BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

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IN THE MATTER OF THE)
APPLICATION OF PUBLIC SERVICE)
COMPANY OF COLORADO FOR)
APPROVAL OF ITS 2020-2021)
RENEWABLE ENERGY COMPLIANCE)
PLAN

PROCEEDING NO. 19A-XXXXE

VERIFIED APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS 2020–21 RENEWABLE ENERGY COMPLIANCE PLAN

Pursuant to the Colorado Public Utilities Commission ("Commission") Code of Colorado Regulations 4 CCR 723-3-3002 and 4 CCR-723-3-3657, Public Service Company of Colorado ("Public Service" or the "Company") hereby requests that the Commission issue a decision approving the Company's 2020–2021 Renewable Energy Compliance Plan ("2020–21 RE Plan" or "Plan"). Accompanying this Application, and incorporated by reference, are the Company's three-volume Plan and the direct testimony and exhibits of five Company witness in support of the Plan.

In support of this Application, Public Service states as follows:

I. <u>INTRODUCTION</u>

Public Service has met Colorado's statutory Renewable Energy Standard ("RES") requirements every year since the inception of the RES and the Company will continue to exceed the RES requirements in the foreseeable future. Public Service's 2020–21 RE Plan proposes a two-year roadmap that continues to demonstrate the Company's leadership in transitioning to a more sustainable energy future, powered by less carbon-intensive fuel sources. The Company considers the 2020-21 RE Plan to be

a bridge plan that largely continues existing programs while numerous factors are resolved (including significant Commission Rule changes), which could result in a dramatically different RE Plan for the years 2022 through 2025.

Under the 2020–21 RE Plan, the Company proposes a measured increase in renewable energy programs and related customer choice market activities. The Company's overall strategy with this Plan is to continue the progress we have made to date while proposing some minor modifications to our programs and offerings in order to "right size" them to customer demand; examples of this include the expansion of certain offerings, small reductions in other offerings, or transfers of capacity between options. We also make some incremental changes to our administrative policies and practices. The Company is implementing these changes based on our experience in operating renewable energy programs in various states, trends in renewable energy markets, and consideration of costs to non-participants as well as participants. Public Service believes this Plan advances the goal of satisfying Colorado's growing energy needs in the most reliable, clean, and affordable way possible.

The 2019 legislative session posed two notable challenges with respect to the timing of this Plan filing. The first challenge was the need for certainty regarding the implementation of any new or amended legislation before completing the Company's proposals. The second challenge was the modification to the procedural deadlines set forth in § 40-6-109.5, C.R.S. Senate Bill 19-236 extends the deadline for a Commission

¹ The 2020–21 RE Plan retains many of the features approved in the 2017–19 RE Plan. Public Service is proposing certain modifications to its Solar*Rewards® program and Solar*Rewards Community® program, but is not proposing changes to the Company's Windsource®, Recycled Energy, or Renewable*Connect® programs beyond what was approved by Decision No. C16-1075 in Proceeding No. 16A-0139E.

decision by up to 40 days such that the procedural timeline may span a period of 250 days from the date of filing an application with the Commission.²

Given these two developments, the Company recognizes it is unlikely that the Commission will issue a final decision by the end of 2019, when the current 2017–19 RE Plan expires. In recognizing this difficulty Public Service proposes a solution that will provide customers and stakeholders with continuity and certainty through the first quarter of 2020. Concurrently with this Application, the Company is filing a Motion to Extend its 2017–19 RE Plan Through First Quarter 2020 ("Motion").³ In the Motion, Public Service proposes to extend the 2019 capacity levels for certain offerings on a pro rata basis through the first quarter of 2020. In situations where the 2020 capacity levels differ from the capacity levels that were in effect in 2019, the Company will calculate its monthly or quarterly capacity offerings for the remainder of 2020 to meet the annual requirement. The Company anticipates this approach will only impact its Solar*Rewards® Small and Medium offerings, as it will issue Requests for Proposal ("RFPs") for the Solar*Rewards® Large and Solar*Rewards Community® programs promptly after a final decision is entered in this proceeding.

II. SOLAR PROGRAMS – RETAIL DISTRIBUTED GENERATION

For several years, Public Service has offered an array of customer choice solar options under the umbrellas of its Solar*Rewards® and Solar*Rewards Community®. Solar*Rewards® is a program available to customers who install solar facilities at their own premises. Solar*Rewards Community® enables customers to subscribe to third-

² § 40-6-109.5(1), C.R.S.

