

**First Regular Session
Seventieth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 15-0936.01 Duane Gall x4335

SENATE BILL 15-258

SENATE SPONSORSHIP

Cooke and Sonnenberg,

HOUSE SPONSORSHIP

Dore,

Senate Committees

Agriculture, Natural Resources, & Energy
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING A REQUIREMENT FOR COORDINATED REVIEW PRIOR TO**
102 **THE ADOPTION OF A STATE PLAN FOR THE REDUCTION OF**
103 **CARBON DIOXIDE EMISSIONS BY COLORADO ELECTRIC**
104 **UTILITIES, AND, IN CONNECTION THEREWITH, ENACTING THE**
105 **"COLORADO ELECTRIC CONSUMERS' PROTECTION ACT" AND**
106 **MAKING AN APPROPRIATION.**

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://www.leg.state.co.us/bills summaries>.)

The bill requires that, before the Colorado air quality control

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.

commission adopts a state plan for the reduction of carbon dioxide emissions by Colorado electric utilities in accordance with federal regulations, the proposed plan be:

- ! Reviewed by the Colorado public utilities commission (PUC) to determine, among other things, its likely impact on the rates paid for electricity by consumers;
- ! Evaluated by the PUC in a decision that is accompanied by a report summarizing the effects of the plan on rates, reliability, and Colorado's economy; and
- ! Adopted by both houses of the general assembly in a joint resolution approved by a majority vote.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 3 to article
3 3.2 of title 40 as follows:

4 PART 3

5 COORDINATED REVIEW OF CARBON DIOXIDE

6 EMISSION REDUCTION MEASURES

7 **40-3.2-301. Short title.** THIS PART 3 SHALL BE KNOWN AND MAY
8 BE CITED AS THE "COLORADO ELECTRIC CONSUMERS' PROTECTION ACT".

9 **40-3.2-302. Legislative declaration - purpose.** (1) THE GENERAL
10 ASSEMBLY FINDS AND DETERMINES THAT:

11 (a) THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
12 HAS PROPOSED EMISSION GUIDELINES FOR THE REGULATION OF CARBON
13 DIOXIDE EMISSIONS FROM EXISTING FOSSIL FUEL-FIRED ELECTRIC
14 GENERATING UNITS UNDER SECTION 111 (d) OF THE FEDERAL ACT;

15 (b) THESE PROPOSED GUIDELINES WILL HAVE A MAJOR IMPACT ON
16 THE ECONOMY OF COLORADO BY REGULATING HOW ELECTRICITY IS
17 PRODUCED, TRANSMITTED, DISTRIBUTED, AND CONSUMED WITHIN
18 COLORADO;

19 (c) UNDER SECTION 111 (d) OF THE FEDERAL ACT, AND AS

1 INCLUDED IN THE EPA'S PROPOSED EMISSION GUIDELINES, STATES TAKE
2 THE LEAD ROLE IN DEVELOPING PLANS FOR THE ESTABLISHMENT AND
3 IMPLEMENTATION OF PERFORMANCE STANDARDS FOR REDUCING CARBON
4 DIOXIDE EMISSIONS FROM EXISTING FOSSIL FUEL-FIRED ELECTRIC
5 GENERATING UNITS; AND

6 (d) DEVELOPMENT OF A STATE PLAN TO IMPLEMENT THE EPA'S
7 PROPOSED CARBON DIOXIDE EMISSION GUIDELINES COULD AFFECT THE
8 COST, RELIABILITY, AND FUTURE IMPROVEMENT OF ELECTRIC SERVICE
9 WITHIN THE STATE OF COLORADO AND SHOULD, THEREFORE, BE
10 UNDERTAKEN IN A PUBLIC PROCESS WITH INPUT FROM AFFECTED POWER
11 GENERATORS, COLORADO RATEPAYERS, AND THE COMMISSION AS THE
12 STATE AGENCY MOST ABLE TO ADDRESS THOSE EFFECTS.

