

Colorado told its gas utilities to cut emissions 22% by 2030. Your capital plan is where that gets delivered.

A first-in-the-nation Clean Heat Standard, a regulator that has declared “business-as-usual gas investment” no longer acceptable, and 24,000-plus miles of main that still has to be maintained and replaced — all at once. Every one of those forces reshuffles the projects on your list. Invizion helps gas utilities re-sequence a capital portfolio in a click, and defend every decision.

1.5M¹ Natural gas customers served by Public Service Company of Colorado (Xcel) — the dominant gas utility in the state.	22%² Required cut in gas-utility greenhouse-gas emissions by 2030 vs. 2015 under Colorado's Clean Heat Standard (SB21-264).	\$2.38B³ Xcel's projected total Colorado gas-system spend, 2023–2027.	24,112 mi¹ Miles of natural gas distribution main PSCo operates in Colorado, plus ~2,000 miles of transmission.
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THE COLORADO LANDSCAPE

Four forces are moving your project list at once

None of these is theoretical, and none of them waits for your next budget cycle. In Colorado, the decarbonization mandate now sits on top of the same aging-pipe and reliability obligations every gas utility carries — and together they mean the capital plan you approved last year may already be the wrong plan.

SYSTEM INTEGRITY & AGING PIPE

24,000 miles of main, and the clock keeps running

Public Service Company of Colorado alone operates 24,112 miles of natural gas distribution main and 1,998 miles of transmission pipeline.¹ Every mile carries a PHMSA distribution-integrity obligation, and older steel and early-generation plastic have to be surveyed, repaired, and replaced on a schedule you don't fully control.

Replacing aging main is one of the largest line items inside Xcel's roughly \$2.38 billion Colorado gas-system plan for 2023–2027.³ Safety spending is non-negotiable — which means it competes directly with everything else for the same capital and the same crews.

DECARBONIZATION & ELECTRIFICATION

A Clean Heat mandate that reshapes the long-horizon plan

Colorado's Clean Heat Standard (SB21-264) requires gas distribution utilities to cut greenhouse-gas emissions 4% by 2025 and 22% by 2030 against a 2015 baseline, with compliance spending capped at 2.5% of customers' annual gas bills.² Xcel's Clean Heat Plan — up to \$440 million from mid-2024 through 2027, targeting at least 725,000 tons of annual reductions — leans heavily on electrification and efficiency, not just cleaner fuels.^{3,4}

The regulator has gone further: in its first Gas Infrastructure Plan decision, the PUC said “business-as-usual gas investment” is no longer acceptable and now requires utilities to weigh non-pipeline alternatives before large expansions — explicitly to avoid stranded assets.⁵ That is a declining-throughput risk sitting under every long-lived asset you add.

SUPPLY, PRICE & RELIABILITY

A winter-peaking system exposed to volatile gas costs

Colorado is a winter-peaking gas state and a major producer, home to the DJ (Wattenberg) and San Juan basins.⁸ But commodity cost still flows straight to customers: the residential price ran \$11.88 per Mcf in 2023, eased to \$10.58 in 2024, and climbed back to \$11.17 in 2025, while the citygate price swung from \$5.58 to \$3.69 to \$4.22 over the same years.⁶

The state's utilities delivered roughly 503 billion cubic feet in 2024, with residential load the largest and most weather-sensitive slice.⁷ Design-day and storage planning — and how the costs of an extreme cold snap are recovered — remain central to any credible capital plan.

CAPITAL RECOVERY & REGULATION

Every dollar earns its way through the PUC

PSCo booked \$1,443 million in Colorado natural gas revenue in 2024 on deliveries of about 279 million dekatherms.¹ Capital is recovered through Colorado PUC rate cases and riders — and rising bills are a live political issue, so approvals are not a formality.

The Clean Heat cost cap of 2.5% of gas bills² and residential prices near \$11 per Mcf⁶ put affordability and the capital program in direct tension. When you ask for recovery, you have to show why this project, why now, why at this cost.

WHO DELIVERS COLORADO'S GAS

One dominant investor-owned utility, a few smaller LDCs, and a large municipal system

Colorado has about 2.1 million natural gas customers, roughly 1.94 million of them residential.⁹ The large majority are served by PUC-regulated investor-owned utilities — Xcel's PSCo alone accounts for about 1.5 million of them¹ — with Colorado Springs the notable municipal gas system.

