A BILL FOR AN ACT

CONCERNING AN UPDATE TO THE RENEWABLE ENERGY STANDARD TO REQUIRE THAT ALL ELECTRIC UTILITIES DERIVE THEIR ENERGY FROM ONE HUNDRED PERCENT RENEWABLE SOURCES BY 2035.

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://leg.colorado.gov.)

The bill updates the renewable energy standard to require that all electric utilities, including cooperative electric associations and municipally owned utilities, derive their energy from 100% renewable sources by 2035. The bill also:

Removes recycled energy from the types of energy sources
eligible for meeting the renewable energy standard;

! Allows a utility to obtain energy efficiency credits equal in value to renewable energy credits based on any energy efficiency upgrades made for a low-income residential customer;

! Removes multipliers used for counting certain renewable energy generated; and

! Phases out the system of tradable renewable energy credits so that renewable energy generated after 2035 is not eligible for renewable energy credits.

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

SECTION 1. Short title. The short title of this act is the "Cheaper, Cleaner Power Act".

SECTION 2. In Colorado Revised Statutes, 40-2-124, amend (1)
introductory portion, (1)(a) introductory portion, (1)(c)(I), (1)(c)(IV),
(1)(c)(V), (1)(c)(V.5), (1)(e)(IX), (1)(c)(X), (1)(d), (1)(e)(I)(A),
(1)(e)(I.5), (1)(e)(II), (1)(e)(III), (1)(f)(I), (1)(f)(V), (1)(f)(VI),
(1)(g)(I)(B), (1)(g)(II), (1)(g)(III), (1)(g)(IV), (1)(i), (4), (5.5), (7)(b)(II),
(7)(b)(V), (8)(b), (8)(e), (8)(f), (8)(g) introductory portion, (8)(g)(II), and
(8)(g)(III); and repeal (1)(a)(VI), (1)(c)(II)(C), (1)(c)(III), (1)(c)(VI),
(1)(c)(VII), (1)(c)(VIII), (1)(f)(II), and (1)(f)(III) as follows:

40-2-124. Renewable energy standards - qualifying retail and wholesale utilities - definitions - net metering - legislative declaration - rules. (1) Each provider of retail electric service in the state of Colorado other than municipally owned utilities that serve forty thousand customers or fewer, is a qualifying retail utility. Each qualifying retail utility, with the exception of cooperative electric associations that have voted to exempt themselves from commission jurisdiction pursuant to section 40-9.5-104 and municipally owned utilities, is subject to the rules established under this article by the commission. No additional regulatory
authority is provided to the commission other than that specifically
contained in this section. In accordance with article 4 of title 24, C.R.S.;
the commission shall revise or clarify existing rules to establish the
following:

(a) Definitions of eligible energy resources that can be used to
meet the standards. "Eligible energy resources" means recycled energy
and renewable energy resources. In addition, resources using coal mine
methane and synthetic gas produced by pyrolysis of municipal solid waste
are eligible energy resources if the commission determines that the
electricity generated by those resources is greenhouse gas neutral. The
commission shall determine, following an evidentiary hearing, the extent
to which such electric generation technologies utilized in an optional
pricing program may be used to comply with this standard. A fuel cell
using hydrogen derived from an eligible energy resource is also an
eligible electric generation technology. Fossil and nuclear fuels and their
derivatives are not eligible energy resources. For purposes of this section:

(VI) "Recycled energy" means energy produced by a generation
unit with a nameplate capacity of not more than fifteen megawatts that
converts the otherwise lost energy from the heat from exhaust stacks or
pipes to electricity and that does not combust additional fossil fuel.
"Recycled energy" does not include energy produced by any system that
uses energy, lost or otherwise, from a process whose primary purpose is
the generation of electricity, including, without limitation, any process
involving engine-driven generation or pumped hydroelectricity
generation:

(c) Electric resource standards:

(I) Except as provided in subparagraph (V) of this paragraph (c)
SUBSECTION (1)(c)(V) OF THIS SECTION, the electric resource standards shall require each qualifying retail utility to generate, or cause to be generated, electricity from eligible energy resources in the following minimum amounts:

(A) Three percent of its retail electricity sales in Colorado for the year 2007;

(B) Five percent of its retail electricity sales in Colorado for the years 2008 through 2010;

(C) Twelve percent of its retail electricity sales in Colorado for the years 2011 through 2014, with distributed generation equaling at least one percent of its retail electricity sales in 2011 and 2012 and one and one-fourth percent of its retail electricity sales in 2013 and 2014;

(D) Twenty percent of its retail electricity sales in Colorado for the years 2015 through 2019, with distributed generation equaling at least one and three-fourths percent of its retail electricity sales in 2015 and 2016 and two percent of its retail electricity sales in 2017, 2018, and 2019; and

(E) Thirty percent of its retail electricity sales in Colorado for the years 2020 and thereafter, with distributed generation equaling at least three and seven percent of its retail electricity sales;

(F) SEVENTY PERCENT OF ITS RETAIL ELECTRICITY SALES IN COLORADO FOR THE YEARS 2030 THROUGH 2034, WITH DISTRIBUTED GENERATION EQUALING AT LEAST SEVEN PERCENT OF ITS RETAIL ELECTRICITY SALES; AND

(G) ONE HUNDRED PERCENT OF ITS RETAIL ELECTRICITY SALES IN COLORADO FOR THE YEARS 2035 AND THEREAFTER.

(II) (C) Distributed generation amounts in the electric resource
standard for the years 2015 and thereafter may be changed by the
commission for the period after December 31, 2014, if the commission
finds, upon application by a qualifying retail utility, that these percentage
requirements are no longer in the public interest. If such a finding is
made, the commission may set the lower distributed generation
requirements, if any, that shall apply after December 31, 2014. If the
commission finds that the public interest requires an increase in the
distributed generation requirements, the commission shall report its
findings to the general assembly:

(III) Each kilowatt-hour of electricity generated from eligible
energy resources, other than retail distributed generation and other than
eligible energy resources beginning operation on or after January 1, 2015,
counts as one and one-fourth kilowatt-hours for the purposes of
compliance with this standard:

(IV) To the extent that the ability of a qualifying retail utility to
acquire eligible energy resources is limited by a requirements contract
with a wholesale electric supplier, the qualifying retail utility shall acquire
the maximum amount allowed by the contract. For any shortfalls to the
amounts established by the commission pursuant to subparagraph (I) of
this paragraph (c) SUBSECTION (1)(c)(I) OF THIS SECTION, the qualifying
retail utility shall acquire an equivalent amount of either renewable
energy credits OR documented and verified energy savings through energy
efficiency and conservation programs. OR a combination of both. Any
contract entered into by a qualifying retail utility after December 1, 2004,
shall not conflict with this section:

(V) Notwithstanding any other provision of law but subject to
subsection (4) of this section, the electric resource standards must require
each cooperative electric association that is a qualifying retail utility and
that provides service to fewer than one hundred thousand meters, and
each municipally owned utility that is a qualifying retail utility, to
generate, or cause to be generated, electricity from eligible energy
resources in the following minimum amounts:

(A) One percent of its retail electricity sales in Colorado for the years 2008 through 2010;
(B) Three percent of retail electricity sales in Colorado for the years 2011 through 2014;
(C) Six percent of retail electricity sales in Colorado for the years 2015 through 2019; and
(D) Twenty percent of retail electricity sales in Colorado for the years 2020 and thereafter;

(E) Forty percent of its retail electricity sales in Colorado for the years 2025 through 2029;
(F) Seventy percent of its retail electricity sales in Colorado for the years 2030 through 2034; and
(G) One hundred percent of its retail electricity sales in Colorado for the years 2035 and thereafter.

