

Second Regular Session
Sixty-fifth General Assembly
STATE OF COLORADO

ENGROSSED

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

LLS NO. 06-0848.01 Duane Gall

HOUSE BILL 06-1322

HOUSE SPONSORSHIP

Buescher,

SENATE SPONSORSHIP

Tapia,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING SUPPORT FOR THE DEVELOPMENT OF CLEAN ENERGY**
102 **RESOURCES USING PROCEEDS OF THE OPERATIONAL ACCOUNT**
103 **OF THE SEVERANCE TAX TRUST FUND, AND MAKING AN**
104 **APPROPRIATION IN CONNECTION THEREWITH.**

Bill Summary

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

Transfers \$6 million per year for 3 years from the operational account of the severance tax trust fund into a newly created clean energy development fund, to be administered by the governor's office of energy management and conservation for the following purposes:

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
April 20, 2006

To support the study, engineering, and development of an integrated gasification combined-cycle generation facility that will demonstrate the feasibility of new technologies that use Colorado or other western coal, or both, and that will capture and sequester a portion of the facility's carbon dioxide emissions (funded at up to \$3 million of the \$6 million per year);

As seed money for the development of new energy technologies that rely upon renewable or other clean energy resources for the production of electrical energy or liquid fuels suitable for use in the transportation sector; and

To facilitate the development of renewable energy or energy efficiency resources at public schools, public hospitals, state government agencies, county and municipal governments, and other public entities.

Directs the office of energy management and conservation to develop criteria for awarding grants from the clean energy development fund. Requires annual reports to the governor and the general assembly.

Repeals the program after 3 years, with any unexpended and unencumbered moneys then reverting to the general fund.

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

2 **SECTION 1.** 39-29-109, Colorado Revised Statutes, is amended
3 BY THE ADDITION OF A NEW SUBSECTION to read:

4 **39-29-109. Severance tax trust fund - created - administration**
5 **- use of moneys - definitions - repeal.** (1.7) (a) NOTWITHSTANDING
6 ANY PROVISION IN THIS SECTION TO THE CONTRARY, FOR THREE STATE
7 FISCAL YEARS BEGINNING WITH THE STATE FISCAL YEAR COMMENCING ON
8 JULY 1, 2005, A PORTION OF THE OPERATIONAL ACCOUNT OF THE
9 SEVERANCE TAX TRUST FUND SHALL BE TRANSFERRED TO THE CLEAN
10 ENERGY DEVELOPMENT FUND CREATED IN SECTION 24-22-118, C.R.S. THE
11 AMOUNT TRANSFERRED SHALL BE SIX MILLION DOLLARS PER YEAR,
12 SUBJECT TO THE LIMITATIONS STATED IN SAID SECTION.

13 (b) THIS SUBSECTION (1.7) IS REPEALED, EFFECTIVE JULY 1, 2008.

14 **SECTION 2.** Article 22 of title 24, Colorado Revised Statutes, is

1 amended BY THE ADDITION OF A NEW SECTION to read:

2 **24-22-118. Clean energy development fund - creation - use of**

3 **moneys - repeal.** (1) THERE IS HEREBY CREATED IN THE STATE
4 TREASURY THE CLEAN ENERGY DEVELOPMENT FUND, ALSO REFERRED TO
5 IN THIS SECTION AS THE "FUND". THE PURPOSES OF THE FUND ARE TO
6 PROVIDE FINANCIAL SUPPORT FOR THE STUDY, ENGINEERING, AND
7 DEVELOPMENT OF AN INTEGRATED GASIFICATION COMBINED-CYCLE
8 ELECTRIC GENERATION FACILITY THAT WILL DEMONSTRATE THE
9 FEASIBILITY OF ADVANCED CLEAN COAL TECHNOLOGIES, AS WELL AS TO
10 FUND OTHER RENEWABLE ENERGY AND ENERGY CONSERVATION EFFORTS,
11 IN A MANNER CONSISTENT WITH THIS SECTION.