13 (2) (a) THEREFORE, THE GENERAL ASSEMBLY DECLARES THAT THE
14 PURPOSE OF THIS PART 3 IS TO ENSURE THAT THE COLORADO AIR QUALITY
15 CONTROL COMMISSION RECEIVES INPUT FROM THE PUBLIC UTILITIES
16 COMMISSION AND THE GENERAL ASSEMBLY FOR:

17 (I) ANY PROPOSED PLAN TO REGULATE CARBON DIOXIDE
18 EMISSIONS FROM EXISTING FOSSIL FUEL-FIRED ELECTRIC GENERATING
19 UNITS UNDER SECTION 111 (d) OF THE FEDERAL ACT BEFORE THE
20 COLORADO AIR QUALITY CONTROL COMMISSION SUBMITS SUCH PLAN TO
21 THE EPA; AND

22 (II) BEFORE THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND
23 ENVIRONMENT IMPLEMENTS ANY SUCH PLAN FOLLOWING APPROVAL BY
24 THE EPA.

25 (b) THE GENERAL ASSEMBLY FURTHER DECLARES THAT THE
26 PURPOSE OF THIS PART 3 IS TO ENSURE THAT THE DEVELOPMENT OF ANY
27 STATE PLAN TO REGULATE CARBON DIOXIDE EMISSIONS FROM EXISTING

1 FOSSIL FUEL-FIRED ELECTRIC GENERATING UNITS UNDER SECTION 111 (d)
2 OF THE FEDERAL ACT IS INFORMED BY THE CONSIDERATION OF SUCH STATE
3 PLAN BY THE PUBLIC UTILITIES COMMISSION WITH RESPECT TO THE STATE
4 PLAN'S PROJECTED IMPACTS ON THE RELIABILITY AND AFFORDABILITY OF
5 ELECTRICITY IN COLORADO.

6 **40-3.2-303. Definitions.** AS USED IN THIS PART 3, UNLESS THE
7 CONTEXT OTHERWISE REQUIRES:

8 (1) "COVERED ELECTRIC GENERATING UNIT" MEANS AN EXISTING
9 FOSSIL FUEL-FIRED ELECTRIC GENERATING UNIT WITHIN THE STATE OF
10 COLORADO THAT IS SUBJECT TO REGULATION UNDER THE FEDERAL
11 EMISSION REGULATIONS.

12 (2) "DEPARTMENT" MEANS THE COLORADO DEPARTMENT OF
13 PUBLIC HEALTH AND ENVIRONMENT.

14 (3) "EPA" MEANS THE UNITED STATES ENVIRONMENTAL
15 PROTECTION AGENCY.

16 (4) "FEDERAL ACT" MEANS THE FEDERAL "CLEAN AIR ACT", 42
17 U.S.C. SEC. 7401, ET SEQ., AS AMENDED.

18 (5) "FEDERAL EMISSION REGULATIONS" MEANS ANY FINAL RULES,
19 REGULATIONS, GUIDELINES, OR OTHER REQUIREMENTS THAT THE EPA
20 MAY ADOPT FOR REGULATING CARBON DIOXIDE EMISSIONS FROM COVERED
21 ELECTRIC GENERATING UNITS UNDER SECTION 111 (d) OF THE FEDERAL
22 ACT.

23 (6) "FEDERAL PLAN" MEANS A FEDERAL IMPLEMENTATION PLAN
24 ISSUED BY THE EPA PURSUANT TO THE FEDERAL ACT.

25 (7) "STATE ACT" MEANS THE "COLORADO AIR POLLUTION
26 PREVENTION AND CONTROL ACT", ARTICLE 7 OF TITLE 25, C.R.S.

