

First Regular Session
Sixty-sixth General Assembly
STATE OF COLORADO

REENGROSSED

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

LLS NO. 07-0240.01 Karen Epps

HOUSE BILL 07-1228

HOUSE SPONSORSHIP

Gardner C.,

SENATE SPONSORSHIP

Shaffer,

House Committees

Transportation & Energy
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING RENEWABLE ENERGY, AND, IN CONNECTION THEREWITH,**
102 **REQUIRING THE PETROLEUM STORAGE TANK COMMITTEE TO**
103 **ESTABLISH POLICIES REGARDING ABOVEGROUND STORAGE OF**
104 **RENEWABLE FUELS, AND MAKING AN APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Requires the executive director of the department of personnel, beginning January 1, 2008, to purchase flexible fuel vehicles unless the cost of such a vehicle is more than 10% over the cost of a comparable nonflexible fuel vehicle.

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

HOUSE
3rd Reading Unamended
April 18, 2007

HOUSE
Amended 2nd Reading
April 17, 2007

Requires the agricultural experiment station at Colorado state university to conduct a study of water-limited agroecosystems and bioenergy crops. Requires the agricultural experiment station to provide the final report on such study to legislative leadership and specified legislative committees.

Requires the agricultural experiment station at Colorado state university to establish a bioenergy research program to study the unique requirements of growing crops for use as energy sources.

Requires the petroleum storage tank committee to establish procedures, practices, and policies governing the regulation of the placement of aboveground storage tanks that contain renewable fuels, with the purpose of developing a uniform statewide standard of issuing permits for aboveground storage tanks to promote the use of renewable fuels to make the process of obtaining a permit for an aboveground storage tank that contains renewable fuels more efficient and affordable.

Requires the public utilities commission to establish a Btu renewable energy credit program to allow customers who use renewable energy to calculate the Btu production and convert that production to a credit. Customers may transfer the credit to a qualifying retail utility.

Eliminates the excise tax on gasoline made from at least eighty-five percent alternative fuel.

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

2 **SECTION 1.** 24-30-1104 (2) (c) (II), Colorado Revised Statutes,
3 is amended to read:

4 **24-30-1104. Central services functions of the department -**
5 **definitions - repeal.** (2) In addition to the county-specific functions set
6 forth in subsection (1) of this section, the department of personnel shall
7 take such steps as are necessary to fully implement a central state motor
8 vehicle fleet system by January 1, 1993. The provisions of the motor
9 vehicle fleet system created pursuant to this subsection (2) shall apply to
10 the executive branch of the state of Colorado, its departments, its
11 institutions, and its agencies; except that the governing board of each
12 institution of higher education, by formal action of the board, and the
13 Colorado commission on higher education, by formal action of the

1 commission, may elect to be exempt from the provisions of this
2 subsection (2) and may obtain a motor vehicle fleet system independent
3 of the state motor vehicle fleet system. Under the direction of the
4 executive director, the department of personnel shall perform the
5 following functions pertaining to the motor vehicle fleet system
6 throughout the state:

7 (c) (II) By ~~July 1, 2010~~ JANUARY 1, 2008, the executive director
8 shall adopt a policy ~~that at least ten percent of all state-owned bi-fueled~~
9 ~~vehicles should be fueled exclusively with an alternative fuel TO~~
10 SIGNIFICANTLY INCREASE THE UTILIZATION OF ALTERNATIVE FUELS AND
11 THAT ESTABLISHES INCREASING UTILIZATION OBJECTIVES FOR EACH
12 FOLLOWING YEAR. To encourage compliance with this policy, ~~for one or~~
13 ~~more state fiscal years commencing before July 1, 2010~~; the rules
14 promulgated pursuant to this paragraph (c) may establish progressively
15 more stringent percentage mileposts and shall, for fiscal years
16 commencing after July 1, 2004, require the collection of data concerning
17 the annual percentage of state-owned bi-fueled vehicles that were fueled
18 exclusively with an alternative fuel. BEGINNING JANUARY 1, 2008, THE
19 EXECUTIVE DIRECTOR SHALL PURCHASE FLEXIBLE FUEL VEHICLES OR
20 HYBRID VEHICLES, SUBJECT TO AVAILABILITY, UNLESS THE INCREASED
21 COST OF SUCH VEHICLE IS MORE THAN TEN PERCENT OVER THE COST OF A
22 COMPARABLE NONFLEXIBLE FUEL VEHICLE. THE EXECUTIVE DIRECTOR
23 SHALL ADOPT A POLICY TO ALLOW SOME VEHICLES TO BE EXEMPTED FROM
24 THIS REQUIREMENT. AS USED IN THIS SUBPARAGRAPH (II),