(V.5) Notwithstanding any other provision of law, each cooperative electric association that provides electricity at retail to its customers and serves one hundred thousand or more meters shall generate or cause to be generated at least the following percentages of the energy it provides to its customers from eligible energy resources:

(A) Twenty percent of the energy it provides to its customers from eligible energy resources in Colorado for the years 2020 and thereafter;
2024;

(B) Forty percent for the years 2025 through 2029;

(C) Seventy percent for the years 2030 through 2034; and

(D) One hundred percent for the years 2035 and thereafter.

(VI) Each kilowatt-hour of electricity generated from eligible energy resources at a community-based project must be counted as one and one-half kilowatt-hours. For purposes of this subparagraph (VI), "community-based project" means a project:

(A) That is owned by individual residents of a community, by an organization or cooperative that is controlled by individual residents of the community, or by a local government entity or tribal council;

(B) The generating capacity of which does not exceed thirty megawatts; and

(C) For which there is a resolution of support adopted by the local governing body of each local jurisdiction in which the project is to be located:

(VII) (A) For purposes of compliance with the standards set forth in subparagraphs (V) and (V.5) of this paragraph (c), each kilowatt-hour of renewable electricity generated from solar electric generation technologies shall be counted as three kilowatt-hours.

(B) For each qualifying retail utility that is a cooperative electric association, sub-subparagraph (A) of this subparagraph (VII) applies only to solar electric technologies that begin producing electricity prior to July 1, 2015, and for solar electric technologies that begin producing electricity on or after July 1, 2015, each kilowatt-hour of renewable electricity shall be counted as one kilowatt-hour for purposes of...
compliance with the renewable energy standard.

(C) For each qualifying retail utility that is a municipally owned utility, sub-subparagraph (A) of this subparagraph (VII) applies only to solar electric technologies that are under contract for development prior to August 1, 2015, and begin producing electricity prior to December 31, 2016, and for solar electric technologies that are not under contract for development prior to August 1, 2015, and begin producing electricity on or after December 31, 2016, each kilowatt-hour of renewable electricity shall be counted as one kilowatt-hour for purposes of compliance with the renewable energy standard.

(VIII) Electricity from eligible energy resources shall be subject to only one of the methods for counting kilowatt-hours set forth in subparagraphs (III), (VI), and (VII) of this paragraph (c).

(IX) For purposes of stimulating rural economic development and for projects up to thirty megawatts of nameplate capacity that have a point of interconnection rated at sixty-nine kilovolts or less, each kilowatt-hour of electricity generated from renewable energy resources that interconnects to electric transmission or distribution facilities owned by a cooperative electric association or municipally owned utility may be counted for the life of the project as two kilowatt-hours for compliance with the requirements of this paragraph (c) by qualifying retail utilities. This multiplier shall not be claimed for interconnections that first occur after December 31, 2014, and shall not be used in conjunction with another compliance multiplier. For qualifying retail utilities other than investor-owned utilities, the benefits described in this subparagraph (IX) apply only to the aggregate first one hundred megawatts of nameplate capacity of
projects statewide that report having achieved commercial operations to
the commission pursuant to the procedure described in this subparagraph
(IX) SUBSECTION (1)(c)(IX). To the extent that a qualifying retail utility
claims the benefit described in this subparagraph (IX) SUBSECTION
(1)(c)(IX), those kilowatt-hours of electricity do not qualify for
satisfaction of the distributed generation requirement of subparagraph (I)
of this paragraph (c) SUBSECTION (1)(c)(I) OF THIS SECTION. The
commission shall analyze the implementation of this subparagraph (IX)
SUBSECTION (1)(c)(IX) and submit a report to the senate local government
AGRICULTURE, NATURAL RESOURCES, and energy committee and the
house of representatives committee on transportation and energy, or their
successor committees, by ON OR BEFORE December 31, 2022, AND
AGAIN ON OR BEFORE DECEMBER 31, 2030, regarding implementation of
this subparagraph (IX) SUBSECTION (1)(c)(IX), including how many
megawatts of electricity have been installed or are subject to a power
purchase agreement pursuant to this subparagraph (IX) SUBSECTION
(1)(c)(IX) and whether the commission recommends that the multiplier
established by this subparagraph (IX) SUBSECTION (1)(c)(IX) should be
changed either in magnitude or expiration date. Any entity that owns or
develops a project that will take advantage of the benefits of this
subparagraph (IX) SUBSECTION (1)(c)(IX) shall notify the commission
within thirty days after signing a power purchase agreement and within
thirty days after beginning commercial operations of an applicable
project.

