

Appendix B. Independent Evaluator Coordination

The Company has worked in close coordination with the Independent Evaluator (“IE”) throughout the bid solicitation, bid receipt, and bid evaluation process to ensure the process was fair and in full alignment with Commission directives. As described below, the Company consulted with the IE throughout the Phase II process consistent with Electric Resource Plan (“ERP”) Rules and Commission decisions.

1. Selection of the Independent Evaluator

On November 1, 2021, Public Service submitted a filing to inform the Commission that the Company had conferred with Staff and the Office of the Utility Consumer Advocate (“UCA”), and they agreed that Accion Group, LLC (“Accion”) should provide services as the IE for Phase II to monitor Public Service’s bid evaluation and modeling process. In the filing, Public Service, Staff, and UCA agreed that Accion’s extensive experience and familiarity with the Colorado ERP process and regulatory framework provided a significant advantage given the fast-paced and complex Phase II.

On November 22, 2021, Public Service submitted the contract to retain Accion to serve as the IE in Phase II for Commission approval. The contract included a scope of work similar to the contracts used for the Company’s previous ERPs and aligned with the Commission’s rules that define the role of the IE.

2. Commission Approval and Role of the Independent Evaluator

In its Phase I Decision (Decision No. C22-0459), the Commission approved Accion as the IE for this Phase II process and approved the scope of work contract submitted on November 22, 2021 by the Company. In Paragraph 459 of the Phase I Decision, the Commission also found that “the costs of the IE are reasonable when compared to the benefits of robust competition in a solicitation perceived to be fair and transparent, in part due to the presence of an IE. The proposed scope of work matches the role of the IE set forth in the Commission’s ERP Rules.”

In Paragraph 460 of the Phase I Decision, the Commission provided further clarification of the role of the IE and states:

The Commission denies the requests [by UCA] to expand the IE’s scope of work for the reasons set forth by Public Service. We do, however, clarify the IE’s role as it facilitates the administration of the Phase II solicitation, in the furtherance of the intent of FERC Order 872. In addition to the reporting and analysis directed to the IE elsewhere in this Decision, the IE report should include a narrative on the bid evaluation and selection process used for this Phase II and, to the extent Public Service intends for the Phase II process to be used to set rates for qualifying facilities, the IE should comment on the solicitation and the use of the 120-day report as

the post-solicitation report contemplated by FERC Order 872.

Additionally, in Paragraph 357 of the Phase I Decision, the Commission provided further direction to the IE and stated, in applicable part:

Given that the LEC and the LCC are key metrics to building the most cost-effective portfolio for Public Service's ratepayers, we direct the IE to provide, for each technology segment referenced in Public Service's RFP, an evaluation of the range of LEC and LCC for all bids received and for all bids advanced to computer modeling, including Public Service's bids. The IE shall also provide a statistical assessment of why bids were rejected.

As required by Rule 3613(e), the IE will file a report with the Commission after the filing of this 120-Day Report that includes its assessment and conclusions regarding the Company's bid solicitation and evaluation process, with any deficiencies specifically reported.

3. Summary of Independent Evaluator Coordination

The Company met with the IE numerous times throughout the evaluation process, both in person and virtually. The Company established a weekly meeting involving the IE and key members of the Company's Regulatory, Legal and Bid Evaluation teams to discuss issues and share information. Additional meetings on emergent issues were held frequently as well. The next sections discuss the IE's role in specific steps of the evaluation process in more detail.

Request for Proposals Issuance

Prior to issuing the 2022 All-Source Solicitation Request for Proposals ("RFPs") on December 2, 2022, the Company provided the IE with drafts of each of the Request for Proposal ("RFP") documents before their release, and a final copy of each, as well as copies of relevant documents and decisions from the regulatory proceeding. Additionally, prior to RFP issuance, the Company provided the IE with a memo ("IE memo") detailing the Company's process and procedures for bid receipt and transfer of custody, eligibility screening, bid evaluation, portfolio development, resource adequacy and reliability checks, transmission evaluation, and other key information.

