# First Regular Session Seventy-third General Assembly STATE OF COLORADO

## **PREAMENDED**

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

LLS NO. 21-0784.02 Duane Gall x 4335

**SENATE BILL 21-272** 

### SENATE SPONSORSHIP

Hansen and Fenberg, Jaquez Lewis, Lee, Moreno, Pettersen, Priola, Story

## **HOUSE SPONSORSHIP**

Bernett,

#### **Senate Committees**

Transportation & Energy Finance Appropriations

### **House Committees**

State, Civic, Military, & Veterans Affairs Finance Appropriations

## A BILL FOR AN ACT

101	CONCERNING THE OPERATIONS OF THE PUBLIC UTILITIES COMMISSION,
102	AND, IN CONNECTION THEREWITH, MODERNIZING THE
103	COMMISSION'S STATUTORY DIRECTIVES REGARDING
104	DISTRIBUTED GENERATION OF ELECTRICITY; REQUIRING
105	ADDITIONAL DISCLOSURE FROM INTERVENORS IN ADVERSARIAL
106	PROCEEDINGS; PROVIDING THE COMMISSIONERS WITH
107	ACCESS TO INDEPENDENT SUBJECT-MATTER EXPERTS; AND
108	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 SENATE 3rd Reading Unamended

> SENATE Amended 2nd Reading May 28, 2021

## http://leg.colorado.gov.)

**Section 1** of the bill authorizes the allocation of up to \$250,000 per year of the money that the commission receives from the public utilities commission fixed utility fund for outside consultants and experts.

**Section 2** requires an intervenor in a commission matter to disclose any financial relationship between that intervenor and any other intervenor in the matter.

Section 3 directs the commission to adopt rules to require the commission, when considering any matter before the commission, to improve equity and prioritize disproportionately impacted communities.

Under current law, the annual fee collected from each regulated public utility is capped at 0.25% of the public utility's gross instrastate utility operating revenue for the preceding calendar year; except that the annual fee collected from a public utility that is a telephone corporation is capped at 0.20% of the telephone corporation's gross intrastate utility operating revenue for the preceding calendar year. **Section 4** removes the cap on annual fees collected from regulated public utilities.

**Section 5** requires the commission to promulgate rules requiring qualifying retail utilities subject to the renewable energy standard to retire renewable energy credits in a manner that benefits cities, counties, and businesses in the state and is consistent with timely attainment of the state's clean energy and climate goals.

**Section 6** requires the commission to promulgate rules to establish fixed rates for net metering credits provided to community solar garden subscribers on their electric bills.

With respect to the retirement of any electric generating facility, **section 7** requires an investor-owned electric utility to submit, and the commission to consider, net present value of revenue requirement projections, one based on using Colorado energy impact bonds and one based on not using Colorado energy impact bonds.

**Section 8** requires the commission, in approving a resource plan, to include the social cost of carbon dioxide with regard to a portfolio's net present value of revenue requirements.

**Section 9** requires each regulated public utility that uses resource planning software to provide commission staff with licenses to the software and with model assumptions used for the software.

**Section 10** expands the time for the commission to issue a decision on an application that is not accompanied by prefiled testimony and exhibits from 210 days to 250 days after the commission has deemed the application complete.

