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Seventy-fifth General Assembly
STATE OF COLORADO

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LLS NO. 26-0448.01 Sarah Lozano x3858

SENATE BILL

SENATE SPONSORSHIP

Snyder and Simpson, Liston, Zamora Wilson

HOUSE SPONSORSHIP

Caldwell and Paschal, Flanell, Keltie

BILL TOPIC: Challenges Meeting 2030 Emissions Reduction Goals

DEADLINES: Finalize by: 1/6/2026 File by: 1/9/2026

A BILL FOR AN ACT

101 CONCERNING AN ENTITY THAT ENCOUNTERS CHALLENGES IN
102 ACHIEVING THE GREENHOUSE GAS EMISSIONS REDUCTION GOAL
103 INCLUDED IN THE ENTITY'S CLEAN ENERGY PLAN.

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>.)

Current law requires certain entities to file a clean energy plan (plan) to achieve an 80% decrease of greenhouse gas emissions caused by the entity's electricity sales in Colorado by 2030 relative to 2005 levels. Other entities may voluntarily choose to file a plan.

Under current law, no later than March 31, 2026, an entity required

to submit a plan may inform the division of administration (division) in the department of public health and environment in writing of challenges the entity is encountering or expects to encounter in achieving the 80% reduction of greenhouse gas emissions by 2030. The bill clarifies that an entity that has voluntarily submitted a plan may also inform the division of challenges the entity is encountering or expects to encounter in achieving the 80% reduction of greenhouse gas emissions by 2030. The bill also extends the deadline by which an entity must inform the division of challenges from March 31, 2026, to May 31, 2026.

A cooperative electric association (association) exempted from regulation by the public utilities commission or a municipal utility (utility) that informs the division of challenges the association or utility is encountering or expects to encounter has until December 31, 2026, to submit to the division an updated plan with the earliest year, not later than 2040, that the association or utility expects to be able to achieve the 80% decrease of greenhouse gas emissions, relative to 2005 levels, without impairing the association's or utility's ability to maintain applicable electric reliability standards and without increasing the association's or utility's average annual electric rates greater than 1.5%.

The bill prohibits the air quality control commission and the division from undertaking any action that impairs the association's or utility's ability to maintain applicable electric reliability standards or that increases the association's or utility's average annual electric rates greater than 1.5%.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds that:

4 (a) Colorado energy prices are rising at an untenable pace for the
5 state's most vulnerable populations, disproportionately impacting
6 income-qualified residents and creating an energy affordability crisis that
7 forces struggling families and small businesses to make difficult decisions
8 regarding trade-offs for necessary expenses;

9 (b) As a result, utility payment delinquencies are at an all-time
10 high and utility bill payment assistance programs are struggling to support
11 the expanding needs of community members;

1 (c) Energy Outreach Colorado's 2024 annual report shows that
2 nearly one in 5 Colorado families spend 7% or more of their income on
3 energy bills, with 10.1% of families facing a severe energy burden of
4 spending over 10% of their income on energy bills;

5 (d) Further, utility data reported to the U.S. energy information
6 administration shows a 22% increase in the cost of residential electricity
7 in Colorado over the last 6 years, worsened by double-digit rate increases
8 forecasted in upcoming years;

9 (e) The Colorado department of human services, referred to in this
10 section as "DHS", received over 136,000 applications for low-income
11 home energy assistance in state fiscal year 2024-25;

12 (f) DHS approved over 60% of these applications and provided
13 over \$49,800,000 at an average benefit of over \$565 per applicant. The
14 total number of applications with DHS for low-income home energy
15 assistance has increased 44% since 2019 and total payouts have increased
16 over 58%, demonstrating the severity of the affordability crisis.

17 (g) In state fiscal year 2024-25, DHS received the greatest number
18 of applications for assistance from El Paso county residents, with over
19 18,000 applications. DHS approved over 11,000 of these applications and
20 provided more than \$5.69 million in assistance to El Paso county
21 residents.

