



Colorado Energy Office | 2021 Legislative Session Snapshot | June 2021

Over 30 bills passed in the 2021 Colorado legislative session advancing clean buildings, climate action, environmental justice, transportation electrification, renewable energy, energy efficiency, and just transition. These bills advance the implementation of the state's [Greenhouse Gas Pollution Reduction Roadmap](#), the strategic plan to achieve the statutory goals of 50% GHG pollution reduction in economy-wide emissions below 2005 levels by 2030 and 90% by 2050. The Roadmap is a sector-based plan with strategies to achieve at least 80% reduction from electricity generation by 2030, 60% from oil and gas development, 40% from transportation, and 20% from industry and buildings. The package of legislation makes major progress on all of these goals including public investments in market transformation, creation of incentives from electric and gas utilities, and regulatory requirements to be implemented through the Public Utilities Commission, Transportation Commission and Air Quality Control Commission.

For buildings, the package of bills creates a set of tools to improve existing buildings - incentives from utilities for customer energy efficiency improvements and switching from gas heaters to high efficiency heat pumps, performance standards for commercial buildings, and new and expanded financing programs including a state green bank. An innovative, first in the nation "clean heat standard" bill pulls all of these tools together into a comprehensive framework to achieve the 2030 GHG targets for buildings, by requiring gas distribution utilities to develop and get PUC approval for clean heat plans that can use electrification, efficiency, leak reduction, green hydrogen and recovered methane or biomethane to achieve at least 22% GHG reduction below 2015 levels by 2030.

For transportation, the legislation creates new funding streams to invest nearly three quarters of a billion dollars over the next decade in EV charging and hydrogen fueling infrastructure, incentives for low and moderate income Coloradans to upgrade to EVs and electric bicycles, and support for zero emission fleets of buses, school buses, transportation network company vehicles, public fleets, and medium and heavy duty trucks. The bill also invests in public transit and bicycle and pedestrian infrastructure, and creates a new air quality mitigation fund. It also makes reduction of GHGs a core element of the transportation planning process, setting the stage for an innovative rulemaking by the state Transportation Commission to set GHG pollution budgets for transportation plans.

For electric generation, the legislation builds on existing statute to add deadlines and regulatory backstops that further encourage all utilities with significant emissions to submit clean energy plans to achieve at least 80% GHG reduction by 2030. For oil and gas production and for the broader industrial sector, legislation takes the sectoral targets of 60% and 20% reduction by 2030 and places them into statute, giving additional backup to ongoing Air Quality Control Commission rulemakings to ensure these pollution reductions.

Legislation also created a new environmental justice ombudsperson and advisory board at the Department of Public Health and Environment, directs environmental fines into mitigation in disproportionately impacted communities, created an environmental justice office at the Department of Transportation, created new obligations that address environmental justice at the Public Utilities Commission and by the Utility Consumer Advocate and created minimum spending requirements for low income programs in multiple legislative bills creating utility incentives.

Better Buildings

[SB21-246 Electric Utility Promote Beneficial Electrification](#)

- Defines beneficial electrification including that it reduces GHG emissions.
- Requires regulated electric utilities to file plans to promote the use of energy-efficient electric equipment in place of less efficient fossil fuel-based systems through the use of rebates and incentives.
- Directs the Public Utilities Commission to establish targets based on all cost effective electrification.
- Requires the PUC to use a cost effectiveness test that includes the social cost of carbon and methane, using a discount rate of no more than 2.5%.
- Implements labor standards for some commercial beneficial electrification projects.

[SB21-264 Adopt Programs Reduce Greenhouse Gas Emissions Utilities](#)

- Sets GHG reduction requirements of 4% by 2025 and 22% reduction by 2030 from a 2015 baseline for gas utilities.
- Requires investor owned gas utilities (GDU) to file a “Clean Heat Plan” with the Public Utilities Commission to meet reduction targets.
- Obligates municipal utilities to meet emissions reduction targets.
- Define eligible technologies including gas energy efficiency, beneficial electrification, green hydrogen, and recovered methane.
- Requires the PUC to initiate a rulemaking to implement the legislation.
- Requires the AQCC to develop rules for recovered methane credits.