(X) Of the minimum amounts of electricity required to be
generated or caused to be generated by qualifying retail utilities in
accordance with subparagraph (V.5) and sub-subparagraph (D) of
subparagraph (V) of this paragraph (c) SUBSECTIONS (1)(c)(V)(D) AND
(1)(c)(V.5) OF THIS SECTION, one-tenth or one percent of total retail
electricity sales, must be from distributed generation; except that:

(A) For a cooperative electric association that is a qualifying retail
utility and that provides service to fewer than ten thousand meters, the
distributed generation component may be three-quarters of one percent of
total retail electricity sales, THE AMOUNT OTHERWISE REQUIRED BY THIS
SUBSECTION (1)(c)(X); and

(B) This subparagraph (X) SUBSECTION (1)(c)(X) does not apply
to a qualifying retail utility that is a municipal utility.

(d) (I) A system of tradable renewable energy credits that may be
used by a qualifying retail utility to comply with this standard. The
commission shall also analyze the effectiveness of utilizing any regional
system of renewable energy credits in existence at the time of its
rule-making process and determine whether the system is governed by
rules that are consistent with the rules established for this article FOR
RENEWABLE ENERGY SOURCES PUT INTO SERVICE ON OR AFTER JANUARY
1, 2021, RENEWABLE ENERGY GENERATED FROM THE SOURCES IS NOT
ELIGIBLE FOR RENEWABLE ENERGY CREDITS. FOR RENEWABLE ENERGY
SOURCES PUT INTO SERVICE ON OR BEFORE DECEMBER 31, 2020,
QUALIFIED UTILITIES MAY PURCHASE RENEWABLE ENERGY CREDITS AT THE
FOLLOWING RATES:

(A) RENEWABLE ENERGY GENERATED IN THE YEARS BEFORE 2020
MAY BE PURCHASED WITH A VALUE OF ONE MEGAWATT FOR ONE
MEGAWATT OF CREDIT;

(B) RENEWABLE ENERGY GENERATED IN THE YEARS 2020
THROUGH 2023 MAY BE PURCHASED WITH A VALUE OF ONE MEGAWATT
FOR FOUR-FIFTHS OF A MEGAWATT OF CREDIT;

(C) RENEWABLE ENERGY GENERATED IN THE YEARS 2024 THROUGH 2027 MAY BE PURCHASED WITH A VALUE OF ONE MEGAWATT FOR THREE-FIFTHS OF A MEGAWATT OF CREDIT;

(D) RENEWABLE ENERGY GENERATED IN THE YEARS 2028 THROUGH 2031 MAY BE PURCHASED WITH A VALUE OF ONE MEGAWATT FOR TWO-FIFTHS OF A MEGAWATT OF CREDIT;

(E) RENEWABLE ENERGY GENERATED IN THE YEARS 2032 THROUGH 2034 MAY BE PURCHASED WITH A VALUE OF ONE MEGAWATT FOR ONE-FIFTH OF A MEGAWATT OF CREDIT; AND

(F) RENEWABLE ENERGY GENERATED AFTER THE YEAR 2035 IS NOT ELIGIBLE FOR CREDITS.