³ The Company also seeks associated waivers in that pleading to effectuate the relief requested, along with any other waivers or variances the Commission deems necessary to implement the 2020-21 RE Plan.

party (and Company-owned) community solar gardens ("CSGs") located off-site from the customer's own premises. Combined, more than 100,000 customers, or 7 percent of our total retail customers, participate in some form of a renewable customer choice program. The offerings attract participation from both residential and non-residential customers, with roughly half of total capacity going to each.

In the proposed 2020–21 RE Plan, Public Service proposes to continue all of its programs (with the exception of discontinuing Solar*Rewards® Small Option B), with modifications that match recent participation demand trends. Specifically, Public Service would enroll approximately 200 MW of solar capacity during 2020–21 through the Solar*Rewards® and Solar*Rewards Community® programs. It is significant to note that in addition to the Company's incentive programs, Public Service projects approximately 64 MW of additive net energy metered only solar to come online during the 2020-21 RE Plan years.

A. Solar*Rewards®

As shown in Table 1, in the 2020–21 RE Plan, Public Service requests authority to obtain through Solar*Rewards® up to 104.7 MW of solar capacity (52.35 MW in each of 2020 and 2021). The Company proposes the following capacity levels for the Solar*Rewards® Small, Medium, Large offerings, and the Rooftop Low-income Solar option administered in conjunction with the Colorado Energy Office ("CEO").

Table 1: Solar*Rewards® 2020-21 Capacity Proposals

Solar*Rewards® Offering	2020 capacity (MW)	2021 capacity (MW)	Total RE Plan capacity (MW)
Solar*Rewards® Small (≤25 kW)	12.0	12.0	24.0
Solar*Rewards® Medium (>25 to 500 kW)	20.0	20.0	40.0
Solar*Rewards® Large RFP (>500 kW)	20.0	20.0	40.0
Rooftop Low-income Solar (≤5 kW) (CEO)	0.35	0.35	0.7
TOTAL SOLAR*REWARDS	52.35	52.35	104.7

Each of these offerings is a continuation of an existing offering. However, the offering identified as Solar*Rewards® Small was one-half of the Small offering, specifically Solar*Rewards® Small—Option A, in the 2017–19 RE Plan. In the 2017–19 Plan, the Company implemented two Small offerings. Option A was a traditional "standard offer" the Company has offered in the past, whereas Option B was a new offering made available to customers who participated in alternative rate structures. Due to a lack of participation in Option B, the Company requests authorization to discontinue that offering. The Company will continue the successful Option A offering as its Solar*Rewards® Small offering.

The capacity levels for the Small and Medium offerings are lower than the 2019 authorized capacity levels, but the proposed capacity levels for 2020–21 are in line with recent enrollment levels. This trend is not reflective of a decline in retail distributed generation ("DG") installations, but is largely driven by a dramatic increase in Net Energy Metering Only ("NEM Only") applications. As discussed later, the Company is proposing to offset these decreases by expanding capacity in other more popular offerings.

The Company proposes to retain the existing (2019) incentive payment levels for the Solar*Rewards® Small and Medium offerings: \$0.005 per kWh produced by Small solar systems, paid to the customer for 20 years; and \$0.0375 per kWh produced by Medium solar systems, paid to the customer for 20 years.

The Company achieves its capacity goals for the Solar*Rewards® Large offering through competitive solicitations held annually. Due to the robust demand for the Solar*Rewards® Large offering, the Company proposes to double the annual capacity made available in this offering from 10 MW to 20 MW each year. Given the diversity of projects seeking to participate, Public Service will seek stakeholder input regarding the allocation of some of the available capacity each year into specific project segments by project size or characteristic in order to accommodate a wide range of bidders. Incentives for the Large offering are incorporated in the bids.

Public Service seeks to maintain current capacity for the Rooftop Low-income Solar offering that is implemented in conjunction with CEO at 0.35 MW per year. While this existing offering has not yet achieved the authorized installation levels, Public Service is committed to maintaining opportunities for low-income customers to participate in its Solar*Rewards® offerings. Due to the high cost and the flexibility of the incentive structure, the Company does not propose any incentive changes in this Plan. The Company plans to maintain a maximum system size of 3.5 kW, though the Company is open to considering alternative sizes that CEO might propose in this proceeding. Projects will have up to 12 months from the time of incentive allocation to be completed.

B. Solar*Rewards Community®

Public Service requests authority in the 2020–21 RE Plan to obtain up to 96 MW of solar capacity (48 MW in each of 2020 and 2021) through its Solar*Rewards Community® program under which third parties (and the Company) construct CSGs and offer customers the opportunity to subscribe. The Company proposes to obtain the following capacity levels in the Solar*Rewards Community® (General) RFP, Low Income RFP, Standard Offer (standard and Low Income), and Low-Income Company Offered Offerings. Table 2 below shows the Company's proposed capacity levels for its Solar*Rewards Community® offerings.