22 (h) Requests with DHS for low-income energy assistance from El
23 Paso county have increased 48% since 2019, and El Paso county has led
24 the state each year in the total number of applications since 2019;

25 (i) Because of the cost pressure already faced by many
26 income-qualified Coloradans, certain safeguards must exist to protect
27 already struggling ratepayers as Colorado undergoes a monumental clean

1 energy transition to achieve a carbon-free state economy;

2 (j) Electricity must be made available on demand to maintain the
3 reliability of the grid, and electric utilities must maintain a certain level
4 of firm electric generation resources that can be controlled or dispatched
5 when needed;

6 (k) The early retirement of these firm dispatchable electric
7 generation resources before sufficient replacement generating capacity is
8 made available causes resource adequacy challenges and significantly
9 increases uncertainty as to when and how much energy is needed and
10 available;

11 (l) Insufficient electric resource adequacy can lead to power
12 disruptions that directly impact the health and safety of Coloradans and
13 the vital services offered by hospitals, schools, and first responders;

14 (m) Because of the implications to national security, federal law
15 requires that military installations have electric power available at least
16 99.9% of the time;

17 (n) Colorado is home to 6 major military installations that are
18 critical components of our national defense infrastructure, with 5 of the
19 installations in El Paso county and one installation in Aurora;

20 (o) Ensuring continued reliable and affordable electric service to
21 the military is crucial to ensuring installations in Colorado can achieve
22 their critical missions and lessen the pressure to relocate these facilities
23 to other parts of the country;

24 (p) Electric utilities throughout Colorado vastly differ from one
25 another based on the communities they serve, their business model, the
26 size of their service territories, the technical capabilities of their systems,
27 and many other factors; however, the state's clean energy planning

1 framework requires all electric utilities to achieve the exact same
2 greenhouse gas emission reductions by the exact same dates;

3 (q) Access to electric transmission and interconnection facilities
4 is the key factor in determining a utility's ability to access new renewable
5 energy resources and quickly retire and replace its generation fleet in a
6 reliable and affordable fashion;

7 (r) However, not all utilities have the same access to the same
8 transmission and interconnection assets, and more transmission must be
9 built to give Colorado utilities a more equal footing in their ability to
10 access a broader array of resources;

11 (s) Several of Colorado's not-for-profit electric utilities are
12 expected to join the Southwest Power Pool regional transmission
13 organization in 2026, which will afford these utilities with new pathways
14 to access the resources necessary to achieve their clean energy targets,
15 especially the identification, funding, and construction of new
16 transmission projects;

17 (t) However, the process to identify new transmission projects in
18 the regional transmission organization will not begin until 2027, and the
19 construction of such projects will take several years to permit and
20 construct;

21 (u) In addition to barriers to transmission access, Colorado
22 utilities have been challenged by market conditions that were
23 unanticipated when the clean energy planning framework was established
24 in 2019 and amended in 2023, including an ever-changing federal policy
25 environment, unpredictable tariffs, supply chain disruptions, and the
26 repeal of clean energy subsidies for electricity investment and production
27 tax credits for wind and solar projects;

1 (v) These federal changes have increased the cost, time, and
2 regulatory risk and ratepayer burden of advancing clean energy goals;

3 (w) The inflexibility in Colorado's clean energy planning
4 framework does not recognize the material challenges utilities are facing
5 and offers no relief for utilities that are willing but unable to meet the
6 state's emission reduction targets within the next 4 years without
7 significant cost increases and threats to reliability; and

8 (x) Environmental sustainability remains a priority of the general
9 assembly. However, state policy must not impose an undue financial
10 burden on ratepayers, with particular attention to income-qualified
11 households and the protection of community members and critical
12 services requiring uninterrupted power.

13 (2) Therefore, the general assembly determines and declares that
14 Colorado's clean energy planning framework should include flexibility for
15 utilities that are unable to achieve their clean energy targets and consider
16 retail rate impacts and reliability standards to protect consumers and
17 prevent statewide resource adequacy constraints.

