Colorado Energy Office







COLORADO
Energy Office

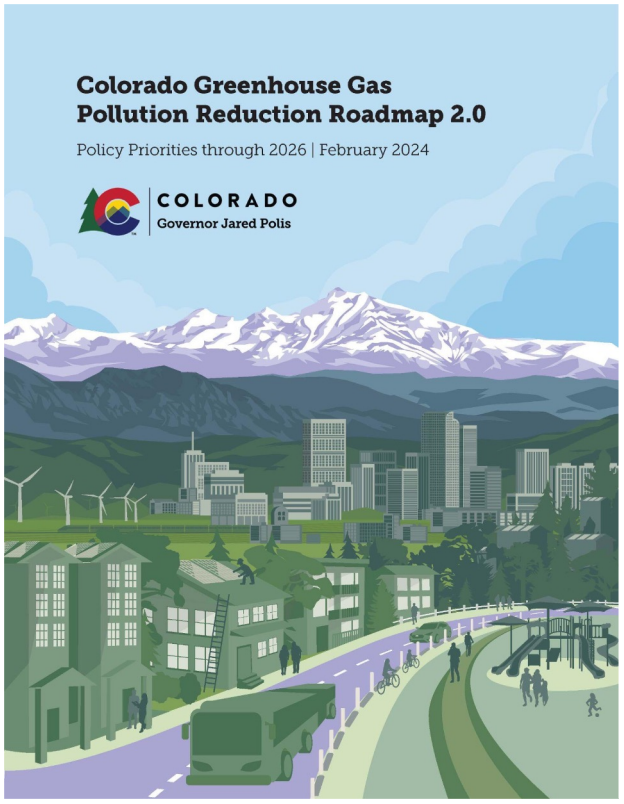
Mission & Vision



Statewide Targets & Roadmap

- Colorado is statutorily committed to **net-zero** GHG emissions **by 2050**, with economy-wide targets of (relative to 2005 baseline):
  - 26% reduction by 2025, 50% by 2030, 100% by 2050

- Geothermal heating and cooling and electricity production present a valuable way to reduce emissions across sectors, and build on Colorado's existing workforce and natural geologic advantages



https://energyoffice.colorado.gov/ghg-pollution-reduction-roadmap

Colorado State Incentives & Policies

In recent years, Colorado has passed several critical policies to help kick-start the geothermal energy market including:

- **HB19-1261 and SB23-016:** Statewide Greenhouse Gas (GHG) pollution reduction goals including net zero emissions economy-wide by 2050
- **SB21-264:** Clean Heat Framework to support gas to electric transition for utilities and consumers; reducing natural gas emissions by 22% by 2030
- **HB22-1381:** CEO Geothermal Energy Grant Program established with $12 million
- **HB23-285:** Energy and Carbon Management Commission oversees deep geothermal regulations
- **HB23-1252:** Gas utilities may create Thermal Energy Networks; Xcel pilot project
- **SB26-142:** Clarifies local government's ability to deploy TENs; requires Xcel solicitation of deep geothermal projects; resource data collection and create market recommendations

HB23-1272: State Geothermal Tax Credits

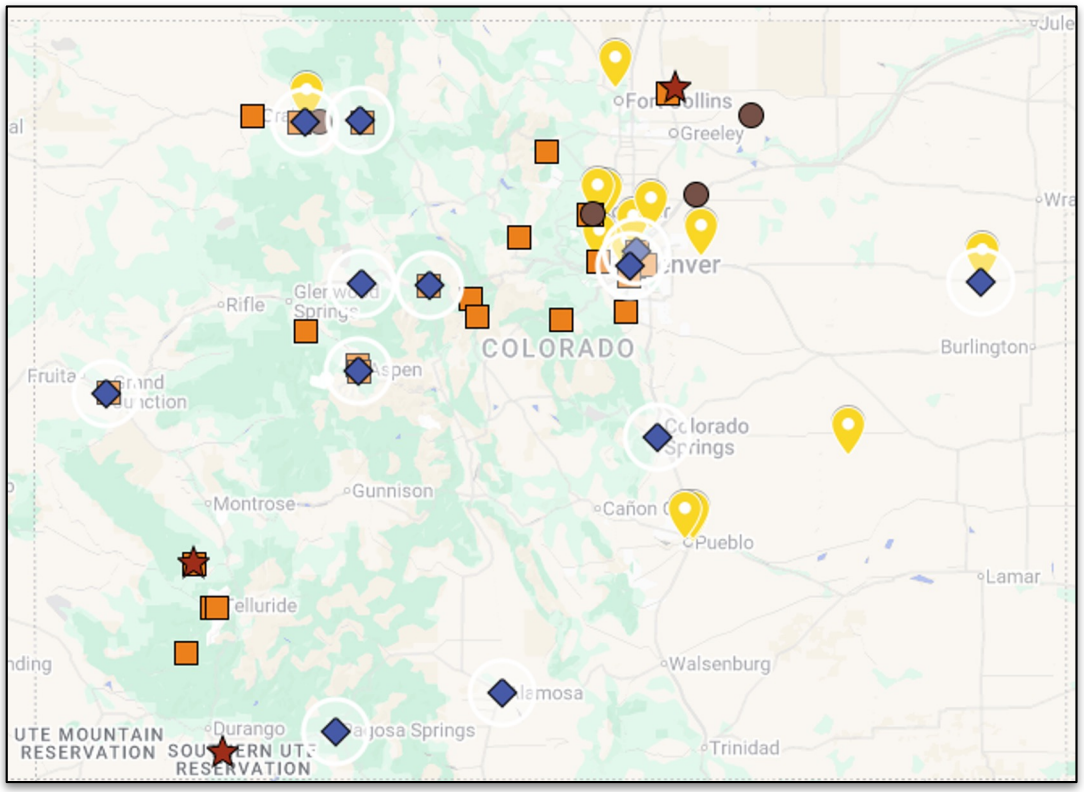
Geothermal Energy	2024 - 2033
Geothermal Electricity (Investment Tax Credit)	30% - 50% ITC, merit-based $5 million cap per project
Thermal Energy Network (Investment Tax Credit)	30% - 50% ITC, merit-based $5 million cap per project / study
Production Tax Credit	$0.02/kWh

Heat Pump Technology (per residential unit)	2024 - 2025	2026 - 2029	2029 - 2033
Air-Source	$1,500	$1,000	$500
Ground-Source, Water-Source, or combination system including either	$3,000	$2,000	$1,000
Heat Pump Water Heater	$500	$250	TBD

The nonresidential building rate is the tax credit multiplied by the number of increments of 4 tons.

Thermal energy networks may combine the credit per connected residential unit and nonresidential building.

Projects Utilizing Colorado's Geothermal Incentives



$12 million in grants and **$70 million in tax credits** to support the use of zero-emission, geothermal energy for electricity generation and space/water heating and cooling in homes, businesses, and communities.

- **Single-Structure Geothermal Installation**
- **Thermal Energy Network Study**
- **Thermal Energy Network Installation**
- **Geothermal Electricity Award**

As of May 2026, $42.6 million has been awarded across 64 Colorado geothermal projects!