

**First Regular Session
Sixty-sixth General Assembly
STATE OF COLORADO**

PREAMENDED

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

LLS NO. 07-0367.03 Thomas Morris

HOUSE BILL 07-1281

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House Committees

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A BILL FOR AN ACT

101 **CONCERNING INCREASED RENEWABLE ENERGY STANDARDS, AND**
102 **MAKING AN APPROPRIATION THEREFOR.**

Bill Summary

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

Expands the definition of "qualifying retail utility" to include providers of retail electric services, other than municipally owned utilities, that serve 40,000 customers or less. Raises the renewable energy standard for electrical generation by qualifying retail utilities other than cooperative electric associations and municipally owned utilities that serve more than 40,000 customers to 5% by 2008, 10% by 2011, 15% by 2015, and 20% by 2020. Establishes a renewable energy standard for

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.

cooperative electric associations and municipally owned utilities that serve more than 40,000 customers of 1% by 2008, 3% by 2011, 6% by 2015, and 10% by 2020. Defines "eligible energy resources" to include recycled energy and renewable energy resources.

For the purposes of cooperative electric associations' compliance with the renewable energy standard, counts each kilowatt-hour of renewable electricity generated from:

A community-based project as 1.5 kilowatt-hours; and

Solar electric generation technologies as 3 kilowatt-hours.

Allows each kilowatt-hour to take advantage of only one of the multipliers.

Adjusts the cost-recovery standards. Raises the maximum retail rate impact of complying with the standard to 2% for qualifying retail utilities other than cooperative electric associations. Prevents qualifying retail utilities from opting out of compliance with the renewable energy standard. Requires cooperative electric associations to submit annual reports to the public utilities commission concerning their compliance with the renewable energy standard.

Encourages electric utilities to establish community energy funds for the development of projects for the further development of renewable energy, energy efficiency, conservation, and environmental improvement.

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

2 **SECTION 1.** 40-2-124, Colorado Revised Statutes, is amended
3 to read:

4 **40-2-124. Renewable energy standard.** (1) Each provider of
5 retail electric service in the state of Colorado, ~~that serves over~~ OTHER
6 THAN MUNICIPALLY OWNED UTILITIES THAT SERVE forty thousand
7 customers OR LESS, shall be considered a qualifying retail utility. Each
8 qualifying retail utility, with the exception of cooperative electric
9 associations that have voted to exempt themselves from commission
10 jurisdiction pursuant to section 40-9.5-104 and municipally owned
11 utilities, shall be subject to the rules established under this article by the
12 commission. No additional regulatory authority of the commission other
13 than that specifically contained ~~herein~~ IN THIS SECTION is provided or

1 implied. In accordance with article 4 of title 24, C.R.S., on or before
2 ~~April 1, 2005~~ OCTOBER 1, 2007, the commission shall initiate one or more
3 rule-making processes to establish the following:

4 (a) Definitions of eligible ~~renewable~~ energy resources that can be
5 used to meet the standards. "Eligible ~~renewable~~ energy resources" ~~are~~
6 MEANS RECYCLED ENERGY AND RENEWABLE ENERGY RESOURCES.
7 "RENEWABLE ENERGY RESOURCES" MEANS solar, wind, geothermal,
8 biomass, new hydroelectricity with a nameplate rating of ten megawatts
9 or less, and hydroelectricity in existence on January 1, 2005, with a
10 nameplate rating of thirty megawatts or less. The commission shall
11 determine, following an evidentiary hearing, the extent to which such
12 electric generation technologies utilized in an optional pricing program
13 may be used to comply with this standard. A fuel cell using hydrogen
14 derived from ~~these~~ AN eligible ~~resources~~ ENERGY RESOURCE is also an
15 eligible electric generation technology. Fossil and nuclear fuels and their
16 derivatives are not eligible ENERGY resources. ~~Further~~ FOR PURPOSES OF
17 THIS SECTION:

18 (I) "Biomass" ~~shall be defined to mean~~ MEANS:

19 ~~(H)~~ (A) Nontoxic plant matter consisting of agricultural crops or
20 their byproducts, urban wood waste, mill residue, slash, or brush;

21 ~~(H)~~ (B) Animal wastes and products of animal wastes; or

22 ~~(H)~~ (C) Methane produced at landfills or as a by-product of the
23 treatment of wastewater residuals.