27 (8) "STATE PLAN" MEANS ANY PLAN, WHETHER OR NOT

1 INCORPORATED INTO THE STATE IMPLEMENTATION PLAN OR ADOPTED AS
2 A STATE-ONLY RULE, TO ESTABLISH AND ENFORCE CARBON DIOXIDE
3 EMISSION CONTROL REGULATIONS THAT THE COLORADO AIR QUALITY
4 CONTROL COMMISSION MAY ADOPT TO IMPLEMENT THE OBLIGATIONS OF
5 COLORADO UNDER THE FEDERAL EMISSION REGULATIONS.

6 **40-3.2-304. Carbon dioxide emission plans - review by**
7 **commission.** (1) THE COLORADO AIR QUALITY CONTROL COMMISSION
8 SHALL NOT SUBMIT A STATE PLAN TO THE EPA PURSUANT TO THE FEDERAL
9 EMISSION REGULATIONS UNLESS THE PROPOSED STATE PLAN IS FIRST
10 REVIEWED BY THE COMMISSION. THE COLORADO AIR QUALITY CONTROL
11 COMMISSION SHALL SUBMIT ANY PROPOSED STATE PLAN TO THE
12 COMMISSION BY A DATE THAT REASONABLY ALLOWS SUFFICIENT TIME FOR
13 THE COMMISSION AND THE GENERAL ASSEMBLY TO REVIEW THE PROPOSED
14 STATE PLAN AND ACT ON IT AS REQUIRED BY THIS PART 3.

15 (2) FOR THE LIMITED PURPOSES OF THE COMMISSION'S REVIEW OF
16 THE PROPOSED STATE PLAN, THE COMMISSION SHALL REQUEST THE
17 PARTICIPATION OF ALL ELECTRIC GENERATION AND DISTRIBUTION
18 UTILITIES WITHIN COLORADO, INCLUDING INVESTOR-OWNED UTILITIES,
19 COOPERATIVE ELECTRIC ASSOCIATIONS, GENERATION AND TRANSMISSION
20 ASSOCIATIONS, AND MUNICIPAL UTILITIES, AND MAY ALSO REQUEST THE
21 PARTICIPATION OF THE DEPARTMENT AND SUCH OTHER PERSONS OR
22 ENTITIES AS THE COMMISSION MAY FIND NECESSARY OR HELPFUL TO FULLY
23 EVALUATE THE PROPOSED STATE PLAN. OTHER THAN WITH RESPECT TO
24 INVESTOR-OWNED ELECTRIC UTILITIES, THE VOLUNTARY PARTICIPATION
25 IN THE COMMISSION PROCEEDINGS UNDER SECTION 40-3.2-305 BY ANY
26 OTHER ELECTRIC UTILITY, PERSON, OR ENTITY DOES NOT ESTABLISH OR
27 EXTEND THE COMMISSION'S JURISDICTION OVER SUCH ELECTRIC UTILITY,

1 PERSON, OR ENTITY FOR ANY OTHER PURPOSE, INCLUDING RESOURCE
2 PLANNING OR IMPLEMENTATION OF A FINAL APPROVED STATE PLAN.

3 **40-3.2-305. Review of plan by commission - procedure.**

4 (1) THE COMMISSION SHALL COMMENCE A PROCEEDING TO EVALUATE A
5 PROPOSED STATE PLAN AS REQUIRED BY SECTION 40-3.2-304
6 SUBSTANTIALLY IN ACCORDANCE WITH SECTION 40-6-111.

7 (2) IN EVALUATING THE PROPOSED STATE PLAN, THE COMMISSION
8 SHALL CONSIDER THE FOLLOWING FACTORS:

9 (a) WHETHER IMPLEMENTATION OF THE PROPOSED STATE PLAN
10 WILL RESULT IN COMPLIANCE WITH THE FEDERAL EMISSION REGULATIONS;

11 (b) WHETHER IMPLEMENTATION OF THE PROPOSED STATE PLAN IS
12 FEASIBLE WITHOUT IMPAIRING THE RELIABILITY OF ELECTRIC UTILITY
13 SERVICE IN COLORADO;

