOR THE PURPOSE OF  
13          CARRYING OUT THE ANALYST'S DUTIES UNDER THIS SECTION. THE FUND  
14          ALSO CONSISTS OF MONEYS APPROPRIATED AND TRANSFERRED TO THE  
15          FUND. ANY UNEXPENDED OR UNENCUMBERED MONEYS REMAINING IN THE  
16          FUND AS OF JUNE 30, 2012, REVERTS TO THE GENERAL FUND.

17          (b) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE OFFICE  
18          OF ECONOMIC DEVELOPMENT NOT BE REQUIRED TO SOLICIT GIFTS, GRANTS,  
19          OR DONATIONS FROM ANY SOURCE FOR THE PURPOSES OF THIS SECTION  
20          AND THAT NO GENERAL FUND MONEYS BE USED TO PAY FOR GRANTS  
21          AWARDED PURSUANT TO THIS SECTION OR FOR ANY EXPENSES OF THE  
22          ANALYST.

23          (c) IF, BY JUNE 1, 2011, MONEYS IN THE FUND HAVE NOT REACHED  
24          AN AMOUNT SUFFICIENT TO PAY THE EXPENSES OF THE ANALYST, THE  
25          ANALYST SHALL NOT UNDERTAKE ANY DUTIES PURSUANT TO THIS  
26          SECTION, AND THE OFFICE OF ECONOMIC DEVELOPMENT SHALL RETURN TO  
27          EACH GRANTOR OR DONOR AN AMOUNT EQUAL TO SUCH GRANTOR'S OR

1 DONOR'S CONTRIBUTION. THE STATE TREASURER SHALL TRANSFER THE  
2 INTEREST, IF ANY, EARNED FROM THE INVESTMENT OF MONEYS IN THE  
3 ACCOUNT TO THE GENERAL FUND.

4 (4) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2012.

5 **SECTION 3. Safety clause.** The general assembly hereby finds,  
6 determines, and declares that this act is necessary for the immediate  
7 preservation of the public peace, health, and safety.