

Second Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0537.01 Christopher McMichael x4775

HOUSE BILL 26-1129

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A BILL FOR AN ACT

101 CONCERNING GAS UTILITY SERVICE.

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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 requires a gas distribution utility (utility) to exempt carbon dioxide emissions resulting from the combustion of gas by residential customers from the utility's clean heat plan filed with the public utilities commission (commission). A utility must exclude residential carbon dioxide emissions from the baseline and projected emissions calculations used in the utility's clean heat plan.

If a utility has already submitted a clean heat plan to the commission prior to the effective date of the bill, the utility may submit

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing law.  
Dashes through the words or numbers indicate deletions from existing law.

a revised clean heat plan to the commission that excludes residential carbon dioxide emissions from the utility's baseline and projected emissions calculations. The bill requires the commission to adopt rules that allow a utility to submit a revised clean heat plan.

The bill permits a utility to recover costs related to a system safety and integrity project, which is defined as a certain type of project that improves the safety or integrity of the gas distribution system.

The bill repeals a prohibition on a gas utility providing incentives to customers for establishing gas service to a property.

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

2 **SECTION 1.** In Colorado Revised Statutes, 40-3.2-108, **amend**  
3 (3)(c)(I)(B), (10)(a), and (11); and **add** (2)(q.5), (3)(g), (4)(i), (5)(c),  
4 (5)(d), (5)(e), and (12) as follows:

5 **40-3.2-108. Clean heat targets - legislative declaration -**  
6 **exclusion of residential sector - revised clean heat plans - system**  
7 **safety and integrity projects - definitions - plans - rules - reports.**

8 (2) **Definitions.** As used in this section, unless the context  
9 otherwise requires:

10 (q.5) "SYSTEM SAFETY AND INTEGRITY PROJECT" MEANS A  
11 PROJECT CONDUCTED BY A GAS DISTRIBUTION UTILITY THAT IMPROVES OR  
12 UPGRADES THE SAFETY OR INTEGRITY OF THE GAS DISTRIBUTION SYSTEM,  
13 INCLUDING:

14 (I) PIPELINE AND STORAGE INTEGRITY MANAGEMENT PROGRAMS;

15 (II) EXPOSED PIPE INSPECTION AND REMEDIATION;

16 (III) PIPE OR COMPRESSOR STATION UPGRADES;

17 (IV) PROJECTS UNDERTAKEN TO MEET THE UNITED STATES  
18 DEPARTMENT OF TRANSPORTATION PIPELINE AND HAZARDOUS MATERIALS  
19 SAFETY ADMINISTRATION REQUIREMENTS; AND

20 (V) SUPERVISORY CONTROL AND DATA ACQUISITION UPGRADES.

1           **(3) Clean heat targets.**

2           (c) (I) In calculating the baseline and projected emissions covered  
3 under a clean heat plan, a gas distribution utility must include the  
4 following:

5           (B) Carbon dioxide emissions resulting from the combustion of  
6 gas by ~~residential~~, commercial and industrial customers not otherwise  
7 subject to federal greenhouse gas emission reporting and excluding all  
8 transport customers; and

9           (g) (I) A GAS DISTRIBUTION UTILITY SHALL NOT INCLUDE CARBON  
10 DIOXIDE EMISSIONS RESULTING FROM THE COMBUSTION OF GAS BY  
11 RESIDENTIAL CUSTOMERS AS PART OF THE GAS DISTRIBUTION UTILITY'S  
12 CLEAN HEAT PLAN.

13          (II) A GAS DISTRIBUTION UTILITY SHALL EXCLUDE CARBON  
14 DIOXIDE EMISSIONS RESULTING FROM THE COMBUSTION OF GAS BY  
15 RESIDENTIAL CUSTOMERS IN CALCULATING THE UTILITY'S BASELINE AND  
16 PROJECTED EMISSIONS COVERED UNDER A CLEAN HEAT PLAN.

17           **(4) Submission of clean heat plans - revised clean heat plans.**

18          (i) (I) A GAS DISTRIBUTION UTILITY THAT HAS SUBMITTED A CLEAN  
19 HEAT PLAN PURSUANT TO THIS SECTION PRIOR TO THE EFFECTIVE DATE OF  
20 THIS SUBSECTION (4)(i) THAT RELIES ON A CALCULATION OF BASELINE AND  
21 PROJECTED EMISSIONS THAT INCLUDES CARBON DIOXIDE EMISSIONS  
22 RESULTING FROM THE COMBUSTION OF GAS BY RESIDENTIAL CUSTOMERS  
23 MAY REVISE ITS CLEAN HEAT PLAN WITH CALCULATIONS THAT EXCLUDE  
24 CARBON DIOXIDE EMISSIONS RESULTING FROM THE COMBUSTION OF GAS  
25 BY RESIDENTIAL CUSTOMERS.

26          (II) A GAS DISTRIBUTION UTILITY THAT SUBMITS A REVISED CLEAN  
27 HEAT PLAN IN ACCORDANCE WITH THIS SUBSECTION (4)(i) MUST SUBMIT

1 ITS REVISED PLAN ON OR BEFORE DECEMBER 31, 2027, OR WITHIN TWO  
2 YEARS AFTER THE UTILITY SUBMITS ITS ORIGINAL CLEAN HEAT PLAN,  
3 WHICHEVER DATE IS LATER.

4 (III) IF A GAS DISTRIBUTION UTILITY HAS NOT SUBMITTED A CLEAN  
5 HEAT PLAN ON OR BEFORE DECEMBER 31, 2027, THE GAS DISTRIBUTION  
6 UTILITY SHALL SUBMIT ITS INITIAL CLEAN HEAT PLAN AND EXCLUDE  
7 CARBON DIOXIDE EMISSIONS RESULTING FROM THE COMBUSTION OF GAS  
8 BY RESIDENTIAL CUSTOMERS IN ITS CALCULATION OF BASELINE AND  
9 PROJECTED EMISSIONS.

