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STATE OF COLORADO

PREAMENDED

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

LLS NO. 25-0742.03 Nicole Myers x4326

SENATE BILL 25-280

SENATE SPONSORSHIP

Hinrichsen and Lundeen, Mullica

HOUSE SPONSORSHIP

Brown and Valdez, Lindstedt

Senate Committees
Transportation & Energy
Appropriations

House Committees

A BILL FOR AN ACT

CONCERNING BENEFITS TO FACILITATE DATA CENTER DEVELOPMENT WHILE SUPPORTING ELECTRIC GRID INFRASTRUCTURE, AND, IN CONNECTION THEREWITH, CREATING THE "COLORADO DATA CENTER DEVELOPMENT AND GRID MODERNIZATION ACT".

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 creates the data center development and grid modernization program (program) in the Colorado office of economic development (office). To facilitate efficient data center development and

grid modernization, the program allows tax and utility benefits to a data center operator that applies to the office to have a data center project certified at one of 2 levels and that satisfies certain eligibility criteria for certification.

The first level of data center project certification created in the bill is base certification. In connection with base certification, the bill specifies that:

- To obtain base certification, a data center operator must commit, through the application process with the office, to making a $250 million minimum capital investment in data center facility construction and equipment within 5 years, creating 25 full-time jobs that satisfy specified criteria, and breaking ground on the data center project within 5 years of obtaining base certification;
- In addition to the investment and job creation requirements, to obtain base certification a data center operator must also commit to implementing basic grid support capabilities, obtaining certification under one of several energy efficiency standards, implementing water stewardship strategies that optimize operational water management, sourcing at least 50% of the data center project's energy consumption from renewable and clean sources, supporting clean integration by implementing energy storage solutions that align with the data center project's needs and operations, agreeing to certain post-certification requirements, and agreeing to submit annual compliance reports to the office;
- A data center operator must apply to the office, in a form and manner to be determined by the office, for base certification before taking action to satisfy any of the eligibility criteria;
- The office is required to review a data center operator's application for base certification and award base certification to data center operators that have demonstrated that they will satisfy the base certification criteria;
- A data center operator that obtains base certification for a data center project is eligible for a 100% sales and use tax exemption on the purchase, use, and storage of information technology infrastructure, data center infrastructure, and electrical grid enhancement equipment (qualified purchases) for 20 years from the date that the data center project was certified, so long as the data center project satisfies ongoing compliance requirements; and
- In addition to the sales and use tax credit, a data center

operator that obtains base certification for a data center project is eligible for standard utility rate incentives as negotiated between the data center operator and the utility.

The second level of data center certification created in the bill is enhancement certification. A data center operator that has obtained base certification for a data center project may apply for enhancement certification for the same data center. In connection with enhancement certification, the bill specifies that:

- To obtain enhancement certification, a data center operator must invest a minimum of $10 million in grid enhancement and modernization, invest in workforce development or other community benefit programs, agree to certain post-certification requirements, and agree to submit annual compliance reports to the office;
- A data center operator must apply to the office, in a form and manner to be determined by the office, for enhancement certification either before or after making the required minimum grid enhancement and modernization investment;
- The office is required to review a data center operator's application for enhancement certification and award enhancement certification to data center operators that have demonstrated that they will satisfy the enhancement certification criteria;
- For income tax years commencing on or after 2026, a data center operator that obtains enhancement certification for a data center project is eligible for an income tax credit in an amount equal to 10% of the amount of any grid enhancement and modernization investment made by the data center operator and an additional amount equal to 5% of the amount of such investment if the investment is made in a rural area (grid enhancement credit);
- A data center operator is not eligible to claim the grid enhancement credit until the data center operator has made the required minimum grid enhancement and modernization investment; and
- In addition to the grid enhancement credit, a data center operator that obtains enhancement certification for a data center project is eligible for enhanced utility benefits as negotiated between the data center operator and the utility.

Before submitting an application for certification for a data center project, a data center operator is required to conduct and document a preliminary consultation with the utility that will provide electricity for the data center project regarding interconnection feasibility, capacity, and infrastructure requirements and obtain a written feasibility assessment from the utility. A data center operator is required to include the documentation of the consultation and the written feasibility assessment with an application to the office for certification of the data center project, and, if the data center project includes projects requiring review by the public utilities commission (commission), the commission is required to review specified aspects of the application.

A certified data center project that necessitates a new customer load or co-located customer load that satisfies certain criteria (emerging new load) is eligible for targeted resource acquisition if the data center operator satisfies specified requirements. The bill specifies a process by which a utility regulated by the commission may submit a resource acquisition application to the commission to meet emerging new load needs. The bill also specifies how a utility may finance resources and infrastructure needs in connection with emerging new loads.

After achieving base certification and enhancement certification, a data center operator may apply to the office for certain benefit extensions for the sales and use tax exemption allowed to data center operators that have obtained base certification, for the grid enhancement credit allowed to data center operators that have obtained enhancement certification, and for the utility benefits negotiated between the data center operator and the utility.

If the office determines that a data center operator is not fulfilling its obligations and commitments to retain base certification or enhancement certification, the office is required to revoke the certification and the data center operator is required to repay the state for the tax benefits that it received.

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

SECTION 1. In Colorado Revised Statutes, **add** part 8 to article 48.5 of title 24 as follows:

PART 8
DATA CENTER DEVELOPMENT
AND INCENTIVES

24-48.5-801. Short title. THE SHORT TITLE OF THIS PART 8 IS THE "COLORADO DATA CENTER DEVELOPMENT AND INCENTIVE PROGRAM ACT".

24-48.5-802. Legislative declaration. (1) THE GENERAL

ASSEMBLY FINDS, DETERMINES, AND DECLARES THAT:

(a) COLORADO'S CONTINUED ECONOMIC GROWTH AND TECHNOLOGICAL ADVANCEMENT DEPEND ON THE DEVELOPMENT OF MODERN DIGITAL INFRASTRUCTURE THAT CAN SUPPORT EMERGING TECHNOLOGIES WHILE ENSURING GRID RELIABILITY, AFFORDABILITY OF ELECTRIC SERVICE FOR ALL CUSTOMERS, AND ENVIRONMENTAL SUSTAINABILITY;

(b) COLORADO FACES INTERRELATED CHALLENGES IN:

(I) ACHIEVING ITS CLEAN ENERGY AND GREENHOUSE GAS REDUCTION GOALS WHILE MAINTAINING GRID SYSTEM RELIABILITY;

(II) MODERNIZING CRITICAL ELECTRICAL GRID INFRASTRUCTURE TO SUPPORT INCREASING ELECTRIFICATION;

(III) ENSURING EQUITABLE ECONOMIC DEVELOPMENT ACROSS URBAN, SUBURBAN, AND RURAL COMMUNITIES; AND

(IV) MAINTAINING ECONOMIC COMPETITIVENESS IN AN EVOLVING TECHNOLOGICAL LANDSCAPE;

(c) THE COLORADO ELECTRIC TRANSMISSION AUTHORITY HAS IDENTIFIED CRITICAL TRANSMISSION CAPACITY NEEDS REQUIRING APPROXIMATELY FOUR AND ONE-HALF BILLION DOLLARS IN INFRASTRUCTURE INVESTMENT THROUGH 2045, WITH SIGNIFICANT REQUIREMENTS FOR GRID MODERNIZATION, RELIABILITY ENHANCEMENT, AND RENEWABLE AND CLEAN ENERGY INTEGRATION;

(d) DATA CENTERS REPRESENT A TRANSFORMATIVE OPPORTUNITY TO:

(I) ACCELERATE GRID MODERNIZATION THROUGH STRATEGIC INVESTMENT CONTRIBUTIONS INTO TRANSMISSION AND DISTRIBUTION INFRASTRUCTURE;

(II) CREATE HIGH-WAGE EMPLOYMENT OPPORTUNITIES ACROSS THE STATE, PARTICULARLY IN AREAS TRANSITIONING FROM TRADITIONAL ENERGY ECONOMIES; AND

(III) STRENGTHEN LOCAL TAX BASES WHILE DRIVING TECHNOLOGICAL INNOVATION;

(e) COLORADO'S EXISTING TAX STRUCTURE DOES NOT ADEQUATELY REFLECT THE UNIQUE OPERATIONAL CHARACTERISTICS AND INFRASTRUCTURE REQUIREMENTS OF MODERN DATA CENTER DEVELOPMENT;

(f) THE STATE'S CURRENT TAX FRAMEWORK CREATES UNINTENDED BARRIERS TO CRITICAL DIGITAL INFRASTRUCTURE INVESTMENT, PARTICULARLY REGARDING:

(I) LARGE-SCALE CAPITAL INVESTMENT IN TECHNOLOGICAL EQUIPMENT;

(II) ONGOING GRID INFRASTRUCTURE MODERNIZATION; AND

(III) RENEWABLE AND CLEAN ENERGY DEPLOYMENT;

(g) DATA CENTERS REPRESENT A DISTINCT CLASS OF INFRASTRUCTURE THAT:

(I) REQUIRES SIGNIFICANT UP-FRONT CAPITAL INVESTMENT;

(II) DRIVES SUBSTANTIAL GRID MODERNIZATION;

(III) CREATES HIGH-WAGE TECHNOLOGY EMPLOYMENT; AND

(IV) GENERATES LONG-TERM ECONOMIC BENEFITS;

(h) UNDER COLORADO'S CURRENT TAX FRAMEWORK, THE STATE RISKS LOSING BILLIONS OF DOLLARS IN POTENTIAL INVESTMENT OVER THE NEXT DECADE DESPITE SIGNIFICANT COMPETITIVE ADVANTAGES IN CLIMATE, WORKFORCE, AND RENEWABLE AND CLEAN RESOURCES;

(i) NEIGHBORING STATES HAVE ESTABLISHED COMPREHENSIVE

INCENTIVE PROGRAMS THAT PLACE COLORADO AT A COMPETITIVE DISADVANTAGE;

(j) COLORADO'S UNIQUE GEOGRAPHIC AND RESOURCE ADVANTAGES CREATE OPPORTUNITIES FOR LEADERSHIP IN SUSTAINABLE DATA CENTER DEVELOPMENT;

(k) EMERGING LARGE LOAD CUSTOMERS HAVE THE POTENTIAL TO DRIVE SIGNIFICANT INVESTMENT IN COLORADO'S ENERGY INFRASTRUCTURE;

(l) A TARGETED AND TRANSPARENT RESOURCE ACQUISITION FRAMEWORK CAN ENABLE UTILITIES TO EFFICIENTLY SERVE THESE CUSTOMERS WHILE PRESERVING AFFORDABILITY, PROTECTING EXISTING RATEPAYERS, AND MEETING THE STATE'S DECARBONIZATION AND GRID RELIABILITY GOALS; AND

(m) THE GENERAL ASSEMBLY EQUALLY SUPPORTS THE USE OF UNIONIZED AND NONUNIONIZED LABOR TO PERFORM ANY OF THE NECESSARY WORK IN CONNECTION WITH DATA CENTER DEVELOPMENT AND THE IMPLEMENTATION OF A TARGETED AND TRANSPARENT RESOURCE ACQUISITION FRAMEWORK.

(2) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT A STRUCTURED, PERFORMANCE-BASED APPROACH TO DATA CENTER DEVELOPMENT WILL:

(a) ACCELERATE GRID MODERNIZATION THROUGH PRIVATE INVESTMENT;

(b) ENSURE RESPONSIBLE DEVELOPMENT THAT BENEFITS LOCAL COMMUNITIES;

(c) ADVANCE MULTIPLE STATE POLICY OBJECTIVES;

(d) CREATE HIGH-WAGE TECHNOLOGY JOBS;

(e) STRENGTHEN LOCAL TAX BASES, PARTICULARLY IN RURAL AREAS; AND

(f) ENHANCE COLORADO'S POSITION AS A LEADER IN TECHNOLOGICAL INNOVATION.

24-48.5-803. Definitions. AS USED IN THIS PART 8, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "CERTIFICATION" MEANS RECOGNITION GRANTED TO A DATA CENTER BY THE OFFICE PURSUANT TO SECTION 24-48.5-807, UPON DETERMINATION THAT THE DATA CENTER MEETS THE REQUIREMENTS SPECIFIED IN SECTION 24-48.5-805.

(2) "CERTIFIED DATA CENTER" MEANS A DATA CENTER THAT HAS RECEIVED CERTIFICATION FROM THE OFFICE PURSUANT TO SECTION 24-48.5-807.

(3) "COMMISSION" MEANS THE COLORADO PUBLIC UTILITIES COMMISSION CREATED IN SECTION 40-2-101.

(4) "DATA CENTER" MEANS A FACILITY WITH ONE OR MORE BUILDINGS INCLUDING CORRESPONDING ELECTRICAL INFRASTRUCTURE THAT:

(a) HOUSES INFORMATION TECHNOLOGY EQUIPMENT USED FOR DATA PROCESSING, DATA STORAGE, OR TELECOMMUNICATIONS; AND

(b) HAS A PRIMARY FUNCTION OF DELIVERING INFORMATION TECHNOLOGY SERVICES INCLUDING:

(I) PROVIDING DATA STORAGE, PROCESSING, AND TRANSPORT SERVICES;

(II) SUPPORTING THE DELIVERY OF CLOUD COMPUTING SERVICES;

(III) PROVIDING NETWORK CONNECTIVITY SERVICES; AND

(IV) SUPPORTING ARTIFICIAL INTELLIGENCE, MACHINE LEARNING,

OR SIMILAR COMPUTATIONAL SERVICES.

(5) "DATA CENTER OPERATOR" MEANS ANY PERSON OR ENTITY THAT:

(a) OWNS, LEASES, OR OPERATES A DATA CENTER IN COLORADO;

(b) IS A CLIENT OR COLLOCATION TENANT OR LICENSEE OF A DATA CENTER, INCLUDING ENTITIES THAT LEASE, RENT, OR OTHERWISE ENTER INTO A CONTRACTUAL AGREEMENT FOR THE USE OF DATA CENTER SPACE OR SERVICES; OR

(c) CO-LOCATES INFORMATION TECHNOLOGY EQUIPMENT WITHIN A QUALIFYING DATA CENTER FACILITY.

(6) "DATA CENTER TENANT" MEANS A CLIENT OR CO-LOCATION TENANT OR LICENSEE OF A DATA CENTER, INCLUDING AN ENTITY THAT LEASES, RENTS OR OTHERWISE ENTERS INTO A CONTRACTUAL AGREEMENT FOR THE USE OF DATA CENTER SPACE OR SERVICES, OR OTHERWISE CO-LOCATES INFORMATION TECHNOLOGY EQUIPMENT WITHIN A QUALIFYING DATA CENTER FACILITY.

(7) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

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

(9) "OFFICE" MEANS THE OFFICE OF ECONOMIC DEVELOPMENT CREATED IN SECTION 24-48.5-101.

(10) "PROGRAM" MEANS THE DATA CENTER DEVELOPMENT INCENTIVE PROGRAM CREATED IN THIS PART 8.

(11) "QUALIFIED PURCHASE" MEANS THE PURCHASE, ON OR AFTER JULY 1, 2025, OR THE EFFECTIVE DATE OF THIS PART 8,WHICHEVER IS LATER, OF:

(a) INFORMATION TECHNOLOGY INFRASTRUCTURE INCLUDING:

(I) COMPUTER EQUIPMENT OR SOFTWARE USED IN THE OPERATION OF OR FOR THE BENEFIT OF THE CERTIFIED DATA CENTER;

(II) SOFTWARE SERVERS, ROUTERS, CONNECTIONS, MONITORING AND SECURITY SYSTEMS, AND OTHER ENABLING MACHINERY, EQUIPMENT, SOFTWARE, AND HARDWARE, REGARDLESS OF WHETHER THE PROPERTY IS AFFIXED TO OR INCORPORATED INTO REAL PROPERTY;

(III) DATA STORAGE SYSTEMS; AND

(IV) NETWORK INFRASTRUCTURE;

(b) DATA CENTER INFRASTRUCTURE AND TRANSMISSION AND GENERATION SYSTEM ASSETS INCLUDING:

(I) ENVIRONMENTAL CONTROL SYSTEMS;

(II) ON-SITE ENERGY STORAGE SYSTEMS;

(III) ON-SITE RENEWABLE AND CLEAN ENERGY SYSTEMS; AND

(IV) BUILDING MATERIALS FOR DATA CENTER CONSTRUCTION;

(c) MECHANICAL AND POWER DISTRIBUTION SYSTEMS; OR

(d) OTHER EQUIPMENT AND SYSTEMS ESSENTIAL TO DATA CENTER OPERATIONS.