24 (II) "RECYCLED ENERGY" MEANS ENERGY PRODUCED BY A
25 GENERATION UNIT WITH A NAMEPLATE CAPACITY OF NOT MORE THAN
26 FIFTEEN MEGAWATTS THAT CONVERTS THE OTHERWISE LOST ENERGY
27 FROM THE HEAT FROM EXHAUST STACKS OR PIPES TO ELECTRICITY AND

1 THAT DOES NOT COMBUST ADDITIONAL FOSSIL FUEL. "RECYCLED ENERGY"
2 DOES NOT INCLUDE ENERGY PRODUCED BY ANY SYSTEM THAT USES
3 ENERGY, LOST OR OTHERWISE, FROM A PROCESS WHOSE PRIMARY PURPOSE
4 IS THE GENERATION OF ELECTRICITY, INCLUDING, WITHOUT LIMITATION,
5 ANY PROCESS INVOLVING ENGINE-DRIVEN GENERATION OR PUMPED
6 HYDROELECTRICITY GENERATION.

7 (b) Standards for the design, placement, and management of
8 electric generation technologies that use eligible ~~renewable~~ energy
9 resources to ensure that the environmental impacts of such facilities are
10 minimized.

11 (c) ~~(f)~~ Electric resource standards: ~~for renewable energy~~
12 ~~resources:~~

13 (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (V) OF THIS
14 PARAGRAPH (c), the electric resource standards shall require each
15 qualifying retail utility to generate, or cause to be generated, electricity
16 from eligible ~~renewable~~ energy resources in the following minimum
17 amounts:

18 (A) Three percent of its retail electricity sales in Colorado for the
19 ~~years~~ YEAR 2007; ~~through 2010;~~

20 (B) FIVE PERCENT OF ITS RETAIL ELECTRICITY SALES IN COLORADO
21 FOR THE YEARS 2008 THROUGH 2010;

22 ~~(B)~~ (C) ~~Six~~ TEN percent of its retail electricity sales in Colorado
23 for the years 2011 through 2014;

24 ~~(C)~~ (D) ~~Ten~~ FIFTEEN percent of its retail electricity sales in
25 Colorado for the years 2015 ~~and thereafter.~~ THROUGH 2019; AND

26 (E) TWENTY PERCENT OF ITS RETAIL ELECTRICITY SALES IN
27 COLORADO FOR THE YEARS 2020 AND THEREAFTER.

1 (II) Of the amounts in subparagraph (I) of paragraph (c) of this
2 subsection (1), at least four percent shall be derived from solar electric
3 generation technologies. At least one-half of this four percent shall be
4 derived from solar electric technologies located on-site at customers'
5 facilities.

6 (III) Each kilowatt-hour of ~~renewable~~ electricity generated FROM
7 ELIGIBLE ENERGY RESOURCES in Colorado shall be counted as one and
8 one-quarter kilowatt-hours for the purposes of compliance with this
9 standard.

10 (IV) To the extent that the ability of a qualifying retail utility to
11 acquire eligible ~~renewable electric generation~~ ENERGY RESOURCES is
12 limited by a requirements contract with a wholesale electric supplier, the
13 qualifying retail utility shall acquire the maximum amount allowed by the
14 contract. For any shortfalls to the amounts established by the commission
15 pursuant to subparagraph (I) of THIS paragraph (c), ~~of this subsection (1)~~,
16 the qualifying retail utility shall acquire an equivalent amount of either
17 renewable energy credits; documented and verified energy savings
18 through energy efficiency and conservation programs; or a combination
19 of both. Any contract entered into by a qualifying retail utility after
20 December 1, 2004, shall not conflict with this article.