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

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1	<b>SECTION 1.</b> In Colorado Revised Statutes, 40-2-104, <b>add</b> (4) as
2	follows:
3	40-2-104. Assistants and employees - utilization of
4	independent experts. (4) (a) OF THE MONEY THAT THE COMMISSION
5	RECEIVES FROM THE PUBLIC UTILITIES COMMISSION FIXED UTILITY FUND
6	PURSUANT TO SECTION 40-2-114 (1)(b)(II), UP TO TWO HUNDRED FIFTY
7	THOUSAND DOLLARS PER YEAR MAY BE ALLOCATED TO PERSONAL
8	SERVICES CONTRACTS WITH OUTSIDE CONSULTANTS AND EXPERTS THAT
9	MEET CRITERIA SPECIFIED BY THE COMMISSION.
10	(b) THE AMOUNT ALLOCATED FOR OUTSIDE CONSULTANTS AND
11	EXPERTS PURSUANT TO SUBSECTION (4)(a) OF THIS SECTION SHALL BE
12	ADJUSTED ANNUALLY IN ACCORDANCE WITH CHANGES IN THE UNITED
13	STATES DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS
14	CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKEWOOD FOR ALL
15	ITEMS AND ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX.
16	SECTION 2. In Colorado Revised Statutes, add 40-2-104.5 as
17	follows:
18	40-2-104.5. Financial disclosures by intervenors(1) AN
19	INTERVENOR IN ANY MATTER BEFORE THE COMMISSION SHALL DISCLOSE
20	ANY OF THE FOLLOWING RELATIONSHIPS THAT EXISTS OR, WITHIN THE
21	IMMEDIATELY PRECEDING TWENTY-FOUR MONTHS, EXISTED BETWEEN THE
22	INTERVENOR AND THE REGULATED UTILITY IN THE MATTER:
23	(a) ANY CORPORATE AFFILIATION WITH THE REGULATED UTILITY:
24	(b) The receipt of any funding from the regulated utility:
25	<u>OR</u>
26	(c) Any other financial relationship between the
27	INTERVENOR AND THE REGULATED UTILITY.

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1	(2) THE COMMISSION SHALL PUBLISH ON ITS WEBSITE ALL
2	DISCLOSURES MADE PURSUANT TO THIS SECTION.
3	<b>SECTION 3.</b> In Colorado Revised Statutes, 40-2-108, <b>add</b> (3) as
4	follows:
5	<b>40-2-108.</b> Rules - definitions. (3) (a) The commission shall
6	PROMULGATE RULES REQUIRING THAT THE COMMISSION, IN ALL OF ITS
7	WORK INCLUDING ITS REVIEW OF ALL FILINGS AND ITS DETERMINATION OF
8	ALL ADJUDICATIONS, CONSIDER HOW BEST TO PROVIDE EQUITY, MINIMIZE
9	IMPACTS, AND PRIORITIZE BENEFITS TO DISPROPORTIONATELY IMPACTED
10	COMMUNITIES AND ADDRESS HISTORICAL INEQUALITIES.
11	(b) In promulgating rules pursuant to this subsection (3),
12	THE COMMISSION SHALL IDENTIFY DISPROPORTIONATELY IMPACTED
13	COMMUNITIES. IN IDENTIFYING THE COMMUNITIES, THE COMMISSION
14	SHALL CONSIDER MINORITY, LOW-INCOME, TRIBAL, OR INDIGENOUS
15	POPULATIONS IN THE STATE THAT EXPERIENCE DISPROPORTIONATE
16	ENVIRONMENTAL HARM AND RISKS RESULTING FROM SUCH FACTORS AS
17	INCREASED VULNERABILITY TO ENVIRONMENTAL DEGRADATION, LACK OF
18	OPPORTUNITY FOR PUBLIC PARTICIPATION, OR OTHER FACTORS. INCREASED
19	VULNERABILITY MAY BE ATTRIBUTABLE TO AN ACCUMULATION OF
20	NEGATIVE OR A LACK OF POSITIVE ENVIRONMENTAL, HEALTH, ECONOMIC,
21	OR SOCIAL CONDITIONS WITHIN THESE POPULATIONS.
22	(c) As used in this subsection (3):
23	(I) "COST-BURDENED" MEANS A HOUSEHOLD THAT SPENDS MORE
24	THAN THIRTY PERCENT OF ITS INCOME ON HOUSING.
25	(II) "DISPROPORTIONATELY IMPACTED COMMUNITY" MEANS A
26	COMMUNITY THAT IS IN A CENSUS BLOCK GROUP, AS DETERMINED IN
27	ACCORDANCE WITH THE MOST RECENT UNITED STATES DECENNIAL

