



**Public Utilities Commission**

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Doug Dean, Director

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Governor

Barbara J. Kelley  
Executive Director

December 31, 2011

**TO: Members of the Senate Local Government and Energy Committee  
Members of the House Transportation Committee**

**RE: Report in accordance with §40-2-124(1)(c)(IX), C.R.S., established in HB 10-1418**

The General Assembly of the State of Colorado passed HB 10-1418 on May 12, 2010.  
Governor Ritter signed the bill on June 10, 2010.

This report is hereby submitted in accordance with section 40-2-124(1)(c)(IX), C.R.S., established in HB 10-1418, which requires the Colorado Public Utilities Commission to analyze the implementation of the new multiplier and to submit a report to the Senate Local Government and Energy Committee and the House of Representatives Committee on Transportation and Energy, or their successor committees, by December 31, 2011. The report must specifically describe how many megawatts of electricity have been installed or are subject to a PPA pursuant to the provisions of HB 10-1418 and whether the Commission recommends that the multiplier should be changed either in magnitude or expiration date. This letter serves as the report required by the statute.

HB10-1418 modifies Colorado's Renewable Energy Standard (RES) codified at § 40-2-124, C.R.S. The primary purpose of the bill was to establish a special RES compliance multiplier for community-based projects. The intent of the multiplier is to stimulate rural economic development through the construction and operation of renewable energy resources up to 30 megawatts in size. Such projects would interconnect to electric transmission or distribution facilities owned by a cooperative electric association or a municipally owned utility at rating of 69 kilovolts or less.

In response to the passage and signing of HB 10-1418, the Commission issued a Notice of Proposed Rulemaking (NOPR) on September 30, 2010 by Decision No. C10-1061 for the purpose of revising its RES Rules, 4 *Code of Colorado Regulations* (CCR) 723-3-3650, *et. seq.* The NOPR also addressed rule changes required by HB 10-1342 concerning

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Community Solar Gardens and HB 10-1349 establishing the “Re-Energize Colorado” program in the Division of Parks and Outdoor Recreation in the Department of Natural Resources.

In the NOPR, the Commission noted that HB 10-1418 will require project owners or developers to report to the Commission on power purchase agreements (PPAs) with new community-based projects and on the commencement of commercial operations of such projects. Because this was a topic area new to the Commission, additional time was taken to develop its proposed rules.

The Commission released draft rules for public comment and hearing by Decision No. R11-0160 issued on February 14, 2011. The draft rules: modified the definition of a “community-based project” to include the projects owned by an organization that is controlled by individual residents of a community; established renewable energy credit (REC) multiplier of 2 for community-based projects that connect to the transmission or distribution facilities owned by a cooperative electric association or municipal utility; stipulated that, for utilities other than qualifying retail utility (QRU) under §40-2-124, C.R.S., the REC multiplier may apply only to the first 100 MW of nameplate capacity statewide; established a procedure by which project owners or developers would report to the Commission that they have executed a PPA and/or have achieved commercial operation, and for the Commission to notify them whether they are within the first 100MW of capacity eligible for the multiplier; and provided for managing and incentivizing community-based projects, as needed.

The Administrative Law Judge assigned to promulgate the rule revisions adopted new rules by Decision No. R11-0784 issued on July 25, 2011. The Commission addressed exceptions to that decision by Decision No. C11-0991 issued on September 14, 2011. There were also two rounds of appeal to the Commission’s decision on exceptions. The first set of applications for rehearing, reargument, and reconsideration (RRR) were addressed by Decision No. C11-1172 issued November 1, 2011, and the second set of applications for RRR were addressed by Decision No. C11-1281 issued on November 28, 2011. The rules adopted by Decision No. C11-1281 were filed with the Colorado Secretary of State for publication on December 25, 2011 to become effective January 14, 2012.

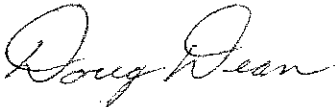
The Commission is unaware of any electricity installed or subject to a PPA that will be used in conjunction with the RES compliance multiplier established by HB 10-1418. Likewise, no project owners or developers have reported to the Commission that they have executed a PPA and/or have achieved commercial operation of a project eligible for the multiplier. At this time, the Commission therefore has no recommendation regarding whether the multiplier should be changed in magnitude or expiration date.

The Commission would be pleased, however, to submit another report to the Senate Local Government and Energy Committee and the House of Representatives Committee on Transportation and Energy, or their successor committees, by December 31, 2013.

This report will also describe how many megawatts of electricity have been installed or are subject to a PPA pursuant to the provisions of HB 10-1418 and whether the Commission recommends that the multiplier should be changed either in magnitude or expiration date.

Any member of the General Assembly who may have questions regarding this report may contact me at 303-894-2006 or [doug.dean@dora.state.co.us](mailto:doug.dean@dora.state.co.us).

Sincerely,

A handwritten signature in cursive script that reads "Doug Dean".

Doug Dean  
Director