(II) The commission shall not restrict the qualifying retail utility's ownership of renewable energy credits if the qualifying retail utility complies with the electric resource standard of paragraph (c) of this subsection (1) SUBSECTION (1)(c) OF THIS SECTION, uses definitions of eligible energy resources that are limited to those identified in paragraph (a) of this subsection (1) SUBSECTION (1)(a) OF THIS SECTION, as clarified by the commission, and does not exceed the retail rate impact established by paragraph (g) of this subsection (1). Once a qualifying retail utility either receives a permit pursuant to article 7 or 8 of title 25 C.R.S., for a generation facility that relies on or is affected by the definitions of eligible energy resources or enters into a contract that relies on or is affected by the definitions of eligible energy resources, such the definitions apply to the contract or facility notwithstanding any subsequent alteration of the definitions, whether by statute or rule. For purposes of compliance with the renewable energy standard, if a
generation system uses a combination of fossil fuel and eligible renewable energy resources to generate electricity, a qualified retail utility that is not an investor-owned utility may count as eligible renewable energy only the proportion of the total electric output of the generation system that results from the use of eligible renewable energy resources.

(e) A standard rebate offer program, under which:

(I) (A) Each qualifying retail utility except for cooperative electric associations and municipally owned utilities, shall make available to its retail electricity customers a standard rebate offer of a specified amount per watt for the installation of eligible solar electric generation on customers' premises up to a maximum of one hundred kilowatts per installation.

(I.5) The amount of the standard rebate offer shall be two dollars per watt; except that the commission may set the rebate at a lower amount if the commission determines, based upon a qualifying retail utility's renewable resource plan or application, that market changes support the change MUST EQUAL THE QUALIFYING RETAIL UTILITY'S EXISTING RETAIL ELECTRICITY RATE.

(II) Sales of electricity to a consumer may be made by the owner or operator of the solar electric generation facilities located on the site of the consumer's property if the solar generating equipment is sized to supply no more than one hundred twenty percent of the average annual consumption of electricity by the consumer at that site. For purposes of this subparagraph (II) SUBSECTION (1)(e)(II), the consumer's site shall include all contiguous property owned or leased by the consumer, without regard to interruptions in contiguity caused by easements, public thoroughfares, transportation rights-of-way, or utility
rights-of-way. If the solar electric generation facility is not owned by the
customer, then the COMMISSION SHALL NOT REQUIRE THE qualifying retail
utility to pay for the renewable
energy credits. ENERGY generated by the facility on any basis other than
a metered basis. The owner or operator of the solar electric generation
facility shall pay the cost of installing the production meter.

(III) The qualifying retail utility may establish one or more
standard offers to purchase renewable energy credits generated from the
eligible solar electric generation on the customer's premises so long as IF
the generation meets the size and location requirements set forth in
paragraph (II) of this paragraph (e) SUBSECTION (1)(c)(II) OF THIS
SECTION and so long as the generation is five hundred kilowatts or less in
size. When establishing the standard offers, the prices for renewable
energy credits should be set at levels sufficient to encourage increased
customer-sited solar generation in the size ranges covered by each
standard offer, but at levels that will still allow the qualifying retail utility
to comply with the electric resource standards set forth in paragraph (c)
of this subsection (1) without exceeding the retail rate impact limit in
paragraph (g) of this subsection (1) SUBSECTION (1)(c) OF THIS SECTION.
The commission shall encourage qualifying retail utilities to design solar
programs that allow consumers of all income levels to obtain the benefits
offered by solar electricity generation and shall allow programs that are
designed to extend participation to customers in market segments that
have not been responding to the standard offer program.