14 (c) WHETHER THE PROPOSED STATE PLAN IS THE LEAST EXPENSIVE
15 ALTERNATIVE TO MEET THE FEDERAL EMISSION REGULATIONS WITHOUT
16 IMPAIRING THE RELIABILITY OF ELECTRIC UTILITY SERVICE IN COLORADO;

17 (d) THE DEGREE TO WHICH THE PROPOSED STATE PLAN WILL
18 RESULT IN REDUCTIONS IN OTHER AIR POLLUTANT EMISSIONS;

19 (e) THE DEGREE TO WHICH THE PROPOSED STATE PLAN WILL
20 INCREASE UTILIZATION OF EXISTING NATURAL GAS-FIRED GENERATING
21 CAPACITY;

22 (f) THE DEGREE TO WHICH THE PROPOSED STATE PLAN ENHANCES
23 THE ABILITY OF COLORADO ELECTRIC UTILITIES TO MEET STATE OR
24 FEDERAL CLEAN ENERGY REQUIREMENTS, RELIES ON ENERGY EFFICIENCY,
25 OR RELIES ON OTHER LOW-EMITTING RESOURCES;

26 (g) WHETHER THE PROPOSED STATE PLAN PROMOTES COLORADO
27 ECONOMIC DEVELOPMENT;

1 (h) WHETHER THE PROPOSED STATE PLAN IS LIKELY TO HELP
2 PROTECT COLORADO CONSUMERS FROM FUTURE COST INCREASES,
3 INCLUDING COSTS ASSOCIATED WITH REASONABLY FORESEEABLE EMISSION
4 REDUCTION REQUIREMENTS; AND

5 (i) WHETHER THE COST OF THE PROPOSED STATE PLAN RESULTS IN
6 REASONABLE RATE IMPACTS. IN EVALUATING THE RATE IMPACTS OF THE
7 STATE PLAN, THE COMMISSION SHALL EXAMINE THE IMPACTS ON THE
8 RATES OF LOW-INCOME CONSUMERS.

9 **40-3.2-306. Coordinated assessment of impacts of state plan.**
10 ANY COMMISSION DECISION FOLLOWING A PROCEEDING TO EVALUATE THE
11 PROPOSED STATE PLAN MUST BE ACCOMPANIED BY A REPORT, PREPARED
12 BY THE COMMISSION AND THE DEPARTMENT, THAT ASSESSES THE EFFECTS
13 OF THE PROPOSED STATE PLAN RELATIVE TO THE FACTORS SET FORTH IN
14 SECTION 40-3.2-305 AND SUCH OTHER FACTORS AS DETERMINED BY THE
15 COMMISSION AND THE DEPARTMENT.

16 **40-3.2-307. Procedures for approval of proposed state plan by**
17 **general assembly.** (1) NOT LATER THAN FIFTEEN DAYS AFTER THE
18 COMMISSION'S EVALUATION OF A PROPOSED STATE PLAN PURSUANT TO
19 SECTION 40-3.2-304, THE COMMISSION AND THE COLORADO AIR QUALITY
20 CONTROL COMMISSION SHALL JOINTLY TRANSMIT TO EACH CHAMBER OF
21 THE GENERAL ASSEMBLY A COPY OF THE PROPOSED STATE PLAN, THE
22 COMMISSION'S DECISION EVALUATING THE PROPOSED STATE PLAN, AND
23 THE ACCOMPANYING REPORT DEVELOPED IN ACCORDANCE WITH SECTION
24 40-3.2-306.

25 (2) UPON RECEIVING THE PROPOSED STATE PLAN, COMMISSION
26 DECISION, AND ACCOMPANYING REPORT, EACH CHAMBER OF THE GENERAL
27 ASSEMBLY SHALL VOTE ON A JOINT RESOLUTION TO APPROVE SUBMISSION

1 OF THE PROPOSED STATE PLAN TO THE EPA. THE JOINT RESOLUTION SHALL
2 BE DEEMED APPROVED BY THE GENERAL ASSEMBLY IF A MAJORITY OF
3 EACH CHAMBER OF THE GENERAL ASSEMBLY VOTES IN FAVOR OF THE JOINT
4 RESOLUTION APPROVING SUBMISSION OF THE PROPOSED STATE PLAN.