(12) "RENEWABLE AND CLEAN ENERGY" MEANS ELECTRICITY GENERATED FROM:

(a) SOURCES QUALIFYING AS ELIGIBLE ENERGY RESOURCES PURSUANT TO SECTIONS 30-20-1202 (2) AND 40-2-124, INCLUDING BUT NOT LIMITED TO:

(I) SOLAR;

(II) WIND;

(III) GEOTHERMAL;

(IV) BIOMASS;

(V) HYDROELECTRIC;

(VI) RECYCLED ENERGY;

(VII) BATTERY ENERGY STORAGE SYSTEMS;

(VIII) NUCLEAR ENERGY; AND

(IX) COAL MINE METHANE WHEN THE COMMISSION DETERMINES IT IS CAPTURED IN A MANNER THAT CONFORMS WITH ENVIRONMENTAL REGULATIONS;

(b) OTHER CLEAN ENERGY RESOURCES AS DETERMINED BY THE COMMISSION, INCLUDING:

(I) GREEN HYDROGEN; AND

(II) OTHER EMERGING ZERO-CARBON TECHNOLOGIES; OR

(c) ANY COMBINATION OF RESOURCES SPECIFIED IN THIS SUBSECTION (12).

24-48.5-804. Data center development incentive program. (1) THE DATA CENTER DEVELOPMENT INCENTIVE PROGRAM IS CREATED IN THE OFFICE TO FACILITATE EFFICIENT DATA CENTER DEVELOPMENT BY ALLOWING TAX RELIEF TO A DATA CENTER OPERATOR THAT OWNS OR OPERATES A DATA CENTER OR TO A PARTICIPATING DATA CENTER TENANT OF A DATA CENTER THAT OBTAINS CERTIFICATION PURSUANT TO THIS PART 8.

(2) THE OFFICE SHALL ADMINISTER THE PROGRAM AND COORDINATE WITH THE COMMISSION AND THE ENERGY OFFICE AS NECESSARY TO MAXIMIZE THE EFFECTIVENESS OF THE PROGRAM.

(3) THE OFFICE SHALL PERFORM AN EVALUATION OF THE PROGRAM IN 2031 TO EVALUATE THE EFFECTIVENESS OF THE PROGRAM AND TO DETERMINE IF ANY MODIFICATIONS TO THE PROGRAM ARE REQUIRED.

(4) (a) THE OFFICE SHALL RECEIVE AND EVALUATE APPLICATIONS THAT ARE SUBMITTED BY DATA CENTER OPERATORS TO OBTAIN THE

FOLLOWING:

(I) CERTIFICATION FOR A DATA CENTER, WHICH ALLOWS THE DATA CENTER OPERATOR A SALES AND USE TAX EXEMPTION FOR QUALIFIED PURCHASES IN CONNECTION WITH THE DATA CENTER PURSUANT TO SECTIONS 24-48.5-808 AND 39-26-735; AND

(II) A BENEFIT EXTENSION PURSUANT TO SECTION 24-48.5-814 FOR A DATA CENTER THAT HAS OBTAINED CERTIFICATION.

(b) TO OBTAIN CERTIFICATION FOR A DATA CENTER OR TO OBTAIN A BENEFIT EXTENSION, A DATA CENTER OPERATOR MUST FILE A COMPLETED APPLICATION WITH THE OFFICE PURSUANT TO SECTION 24-48.5-806.

(3) THE OFFICE SHALL BEGIN PROCESSING APPLICATIONS FOR CERTIFICATION AS SPECIFIED IN SECTION 24-48.5-807 WITHIN ONE HUNDRED EIGHTY DAYS AFTER THE EFFECTIVE DATE OF THIS PART 8. THE OFFICE SHALL COMPLETE ITS REVIEW OF ANY APPLICATION THAT IS SUBMITTED ON OR BEFORE DECEMBER 31, 2034, PURSUANT TO THE POLICIES, PROCEDURES, AND GUIDELINES ESTABLISHED PURSUANT TO THIS PART 8.

(4) IF THE OFFICE APPROVES A DATA CENTER FOR CERTIFICATION, THE OFFICE SHALL USE THE REPORTS THAT A DATA CENTER OPERATOR IS REQUIRED TO SUBMIT TO THE OFFICE PURSUANT TO SECTION 24-48.5- 809 TO MONITOR THE CERTIFIED DATA CENTER TO ENSURE THAT THE CERTIFIED DATA CENTER REMAINS IN COMPLIANCE WITH PROGRAM REQUIREMENTS.

(5) THE OFFICE SHALL ISSUE STATE SALES AND USE TAX EXEMPTION CERTIFICATES REQUIRED FOR A DATA CENTER OPERATOR THAT OBTAINS CERTIFICATION OR A CERTIFIED DATA CENTER BENEFIT EXTENSION TO CLAIM THE SALES AND USE TAX EXEMPTION ALLOWED IN

SECTIONS 24-48.5-808 AND 39-26-735.

(6) IN IMPLEMENTING THE PROGRAM, THE OFFICE SHALL FACILITATE EFFICIENT DATA CENTER DEVELOPMENT BY ESTABLISHING CLEAR QUALIFICATION CRITERIA AND CONSISTENTLY ADMINISTERING A PREDICTABLE APPLICATION, REVIEW, AND APPROVAL PROCESS FOR DATA CENTER CERTIFICATION PURSUANT TO THIS PART 8.

(7) THE OFFICE MAY CREATE AND MODIFY POLICIES, PROCEDURES, AND GUIDELINES AS NECESSARY TO IMPLEMENT THE PROGRAM AND THE TAX AND OTHER BENEFITS THAT MAY BE CLAIMED PURSUANT TO THIS PART 8.

24-48.5-805. Certification - data center operators - minimum requirements. (1) TO QUALIFY FOR DATA CENTER CERTIFICATION PURSUANT TO THIS PART 8, A DATA CENTER OPERATOR OR A DATA CENTER OPERATOR COLLECTIVELY WITH ITS PARTICIPATING DATA CENTER TENANTS SHALL COMMIT TO:

(a) MAKING A MINIMUM CAPITAL INVESTMENT OF TWO HUNDRED FIFTY MILLION DOLLARS IN DATA CENTER QUALIFYING PURCHASES WITHIN SIXTY MONTHS OF OBTAINING DATA CENTER CERTIFICATION;

(b) CREATING, WITHIN SIXTY MONTHS OF THE DATA CENTER'S RECEIPT OF A FINAL CERTIFICATE OF OCCUPANCY FOR THE FIRST PHASE OF THE DATA CENTER PROJECT, AND MAINTAINING TWENTY-FIVE NEW FULL-TIME EQUIVALENT JOBS WITH AN AVERAGE COMPENSATION OF AT LEAST ONE HUNDRED TEN PERCENT OF THE COUNTY AVERAGE WAGE IN THE COUNTY IN WHICH THE DATA CENTER WILL BE LOCATED;

(c) VERIFYING THAT THE DATA CENTER WILL NOT RESULT IN UNREASONABLE COST IMPACTS TO OTHER UTILITY RATEPAYERS. THIS REQUIREMENT MAY BE SATISFIED BY:

(I) SECURING APPROVAL OF THE DATA CENTER THROUGH THE TARGETED RESOURCE ACQUISITION FRAMEWORK DESCRIBED IN SECTION 40-2-140 FOR JURISDICTIONAL UTILITIES;

(II) PROVIDING A LETTER OR STATEMENT FROM THE HOST UTILITY, A MUNICIPAL UTILITY'S GOVERNING BOARD, OR A RELEVANT REGULATORY ENTITY CONFIRMING THAT THE UTILITY INFRASTRUCTURE COSTS ASSOCIATED WITH THE DATA CENTER ARE REASONABLY ALLOCATED AND ARE NOT EXPECTED TO CAUSE UNJUSTIFIED RATE INCREASES FOR OTHER CUSTOMERS;

(III) PROVIDING DOCUMENTATION OF A PROPOSED INTERCONNECTION AGREEMENT, ELECTRIC SERVICE AGREEMENT, OR SIMILAR AGREEMENT THAT IDENTIFIES REQUIRED UTILITY INFRASTRUCTURE UPGRADES AND CONFIRMS THAT THE DATA CENTER OPERATOR HAS AGREED OR WILL AGREE TO COVER ITS FAIR SHARE OF COSTS IN ACCORDANCE WITH THE UTILITY'S POLICY; OR

(IV) ANOTHER PATHWAY IDENTIFIED THROUGH THE RULEMAKING FOR LARGE NEW LOADS PURSUANT TO SECTION 40-2-141.