12 (2) FOR THE STATE FISCAL YEAR COMMENCING ON JULY 1, 2005,
13 AND IN EACH OF THE STATE FISCAL YEARS COMMENCING ON JULY 1, 2006,
14 AND JULY 1, 2007, THE GENERAL ASSEMBLY SHALL APPROPRIATE SIX
15 MILLION DOLLARS FROM THE FUND AS FOLLOWS:

16 (a) THREE MILLION DOLLARS, OR SO MUCH THEREOF AS IS
17 NECESSARY, SHALL BE APPROPRIATED TO THE GOVERNOR'S OFFICE OF
18 ENERGY MANAGEMENT AND CONSERVATION FOR THE STUDY,
19 ENGINEERING, AND DEVELOPMENT OF AN INTEGRATED GASIFICATION
20 COMBINED-CYCLE ELECTRIC GENERATION FACILITY THAT WILL
21 DEMONSTRATE THE FEASIBILITY OF USING ADVANCED CLEAN COAL
22 TECHNOLOGY AND THAT WILL DEMONSTRATE THE CAPTURE AND
23 SEQUESTRATION OF A PORTION OF THE FACILITY'S CARBON DIOXIDE
24 EMISSIONS USING COLORADO OR OTHER WESTERN COAL, OR BOTH, AS
25 CONTEMPLATED BY SECTION 40-2-123 (2), C.R.S.;

26 (b) THREE MILLION DOLLARS, PLUS ANY UNENCUMBERED AND
27 UNEXPENDED BALANCE REMAINING FROM THE THREE MILLION DOLLARS

1 IDENTIFIED IN PARAGRAPH (a) OF THIS SUBSECTION (2), SHALL BE
2 APPROPRIATED TO THE OFFICE OF THE GOVERNOR TO BE USED BY THE
3 OFFICE OF ENERGY MANAGEMENT AND CONSERVATION TO MAKE GRANTS
4 IN ACCORDANCE WITH SUBSECTION (3) OF THIS SECTION.

5 (3) (a) THE OFFICE OF ENERGY MANAGEMENT AND CONSERVATION
6 SHALL USE MONEYS IT RECEIVES PURSUANT TO PARAGRAPH (b) OF
7 SUBSECTION (2) OF THIS SECTION TO PROVIDE:

8 (I) SEED MONEY FOR THE DEVELOPMENT OF NEW ENERGY
9 TECHNOLOGIES THAT RELY UPON RENEWABLE OR OTHER CLEAN ENERGY
10 RESOURCES FOR THE PRODUCTION OF ELECTRICAL ENERGY OR FUELS
11 SUITABLE FOR USE IN THE TRANSPORTATION SECTOR; AND

12 (II) FINANCIAL SUPPORT FOR THE DEVELOPMENT OF RENEWABLE
13 ENERGY OR ENERGY EFFICIENCY MEASURES AT PUBLIC SCHOOLS, PUBLIC
14 HOSPITALS, STATE GOVERNMENT AGENCIES, COUNTY AND MUNICIPAL
15 GOVERNMENTS, AND OTHER PUBLIC ENTITIES.

16 (b) THE OFFICE OF ENERGY MANAGEMENT AND CONSERVATION
17 SHALL DEVELOP AND ADMINISTER A PROCESS BY WHICH PERSONS AND
18 ENTITIES MAY APPLY FOR GRANTS FROM THE FUND. SUCH PROCESS SHALL
19 INCLUDE OBJECTIVE CRITERIA FOR THE CONSIDERATION OF COMPETING
20 PROPOSALS.

21 (c) FOR EACH FISCAL YEAR IN WHICH MONEYS ARE EXPENDED
22 PURSUANT TO THIS SECTION, THE OFFICE OF ENERGY MANAGEMENT AND
23 CONSERVATION SHALL PREPARE AND SUBMIT TO THE GENERAL ASSEMBLY
24 AN ANNUAL REPORT THAT SPECIFIES:

25 (I) HOW THE MONEYS WERE EXPENDED;

26 (II) THE EXPECTED ENERGY SAVINGS AND OTHER BENEFITS FROM
27 PROPOSALS THAT WERE FUNDED; AND

1 (III) RECOMMENDATIONS FOR ANY FUTURE PROGRAMS OF THIS
2 NATURE.