[HB21-1009 Update Division Housing Function & Local Development](#)

- Updates responsibilities of the Division of Housing in the Department of Local Affairs, including requiring the division to research transit-oriented development and advanced energy performance.

[HB21-1238 Public Utilities Commission Modernize Gas Utility DSM Standards](#)

- Modernizes requirements of regulated gas utility demand-side management programs.
- Beginning in 2022, requires the Public Utilities Commission to set energy savings targets based on all cost effective DSM.
- Updates methods for determining cost-effectiveness including requiring the social costs of carbon dioxide and methane emissions using a discount rate of no more than 2.55.
- Implements labor standards for certain commercial or multifamily gas DSM projects.

[HB21-1286 Energy Performance For Buildings](#)

- Requires, by 2022, owners of large commercial, multifamily, and public buildings to collect and report the buildings’ energy use on an annual basis to the Colorado Energy Office.
- Empanels a task force to develop recommendations for building performance standards to meet sector-wide greenhouse gas reduction targets of 7% by 2026 and 20% by 2030 from a 2021 baseline.
- Directs the Air Quality Control Commission to implement rules based on task force recommendations.
- Requires covered building owners to demonstrate compliance with the performance standards.

[HB21-1303 Global Warming Potential for Public Project Materials](#)

- Requires the Department of Personnel and Administration and the Colorado Department of Transportation to establish maximum global warming potential for the eligible materials and policies to determine and track the greenhouse gas emissions released by each.
- Obligates both departments to strive to achieve continuous reduction in greenhouse gas emissions in



construction materials over time.

- Requires contractors, for solicitations for certain public projects, to submit an environmental product declaration for each eligible material proposed to be used in the public project.

Finance for Energy Efficiency & Clean Energy

HB21-1105 Low Income Utility Assistance Payment Contributions

- Increases funding for programs to support lower-income customers by requiring gas and electric investor-owned utilities to collect a monthly charge starting October 2021. The charge starts at 50 cents per fuel and increases the following year to 75 per fuel.
- Dedicates funds for energy retrofits through the Weatherization Assistance Program at the Colorado Energy Office, will help finance utility bill payments and efficiency investments through Energy Outreach Colorado, and can be used to eligible customers get solar.
- Projected to generate approximately \$25 million/yr when fully implemented.

SB21-230 Transfer To Colorado Energy Office Energy Fund

- Allocates \$40 million to the Colorado Energy Office to support investing in clean energy and energy efficiency, including up to \$30 million to the Colorado Clean Energy Fund (CCEF), up to \$3 million to the New Energy Improvement District, up to \$2 million to the Residential Energy Upgrade loans and up to \$5 million to Charge Ahead Colorado for building EV charging for state fleet vehicles.
- Funds will support the initial year of benchmarking and building performance standards work.
- Authorizes a one-time investment into proven clean energy finance programs that will drive 5-10x the amount of private sector investment into our economy; capitalizes CCEF as the state green bank.

SB21-231 Energy Office Weatherization Assistance Grants

- Transfers \$3 million from the general fund to the energy fund administered by the Colorado Energy Office (CEO). The funding will be used for the Weatherization Assistance Program.

HB21-1253 Renewable And Clean Energy Project Grants

- The bill transfers \$5.0 million from the General Fund to the Local Government Severance Tax Fund in FY 2020-21 and appropriates the money to the Department of Local Affairs (DOLA). DOLA is directed to award the money by August 15, 2021, or as soon as possible thereafter to provide grants for renewable and clean energy implementation projects that meet the department's eligibility criteria for funding under the renewable and clean energy initiative program. DOLA is encouraged to prioritize communities with sparse renewable and clean energy infrastructure, and to consider geographic diversity when making grants.
- DOLA launched the renewable and clean energy program in 2019 to support Colorado's goal of reaching 100 percent renewable energy by 2040. Funding is awarded for the planning and implementation of renewable energy projects. As of January 2021, around \$15.0 million has been awarded for renewable and clean energy projects. Local governments are required to contribute a minimum of 25 percent match.