(d) IMPLEMENTING WATER STEWARDSHIP MEASURES THAT OPTIMIZE OPERATIONAL WATER MANAGEMENT THROUGH ONE OR MORE OF THE FOLLOWING:

(I) IMPLEMENTATION OF CLOSED-LOOP COOLING SYSTEMS;

(II) USE OF AVAILABLE RECYCLED WATER SOURCES OR WATER RIGHTS PREVIOUSLY RESERVED FOR RETIRING THERMAL POWER UNITS; OR

(III) DEPLOYMENT OF WATER-EFFICIENT TECHNOLOGIES;

(e) PROVIDE CERTIFICATION UNDER ONE OF THE FOLLOWING STANDARDS WITHIN TWENTY-FOUR MONTHS OF THE DATA CENTER'S RECEIPT OF A FINAL CERTIFICATE OF OCCUPANCY:

(I) LEED FOR DATA CENTERS AT SILVER LEVEL OR HIGHER;

(II) ENERGY STAR CERTIFICATION;

(III) GREEN GLOBES CERTIFICATION;

(IV) ISO 50001 ENERGY MANAGEMENT CERTIFICATION;

(V) ISO 14001 STANDARD FOR ENVIRONMENTAL MANAGEMENT SYSTEMS; OR

(VI) OTHER EQUIVALENT STANDARDS APPROVED BY THE OFFICE; OR

(f) CONSULTING WITH THE DEPARTMENT OF NATURAL RESOURCES REGARDING WILDLIFE AREAS, WILDFIRE AND URBAN INTERFACE, AND WATER.

(g) BREAKING GROUND ON THE DATA CENTER WITHIN SIXTY MONTHS OF OBTAINING CERTIFICATION;

(h) COMPLYING WITH THE CRAFT LABOR REQUIREMENTS IN PART 3 OF ARTICLE 92 OF THIS TITLE 24, IF THE DATA CENTER IS AN ENERGY SECTOR PUBLIC WORKS PROJECT, AS DEFINED IN SECTION 24-92-303 (5);

(i) COMPLYING WITH THE APPRENTICESHIP UTILIZATION REQUIREMENTS IN SECTION 24-92-115 AND THE PREVAILING WAGE REQUIREMENTS IN PART 2 OF ARTICLE 92 OF THIS TITLE 24 AS IF THE DATA CENTER SATISFIED THE CRITERIA FOR A PUBLIC PROJECT AS DESCRIBED IN SECTIONS 24-92-115 (1) AND 24-92-203 (1); AND

(j) COMMITTING TO SATISFYING THE DATA CENTER REQUIREMENTS AFTER CERTIFICATION SPECIFIED IN SECTION 24-48.5-812.

(2) UPON RECEIPT OF AN APPLICATION FOR CERTIFICATION FROM A DATA CENTER OPERATOR, THE OFFICE SHALL REVIEW THE APPLICATION PURSUANT TO SECTION 24-48.5-807. IF THE OFFICE APPROVES THE DATA CENTER FOR CERTIFICATION, THE DATA CENTER OPERATOR BECOMES

ELIGIBLE, AS OF THE DATE OF CERTIFICATION, FOR THE BENEFITS SPECIFIED IN SECTION 24-48.5-808.

24-48.5-806. Application process - data center operators - requirements. (1) A DATA CENTER OPERATOR SEEKING CERTIFICATION FOR A DATA CENTER PURSUANT TO THIS PART 8 MUST SUBMIT AN APPLICATION TO THE OFFICE, IN A FORM AND MANNER DETERMINED BY THE OFFICE, THAT INCLUDES THE FOLLOWING:

(a) INFORMATION ABOUT THE DATA CENTER FOR WHICH THE DATA CENTER OPERATOR IS SEEKING CERTIFICATION INCLUDING:

(I) THE IDENTITY AND QUALIFICATIONS OF THE DATA CENTER OPERATOR TO OWN OR OPERATE A DATA CENTER;

(II) EVIDENCE OF SITE CONTROL OR A PATHWAY TO SITE CONTROL;

(III) A PROPOSED DEVELOPMENT TIMELINE AND PHASING;

(IV) AN ESTIMATED TIMELINE FOR CAPITAL INVESTMENTS IN DATA CENTER CONSTRUCTION AND EQUIPMENT REACHING A MINIMUM OF TWO HUNDRED FIFTY MILLION DOLLARS WITHIN THIRTY-SIX MONTHS OF THE DATA CENTER BEING PLACED IN SERVICE OR RECEIPT OF A FINAL CERTIFICATE OF OCCUPANCY;

(V) AN ESTIMATED JOB CREATION PLAN BY THE DATA CENTER OPERATOR OR BY THE DATA CENTER OPERATOR COLLECTIVELY WITH ITS PARTICIPATING DATA CENTER TENANTS SHOWING AT LEAST TWENTY-FIVE NEW FULL-TIME EQUIVALENT POSITIONS, WITHIN SIXTY MONTHS AFTER THE DATA CENTER'S RECEIPT OF A FINAL CERTIFICATE OF OCCUPANCY FOR THE FIRST PHASE OF THE DATA CENTER PROJECT, WITH COMPENSATION OF AT LEAST ONE HUNDRED TEN PERCENT OF THE COUNTY AVERAGE WAGE FOR THE COUNTY IN WHICH THE DATA CENTER WILL BE LOCATED; AND

(VI) AN ENVIRONMENTAL SUSTAINABILITY PLAN FOR THE DATA

CENTER THAT INCLUDES:

(A) A FACILITY CERTIFICATION COMMITMENT, INCLUDING LEED, ENERGY STAR, GREEN GLOBES, ISO 50001, ISO 14001, OR THE EQUIVALENT; AND

(B) CONSULTATION WITH DEPARTMENT OF NATURAL RESOURCES;

(b) THE IDENTITY OF THE UTILITY OR UTILITIES THAT WILL SERVE THE DATA CENTER; AND

(c) LOCAL GOVERNMENT DOCUMENTATION IN CONNECTION WITH THE DATA CENTER INCLUDING:

(I) DOCUMENTATION OF THE STATUS OF THE APPLICATION FROM THE LOCAL GOVERNMENTAL ENTITY THAT WILL PROVIDE THE PERMIT FOR THE DATA CENTER, IF AVAILABLE;

(II) A DESCRIPTION OF APPLICABLE LOCAL INCENTIVES; AND

(III) THE STATUS OF LOCAL PERMITS AND APPROVALS.

24-48.5-807. Application review and certification process. (1) THE OFFICE SHALL REVIEW ALL APPLICATIONS SUBMITTED PURSUANT TO SECTION 24-48.5-806. THE OFFICE SHALL DETERMINE WHETHER AN APPLICATION IS COMPLETE WITHIN THIRTY DAYS AFTER THE OFFICE'S RECEIPT OF THE APPLICATION. WITHIN NINETY DAYS OF DETERMINING THAT AN APPLICATION IS COMPLETE, THE OFFICE SHALL CONDUCT A FULL APPLICATION REVIEW.

(2) IF THE OFFICE DETERMINES THAT AN APPLICATION IS DEFICIENT, THE OFFICE SHALL PROVIDE WRITTEN NOTIFICATION TO THE APPLICANT THAT IDENTIFIES THE SPECIFIC DEFICIENCIES. THE OFFICE SHALL ALLOW THIRTY DAYS FOR THE APPLICANT TO CURE ANY DEFICIENCIES IN THE APPLICATION AND COMPLETE A REVIEW OF THE REVISED APPLICATION WITHIN THIRTY DAYS AFTER RECEIPT.

(3) THE OFFICE SHALL APPROVE AN APPLICATION FOR CERTIFICATION FOR A DATA CENTER IF IT HAS MET OR WILL MEET ALL OF THE APPLICATION CRITERIA IN SECTION 24-48.5-805.

(4) THE OFFICE MAY REJECT AN APPLICATION ONLY IF:

(a) THE OFFICE FINDS THAT THE DATA CENTER OPERATOR MATERIALLY MISREPRESENTED FACTS IN THE APPLICATION;

(b) THE OFFICE FINDS THAT THE DATA CENTER OPERATOR FAILED TO PROVIDE REQUIRED DOCUMENTATION AFTER THE OFFICE PROVIDED AN OPPORTUNITY TO CURE PURSUANT TO SUBSECTION (2) OF THIS SECTION; OR

(c) THE OFFICE DETERMINES THAT THE APPLICANT DOES NOT MEET MINIMUM CERTIFICATION REQUIREMENTS UNDER SECTION 24-48.5-805.

(5) BEFORE REJECTING ANY APPLICATION THAT MEETS THE MINIMUM INVESTMENT AND JOB CREATION THRESHOLDS SET FORTH IN SECTION 24-48.5-805 (1)(a), THE OFFICE MUST:

(a) PROVIDE THE APPLICANT AN OPPORTUNITY TO ADDRESS THE OFFICE'S CONCERNS; AND

(b) EXPLORE ALTERNATIVE PATHS TO APPROVAL WITH CONDITIONS IF POSSIBLE.

