

THE PCDA PROCESS

Decision No. C22-0559 directed the Company to confer with parties regarding the PCDA process and “bring the results of that conferral back to the Commission prior to Phase II.”¹ The Settling Parties support the PCDA process as outlined in this section, and the Company offered and held multiple briefings for non-Settling Parties on the process.

1. Structure. The PCDA process will occur through the existing Request for Proposals (“RFP”) process.

1.1. PCDA projects may have in-service dates beginning in 2024 and through end of year 2028.

1.2. Projects are limited to natural gas bids only (e.g., combustion turbines and internal combustion engines) and may be bid in as variations on another bid (e.g., a pre-construction development asset version of a project bid for regular modeling treatment: Company-owned, build -own-transfer, power purchase agreement (“PPA”)).

1.3. Bidders will need to check a box in the bid package and provide certain information to be eligible for PCDA treatment.

1.4. No separate bid fee is required.

2. General RFP Requirements. Bidders must provide a full bid package as required under other RFPs approved in the Phase I Decision and check the PCDA box. In addition, bidders should provide:

2.1. Milestone schedules for permitting and pre-development work to reach “shovel-ready” status, along with projected milestone payment levels.

2.2. The in-service date (“ISD”) and a discussion of the time frame for a project to achieve the ISD from “shovel-ready” if the contingency plan is triggered.

¹ ARRR Decision, at ¶ 61.

2.2.1. The bid package should also include, in narrative form, how the bidder will confirm milestone achievement to the Company consistent with the milestone schedule addressed above.

2.2.2. For independent power producer projects that would result in a PPA, bidders must agree to hold the PPA rate through the end of 2028 and execute a binding term sheet with the Company.

3. Project Evaluation and 120-Day Report Presentation. The Company will go through the traditional Phase II process, advancing projects to computer-based modeling and building portfolios under the portfolio development framework established by the USA.

3.1. The Company will also select back-up bids consistent with the USA.

3.2. From projects not included in either preferred portfolio (i.e., the preferred portfolio with House Bill 21-1324 resource(s) and the one without) and selected by the bidder for PCDA eligibility, the Company will propose, to the extent practicable, three levels of projects for PCDA treatment in the 120-Day Report (low firm capacity, medium firm capacity, high firm capacity).

3.2.1. The key considerations for PCDA selections will be accredited capacity and levelized cost of capacity, and the levels of firm capacity in each of the three levels outlined above will be determined based on PCDA interest.

3.2.2. The Company will also provide estimates of the amounts of milestone payments that will be recovered through the Electric Commodity Adjustment on an annual basis (e.g., for each year from 2023 to 2028), understanding that the actual recovery will be dependent upon milestone achievement and payment to any bidder in a given year.

3.2.3. Parties may comment on the PCDA proposals through the Phase II notice and comment process and the Company will respond in its responsive comments.

3.2.4. For projects included in portfolios other than the preferred portfolio, the Company will denote the projects that have self-selected for PCDA treatment.

4. Project Award. The Commission will review the list of projects proposed for PCDA treatment in the 120-Day Report, as well as the projects not included in the preferred portfolio and back-up bids that have self-selected for PCDA treatment.

4.1. The Commission will make a determination as to which projects are selected as PCDA projects in the Phase II Decision after reviewing the PCDA list, considering intervenor comments, selecting the final portfolio, and reviewing PCDA-eligible projects from the proposed back-up bids and non-selected portfolios.

4.1.1. Bids may be PCDA eligible and selected as back-up bids.

4.1.2. PCDA bids will not affect satisfaction of the firm resource need for any portfolio brought forward under the approved portfolio development framework.

4.1.3. For purposes of the “safe harbor” demonstration under § 25-7-105(1)(e)(VIII)(C), C.R.S., the generic resource additions through December 31, 2030 would be used for purposes of a compliance demonstration as opposed to any approved PCDA bids.

4.2. A binding term sheet will be executed for any PCDA bid approved in the Phase II Decision, with the exception of self-build PCDA projects.

4.2.1. All bids and actions taken pursuant to projects selected and approved through as PCDA projects will be subject to Rule 3617(d).

4.2.2. Successful PCDA bidders will receive milestone payments as achieved and not the PPA energy payment rate or other compensation for the project.