

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

ENGROSSED

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

LLS NO. 24-0411.04 Clare Haffner x6137

HOUSE BILL 24-1370

HOUSE SPONSORSHIP

Kipp and Willford,

SENATE SPONSORSHIP

Winter F.,

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, AND, IN CONNECTION THEREWITH,**
103 **MAKING AN APPROPRIATION.**

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

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.

HOUSE
Amended 2nd Reading
April 24, 2024

constituents have gas service provided by a dual-fuel utility that formally 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 IS ABLE TO MEET A CUSTOMER'S END USE NEED AND DOES
6 NOT COMBUST METHANE-, PROPANE-, OR PETROLEUM-DERIVED GAS ON
7 SITE IN DOING SO.

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

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

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

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

27 (6) "GAS INFRASTRUCTURE PLAN" MEANS A REQUIREMENT FOR GAS

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

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

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

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

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

23 (11) "NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT" MEANS A
24 PROJECT IN A GAS PLANNING PILOT COMMUNITY:

25 (a) WHERE A DUAL-FUEL UTILITY:

26 (I) PROVIDES BOTH GAS AND ELECTRIC SERVICE;

27 (II) PROVIDES GAS SERVICE AND A MUNICIPALLY OWNED UTILITY

1 OPERATED BY THE GAS PLANNING PILOT COMMUNITY PROVIDES ELECTRIC
2 SERVICE; OR

3 (III) PROVIDES GAS SERVICE AND A COOPERATIVE ELECTRIC
4 ASSOCIATION THAT SERVES A GAS PLANNING PILOT COMMUNITY HAS
5 VOLUNTARILY PARTNERED WITH THE DUAL-FUEL UTILITY; AND

6 (b) THAT GEOGRAPHICALLY TARGETS DECOMMISSIONING A
7 PORTION OF THE GAS DISTRIBUTION SYSTEM OR AVOIDS EXPANDING THE
8 GAS DISTRIBUTION SYSTEM IN ORDER TO SERVE NEW CONSTRUCTION
9 PROJECTS AND PROVIDES ALTERNATIVE ENERGY SERVICE TO BUILDINGS
10 WITHIN THE PROJECT AREA THAT REDUCES FUTURE GREENHOUSE GAS
11 EMISSIONS REQUIRED TO SERVE BUILDINGS.

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

19 (13) "PIPELINE SEGMENT" MEANS A DISCRETE PORTION OF THE
20 DISTRIBUTION SYSTEM AND ALL ANCILLARY STRUCTURES, VALVES, AND
21 OTHER SYSTEMS NEEDED TO DISTRIBUTE GAS. A PIPELINE SEGMENT MUST
22 BE THE SMALLEST INCREMENTAL UNIT POSSIBLE, AS DEFINED BY PIPELINE
23 MATERIALS, GEOGRAPHICAL FEATURES, AND THE DESIGN OF THE
24 DISTRIBUTION SYSTEM.

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

27 (15) "THERMAL ENERGY SYSTEM" HAS THE MEANING SET FORTH

1 IN SECTION 40-3.2-108 (2)(t).

2 **40-3.3-102. Request for information - gas planning pilot**
3 **community - disclosures - repeal.** (1) (a) BY DECEMBER 1, 2024, THE
4 COLORADO ENERGY OFFICE SHALL ISSUE A REQUEST FOR INFORMATION TO
5 IDENTIFY LOCAL GOVERNMENTS WHOSE RESIDENTS ARE SERVED BY A
6 DUAL-FUEL UTILITY THAT ARE INTERESTED IN BECOMING A GAS PLANNING
7 PILOT COMMUNITY.

8 (b) THE COLORADO ENERGY OFFICE SHALL INCLUDE IN THE
9 REQUEST FOR INFORMATION THE MINIMUM CRITERIA THAT A LOCAL
10 GOVERNMENT MUST MEET IN ORDER TO BECOME A GAS PLANNING PILOT
11 COMMUNITY, INCLUDING:

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

15 (II) A WILLINGNESS TO PROMOTE NEIGHBORHOOD-SCALE
16 ALTERNATIVES PROJECTS AND TO SUPPORT, ENGAGE, AND EDUCATE
17 RESIDENTS WITHIN A COMMUNITY FOR WHICH A NEIGHBORHOOD-SCALE
18 ALTERNATIVES PROJECT IS PROPOSED PRIOR TO APPROVAL BY THE
19 COMMISSION; AND

20 (III) A COMMITMENT OF INTERNAL OR EXTERNAL STAFF
21 RESOURCES TO IDENTIFY AND IMPLEMENT NEIGHBORHOOD-SCALE
22 ALTERNATIVES PROJECTS.