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1	CENSUS, WHERE THE PROPORTION OF HOUSEHOLDS THAT ARE LOW INCOME
2	IS GREATER THAN FORTY PERCENT, THE PROPORTION OF HOUSEHOLDS
3	THAT IDENTIFY AS MINORITY IS GREATER THAN FORTY PERCENT, OR THE
4	PROPORTION OF HOUSEHOLDS THAT ARE HOUSING COST-BURDENED IS
5	GREATER THAN FORTY PERCENT.
6	(III) "FEDERAL POVERTY LINE" HAS THE SAME MEANING AS
7	"POVERTY LINE", AS DEFINED IN 42 U.S.C. SEC. 9902 (2).
8	(IV) "LOW INCOME" MEANS MEETING THE THRESHOLD FOR
9	ASSISTANCE UNDER THE RELEVANT PROGRAM OR REGULATORY
10	PROCEEDING IN WHICH THE COMMISSION IS CONDUCTING ITS REVIEW OR
11	ADJUDICATION. THE THRESHOLD MAY INCLUDE ONE OR MORE OF THE
12	FOLLOWING, WITHOUT LIMITATION:
13	(A) MEDIAN HOUSEHOLD INCOME LESS THAN OR EQUAL TO TWO
14	HUNDRED PERCENT OF THE FEDERAL POVERTY LINE;
15	(B) MEDIAN HOUSEHOLD INCOME LESS THAN OR EQUAL TO EIGHTY
16	PERCENT OF AREA MEDIAN INCOME; OR
17	(C) QUALIFICATION UNDER INCOME GUIDELINES ADOPTED BY THE
18	DEPARTMENT OF HUMAN SERVICES PURSUANT TO SECTION 40-8.5-105.
19	SECTION 4. In Colorado Revised Statutes, amend 40-2-113 as
20	follows:
21	<b>40-2-113.</b> Collection of fees - limitation. (1) On or before June
22	15 of each year, the department of revenue shall notify each public utility
23	subject to this article ARTICLE 2 of the amount of its fee for the ensuing
24	fiscal year beginning July 1, computed by multiplying its gross intrastate
25	utility operating revenues for the preceding calendar year, as set forth in
26	its return filed for that purpose, by the percentage determined in
27	accordance with section 40-2-112; but EXCEPT THAT the department of

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1 revenue shall not require a public utility that is a telephone corporation to 2 pay a fee in excess of one-fifth TWO-FIFTHS of one percent of its gross 3 intrastate utility operating revenues for the preceding calendar year and 4 shall not require any other public utility to pay a fee in excess of 5 one-quarter FORTY-FIVE ONE-HUNDREDTHS of one percent of its gross 6 intrastate utility operating revenues for the preceding calendar year. 7 (2) Each public utility shall pay the fee assessed against it to the 8 department of revenue in equal quarterly installments on or before July 9 15, October 15, January 15, and April 15 in each fiscal year. If a public 10 utility does not make a payment by one of the quarterly deadlines, the 11 department of revenue shall charge the public utility a penalty of ten 12 percent of the installment due, together with interest at the rate of one 13 percent per month on the amount of the unpaid installment until the full 14 amount of the installment, penalty, and interest has been paid. Upon 15 failure, refusal, or neglect of any public utility to pay the fee, or any 16 penalty or interest, the attorney general shall bring suit in the name of the 17 state to collect the amount due. 18 (3) THE COMMISSION SHALL ALLOW A PUBLIC UTILITY THAT IS NOT 19 A TELEPHONE CORPORATION FULL RECOVERY OF FEES ASSESSED AND 20 REMITTED TO THE DEPARTMENT OF REVENUE PURSUANT TO THIS SECTION. 21 THE RECOVERY MECHANISM MUST INCLUDE THE ABILITY OF THE UTILITY, 22 AT ITS OPTION, TO USE A DEFERRED ACCOUNT TO TRACK CHANGES IN FEES 23 BETWEEN RATE PROCEEDINGS. 24 **SECTION 5.** In Colorado Revised Statutes, 40-2-124, amend 25 (1)(d) as follows: 26 40-2-124. Renewable energy standards - qualifying retail and 27 wholesale utilities - definitions - net metering - legislative declaration