The 2022 All-Source Solicitation website ("RFP website") went live on December 2, 2022 and contained all RFP documents (Company Ownership RFP, Dispatchable Resources RFP, Renewable Resources RFP), RFP bid forms, Model PPAs, Technical Specifications, submittal instructions, and other important information for bidders. The RFP website can be found at this link: <https://www.XcelEnergy.com/PSCo2022AllSource>

Separation Protocol

Prior to issuing the 2022 All-Source Solicitation, the Company implemented an internal Separation Protocol that went into effect on September 3, 2021. The Separation Protocol divided Company personnel into three teams: (1) the Bid Evaluation Team, (2) the Company Self-Build Team, and (3) Specialized Technical Support Personnel. The protocol was designed to manage communications with bidders and avoid any improper communications with, between, or among members of the Company Self-Build Team and/or the Bid Evaluation Team. All impacted personnel were required to sign an acknowledgment stating they had read the Separation Protocol and agreed to abide by its terms. The Separation Protocol is consistent with past practice in prior ERPs and was reviewed with the IE. The Separation Protocol will remain in full effect until the Company files this 120-Day Report.

Bidder Communications Protocol

Consistent with past practice, the Company established a dedicated email address through which all communications between bidders and the Company occurred. This communications protocol was established to ensure that all bidders were similarly situated in how they sent and received information related to the RFP. Importantly, the IE had full access and visibility into all emails sent to or from the dedicated email address. A frequently asked questions (“FAQ”) document was posted on the RFP website and was updated weekly, or as needed.

Bidder’s Conference

On December 20, 2022, the IE participated in the Bidders’ Conference held at the Company’s Denver offices and via webinar. The purpose of the Bidders’ Conference was to provide an overview of the solicitation process and allow potential bidders to ask questions and seek additional information about the Phase II process. During the Bidders’ Conference, the IE provided an overview of Accion’s experience, its role as the IE in this process, and Accion’s objective of keeping the bid evaluation process fair for all bidders. A copy of the IE’s presentation and an audio recording of the presentation was posted to the RFP website.

Model Lock-Down

The IE utilized a model “lock down” process to ensure the models used to evaluate bids and select portfolios were fair, unbiased, and consistent with the approved Phase I assumptions and the Updated Modeling Inputs & Assumptions document filed on November 29, 2022. Prior to bid receipt, the Energy Supply & Market Modeling group provided to the IE a “locked-down model,” consisting of all of the various base inputs to EnCompass as executable files that can be imported into the model, as well as a number of screenshots illustrating the scenario tree structure and last time datasets were edited (timestamped). Furthermore, the EnCompass model provides the ability to “lock”

datasets in a way that prevents edits or changes to the underlying data. At the completion of the RFP evaluation and filing of the 120-Day Report, the final input database will be provided to the IE, accompanied by screenshots of the scenario tree structure as initially provided before bid-receipt but post-analysis. This will allow the IE to compare the database both pre- and post-evaluation and provide verification that the base data assumptions match the same timestamps, ensuring the data hasn't been altered once the bids were received. The IE was consulted on the design of this lock-down methodology in advance and agreed this was an appropriate process given the differences between the EnCompass model and the models used in previous ERPs. The purpose of this process is to demonstrate the portfolio analysis tools remain unchanged throughout the bid evaluation process.

Once bids were received, new datasets were created to address the characteristics of the bids advanced to computer-based modeling; therefore, additional datasets exist in the database that allowed the evaluation to proceed. The bid specific information is provided in the post-evaluation database and was provided to the IE for their verification; however, the base data assumptions and associated datasets were not impacted or changed.

Bid Receipt

All bids for the 2022 All-Source Solicitation were required to be submitted electronically via a secure, confidential upload application ("XpressDRIVE") unlike previous RFPs in which bid packages were also submitted in hard copy. The Company directed bidders to submit a Notice of Intent to Respond ("NOIR") in advance of the bid submittal date. The NOIR served as registration for the All-Source Solicitation and allowed the Company to respond to the bidder with a randomized bidder ID number, a secure link that enabled them to submit their bids to the XpressDrive platform and wiring instructions for submittal of bid fees.

