

Be it Enacted by the People of the State of Colorado:

SECTION 1. Legislative declaration of intent:

Energy is critically important to Colorado's welfare and development, and its use has a profound impact on the economy and environment. Growth of the state's population and economic base will continue to create a need for new energy resources, and Colorado's renewable energy resources are currently underutilized.

Therefore, in order to attract new businesses and jobs, promote development of rural economies, reduce water use for electricity generation, diversify Colorado's energy resources, reduce the impact of volatile fuel prices, and improve the natural environment of the state, it is in the best interests of the citizens of Colorado to develop and utilize renewable energy resources to the maximum practicable extent.

SECTION 2. Article 2 of title 40, Colorado Revised Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW SECTION to read:

ARTICLE 2

Renewable Energy Standard

40-2-124. Renewable Energy Standard. EACH PROVIDER OF RETAIL ELECTRICITY SERVICE IN THE STATE OF COLORADO SERVING 40,000 CUSTOMERS OR MORE (QUALIFYING ELECTRICITY PROVIDER) SHALL PROVIDE A MINIMUM OF 5% AND 10% OF ANNUAL RETAIL ENERGY SALES BY THE END OF 2010 AND 2015, RESPECTIVELY, FROM ELECTRIC GENERATING RESOURCES OR FUEL CELLS USING SOLAR, WIND, GEOTHERMAL, BIOMASS (EXCLUSIVE OF FOSSIL FUELS AND BIG TREES), HYDROELECTRICITY WITH A NAMEPLATE RATING OF 10 MEGAWATTS OR LESS, OR RUN-OF-RIVER HYDROELECTRICITY (RENEWABLE ENERGY RESOURCES). OF THESE REQUIRED AMOUNTS, AT LEAST ONE-TWENTY-FIFTH SHALL BE DERIVED FROM CUSTOMER-SITED RENEWABLE GENERATION. ALL RENEWABLE ENERGY RESOURCES MUST BE BUILT AFTER JANUARY 1, 2003.

A) BY JANUARY 1, 2007 THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO (COMMISSION) SHALL DEVELOP RULES TO IMPLEMENT THIS SECTION AND TO ENSURE THAT QUALIFYING ELECTRICITY PROVIDERS PROCURE THE MOST ECONOMIC RENEWABLE ENERGY CONSIDERING THE TYPE OF RESOURCE USED, AND ARE COMPENSATED OR PENALIZED TO THE EXTENT NECESSARY TO ACHIEVE THE STANDARD. SUCH RULES SHALL INCLUDE A SYSTEM OF TRADABLE RENEWABLE ENERGY CREDITS THAT MAY BE USED TO COMPLY WITH THIS STANDARD.

B) A QUALIFYING ELECTRICITY PROVIDER THAT IS PROHIBITED BY A REQUIREMENTS CONTRACT WITH A WHOLESALE ELECTRIC SUPPLIER FROM ACQUIRING SUFFICIENT RENEWABLE ENERGY TO COMPLY WITH THIS SECTION SHALL ACQUIRE THE MAXIMUM AMOUNT OF RENEWABLE ENERGY ALLOWED BY THE CONTRACT. ANY CONTRACT ENTERED INTO BY A QUALIFYING ELECTRICITY PROVIDER AFTER THE EFFECTIVE DATE OF THIS SECTION SHALL NOT CONFLICT WITH THIS SECTION.