21 (V) NOTWITHSTANDING ANY OTHER PROVISION OF LAW BUT
22 SUBJECT TO SUBSECTION (4) OF THIS SECTION, THE ELECTRIC RESOURCE
23 STANDARDS SHALL REQUIRE COOPERATIVE ELECTRIC ASSOCIATIONS AND
24 MUNICIPALLY OWNED UTILITIES THAT ARE QUALIFYING RETAIL UTILITIES
25 TO GENERATE, OR CAUSE TO BE GENERATED, ELECTRICITY FROM ELIGIBLE
26 ENERGY RESOURCES IN THE FOLLOWING MINIMUM AMOUNTS:

27 (A) ONE PERCENT OF RETAIL ELECTRICITY SALES IN COLORADO

1 FOR THE YEARS 2008 THROUGH 2010;

2 (B) THREE PERCENT OF RETAIL ELECTRICITY SALES IN COLORADO
3 FOR THE YEARS 2011 THROUGH 2014;

4 (C) SIX PERCENT OF RETAIL ELECTRICITY SALES IN COLORADO FOR
5 THE YEARS 2015 THROUGH 2019; AND

6 (D) TEN PERCENT OF RETAIL ELECTRICITY SALES IN COLORADO
7 FOR THE YEARS 2020 AND THEREAFTER.

8 (VI) EACH KILOWATT-HOUR OF ELECTRICITY GENERATED FROM
9 ELIGIBLE ENERGY RESOURCES AT A COMMUNITY-BASED PROJECT SHALL BE
10 COUNTED AS ONE AND ONE-HALF KILOWATT-HOURS. FOR PURPOSES OF
11 THIS SUBPARAGRAPH (VI), "COMMUNITY-BASED PROJECT" MEANS A
12 PROJECT LOCATED IN COLORADO:

13 (A) THAT IS OWNED BY INDIVIDUAL RESIDENTS OF A COMMUNITY,
14 NONPROFIT ORGANIZATION, COOPERATIVE, LOCAL GOVERNMENT ENTITY,
15 OR TRIBAL COUNCIL;

16 (B) OF WHICH NO SINGLE INDIVIDUAL OWNS MORE THAN FIFTEEN
17 PERCENT; AND

18 (C) FOR WHICH THERE IS A RESOLUTION OF SUPPORT ADOPTED BY
19 THE LOCAL GOVERNING BODY OF EACH LOCAL JURISDICTION IN WHICH THE
20 PROJECT IS TO BE LOCATED.

21 (VII) (A) FOR PURPOSES OF COOPERATIVE ELECTRIC
22 ASSOCIATIONS' AND MUNICIPALLY OWNED UTILITIES' THAT ARE
23 QUALIFYING RETAIL UTILITIES COMPLIANCE WITH THE STANDARDS SET
24 FORTH IN SUBPARAGRAPH (V) OF THIS PARAGRAPH (c), EACH
25 KILOWATT-HOUR OF RENEWABLE ELECTRICITY GENERATED FROM SOLAR
26 ELECTRIC GENERATION TECHNOLOGIES SHALL BE COUNTED AS THREE
27 KILOWATT-HOURS.

1 (B) SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH (VII)
2 APPLIES ONLY TO SOLAR ELECTRIC TECHNOLOGIES THAT BEGIN PRODUCING
3 ELECTRICITY PRIOR TO JULY 1, 2015. FOR SOLAR ELECTRIC TECHNOLOGIES
4 THAT BEGIN PRODUCING ELECTRICITY ON OR AFTER JULY 1, 2015, EACH
5 KILOWATT-HOUR OF RENEWABLE ELECTRICITY SHALL BE COUNTED AS ONE
6 KILOWATT-HOUR FOR PURPOSES OF COMPLIANCE WITH THE RENEWABLE
7 ENERGY STANDARD.