(f) Policies for the recovery of costs incurred with respect to these
standards for qualifying retail utilities that are subject to rate regulation
by the commission. These policies must provide incentives to qualifying
retail utilities to invest in eligible energy resources and must include:

(I) Allowing a qualifying retail utility to develop and own as utility rate-based property up to twenty-five percent of the total new eligible energy resources the utility acquires from entering into power purchase agreements and from developing and owning resources after March 27, 2007, if the new eligible energy resources proposed to be developed and owned by the utility can be constructed at reasonable cost compared to the cost of similar eligible energy resources available in the market. The qualifying retail utility shall be allowed to develop and own as utility rate-based property more than twenty-five percent but not more than fifty percent of total new eligible energy resources acquired after March 27, 2007, if the qualifying retail utility shows that its proposal would provide significant economic development, employment, energy security, or other benefits to the state of Colorado. The qualifying retail utility may develop and own these resources either by itself or jointly with other owners, and, if owned jointly, the entire jointly owned resource shall count toward the percentage limitations in this subparagraph (I). For the resources addressed in this subparagraph (I), the qualifying retail utility shall not be required to comply with the competitive bidding requirements of the commission's rules; except that nothing in this subparagraph (I) shall preclude the qualifying retail utility from bidding to own a greater percentage of new eligible energy resources than permitted by this subparagraph (I). In addition, nothing in this subparagraph (I) shall prevent the commission from waiving, repealing, or revising any commission rule in a manner otherwise consistent with applicable law.
(II) Allowing qualifying retail utilities to earn an extra profit on
their investment in eligible energy resource technologies if these
investments provide net economic benefits to customers as determined by
the commission. The allowable extra profit in any year shall be the
qualifying retail utility's most recent commission authorized rate of return
plus a bonus limited to fifty percent of the net economic benefit.

(III) Allowing qualifying retail utilities to earn their most recent
commision authorized rate of return, but no bonus, on investments in
eligible energy resource technologies if these investments do not provide
a net economic benefit to customers.

(V) If the commission approves the terms and conditions of an
eligible energy resource contract between the qualifying retail utility and
another party, the contract and its terms and conditions shall be deemed
to be a prudent investment, and the commission shall approve retail rates
sufficient to recover all just and reasonable costs associated with the
contract. All contracts for acquisition of eligible energy resources shall
MUST have a minimum term of twenty years; except that the SELLER MAY
SHORTEN THE contract term. may be shortened at the sole discretion of the
seller. All contracts for the acquisition of renewable energy credits from
solar electric technologies located on site at customer facilities shall also
have a minimum term of twenty years; except that such contracts for
systems of between one hundred kilowatts and one megawatt may have
a different term if mutually agreed to by the parties.

(VI) A requirement that qualifying retail utilities consider
proposals offered by third parties for the sale of renewable energy. or
renewable energy credits. The commission may develop standard terms
for the submission of such THE proposals.
(g) Retail rate impact rule:

(I) (B) If the retail rate impact does not exceed the maximum impact permitted by this paragraph (g), the qualifying utility may acquire more than the minimum amount of eligible energy resources and renewable energy credits required by this section. At the request of the qualifying retail utility and upon the commission's approval, the qualifying retail utility may advance funds from year to year to augment the amounts collected from retail customers under this paragraph (g) SUBSECTION (1)(g) for the acquisition of more eligible energy resources. Such IF THE RETAIL RATE IMPACT DOES NOT EXCEED TWO PERCENT OF THE TOTAL ANNUAL ELECTRIC BILL FOR EACH CUSTOMER, THE funds shall be repaid from future retail rate collections, with interest calculated at the qualifying retail utility's after-tax weighted average cost of capital. so long as the retail rate impact does not exceed two percent of the total annual electric bill for each customer.

(II) Each wholesale energy provider shall offer to its wholesale customers that are cooperative electric associations the opportunity to purchase their load ratio share of the wholesale energy provider's electricity from eligible energy resources. If a wholesale customer agrees to pay the full costs associated with the acquisition of eligible energy resources and associated renewable energy credits by its wholesale provider by providing notice of its intent to pay the full costs within sixty days after the wholesale provider extends the offer, the wholesale customer shall be entitled to MAY receive the appropriate credit toward the renewable energy standard as well as any associated renewable energy credits. To the extent that the full costs are not recovered from wholesale customers, a qualifying retail utility shall be entitled to MAY recover those
costs from retail customers.