18 **SECTION 2.** In Colorado Revised Statutes, 25-7-105, **amend** (1)
19 introductory portion and (1)(e)(VIII.5)(H); and **add** (1)(e)(VIII.5)(I) as
20 follows:

21 **25-7-105. Duties of commission - technical secretary - rules -**
22 **report - legislative declaration - definitions - repeal.**

23 (1) Except as provided in sections 25-7-130 and 25-7-131, the
24 commission shall ~~promulgate~~ ADOPT rules that are consistent with the
25 legislative declaration set forth in section 25-7-102 and necessary for the
26 proper implementation and administration of this article 7, including:

27 (e) (VIII.5) (H) No later than ~~March 31, 2026,~~ any MAY 31, 2026,

1 AN entity ~~required to submit~~ THAT SUBMITS a clean energy plan or a plan
2 pursuant to ~~subsection (1)(e)(VIII)(F)~~ SUBSECTION (1)(e)(VIII) of this
3 section to the division may inform the division in writing of ~~any~~
4 challenges the entity is encountering or expects to encounter in achieving
5 at least an eighty percent reduction of greenhouse gas emissions caused
6 by the entity's Colorado electricity sales by 2030 relative to 2005 levels.
7 If an entity informs the division of ~~any~~ challenges in achieving the
8 greenhouse gas emissions reduction percentage, the division, in
9 coordination with the Colorado energy office created in section
10 24-38.5-101 (1), shall hold at least one public stakeholder meeting in
11 2026 to discuss the challenges raised by the entity and strategies for the
12 entity to achieve the greenhouse gas emissions reduction percentage. If,
13 after the public stakeholder meeting, ~~an~~ THE entity informs the division
14 in writing that the entity is still encountering or expects to encounter
15 challenges in achieving the greenhouse gas emissions reduction
16 percentage, no later than December 31, 2026, the division shall submit a
17 concise report to the general assembly summarizing the challenges the
18 entity is encountering or expects to encounter and describing ~~any~~ potential
19 solutions to the challenges. This subsection (1)(e)(VIII.5)(H) is repealed,
20 effective July 1, 2027.

21 (I) NOTWITHSTANDING ANY OTHER REQUIREMENT OF THIS
22 SUBSECTION (1)(e), AN ENTITY DESCRIBED IN SUBSECTION (1)(e)(VIII)(F)
23 OF THIS SECTION THAT, ON OR BEFORE MAY 31, 2026, INFORMS THE
24 DIVISION OF CHALLENGES IN ACHIEVING THE GREENHOUSE GAS EMISSIONS
25 REDUCTION PERCENTAGE MAY SUBMIT AN UPDATED CLEAN ENERGY PLAN
26 TO THE DIVISION, NO LATER THAN DECEMBER 31, 2026, WITH THE
27 EARLIEST YEAR, NOT LATER THAN 2040, THAT THE ENTITY EXPECTS TO BE

1 ABLE TO ACHIEVE AT LEAST AN EIGHTY PERCENT REDUCTION OF
2 GREENHOUSE GAS EMISSIONS CAUSED BY THE ENTITY'S COLORADO
3 ELECTRICITY SALES RELATIVE TO 2005 LEVELS WITHOUT IMPAIRING THE
4 ENTITY'S ABILITY TO MAINTAIN THE ELECTRIC RELIABILITY STANDARDS
5 ADOPTED BY THE NORTH AMERICAN ELECTRIC RELIABILITY
6 CORPORATION OR A REGIONAL TRANSMISSION ORGANIZATION OF WHICH
7 THE ENTITY IS A MEMBER AND WITHOUT RESULTING IN AN INCREASE IN THE
8 ENTITY'S AVERAGE ANNUAL ELECTRICITY RATES GREATER THAN ONE AND
9 ONE-HALF PERCENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS
10 SECTION, NEITHER THE COMMISSION NOR THE DIVISION SHALL UNDERTAKE
11 ANY ACTION THAT IMPAIRS THE ENTITY'S ABILITY TO MAINTAIN THE
12 ELECTRIC RELIABILITY STANDARDS ADOPTED BY THE NORTH AMERICAN
13 ELECTRIC RELIABILITY CORPORATION OR A REGIONAL TRANSMISSION
14 ORGANIZATION OF WHICH THE ENTITY IS A MEMBER OR THAT RESULTS IN
15 AN INCREASE IN THE ENTITY'S AVERAGE ANNUAL ELECTRICITY RATES
16 GREATER THAN ONE AND ONE-HALF PERCENT.

17 **SECTION 3. Safety clause.** The general assembly finds,
18 determines, and declares that this act is necessary for the immediate
19 preservation of the public peace, health, or safety or for appropriations for
20 the support and maintenance of the departments of the state and state
21 institutions.