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- rules. (1) Each provider of retail electric service in the state of Colorado, other than municipally owned utilities that serve forty thousand customers or fewer, is a qualifying retail utility. Each qualifying retail utility, with the exception of cooperative electric associations that have voted to exempt themselves from commission jurisdiction pursuant to section 40-9.5-104 and municipally owned utilities, is subject to the rules established under this article 2 by the commission. No additional regulatory authority is provided to the commission other than that specifically contained in this section. In accordance with article 4 of title 24, the commission shall revise or clarify existing rules to establish the following:

(d) (I) (A) SUBJECT TO RULES PROMULGATED PURSUANT TO SUBSECTION (1)(d)(II) OF THIS SECTION, a system of tradable renewable energy credits that A QUALIFYING RETAIL UTILITY may be used by a qualifying retail utility USE to comply with this standard. The commission shall also analyze the effectiveness of utilizing any regional system of renewable energy credits in existence at the time of its rule-making process and determine whether the system is governed by rules that are consistent with the rules established for this article ARTICLE 2.

(B) The commission shall not restrict the qualifying retail utility's ownership OR PURCHASE of renewable energy credits if: The qualifying retail utility complies with the electric resource standard of paragraph (c) of this subsection (1), SUBSECTION (1)(c) OF THIS SECTION AND THE CONDITIONS OF ANY RATE RECOVERY MECHANISM ADOPTED PURSUANT TO SUBSECTION (1)(f)(IV) OF THIS SECTION; THE QUALIFYING RETAIL UTILITY uses definitions of eligible energy resources that are limited to those identified in paragraph (a) of this subsection (1) SUBSECTION (1)(a) OF

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THIS SECTION, as clarified by the commission, and does not exceed the retail rate impact established by paragraph (g) of this subsection (1) SUBSECTION (1)(g) OF THIS SECTION; AND THE COMMISSION FINDS THAT THE RESOURCES ARE PRUDENTLY ACQUIRED AT A REASONABLE COST AND RATE IMPACT.

- (C) Once a qualifying retail utility either receives a permit pursuant to article 7 or 8 of title 25 C.R.S., for a generation facility that relies on or is affected by the definitions of eligible energy resources or enters into a contract that relies on or is affected by the definitions of eligible energy resources, such THE definitions apply to the contract or facility notwithstanding any subsequent alteration of the definitions, whether by statute or rule.
- (D) For purposes of compliance with the renewable energy standard, if a generation system uses a combination of fossil fuel and eligible renewable energy resources to generate electricity, a qualified retail utility that is not an investor-owned utility may count as eligible renewable energy only the proportion of the total electric output of the generation system that results from the use of eligible renewable energy resources.
- (II) THE SYSTEM OF TRADABLE RENEWABLE ENERGY CREDITS
  MUST INCLUDE REQUIREMENTS FOR THE RETIREMENT OF RENEWABLE
  ENERGY CREDITS TO ENSURE THAT COMPLIANCE WITH THE RENEWABLE
  ENERGY STANDARD:
- (A) IS EFFECTUATED IN A MANNER THAT BENEFITS COLORADO'S CITIES, COUNTIES, AND BUSINESSES;
- (B) ENABLES A UTILITY'S CUSTOMERS TO ACCOUNT FOR THE ENVIRONMENTAL BENEFITS OF THE RENEWABLE ENERGY GENERATED TO