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

27 (2) (a) BY APRIL 30, 2025, THE COLORADO ENERGY OFFICE AND A

1 DUAL-FUEL UTILITY SHALL JOINTLY FILE WITH THE COMMISSION THE
2 RESULTS OF THE REQUEST FOR INFORMATION REQUIRED BY SUBSECTION
3 (1)(a) OF THIS SECTION, IDENTIFYING UP TO FIVE PROPOSED GAS PLANNING
4 PILOT COMMUNITIES. IN IDENTIFYING PROPOSED GAS PLANNING PILOT
5 COMMUNITIES, THE COLORADO ENERGY OFFICE AND A DUAL-FUEL UTILITY
6 SHALL PRIORITIZE LOCAL GOVERNMENTS THAT ARE INTERESTED IN
7 PURSUING THERMAL ENERGY NETWORK OR GEOTHERMAL ENERGY
8 PROJECTS AS PART OF THE PROPOSED GAS PLANNING PILOT COMMUNITY'S
9 EVALUATION OF ANY POTENTIAL NEIGHBORHOOD-SCALE ALTERNATIVES
10 PROJECT PURSUANT TO SECTION 40-3.3-103. THE COLORADO ENERGY
11 OFFICE AND THE DUAL-FUEL UTILITY SHALL ALSO JOINTLY FILE A DRAFT
12 AGREEMENT BETWEEN THE DUAL-FUEL UTILITY AND ANY PROPOSED GAS
13 PLANNING PILOT COMMUNITY, WHICH DRAFT AGREEMENT MUST:

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

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

19 (III) INCLUDE ANY NECESSARY WAIVERS OF COMMISSION RULES TO
20 FACILITATE DATA TRANSFER BETWEEN THE PARTIES;

21 (IV) INCLUDE A PROCESS TO ADDRESS CONFLICTS BETWEEN THE
22 TWO PARTIES; AND

23 (V) INDICATE WHETHER THE PROPOSED GAS PLANNING PILOT
24 COMMUNITY HAS DEMONSTRATED AN INTEREST IN PURSUING THERMAL
25 ENERGY NETWORK OR GEOTHERMAL ENERGY PROJECTS.

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

1 (c) BY JUNE 30, 2025, THE COMMISSION SHALL APPROVE OR
2 MODIFY THE LIST OF PROPOSED GAS PLANNING PILOT COMMUNITIES;
3 EXCEPT THAT THE COMMISSION SHALL NOT INCREASE THE NUMBER OF
4 PROPOSED GAS PLANNING PILOT COMMUNITIES BEYOND FIVE.

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

12 (4) SUBSECTIONS (1) TO (3) OF THIS SECTION ARE REPEALED,
13 EFFECTIVE JUNE 1, 2028.

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

20 (I) THE LOCATION OF ANY PLANNED GAS INFRASTRUCTURE
21 PROJECTS IN THE GAS PLANNING PILOT COMMUNITY WITHIN THE SIX-YEAR
22 GAS PROJECT PLANNING FORECAST IN THE DUAL-FUEL UTILITY'S MOST
23 RECENTLY APPROVED GAS INFRASTRUCTURE PLAN OR IDENTIFIED BY THE
24 DUAL-FUEL UTILITY FOR INCLUSION IN A FUTURE GAS INFRASTRUCTURE
25 PLAN TO THE EXTENT AVAILABLE; AND

26 (II) THE FOLLOWING INFORMATION REGARDING THE PLANNED GAS
27 INFRASTRUCTURE PROJECTS DESCRIBED IN SUBSECTION (5)(a)(I) OF THIS

