

➤ **Summary of 60-Day Notice: Cooling Efficiency Product Early Retirement of Roof-Top Units**

Public Service Company of Colorado posts this 60-Day Notice as agreed to in the Stipulation and Settlement Agreement in Docket No. 10A-471EG. Specifically, the Settlement Agreement requires Public Service to do the following:

*During the remainder of 2010 and the first four months of 2011, the Company agrees to evaluate options for including an Early Replacement retrofit product in its portfolio. As part of that evaluation the Company shall consider the applicability of its residential replacement product for business customers. The Company agrees to implement replacement retrofit product options that are cost-effective or that have positive benefits as part of a bundled product, during the second half of 2011 by filing a 60 Day notice no later than May 1, 2011.*

On May 3, 2011, Public Service posted a 60-Day Notice concerning progress on this Settlement Agreement commitment. Here is a portion of that notice:

*Public Service has been evaluating early replacement of working commercial roof-top units (RTUs) as this is the most common air conditioning equipment for our small to mid-size business customers. However, we have not completed this evaluation and are continuing to work with Energy Efficiency Business Coalition (EEBC) to refine the inputs before finalizing the calculated MTRC and concluding whether the measure is cost effective or not. Another 60-DAY notice will be posted when this work is completed. If the measure proves to be cost effective, we will add it to our portfolio of measures within the Cooling Efficiency product.*

Since that posting, we have continued our evaluation and here is our final update and conclusion of this matter:

In compliance with the terms of the Settlement Agreement, Public Service evaluated the early replacement of working commercial roof-top units (RTUs). For this evaluation, we used cost inputs provided by the Energy Efficiency Business Coalition and made participation assumptions based on historical customer response. We found that in order to move the market to replace working RTUs, early retirement rebates need to be significantly higher per unit of savings than normal replacement-on-burnout rebates. With these higher rebates, the cost of the early retirement measure is forecasted to be \$1.30 per kWh of savings, whereas in 2012, the replace-on-burnout measure cost \$0.48 per kWh of savings. At this level, the early retirement of RTUs is only marginally cost-effective, yielding an MTRC of 1.01. Given the high cost per kWh of savings of this proposed measure, as well as its marginal cost-effectiveness, Public Service has decided not to offer this measure under the Cooling Efficiency Product at this time.