SB21-235 Stimulus Funding Department Of Agriculture Efficiency Programs

- The bill creates a one-time transfer of \$3.0 million from the General Fund to the Agriculture Value-Added Cash Fund to support the Department of Agriculture's (CDA's) ongoing Advancing Colorado's Renewable Energy and Energy Efficiency (ACRE3) program. The bill also appropriates \$2.0 million from the General Fund to the Conservation Services Division within CDA to administer voluntary soil health programs. CDA is authorized to retain up to two percent of all funding to cover administrative costs.



Transportation

[SB21-260 Sustainability Of The Transportation System](#)

- The bill creates new sources of dedicated funding and new state enterprises to enable the planning, funding, development, construction, maintenance, supervision, and regulation of a sustainable transportation system by preserving, improving, and expanding existing transportation infrastructure, developing the modern infrastructure needed to support the widespread adoption of electric motor vehicles, and mitigating adverse environmental impacts and health impacts of transportation system use.
- Creates 3 new transportation electrification enterprises: the clean transit enterprise, the clean fleet enterprise, and the community access enterprise. Over the first decade, approximately \$730 million is projected to go to these enterprises to support electric vehicle charging and hydrogen fueling infrastructure, low and moderate income adoption of EVs and electric bicycles, and conversion of fleets to zero emission vehicles, including public transit, school buses, transportation network company vehicles, public fleets, and medium and heavy duty trucks.
- Invests approximately \$450 million in the multimodal options and mitigation fund to support public transit and bicycle and pedestrian infrastructure; 85% goes to local governments, which must match 1-1, thus doubling the investment. Also invests \$115 million in multimodal safety projects to support complete streets in main streets and downtowns, and nearly 41 billion in flexible local funds that can be used for roads, transit, TDM, or bicycle and pedestrian projects.
- Creates a new air quality mitigation fund for areas in nonattainment with federal air quality standards.
- Creates a new environmental justice branch within CDOT.
- Specifies use of social cost of greenhouse gases, with a discount rate of no greater than 2.5%.
- Requires CDOT and metropolitan transportation organizations to make meeting state climate targets a goal of the transportation planning process and to implement relevant regulations adopted by the air division.
- Requires modeling of induced demand.

[HB 1271 Innovative Affordable Housing Strategies](#)

- Creates a new grant program for affordable housing, administered by the Department Of Local Affairs.
- These funds are tied to communities taking action to reform their land use policies to support denser housing that helps address affordability, but is also an important strategy in the state GHG Roadmap for reducing emissions from transportation by allowing housing near jobs.
- Incentivizes actions such as allowing duplexes and triplexes in ‘single family’ zones; allowing accessory dwelling units, relaxing minimum parking requirements and lifting occupancy restrictions.

[HB 1117 Local Government Authority to Promote Affordable Housing](#)

- Clarifies that local governments may apply inclusionary zoning requirements to new rental units.
- Conditions use of this authority on taking action to increase housing supply through actions to increase number and density of housing.
- Such actions may include allowing more than one unit per lot in ‘single family’ zones, rezoning for mixed use development, relaxing occupancy restrictions, reduced parking requirements, reduced fees for affordable housing, and other measures.
- This action to support denser housing helps address affordability, but is also an important strategy in the state GHG Roadmap for reducing emissions from transportation by allowing housing near jobs.



Environmental Justice, Climate & Just Transition

[HB21-1266 Environmental Justice Disproportionate Impacted Community](#)

- Creates the Environmental Justice Action Task Force in the Department of Public Health and Environment (CDPHE).
- Defines disproportionately impacted community.
- Creates an ombuds position at CDPHE to serve as an advocate for disproportionately impacted communities.
- Creates the community impact cash fund to provide grants for environmental mitigation projects in disproportionately impacted communities.
- Requires the Air Quality Control Commission to engage with disproportionately impacted communities to propose recommendations to the General Assembly regarding addressing environmental justice issues.
- Obligates utilities that own or operate generation to file clean energy plans to reduce GHG emission and other air pollutants at least 80% below 2005 levels by 2030.
- Directs the AQCC to develop rules to reduce GHG emissions from the oil and gas industry by at least 60% below 2005 levels by 2030 and from the industrial sector by at least 20% below 2005 levels by 2030.
- Requires the AQCC to adopt small fees on large GHG emitters to adequately fund the climate work of the air division.
- As part of an all-of-government approach to climate change, modernizes the statutory mission of the Colorado energy Office to remove promotion of fossil fuels and highlight reduction of GHG emissions from multiple sectors.