- 1 SECTION:
- 2 (A) THE PROJECT NAME;
- 3 (B) THE PROJECT CATEGORY, CONSISTENT WITH THE PLANNED
4 PROJECTS CATEGORIES DESCRIBED IN APPLICABLE COMMISSION RULES;
- 5 (C) A DESCRIPTION OF THE GENERAL SCOPE OF WORK AND AN
6 EXPLANATION OF THE NEED FOR THE PROJECT, INCLUDING ANY
7 APPLICABLE CODE REQUIREMENTS OF THE UNITED STATES DEPARTMENT
8 OF TRANSPORTATION'S PIPELINE AND HAZARDOUS MATERIALS SAFETY
9 ADMINISTRATION;
- 10 (D) THE PROJECTED LIFE OF THE PROJECT;
- 11 (E) AN INDICATION OF WHETHER THE PROJECT IS PRESENTED AS A
12 GAS INFRASTRUCTURE PLAN ACTION PERIOD PROJECT OR A GAS
13 INFRASTRUCTURE PLAN INFORMATIONAL PERIOD PROJECT PURSUANT TO
14 APPLICABLE COMMISSION RULES;
- 15 (F) THE ANTICIPATED: CONSTRUCTION START DATE FOR THE
16 PROJECT; CONSTRUCTION PERIOD FOR THE PROJECT, INCLUDING AN
17 INDICATION OF ANY CONSTRUCTION PHASES; AND IN-SERVICE DATE FOR
18 THE PROJECT;
- 19 (G) THE COST-ESTIMATE CLASSIFICATION FOR THE PROJECT, USING
20 THE DUAL-FUEL UTILITY'S OR AN INDUSTRY-ACCEPTED COST-ESTIMATE
21 CLASSIFICATION INDEX; SUPPORT FOR THE COST-ESTIMATE
22 CLASSIFICATION; AND THE TOTAL COST ESTIMATE FOR THE PROJECT;
- 23 (H) THE TECHNICAL DETAILS OF THE PROJECT, SUCH AS THE
24 PHYSICAL EQUIPMENT CHARACTERISTICS OF THE PROPOSED FACILITIES,
25 PIPELINE LENGTH, PIPELINE DIAMETER, PROJECT MATERIALS, AND
26 MAXIMUM ALLOWABLE OPERATING PRESSURE;
- 27 (I) THE PROJECT LOCATION AND AN ILLUSTRATIVE MAP OF THE GAS

1 DISTRIBUTION SYSTEM FACILITIES, SUBJECT TO NECESSARY
2 CONFIDENTIALITY PROVISIONS, INCLUDING: THE PRESSURE DISTRICT OR
3 GEOGRAPHIC AREA THAT REQUIRES THE PROPOSED FACILITIES, THE
4 EXISTING AND PROPOSED REGULATOR STATIONS AND EXISTING AND
5 PROPOSED DISTRIBUTION PIPING AND HIGHER CAPACITY PIPELINES SERVED
6 BY OR REPRESENTING THE PROPOSED FACILITIES, THE LOCATIONS OF ANY
7 NEARBY DISPROPORTIONATELY IMPACTED COMMUNITIES, AND ANY OTHER
8 INFORMATION NECESSARY TO ALLOW THE LOCAL GOVERNMENT TO MAKE
9 A THOROUGH EVALUATION OF THE PROJECT;

10 (J) TO THE EXTENT PRACTICABLE, THE NUMBER OF CUSTOMERS,
11 ANNUAL SALES, AND DESIGN PEAK DEMAND REQUIREMENTS,
12 DISAGGREGATED BY CUSTOMER CLASS, POTENTIALLY DIRECTLY IMPACTED
13 OR SERVED BY THE PROJECT;

14 (K) ANY PERMITS REQUIRED FOR WORK ON THE PROJECT TO BEGIN;
15 AND

16 (L) ANY ENVIRONMENTAL REQUIREMENTS ASSOCIATED WITH
17 COMPLETION OF THE PROJECT.

18 (b) A DUAL-FUEL UTILITY SHALL PROVIDE GAS PLANNING PILOT
19 COMMUNITY STAFF AND CONSULTANTS, WHO HAVE SIGNED APPROPRIATE
20 NONDISCLOSURE AGREEMENTS, WITH ALL REQUESTED GAS AND ELECTRIC
21 CUSTOMER USAGE AND DESIGN PEAK DEMAND DATA, TO THE EXTENT
22 AVAILABLE AND DISAGGREGATED TO THE INDIVIDUAL CUSTOMER, FOR ALL
23 PLANNED GAS INFRASTRUCTURE PROJECTS LOCATED IN A GAS PLANNING
24 PILOT COMMUNITY WITHIN THE SIX-YEAR GAS PROJECT PLANNING
25 FORECAST IN THE DUAL-FUEL UTILITY'S MOST RECENTLY APPROVED GAS
26 INFRASTRUCTURE PLAN OR IDENTIFIED BY THE DUAL-FUEL UTILITY FOR
27 INCLUSION IN A FUTURE GAS INFRASTRUCTURE PLAN. THE DUAL-FUEL

1 UTILITY SHALL PROVIDE SUCH INFORMATION WITHIN THE RELEVANT TIME
2 FRAME ESTABLISHED PURSUANT TO SUBSECTION (2)(a)(II) OF THIS
3 SECTION.

