

Second Regular Session
Sixty-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 04-0843.01 Duane Gall

HOUSE BILL 04-1313

HOUSE SPONSORSHIP

Romanoff, and Briggs

SENATE SPONSORSHIP

Entz, and Reeves

House Committees

Information & Technology
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Senate Committees

A BILL FOR AN ACT

101 CONCERNING INTEGRATED RESOURCE PLANNING FOR ELECTRIC
102 UTILITIES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Requires the public utilities commission (commission) to amend or replace its existing rules on integrated resource planning to establish that the goal of integrated resource planning is to minimize the net present value of revenue requirements, as opposed to minimizing the net present value of rate impacts.

Directs that the rules require each electric and gas utility subject to the commission's jurisdiction to develop and submit a preferred plan that results in the lowest bills for customers as a whole, based on the

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.

metric of the lowest net present value of revenue requirements.

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

2 **SECTION 1.** 40-2-123, Colorado Revised Statutes, is amended
3 to read:

4 **40-2-123. Commission consideration of new energy**
5 **technologies - integrated resource planning - rules - definitions.**

6 (1) The commission shall give the fullest possible consideration to the
7 cost-effective implementation of new clean energy and energy-efficient
8 technologies in its consideration of generation acquisitions for electric
9 utilities, bearing in mind the beneficial contributions such technologies
10 make to Colorado's energy security, economic prosperity, environmental
11 protection, and insulation from fuel price increases. The commission
12 shall consider utility investments in energy efficiency to be an acceptable
13 use of ratepayer moneys.

14 (2) ON OR BEFORE OCTOBER 15, 2004, THE COMMISSION SHALL
15 ADOPT NEW OR AMENDED RULES CONCERNING INTEGRATED RESOURCE
16 PLANNING, ALSO KNOWN AS LEAST-COST PLANNING, THAT ESTABLISH THAT
17 THE GOAL OF INTEGRATED RESOURCE PLANNING IS TO MINIMIZE THE NET
18 PRESENT VALUE OF REVENUE REQUIREMENTS RATHER THAN TO MINIMIZE
19 THE NET PRESENT VALUE OF RATE IMPACTS. SUCH RULES SHALL REQUIRE
20 EACH ELECTRIC AND GAS UTILITY SUBJECT TO THE COMMISSION'S
21 JURISDICTION TO DEVELOP AND SUBMIT A PREFERRED PLAN THAT RESULTS
22 IN THE LOWEST BILLS FOR CUSTOMERS AS A WHOLE, BASED ON THE METRIC
23 OF THE LOWEST NET PRESENT VALUE OF REVENUE REQUIREMENTS.

24 (3) IN DEVELOPING A PREFERRED LEAST-COST PLAN, A UTILITY
25 SHALL CONSIDER AS BROAD AS POSSIBLE A RANGE OF ENERGY EFFICIENCY

1 AND LOAD MANAGEMENT PROGRAMS. THE COST-EFFECTIVENESS OF SUCH
2 PROGRAMS SHALL BE DETERMINED USING A TOTAL RESOURCE COST TEST,
3 CONSISTENT WITH THE GOAL OF MINIMIZING THE NET PRESENT VALUE OF
4 REVENUE REQUIREMENTS.

5 (4) IF, AT THE TIME THE COMMISSION ADOPTS NEW OR AMENDED
6 RULES PURSUANT TO SUBSECTION (2) OF THIS SECTION, A UTILITY HAS
7 ALREADY SUBMITTED AN INTEGRATED RESOURCE PLAN UNDER PRIOR
8 RULES AND THE PLAN IS IN THE PROCESS OF BEING REVIEWED BY THE
9 COMMISSION, THE PLAN SHALL BE MODIFIED AS NECESSARY TO COMPLY
10 WITH THE NEW OR AMENDED RULES.

11 (5) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
12 REQUIRES:

13 (a) "ENERGY EFFICIENCY" MEANS A DECREASE IN THE ELECTRICITY
14 USE OF PARTICIPATING CUSTOMERS DURING ANY SELECTED TIME PERIOD,
15 WITH ENERGY SERVICES HELD CONSTANT.

16 (b) "INTEGRATED RESOURCE PLANNING" MEANS PLANNING THAT
17 TAKES INTO CONSIDERATION ALL POSSIBLE RESOURCES, INCLUDING
18 ENERGY SUPPLY, ENERGY EFFICIENCY, AND LOAD MANAGEMENT
19 RESOURCES, FOR MEETING A UTILITY'S BASELINE ELECTRICITY DEMAND
20 FORECAST.

21 (c) "LOAD MANAGEMENT" MEANS A DECREASE IN PEAK
22 ELECTRICITY DEMAND OF PARTICIPATING CUSTOMERS OR A SHIFT IN
23 DEMAND FROM PEAK TO OFF-PEAK TIME PERIODS.

24 (d) "NET PRESENT VALUE OF REVENUE REQUIREMENTS" MEANS THE
25 CURRENT WORTH OF THE EXPECTED STREAM OF FUTURE REVENUE
26 REQUIREMENTS ASSOCIATED WITH A PARTICULAR RESOURCE PORTFOLIO,
27 EXPRESSED IN DOLLARS IN THE YEAR THE PLAN IS FILED. THE CURRENT

1 WORTH IS OBTAINED BY APPLYING A DISCOUNT RATE TO THE EXPECTED
2 STREAM OF FUTURE REVENUE REQUIREMENTS.

3 (e) "TOTAL RESOURCE COST TEST" MEANS A DETERMINATION OF
4 THE COST-EFFECTIVENESS OF ENERGY EFFICIENCY OR LOAD MANAGEMENT
5 PROGRAMS THAT CONSIDERS COSTS PAID BY BOTH PARTICIPANTS AND THE
6 UTILITY, AS WELL AS THE UTILITY'S NET AVOIDED SUPPLY COSTS.

7 **SECTION 2. Effective date.** This act shall take effect at 12:01
8 a.m. on the day following the expiration of the ninety-day period after
9 final adjournment of the general assembly that is allowed for submitting
10 a referendum petition pursuant to article V, section 1 (3) of the state
11 constitution (August 4, 2004, if adjournment sine die is on May 5, 2004);
12 except that, if a referendum petition is filed against this act or an item,
13 section, or part of this act within such period, then the act, item, section,
14 or part, if approved by the people, shall take effect on the date of the
15 official declaration of the vote thereon by proclamation of the governor.