

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 22-0401.01 Jennifer Berman x3286

HOUSE BILL 22-1013

HOUSE SPONSORSHIP

Pelton and Snyder,

SENATE SPONSORSHIP

Hisey and Winter,

House Committees
Energy & Environment

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE CREATION OF A GRANT PROGRAM TO BUILD
102 COMMUNITY RESILIENCE REGARDING ELECTRIC GRID
103 DISRUPTIONS THROUGH THE DEVELOPMENT OF MICROGRIDS.

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 creates the microgrids for community resilience grant program (grant program) to be administered by the division of local government (division) in the department of local affairs (department), in collaboration with the Colorado resiliency office (office) in the division. A cooperative electric association or a municipally owned utility (utility)

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

may apply to the division for a grant award to finance the purchase of microgrid resources in eligible rural communities within the utility's service territory that are at significant risk of severe weather or natural disaster events and in which there are one or more community anchor institutions. The microgrids, which can be connected to or be disconnected from, and work independent of, the utility's electric grid, can increase an eligible rural community's resilience regarding any interruptions to the electric grid, such as those caused by severe weather or natural disaster events. On an annual basis, the division is required to report on the progress of the grant program, submit copies of the report to the house of representatives energy and environment committee and the senate transportation and energy committee, or their successor committees, and publish the report on the department's website.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** article 9.8 to title
3 40 as follows:

4 **ARTICLE 9.8**

5 **Microgrids for Community Resilience**

6 **40-9.8-101. Short title.** THE SHORT TITLE OF THIS ARTICLE 9.8 IS
7 THE "MICROGRIDS FOR COMMUNITY RESILIENCE ACT".

8 **40-9.8-102. Legislative declaration.** (1) THE GENERAL
9 ASSEMBLY HEREBY FINDS AND DECLARES THAT:

10 (a) SEVERE WEATHER OR NATURAL DISASTER EVENTS CAN AFFECT
11 AN ELECTRIC UTILITY'S ABILITY TO DELIVER UNINTERRUPTED ELECTRICITY
12 THROUGHOUT ITS SERVICE TERRITORY, PARTICULARLY IN RURAL AREAS;

13 (b) IN THE RURAL AREAS OF THE STATE IN WHICH MANY
14 COOPERATIVE ELECTRIC ASSOCIATIONS OPERATE, INTERRUPTIONS IN THE
15 DELIVERY OF ELECTRIC SERVICE PRESENT SIGNIFICANT THREATS TO THE
16 COMMUNITY ANCHOR INSTITUTIONS LOCATED IN THOSE AREAS;

17 (c) USE OF MICROGRIDS CAN HELP INCREASE A COMMUNITY'S
18 RESILIENCE REGARDING SEVERE WEATHER OR NATURAL DISASTER EVENTS

1 THAT CAN AFFECT THE ELECTRIC GRID BY PROVIDING THE COMMUNITY
2 WITH AN ALTERNATIVE, RELIABLE SOURCE OF ELECTRICITY THAT IS NOT
3 DEPENDENT ON THE ELECTRIC GRID;

4 (d) MANY RURAL COMMUNITIES LACK THE RESOURCES NECESSARY
5 TO DEVELOP MICROGRIDS; AND

6 (e) THROUGH GRANTS MADE TO COOPERATIVE ELECTRIC
7 ASSOCIATIONS AND MUNICIPALLY OWNED UTILITIES, ASSOCIATIONS AND
8 MUNICIPALLY OWNED UTILITIES CAN INVEST IN MICROGRID RESOURCES IN
9 ELIGIBLE RURAL COMMUNITIES WITHIN THEIR SERVICE TERRITORIES THAT
10 ARE AT SIGNIFICANT RISK OF SEVERE WEATHER OR NATURAL DISASTER
11 EVENTS.