4 (c) THE INFORMATION DESCRIBED IN SUBSECTIONS (5)(a) AND
5 (5)(b) OF THIS SECTION IS EXEMPT FROM THE "COLORADO OPEN RECORDS
6 ACT", PART 2 OF ARTICLE 72 OF TITLE 24.

7 **40-3.3-103. Neighborhood-scale alternatives projects - cost**
8 **recovery - reporting requirement.** (1) A DUAL-FUEL UTILITY SHALL
9 WORK WITH A GAS PLANNING PILOT COMMUNITY TO RANK AND PRIORITIZE
10 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS WITHIN EACH GAS
11 PLANNING PILOT COMMUNITY BASED ON LOCAL GOVERNMENT INPUT AND
12 CONSIDERATION OF:

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

15 (b) THE DEGREE OF SUPPORT FOR THE NEIGHBORHOOD-SCALE
16 ALTERNATIVES PROJECT FROM CUSTOMERS POTENTIALLY IMPACTED BY
17 THE PROJECT, WITH PREFERENCE GIVEN TO THOSE PROJECTS THAT HAVE
18 FULL SUPPORT FROM POTENTIALLY IMPACTED CUSTOMERS;

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

22 (d) THE NET COST TO CUSTOMERS POTENTIALLY PARTICIPATING IN
23 THE NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT;

24 (e) THE AVAILABILITY OF ALTERNATIVE ENERGY SERVICE,
25 INCLUDING FOR SCENARIOS WITH ENHANCED GAS AND ELECTRIC DEMAND
26 RESPONSE OR DEMAND FLEXIBILITY;

27 (f) THE ABILITY OF THERMAL ENERGY NETWORKS TO SERVE THE

1 AREA COVERED BY THE NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT,
2 WITH PRIORITY GIVEN TO PROJECTS THAT INCLUDE A THERMAL ENERGY
3 NETWORK OR A GEOTHERMAL ENERGY PROJECT;

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

7 (h) 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; AND

12 (i) THE LOCATION OF ANY NEARBY DISPROPORTIONATELY
13 IMPACTED COMMUNITY OR PIPELINE SEGMENTS THAT SERVE
14 DISPROPORTIONATELY IMPACTED COMMUNITIES.

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

23 (II) PRIOR TO JUNE 1, 2027, A DUAL-FUEL UTILITY AND A LOCAL
24 GOVERNMENT SHALL JOINTLY SUBMIT FOR COMMISSION APPROVAL THE
25 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS INCLUDED ON THE LIST
26 IN THE FILING SUBMITTED PURSUANT TO SUBSECTION (2)(a)(I) OF THIS
27 SECTION AND THAT WILL BE PURSUED IN A GAS PLANNING PILOT

1 COMMUNITY, WHICH PROJECTS MAY LACK FULL CUSTOMER SUPPORT IF THE
2 LOCAL GOVERNMENT HAS DETERMINED THAT A REASONABLE MAJORITY OF
3 CUSTOMERS SUPPORTS THE PROJECT. THE LOCAL GOVERNMENT SHALL
4 DETERMINE WHAT CONSTITUTES A REASONABLE MAJORITY. THE
5 DETERMINATION OF A REASONABLE MAJORITY OF CUSTOMER SUPPORT AND
6 EFFORTS TO OBTAIN CUSTOMER CONSENT MUST BE SUPPORTED BY A
7 SWORN AFFIDAVIT OR TESTIMONY FROM AN OFFICIAL EMPLOYEE OF THE
8 LOCAL GOVERNMENT AS PART OF THE JOINT APPLICATION TO THE
9 COMMISSION. THE JOINT APPLICATION MUST ALSO INCLUDE THE NET COSTS
10 OF THE PROJECTS, INCLUDING ANY:

- 11 (A) STATE OR FEDERAL FUNDING OR TAX CREDITS;
- 12 (B) GAS PLANNING PILOT COMMUNITY INCENTIVES OR FUNDING;
- 13 (C) EXISTING DUAL-FUEL UTILITY PROGRAM FUNDING;
- 14 (D) ADDITIONAL DUAL-FUEL UTILITY INCENTIVES OR FUNDING;
- 15 (E) CUSTOMER CONTRIBUTIONS; AND
- 16 (F) ANTICIPATED TOTAL CAPITAL EXPENDITURES BY THE
17 DUAL-FUEL UTILITY AND CUSTOMERS, AVOIDED UTILITY CAPITAL
18 EXPENDITURES, AND FUTURE DISCOUNTED CUSTOMER UTILITY BILL
19 SAVINGS OR EXPENSES.