3 (d) IF, IN ANY FISCAL YEAR, THE OFFICE OF ENERGY MANAGEMENT
4 AND CONSERVATION DETERMINES THAT IT CANNOT USE ALL OF THE
5 MONEYS IT RECEIVES PURSUANT TO THIS SECTION, THE OFFICE SHALL
6 NOTIFY THE GOVERNOR AND THE JOINT BUDGET COMMITTEE OF THE
7 GENERAL ASSEMBLY OF SUCH FACT. UPON NOTIFICATION, THE GENERAL
8 ASSEMBLY MAY MAKE A SUPPLEMENTAL APPROPRIATION TO REDUCE THE
9 AMOUNT APPROPRIATED TO THE OFFICE AND INCREASE THE AMOUNT
10 APPROPRIATED FOR OTHER ENERGY CONSERVATION OR ENERGY
11 EFFICIENCY MEASURES.

12 (4) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
13 REQUIRES:

14 (a) "ENERGY EFFICIENCY MEASURES" MEANS MEASURES THAT
15 REDUCE CONSUMPTION OF [REDACTED] FUELS OR ELECTRICITY.

16 (b) "OFFICE OF ENERGY MANAGEMENT AND CONSERVATION"
17 MEANS THE OFFICE OF ENERGY MANAGEMENT AND CONSERVATION WITHIN
18 THE OFFICE OF THE GOVERNOR, OR ANY SUCCESSOR OFFICE THAT IS
19 CREATED WITHIN THE OFFICE OF THE GOVERNOR FOR THE PURPOSE OF
20 PROMOTING ENERGY MANAGEMENT OR CONSERVATION.

21 (5) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2008. ANY
22 UNEXPENDED AND UNENCUMBERED MONEYS REMAINING IN THE CLEAN
23 ENERGY DEVELOPMENT FUND AS OF JUNE 30, 2008, SHALL REVERT TO THE
24 OPERATIONAL ACCOUNT OF THE SEVERANCE TAX TRUST FUND CREATED IN
25 SECTION 39-29-109, C.R.S.

26 **SECTION 3. Appropriation.** (1) In addition to any other
27 appropriation, there is hereby appropriated, out of any moneys in the

1 clean energy development fund created in section 24-22-118 (1),
2 Colorado Revised Statutes, not otherwise appropriated, to the office of
3 the governor, office of energy management and conservation, for the
4 fiscal year beginning July 1, 2005, the sum of six million dollars
5 (\$6,000,000), or so much thereof as may be necessary, for the
6 implementation of this act. Of said sum, three million dollars
7 (\$3,000,000) shall be for the study, engineering, and development of an
8 integrated gasification combined-cycle electric generation facility
9 authorized by section 24-22-118 (2) (a), Colorado Revised Statutes, and
10 three million dollars (\$3,000,000) shall be for grants pursuant to section
11 24-22-118 (3), Colorado Revised Statutes.

12 (2) In addition to any other appropriation, there is hereby
13 appropriated, out of any moneys in the clean energy development fund
14 created in section 24-22-118 (1), Colorado Revised Statutes, not
15 otherwise appropriated, to the office of the governor, office of energy
16 management and conservation, for the fiscal year beginning July 1, 2006,
17 the sum of six million dollars (\$6,000,000), or so much thereof as may be
18 necessary, for the implementation of this act. Of said sum, three million
19 dollars (\$3,000,000) shall be for the study, engineering, and development
20 of an integrated gasification combined-cycle electric generation facility
21 authorized by section 24-22-118 (2) (a), Colorado Revised Statutes and
22 three million dollars (\$3,000,000) shall be for grants pursuant to section
23 24-22-118 (3) (b), Colorado Revised Statutes.

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