12 **40-9.8-103. Definitions - rules.** AS USED IN THIS ARTICLE 9.8,
13 UNLESS THE CONTEXT OTHERWISE REQUIRES:

14 (1) "COMMUNITY ANCHOR INSTITUTION" MEANS A:

15 (a) SCHOOL, AS DEFINED IN SECTION 24-37.5-902 (10);

16 (b) LIBRARY;

17 (c) HOSPITAL OR OTHER HEALTH-CARE FACILITY LICENSED OR
18 CERTIFIED PURSUANT TO SECTION 25-1.5-103;

19 (d) LAW ENFORCEMENT, EMERGENCY MEDICAL SERVICE PROVIDER,
20 OR OTHER PUBLIC SAFETY AGENCY;

21 (e) GOVERNMENT OFFICE;

22 (f) COMMUNITY ORGANIZATION FACILITY AT WHICH SERVICES TO
23 AT-RISK POPULATIONS SUCH AS INCOME-ELIGIBLE HOUSEHOLDS, SENIORS,
24 OR UNHOUSED PERSONS ARE PROVIDED; OR

25 (g) OTHER CRITICAL COMMUNITY SERVICE FACILITIES, AS
26 DETERMINED BY THE DEPARTMENT BY RULE.

27 (2) "COOPERATIVE ELECTRIC ASSOCIATION" OR "ASSOCIATION"

1 HAS THE MEANING SET FORTH IN SECTION 40-9.5-102 (1).

2 (3) "DEPARTMENT" MEANS THE DEPARTMENT OF LOCAL AFFAIRS
3 CREATED IN SECTION 24-1-125.

4 (4) "DISTRIBUTED ENERGY RESOURCE" MEANS AN ELECTRIC
5 GENERATION RESOURCE, INCLUDING A RENEWABLE ENERGY RESOURCE OR
6 RENEWABLE ENERGY STORAGE, THAT IS LOCATED ON A PROPERTY WITHIN
7 AN ELECTRIC UTILITY'S SERVICE TERRITORY AND THAT IS
8 INTERCONNECTED TO THE ELECTRIC GRID.

9 (5) "DIVISION" MEANS THE DIVISION OF LOCAL GOVERNMENT
10 CREATED IN SECTION 24-32-103.

11 (6) "ELIGIBLE RURAL COMMUNITY" MEANS A RURAL COMMUNITY:

12 (a) THAT IS AT SIGNIFICANT RISK OF EXPERIENCING SEVERE
13 WEATHER OR NATURAL DISASTER EVENTS; AND

14 (b) IN WHICH ONE OR MORE COMMUNITY ANCHOR INSTITUTIONS
15 ARE LOCATED.

16 (7) "GRANT PROGRAM" MEANS THE MICROGRIDS FOR COMMUNITY
17 RESILIENCE GRANT PROGRAM CREATED IN SECTION 40-9.8-104 (1)(a).

18 (8) "ISLAND MODE" MEANS AN ELECTRIC GENERATION SYSTEM
19 THAT IS NOT CONNECTED TO THE ELECTRIC GRID AND CAN OPERATE
20 INDEPENDENT OF THE GRID.

21 (9) "MICROGRID" MEANS A GROUP OF INTERCONNECTED ELECTRIC
22 LOADS AND DISTRIBUTED ENERGY RESOURCES WITH CLEARLY DEFINED
23 ELECTRICAL BOUNDARIES THAT:

24 (a) FUNCTIONS AS A SINGLE, CONTROLLABLE ENTITY WITH RESPECT
25 TO THE ELECTRIC GRID; AND

26 (b) CAN BE CONNECTED TO OR DISCONNECTED FROM THE ELECTRIC
27 GRID TO ENABLE IT TO OPERATE EITHER IN GRID-CONNECTED MODE OR IN

1 ISLAND MODE.

2 (10) "OFFICE" MEANS THE COLORADO RESILIENCY OFFICE
3 CREATED IN SECTION 24-32-121.

4 (11) "RENEWABLE ENERGY" HAS THE MEANING SET FORTH IN
5 SECTION 40-1-102 (11).

6 (12) "RENEWABLE ENERGY STORAGE" MEANS AN ENERGY
7 STORAGE SYSTEM, AS DEFINED IN SECTION 40-2-130 (2)(a).