20 (III) IF A DUAL-FUEL UTILITY WILL NOT PURSUE A
21 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT IN ONE OR MORE GAS
22 PLANNING PILOT COMMUNITIES, THE DUAL-FUEL UTILITY AND LOCAL
23 GOVERNMENT, PRIOR TO JUNE 1, 2027, SHALL JOINTLY FILE A REPORT WITH
24 THE COMMISSION EXPLAINING WHY A NEIGHBORHOOD-SCALE
25 ALTERNATIVES PROJECT WILL NOT BE PURSUED IN THAT COMMUNITY.

26 (b) THE COMMISSION SHALL PROVIDE AN OPPORTUNITY FOR PUBLIC
27 COMMENT REGARDING THE DUAL-FUEL UTILITY'S SUBMISSION PURSUANT

1 TO SUBSECTION (2)(a)(III) OF THIS SECTION.

2 (c) THE COMMISSION SHALL APPROVE A NEIGHBORHOOD-SCALE
3 ALTERNATIVES PROJECT APPLICATION SUBMITTED BY A DUAL-FUEL
4 UTILITY IF:

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

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

8 (A) CONSISTENT WITH THE STATE'S GREENHOUSE GAS REDUCTION
9 GOALS; AND

10 (B) IN THE PUBLIC INTEREST, CONSIDERING COSTS AND BENEFITS
11 TO THE GAS PLANNING PILOT COMMUNITY, PARTICIPATING CUSTOMERS,
12 AND RATEPAYERS WITHIN THE DUAL-FUEL UTILITY'S GAS SERVICE
13 TERRITORY AND ANY COST SHIFT BETWEEN PARTICIPATING CUSTOMERS
14 AND ALL RATEPAYERS OF THE DUAL-FUEL UTILITY, WITH PREFERENCE
15 GIVEN TO PROJECTS THAT RESULT IN NO COST SHIFT TO NONPARTICIPATING
16 CUSTOMERS;

17 (III) THE APPROVED PORTFOLIO OF NEIGHBORHOOD-SCALE
18 ALTERNATIVES PROJECTS PROVIDES AN APPROPRIATE MIX OF
19 TECHNOLOGIES, CUSTOMER CLASSES, AND NEW CONSTRUCTION AND
20 EXISTING BUILDINGS AND INCLUDES THE USE OF THERMAL ENERGY
21 NETWORKS OR GEOTHERMAL ENERGY PROJECTS; AND

22 (IV) THE COMMISSION FINDS THAT ALTERNATIVE ENERGY SERVICE
23 IS AVAILABLE TO ALL CUSTOMERS WITHIN THE PROJECT AREA AND CAN
24 REASONABLY BE IMPLEMENTED WITHIN THE PROJECT AREA. IN MAKING
25 THIS FINDING, THE COMMISSION SHALL CONSIDER:

26 (A) THE COST OF END USES POWERED BY DIFFERENT FUELS,
27 IMPACTS ON INCOME-QUALIFIED UTILITY CUSTOMERS AND CUSTOMERS

1 LIVING IN DISPROPORTIONATELY IMPACTED COMMUNITIES, AND THE
2 STATE'S GREENHOUSE GAS EMISSION REDUCTION GOALS;

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

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

9 (3) (a) THE COMMISSION SHALL ALLOW A DUAL-FUEL UTILITY TO
10 CURRENTLY RECOVER THE COSTS INCURRED DURING THE DEVELOPMENT
11 OF A NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, INCLUDING COSTS
12 TO TRANSITION THE DISTRIBUTION SYSTEM, INVEST IN ELECTRIC
13 INFRASTRUCTURE, AND PROVIDE CUSTOMER INCENTIVES. SUCH COSTS ARE
14 FULLY RECOVERABLE REGARDLESS OF THE PERFORMANCE OF THE
15 ALTERNATIVE ENERGY SERVICE. THE COMMISSION SHALL ALSO PERMIT
16 COST RECOVERY FOR PERSONNEL TO WORK ON THE DEVELOPMENT, IN
17 WHOLE OR IN PART, OF NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS.