25 (A) "FLEXIBLE FUEL VEHICLE" MEANS ANY DEDICATED
26 FLEXIBLE-FUEL OR DUAL-FUEL VEHICLE DESIGNED TO OPERATE ON AT
27 LEAST ONE ALTERNATIVE FUEL.

1 (B) "HYBRID VEHICLE" HAS THE MEANING ESTABLISHED IN
2 SECTION 39-22-516 (2.5) (a) (II.5), C.R.S.

3
4 **SECTION 2.** 8-20-201 (1), (1.1), and (1.2), Colorado Revised
5 Statutes, are amended, and the said 8-20-201 is further amended BY THE
6 ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

7 **8-20-201. Definitions.** As used in this part 2, unless the context
8 otherwise requires:

9 (1) "Antiknock index" or "AKI" means the arithmetic average of
10 the research octane number (RON) and motor octane number (MON):
11 $AKI = (RON+MON)/2$. This value is called by a variety of names in
12 addition to antiknock index including: Octane rating, posted octane, and
13 $(R+M)/2$ octane "ALTERNATIVE FUEL" MEANS A MOTOR FUEL THAT
14 COMBINES PETROLEUM-BASED FUEL PRODUCTS WITH RENEWABLE FUELS.

15 (1.1) "ASTM" means ASTM international, formerly known as the
16 American society for testing and materials. "ANTIKNOCK INDEX" OR
17 "AKI" MEANS THE ARITHMETIC AVERAGE OF THE RESEARCH OCTANE
18 NUMBER (RON) AND MOTOR OCTANE NUMBER (MON): $AKI =$
19 $(RON+MON)/2$. THIS VALUE IS CALLED BY A VARIETY OF NAMES IN
20 ADDITION TO ANTIKNOCK INDEX INCLUDING: OCTANE RATING, POSTED
21 OCTANE, AND $(R+M)/2$ OCTANE.

22 (1.2) "British thermal unit" or "BTU" means a scientific unit of
23 measurement equal to the quantity of heat required to raise the
24 temperature of one pound of water one degree Fahrenheit at
25 approximately sixty degrees Fahrenheit. "ASTM" MEANS ASTM
26 INTERNATIONAL, FORMERLY KNOWN AS THE AMERICAN SOCIETY FOR
27 TESTING AND MATERIALS.

1 (1.3) "BRITISH THERMAL UNIT" OR "BTU" MEANS A SCIENTIFIC
2 UNIT OF MEASUREMENT EQUAL TO THE QUANTITY OF HEAT REQUIRED TO
3 RAISE THE TEMPERATURE OF ONE POUND OF WATER ONE DEGREE
4 FAHRENHEIT AT APPROXIMATELY SIXTY DEGREES FAHRENHEIT.

5 (8.5) "RENEWABLE FUEL" MEANS A MOTOR VEHICLE FUEL THAT IS
6 PRODUCED FROM PLANT OR ANIMAL PRODUCTS OR WASTES, AS OPPOSED
7 TO FOSSIL FUEL SOURCES.