10 (IV) A GAS DISTRIBUTION UTILITY SHALL EXCLUDE CARBON  
11 DIOXIDE EMISSIONS RESULTING FROM THE COMBUSTION OF GAS BY  
12 RESIDENTIAL CUSTOMERS IN ITS CALCULATION OF BASELINE AND  
13 PROJECTED EMISSIONS FOR ANY SUBSEQUENT CLEAN HEAT PLANS OR  
14 UPDATES TO CLEAN HEAT PLANS THAT MAY BE REQUIRED PURSUANT TO  
15 THIS SECTION.

16 (5) **Commission rules.**

17 (c) ON OR BEFORE DECEMBER 31, 2026, THE COMMISSION SHALL  
18 ADOPT RULES THAT ALLOW A GAS DISTRIBUTION UTILITY TO SUBMIT A  
19 REVISED CLEAN HEAT PLAN THAT EXCLUDES CARBON DIOXIDE EMISSIONS  
20 RESULTING FROM THE COMBUSTION OF GAS BY RESIDENTIAL CUSTOMERS  
21 IN THE UTILITY'S CALCULATION OF BASELINE AND PROJECTED EMISSIONS  
22 IN ACCORDANCE WITH THIS SECTION.

23 (d) THE COMMISSION SHALL NOT ADOPT ANY RULE THAT  
24 PROHIBITS, OR EFFECTIVELY PROHIBITS, A GAS DISTRIBUTION UTILITY  
25 FROM INSTALLING, MAINTAINING, OR UPGRADING GAS UTILITY  
26 INFRASTRUCTURE SERVICE TO A RESIDENTIAL PROPERTY.

27 (e) THE COMMISSION SHALL ADOPT ANY RULES NECESSARY FOR A

1 GAS DISTRIBUTION UTILITY TO RECOVER SYSTEM SAFETY AND INTEGRITY  
2 PROJECT COSTS IN ACCORDANCE WITH SUBSECTION (12) OF THIS SECTION.

3 (10) No later than December 1, 2025, the commission, in  
4 consultation with the division, shall determine mass-based greenhouse  
5 gas emission reduction targets for clean heat plans for 2035. In  
6 establishing these targets, the commission shall:

7 (a) Ensure that gas distribution utilities' greenhouse gas emissions  
8 will be in line with the ~~residential~~, commercial and industrial sectors'  
9 contribution to statewide greenhouse gas pollution; and

10 (11) No later than December 1, 2032, the commission, in  
11 consultation with the division, shall determine the mass-based greenhouse  
12 gas emission reduction goals for clean heat plans for 2040, 2045, and  
13 2050 using a 2015 baseline that, at minimum, ensure that gas distribution  
14 utilities' greenhouse gas emission reductions will be proportionate to the  
15 ~~residential~~, commercial and industrial sectors' contribution to the  
16 greenhouse gas emission reduction goals, excluding transportation gas  
17 service customers or customers that report their own greenhouse gas  
18 emissions to the federal environmental protection agency under  
19 applicable federal law, including 40 CFR 98, subpart NN. In determining  
20 these goals, the commission shall consider savings achieved or projected  
21 to be achieved in other sectors of the state's economy, as well as the  
22 commercial availability of technologies to achieve emission reductions  
23 in this sector.

24 (12) **System safety and integrity projects - cost recovery.**

25 (a) A GAS DISTRIBUTION UTILITY THAT IS REGULATED BY THE  
26 COMMISSION SHALL BE PERMITTED TO RECOVER ALL PROJECTED SYSTEM  
27 SAFETY AND INTEGRITY PROJECT COSTS ANNUALLY.

1           (b) THE COMMISSION SHALL APPROVE THE RECOVERY OF  
2 PROJECTED SYSTEM SAFETY AND INTEGRITY PROJECT COSTS THROUGH AN  
3 ANNUAL RATE ADJUSTMENT CLAUSE OR A SEPARATE RATE ADJUSTMENT  
4 CLAUSE, INCLUDING A RETURN BASED ON THE GAS DISTRIBUTION UTILITY'S  
5 MOST RECENTLY APPROVED WEIGHTED AVERAGE COST OF CAPITAL THAT  
6 IS EFFECTIVE JANUARY 1 OF EACH YEAR.

7           **SECTION 2.** In Colorado Revised Statutes, 40-3.2-104.3, **repeal**  
8 (1)(d) and (2)(a) as follows:

9           **40-3.2-104.3. Options for high-efficiency electric heating -**  
10 **exemptions - definitions.**

11           (1) As used in this section, unless the context otherwise requires:

12           (d) ~~"Line extension allowance" means a bundle of costs that~~  
13 ~~includes construction allowances for new service lines, meters, and other~~  
14 ~~infrastructure associated with the addition of a new customer to a gas~~  
15 ~~utility's distribution system.~~

16           (2) (a) ~~A gas utility shall not provide an applicant an incentive,~~  
17 ~~including a line extension allowance, to establish gas service to a~~  
18 ~~property.~~

19           **SECTION 3. Act subject to petition - effective date.** This act  
20 takes effect at 12:01 a.m. on the day following the expiration of the  
21 ninety-day period after final adjournment of the general assembly (August  
22 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a  
23 referendum petition is filed pursuant to section 1 (3) of article V of the  
24 state constitution against this act or an item, section, or part of this act  
25 within such period, then the act, item, section, or part will not take effect  
26 unless approved by the people at the general election to be held in

- 1 November 2026 and, in such case, will take effect on the date of the
- 2 official declaration of the vote thereon by the governor.