

SB 24-218 Modernize Energy Distribution Systems

Sponsors: President Fenberg & Senator Hansen, Majority Leader Duran & Representative Brown

SB24-218 includes a suite of policy changes to build the local electric grid of the future. Improving our distribution system will help communities and utility consumers **electrify heating and cooling in buildings, accelerate the deployment of electric vehicle (EV) infrastructure and solar energy, and reduce air pollution.** This **can also yield cost savings for utility customers** because right-sizing the grid to meet customer needs is less expensive than making multiple, incremental upgrades.

This bill helps ensure that an investor-owned utility with more than 500,000 customers (a “qualified utility”) makes timely, critical, and proactive investments in the local grid **to keep up** with population and economic growth. Proactive investment in the distribution system makes it easier and less expensive for customers to connect distributed energy resources like solar and EVs, lowers the cost of infill and affordable housing by reducing the cost to connect to the grid, and supports state climate and air quality goals. It also invests in building the necessary workforce to accomplish these infrastructure improvements.

KEY COMPONENTS OF THIS BILL

This policy builds on existing requirements for Investor-owned utilities to have **Distribution System Plans** in place pursuant to PUC rules (as required by [SB19-236](#)). This bill aligns those plans with **goals outlined in state law and policy** to increase use of electric vehicles, beneficial electrification, and community and rooftop solar. The bill directs qualified utilities to create the local grid of the future to the benefit of customers and achievement of state energy policy. This bill:

1. **Improves distribution system planning to ensure** a qualified utility makes **forward-looking investments** to meet transportation and building electrification goals, support distributed energy resources and meet the needs of a changing energy marketplace.
2. **Addresses the cost allocation for infrastructure upgrades** to avoid one customer paying for the cost of a system upgrade that supports state policy goals and benefits other customers served by that infrastructure.
3. Provides **clarity on how a qualified utility will recover costs for distribution system investments** while maintaining rate stability for customers as the utility proactively plans for future load driven by the energy transition.
4. Makes **critical workforce investments** to provide the skilled and well-trained workforce required to achieve these infrastructure upgrades.
5. Clarify the process and timeline for **accommodating beneficial electrification loads and connecting customer-sited distributed energy resources** to the qualified utility electrical grid.
6. **Establishes a Virtual Power Plant (VPP) program.** VPPs can save utility customers’ money by taking advantage of distributed energy resources, including the batteries in customers’ cars, in their homes and businesses, and the solar panels on their roofs instead of investing in more costly alternatives.

MEETING DEMAND & PLANNING FOR THE FUTURE

The current Distribution System Planning process provides a significant amount of information about the current status and trajectory of investor-owned utilities to meet electrification demands, along with the costs associated. However, planning needs to be updated to **provide clear and transparent investment activities and timelines**, aligned with state policy goals, to ensure we meet the demand. A local grid that cannot accommodate the build-out of infrastructure can threaten a number of state policy priorities:

- **Delays in connecting housing to the electrical grid** may limit Colorado's efforts to increase access to infill housing and all-electric affordable housing, rebuild after climate-driven disasters, satisfy local building code requirements, and reduce pollution from buildings.
- **Lack of timely energization and interconnection** of new EV charging and distributed energy resources like rooftop solar can make it more challenging for Coloradans to access the clean, cost-saving technologies.
- **Excessive costs to individual homes or businesses** that trigger an infrastructure upgrade discourages such investments and disproportionately impacts lower income neighborhoods.

BETTER WORKFORCE PLANNING AND APPRENTICESHIP TRAINING FOR CRITICAL WORKERS

It is equally critical to the success of future distribution system planning that qualified individuals are available to repair, replace, and grow the distribution grid. Lack of planning only exacerbates workforce challenges and we need to make sure any reform in the process accounts for the critical workforce needed to safely complete this dangerous work. This proposal will:

1. **Initiate near-term state investments in line worker training** - The bill establishes a grant program to boost investment in line worker apprenticeships and encourages collaboration with utilities, employers, labor organizations and other training providers to advance the goals of elevating trainees to journey worker status.
2. **Require regulated utilities to develop detailed distribution staffing plans** - The bill requires the regulated utility to submit and follow a specific distribution workforce plan for both staffing levels through its employees, including program employees, and its anticipated needs of third-party utility construction workforce.
3. **Conform labor and training standards for distribution workforce with transmission laws** - In 2021, Colorado passed laws requiring utilities to hire transmission line workers with registered apprenticeship programs that met certain training and safety curriculum. This bill closely aligns, with some minor differences, distribution line work with similar apprenticeship utilization requirements and training standards.

QUESTIONS

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