Colorado Legislative Council Staff

Summary of Legislation 2017

Energy

During the 2017 legislative session, the General Assembly considered measures concerning electric demand side management for investor-owned utilities, energy infrastructure, and consumer protections.

Public Utilities

Colorado has two investor-owned utilities, which are for-profit corporations that are regulated by the Colorado Public Utilities Commission (PUC). *Senate Bill 17-105* requires investor-owned electric utilities to provide comprehensive billing statements to their customers. Beginning January 1, 2018, on a schedule determined by the PUC, utilities must submit a new billing statement format for review by the PUC, and again whenever a change is made.

Senate Bill 17-271 requires the PUC to evaluate investor-owned utilities current service extension policies for serving new load applications through a non-adjudicatory proceeding, with exceptions for gas-only utilities. During the proceeding, which must take place by February 2018, the PUC is required to consider certain general load extension procedures, equitable allocation of costs, and variables that affect times lines. Within 90 days of the conclusion of the proceeding, the PUC may promulgate rules related to the findings.

Demand-side management. Demand-side management involves reducing electricity use through activities or programs that promote electricity efficiency or conservation, as well as more efficient management of electric energy loads. To promote demand-side management, the PUC was required in 2007 to establish goals for Colorado investor-owned electric utilities to achieve the following by 2018:

- a 5 percent reduction in the utility's retail system peak demand, measured in megawatts; and
- a 5 percent reduction in the utility's retail energy sales, measured in megawatt hours.

House Bill 17-1227 extends these demand-side management programs to 2028. The bill also requires the PUC to set new goals for demand-side management programs implemented between 2019 and 2028 of a 5 percent reduction in peak demand and energy sales relative to 2018 levels.

Oil and Gas Industry Practices and Regulations

The General Assembly considered several measures addressing the regulation of the oil and gas industry; however, these measures were postponed indefinitely.

Senate Bill 17-035 would have changed the penalty for the crime of tampering with oil or gas gathering equipment from a class 2 misdemeanor to a class 6 felony.

Current rules adopted by the Colorado Oil and Gas Conservation Commission (COGCC) require that new sites for oil and gas operations be located at least 1,000 feet from school buildings and other high occupancy buildings.

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House Bill 17-1256 would have required that the minimum setback distance apply to the school property line, rather than the school building.

Forced pooling. Under current law, any interested person may apply to the COGCC for an order to pool oil and gas resources located within a specifically identified drilling area, referred to as forced pooling. This practice may occur when two or more individuals own separate mineral resources within the same geologic formation of oil or gas reserves. In the absence of voluntary pooling these resources for development, the commission may compel private owners to pool these resources for development. Current law requires that the COGCC first give notice to interested parties, and then conduct a hearing in which the COGCC may adopt a forced pooling order to allow an operator to drill for oil and gas within the specified area, despite one or more owners' lack of consent.

House Bill 17-1336 would have required that the COGCC provide 90-days prior notice of a hearing to consider an application for forced pooling. The bill also would have required that prospective oil and gas operators first provide affected interest owners with an explanation of the laws governing forced pooling prior to applying to the COGCC for a forced pooling order. Oil and gas producers would have been required to file an electronic report with the commission stating the number of nonconsenting owners and the percentage of acres that have been force pooled within the drilling area.

Disclosure of pipelines. *House Bill 17-1372* would have required that an oil and gas operator give electronic notice of the location of each subsurface oil and gas facility that the operator installed, owned, or operated. Under the bill, operators would also be required to provide notice to COGCC and each local government within whose jurisdiction a subsurface oil and gas facility is located. This information would have been publicly available through the COGCC website in a searchable database. In addition to these requirements, the bill would have authorized a local government to request a map showing the location of existing well sites and production facilities; approved well sites or sites for which an application is pending; and sites the operator has identified for development.

Renewable Energy Incentives

Current law limits the fee amount that state, counties, or municipalities can charge for permit, application review, and plan reviews on applications for the installation of a solar energy device or system. These current fee limits are scheduled to repeal July 1, 2018. *Senate Bill 17-179* extends these fee limits to July 1, 2025, and clarifies that the limits also apply to related or associated fees.

Colorado Energy Office

Through *House Bill 12-1315*, the Governor's Energy Office was reorganized as the Colorado Energy Office (CEO). The mission of the office was modified to encourage all sources of energy development, including renewable energy resources, such as solar, hydro, and wind energy. The Clean and Renewable Energy Fund and the Innovative Energy Fund were also created through the bill. Funding for the CEO expired July 1, 2017, despite two efforts by the General Assembly to fund the office. Both of the following bills addressing the funding for the CEO were postponed indefinitely.

Senate Bill 17-301 would have reauthorized the CEO, while also making changes to the operation of the office. The bill would fund the Clean and Renewable Energy Fund and the Innovative Energy Fund from FY 2017-18 through FY 2020-21. The bill also would have repealed several defunct energy-related statutes in the CEO and made changes to the Property Assessed Clean Energy program, within the CEO.

House Bill 17-1373 would also have restored the CEO funding, which repealed in July 2017, to both the Clean and Renewable Energy Fund and the Innovative Energy Fund. This funding restoration would have been for FY 2017-18 only.