

COLORADO DEPARTMENT OF REGULATORY AGENCIES

Public Utilities Commission

4 CODE OF COLORADO REGULATIONS (CCR) 723-3

PART 3 RULES REGULATING ELECTRIC UTILITIES

GENERAL PROVISIONS

* * * *

[indicates omission of unaffected rules]

3001. Definitions.

(XX) "Beneficial electrification" means a utility's change in the energy source powering an end use from a nonelectric source to an electric source, including transportation, water heating, space heating, or industrial processes, if the change: reduces system costs for the utility's customers; reduces net carbon emissions; or provides for a more efficient utilization of grid resources.

* * * *

[indicates omission of unaffected rules]

COST OF CARBON DIOXIDE EMISSIONS

3550. Applicability.

This rule shall apply to all jurisdictional electric utilities in the state of Colorado that are subject to the Commission's regulatory authority. Cooperative electric associations engaged in the distribution of electricity (i.e., rural electric associations) are exempt from this rule.

3551. Overview and Purpose.

- (a) The purpose of this rule is to establish the cost of carbon dioxide emissions pursuant to § 40-3.2-106, C.R.S.
- (b) All utilities shall consider the cost of carbon dioxide emissions, as determined by the Commission in accordance with rule 3552, when determining the cost, benefit, or net present value of any plan or proposal submitted by the utility in one of the following proceedings:
 - (l) an application for approval of an electric resource plan submitted pursuant to the Commission's Electric Resource Planning Rules;

- (II) a proceeding that considers or proposes the acquisition of new electric generating resources, including, but not limited to:
 - (A) an application for approval of a Clean Energy Plan pursuant to § 40-2-125.5, C.R.S.;
 - (B) an application for a certificate of public convenience and necessity for the construction or expansion of generating capacity pursuant to rule 3205;
 - (C) an application for approval of purchases of the output from community solar gardens pursuant to § 40-2-127(5), C.R.S.;
 - (D) an application or advice letter addressing the purchase of energy and capacity from qualifying facilities pursuant to rules 3900 through 3905;
 - (E) an application or advice letter addressing the purchase of electricity exported from customer-sited retail renewable distributed generation; or
 - (F) an application or advice letter addressing distributed energy resources as non-wires alternatives pursuant to § 40-2-132, C.R.S.;
 - (III) an application for approval of the retirement of existing utility generation;
 - (IV) an application for approval of a RES Compliance Plan filed pursuant to rule 3656 or any other application related to § 40-2-124, C.R.S.;
 - (V) an application for approval of an electric demand-side management plan, an application for the establishment of energy savings and demand reduction goals pursuant to § 40-3.2-104(2), C.R.S., or any other application related to § 40-3.2-104, C.R.S.;
 - (VI) an application for approval of a program for regulated activities to support widespread transportation electrification pursuant to § 40-5-107, C.R.S.; or
 - (VII) an application for approval of a program for regulated activities to support beneficial electrification as defined in paragraph 3601(XX).
 - (c) The Commission shall apply a cost of carbon dioxide emissions, as determined by the Commission in accordance with rule 3552, to the non-energy benefits for programs that are defined to be beneficial electrification.
- 3552. Calculation of the Cost of Carbon Dioxide Emissions.**
- (a) The cost of carbon dioxide emissions shall be equal to the social cost of carbon dioxide emissions developed by the federal government.
 - (I) Starting in 2020, the social cost of carbon dioxide emissions shall not be less than \$46.00 per short ton.

- (II) The Commission shall modify the social cost of carbon dioxide emissions using an escalation rate equal to or greater than the central value escalation rates established in the 2016 technical support document of the federal Interagency Working Group on Social Cost of Greenhouse Gases entitled “Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis - Under Executive Order 12866.”
- (b) No later than August 1 of each year, Commission staff shall compute the cost of carbon dioxide emissions for each of the following 40 years and present its calculations to the Commission. The Commission will open a proceeding and give notice of the cost of carbon dioxide emissions calculated by Commission staff. Any interested person may file comments regarding the cost of carbon dioxide emissions in accordance with the Commission’s notice.
- (c) No later than November 1 of each year, the Commission shall issue a written decision approving or modifying the cost of carbon dioxide emissions as calculated by Commission staff.

3553. – 3599. [Reserved].