



2021 Second Quarter Colorado DSM Roundtable Update

August 11, 2021

Public Service Company of Colorado (“Public Service” or “the Company”) provides the following update regarding product status including energy and demand savings achieved, product expenditures, implementation changes, and measurement and verification (“M&V”) modifications.

COVID-19 Market Update

As the impacts of the COVID-19 pandemic continue in our service territory, implementation of the 2021 DSM plan has also been impacted. We have continued many of the contingency tactics launched in 2020 to continue to provide customers with opportunities to save energy and money in these challenging times. Through these adaptations, we continue to be guided by the following principles:

- Changes to our offerings need to be good for customers.
- There are benefits to keeping contractors and vendors in business and healthy through this time, and our products can help.
- Customers want things they can do now, providing them with remote audit and other service options meets a customer need.
- Using resources now to schedule future work or activities can be beneficial to build the pipeline and increase forecasting accuracy. We can change the payment terms or adjust the scopes of services with vendors to allow them to perform the remote or non-contact work now.

Product Implementation Status

Please refer to the attached table for the preliminary second quarter 2021 (cumulative January 1 – June 30, 2021) product energy and demand savings achieved, product expenditures, and CO₂ and SO₂ emissions avoided. In total, Demand-Side Management (“DSM”) electric products have achieved savings of approximately 219 GWh and gas savings of 368,754 Dth in the 2021 calendar year. This represents approximately 41 percent of the 2021 electric DSM plan’s energy savings target of 538 GWh and 49 percent of the gas target of 755,934 Dth.

The following section provides product status activities for the second quarter of 2021 in the Business, Residential, Low-Income, and Demand Response Products, as well as Indirect Products & Services and other related activities.

Business Program

- **Business Energy Assessments** — Achievement for this product comes from Recommissioning, a legacy offering included in the 2020 DSM Plan. The product is currently behind target, with only one participant YTD. New study-based offerings will be available during the third quarter. The Company provided educational material for this product and its new offerings at the Energy Solutions Exposition in April. Despite being behind to start the year, the product is expected to catch up to its savings targets through leveraging existing pipeline and trade connections to customers.
- **Business HVAC+R Systems** — This product reflects the energy savings of four legacy products included in the 2020 DSM Plan – Motors and Drives Efficiency, Cooling Efficiency, Heating Efficiency, and Commercial Refrigeration Efficiency. The product is on track to meet the year end savings and spend targets. The new product has shifted to online only rebate applications to enhance customer participation and turnaround on rebates.
- **Compressed Air Efficiency** — The product is currently behind on its energy savings targets for 2021. In the second quarter, customers have reported facing supply chain issues and it is taking much longer for customers to receive the equipment need for installation. Contingency plans are

being explored included marketing to customers who were eligible for free studies as well as identifying low-cost savings opportunities. Maintaining and growing relationships with trade partners remains part of the product's strategy in order to strengthen the Company's knowledge about what customers and partners need most in 2021. More trade partners have applied to be approved providers for customers, and the Company can now meet in-person with trade partners to build stronger connections and motivation to conduct more studies.

