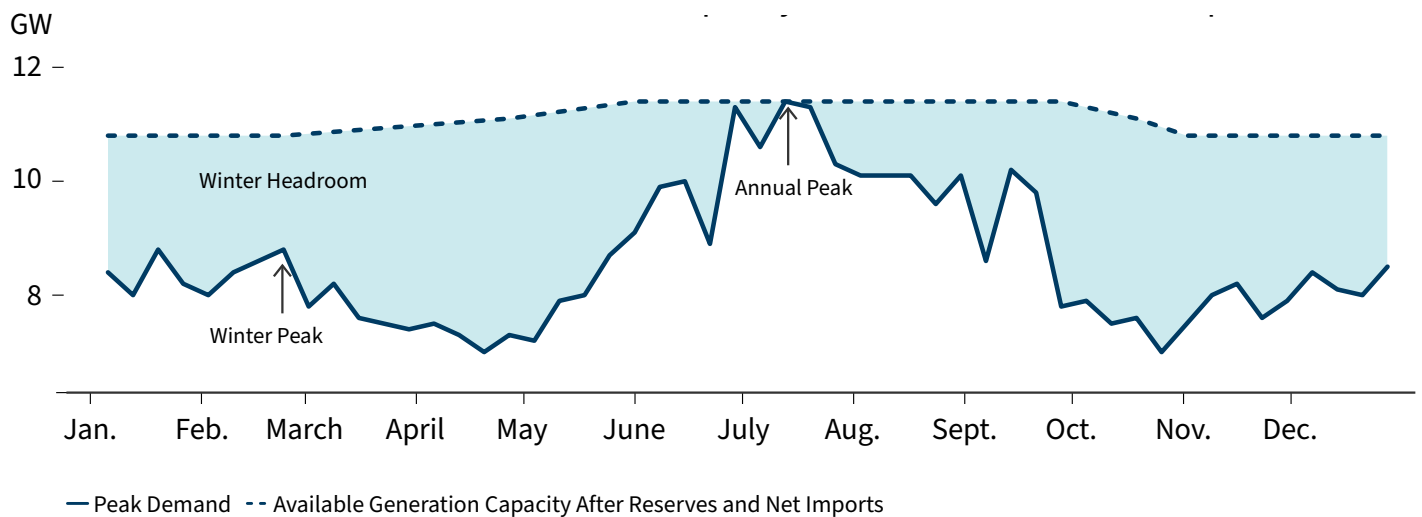


Colorado can put downward pressure on electricity rates by deploying heat pumps to better utilize the grid

Increase grid utilization



Colorado has roughly 1.8 gigawatts of winter headroom, resulting in underutilized winter grid capacity. This is enough room to add a mix of all-electric and hybrid heat pumps in 1.6 million homes — **17 times the number today** — within the current grid. This makes better use of Colorado's existing electric grid.

Reduce electricity rates

9%



Heat pumps can increase electricity sales without expanding generation capacity, putting downward pressure on electricity rates. Upgrading all 1.6 million homes with heat pumps could reduce electricity rates for all residential customers by roughly 9% relative to what they would otherwise be, **saving Coloradans \$101 annually, or \$255 million per year across all residents.**

Reduce emissions

26%



Upgrading all 1.6 million homes to heat pumps could **cut Colorado's residential emissions by 26%, or 3.7 million tons of CO₂.**

See policy recommendation on the next page.
Read the full report at <https://rmi.org/>

Policy recommendations

1. The governor should **establish an ambitious 2030 heat pump target** and explicitly include it in Colorado's electricity affordability plan. Growing from roughly 100,000 homes with heat pumps today to 400,000 by 2030 illustrates an impactful, actionable goal given annual HVAC replacements and adopting the below policies.
2. The Colorado Energy Office and utilities should **sustain and expand funding for heat pump incentive programs**, ensuring customers across all utility service territories have access to incentives.
3. The PUC should ensure investor-owned utilities **implement heat-pump-specific rates** that accurately reflect the lower cost of serving heat pump load during off-peak periods, while encouraging municipal and cooperative utilities to adopt similar rate reforms.
4. Localities should **update their building energy code to encourage heat pumps when central air conditioners are replaced**.
5. Localities should **update their building energy code to meet or exceed Colorado's model low-energy and carbon code for new construction** that encourages heat pumps.