8 (VIII) EACH KILOWATT-HOUR OF ELECTRICITY FROM ELIGIBLE
9 ENERGY RESOURCES MAY TAKE ADVANTAGE OF ONLY ONE OF THE
10 METHODS FOR COUNTING KILOWATT-HOURS SET FORTH IN
11 SUBPARAGRAPHS (III), (VI), AND (VII) OF THIS PARAGRAPH (c).

12 (d) A system of tradable renewable energy credits that may be
13 used by a qualifying retail utility to comply with this standard. The
14 commission shall also analyze the effectiveness of utilizing any regional
15 system of renewable energy credits in existence at the time of its
16 rule-making process and determine whether the system is governed by
17 rules that are consistent with the rules established for this article. THE
18 COMMISSION SHALL NOT RESTRICT THE QUALIFYING RETAIL UTILITY'S
19 OWNERSHIP OF RENEWABLE ENERGY CREDITS IF THE QUALIFYING RETAIL
20 UTILITY COMPLIES WITH THE ELECTRIC RESOURCE STANDARD OF
21 PARAGRAPH (c) OF THIS SUBSECTION (1) AND DOES NOT EXCEED THE
22 RETAIL RATE IMPACT ESTABLISHED BY PARAGRAPH (g) OF THIS
23 SUBSECTION (1).

24 (e) A standard rebate offer program. Each qualifying retail utility
25 shall make available to its retail electricity customers a standard rebate
26 offer of a minimum of two dollars per watt for the installation of eligible
27 solar electric generation on customers' premises up to a maximum of one

1 hundred kilowatts per installation. Such offer shall allow the customer's
2 retail electricity consumption to be offset by the solar electricity
3 generated. To the extent that solar electricity generation exceeds the
4 customer's consumption during a billing month, such excess electricity
5 shall be carried forward as a credit to the following month's consumption.
6 To the extent that solar electricity generation exceeds the customer's
7 consumption during a calendar year, the customer shall be reimbursed by
8 the qualifying retail utility at its average hourly incremental cost of
9 electricity supply over the prior twelve-month period. The qualifying
10 retail utility shall not apply unreasonably burdensome interconnection
11 requirements in connection with this standard rebate offer. Electricity
12 generated under this program shall be eligible for the qualifying retail
13 utility's compliance with this article.

14 (f) Policies for the recovery of costs incurred with respect to these
15 standards for qualifying retail utilities that are subject to rate regulation
16 by the commission. THESE POLICIES SHALL PROVIDE INCENTIVES TO
17 QUALIFYING RETAIL UTILITIES TO INVEST IN ELIGIBLE ENERGY RESOURCES
18 IN THE STATE OF COLORADO. Such policies shall include:

19 (I) ALLOWING A QUALIFYING RETAIL UTILITY TO DEVELOP AND
20 OWN AS UTILITY RATE-BASED PROPERTY UP TO TWENTY-FIVE PERCENT OF
21 THE TOTAL NEW ELIGIBLE ENERGY RESOURCES THE UTILITY ACQUIRES
22 FROM ENTERING INTO POWER PURCHASE AGREEMENTS AND FROM
23 DEVELOPING AND OWNING RESOURCES AFTER THE EFFECTIVE DATE OF THIS
24 SUBPARAGRAPH (I), IF THE NEW ELIGIBLE ENERGY RESOURCES PROPOSED
25 TO BE DEVELOPED AND OWNED BY THE UTILITY CAN BE CONSTRUCTED AT
26 REASONABLE COST COMPARED TO THE COST OF SIMILAR ELIGIBLE ENERGY
27 RESOURCES AVAILABLE IN THE MARKET. THE QUALIFYING RETAIL UTILITY