8 **SECTION 3.** 8-20.5-101, Colorado Revised Statutes, is amended
9 BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS to
10 read:

11 **8-20.5-101. Definitions.** As used in this article, unless the context
12 otherwise requires:

13 (2.5) "ALTERNATIVE FUEL" MEANS A MOTOR FUEL THAT COMBINES
14 PETROLEUM-BASED FUEL PRODUCTS WITH RENEWABLE FUELS.

15 (14.5) "RENEWABLE FUEL" MEANS A MOTOR VEHICLE FUEL THAT
16 IS PRODUCED FROM PLANT OR ANIMAL PRODUCTS OR WASTES, AS OPPOSED
17 TO FOSSIL FUEL SOURCES.

18 **SECTION 4.** 8-20.5-101 (13), Colorado Revised Statutes, is
19 amended to read:

20 **8-20.5-101. Definitions.** As used in this article, unless the context
21 otherwise requires:

22 (13) "Regulated substance" means:

23 (a) Any substance defined in section 101 (14) of the federal
24 "Comprehensive Environmental Response, Compensation, and Liability
25 Act of 1980", as amended, but not including any substance regulated as
26 a hazardous waste under subtitle (C) of the federal "Resource
27 Conservation and Recovery Act of 1976", as amended; or

1 (b) Petroleum, including crude oil, and crude oil or any fraction
2 thereof that is liquid at standard conditions of temperature and pressure
3 (60 degrees Fahrenheit and 14.7 pounds per square inch absolute);

4 (c) ALTERNATIVE FUEL; OR

5 (d) RENEWABLE FUEL.

6 **SECTION 5.** 8-20.5-202, Colorado Revised Statutes, is amended
7 BY THE ADDITION OF A NEW SUBSECTION to read:

8 **8-20.5-202. Duties of the director of the division of oil and**
9 **public safety.** (1.5) WITHIN ONE HUNDRED TWENTY DAYS AFTER
10 JANUARY 1, 2008, THE DIRECTOR OF THE DIVISION OF OIL AND PUBLIC
11 SAFETY SHALL PROMULGATE, AND THE DIVISION SHALL ENFORCE, RULES
12 CONCERNING THE PLACEMENT OF UNDERGROUND STORAGE TANKS THAT
13 CONTAIN RENEWABLE FUELS. SUCH RULES SHALL BE PROMULGATED WITH
14 THE PURPOSE OF DEVELOPING A UNIFORM STATEWIDE STANDARD OF
15 ISSUING PERMITS FOR UNDERGROUND STORAGE TANKS TO PROMOTE THE
16 USE OF RENEWABLE FUELS SO THAT THE PROCESS OF OBTAINING A PERMIT
17 FOR AN UNDERGROUND STORAGE TANK THAT CONTAINS RENEWABLE
18 FUELS MAY BE MORE EFFICIENT AND AFFORDABLE.

19 **SECTION 6.** 8-20.5-302, Colorado Revised Statutes, is amended
20 BY THE ADDITION OF A NEW SUBSECTION to read:

21 **8-20.5-302. Duties of the director of the division of oil and**
22 **public safety.** (3) WITHIN ONE HUNDRED TWENTY DAYS AFTER JANUARY
23 1, 2008, THE DIRECTOR OF THE DIVISION OF OIL AND PUBLIC SAFETY SHALL
24 PROMULGATE, AND THE DIVISION SHALL ENFORCE, RULES CONCERNING
25 THE PLACEMENT OF ABOVEGROUND STORAGE TANKS THAT CONTAIN
26 RENEWABLE FUELS. SUCH RULES SHALL BE PROMULGATED WITH THE
27 PURPOSE OF DEVELOPING A UNIFORM STATEWIDE STANDARD OF ISSUING

1 PERMITS FOR ABOVEGROUND STORAGE TANKS TO PROMOTE THE USE OF
2 RENEWABLE FUELS SO THAT THE PROCESS OF OBTAINING A PERMIT FOR AN
3 ABOVEGROUND STORAGE TANK THAT CONTAINS RENEWABLE FUELS MAY
4 BE MORE EFFICIENT AND AFFORDABLE.