(III) Subject to the maximum retail rate impact permitted by this paragraph (g), the qualifying retail utility shall have the discretion to determine, in a nondiscriminatory manner, the price it will pay for renewable energy credits from on-site customer facilities that are no larger than five hundred kilowatts.

(IV) (A) For cooperative electric associations, the maximum retail rate impact for this section is two percent of the total electric bill annually for each customer.

(B) Notwithstanding subparagraph (i) of this paragraph (g), the commission may ensure that customers who install distributed generation continue to contribute, in a nondiscriminatory fashion, their fair share to their utility's renewable energy program fund or equivalent renewable energy support mechanism even if such contribution results in a charge that exceeds two percent of such customers' annual electric bills.

(i) Rules necessary for the administration of this article including enforcement mechanisms necessary to ensure that each qualifying retail utility complies with this standard, and provisions governing the imposition of administrative penalties assessed after a hearing held by the commission pursuant to section 40-6-109. The commission shall exempt a qualifying retail utility from administrative penalties for an individual compliance year if the utility demonstrates that the retail rate impact cap described in paragraph (g) of this subsection (1) has been reached and the utility has not achieved full compliance with paragraph (c) of this subsection (1). The qualifying retail utility's actions under an approved compliance plan shall carry a rebuttable presumption of prudence. Under no circumstances shall the costs of administrative
penalties be recovered from Colorado retail customers.

(4) For municipal utilities that become qualifying retail utilities after December 31, 2006, the percentage requirements identified in subparagraph (V) of paragraph (c) of subsection (1) of this section shall begin in the first calendar year following qualification as follows:

(a) Years one through three: One percent of retail electricity sales;

(b) Years four through seven: Three percent of retail electricity sales;

(c) Years eight through twelve: Six percent of retail electricity sales; and

(d) Years thirteen and thereafter through sixteen: Ten percent of retail electricity sales;

(e) Years seventeen through twenty: Twenty percent of retail electricity sales, and additional capacity may only be produced from renewable energy sources;

(f) Years twenty-one through twenty-four: Forty percent of retail electricity sales, and additional capacity may only be produced from renewable energy sources;

(g) Years twenty-five through twenty-eight: Sixty percent of retail electricity sales, and additional capacity may only be produced from renewable energy sources;

(h) Years twenty-nine through thirty-two: Eighty percent of retail electricity sales, and additional capacity may only be produced from renewable energy sources; and

(i) Years thirty-three and thereafter: One hundred percent of retail electricity sales.
(5.5) Each cooperative electric association that is a qualifying retail utility shall submit an annual compliance report to the commission no later than June 1 of each year in which the cooperative electric association is subject to the renewable energy standard requirements established in this section. The annual compliance report shall describe the steps taken by the cooperative electric association to comply with the renewable energy standards and shall include the same information set forth in the rules of the commission for jurisdictional utilities. Cooperative electric associations shall not be subject to any part of the compliance report review process as provided in the rules for jurisdictional utilities. Cooperative electric associations shall not be required to obtain commission approval of annual compliance reports, and no additional regulatory authority of the commission other than that specifically contained in this subsection (5.5) is created or implied by this subsection (5.5).

(7) (b) Each municipally owned utility shall allow a customer-generator's retail electricity consumption to be offset by the electricity generated from eligible energy resources on the customer-generator's side of the meter that are interconnected with the facilities of the municipally owned utility, subject to the following:

(II) **Annual excess generation.** Within sixty days after the end of each annual period, or within sixty days after the customer-generator terminates its retail service, the municipally owned utility shall account for any excess energy generation, expressed in kilowatt-hours, accrued by the customer-generator and shall credit such the excess generation to the customer-generator in a manner deemed appropriate by the municipally owned utility AT THE AVERAGE RETAIL ELECTRICITY RATE CHARGED TO
THAT CUSTOMER DURING THE PREVIOUS YEAR.