1 SHALL BE ALLOWED TO DEVELOP AND OWN AS UTILITY RATE-BASED
2 PROPERTY MORE THAN TWENTY-FIVE PERCENT BUT NOT MORE THAN FIFTY
3 PERCENT OF TOTAL NEW ELIGIBLE ENERGY RESOURCES ACQUIRED AFTER
4 THE EFFECTIVE DATE OF THIS SUBPARAGRAPH (I), IF THE QUALIFYING
5 RETAIL UTILITY SHOWS THAT ITS PROPOSAL WOULD PROVIDE SIGNIFICANT
6 ECONOMIC DEVELOPMENT, EMPLOYMENT, ENERGY SECURITY, OR OTHER
7 BENEFITS TO THE STATE OF COLORADO. THE QUALIFYING RETAIL UTILITY
8 MAY DEVELOP AND OWN THESE RESOURCES EITHER BY ITSELF OR JOINTLY
9 WITH OTHER OWNERS, AND, IF OWNED JOINTLY, THE ENTIRE JOINTLY
10 OWNED RESOURCE SHALL COUNT TOWARD THE PERCENTAGE LIMITATIONS
11 IN THIS SUBPARAGRAPH (I). FOR THE RESOURCES ADDRESSED IN THIS
12 SUBPARAGRAPH (I), THE QUALIFYING RETAIL UTILITY SHALL NOT BE
13 REQUIRED TO COMPLY WITH THE COMPETITIVE BIDDING REQUIREMENTS OF
14 THE COMMISSION'S RULES; EXCEPT THAT NOTHING IN THIS SUBPARAGRAPH
15 (I) SHALL PRECLUDE THE QUALIFYING RETAIL UTILITY FROM BIDDING TO
16 OWN A GREATER PERCENTAGE OF NEW ELIGIBLE ENERGY RESOURCES THAN
17 PERMITTED BY THIS SUBPARAGRAPH (I). IN ADDITION, NOTHING IN THIS
18 SUBPARAGRAPH (I) SHALL PREVENT THE COMMISSION FROM WAIVING,
19 REPEALING, OR REVISING ANY COMMISSION RULE IN A MANNER OTHERWISE
20 CONSISTENT WITH APPLICABLE LAW.

21 (H) (II) Allowing qualifying retail utilities to earn an extra profit
22 on their investment in renewable ELIGIBLE energy RESOURCE technologies
23 if these investments provide net economic benefits to customers as
24 determined by the commission. The allowable extra profit in any year
25 shall be the qualifying retail utility's most recent commission authorized
26 rate of return plus a bonus limited to fifty percent of the net economic
27 benefit.

1 ~~(H)~~ (III) Allowing qualifying retail utilities to earn their most
2 recent commission authorized rate of return, but no bonus, on investments
3 in ~~renewable~~ ELIGIBLE energy RESOURCE technologies if these
4 investments do not provide a net economic benefit to customers.

5 (IV) CONSIDERING, WHEN THE QUALIFYING RETAIL UTILITY
6 APPLIES FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
7 UNDER SECTION 40-5-101, RATE RECOVERY MECHANISMS THAT PROVIDE
8 FOR EARLIER AND TIMELY RECOVERY OF COSTS PRUDENTLY AND
9 REASONABLY INCURRED BY THE QUALIFYING RETAIL UTILITY IN
10 DEVELOPING, CONSTRUCTING, AND OPERATING THE ELIGIBLE ENERGY
11 RESOURCE, INCLUDING:

12 (A) RATE ADJUSTMENT CLAUSES UNTIL THE COSTS OF THE
13 ELIGIBLE ENERGY RESOURCE CAN BE INCLUDED IN THE UTILITY'S BASE
14 RATES; AND

15 (B) A CURRENT RETURN ON THE UTILITY'S CAPITAL EXPENDITURES
16 DURING CONSTRUCTION AT THE UTILITY'S WEIGHTED AVERAGE COST OF
17 CAPITAL, INCLUDING ITS MOST RECENTLY AUTHORIZED RATE OF RETURN
18 ON EQUITY, DURING THE CONSTRUCTION, STARTUP, AND OPERATION
19 PHASES OF THE ELIGIBLE ENERGY RESOURCE.