- **Custom Efficiency** — The product experienced an increase in participation in the second quarter but is still behind on its energy savings targets for 2021 as participation continues to lag expectations. The Company continued to build and foster relationships with customers to strengthen the pipeline for electric and gas projects within the second quarter. The Company is actively looking for ways to grow the pipeline in third quarter for gas and electric.
- **Data Center Efficiency** — The product saw an increase in participation during the second quarter as customers completed projects at their facilities. The Company continues to actively engage with participating trade partners to identify new customer projects to build the pipeline and rebate previously identified projects. The advisory board meeting planned for the second quarter was delayed, but the Company is working to identify an opportunity to meet with trade partners in the third quarter.
- **Energy Management Systems (“EMS”)** — The Company continues to expand outreach to trade partners, with more specific direction about additional control strategies that can provide better value for customers. In April, EMS presented and networked at the Company's Energy Solutions Exposition. The Company has met with another utility to explore innovative product designs to influence a positive market for building controls. The product team also worked closely with our sister program in Minnesota to launch a pilot for ASHRAE 36 which will drive innovation for the Controls offerings. The product goal is not expected to meet its energy savings targets for the year due to difficulty identifying cost-effective projects to pursue. The product team is exploring ways to increase product value for customers and to fill additional needs of the customer.
- **LED Street Lights** — The product is on target to achieve its forecasted energy savings target. The majority of eligible customers have opted into this rate and have installed LED fixtures.
- **Lighting Efficiency** — The Lighting Efficiency product closed the second quarter at approximately 38 percent to its energy savings targets. The product team has continued to work hard to grow the savings pipeline. Late summer direct customer and trade channel marketing will remind customers of easy energy savings when replacing old lighting with new LEDs.
- **New Construction** — The product is off to a strong start through the second quarter and is on track to exceed savings targets for 2021, with the Energy Design Assistance product generating the bulk of the savings. With the launch of the 2021-22 DSM Plan, the Codes and Standards offering has ramped up activities and trainings to help serve the building community to be better informed of code compliance. Efforts have been focused on supporting and educating communities that are advancing their energy code. These activities have been a team effort with the residential Energy Star New Homes product and external stakeholders to influence as many jurisdictions as possible.
- **Self-Direct** — No new projects were completed in the second quarter; however, four projects are currently in process and are expected to close in the fourth quarter of 2021.
- **Small Business Solutions** — The product launched on April 1, 2021 as part of the 2021-22 DSM Plan and takes the place of the former Lighting – Small Business product. Thus far, the product is forecasting to underachieve its energy savings targets for the year. At the end of the second quarter the product had achieved 30% of its electric savings target and only 11% of its

gas savings target. Within the quarter, the product hosted a virtual trade training, launched two email campaigns, digital marketing, and paid advertising campaigns, on-boarded 19 trade partners to the premium trade partner network, and launched partnerships and co-marketing efforts with various cities and conservation groups to get the word out to small business customers about free walk-through assessments and direct install opportunities. The Company plans to continue to focus on efforts to increase trade partner and customer education and awareness of the product, as well as look to launch more segmented and tailored marketing efforts to increase participation in the product.

- **Strategic Energy Management (SEM)** — The product's strong second quarter included the completion of several large manufacturing projects that had begun nearly two years ago. For two additional manufacturers, the product concluded annual reviews, with substantial verified savings from operational measures. Eight new customers enrolled for individual engagements. In the next quarter the Company will begin recruiting for its 2nd and 3rd Cohorts for industry groups. Year-to-date achievement has surpassed that of the same period in the prior year. However, forecasted achievement continues to be far below the full year target.

Residential Program

- **Energy Efficiency Showerheads** — The product has exceeded energy savings expectations through the second quarter for both electric and gas savings and will exceed full-year savings targets. Performance has been driven by a mailer sent out in late 2020 that had a positive response from customers with fulfillment of orders continuing into the first quarter of 2021. A targeted promotional email driving traffic to the online marketplace store and a bill insert were sent out in July to help generate awareness in preparation for the direct mail and email campaigns coming in August. Spending is higher than anticipated, but in line with high levels of achievement.
- **ENERGY STAR® New Homes (“ESNH”)** — The product has experienced minimal disruption because of the COVID-19 pandemic through the second quarter. In total, 2,901 homes were credited to the product through the second quarter. Homes compliant with 2015 IECC or higher represented 75 percent of the qualifying homes. Due to a significant year-over-year increase savings targets, this product is behind on its annual energy savings targets despite achievement in line with previous years' first two quarters.
- **Home Energy Insights** — The Company's third-party implementer added a new cohort of customers in the first quarter, significantly increasing participation in the product. These new customers have now received their first round of reports in the second quarter. The Company continues to work with the implementer to optimize the content and structure of Home Energy Reports to provide a positive customer experience and effectively encourage energy savings.
- **Home Energy Squad** — The product did not encounter any obstacles related to the COVID-19 pandemic in the second quarter and was able to effectively provide both virtual and in-home visits for customers. Participation was steady throughout the quarter, with many participating customers coming from communities that have partnered with the product to offer discounts or support the Company's marketing efforts. Frequent email marketing campaigns also helped to maintain steady participation throughout the quarter, which is a welcome change from historical norms where participation would begin to drop off at the start of summer.
- **Home Lighting & Recycling** — The product has achieved over 90 percent of the annual energy savings target as of the second quarter. Sales remain strong as customers are looking for easy ways to save money. The Product continues to offer bonus discounts on multi-packs of A-line and specialty LEDs at select retailers to help customers save energy while they are spending more time at home.

