

Decision No. C25-0069

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 25M-0057G

IN THE MATTER OF THE COMMISSION'S EXAMINATION OF THERMAL ENERGY
DEVELOPMENT IN COLORADO PURSUANT TO HOUSE BILL (SB) 23-1252.

**COMMISSION DECISION OPENING PROCEEDING
AND REFERRING MATTER TO AN
ADMINISTRATIVE LAW JUDGE**

Issued Date: February 4, 2025

Adopted Date: January 29, 2025

I. BY THE COMMISSION

A. Statement

1. The Commission opens this Proceeding to implement certain provisions in House Bill ("HB") 23-1252 related to thermal energy services. The specific purpose of this Proceeding is to facilitate the investigation the Commission must complete to determine whether Commission Rules or additional legislative changes are needed to facilitate the development of thermal energy in Colorado pursuant to § 40-4-121(5), C.R.S. The Commission further refers this matter to an Administrative Law Judge ("ALJ"), pursuant to § 40-6-101(2), C.R.S.

B. Discussion

2. HB 23-1252 became effective on August 7, 2023, the day following the expiration of the 90-day period after final adjournment of the Colorado General Assembly.

3. Section 40-4-121(5)(a), C.R.S., as enacted by HB 23-1252, requires the Commission initiate a proceeding to determine whether a Commission rulemaking or additional legislative changes are needed to facilitate the development of thermal energy in Colorado.

4. As defined in § 40-3.2-108(r)(I) and (II), C.R.S.:

“Thermal energy” means piped, noncombustible fluids used for adding or removing heat from buildings for the purpose of efficient building temperature control and domestic hot water, including space heating and cooling and refrigeration.

“Thermal energy” includes methods of exchanging the piped, noncombustible fluids through the ground, wastewater treatment facilities, or other sources that achieve desired fluid temperatures; except that any source of thermal energy for this purpose must:

Not cause incremental greenhouse gas emissions or rely on increase, long-term combustion of fossil fuels; and

Be evaluated by the Commission to protect against increased emissions of harmful co-pollutants, negative impacts to communities including to disproportionately impacted communities, as defined in Section 24-4-19 (2)(b)(II), and the risk of stranded assets, if the thermal energy is from any industrial source including a system for which the primary purpose is to generate electricity, including any process involving engine driven generation.

5. Pursuant to § 40-4-121(5)(b), C.R.S., the Commission is required to consider certain scenarios and information for thermal energy advancement, as discussed below.

C. Findings and Conclusions

6. We conclude that opening this Administrative Proceeding will enable the Commission to accomplish the foregoing statutory provisions enacted by HB 23-1252.

7. We request Notices of Participation be filed by any person interested in participating in this Proceeding. These Notices shall be filed no later than February 28, 2025.

8. We request that Participants file responses to the following inquiries, as outlined in the statute:

- (a) Appropriate utility ownership models for the development, acquisition, customer service, and cost recovery for thermal energy networks;
- (b) Appropriate utility rate structures for and customer types or classes served by thermal energy networks;
- (c) Any requirements that should be implemented for gas-utility-owned thermal energy networks concerning a large gas utility's ability to partner with qualified third-parties through joint ventures, asset development and transfers, or similar structures and facilitate the development of thermal energy networks;
- (d) How does the Commission ensure that any thermal energy network incorporated into a large gas utility's system provides reliable and resilient service;
- (e) How does the Commission ensure that new thermal energy networks promote training and transition of utility workers for thermal energy jobs;
- (f) Methods to adjust rate recovery mechanisms to further support the development of thermal energy networks as part of meeting the state's overall energy policy objectives, specifically for large gas utilities; and
- (g) Appropriate methods of cost recovery for thermal energy networks, including consideration of the stability of customers' bills.

9. We refer this matter to an ALJ for hearing and disposition, pursuant to § 40-6-101(2), C.R.S.

II. ORDER

A. The Commission Orders That:

1. Consistent with the discussion above, the Commission opens this miscellaneous proceeding for the purpose of examining whether Commission Rules or additional legislative changes are needed to facilitate the development of thermal energy in Colorado.

2. This proceeding shall serve as a platform for completing the statutorily required investigation required in § 40-4-121(5), C.R.S., as enacted by House Bill 23-1252.

3. This proceeding is designated as an administrative proceeding under 4 *Code of Colorado Regulations* 723-1-1004(b).

4. Pursuant to § 40-6-101(2), C.R.S., this matter is referred to an Administrative Law Judge.

5. Persons desiring to participate in this Proceeding shall file a Notice of Participation no later than February 28, 2025.

6. All responses to the inquiries outlined above shall be filed by February 28, 2025.

7. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
January 29, 2025.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

TOM PLANT

Commissioners