5 (3) IF EITHER CHAMBER OF THE GENERAL ASSEMBLY FAILS TO
6 APPROVE THE JOINT RESOLUTION REGARDING SUBMISSION OF THE
7 PROPOSED STATE PLAN UNDER SUBSECTION (2) OF THIS SECTION, THE
8 COLORADO AIR QUALITY CONTROL COMMISSION MAY SUBMIT ONE REVISED
9 VERSION OF THE PROPOSED STATE PLAN TO THE COMMISSION FOR
10 EVALUATION IN ACCORDANCE WITH SECTIONS 40-3.2-304 TO 40-3.2-306.
11 FOLLOWING THE COMMISSION'S EVALUATION OF THE REVISED PROPOSED
12 STATE PLAN, THE COMMISSION AND THE COLORADO AIR QUALITY CONTROL
13 COMMISSION SHALL JOINTLY SUBMIT THE REVISED PROPOSED STATE PLAN
14 TO THE GENERAL ASSEMBLY FOR APPROVAL IN ACCORDANCE WITH
15 SUBSECTIONS (1) AND (2) OF THIS SECTION.

16 (4) UPON APPROVAL OF THE PROPOSED STATE PLAN BY THE
17 GENERAL ASSEMBLY IN ACCORDANCE WITH SUBSECTION (2) OF THIS
18 SECTION, THE COLORADO AIR QUALITY CONTROL COMMISSION SHALL
19 SUBMIT THE PROPOSED STATE PLAN TO THE EPA.

20 (5) IF THE PROPOSED STATE PLAN IS APPROVED BY THE EPA
21 WITHOUT MATERIAL MODIFICATION, THE COLORADO AIR QUALITY
22 CONTROL COMMISSION SHALL SUBMIT THE EPA-APPROVED STATE PLAN TO
23 THE GENERAL ASSEMBLY FOR FINAL APPROVAL CONSISTENT WITH THE
24 PROCEDURE SET FORTH IN SUBSECTION (2) OF THIS SECTION.

25 (6) IF THE EPA DISAPPROVES THE PROPOSED STATE PLAN IN WHOLE
26 OR IN PART AND PUTS IN PLACE A FEDERAL PLAN, THE COLORADO AIR
27 QUALITY CONTROL COMMISSION SHALL SUBMIT THE FEDERAL PLAN TO THE

1 COMMISSION TO DETERMINE WHETHER FURTHER CONSIDERATION OF THE
2 FEDERAL PLAN IS NECESSARY, CONSISTENT WITH THE PROCEDURE SET
3 FORTH IN SECTIONS 40-3.2-304 TO 40-3.2-306. THEREAFTER, THE
4 COLORADO AIR QUALITY CONTROL COMMISSION SHALL SUBMIT THE
5 FEDERAL PLAN, THE COMMISSION'S DECISION EVALUATING THE FEDERAL
6 PLAN, AND THE ACCOMPANYING REPORT TO THE GENERAL ASSEMBLY FOR
7 FURTHER CONSIDERATION AS MAY BE APPROPRIATE.

8 (7) NEITHER THE DEPARTMENT NOR THE COLORADO AIR QUALITY
9 CONTROL COMMISSION SHALL SUBMIT ANY STATE PLAN TO THE EPA IF A
10 JOINT RESOLUTION APPROVING THE STATE PLAN HAS NOT BEEN PASSED BY
11 BOTH CHAMBERS OF THE GENERAL ASSEMBLY IN ACCORDANCE WITH THIS
12 SECTION.