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

21 (c) FOR GAS PLANNING PILOT COMMUNITIES THAT RECEIVE GAS
22 SERVICE FROM A DUAL-FUEL UTILITY BUT ARE NOT SERVED BY THE
23 ELECTRIC UTILITY THAT IS PART OF THE DUAL-FUEL UTILITY, THE
24 COMMISSION SHALL CONSIDER A COST-SHARING AGREEMENT, AS
25 NECESSARY TO IMPLEMENT A NEIGHBORHOOD-SCALE ALTERNATIVES
26 PROJECT, WHICH AGREEMENT THE DUAL-FUEL UTILITY PROPOSES TO ENTER
27 INTO WITH A LOCAL COOPERATIVE ELECTRIC ASSOCIATION OR

1 MUNICIPALLY OWNED ELECTRIC UTILITY TO MAKE THE INCUMBENT GAS
2 UTILITY THAT IS PART OF THE DUAL-FUEL UTILITY AND ITS CUSTOMERS
3 WHOLE FOR ANY PROJECTS APPROVED BY THE COMMISSION WHEN THERE
4 IS A COST SHIFT. THIS SUBSECTION (3)(c) SHALL NOT BE CONSTRUED TO
5 SUBJECT A LOCAL COOPERATIVE ELECTRIC ASSOCIATION OR MUNICIPALLY
6 OWNED ELECTRIC UTILITY ENTERING INTO SUCH AN AGREEMENT WITH A
7 DUAL-FUEL UTILITY TO THE JURISDICTION OF THE COMMISSION. ANY
8 FEDERAL, STATE, OR LOCAL FUNDING MADE AVAILABLE FOR A PROJECT
9 SHALL BE APPLIED PRIOR TO APPLICATION OF UTILITY PROGRAMMATIC
10 FUNDS, SUCH AS DEMAND-SIDE MANAGEMENT, BENEFICIAL
11 ELECTRIFICATION, OR OTHER EXISTING OR FUTURE CUSTOMER-SITED
12 PROGRAMS, INCENTIVES, REBATES, AND FINANCING.

13 (4) IN APPROVING A NEIGHBORHOOD-SCALE ALTERNATIVES
14 PROJECT IN A GAS PLANNING PILOT COMMUNITY, THE COMMISSION MAY
15 MODIFY THE GAS UTILITY'S SERVICE REQUIREMENT FOR SELECT PREMISES
16 WITH AN ALTERNATIVE ENERGY SERVICE REQUIREMENT.
17 NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, NOTHING
18 IN THIS SECTION AFFECTS OR ABRIDGES A DUAL-FUEL UTILITY'S SERVICE
19 REQUIREMENTS IN AREAS OUTSIDE THE NEIGHBORHOOD-SCALE
20 ALTERNATIVES PROJECT AREA. THE COMMISSION MAY IMPOSE AN
21 ALTERNATIVE ENERGY SERVICE REQUIREMENT FOR ANY CERTIFICATE OF
22 PUBLIC CONVENIENCE AND NECESSITY GRANTED TO THE GAS UTILITY TO
23 PROVIDE SERVICE TO THE TARGETED AREA THAT IS THE SUBJECT OF THE
24 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT IF THE COMMISSION FINDS
25 THAT ALTERNATIVE ENERGY SERVICE IS AVAILABLE.

26 (5) (a) AS PART OF A NEIGHBORHOOD-SCALE ALTERNATIVES
27 PROJECT, A DUAL-FUEL UTILITY MAY PROPOSE TO FUND CONVERSION OF

1 EXISTING GAS APPLIANCES OR EQUIPMENT TO NONEMITTING THERMAL
2 RESOURCES, INCLUDING OFFERING INCREMENTAL INCENTIVES OR
3 FINANCING ABOVE THAT APPROVED FOR CLEAN HEAT PLANS, AS DEFINED
4 IN SECTION 40-3.2-108; BENEFICIAL ELECTRIFICATION PLANS, AS DEFINED
5 IN SECTION 40-3.2-109; DEMAND-SIDE MANAGEMENT PROGRAMS, AS
6 DEFINED IN SECTION 40-1-102; OR OTHER RELATED FILINGS.