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1	SERVE THOSE CUSTOMERS AND PURCHASED FOR THOSE CUSTOMERS; AND
2	(C) IS CONSISTENT WITH TIMELY ATTAINMENT OF THE STATE'S
3	CLEAN ENERGY AND CLIMATE GOALS.
4	<del></del>
5	SECTION 6. In Colorado Revised Statutes, add 40-2-137 as
6	follows:
7	40-2-137. Investor-owned utility electric resource planning -
8	retirement of electric generation facility - commission to consider
9	securitization as means of financing. (1) FOR EACH INVESTOR-OWNED
10	ELECTRIC UTILITY THAT SUBMITS FOR COMMISSION APPROVAL AN
11	ELECTRIC RESOURCE PLAN THAT INCLUDES A PORTFOLIO IN WHICH AN
12	EXISTING ELECTRIC GENERATING FACILITY IN THE STATE WOULD BE
13	RETIRED, THE COMMISSION SHALL REQUIRE THE INVESTOR-OWNED
14	ELECTRIC UTILITY TO PRESENT AS PART OF THE RESOURCE PLAN THE NET
15	PRESENT VALUE OF REVENUE REQUIREMENTS FOR THE PORTFOLIO BASED
16	ON:
17	(a) A PROJECTION IN WHICH THE INVESTOR-OWNED ELECTRIC
18	UTILITY ISSUES CO-EI BONDS, AS DEFINED IN SECTION $40-41-102$ (5), TO
19	RECOVER, FINANCE, OR REFINANCE COSTS ARISING FROM THE RETIREMENT
20	OF THE ELECTRIC GENERATING FACILITY PURSUANT TO THE "COLORADO
21	ENERGY IMPACT BOND ACT", ARTICLE 41 OF THIS TITLE 40; AND
22	(b) A PROJECTION IN WHICH THE INVESTOR-OWNED ELECTRIC
23	UTILITY DOES NOT ISSUE CO-EI BONDS.
24	(2) THE COMMISSION SHALL CONSIDER THE TWO NET PRESENT
25	VALUE OF REVENUE REQUIREMENT OPTIONS PRESENTED BY THE
26	INVESTOR-OWNED ELECTRIC UTILITY IN ITS REVIEW OF THE
27	INVESTOR-OWNED ELECTRIC UTILITY'S ELECTRIC RESOURCE PLAN.

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1	SECTION <u>1.</u> In Colorado Revised Statutes, 40-3.2-100, amend
2	(3) introductory portion and (3)(a) as follows:
3	40-3.2-106. Costs of pollution in utility planning - definitions
4	- rules. (3) In approving a resource plan, EITHER WITH GENERIC
5	RESOURCES OR IN THE ANALYSIS OF BIDS IN A COMPETITIVE SOLICITATION,
6	the commission shall require a comparison of the portfolios' NET
7	PRESENT VALUE OF REVENUE REQUIREMENTS INCLUSIVE OF THE SOCIAL
8	COST OF CARBON DIOXIDE. THE COMMISSION SHALL ALSO consider:
9	(a) The net present value OF REVENUE REQUIREMENTS of the cost
10	of carbon dioxide OR CARBON DIOXIDE EQUIVALENT emissions;
11	
12	SECTION 8. In Colorado Revised Statutes, 40-6-109.5, amend
13	(2) as follows:
14	40-6-109.5. Hearings on applications - time limits for
15	decisions. (2) In the case of any application not accompanied by prefiled
16	testimony and exhibits, the commission shall issue its decision no later
17	than two hundred ten FIFTY days after the application is deemed complete
18	as prescribed by the commission's rules.
19	SECTION 9. In Colorado Revised Statutes, 40-41-103, amend
20	(2)(a) and (2)(b); and add (2)(d) as follows:
21	40-41-103. Financing orders - application requirements.
22	(2) (a) An investor-owned or other regulated electric utility may file an
23	application for approval to issue CO-EI bonds in one or more series,
24	impose, charge, and collect CO-EI charges, and create CO-EI property
25	related to:
26	(I) The retirement of an electric generating facility in Colorado
27	that has previously been approved by the commission; OR