- **Home Performance with ENERGY STAR® (“HPwES”)** — The product continues to see lower than average participation in 2021. The product continued new e-mail marketing campaigns in the second quarter to increase customer awareness that resulted in good response rates. In an effort to boost participation, additional marketing campaigns are planned for Q3 along with trade partner outreach.
- **Insulation & Air Sealing** — The product is on track to meet its energy saving targets for 2021. Activity from the second quarter included the launch of a dedicated cellular shades web page on the Company’s website. Overall participation was steady throughout the quarter.
- **Multifamily Buildings** — The product committed dozens of additional multifamily building projects in the second quarter, and year-to-date participation has primarily been in Denver, Lakewood, Boulder and Aurora. The product implementer began direct-installing LED tubes in situations where that method of delivery was more appropriate than a midstream lighting rebate. Additional LED common area measures were identified and retrofitted in the final stages of several building project.
- **Refrigerator & Freezer Recycling** — The product is behind its energy saving and participation targets for the year. Contact-free and in-home pickups are available to customers based on preference. A second quarter email was issued to increase awareness during the Summer season. The program has been negatively affected by appliance shortages which have discouraged some customers from recycling.
- **Residential Heating & Cooling** — This product is a new offering in the 2021-22 DSM Plan and combines several legacy product offerings from the 2020 DSM Plan: High Efficiency Air Conditioning, Evaporative Cooling, Residential Heating, Thermostat Optimization, and Water Heating. These continued to be offered as separate products in the first quarter but are offered as part of a combined product now that the new plan has launched. For the most part, participation in these products and their measures is comparable to participation in the first half of 2020 and is expected to meet energy savings targets.
- **School Education Kits** — The product is on track to meet full-year energy saving targets. Product signups are taking place as expected with 17,674 kits shipped year to date. The product vendor is prepared to ship materials direct to customer homes to accommodate remote learning if required due to continued COVID-19 pandemic restrictions.

Income Qualified Program

- **Energy Savings Kits** — The product recorded no additional electric and natural gas savings in the second quarter, 2021. Email offers to receive a free kit will be sent to customers eligible to receive Low-income Energy Assistance Program (LEAP) funds later in 2021.
- **Multifamily Weatherization** — Although only a small number of projects were committed in the second quarter, the product had identified a project pipeline accounting for approximately 60% of its year-end electric savings target and 34% of its year-end natural gas savings target by the end of the second quarter.
- **Non-Profit** — The product has committed one quarter of its electric savings target, and a small proportion of its gas savings target in the second quarter but has identified a project pipeline accounting for approximately 70% of its year-end electric savings target and 33% of its natural gas savings target thus far. The majority of natural gas savings in 2021 has come from large non-profit shelters.
- **Single-Family Weatherization (“SFWx”)** — The product built pipeline and generated interest in weatherization measures expected to commit prior to the end of 2021.