[HB21-1162 Management of Plastic Products](#)

- Phases out single-use plastic bags and polystyrene cups and containers in Colorado.
- It also repeals prior law prohibiting local governments from restricting the use of plastic materials.

[HB21-1189 Regulate Air Toxics](#)

- Requires Fenceline monitoring at certain facilities emitting air toxics like benzene, hydrogen cyanide, and hydrogen sulfide.
- Funds a new mobile air monitoring van to perform community monitoring around the facilities.

[HB21-1290 Additional Funding For Just Transition](#)

- Transfers \$8 million to the just transition cash fund and \$7 million to a newly created coal transition worker assistance program account in the fund.
- Requires the Office of Just Transition to spend at least 70% of the money transferred to the fund in state fiscal year FY 2021-22 and any remaining money in state FY 2022-23 to implement the final just transition plan for Colorado and to provide supplemental funding for existing state programs that the office identifies as the most effective vehicles for targeted investment in coal transition communities.

Climate Education & Awareness

[HB21-1149 Energy Sector Career Pathway in Higher Education](#)

- Designs a career pathway for students in the energy sector using existing models that will be implemented by the Strengthening Photovoltaic and Renewable Careers (SPARC) program that will be run by the Colorado Department of Labor and Employment and other educational institutions.
- Will aid in developing a workforce knowledgeable and specialized in the renewable energy and



energy efficiency sectors, building electrification, electric vehicles, carbon capture and energy storage which are needed to implement the state's GHG Roadmap

- Funded with \$5 million from the general fund.

[HB21-1141 Electric Vehicle License Plate](#)

- Issues owners of plug-in electric vehicles an electric vehicle license plate unless the owner elects for a different license plate to help raise awareness and knowledge about electric vehicles.

Renewable Energy Measures

[HB21-1052 Define Pumped Hydroelectricity As Renewable Energy](#)

- Removes an existing restriction on pumped hydroelectricity generation as a source of recycled energy, which is included in the definition of "eligible energy resource" under the renewable energy standard statute 40-2-124.

[HB21-1180 Measures to Increase Biomass Utilization](#)

- Requires the Colorado State Forest Service (CSFS) to conduct a study to help identify how biomass utilization can support wildlife mitigation, renewable energy development, soil health, climate change mitigation and carbon sequestration.

[SB21-020 Energy Equipment And Facility Property Tax Valuation](#)

- Changes the way renewable energy facility properties are taxed, which results in stable taxes over a 30-year period, rather than declining taxes over a 20-year period.
- Includes energy storage systems to the income approach for tax valuation, extends the income approach from a 20-year tax factor to 30-years and requires county assessors to utilize the income approach in valuing all solar energy facilities that generate 2 megawatts or less (community solar gardens) beginning in 2021.

[SB21-293 Property Tax Classification and Assessment Rates](#)

- Modifies property tax classifications.
- Temporarily reduces property tax rates on renewable energy properties.

[HB21-1284 Limit Fee Install Active Energy Solar System](#)

- Clarifies that these fee limitations for permit, application or any other related or associated fees to install solar apply to the aggregate of all charges assessed by state, county, or municipal governments for residential and non-residential permits to install active solar energy systems.
- Limits the aggregated cost of state, county, and municipal governments permitting fees to \$500 for residential installations or \$1,000 for non-residential installations.
- The Fair Permitting Act was established through legislation in 2011 to reduce barriers for homeowners and businesses seeking to utilize renewable energy technologies by addressing problems of inconsistent and expensive renewable energy permitting costs across the state. It was updated in 2017. This clarification makes clear the limits on combined charges and fees levied by local authorities for such solar installations are an aggregate of \$500/residential and \$1000/commercial.