(6) THE OFFICE MAY REVOKE CERTIFICATION THAT IT HAS AWARDED PURSUANT TO THIS SECTION IF THE OFFICE DETERMINES THAT THE DATA CENTER OPERATOR:

(a) HAS FAILED TO MAKE SUBSTANTIAL PROGRESS TOWARD SATISFYING THE REQUIREMENTS SPECIFIED IN SECTION 24-48.5-805 WITHIN TWO YEARS OF THE DATA CENTER BEING PLACED IN SERVICE OR RECEIPT OF A FINAL CERTIFICATE OF OCCUPANCY;

(b) HAS MATERIALLY CHANGED THE DATA CENTER IN A WAY THAT WOULD HAVE DISQUALIFIED IT FROM CERTIFICATION; OR

(c) HAS FAILED TO MAINTAIN COMPLIANCE WITH THE CRITERIA THAT FORMED THE BASIS OF APPROVAL.

24-48.5-808. Certification benefits - state sales and use tax exemption. (1) (a) A DATA CENTER THAT HAS OBTAINED CERTIFICATION IS ELIGIBLE FOR A ONE-HUNDRED-PERCENT STATE SALES AND USE TAX EXEMPTION ON QUALIFIED PURCHASES PURSUANT TO SECTION 39-26-735.

(b) A DATA CENTER THAT OBTAINS CERTIFICATION AND IS ELIGIBLE TO CLAIM A STATE SALES AND USE TAX EXEMPTION PURSUANT TO SUBSECTION (1)(a) OF THIS SECTION IS ELIGIBLE FOR THE EXEMPTION FOR TWENTY YEARS FROM THE DATE THAT THE DATA CENTER RECEIVED CERTIFICATION, SO LONG AS THE DATA CENTER:

(I) MAINTAINS THE QUALIFYING EMPLOYMENT LEVELS SPECIFIED IN SECTION 24-48.5-805 (1)(b); AND

(II) SUBMITS ANNUAL COMPLIANCE REPORTS TO THE OFFICE AS REQUIRED IN SECTION 24-48.5-809 (2).

24-48.5-809. Certified data center - qualification - compliance reports. (1) THE OFFICE SHALL ISSUE A STATE SALES AND USE TAX EXEMPTION CERTIFICATE TO A DATA CENTER OPERATOR THAT HAS OBTAINED CERTIFICATION FOR A DATA CENTER AS EVIDENCE THAT THE DATA CENTER OPERATOR IS ELIGIBLE FOR A ONE-HUNDRED-PERCENT SALES AND USE TAX EXEMPTION FOR QUALIFIED PURCHASES PURSUANT TO SECTIONS 24-48.5-808 AND 39-26-735. THE SALES AND USE TAX EXEMPTION CERTIFICATE MUST SPECIFY THAT THE DATA CENTER OPERATOR IS ENTITLED TO THE SALES AND USE TAX EXEMPTION FOR TWENTY YEARS, BEGINNING ON THE DATE THAT THE CERTIFICATE IS ISSUED. A STATE SALES AND USE TAX EXEMPTION CERTIFICATE IS NONTRANSFERABLE. THE OFFICE SHALL CERTIFY TO THE DEPARTMENT OF

REVENUE THE NAME OF EACH DATA CENTER OPERATOR THAT RECEIVES A STATE SALES AND USE TAX EXEMPTION CERTIFICATE AND OTHER RELEVANT INFORMATION RELATING TO THE SALES AND USE TAX EXEMPTION.

(2) A DATA CENTER OPERATOR OF A DATA CENTER THAT HAS OBTAINED CERTIFICATION SHALL SUBMIT AN ANNUAL COMPLIANCE REPORT TO THE OFFICE, IN A FORM AND MANNER TO BE DETERMINED BY THE OFFICE, TO VERIFY THAT THE DATA CENTER OPERATOR IS MAKING TIMELY PROGRESS IN SATISFYING THE REQUIREMENTS OF SECTION 24-48.5-805 AND IS ON TRACK TO SATISFY THE REQUIREMENTS WITHIN THE PERIODS SPECIFIED IN THAT SECTION. A DATA CENTER OPERATOR SHALL SUBMIT THE REPORT REQUIRED IN THIS SUBSECTION (2) TO MAINTAIN CERTIFICATION. THE DATA CENTER OPERATOR SHALL INCLUDE IN THE REPORT THE TOTAL AMOUNT OF THE SALES AND USE TAX EXEMPTION CLAIMED EACH YEAR AND ANY OTHER INFORMATION REQUESTED BY THE OFFICE.

(3) IF THE OFFICE REVOKES THE CERTIFICATION PURSUANT TO SECTION 24-48.5-807 (6), THE DATA CENTER OPERATOR IS REQUIRED TO PAY THE ENTIRE AMOUNT OF THE SALES AND USE TAX ON ANY QUALIFIED PURCHASE FOR WHICH THE SALES AND USE TAX EXEMPTION WAS CLAIMED PURSUANT TO THIS PART 8.

24.48.5-810. Targeted resource acquisition framework. (1) BEFORE SUBMITTING AN APPLICATION FOR CERTIFICATION FOR A DATA CENTER, A DATA CENTER OPERATOR SHALL:

(a) CONDUCT AND DOCUMENT A PRELIMINARY CONSULTATION WITH THE ELECTRIC UTILITY THAT WILL PROVIDE ELECTRICITY FOR THE DATA CENTER REGARDING INTERCONNECTION FEASIBILITY, CAPACITY, AND

INFRASTRUCTURE REQUIREMENTS; AND

(b) OBTAIN A WRITTEN FEASIBILITY ASSESSMENT FROM THE UTILITY THAT WILL PROVIDE ELECTRICITY FOR THE DATA CENTER INCLUDING A TIMELINE OF SERVICE.

(2) A DATA CENTER CUSTOMER OF THE UTILITY THAT WILL PROVIDE ELECTRICITY MAY ENTER INTO A GENERATION CONTRACT WITH AN INDEPENDENT POWER PRODUCER IF THE ELECTRIC UTILITY IS UNABLE TO PROVIDE INITIAL ENERGIZATION WITHIN THIRTY-SIX MONTHS OF THE EXECUTION OF A SERVICE AGREEMENT OR FAILS TO PROVIDE SEVENTY-FIVE PERCENT OF SUCH POWER WITHIN THIRTY MONTHS OF THE EXECUTION OF A SERVICE AGREEMENT.

(3) FOR A DATA CENTER LOCATED IN THE SERVICE TERRITORY OF A MUNICIPALLY-OWNED UTILITY, A DATA CENTER OPERATOR SHALL COMPLY WITH A SUBSTANTIALLY SIMILAR PROCESS TO THE PROCESS ESTABLISHED IN SECTION 40-2-140.

(4) A DATA CENTER OPERATOR SHALL INCLUDE THE DOCUMENTATION OF THE CONSULTATION AND THE WRITTEN FEASIBILITY ASSESSMENT OBTAINED PURSUANT TO SUBSECTION (1) OF THIS SECTION IN THE DATA CENTER OPERATOR'S APPLICATION TO THE OFFICE.

(5) A DATA CENTER OPERATOR IS RESPONSIBLE FOR PAYING FOR ALL COSTS THAT THE UTILITY WILL INCUR FOR THE PLANNING AND FEASIBILITY ASSESSMENT TO PROVIDE ELECTRICITY TO THE NEW DATA CENTER.

24-48.5-811. Local government authority and coordination. THIS PART 8 DOES NOT LIMIT LOCAL GOVERNMENT AUTHORITY REGARDING THE REGULATION OF DATA CENTERS, INCLUDING TAXATION, INCENTIVES, LAND USE, PERMITTING, AND NUISANCE, WHICH REGULATION MAY

INCLUDE CONSIDERATION OF ENVIRONMENTAL SUSTAINABILITY. IN ADDITION, THIS PART 8 DOES NOT RESTRICT ADDITIONAL LOCAL INCENTIVES INCLUDING UTILITY INCENTIVES IN THE CASE OF A MUNICIPALLY-OWNED UTILITY. THIS PART 8 DOES NOT REQUIRE LOCAL GOVERNMENTS TO PARTICIPATE IN THE PROGRAM.

