



COLORADO
Energy Office



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Colorado adopts slate of new laws that will lower greenhouse gas emissions and improve air quality

CEO and CDPHE to spearhead more than \$340 million to address air pollution

DENVER, Monday, June 3, 2022 - Following the recent completion of Colorado's 2022 legislative session, Governor Polis signed a series of bills into law that builds on the state's bold work to reduce greenhouse gas pollution and improve air quality.

Within these bills are numerous programs and funding that the administration, Colorado Energy Office (CEO) and Colorado Department of Public Health and Environment (CDPHE) supported. These include policies that enhance building energy efficiency, increase the use of renewable energy, make our communities more resilient, reduce emissions from transportation, and expand public transit.

These new laws help ensure Colorado meets the goals laid out in the state's [Greenhouse Gas \(GHG\) Pollution Reduction Roadmap](#). That action-oriented plan provides a path for reaching science-based greenhouse gas emission reduction targets of 26% by 2025, 50% by 2030, and 90% by 2050, compared to 2005 levels. In addition, this legislative package devotes more than \$340 million to clean air solutions.

"These new laws represent a critical step forward in our commitment to improving air quality for all Coloradans," said Jill Hunsaker Ryan, executive director of CDPHE. "Through these initiatives, Colorado is taking innovative steps to help mitigate climate change and transition to greener economies. And, we will continue to work closely with communities most impacted by pollution to make sure no one is left behind."

This progress also comes after a 2021 session that [produced legislation](#) focused on reducing greenhouse gas pollution from buildings and making historic investments in cleaner transportation - all while improving indoor air quality, protecting consumers, driving rural economic development, and supporting high quality jobs.

"For the second year in a row, the state has delivered new laws that will play a big role in Colorado's vital push to address greenhouse gas emissions and air quality," said Colorado Energy Office Executive Director Will Toor. "These laws emphasize so many of the qualities that make Colorado great - namely, fighting for a cleaner, healthier future while supporting disproportionately impacted communities, new economic opportunities, and cutting-edge innovation."

The following is a summary of the newly adopted bills that CEO and CDPHE will have roles implementing:

■ Climate and air quality (broadly):

[Senate Bill 22-193 Air Quality Improvement Investments](#) delivers a priority set of clean air and climate change investment programs from the Governor's budget. The law includes:

- \$25 million in funding for the Clean Air Grant Program, which will provide grants for energy efficiency improvements, renewable energy, electrification projects, methane capture projects, sustainable aviation fuel, use of low carbon hydrogen, and carbon capture at industrial facilities to achieve additional emission reductions beyond those required by regulation.
- \$12 million in rebates for the purchase of eBikes and for programs that provide eBikes and safety equipment to approximately 12,000 low- and moderate-income Coloradans.
- \$65 million to start a new school bus electrification grant program, which aims to transition Colorado's diesel school bus fleets to electric buses. Grants will be prioritized for vehicles operating in disproportionately impacted communities, the ozone nonattainment area, and schools with high proportions of students receiving free or reduced school meals. The program provides flexibility for applying districts to pay for charging infrastructure and buses, as well as covering administrative costs for applying to both the state and federal electric school bus programs. This will help leverage tens of millions of dollars of additional federal funding.
- \$7 million for an oil and gas aerial monitoring program to identify leaks from such sources as pipelines and flowlines, production pads, tanks, central gathering facilities, and compressor stations to quickly identify, inventory, and fix methane and other leaks from oil and gas infrastructure.
- \$2 million to increase energy efficiency, reduce water use, promote renewable energy implementation, and enhance sustainable practices in operations of cannabis facilities in Colorado which are major uses of electricity and water.

[House Bill 22-1329 Long Bill \(State Budget\)](#) invests \$47 million over three-year to help address air quality challenges through:

- **Cutting-edge regulations** - Regulatory initiatives to help meet Colorado's ozone, greenhouse gas, and environmental justice goals.
- **Immediate emissions reductions** - Incentives for state and local government, schools, and other public entities to transition from gasoline powered to electric engines for lawn equipment.
- **Air quality science** - Investments in additional and updated air quality data and analysis to inform future strategies and investments.
- **Community relations** - Improvements in communication and outreach capacity to meet public expectations regarding engagement and availability of air quality information.
- **Driving air pollution control board performance** - Support more stringent permitting, compliance, enforcement and oversight as required under the Clean Air Act.

■ Emissions from the built environment:

[House Bill 22-1362 Building Greenhouse Gas Emissions](#) creates requirements for the adoption of the most recent International Energy Conservation Code (IECC) in new buildings, requirements for prewiring for electric vehicles (EV), rooftop solar and heat pumps, and requirements for local adoption of a low carbon code starting in 2026, toward near net zero building energy codes. It also provides:

- \$3 million to support local governments and state agencies in adopting and enforcing advanced energy codes. In part, this will be done through funding technical assistance and training for local building department officials and staff, builders, architects, designers, contractors, and other stakeholders.
- \$1 million to support contractor training.
- \$10 million to the clean air building investments fund for the creation, implementation and administration of the building electrification for public buildings grant program.
- \$10.85 million to the clean air building investments fund for the creation, implementation, and administration of the high-efficiency electric heating and appliances grant program for neighborhood scale electrification.

