

Second Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

PREAMENDED

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

LLS NO. 12-0372.01 Kate Meyer x4348

HOUSE BILL 12-1351

HOUSE SPONSORSHIP

Becker,

SENATE SPONSORSHIP

Tochtrop,

House Committees
Appropriations

Senate Committees
State, Veterans & Military Affairs

A BILL FOR AN ACT

101 **CONCERNING INCLUSION UNDER THE RENEWABLE ENERGY STANDARD'S**
102 **DEFINITION OF RECYCLED ENERGY SUCH ENERGY THAT**
103 **COMBUSTS GAS GENERATED FROM SYNTHETIC GAS DERIVED**
104 **FROM WASTE MATERIALS THROUGH PYROLYSIS AS THE FUEL**
105 **SOURCE FOR GENERATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Currently, recycled energy is a type of eligible energy resource that

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
May 2, 2012

HOUSE
2nd Reading Unamended
May 1, 2012

may be used to meet renewable energy standards. The bill adds to the definition of "recycled energy" the energy that is produced by a generation unit with a nameplate capacity of not more than 15 megawatts that combusts gas generated from synthetic gas derived from waste materials through pyrolysis as the fuel source for generation.

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

2 **SECTION 1.** In Colorado Revised Statutes, 40-2-124, **amend** (1)
3 introductory portion, (1) (a) introductory portion, (1) (a) (III), (1) (a) (VI),
4 (1) (c) (III), (1) (c) (VI) introductory portion, and (1) (f) introductory
5 portion; and add (8) as follows:

6 **40-2-124. Renewable energy standard - definitions - net**
7 **metering - legislative declaration - report - repeal.** (1) Each provider
8 of retail electric service in the state of Colorado, other than municipally
9 owned utilities that serve forty thousand customers or fewer, ~~shall be~~
10 ~~considered~~ IS a qualifying retail utility. Each qualifying retail utility, with
11 the exception of cooperative electric associations that have voted to
12 exempt themselves from commission jurisdiction pursuant to section
13 40-9.5-104 and municipally owned utilities, ~~shall be~~ IS subject to the rules
14 established under this article by the commission. No additional regulatory
15 authority of the commission other than that specifically contained in this
16 section is provided or implied. In accordance with article 4 of title 24,
17 C.R.S., the commission shall revise or clarify existing rules to establish
18 the following:

19 (a) Definitions of eligible energy resources that can be used to
20 meet the standards. "Eligible energy resources" means recycled energy
21 and renewable energy resources. The commission shall determine,
22 following an evidentiary hearing, the extent to which ~~such~~ electric
23 generation technologies utilized in an optional pricing program may be

1 used to comply with this standard. A fuel cell using hydrogen derived
2 from an eligible energy resource is also an eligible electric generation
3 technology. Fossil and nuclear fuels and their derivatives are not eligible
4 energy resources. For purposes of this section:

5 (III) (A) "Recycled energy" means energy produced by a
6 generation unit with a nameplate capacity of not more than fifteen
7 megawatts that converts the otherwise lost energy from the heat from
8 exhaust stacks or pipes to electricity and that does not combust additional
9 fossil fuel OR, IN ACCORDANCE WITH SUB-SUBPARAGRAPH (B) OF THIS
10 SUBPARAGRAPH (III), COMBUSTS GAS GENERATED FROM SYNTHETIC GAS
11 DERIVED FROM WASTE MATERIALS THROUGH PYROLYSIS AS THE FUEL
12 SOURCE FOR GENERATION. "Recycled energy" does not include energy
13 produced by any system that uses energy, lost or otherwise, from a
14 process whose primary purpose is the generation of electricity, including,
15 without limitation, any process involving engine-driven generation or
16 pumped hydroelectricity generation.

17 (B) FOR THE PURPOSES OF THE RENEWABLE ENERGY STANDARD,
18 THE PUBLIC UTILITIES COMMISSION MAY AUTHORIZE A MAXIMUM OF FOUR
19 PROJECTS, THE CUMULATIVE NAMEPLATE RATING OF WHICH PROJECTS MAY
20 NOT EXCEED SIXTY-FIVE MEGAWATTS, THAT USE PYROLYSIS TO COMBUST
21 SYNTHETIC GAS FROM WASTE MATERIALS.

22 (VI) "Wholesale distributed generation" means a renewable
23 energy resource in Colorado with a nameplate rating of thirty megawatts
24 or less and that does not qualify as retail distributed generation.

25 (c) Electric resource standards:

26 (III) Each kilowatt-hour of electricity generated from eligible
27 energy resources, in Colorado, other than retail distributed generation

1 ~~shall be counted~~ COUNTS as one and one-quarter kilowatt-hours for the
2 purposes of compliance with this standard.