24-48.5-812. Data center requirements after certification - community benefit requirements - workforce development - economic development integration. (1) A DATA CENTER THAT HAS OBTAINED CERTIFICATION SHALL PARTICIPATE IN AT LEAST ONE STATE WORKFORCE DEVELOPMENT PROGRAM, INCLUDING:

(a) PARTNERSHIPS WITH LOCAL EDUCATIONAL INSTITUTIONS INCLUDING:

(I) TECHNICAL TRAINING PROGRAMS;

(II) APPRENTICESHIP INITIATIVES;

(III) CAREER PATHWAY DEVELOPMENT; AND

(IV) SCIENCE, TECHNOLOGY, ENGINEERING, AND MATH (STEM) EDUCATION SUPPORT; AND

(b) LOCAL WORKFORCE INITIATIVES INCLUDING:

(I) JOB TRAINING PROGRAMS;

(II) SKILLS DEVELOPMENT WORKSHOPS;

(III) PROFESSIONAL CERTIFICATION SUPPORT; AND

(IV) CAREER ADVANCEMENT OPPORTUNITIES.

(2) A DATA CENTER THAT HAS OBTAINED CERTIFICATION SHALL PARTICIPATE IN ECONOMIC DEVELOPMENT INTEGRATION BY:

(a) PARTICIPATING IN REGIONAL ECONOMIC PLANNING;

(b) SUPPORTING SUPPLY CHAIN DEVELOPMENT;

(c) ENABLING TECHNOLOGY CLUSTER FORMATION; AND

(d) FOSTERING INNOVATION ECOSYSTEM GROWTH.

(3) A DATA CENTER THAT HAS OBTAINED CERTIFICATION SHALL:

(a) COMPLY WITH THE APPRENTICESHIP UTILIZATION REQUIREMENTS IN SECTION 24-92-115 AND THE PREVAILING WAGE REQUIREMENTS IN PART 2 OF ARTICLE 92 OF THIS TITLE 24 AS IF THE DATA CENTER SATISFIED THE CRITERIA FOR A PUBLIC PROJECT AS DESCRIBED IN SECTIONS 24-92-115 (1) AND 24-92-203 (1); AND

(b) COMPLY WITH THE CRAFT LABOR REQUIREMENTS IN PART 3 OF ARTICLE 92 OF THIS TITLE 24, IF THE DATA CENTER IS AN ENERGY SECTOR PUBLIC WORKS PROJECT AS DEFINED IN SECTION 24-92-303 (5).

24-48.5-813. Preservation of existing data center certification. (1) A DATA CENTER THAT IS CERTIFIED PRIOR TO JANUARY 1, 2035, IS REQUIRED TO COMPLY WITH THE FOLLOWING REQUIREMENTS TO MAINTAIN ITS CERTIFICATION:

(a) MAINTAIN ALL COMMITMENTS THROUGH ITS TWENTY-YEAR BENEFIT PERIOD;

(b) RETAIN ELIGIBILITY FOR EXTENSIONS PURSUANT TO SECTION 24-48.5-814;

(c) CONTINUE COMPLIANCE OBLIGATIONS; AND

(d) SUBMIT THE PERFORMANCE REPORTS REQUIRED IN SECTION 24-48.5-809 (2).

24-48.5-814. Benefit extension and modification - duration - extension eligibility - extension terms. (1) A DATA CENTER OPERATOR THAT HAS OBTAINED CERTIFICATION FOR A DATA CENTER MAY APPLY TO THE OFFICE FOR AN EXTENSION OF THE CERTIFICATION BENEFITS. TO BE ELIGIBLE FOR A BENEFIT EXTENSION, A DATA CENTER OPERATOR MUST DEMONSTRATE THAT:

(a) THE CERTIFIED DATA CENTER HAS MADE ADDITIONAL GRID ENHANCEMENT INVESTMENTS IN A TOTAL AMOUNT OF AT LEAST FIVE MILLION DOLLARS DURING THE INITIAL TWENTY-YEAR BENEFIT PERIOD;

(b) THE CERTIFIED DATA CENTER HAS CREATED AT LEAST TEN NEW QUALIFYING JOBS IN ADDITION TO THE JOBS THAT THE DATA CENTER OPERATOR IS REQUIRED TO CREATE PURSUANT TO SECTION 24-48.5-805;

(c) THE CERTIFIED DATA CENTER CONTINUES TO COMPLY WITH ENVIRONMENTAL REQUIREMENTS; AND

(d) THE CERTIFIED DATA CENTER HAS SATISFIED ITS COMMUNITY BENEFIT COMMITMENTS PURSUANT TO SECTION 24-48.5-812.

(2) A CERTIFIED DATA CENTER THAT IS APPROVED FOR A BENEFIT EXTENSION PURSUANT TO THIS SECTION IS ELIGIBLE FOR:

(a) AN ADDITIONAL TEN YEARS OF ELIGIBILITY TO CLAIM THE SALES AND USE TAX EXEMPTION ALLOWED PURSUANT TO THIS PART 8; AND

(b) THE ABILITY OF THE CERTIFIED DATA CENTER TO MAINTAIN THE REQUIREMENTS OF ITS CERTIFICATION.

24-48.5-815. Program cost recovery. (1) (a) TO RECOVER THE DIRECT COSTS OF ESTABLISHING AND IMPLEMENTING THE PROGRAM, THE OFFICE MAY:

(I) ESTABLISH AND COLLECT A NONREFUNDABLE APPLICATION FEE NOT TO EXCEED TEN THOUSAND DOLLARS FOR EACH APPLICATION FOR CERTIFICATION SUBMITTED PURSUANT TO THIS PART 8; AND

(II) ESTABLISH AND COLLECT A NONREFUNDABLE CERTIFICATION FEE NOT TO EXCEED TWENTY THOUSAND DOLLARS FOR EACH CERTIFICATION AWARDED PURSUANT TO THIS PART 8.

(b) THE OFFICE SHALL DEPOSIT ALL FEES COLLECTED PURSUANT TO SUBSECTION (1)(a) OF THIS SECTION INTO THE COLORADO ECONOMIC

DEVELOPMENT FUND CREATED IN SECTION 24-46-105.

(2) THE OFFICE SHALL:

(a) SET THE AMOUNT OF ANY FEES ESTABLISHED PURSUANT TO SUBSECTION (1) OF THIS SECTION AT THE MINIMUM AMOUNT NECESSARY TO OFFSET THE OFFICE'S DIRECT COSTS OF IMPLEMENTING ITS RESPONSIBILITIES UNDER THIS PART 8; AND

(b) REVIEW THE FEES ANNUALLY AND ADJUST THE AMOUNTS AS NECESSARY TO ENSURE THAT THE FEES DO NOT EXCEED THE DIRECT COSTS OF IMPLEMENTATION.

SECTION 2. In Colorado Revised Statutes, **add** 40-2-140 and 40-2-141 as follows:

40-2-140. Targeted resource acquisition - emerging large load customers - process - funding. (1) **Eligibility for targeted resource acquisition.** A UTILITY REGULATED UNDER THE COMMISSION'S RESOURCE PLANNING AUTHORITY MAY SUBMIT TO THE COMMISSION A TARGETED RESOURCE ACQUISITION APPLICATION DESCRIBING HOW THE UTILITY INTENDS TO MEET ENERGY AND CAPACITY NEEDS CREATED BY ONE OR MORE EMERGING LARGE LOAD CUSTOMERS. EMERGING LARGE LOAD CUSTOMERS MUST:

(a) HAVE PROJECTED LOAD REQUIREMENTS OF AT LEAST ONE HUNDRED MEGAWATTS, EITHER INDIVIDUALLY OR IN THE AGGREGATE, THROUGH CO-LOCATED CUSTOMERS;

(b) ENTER INTO A CONTRACTUAL AGREEMENT WITH THE UTILITY, WHICH AGREEMENT INCLUDES:

(I) MINIMUM DEMAND, DURATION, AND BILLING COMMITMENTS; OR

(II) PARTICIPATION IN ANY APPLICABLE LARGE LOAD TARIFF

INTENDED TO BALANCE LOAD FACTOR;

(c) AGREE TO EXIT FEE PROVISIONS THAT ADDRESS EARLY DEPARTURE OR REDUCED DEMAND, INCLUDING BUT NOT LIMITED TO A THREE-YEAR EXIT FEE STRUCTURE TO ENSURE REVENUE STABILITY;

(d) PROVIDE APPROPRIATE CREDIT SECURITIZATION; AND

(e) DEMONSTRATE SITE CONTROL AND SUBMIT SIGNED DEVELOPMENT AGREEMENTS TO THE UTILITY.

(2) **Resource acquisition process.** (a) PRIOR TO FILING A TARGETED RESOURCE ACQUISITION APPLICATION UNDER THIS SECTION, A UTILITY MAY ISSUE A COMPETITIVE SOLICITATION TO IDENTIFY POTENTIAL RESOURCES TO SERVE THE EMERGING LOAD.