20 ~~(H)~~ (V) If the commission approves the terms and conditions of
21 a ~~renewable~~ AN ELIGIBLE energy RESOURCE contract between the
22 qualifying retail utility and another party, the ~~renewable energy~~ contract
23 and its terms and conditions shall be deemed to be a prudent investment,
24 and the commission shall approve retail rates sufficient to recover all just
25 and reasonable costs associated with the contract. All contracts for
26 acquisition of eligible ~~renewable electricity~~ ENERGY RESOURCES shall
27 have a minimum term of twenty years; except that the contract term may

1 be shortened at the sole discretion of the seller. All contracts for the
2 acquisition of renewable energy credits from solar electric technologies
3 located on site at customer facilities shall also have a minimum term of
4 twenty years.

5 ~~(IV)~~ (VI) A requirement that qualifying retail utilities consider
6 proposals offered by third parties for the sale of renewable energy or
7 renewable energy credits. The commission may develop standard terms
8 for the submission of such proposals.

9 (g) Retail rate impact rule:

10 (I) EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH (IV) OF
11 THIS PARAGRAPH (g), for each qualifying utility, the commission shall
12 establish a maximum retail rate impact for this section of ~~one~~ TWO
13 percent of the total electric bill annually for each customer. The retail
14 rate impact shall be determined net of new ~~nonrenewable~~ alternative
15 sources of electricity supply FROM NONELIGIBLE ENERGY RESOURCES
16 THAT ARE reasonably available at the time of the determination. IF THE
17 RETAIL RATE IMPACT DOES NOT EXCEED THE MAXIMUM IMPACT PERMITTED
18 BY THIS PARAGRAPH (g), THE QUALIFYING UTILITY MAY ACQUIRE MORE
19 THAN THE MINIMUM AMOUNT OF ELIGIBLE ENERGY RESOURCES AND
20 RENEWABLE ENERGY CREDITS REQUIRED BY THIS SECTION.

21 (II) If a wholesale customer agrees to pay the full costs associated
22 with the acquisition of ~~renewable~~ ELIGIBLE ENERGY resources and
23 associated renewable energy credits by its wholesale provider BY
24 PROVIDING NOTICE OF ITS INTENT TO PAY THE FULL COSTS WITHIN SIXTY
25 DAYS AFTER THE WHOLESALE PROVIDER EXTENDS THE OFFER, the
26 wholesale customer shall be entitled to receive the appropriate credit
27 toward the renewable energy standard as well as any associated renewable

1 energy credits. To the extent that the full costs are not recovered from
2 wholesale customers, a qualifying retail utility shall be entitled to recover
3 those costs from retail customers.

4 (III) SUBJECT TO THE MAXIMUM RETAIL RATE IMPACT PERMITTED
5 BY THIS PARAGRAPH (g), THE QUALIFYING RETAIL UTILITY SHALL HAVE
6 THE DISCRETION TO DETERMINE, IN A NONDISCRIMINATORY MANNER, THE
7 PRICE IT WILL PAY FOR RENEWABLE ENERGY CREDITS FROM ON-SITE
8 CUSTOMER FACILITIES THAT ARE NO LARGER THAN ONE HUNDRED
9 KILOWATTS.

10 (IV) FOR COOPERATIVE ELECTRIC ASSOCIATIONS, THE MAXIMUM
11 RETAIL RATE IMPACT FOR THIS SECTION IS ONE PERCENT OF THE TOTAL
12 ELECTRIC BILL ANNUALLY FOR EACH CUSTOMER.