8 (13) "SEVERE WEATHER OR NATURAL DISASTER EVENTS"
9 INCLUDES, BUT IS NOT LIMITED TO, SNOWSTORMS, FREEZES, WILDFIRES,
10 TORNADOES, HIGH WINDS, AND FLOODS.

11 **40-9.8-104. Microgrids for community resilience grant**
12 **program - creation - grant application process - report - repeal.**

13 (1) (a) (I) THE MICROGRIDS FOR COMMUNITY RESILIENCE GRANT
14 PROGRAM IS HEREBY CREATED IN THE DIVISION TO PROVIDE GRANTS FOR
15 COOPERATIVE ELECTRIC ASSOCIATIONS AND MUNICIPALLY OWNED
16 UTILITIES TO PURCHASE MICROGRID RESOURCES FOR ELIGIBLE RURAL
17 COMMUNITIES LOCATED WITHIN THEIR SERVICE TERRITORIES. THE
18 DIVISION, IN COLLABORATION WITH THE OFFICE, SHALL AWARD GRANTS
19 FROM THE MONEY THAT THE GENERAL ASSEMBLY APPROPRIATES TO THE
20 DEPARTMENT FOR USE BY THE DIVISION FOR THE GRANT PROGRAM, AS
21 WELL AS ANY MONEY RECEIVED FROM FEDERAL SOURCES THAT MAY BE
22 USED FOR THE GRANT PROGRAM. THE DEPARTMENT MAY APPLY FOR,
23 RECEIVE, AND DISTRIBUTE FEDERAL MONEY FOR THE GRANT PROGRAM.

24 (II) THE DIVISION, OFFICE, AND DEPARTMENT MAY USE A PORTION
25 OF THE GRANT PROGRAM MONEY FOR ADMINISTRATIVE PURPOSES IN AN
26 AMOUNT NOT TO EXCEED THE AMOUNT OF MONEY REQUIRED TO COVER
27 THEIR DIRECT AND INDIRECT COSTS IN ADMINISTERING THE GRANT

1 PROGRAM.

2 (III) THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE
3 MONEY TO THE DEPARTMENT FOR USE BY THE DIVISION TO ADMINISTER
4 THE GRANT PROGRAM.

5 (b) TO ADMINISTER THE GRANT PROGRAM, THE DIVISION, IN
6 COLLABORATION WITH THE OFFICE, SHALL DEVELOP A GRANT APPLICATION
7 PROCESS AND, ON OR BEFORE OCTOBER 1, 2022, POST INFORMATION
8 ABOUT THE PROCESS, INCLUDING ANY APPLICATION FORM DEVELOPED AND
9 DEADLINES SET, ON THE DEPARTMENT'S WEBSITE. THE DIVISION SHALL
10 BEGIN ACCEPTING APPLICATIONS AFTER IT POSTS THE INFORMATION ABOUT
11 THE APPLICATION PROCESS ON THE DEPARTMENT'S WEBSITE. THE DIVISION
12 SHALL CONTINUE TO ACCEPT APPLICATIONS UNTIL ALL OF THE GRANT
13 MONEY IS AWARDED.

14 (c) ONLY COOPERATIVE ELECTRIC ASSOCIATIONS AND
15 MUNICIPALLY OWNED UTILITIES THAT SERVE ELIGIBLE RURAL
16 COMMUNITIES ARE ELIGIBLE TO APPLY FOR A GRANT UNDER THE GRANT
17 PROGRAM.