13 (8) THE APPROVAL BY THE GENERAL ASSEMBLY OF SUBMISSION OF
14 THE STATE PLAN TO THE EPA PURSUANT TO SUBSECTION (2) OF THIS
15 SECTION OR OF THE FINAL STATE PLAN ITSELF PURSUANT TO SUBSECTIONS
16 (4) AND (5) OF THIS SECTION DOES NOT PRECLUDE SUBSEQUENT JUDICIAL
17 REVIEW OF THE STATE PLAN BY A COURT OF COMPETENT JURISDICTION TO
18 DETERMINE WHETHER THE STATE PLAN COMPLIES WITH ALL APPLICABLE
19 STATE AND FEDERAL LAWS.

20 (9) THE APPROVAL PROCESS SET FORTH IN THIS PART 3 APPLIES TO
21 A COLORADO STATE PLAN AS WELL AS ANY REGIONAL PLAN IN WHICH THE
22 STATE OF COLORADO PARTICIPATES PURSUANT TO THE FEDERAL ACT OR
23 THE FEDERAL EMISSION REGULATIONS.

24 **40-3.2-308. State plan dependent on federal emission**
25 **regulations.** NOTWITHSTANDING APPROVAL BY THE GENERAL ASSEMBLY
26 OF SUBMISSION OF A PROPOSED STATE PLAN TO THE EPA OR APPROVAL OF
27 A FINAL STATE PLAN, FURTHER ACTION BY THE DEPARTMENT AND THE

1 COMMISSION TO IMPLEMENT OR ENFORCE THE FINAL APPROVED STATE
2 PLAN OR ANY FEDERAL PLAN IS DEPENDENT UPON THE FINAL ADOPTION OF
3 THE FEDERAL EMISSION REGULATIONS. IF THE FEDERAL EMISSION
4 REGULATIONS ARE NOT ADOPTED, OR ARE ADOPTED AND SUBSEQUENTLY
5 SUSPENDED OR HELD TO BE CONTRARY TO LAW, THE DEPARTMENT AND
6 THE COMMISSION SHALL SUSPEND OR TERMINATE, AS APPROPRIATE,
7 FURTHER ACTION TO IMPLEMENT OR ENFORCE THE STATE PLAN OR THE
8 FEDERAL PLAN, AND THE STATE PLAN OR FEDERAL PLAN HAS NO FURTHER
9 FORCE OR EFFECT CONSISTENT WITH THE VALIDITY OF THE FEDERAL
10 EMISSION REGULATIONS.

11 **SECTION 2. Appropriation.** For the 2015-16 state fiscal year,
12 \$112,083 is appropriated to the department of public health and
13 environment for use by the air pollution control division. This
14 appropriation consists of \$86,304 from the general fund and \$25,779
15 from the stationary sources control fund created in section 25-7-114.7 (2)
16 (b) (I), C.R.S., and is based on an assumption that the division will
17 require an additional 1.1 FTE. To implement this act, the department may
18 use this appropriation as follows:

19 (a) \$93,058, which consists of \$86,304 General Fund and \$6,754
20 cash funds, for personal services related to stationary sources, which
21 amount is based on an assumption that the division will require an
22 additional 1.1 FTE;

23 (b) \$4,848 cash funds for operating expenses related to stationary
24 sources; and

25 (c) \$14,177 cash funds for the purchase of legal services.

26 (2) For the 2015-16 state fiscal year, \$14,177 is appropriated to
27 the department of law. This appropriation is from reappropriated funds

1 received from the department of public health and environment under
2 paragraph (c) of subsection (1) of this section. To implement this act, the
3 department of law may use this appropriation to provide legal services for
4 the department of public health and environment.

5 (3) For the 2015-16 state fiscal year, \$200,000 is appropriated to
6 the department of regulatory agencies. This appropriation is from the
7 fixed utility fund created in section 40-2-114, C.R.S. To implement this
8 act, the department of regulatory agencies may use this appropriation for
9 personal services.

10 **SECTION 3. Safety clause.** The general assembly hereby finds,
11 determines, and declares that this act is necessary for the immediate
12 preservation of the public peace, health, and safety.