Indirect Program

- **Business Education** — Through the second quarter of 2021, the Business Education product achieved approximately 12% of its year-end participation goals with 246 participants. Due to the impacts of the COVID-19 pandemic, many in person events planned for first and second quarters were cancelled. The company is working through creative ways to meet our goals and driving energy saving messaging to business customers in the coming quarters. To support the product going forward, new tools and digital content targeted at engaging new business customers at events and via digital channels will be launched later this year. The goal is to continue finding creative ways to drive engagement and utilizing partners in the market, like the Denver Broncos, to connect with business customers.
- **Business Energy Analysis** — In the second quarter of 2021, Business Energy Analysis continued offering a remote audit option for customers who do not wish to have external parties in their facilities, and there was an increase in participation for the remote option. Customers continue to be interested in receiving onsite audits in 2021, and the product has conducted 177 audits so far this year exceeding first-quarter 2020 participation rates. The only current vendor for business energy analysis had staffing issues causing a long turn-around time for projects. The vendor is now back on track and distributing marketing materials and email blasts out to the right customers who are eligible.
- **Consumer Education** — Through the second quarter of 2020, Consumer Education achieved approximately 52 percent of the year-end participation target generating 14,912 total participants. Due to the impacts of the COVID-19 pandemic, many in person events planned for first quarter were cancelled. The product has had to pivot and find new ways to reach customers and engage with them in different ways driving messaging to energy-saving tools and resources. The product team plans to drive an increased number of engaged participants as events begin to ramp up in the third and fourth quarters.
- **Energy Benchmarking** — The Company supports municipalities within its service territory to reach their benchmarking targets. During the second quarter, 370 new buildings were processed. Some of these are repeats as a result of new building owners benchmarking their buildings. The total Colorado building count is now up to 4,647.
- **Energy Efficiency Financing** — In the second quarter of 2021, the Company continued to promote financing options to businesses and commercial trade partners via the Xcel Energy website which connects to the National Energy Improvement Fund's (NEIF) portal allowing access to the financing proposal request process. The product also offers cross-promotion for financing on the various energy efficiency product web pages. Four commercial financing webinars were presented in May and June to trade partners. The Company is working with CLEAResult to integrate our commercial financing options into the various assessments, studies, and audits that they provide through various programs.
- **Home Energy Audit** — The product did not encounter any significant obstacles related to the COVID-19 pandemic in the second quarter, and auditors were able to effectively provide in-home services for customers. Participation was strong throughout the quarter and slightly exceeded historical averages for this time of year.
- **Partners in Energy** — As part of the Partners in Energy product we host "Community Conversations". These are opportunities for participants to focus on a single topic of interest for communities and provide information from subject matter experts, presentations from communities, and networking opportunities. The first event for 2021 was held virtually June 3rd and focused on driving energy savings through building codes and the new program and support resources provided by the Company. The program continues to see communities transitioning

back to in-person meetings and events providing additional opportunities for education and outreach.

- **Market Research** — A product experience tracking study continues to provide high level feedback from customers participating in energy efficiency and demand response products. The study's primary focus is ease of participation by respondents and customer satisfaction. The Company has received business data matching updates from Dun & Bradstreet to assist in targeting EE and DR measures to our business customers. Data matched at the premise from D&B includes: NAICS industry classification, square footage, employees on site and sales volume estimates. Updates are requested twice per year.
- **DSM Evaluation, Measurement & Verification** — Energy Efficiency product evaluations were in progress through the second quarter. The Company's third-party verification contractor completed random field inspections for prescriptive products for the 2021 M&V year with no significant variances.
- **DSM Planning & Administration** — During the second quarter the Company focused on implementing program changes included in the 2021-22 DSM Plan in addition to implementing product recommendations from the 2020 comprehensive evaluations. The Company also kicked-off the Demand Response and On-bill Financing stakeholder working groups established in the 2021-22 DSM Plan Settlement Agreement.
- **Product Development** — Current development efforts include:
 - Codes and Standards;
 - A pilot that manages when electric vehicles charge to reduce their impact on system peak load and provide other possible system benefits;
 - Direct load control switches with two-way communications that control air conditioners and water heaters;
 - A residential water heater demand response measure;
 - A behavior-based demand response product for residential customers that uses pre- and post-event communications and social comparisons to reduce customer consumption during demand response events;
 - High Bill Alerts;
 - Green Button Connect My Data;
 - Indoor agriculture - The Company is planning to launch special assessments for indoor agriculture facilities within the Business Energy Assessments Product;
 - A demonstration project that will study how commercial customers can shift load to times with excess renewable generation on our system as indicated by very low system marginal prices;
 - A new gas boiler measure motivated in part to address gas distribution constraints in Summit County;
 - A thermostat-based gas demand management research project motivated in part to address gas distribution constraints in Summit County;
 - Investigating how to serve oil & gas customers more effectively; and
 - Multi-family demand response.