(b) AS PART OF THE TARGETED RESOURCE ACQUISITION APPLICATION, THE UTILITY MAY PROPOSE SYSTEM ASSETS FUNDED IN WHOLE OR IN PART BY THE EMERGING LARGE-LOAD CUSTOMER. ALL SUCH ASSETS MUST:

(I) OPERATE AS SYSTEM ASSETS FOR THE BENEFIT OF ALL CUSTOMERS;

(II) PROVIDE NET ADDITIONAL CLEAN OR RENEWABLE ENERGY RESOURCES AS DESCRIBED IN PART 8 OF ARTICLE 48.5 OF TITLE 24, BEYOND WHAT IS ALREADY REQUIRED UNDER THE RENEWABLE ENERGY STANDARD ESTABLISHED IN SECTION 40-2-124; AND

(III) MAINTAIN ALIGNMENT WITH THE RESOURCE ELIGIBILITY AND EMISSIONS REDUCTION OBJECTIVES OF THE RENEWABLE ENERGY STANDARD AND OTHER APPLICABLE CLEAN ENERGY LAWS.

(c) ANY RESOURCES PROPOSED IN THE TARGETED RESOURCE ACQUISITION APPLICATION MUST HAVE SUFFICIENT CUMULATIVE ACCREDITED CAPACITY, AS DETERMINED BY THE UTILITY, TO MEET THE

NEEDS OF THE EMERGING LARGE LOAD WITHIN THE REQUIRED INTERCONNECTION TIME FRAME, WHICH TIME FRAME MAY BE PHASED AS THE LOAD SCALES.

(d) THE UTILITY MUST:

(I) USE THE REQUEST FOR PROPOSAL DOCUMENTS MOST RECENTLY APPROVED BY THE COMMISSION, WITH CUSTOMIZATION ALLOWED TO REFLECT THE SPECIFIC SOLICITATION AND AVOID COST SHIFTS TO OTHER CUSTOMERS; AND

(II) BE PERMITTED TO BRING FORWARD RECENT BIDS RECEIVED WITHIN THE PAST TWO YEARS IF THE BID PRICES REMAIN GENERALLY CONSISTENT WITH THE PREVIOUSLY SUBMITTED TERMS.

(e) THE UTILITY MUST INCLUDE AN UPDATED EMISSIONS WORKBOOK THAT REFLECTS:

(I) TOTAL MEGAWATT-HOURS AND ASSOCIATED EMISSIONS ATTRIBUTABLE TO THE EMERGING LOAD; AND

(II) SEPARATE REPORTING FOR EACH DISCRETE EMERGING LOAD IN THE CASE OF CO-LOCATED ARRANGEMENTS, TO THE EXTENT PRACTICABLE.

(f) APPROVAL OF A TARGETED RESOURCE ACQUISITION APPLICATION UNDER THIS SECTION CREATES A PRESUMPTION OF PRUDENCE FOR ALL INFRASTRUCTURE OR RESOURCE INVESTMENTS NECESSARY TO SERVE THE EMERGING LOAD.

(g) THE STANDARD OF REVIEW FOR THE TARGETED RESOURCE ACQUISITION APPLICATION IS WHETHER THE PROPOSED ACQUISITION AND ASSOCIATED INFRASTRUCTURE ARE IN THE PUBLIC INTEREST.

(h) THE UTILITY NEED NOT OBTAIN A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY PURSUANT TO SECTION 40-5-102 FOR SPECIFIC RESOURCES IDENTIFIED IN AND APPROVED THROUGH THE

APPLICATION.

(i) THE COMMISSION SHALL ACT ON THE APPLICATION WITHIN ONE HUNDRED TWENTY DAYS OF FILING. THE PERIOD FOR OTHER PERSONS TO INTERVENE IN THE MATTER IS TEN DAYS.

(3) **Funding and cost recovery.** (a) A UTILITY MAY INCLUDE PRE-FUNDING COMMITMENTS FROM THE EMERGING LARGE LOAD CUSTOMER FOR PRE-DEVELOPMENT AND EARLY CONSTRUCTION COSTS OF RESOURCES OR INFRASTRUCTURE, INCLUDING TRANSMISSION AND DISTRIBUTION.

(b) THE COSTS MAY BE ENTIRELY BORNE BY THE EMERGING LARGE LOAD CUSTOMER, BUT THE UTILITY MAY ALSO PROPOSE PARTIAL REIMBURSEMENT THROUGH AN EXISTING COST-RECOVERY MECHANISM.

(c) (I) THE COMMISSION SHALL APPROVE THE REIMBURSEMENT IF THE ACQUIRED RESOURCES OR INFRASTRUCTURE PROVIDE SYSTEM-WIDE BENEFITS.

(II) COSTS ASSOCIATED WITH APPROVED RESOURCES MAY BE RECOVERED THROUGH AN ADJUSTMENT CLAUSE UNTIL INCLUDED IN THE RATE BASE IN A FUTURE RATE CASE. TRANSMISSION COSTS MAY BE RECOVERED THROUGH A TRANSMISSION ADJUSTMENT CLAUSE AND DISTRIBUTION COSTS MAY BE RECOVERED THROUGH A GRID MODERNIZATION ADJUSTMENT CLAUSE.

(4) **Advanced energy technologies fund.** (a) A UTILITY MAY PROPOSE THE CREATION OF A FUND FOR ADVANCED ENERGY TECHNOLOGIES, TO WHICH FUND CUSTOMERS THAT NECESSITATE EMERGING NEW LARGE LOADS MAY CONTRIBUTE VOLUNTARILY.

(b) A UTILITY MAY USE THE FUND TO:

(I) COVER PRE-DEVELOPMENT AND EARLY CONSTRUCTION COSTS

FOR SYSTEM RESOURCES AND INFRASTRUCTURE;

(II) SUPPORT UTILITY EXPLORATION OR DEPLOYMENT OF CLEAN FIRM DISPATCHABLE TECHNOLOGIES;

(III) ALLOW CUSTOMERS THAT NECESSITATE EMERGING NEW LARGE LOADS TO BENEFIT FROM CLEAN FIRM CAPACITY LOCATED NEAR THEIR OPERATIONS IN EXCHANGE FOR THEIR CONTRIBUTIONS; AND

(IV) MITIGATE OR ALLOCATE TECHNOLOGY PERFORMANCE RISK ASSOCIATED WITH ADVANCED RESOURCES, SUBJECT TO THE COMMISSION'S REVIEW AND APPROVAL.

(c) IF AN EMERGING LARGE NEW LOAD PROJECT DOES NOT MATERIALIZE, MONEY THAT IS CONTRIBUTED TO THE FUND MAY BE USED TO OFFSET INFRASTRUCTURE COSTS FOR THE BENEFIT OF OTHER CUSTOMERS OR REALLOCATED TO FINANCE CLEAN FIRM RESOURCE DEVELOPMENT.

40-2-141. Rule-making for large new loads. (1) ON OR BEFORE JUNE 30, 2027, THE COMMISSION SHALL BEGIN A RULE-MAKING PROCEDURE TO ESTABLISH OVERSIGHT, REPORTING REQUIREMENTS, AND COST ALLOCATION PRINCIPLES RELATED TO INVESTOR-OWNED UTILITIES SERVING LARGE LOAD CUSTOMERS. AT A MINIMUM, THE RULES MUST:

(a) DEFINE A LARGE LOAD CUSTOMER AS A CUSTOMER INTERCONNECTING AT TRANSMISSION-LEVEL SERVICE WITH AN ESTIMATED DEMAND OF AT LEAST ONE HUNDRED MEGAWATTS, OR SUCH OTHER THRESHOLD AS DETERMINED BY THE COMMISSION THROUGH RULE-MAKING;

(b) ESTABLISH PROCESSES TO EVALUATE AND MONITOR THE IMPACTS AND OPPORTUNITIES ASSOCIATED WITH LARGE LOAD CUSTOMERS, INCLUDING:

(I) SYSTEM INVESTMENTS AND UPGRADES NEEDED TO ACCOMMODATE THE LOAD;

(II) THE POTENTIAL TO ENHANCE SYSTEM RELIABILITY AND GRID FLEXIBILITY;

(III) OPPORTUNITIES TO REDUCE TRANSMISSION AND DISTRIBUTION LINE LOSSES, IMPROVE VOLTAGE SUPPORT, AND ALLEVIATE CONGESTION;

(IV) OPPORTUNITIES TO SERVE LARGE LOAD CUSTOMERS WITH ZERO-EMISSION RESOURCES, INCLUDING CONTINUOUS CLEAN ENERGY SUPPLY OPTIONS AND CURTAILED RENEWABLE TARIFFS; AND

