A BILL FOR AN ACT

CONCERNING INTEGRATED RESOURCE PLANNING FOR ELECTRIC 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
Be it enacted by the General Assembly of the State of Colorado:

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

40-2-123. Commission consideration of new energy technologies - integrated resource planning - rules - definitions. (1) The commission shall give the fullest possible consideration to the cost-effective implementation of new clean energy and energy-efficient technologies in its consideration of generation acquisitions for electric utilities, bearing in mind the beneficial contributions such technologies make to Colorado’s energy security, economic prosperity, environmental protection, and insulation from fuel price increases. The commission shall consider utility investments in energy efficiency to be an acceptable use of ratepayer moneys.

(2) On or before October 15, 2004, the commission shall adopt new or amended rules concerning integrated resource planning, also known as least-cost planning, that establish that the goal of integrated resource planning is to minimize the net present value of revenue requirements rather than to minimize the net present value of rate impacts. Such rules shall 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 metric of the lowest net present value of revenue requirements.

(3) In developing a preferred least-cost plan, a utility shall consider as broad as possible a range of energy efficiency
AND LOAD MANAGEMENT PROGRAMS. THE COST-EFFECTIVENESS OF SUCH
PROGRAMS SHALL BE DETERMINED USING A TOTAL RESOURCE COST TEST,
CONSISTENT WITH THE GOAL OF MINIMIZING THE NET PRESENT VALUE OF
REVENUE REQUIREMENTS.

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

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

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

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

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

(d) "NET PRESENT VALUE OF REVENUE REQUIREMENTS" MEANS THE
CURRENT WORTH OF THE EXPECTED STREAM OF FUTURE REVENUE
REQUIREMENTS ASSOCIATED WITH A PARTICULAR RESOURCE PORTFOLIO,
EXPRESSED IN DOLLARS IN THE YEAR THE PLAN IS FILED. THE CURRENT
WORTH IS OBTAINED BY APPLYING A DISCOUNT RATE TO THE EXPECTED
STREAM OF FUTURE REVENUE REQUIREMENTS.

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

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