Demand Response Program

- **Critical Peak Pricing** — The Company received approval to Advice Letter 21AL-0091E requesting the Critical Peak Pricing (CPP) pilot transition to a permanent product offering and that change went effect by operation of law on April 30, 2021. Two customers unenrolled from the CPP product during the second quarter, reducing total enrollments to 34 participants. However, one unenrollment was due to the customer's decision to move to the Peak Partner Rewards product. The CPP product dispatched its first two events of 2021 near the end of the second

quarter. Recruiting efforts and meetings with potential customers have continued through the second quarter.

- **EV Critical Peak Pricing** — In 2021, the Company is promoting EV-CPP to customers participating in the EV Supply Infrastructure Program, including those installing EV charging equipment at multifamily facilities that may serve Income-Qualified Customers. The Company expects the majority of new customers to be participants of the EV Supply Infrastructure Program, which is expected to add approximately 70 new customers in 2021. Three Critical Peak Pricing events were dispatched in the second quarter.
- **EV Optimization** — The Company ran a Request for Proposal to review proposals that would allow the Company to enroll customers that drive Tesla vehicles in the Dynamic Optimization pilot. Through this process, the Company has selected WeaveGrid and has begun enrolling Tesla vehicle owners. The Company continues to negotiate with various automakers around their participation in Dynamic Optimization. For Static Optimization, an RFP was released in the second quarter and the Company is currently in the vendor selection process.
- **Geo-targeting Pilot** — In the second quarter the Company continued implementation of a marketing campaign in partnership with AC Rewards to offer a full rebate for smart thermostats that are enrolled in our AC Rewards offering to our target customers. Non-bulk hands-on activities are under discussion with distribution operations team. Discussions are underway to identify options for potential utilization of DSM geo-targeting in other business areas that could need deferment of capital investment.
- **Peak Day Partners** — The Peak Day Partners product was introduced in the fall of 2019. It finished 2020 with four participants. As of the second quarter of 2021, one participant has left the product. One control event was held in the second quarter.
- **Peak Partner Rewards** — One new customer enrolled in the Peak Partner Rewards product in the second quarter after unenrolling from the CPP product, increasing the total enrollments to 19 participants. Recruiting efforts and meetings with potential customers have continued through the second quarter.
- **Residential Battery Demand Response Pilot** — The Company launched the pilot in the first quarter of 2021 and had enrolled over 120 customers by the end of the second quarter. The Company completed vendor portal training in the second quarter as well and will begin event dispatching in next quarter.
- **Residential Demand Response** — The Saver's Switch product has added about 1,400 new participants as of the second quarter. The Company has also conducted about 1,200 maintenance replacements of older switches that have outlived their useful life. These switches were originally deployed prior to 2005. The AC Rewards product is still seeing most of its participation through the Bring Your Own Thermostat channel. The product continues to see healthy growth but will be sending out a direct mail and email campaign to boost program awareness and drive product sign-ups.
- **Small Commercial Building Controls** — Direct installations have continued from the first quarter and picked up in the second quarter due to pre-summer season marketing emails. The Company will begin dispatching in the third quarter.