(V) THE IMPACT OF SERVING LARGE LOAD CUSTOMERS ON THE UTILITY'S ABILITY TO MEET ITS CLEAN ENERGY TARGETS UNDER APPROVED CLEAN ENERGY PLANS, AND AVOID DELAYS IN ACHIEVING BENEFICIAL ELECTRIFICATION, HOUSING, OR RESILIENCE OBJECTIVES;

(c) REQUIRE UTILITIES TO REPORT REGARDING:

(I) PAYMENTS, CONTRACTS, OR FINANCIAL CONTRIBUTIONS MADE BY LARGE LOAD CUSTOMERS;

(II) SYSTEM INVESTMENTS RESULTING FROM INTERCONNECTION OF LARGE LOAD CUSTOMERS; AND

(III) THE MANNER IN WHICH THE INVESTMENTS ALIGN WITH RENEWABLE ENERGY STANDARD REQUIREMENTS SET FORTH IN SECTION 40-2-124 AND GRID MODERNIZATION OBJECTIVES;

(d) ESTABLISH PRINCIPLES TO ENSURE THAT RATE STRUCTURES AND TARIFFS:

(I) ARE JUST AND REASONABLE FOR ALL CUSTOMERS;

(II) AVOID COST SHIFTS TO NONPARTICIPATING CUSTOMERS;

(III) PROMOTE RATE STABILITY;

(IV) ENSURE THAT UTILITIES CAN FULLY RECOVER INVESTMENTS

FROM A LARGE LOAD CUSTOMER IF THE CUSTOMER REDUCES USAGE OR CEASES OPERATIONS, INCLUDING, AS APPROPRIATE, THROUGH MINIMUM CONTRACT LENGTHS, TERMINATION FEES, REASONABLE UP-FRONT PAYMENTS DIRECTLY TIED TO UTILITY INVESTMENTS OR UPGRADES NECESSARY TO SERVE THE LOAD, OR MINIMUM DEMAND OR INFRASTRUCTURE-RELATED CHARGES; AND

(V) ENABLE CONSIDERATION OF CUSTOMER-SPECIFIC TARIFFS OR ENABLE CLEAN AND RENEWABLE POWER TARIFFS;

(e) ENCOURAGE UTILITY PLANNING AND CUSTOMER INTEGRATION PRACTICES THAT MAXIMIZE THE VALUE OF NEW LOAD FOR GRID STABILITY, EMISSIONS REDUCTIONS, AND EQUITABLE COST RECOVERY;

(f) ENSURE A TRANSPARENT PROCESS FOR STAKEHOLDER PARTICIPATION IN UTILITY PROCEEDINGS INVOLVING LARGE LOAD INTERCONNECTIONS; AND

(g) SUPPORT ECONOMIC AND BUSINESS DEVELOPMENT IN THE STATE.

(2) EACH INVESTOR-OWNED UTILITY SHALL SUBMIT AN ANNUAL REPORT TO THE COMMISSION SUMMARIZING:

(a) NEW OR ANTICIPATED LARGE LOAD INTERCONNECTIONS;

(b) INFRASTRUCTURE INVESTMENTS AND THEIR STATUS;

(c) TARIFF STRUCTURES AND COST RECOVERY MECHANISMS; AND

(d) IMPACTS ON EMISSIONS, RENEWABLE ENERGY COMPLIANCE, AND SYSTEM RESILIENCE.

(3) THE COMMISSION SHALL ESTABLISH STANDARDS FOR MAINTAINING CONFIDENTIALITY OF PROPRIETARY OR COMPETITIVE BUSINESS INFORMATION.

(4) (a) RULES ADOPTED UNDER THIS SECTION MUST COMPLEMENT

AND NOT CONFLICT WITH EXISTING REQUIREMENTS UNDER SECTIONS 40-2-124, 40-2-125.5, AND 40-3-101, AND SUPPORT COLORADO'S CLEAN ENERGY, ECONOMIC DEVELOPMENT, AND GRID RELIABILITY GOALS.

(b) ANY INCREMENTAL COST OF SERVING A LARGE LOAD CUSTOMER THAT IS PAID DIRECTLY BY THE CUSTOMER IS EXCLUDED FROM THE MAXIMUM RATE IMPACT CALCULATION USED IN EVALUATING A RETAIL UTILITY'S CLEAN ENERGY PLAN UNDER SECTION 40-2-125.5.

(5) PRIOR TO THE ADOPTION OF FINAL RULES UNDER THIS SECTION, THE COMMISSION SHALL CONSIDER THE PRINCIPLES OUTLINED IN THIS SECTION IN ANY ELECTRIC RESOURCE PLANNING OR INFRASTRUCTURE PROCEEDING INVOLVING A LARGE LOAD CUSTOMER, INCLUDING PENDING SECOND-STAGE RATE CASE FILINGS INITIATED PRIOR TO THE EFFECTIVE DATE OF THIS SECTION.

SECTION 3. In Colorado Revised Statutes, 29-2-105, **add** (1)(d)(V) as follows:

29-2-105. Contents of sales tax ordinances and proposals. (1) The sales tax ordinance or proposal of any incorporated town, city, or county adopted pursuant to this article 2 shall be imposed on the sale of tangible personal property at retail or the furnishing of services, as provided in subsection (1)(d) of this section. Any countywide or incorporated town or city sales tax ordinance or proposal shall include the following provisions:

(d) (V) THE EXEMPTION FOR SALES OF INFORMATION TECHNOLOGY INFRASTRUCTURE, DATA CENTER INFRASTRUCTURE, MECHANICAL SYSTEMS, OR OTHER EQUIPMENT ESSENTIAL TO DATA CENTER OPERATIONS AS SPECIFIED IN SECTION 29-26-735 (3).

SECTION 4. In Colorado Revised Statutes, **add** 39-26-735 as follows:

39-26-735. Certified data centers - qualified purchases - information technology infrastructure - data center infrastructure - electric grid enhancement equipment - tax preference performance statement - legislative declaration - definitions. (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE PURPOSES OF THE TAX EXPENDITURE CREATED IN SUBSECTION (3) OF THIS SECTION ARE TO:

(I) IMPROVE INDUSTRY COMPETITIVENESS, SPECIFICALLY IN DATA CENTER DEVELOPMENT AND ELECTRIC GRID MODERNIZATION; AND

(II) PROVIDE TAX RELIEF TO CERTAIN BUSINESSES, SPECIFICALLY DATA CENTER OPERATORS THAT OWN OR OPERATE A CERTIFIED DATA CENTER IN THE STATE.

(b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE EFFECTIVENESS OF THE TAX EXPENDITURE IN ACHIEVING THE PURPOSES SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE NUMBER OF CERTIFIED DATA CENTERS THAT ARE CONSTRUCTED AND PLACED IN SERVICE IN THE STATE AND THE NUMBER AND VALUE OF THE EXEMPTIONS CLAIMED PURSUANT TO THIS SECTION. THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT SHALL PROVIDE THE STATE AUDITOR WITH ANY AVAILABLE INFORMATION THAT WOULD ASSIST THE STATE AUDITOR'S ANALYSIS.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "CERTIFIED DATA CENTER" MEANS A DATA CENTER THAT HAS OBTAINED CERTIFICATION FROM THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT PURSUANT TO PART 8 OF ARTICLE 48.5 OF TITLE 24.

(b) "STATE SALES AND USE TAX EXEMPTION CERTIFICATE" MEANS A CERTIFICATE ISSUED BY THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT TO A CERTIFIED DATA CENTER PURSUANT TO PART 8 OF ARTICLE 48.5 OF TITLE 24.

(3) BEGINNING JANUARY 1, 2026, ALL SALES, STORAGE, AND USE OF INFORMATION TECHNOLOGY INFRASTRUCTURE, DATA CENTER INFRASTRUCTURE, MECHANICAL SYSTEMS, OR OTHER EQUIPMENT ESSENTIAL TO DATA CENTER OPERATIONS AS DESCRIBED IN SECTION 24-48.5-803 (12) THAT WILL BE USED IN CONNECTION WITH A CERTIFIED DATA CENTER THAT HAS A STATE SALES AND USE TAX EXEMPTION CERTIFICATE IS EXEMPT FROM TAXATION UNDER PARTS 1 AND 2 OF THIS ARTICLE 26.

(4) NOTWITHSTANDING SECTION 39-21-304 (4), THE EXEMPTION ALLOWED PURSUANT TO THIS SECTION CONTINUES INDEFINITELY.

SECTION 5. Applicability. This act applies to data centers for which building or the purchase of equipment or regulated resource acquisitions commence on or after the effective date of this act.

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