7 (b) A DUAL-FUEL UTILITY MAY ALSO PROPOSE TO OFFER NEW RATE
8 STRUCTURES TO PAY FOR THERMAL ENERGY NETWORKS OR OTHER
9 NONEMITTING THERMAL RESOURCES AS AN ALTERNATIVE ENERGY
10 SERVICE, UNDER WHICH RATE STRUCTURES CUSTOMERS PAY THE UTILITY
11 FOR THERMAL ENERGY NETWORK SERVICES TO OFFSET THE INITIAL COST
12 OF NEW APPLIANCES OR OTHER EQUIPMENT. IF A DUAL-FUEL UTILITY
13 PROPOSES TO OFFER SUCH A RATE, THE COMMISSION SHALL NOT GRANT
14 THE DUAL-FUEL UTILITY CURRENT COST RECOVERY PURSUANT TO
15 SUBSECTION (3)(a) OF THIS SECTION. A DUAL-FUEL UTILITY SHALL HAVE
16 THE RIGHT OF FIRST REFUSAL TO OFFER THERMAL ENERGY NETWORK
17 SERVICE OR ALTERNATIVE ENERGY SERVICE AS PART OF A
18 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, IF THE DUAL-FUEL
19 UTILITY SETS FORTH ITS INTENTION TO EXERCISE ITS RIGHT OF FIRST
20 REFUSAL AND DEFINES THE SCOPE OF SUCH EXERCISE IN THE APPLICATION
21 TO THE COMMISSION AND SUCH RIGHT OF FIRST REFUSAL:

22 (I) IS LIMITED TO NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS
23 IN GAS PLANNING PILOT COMMUNITIES; AND

24 (II) IS EXERCISED WITHIN TWO YEARS AFTER APPROVAL BY THE
25 COMMISSION.

26 (6) IF A NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT QUALIFIES
27 AS AN ENERGY SECTOR PUBLIC WORKS PROJECT, AS DEFINED IN SECTION

1 24-92-303, A DUAL-FUEL UTILITY SHALL COMPLY WITH ALL
2 REQUIREMENTS SET FORTH IN PART 3 OF ARTICLE 92 OF TITLE 24. THE
3 DUAL-FUEL UTILITY SHALL UTILIZE UTILITY EMPLOYEES OR CONTRACTORS
4 THAT MEET THE APPRENTICESHIP UTILIZATION REQUIREMENTS SET FORTH
5 IN SECTION 24-92-115 TO SERVICE AND MAINTAIN ANY THERMAL ENERGY
6 OR GEOTHERMAL ENERGY PROJECTS OWNED BY THE DUAL-FUEL UTILITY
7 AND APPROVED BY THE COMMISSION UNDER THIS SECTION.

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

13 (a) AN UPDATE ON PROJECT IMPLEMENTATION, INCLUDING THE
14 DEGREE OF CUSTOMER SUPPORT FOR THE PROJECT;

15 (b) AN EXPLANATION OF CUSTOMER SATISFACTION WITH
16 ALTERNATIVE ENERGY SERVICE;

17 (c) ACTUAL NET PROJECT COSTS INCURRED, INCLUDING ANY:

18 (I) STATE OR FEDERAL FUNDING OR TAX CREDITS;

19 (II) GAS PLANNING PILOT COMMUNITY INCENTIVES OR FUNDING;

20 (III) EXISTING DUAL-FUEL UTILITY PROGRAM FUNDING;

21 (IV) ADDITIONAL DUAL-FUEL UTILITY INCENTIVES OR FUNDING;

22 (V) CUSTOMER CONTRIBUTIONS;

23 (VI) ANTICIPATED TOTAL CAPITAL EXPENDITURES BY THE
24 DUAL-FUEL UTILITY AND CUSTOMERS, AVOIDED UTILITY CAPITAL
25 EXPENDITURES, AND FUTURE DISCOUNTED CUSTOMER UTILITY BILL
26 SAVINGS OR EXPENSES; AND

27 (VII) ESTIMATED OVERALL PROJECT COSTS IF NO INCENTIVES OR

1 TAX CREDITS HAD BEEN AVAILABLE FOR THE PROJECT;

2 (d) THE IMPACT ON TOTAL ENERGY BILL AND ENERGY RELIABILITY

3 FOR CUSTOMERS RECEIVING ALTERNATIVE ENERGY SERVICE;

4 (e) ANY ENCOUNTERED BARRIERS TO PROJECT IMPLEMENTATION,

5 INCLUDING TECHNOLOGICAL OR WORKFORCE BARRIERS, AND THE LESSONS

6 LEARNED IN OVERCOMING THOSE BARRIERS;

7 (f) THE IMPACT ON INCOME-QUALIFIED UTILITY CUSTOMERS AND

8 CUSTOMERS LIVING IN DISPROPORTIONATELY IMPACTED COMMUNITIES;

9 AND

10 (g) ANY OTHER INFORMATION REQUIRED BY THE COMMISSION.