3 (VI) Each kilowatt-hour of electricity generated from eligible
4 energy resources at a community-based project shall be counted as one
5 and one-half kilowatt-hours. For purposes of this subparagraph (VI),
6 "community-based project" means a project: located in Colorado:

7 (f) Policies for the recovery of costs incurred with respect to these
8 standards for qualifying retail utilities that are subject to rate regulation
9 by the commission. These policies shall MUST provide incentives to
10 qualifying retail utilities to invest in eligible energy resources. in the state
11 of Colorado. Such THE policies shall MUST include:

12 (8) (a) DURING THE FIRST REGULAR SESSION OF THE
13 SEVENTY-FIRST GENERAL ASSEMBLY, BUT PRIOR TO APRIL 10, 2017, THE
14 DIRECTOR OF THE PUBLIC UTILITIES COMMISSION SHALL REPORT TO THE
15 APPROPRIATE HOUSE AND SENATE COMMITTEES OF REFERENCE FOR
16 ENERGY-RELATED MATTERS, AS DETERMINED BY THE SPEAKER OF THE
17 HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE, SITTING
18 JOINTLY, REGARDING THE RESULTS OF THE EXPANSION OF THE TERM
19 "RECYCLED ENERGY" EFFECTED BY HOUSE BILL 12-1351, ENACTED IN
20 2012. THE REPORT SHALL INCLUDE, AT A MINIMUM, ANY JOBS CREATED
21 AND OTHER ECONOMIC BENEFITS REALIZED, ANY ENERGY GENERATED,
22 EMISSIONS REDUCTIONS, AND LANDFILL REDUCTIONS RESULTING FROM OR
23 FAIRLY ATTRIBUTABLE TO THAT EXPANSION.

24 (b) THIS SUBSECTION (8) IS REPEALED, EFFECTIVE SEPTEMBER 1,
25 2017.

26 **SECTION 2.** In Colorado Revised Statutes, **add** 40-2-124.5 as
27 follows:

1 **40-2-124.5. Greenhouse gas mitigation projects - coal mine**
2 **methane gas - legislative declaration - definition.** (1) THE GENERAL
3 ASSEMBLY FINDS, DETERMINES, AND DECLARES THAT THE CAPTURE OF
4 COAL MINE METHANE GAS PROVIDES MANY BENEFITS TO COLORADO
5 CITIZENS BY MAKING BENEFICIAL USE OF A SOURCE OF ENERGY THAT
6 WOULD OTHERWISE BE WASTED, REDUCING GREENHOUSE GAS EMISSIONS,
7 AND PROVIDING NEW JOBS AND REVENUES TO LOCAL COMMUNITIES.

8 (2) AS USED IN THIS SECTION, "COAL MINE METHANE GAS" MEANS
9 THE GREENHOUSE GAS METHANE CAPTURED FROM ACTIVE AND INACTIVE
10 COAL MINES, WHERE IT IS DETERMINED THAT THE METHANE IS ESCAPING
11 TO THE ATMOSPHERE. AT ACTIVE MINES, ONLY METHANE VENTED IN THE
12 NORMAL COURSE OF MINE OPERATIONS AND SAFETY PROCEDURES, AND, AT
13 INACTIVE MINES, ONLY METHANE THAT IS NATURALLY ESCAPING TO THE
14 ATMOSPHERE, IS COAL MINE METHANE GAS. THE CAPTURE AND
15 COMBUSTION OF COAL MINE METHANE GAS AS A CLEAN ENERGY SOURCE
16 MAY BE VERIFIED BY A QUALIFIED THIRD PARTY FOLLOWING ESTABLISHED
17 CARBON OFFSET PROTOCOLS FOR CLIMATE PROTECTION.

18 (3) EACH KILOWATT-HOUR OF ELECTRICITY GENERATED FROM
19 COAL MINE METHANE GAS IS COUNTED AS ONE KILOWATT-HOUR FOR
20 PURPOSES OF COMPLIANCE WITH THE RENEWABLE ENERGY STANDARD
21 UNDER SECTION 40-2-124 AS AN ELIGIBLE ENERGY RESOURCE; EXCEPT
22 THAT THE TOTAL AMOUNT OF ELECTRICITY GENERATED BY COAL MINE
23 METHANE GAS TO BE COUNTED TOWARD COMPLIANCE WITH THE
24 RENEWABLE ENERGY STANDARD ESTABLISHED IN SECTION 40-2-124 MUST
25 NOT EXCEED FIFTY MEGAWATTS OF NAMEPLATE CAPACITY.

26 **SECTION 3. Act subject to petition - effective date.** This act
27 takes effect at 12:01 a.m. on the day following the expiration of the

1 ninety-day period after final adjournment of the general assembly (August
2 8, 2012, if adjournment sine die is on May 9, 2012); except that, if a
3 referendum petition is filed pursuant to section 1 (3) of article V of the
4 state constitution against this act or an item, section, or part of this act
5 within such period, then the act, item, section, or part will not take effect
6 unless approved by the people at the general election to be held in
7 November 2012 and, in such case, will take effect on the date of the
8 official declaration of the vote thereon by the governor.