Public Utilities Commission Climate Bills

[HB21-1269 Utilities Commission Study Of Community Choice Energy](#)

- Directs the PUC to conduct a study on the viability of the wholesale, opt-out model of community choice energy (CCE) in Colorado. CCE is defined as a mechanism that allows cities and counties to combine their purchasing power and choose alternative electricity suppliers, while the incumbent investor-owned utility continues to own and operate the transmission and distribution system.
- The study will also evaluate the impacts of CCE on resource adequacy and reliability and include an analysis of the potential impacts on achieving the state climate and clean energy goals.

[SB21-072 Public Utilities Commission Modernize Electric Transmission Infrastructure](#)

- Requires certain utilities that own or operate electricity transmission systems to join an Organized Wholesale Market by January 1, 2030.
- Creates the Colorado Electric Transmission Authority (CETA) which will have the power to issue revenue bonds, identify and establish intrastate electric transmission corridors, exercise the power of eminent domain to acquire eligible facilities, and collect payments of reasonable rates or other charges from eligible facilities, and among other things, ensures that utilities are following the labor standards in the bill.
- CETA will also coordinate, investigate, plan, prioritize, and negotiate with entities within and outside Colorado for the establishment of interstate transmission corridors and engage in other transmission planning activities that increase grid reliability, help Colorado meet its clean energy goals, and aid in economic development.
- The CETA will select a qualified transmission operator, acquire property for projects.
- The CETA will study and consider options to increase the efficient use of the transmission system and relieve constraints on the transmission system including options and alternatives for storage and advanced transmission technologies.

[SB21-103 Concerning the Continuation of the Office of Consumer Counsel](#)

- Renames it as the office of the utility consumer advocate.
- Modifies the mission to require the consumer advocate to consider statutory decarbonization goals, just transition and environmental justice in addition to rates and charges when considering the public interest in utility proceedings.

[SB21-261 Public Utilities Commission Encourage Renewable Energy Generation](#)

- Makes several changes to onsite solar in Colorado. Many of the changes are designed to expand access to solar or to allow customers to increase the amount of solar that they can use. The bill also creates a program that allows a utility customer to build solar and to sell that solar to another customer.
- Allows a customer to size a behind the meter solar PV system to meet up to 200% of the customers load (an increase from the current 120%) and to size their PV system based on expected load as compared to the past year's load as is done now. This would allow a home or business owner to buy a PV system sized for the customer's increased electric usage from an EV or electrifying space or water heating.
- Allows a customer to carry forward credit from all excess generation that is not used in the month that it is generated. This is currently limited to 100% of the customer's reasonably anticipated load in the following year.
- Creates a standard offer program for customer owned solar, which makes it easier for customers to



connect solar, and limits the size of this program to 0.25 percent of the utility's retail sales from the prior year. It does require the land to be within the utility's service territory.

SB21-272 Measures To Modernize The PUC

- Requires the Public Utilities Commission (PUC) to hire more staff, develop a new organization chart separating certain staff, and publish its most important matters with the legislature through press releases.
- Raises the cap on annual fees collected from regulated public utilities.
- Directs the PUC to adopt rules to improve equity and prioritize disproportionately impacted communities in matters that come before the PUC.
- Requires rule making requiring qualifying retail utilities to retire renewable energy credits to reach the state's clean energy and climate goals.
- Requires rules to establish fixed rates for net metering.
- Requires consideration of two versions of net present value of revenue requirement projections to community solar garden subscribers on their electric bills.
- Requires inclusion of the social cost of carbon dioxide with regard to a resource plan portfolio's net present value of revenue requirements.

HB21-1324 Promote Innovative And Clean Energy Technologies

- The bill replaces the integrated gasification combined cycle (IGCC) program, which was repealed in 2019, with a mechanism by which an investor-owned utility seeking to implement an innovative energy technology project may apply to the public utilities commission to acquire resources that demonstrate the use of zero-emission resources and other innovative energy technologies such as advanced renewable energy and storage.