18 (2) AS PART OF ITS GRANT APPLICATION, AN APPLICANT MUST:

19 (a) IDENTIFY ONE OR MORE ELIGIBLE RURAL COMMUNITIES WITHIN
20 THE APPLICANT'S SERVICE TERRITORY FOR WHICH THE APPLICANT PLANS
21 TO UTILIZE MICROGRID RESOURCES TO INCREASE THE COMMUNITY'S
22 RESILIENCE REGARDING INTERRUPTIONS TO THE ELECTRIC GRID THAT CAN
23 BE CAUSED BY SEVERE WEATHER OR NATURAL DISASTER EVENTS; AND

24 (b) SUBMIT WITH THE APPLICATION A PLAN DETAILING HOW THE
25 APPLICANT WILL UTILIZE MICROGRID RESOURCES IN ONE OR MORE ELIGIBLE
26 RURAL COMMUNITIES IDENTIFIED IN THE APPLICATION PURSUANT TO
27 SUBSECTION (2)(a) OF THIS SECTION.

1 (3) IN AWARDING GRANTS, THE DIVISION, IN COLLABORATION WITH
2 THE OFFICE, SHALL CONSIDER THE FOLLOWING WITH REGARD TO ONE OR
3 MORE ELIGIBLE RURAL COMMUNITIES THAT AN APPLICANT IDENTIFIES IN
4 ITS GRANT PROGRAM APPLICATION:

5 (a) EACH ELIGIBLE RURAL COMMUNITY'S DEGREE OF EXPOSURE TO
6 SEVERE WEATHER OR NATURAL DISASTER EVENTS;

7 (b) THE NATURE OF EACH ELIGIBLE RURAL COMMUNITY'S
8 INTERESTS THAT ARE AT RISK FROM SEVERE WEATHER OR NATURAL
9 DISASTER EVENTS;

10 (c) THE AVAILABILITY OF ALTERNATIVE RESOURCES TO MEET THE
11 NEEDS OF EACH ELIGIBLE RURAL COMMUNITY IF FACED WITH A SEVERE
12 WEATHER OR NATURAL DISASTER EVENT; AND

13 (d) THE FINANCIAL RESOURCES OF EACH ELIGIBLE RURAL
14 COMMUNITY TO MITIGATE THE RISKS.

15 (4) ON OR BEFORE OCTOBER 1, 2023, AND ON OR BEFORE OCTOBER
16 1 OF EACH YEAR THEREAFTER, THE DIVISION SHALL SUBMIT A REPORT
17 SUMMARIZING THE GRANTS AWARDED IN THE PREVIOUS TWELVE MONTHS
18 THROUGH THE GRANT PROGRAM, INCLUDING:

19 (a) THE NUMBER OF GRANTS AWARDED; AND

20 (b) FOR EACH GRANT AWARDED:

21 (I) THE AMOUNT AWARDED;

22 (II) THE LOCATION OF THE ELIGIBLE RURAL COMMUNITY OR
23 COMMUNITIES FOR WHICH THE GRANT WILL BE USED; AND

24 (III) INFORMATION CONCERNING THE GRANTEE'S PROGRESS IN
25 DEVELOPING MICROGRID RESOURCES, INCLUDING A DESCRIPTION OF THE
26 MICROGRID RESOURCES BEING DEVELOPED AND THE KILOWATT-HOURS
27 THAT THE MICROGRID RESOURCES ARE OR WILL BE CAPABLE OF

1 GENERATING.

2 (c) THE DIVISION SHALL PUBLISH THE ANNUAL REPORT ON THE
3 DEPARTMENT'S WEBSITE AND FURNISH COPIES OF THE REPORT TO THE
4 HOUSE OF REPRESENTATIVES ENERGY AND ENVIRONMENT COMMITTEE AND
5 THE SENATE TRANSPORTATION AND ENERGY COMMITTEE, OR THEIR
6 SUCCESSOR COMMITTEES.

7 (5) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2026.

8 **SECTION 2. Act subject to petition - effective date.** This act
9 takes effect at 12:01 a.m. on the day following the expiration of the
10 ninety-day period after final adjournment of the general assembly; except
11 that, if a referendum petition is filed pursuant to section 1 (3) of article V
12 of the state constitution against this act or an item, section, or part of this
13 act within such period, then the act, item, section, or part will not take
14 effect unless approved by the people at the general election to be held in
15 November 2022 and, in such case, will take effect on the date of the
16 official declaration of the vote thereon by the governor.