(V) **Size specifications.** Each municipally owned utility may allow customer-generators to generate electricity subject to net metering in amounts in excess of those specified in this subparagraph (V), and shall allow: WITHOUT LIMIT.

(A) Residential customer-generators to generate electricity subject to net metering up to ten kilowatts; and

(B) Commercial or industrial customer-generators to generate electricity subject to net metering up to twenty-five kilowatts.

(8) **Qualifying wholesale utilities - definition - electric resource standard - tradable credits - reports.** (b) Electric resource standard. Notwithstanding any other provision of law, each qualifying wholesale utility shall generate, or cause to be generated, at least **twenty ONE HUNDRED** percent of the energy it provides to its Colorado members at wholesale from eligible energy resources in the year 2020 2035 and thereafter. If, and to the extent that, the purchase of energy generated from eligible energy resources by a Colorado member from a qualifying wholesale utility would cause an increase in rates for the Colorado member that exceeds the retail rate impact limitation in sub-subparagraph (A) of subparagraph (IV) of paragraph (g) of subsection (1) of this section, the obligation imposed on the qualifying wholesale utility is reduced by the amount of such energy necessary to enable the Colorado member to comply with the rate impact limitation.

(e) ** Tradable renewable energy credits.** A qualifying wholesale utility shall use a system of tradable renewable energy credits to comply with the electric resource standard established in this subsection (8). except that a renewable energy credit acquired under this subsection (8)
expires at the end of the fifth calendar year following the calendar year
in which it was generated:

(f) In implementing the electric resource standard established in
this subsection (8), a qualifying wholesale utility shall assure that the
costs, both direct and indirect, attributable to compliance with the
standard are recovered from its Colorado members. The qualifying
wholesale utility shall employ such cost allocation methods as are
required to assure that any direct or indirect costs attributable to
compliance with the standard established in this subsection (8) do not
affect the cost or price of the qualifying wholesale utility's sales to
customers outside of Colorado.

(g) Reports. Each qualifying wholesale utility THAT IS AN
INVESTOR-OWNED UTILITY OR A COOPERATIVE ELECTRIC ASSOCIATION
shall submit an annual report to the commission no later than June 1,
2014, and June 1 of each year thereafter. In addition, the qualifying
wholesale utility shall post an electronic copy of each report on its
website and shall provide the commission with an electronic copy of the
report. In each report, the qualifying wholesale utility shall:

(II) In the years before 2020 2035, describe whether it is making
sufficient progress toward meeting the standard in 2020 2035 or is likely
to meet the 2020 2035 standard early. If it is not making sufficient
progress toward meeting the standard in 2020 2035, it shall explain why
and shall indicate the steps it intends to take to increase the pace of
progress; and

(III) In 2020 2035 and thereafter, describe whether it has achieved
compliance with the electric resource standard established in this
subsection (8) and whether it anticipates continuing to do so. If it has not
achieved such compliance or does not anticipate continuing to do so, it shall explain why and shall indicate the steps it intends to take to meet the standard and by what date.

SECTION 3. In Colorado Revised Statutes, 30-20-602, amend (4.7)(b) introductory portion as follows:

30-20-602. Definitions. (4.7) (b) No renewable energy improvement shall be authorized that interferes with a right held by a public utility under a certificate issued by the public utilities commission under article 5 of title 40 C.R.S. SHALL NOT BE AUTHORIZED. Nothing in this part 6 limits the right of a public utility, subject to article 3 or 3.5 of title 40 C.R.S. or section 40-9.5-106, C.R.S., to assess fees for the use of its facilities, or modifies or expands the net metering limitations as established in sections 40-2-124 (7) and 40-9.5-118. C.R.S. Primary jurisdiction to hear any disputes concerning whether a renewable energy improvement interferes with such a right lies:

SECTION 4. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2018 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.