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1	(II) OTHER PROGRAMS OR PROJECTS AS APPROVED BY THE
2	COMMISSION, INCLUDING PROGRAMS OR PROJECTS TO MITIGATE THE
3	EFFECTS OF EXTREME WEATHER, WILDFIRES, CLIMATE CHANGE, OR OTHER
4	<u>HAZARDS.</u>
5	(b) An electric utility that is not regulated may file an application
6	for approval to issue CO-EI bonds in one or more series, impose, charge
7	and collect CO-EI charges, and create CO-EI property related to:
8	(I) The retirement of an electric generating facility in Colorado:
9	<u>OR</u>
10	(II) OTHER PROGRAMS OR PROJECTS AS APPROVED BY THE
11	COMMISSION, INCLUDING PROGRAMS OR PROJECTS TO MITIGATE THE
12	EFFECTS OF EXTREME WEATHER, WILDFIRES, CLIMATE CHANGE, OR OTHER
13	<u>HAZARDS.</u>
14	(d) Notwithstanding any other provision of law, the
15	COMMISSION SHALL NOT APPROVE THE ISSUANCE OF, NOR SHALL AN
16	ELECTRIC UTILITY ISSUE, CO-EI BONDS TO FINANCE THE PAYMENT OF
17	DAMAGES FOR A WILDFIRE OR OTHER LIABILITY OF THE ELECTRIC UTILITY
18	SECTION 10. Appropriation - adjustments to House Bill
19	<b>21-1269.</b> (1) To implement this act, appropriations made in H.B. 21-1269.
20	for the 2021-22 state fiscal year to the department of regulatory agencies
21	for use by the public utilities commission are adjusted as follows:
22	(a) The general fund appropriation for personal services is
23	decreased by \$41,391, and the related FTE is decreased by 0.5 FTE; and
24	(b) The general fund appropriation for operating expenses is
25	decreased by \$7,010.
26	SECTION 11. Appropriation - adjustments to Senate Bill
27	<b>21-108.</b> (1) To implement this act, appropriations made in S.B. 21-108

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1	for the 2021-22 state fiscal year to the department of regulatory agencies
2	are adjusted as follows:
3	(a) The general fund appropriation for use by the public utilities
4	commission for personal services is decreased by \$264,878, and the
5	related FTE is decreased by 3.7 FTE;
6	(b) The general fund appropriation for use by the public utilities
7	commission for operating expenses is decreased by \$105,400; and
8	(c) The general fund appropriation for the purchase of legal
9	services is decreased by \$53,170.
10	(2) To implement this act, the reappropriated funds appropriation
11	made in S.B. 21-108 for the 2021-22 state fiscal year to the department
12	of law is decreased by \$53,170, and the related FTE is decreased by 0.3
13	FTE.
14	<b>SECTION 12. Appropriation.</b> (1) For the 2021-22 state fiscal
15	year, \$48,391 is appropriated to the department of regulatory agencies for
16	use by the public utilities commission. This appropriation is from the
17	public utilities commission fixed utility fund created in section 40-2-114
18	(1)(b)(II), C.R.S. To implement this act, the commission may use this
19	appropriation for the implementation of H.B. 21-1269 as follows:
20	(a) \$41,381 for personal services, which amount is based on an
21	assumption that the commission will require an additional 0.5 FTE; and
22	(b) \$7,010 for operating expenses.
23	(2) For the 2021-22 state fiscal year, \$500,000 is appropriated to
24	the department of regulatory agencies for use by the public utilities
25	commission. This appropriation is from the public utilities commission
26	fixed utility fund created in section 40-2-114 (1)(b)(II), C.R.S. To
27	implement this act, the commission may use this appropriation for the

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1	implementation of S.B. 21-072.
2	(3) For the 2021-22 state fiscal year, \$423,448 is appropriated to
3	the department of regulatory agencies. This appropriation is from the
4	public utilities commission fixed utility fund created in section 40-2-114
5	(1)(b)(II), C.R.S. To implement this act, the department may use this
6	appropriation for the implementation of S.B. 21-108 as follows:
7	(a) \$264,878 for use by the public utilities commission for
8	personal services, which amount is based on an assumption that the
9	commission will require an additional 3.7 FTE;
10	(b) \$105,400 for use by the public utilities commission for
11	operating expenses; and
12	(c) \$53,170 for the purchase of legal services.
13	(4) For the 2021-22 state fiscal year, \$53,170 is appropriated to
14	the department of law. This appropriation is from reappropriated funds
15	received from the department of regulatory agencies under subsection
16	(3)(c) of this section and is based on an assumption that the department
17	of law will require an additional 0.3 FTE. To implement this act, the
18	department of law may use this appropriation to provide legal services for
19	the department of regulatory agencies.
20	SECTION 13. Applicability. This act applies to conduct
21	occurring on or after the effective date of this act.
22	SECTION 14. Safety clause. The general assembly hereby finds.
23	determines, and declares that this act is necessary for the immediate
24	preservation of the public peace, health, or safety.

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