Investor-owned gas LDCs

Rates & capital recovery regulated by the Colorado PUC

Public Service Company of Colorado (Xcel) ~1.5M gas customers · 24,112 mi distribution main¹

Atmos Energy (Colorado-Kansas Division) ~3M gas customers across 9 states¹⁰

Black Hills Energy Colorado gas; ~512-mi intrastate transmission pipeline¹¹

Colorado Natural Gas Smaller PUC-regulated LDC serving mountain & rural communities

Xcel Energy serves about 2.2 million natural gas and 3.9 million electric customers across eight states; PSCo is its Colorado subsidiary and the state's dominant gas utility¹²

Municipal & public gas

Governed locally, outside PUC rate regulation

Colorado Springs Utilities Municipal four-service utility: electric, natural gas, water, wastewater¹³

Small municipal & town gas systems A handful of Colorado communities run their own gas distribution

Rural electric cooperatives Generally electric-only; rural gas is served by the investor-owned LDCs

Colorado's gas distribution is overwhelmingly investor-owned and PUC-regulated — the municipal footprint is small, anchored by Colorado Springs Utilities.

The rules changed — and they favor smaller, defensible gas investment

In Colorado the question isn't only "is this project prudent?" It's now "did you prove a non-pipeline alternative wouldn't do the job first?" That reframes how every gas capital dollar has to be justified.

Colorado Public Utilities Commission (PUC) regulates rates and capital recovery for investor-owned gas LDCs; PSCo alone earned \$1,443M in Colorado gas revenue in 2024¹

Clean Heat Plan — Proceeding No. 23A-0392EG. The PUC approved Xcel's 2024–2027 Clean Heat Plan of up to \$440 million in 2024, prioritizing electrification and efficiency to hit the state's gas-emissions targets.⁴³

Gas Infrastructure Plan decision (2024). The Commission ruled "business-as-usual gas investment" unacceptable, required biannual gas infrastructure plans, and mandated evaluation of non-pipeline alternatives for large expansion projects to prevent stranded assets.⁵

Affordability cap. SB21-264 limits Clean Heat compliance spending to 2.5% of a utility's total annual gas bills — a hard ceiling that forces trade-offs across the portfolio²

Recovery runs through the PUC — can your plan absorb the constraints?

Colorado gas utilities fund their programs mainly through PUC-approved rate base and Clean Heat cost recovery, not federal grants.

The constraint isn't finding money — it's fitting safety, growth, and decarbonization inside caps and affordability limits.

Gas-system capital: ~\$2.38B, 2023–2027. Xcel's projected Colorado gas-system spend, recovered through rate base — the pool every project competes within³

Clean Heat cost recovery: up to \$440M. Xcel's approved 2024–2027 plan includes about \$88M for low-income households and \$67.5M toward building electrification, recovered from customers within the 2.5%-of-bills cap.³²

Rate-base recovery via PUC rate cases. Pipe replacement, integrity work, and system additions are recovered through periodic gas rate cases — against \$1,443M of PSCo Colorado gas revenue and residential prices already near \$11 per Mcf¹⁶

Efficiency as a resource. Advocates' modeling has PSCo accelerating gas efficiency to roughly 900,000 dekatherms of annual savings by 2030 — demand reductions that offset, and compete with, traditional supply-side capital¹⁴

COLORADO GAS, IN BRIEF

Questions Colorado gas utility leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

How many natural gas customers does Colorado have, and who serves them?

Colorado has about 2.1 million natural gas customers, roughly 1.94 million residential. Public Service Company of Colorado (Xcel) serves about 1.5 million of them, with Atmos, Black Hills, Colorado Natural Gas, and municipal Colorado Springs Utilities covering the rest¹

What is Colorado's Clean Heat Standard?

Senate Bill 21-264 requires gas distribution utilities to cut greenhouse-gas emissions 4% by 2025 and 22% by 2030 versus 2015, with compliance spending capped at 2.5% of annual gas bills. Utilities meet it through PUC-approved Clean Heat Plans²

How much are Colorado gas utilities investing in the gas system?

Xcel projects roughly \$2.38 billion of Colorado gas-system spend from 2023 through 2027, and separately up to \$440 million on its 2024-2027 Clean Heat Plan to reduce emissions³

Why are Colorado gas bills a political issue?

The residential price has hovered near \$11 per Mcf (\$11.88 in 2023, \$11.17 in 2025), and decarbonization and pipe-replacement costs are added on top — which is why SB21-264 caps Clean Heat spending at 2.5% of bills⁴

How has the PUC changed gas capital planning?

The Colorado PUC now requires biannual gas infrastructure plans and evaluation of non-pipeline alternatives before large expansions, declaring business-as-usual gas investment unacceptable and citing stranded-asset risk — a fundamental shift in how capital must be justified⁵

How does Invizion help Colorado gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how a Clean Heat target, a non-pipeline-alternative requirement, a cost cap, or a pipe-replacement acceleration reshuffles your whole project list, re-sequence the portfolio automatically, and keep a defensible record of every trade-off for the PUC.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

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