Proposals were accepted until 4:00 P.M. Mountain Time ("MT") on March 1, 2023, and Company self-build proposals were accepted until 4:00 P.M. Mountain Time on February 28, 2023, a day prior to the receipt of third-party bids. At 5:00 P.M. MT on March 1, 2023, the Bid Evaluation Team received access to the XpressDRIVE folder to begin the bid inventory and logging process as detailed in the IE memo. Proposals received later than the submission deadline were rejected and unopened, unless the Company determined, in coordination with the IE, to consider such proposals. The complete XpressDrive contents and structure was copied to a backup location and removeable hard/thumb drives and one copy of the physical media was provided to the IE.

Information Access and Procedures

The Company maintained a SharePoint site for the purposes of bid evaluation and disseminating information internally with Subject Matter Experts. The IE was granted full access to all materials pertaining to the bids and the Company's evaluation of those bids, including unrestricted access to the Company's internal 2022 All-Source Solicitation

SharePoint site and all supplemental data the Company requested from bidders during the bid review process.

Bid Advancement to Computer-Based Modeling

Prior to advancing bids to computer-based modeling, the Company discussed with the IE the proposed criteria for bid advancement and how the Company intended to conduct the 45-day notifications pursuant to Rule 3613(a). The Company worked side-by-side with the IE to determine each bid to move forward to computer modeling and the IE and the Company were fully aligned regarding the bid advancement determination and the bidder notification process. Similarly, the IE concurred on each bid that was not advanced to the computer-based modeling stage of the Phase II process. Consistent with the approved extension to the 120-day evaluation timeline approved by the Commission, bidders were notified of their bid advancement status on May 1, 2023 (i.e., 60 days following receipt of bids).¹

Portfolio Selection and Results Review

The Company worked with the IE throughout the modeling process to jointly develop a methodology to evaluate bids and select portfolios. As discussed in Section 3 of the 120-Day Report, the Company experienced challenges in getting the model to solve at the beginning of the modeling effort. The IE and the Company jointly met with the vendor of EnCompass to evaluate options for simplifying the computational complexity of the mixed integer matrix, and together agreed upon the implemented model changes.

Additionally, once the model began to produce results, the Company and IE worked together to determine a process to correct reliability deficiencies observed in the initial results. The Company and the IE jointly created the modeling process “reliability rubric” to establish an unbiased methodology to produce portfolios that met the key reliability criteria. The same process, or rubric, was used for all portfolios equally, and did not unfairly advantage or bias the model against any bid or ownership structure.

To be clear, the IE was intimately involved with the development and implementation of the model modifications and the reliability testing/rubric and the Company sought the IE’s approval of all such actions taken.

Periodically during the modeling process, the Company shared interim results with the IE and discussed current findings and conclusions. Extensive modeling data was delivered to the IE via electronic media so the IE could review and comment on the same data the Company was evaluating.

¹ By Decision No. C23-0246-I, the Commission granted an additional 15 days to conduct eligibility reviews, due diligence, and economic screening, and then notify bidders of advancement to computer-based modeling due to the volume of bids received. This moved the 45-day deadline to notify bidders of whether their bids were advanced to computer-based modeling under Rule 3613(a) from April 15, 2023, to May 1, 2023.

Following final completion of the computer modeling and selection of the portfolios presented in the 120-Day Report, the Company met with the IE to discuss the results and explain the rationale and methodology in the selection of the Preferred Plan, backup bids, and all other portfolios. All modeling data and results were forwarded to the IE for inspection and validation.

Additional Coordination

In addition to the key coordination described above, the standing weekly meetings, and the meetings with the Company's Resource Planning Analytics group to discuss modeling procedures and interim results, the IE also worked with the Company's Transmission Access group to discuss the interconnection and delivery requirements and costs of individual bids and bid combinations. The IE coordinated with Transmission Access prior to advancement of bids to computer-based modeling to validate that the interconnection costs applied to the bids was reasonable and justified. The IE also met regularly with Transmission Planning and Transmission Operations and Engineering during analysis of the network upgrades for deliverability requirements to validate the results. These regular meetings provided an opportunity for the Company to keep the IE updated throughout the bid evaluation process.