13 (h) **Annual reports.** Each qualifying retail utility shall submit to
14 the commission an annual report that provides information relating to the
15 actions taken to comply with this article including the costs and benefits
16 of expenditures for renewable energy. The report shall be within the time
17 prescribed and in a format approved by the commission.

18 (i) Rules necessary for the administration of this article including
19 enforcement mechanisms necessary to ensure that each qualifying retail
20 utility complies with this standard, and provisions governing the
21 imposition of administrative penalties assessed after a hearing held by the
22 commission pursuant to section 40-6-109. The commission shall exempt
23 a qualifying retail utility from administrative penalties for an individual
24 compliance year if the utility demonstrates that the retail rate impact cap
25 described in paragraph (g) of this subsection (1) has been reached and the
26 utility has not achieved full compliance with paragraph (c) of this
27 subsection (1). Under no circumstances shall the costs of administrative

1 penalties be recovered from Colorado retail customers.

2 (2) ~~The commission shall establish all rules called for in~~
3 ~~paragraphs (a) to (g) of subsection (1) of this section by March 31, 2006.~~

4 (3) Each municipally owned electric utility ~~and each cooperative~~
5 ~~electric association that has voted to exempt itself from commission~~
6 ~~jurisdiction but~~ THAT is ■ a qualifying retail utility shall implement a
7 renewable energy standard substantially similar to this section. The
8 municipally owned utility ~~or cooperative electric association~~ shall submit
9 a statement to the commission that demonstrates such municipal utility ~~or~~
10 ~~cooperative electric association~~ has a substantially similar renewable
11 energy standard. The statement submitted by the municipally owned
12 utility ~~or cooperative electric association~~ is for informational purposes
13 and is not subject to approval by the commission. Upon filing of the
14 certification statement, the municipally owned utility ~~or cooperative~~
15 ~~electric association~~ shall have no further obligations under subsection (1)
16 of this section. The renewable energy standard of a municipally owned
17 utility ~~or cooperative electric association~~ shall, at a minimum, meet the
18 following criteria:

19 (a) The eligible ~~renewable~~ energy resources ~~must~~ SHALL be
20 limited to those identified in paragraph (a) of subsection (1) of this
21 section;

22 (b) The percentage requirements ~~must~~ SHALL be equal to or
23 greater in the same years than those identified in subparagraph ~~(H)~~ (V) of
24 paragraph (c) of subsection (1) of this section, counted in the manner
25 allowed by ~~subparagraph (H)~~ of said paragraph (c); and

26 (c) The utility must have an optional pricing program in effect that
27 allows retail customers the option to support through utility rates

1 emerging renewable energy technologies.

2 (4) For municipal utilities ~~and cooperative electric associations~~
3 that become qualifying retail utilities after December 31, 2006, the
4 percentage requirements identified in subparagraph ~~(F)~~ (V) of paragraph
5 (c) of subsection (1) of this section shall begin in the first calendar year
6 following qualification as follows:

7 (a) Years one through ~~four~~: three: ONE percent of retail electricity
8 sales;

9 (b) Years ~~five~~ FOUR through ~~eight~~: ~~Six~~ SEVEN: THREE percent of
10 retail electricity sales; ~~and~~

11 (c) ~~Year nine and thereafter~~: ~~Ten~~ YEARS EIGHT THROUGH
12 TWELVE: SIX percent of retail electricity sales; AND

13 (d) YEARS THIRTEEN AND THEREAFTER: TEN PERCENT OF RETAIL
14 ELECTRICITY SALES.

