

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

**ENGROSSED**

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

LLS NO. 07-0367.03 Thomas Morris

**HOUSE BILL 07-1281**

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Transportation & Energy  
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**A BILL FOR AN ACT**

101 **CONCERNING INCREASED RENEWABLE ENERGY STANDARDS.**

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**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 cooperative electric associations and municipally owned utilities that serve more than 40,000 customers of 1% by 2008, 3% by 2011, 6% by

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  
Amended 2nd Reading  
February 23, 2007

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.

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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  
14 implied. In accordance with article 4 of title 24, C.R.S., on or before

1 ~~April 1, 2005~~ OCTOBER 1, 2007, the commission shall initiate one or more  
2 rule-making processes to establish the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (II) Of the amounts in subparagraph (I) of paragraph (c) of this

1 subsection (1), at least four percent shall be derived from solar electric  
2 generation technologies. At least one-half of this four percent shall be  
3 derived from solar electric technologies located on-site at customers'  
4 facilities.

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

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

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

26 (A) ONE PERCENT OF ~~ITS~~ RETAIL ELECTRICITY SALES IN COLORADO  
27 FOR THE YEARS 2008 THROUGH 2010;

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

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

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

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

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

15 (B) THE GENERATING CAPACITY OF WHICH DOES NOT EXCEED  
16 THIRTY MEGAWATTS; AND

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

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

27 (B) SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH (VII)

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

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

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

23 (e) A standard rebate offer program. Each qualifying retail utility,  
24 EXCEPT FOR COOPERATIVE ELECTRIC ASSOCIATIONS AND MUNICIPALLY  
25 OWNED UTILITIES, shall make available to its retail electricity customers  
26 a standard rebate offer of a minimum of two dollars per watt for the  
27 installation of eligible solar electric generation on customers' premises up

1 to a maximum of one hundred kilowatts per installation. Such offer shall  
2 allow the customer's retail electricity consumption to be offset by the  
3 solar electricity generated. To the extent that solar electricity generation  
4 exceeds the customer's consumption during a billing month, such excess  
5 electricity shall be carried forward as a credit to the following month's  
6 consumption. To the extent that solar electricity generation exceeds the  
7 customer's consumption during a calendar year, the customer shall be  
8 reimbursed by the qualifying retail utility at its average hourly  
9 incremental cost of electricity supply over the prior twelve-month period.  
10 The qualifying retail utility shall not apply unreasonably burdensome  
11 interconnection requirements in connection with this standard rebate  
12 offer. Electricity generated under this program shall be eligible for the  
13 qualifying retail 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 WHOLESAL 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. Safety clause.** The general assembly hereby finds,  
4 determines, and declares that this act is necessary for the immediate  
5 preservation of the public peace, health, and safety.