11 (8) BY JULY 1, 2028, OR ANOTHER TIME DETERMINED BY THE

12 COMMISSION, THE COMMISSION SHALL HIRE A THIRD-PARTY CONSULTANT

13 TO CONDUCT AN ANALYSIS OF ALL APPROVED AND PROPOSED

14 NEIGHBORHOOD-SCALE ALTERNATIVES PROJECTS AND PRESENT THE

15 FINDINGS OF THE ANALYSIS TO THE COMMISSION AND THE GENERAL

16 ASSEMBLY. THE ANALYSIS MUST INCLUDE:

17 (a) FOR EACH PROJECT, THE INFORMATION SET FORTH IN

18 SUBSECTION (7) OF THIS SECTION;

19 (b) A COMPARATIVE ANALYSIS OF NET COSTS INCURRED BY ALL

20 PARTIES IN A NEIGHBORHOOD-SCALE ALTERNATIVES PROJECT, COMPARED

21 WITH THE COST OF THE GAS INFRASTRUCTURE PROJECT THAT WAS

22 AVOIDED, INCLUDING ANY:

23 (I) STATE OR FEDERAL FUNDING OR TAX CREDITS;

24 (II) GAS PLANNING PILOT COMMUNITY INCENTIVES OR FUNDING;

25 (III) EXISTING DUAL-FUEL UTILITY PROGRAM FUNDING;

26 (IV) ADDITIONAL DUAL-FUEL UTILITY INCENTIVES OR FUNDING;

27 (V) CUSTOMER CONTRIBUTIONS;

1 (VI) ANTICIPATED TOTAL CAPITAL EXPENDITURES BY THE
2 DUAL-FUEL UTILITY AND CUSTOMERS, AVOIDED UTILITY CAPITAL
3 EXPENDITURES, AND FUTURE DISCOUNTED CUSTOMER UTILITY BILL
4 SAVINGS OR EXPENSES; AND

5 (VII) ESTIMATED OVERALL PROJECT COSTS IF NO INCENTIVES OR
6 TAX CREDITS HAD BEEN AVAILABLE FOR THE PROJECT;

7 (c) THE ABILITY OF EACH PROJECT TO DEFER OR AVOID GAS
8 INFRASTRUCTURE INVESTMENTS;

9 (d) THE CUSTOMER ECONOMICS OF NON-EMITTING THERMAL
10 RESOURCES COMPARED WITH GAS ALTERNATIVES;

11 (e) AN ANALYSIS OF ANY SUPPLY CHAIN CHALLENGES;

12 (f) THE OVERALL LESSONS LEARNED FROM THE PROJECTS;

13 (g) THE PERSPECTIVES OF THE GAS PLANNING PILOT COMMUNITIES
14 REGARDING THE COLLABORATIVE PROCESS WITH A DUAL-FUEL UTILITY
15 AND ANY LESSONS LEARNED FOR IMPROVING THE PROCESS;

16 (h) THE NET IMPACTS TO THE UTILITY WORKFORCE; AND

17 (i) ANY OTHER INFORMATION REQUIRED BY THE COMMISSION.

18 **SECTION 2. Appropriation.** (1) For the 2024-25 state fiscal
19 year, \$43,650 is appropriated to the office of the governor for use by the
20 Colorado energy office. This appropriation is from the general fund, and
21 is based on an assumption that the office will require an additional 0.4
22 FTE. To implement this act, the office may use this appropriation for
23 program administration.

24 (2) For the 2024-25 state fiscal year, \$29,678 is appropriated to
25 the department of regulatory agencies for use by the public utilities
26 commission. This appropriation is from the public utilities commission
27 fixed utility fund created in section 40-2-114 (1)(b)(II), C.R.S. To

1 implement this act, the commission may use this appropriation as follows:

2 (a) \$22,752 for personal services, which amount is based on an
3 assumption that the commission will require an additional 0.2 FTE; and

4 (b) \$6,926 for operating expenses.

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