[Senate Bill 22-051 Policies To Reduce Emissions From Built Environment](#) gives purchasers of an air-source, ground-source and water-source heat pump system, or variable refrigerant flow heat pump system an income tax credit equal to 10% of the purchase price of the heat pump system or heat pump water heater. This legislation provides the same benefit for the purchase and installation of an energy storage system. In addition, the bill waives sales and use taxes in the sale of heat pump systems, heat pump water heaters, storage systems, and other “decarbonizing building materials.”

[House Bill 22-1304 State Grants Investments Local Affordable Housing](#) includes a strong community grants program developed by a multi-agency team with the assistance of stakeholders, to determine a list of sustainable land use best practices aimed at enabling more housing within existing communities. This will be a key factor in assessing a local government’s viability for being considered for these affordable housing development grants. It includes \$40 million for grants to local communities to advance land use best practices, including infill development for affordable housing.

[Senate Bill 22-159 Revolving Loan Fund Invest Affordable Housing](#) creates an affordable housing revolving loan fund program. The loan program provides flexible, low-interest, below-market-rate loan funding to assist eligible recipients in obtaining loan projects identified in the bill. The program can include financing for energy improvements in affordable housing, which will provide funding for incremental up-front costs for efficient, electric measures, and renewable energy systems for both existing buildings and new housing construction.

[Senate Bill 22-185 Security For Colorado Seniors](#) extends a key grant program indefinitely. This program continues the support of projects that promote the health, equity, well-being and security of older Coloradans across the state. It includes coordination with the Colorado Energy Office on incentives and potential investments that align with the greenhouse reduction goals described in statute that increase energy efficiency and renewable electricity in buildings used by older Coloradans. It also incentivizes the use of EVs for transporting older Coloradans.

■ Solutions for 100% Renewable Energy by 2040:

[House Bill 22-1381 Colorado Energy Office Geothermal Energy Grant Program](#) incentivizes the expansion of Colorado's use of geothermal energy by providing grants to start programs supporting geothermal for electricity generation, space heating and cooling, water heating, and district heating. The \$12 million program will support the development of geothermal heating and cooling as well as public-private partnerships on the development of geothermal electricity generation – either as a stand-alone, or paired with electrolyzers for the production of green hydrogen.

[Senate Bill 22-118 Encourage Geothermal Energy Use](#) creates a program for basic consumer education and guidance for systems that use geothermal energy for water heating, space heating, or cooling. The bill, which reduces permitting costs and minimizes property tax impacts for geothermal, also establishes a business model for community geothermal gardens, comparable to community solar gardens.

■ Resilience in our communities:

[Senate Bill 22-206 Disaster Preparedness And Recovery Resources](#) aims to strengthen communities affected by natural and climate disasters and incentivizes coordinated statewide planning on climate change preparedness. Elements include:

- A program to help homeowners and businesses rebuild more efficiently after declared natural disasters. A \$20 million pool is being established to deliver a combination of low-interest loans and grant opportunities to cover costs associated with building high-performing, energy-efficient, and resilient homes and structures. These include the installation of high-efficiency space and water heat pumps, work to net zero energy buildings or advanced energy certification, or assistance in adding a battery storage or an electric vehicle charging station.
- The establishment of the Governor's Office of Climate Preparedness. This office will not only increase capacity for recovery efforts, but will also support a climate-prepared future, starting with the development of the climate preparedness roadmap, which will allow the state to be able to anticipate needs in the event of future climate-related events, and will encourage land use patterns to both reduce greenhouse gas emissions and reduce exposure to climate driven hazards, such as wildfires and floods.

[House Bill 22-1249 Electric Grid Resilience And Reliability Roadmap](#) commissions a grid resilience and reliability roadmap to develop a statewide strategy on the use of microgrids to harden the grid, improve its resilience and reliability, deliver electricity where extending distribution infrastructure may not be practical, and operate autonomously and independently of the grid, when necessary.

[House Bill 22-1013 Microgrids For Community Resilience Grant Program](#) creates the microgrids for community resilience grant program, with \$3.5 million in funding for initial projects. A cooperative electric association or a municipally owned utility may apply for a grant award to finance the purchase of microgrid resources in eligible rural communities within the utility's service territory that are at significant risk of severe weather or natural disaster events, and in which there are one or more community anchor institutions.

■ Emissions from transportation and expanding public transit and transportation options:

[Senate Bill 22-180 Programs To Reduce Ozone Through Increased Transit](#) creates a \$28 million grant program that enables transit agencies statewide to provide free transit fares for at least a month during ozone season for two years. Vehicles are the largest single source of nitrogen oxide pollution, a key contributor to the formation of ozone, as well as the largest source of greenhouse gas pollution. The bill also provides \$30 million for a three-year Colorado Department of Transportation pilot project that expands bus rapid transit along I-70 and I-25, and \$10 million for supporting bicycle, pedestrian and transit improvements to main streets.

About the Colorado Energy Office

To deliver on the vision of a prosperous, clean energy future for Colorado, the Colorado Energy Office (CEO) works to reduce greenhouse gas emissions and consumer energy costs by advancing clean energy, energy efficiency, and zero emission vehicles to benefit all Coloradans.

Go to energyoffice.colorado.gov to learn more.

About the Colorado Department of Public Health & Environment

The Colorado Department of Public Health and Environment (CDPHE) seeks to advance Colorado's health and protect the places where we live, learn, work and play. Visit cdphe.colorado.gov to learn more.