5 **SECTION 7.** Article 2 of title 40, Colorado Revised Statutes, is
6 amended BY THE ADDITION OF A NEW SECTION to read:

7 **40-2-109.5. Incentives for distributed generation - definition.**

8 (1) THE COMMISSION SHALL DEVELOP A POLICY TO ESTABLISH INCENTIVES
9 FOR CONSUMERS WHO PRODUCE DISTRIBUTED GENERATION, INCLUDING,
10 BUT NOT LIMITED TO SMALL WIND TURBINES, THERMAL BIOMASS,
11 ELECTRIC BIOMASS, AND SOLAR THERMAL ENERGY. THE COMMISSION
12 SHALL CONSIDER WHETHER A CREDIT PROGRAM SIMILAR TO THE
13 RENEWABLE ENERGY STANDARD SET FORTH IN SECTION 40-2-124 WOULD
14 WORK FOR CONSUMERS WHO PRODUCE DISTRIBUTED GENERATION. THE
15 COMMISSION SHALL PRESENT THE POLICY AND FINDINGS REGARDING A
16 CREDIT PROGRAM TO THE HOUSE OF REPRESENTATIVES TRANSPORTATION
17 AND ENERGY COMMITTEE AND THE SENATE AGRICULTURE, NATURAL
18 RESOURCES, AND ENERGY COMMITTEE, OR THEIR SUCCESSOR COMMITTEES.

19 (2) AS USED IN THIS SECTION, "DISTRIBUTED GENERATION" MEANS
20 A SYSTEM BY WHICH A CONSUMER GENERATES HEAT OR ELECTRICITY
21 USING RENEWABLE ENERGY RESOURCES FOR HIS OR HER OWN NEEDS AND
22 MAY ALSO SEND SURPLUS ELECTRICAL POWER BACK INTO THE POWER
23 GRID.

24 **SECTION 8. Appropriation - adjustments to the 2007 long**
25 **bill.** (1) In addition to any other appropriation, there is hereby
26 appropriated, out of any moneys in the general fund not otherwise
27

1 appropriated, to the department of regulatory agencies, for allocation to
2 the public utilities commission, for the fiscal year beginning July 1, 2007,
3 the sum of eight thousand four hundred five dollars (\$8,405) and 0.1 FTE,
4 or so much thereof as may be necessary, for the implementation of this
5 act.

6 (2) In addition to any other appropriation, there is hereby
7 appropriated, out of any moneys in the petroleum storage tank fund
8 created in section 8-20.5-103, Colorado Revised Statutes, not otherwise
9 appropriated, to the department of labor and employment, for allocation
10 to the division of oil and public safety, for the fiscal year beginning July
11 1, 2007, the sum of thirty-five thousand six hundred thirty-five dollars
12 (\$35,635) and 0.5 FTE, or so much thereof as may be necessary, for the
13 implementation of this act.

14 (3) In addition to any other appropriation, there is hereby
15 appropriated to the department of law, for the fiscal year beginning July
16 1, 2007, the sum of one thousand six hundred twenty-five dollars
17 (\$1,625), or so much thereof as may be necessary, for the provision of
18 legal services to the department of labor and employment related to the
19 implementation of this act. Said sum shall be from cash funds exempt
20 received from the department of labor and employment out of the
21 appropriation made in subsection (2) of this section.

22 (4) For the implementation of this act, the appropriation made in
23 section 21 of the annual general appropriation act for the fiscal year
24 beginning July 1, 2007, shall be adjusted as follows: The general fund
25 appropriation to the controlled maintenance trust fund is decreased by
26 eight thousand four hundred five dollars (\$8,405).

27 **SECTION 9. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.