15 (5) **Procedure for exemption and inclusion - election.** (a) ~~The~~
16 ~~board of directors of each qualifying retail utility subject to this section~~
17 ~~may, at its option, submit the question of its exemption from this section~~
18 ~~to its consumers on a one meter equals one vote basis. Approval by a~~
19 ~~majority of those voting in the election shall be required for such~~
20 ~~exemption, providing that a minimum of twenty-five percent of eligible~~
21 ~~consumers participates in the election.~~

22 (b) The board of directors of each municipally owned electric
23 utility ~~or cooperative electric association~~ not subject to this section may,
24 at its option, submit the question of its inclusion in this section to its
25 consumers on a one meter equals one vote basis. Approval by a majority
26 of those voting in the election shall be required for such inclusion,
27 providing that a minimum of twenty-five percent of eligible consumers

1 participates in the election.

2 (5.5) EACH COOPERATIVE ELECTRIC ASSOCIATION THAT IS A
3 QUALIFYING RETAIL UTILITY SHALL SUBMIT AN ANNUAL COMPLIANCE
4 REPORT TO THE COMMISSION NO LATER THAN JUNE 1 OF EACH YEAR IN
5 WHICH THE COOPERATIVE ELECTRIC ASSOCIATION IS SUBJECT TO THE
6 RENEWABLE ENERGY STANDARD REQUIREMENTS ESTABLISHED IN THIS
7 SECTION. THE ANNUAL COMPLIANCE REPORT SHALL DESCRIBE THE STEPS
8 TAKEN BY THE COOPERATIVE ELECTRIC ASSOCIATION TO COMPLY WITH
9 THE RENEWABLE ENERGY STANDARDS AND SHALL INCLUDE THE SAME
10 INFORMATION SET FORTH IN THE RULES OF THE COMMISSION FOR
11 JURISDICTIONAL UTILITIES. COOPERATIVE ELECTRIC ASSOCIATIONS SHALL
12 NOT BE SUBJECT TO ANY PART OF THE COMPLIANCE REPORT REVIEW
13 PROCESS AS PROVIDED IN THE RULES FOR JURISDICTIONAL UTILITIES.
14 COOPERATIVE ELECTRIC ASSOCIATIONS SHALL NOT BE REQUIRED TO
15 OBTAIN COMMISSION APPROVAL OF ANNUAL COMPLIANCE REPORTS, AND
16 NO ADDITIONAL REGULATORY AUTHORITY OF THE COMMISSION OTHER
17 THAN THAT SPECIFICALLY CONTAINED IN THIS SUBSECTION (5.5) IS
18 CREATED OR IMPLIED BY THIS SUBSECTION (5.5).

19 ~~(6) Section 3 of this initiated measure provides that this section~~
20 ~~and section 40-2-125 shall be effective December 1, 2004.~~

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

23 **40-2-126. Community energy funds.** THE GENERAL ASSEMBLY
24 HEREBY FINDS AND DECLARES THAT LOCAL COMMUNITIES CAN BENEFIT
25 FROM THE FURTHER DEVELOPMENT OF RENEWABLE ENERGY, ENERGY
26 EFFICIENCY, CONSERVATION, AND ENVIRONMENTAL IMPROVEMENT
27 PROJECTS, AND THE GENERAL ASSEMBLY HEREBY ENCOURAGES ELECTRIC

1 UTILITIES TO ESTABLISH COMMUNITY ENERGY FUNDS FOR THE
2 DEVELOPMENT OF SUCH PROJECTS.

3 **SECTION 3. Appropriation.** In addition to any other
4 appropriation, there is hereby appropriated, out of any moneys in the
5 public utilities commission fixed utility cash fund created in section 40-2-
6 114, Colorado Revised Statutes, not otherwise appropriated, to the
7 department of regulatory agencies, for allocation to the public utilities
8 commission, for the fiscal year beginning July 1, 2007, the sum of eighty-
9 five thousand eight hundred eighty-seven dollars (\$85,887), or so much
10 thereof as may be necessary, for the implementation of this act.

11 **SECTION 4. Safety clause.** The general assembly hereby finds,
12 determines, and declares that this act is necessary for the immediate
13 preservation of the public peace, health, and safety.