Table 2: 2020-21 Proposed Solar*Rewards Community® Capacity Levels

Solar*Rewards Community® Offering	2020 capacity (MW)	2021 capacity (MW)	Total RE Plan capacity (MW)
General Solar*Rewards Community®	35	35	70
Request for Proposal ("RFP")			
Solar*Rewards Community®	4	4	8
Low Income RFP			
Solar*Rewards Community®	5	5	10
Standard Offer			
(Standard + Low Income)			
Solar*Rewards Community®	4	4	8
Low-Income Company Offered			
TOTAL SOLAR*REWARDS	48	48	96

Each of these offerings is a continuation of our existing offerings. As shown above, Public Service proposes to procure most of its Solar*Rewards Community® capacity through competitive solicitations, which will result in market-based pricing. The Company proposes to obtain up to 35 MW of capacity each year through its General Solar*Rewards Community® RFP. This capacity level is consistent with the historical capacity awards under previous RE Plans.

In addition to the competitive solicitations, Public Service also proposes to make available 5 MW of capacity under Standard Offer Solar*Rewards Community®. The capacity available under a Standard Offer includes 4.5 MW of CSGs as well as 0.5 MW of CSGs that can only be subscribed by eligible Low Income customers per year. The Company proposes to increase the maximum eligible project size to 500 kW. The Standard Offer will include an incentive priced at \$0.02/kWh above the average REC price of the winning bids from the most recent RFP. Of the 5 MW standard offer CSGs we propose to continue the low-income standard offer at the same 0.5 MW per year level. In total, we propose 48 MW annually under Solar*Rewards Community®.

Consistent with Rule 3665(d)(IV), in addition to the RFP(s) for CSGs that will exclusively serve low-income customers, the Company proposes a collaborative labor partnership to develop a total of 8 MW of Company-offered CSGs over 2020 and 2021 (4 MW each year) that will be offered exclusively to eligible low-income customers, using a Project Labor Agreement.

Finally, Public Service proposes to proceed under the Commission's existing rules for its Solar*Rewards Community® offerings in its the 2020–21 RE Plan. Recent legislative developments impact the RES statute and the Company has worked with stakeholders to incorporate the provisions of new laws into its practices, but a consensus has not yet been reached. Accordingly, the Company believes the best course of action is to continue to follow the Commission-approved rules and procedures currently in place while the Company works with the Commission and stakeholders to fully vet all implications of recent legislative developments and create new Rules.

While Public Service attempted to design this Plan with flexibility to accommodate new rules, we are proposing to proceed under the current rules in place for purposes of this Plan, until the Commission implements House Bill 19-1003 ("HB 19-1003") through associated rulemakings or other form of approval. For example, HB 19-1003 increases the per-garden size cap for CSGs from 2 MW to 5 MW, and eliminates the requirement that a CSG be physically located in the same or adjacent county as its subscribers. The Company plans to implement these changes for 2020 and 2021 CSG RFPs, in accordance with the final rules in Proceeding No. 19R-0096E or possibly other Commission direction on the implementation of HB 19-1003. The Company would note it understands the Commission desires to have new such rules in effect as of March of next year, so these statutory changes should be able to be incorporated into future RES acquisitions seamlessly.

III. NON-DISTRIBUTED GENERATION AND WHOLESALE PROGRAMS

A. Windsource®

Public Service's Windsource® program is one of the largest utility green pricing programs in the country. Windsource® enables Public Service's customers to offset the environmental impacts of their energy usage by purchasing RECs from the Public Service wind generation portfolio. The Windsource® program then returns the revenues from the sale of the RECs to the RESA deferred account. Participation in Windsource® is not capped. Windsource® customers in Colorado have effectively purchased over 2.8 billion kWh since the program began in 1997. The 2020–21 RE Plan proposes no pricing changes from the program's current pricing at \$0.015/kWh. The Company's current pricing review shows that pricing for competitive offerings is largely unchanged from the approved 2017–2019 RE Plan.

B. Recycled Energy Program

Public Service's Recycled Energy program provides financial incentives to customers who deploy recycled energy electric generating resources, which turn waste heat into energy. Customers participating in this program would utilize Tariff Schedule RE. Although there currently are no customers participating in this program, the Company requests approval in the 2020–21 RE Plan to retain the 20 MW of recycled energy acquisitions per year, to be made available in an open-offer program at incentive levels previously approved by the Commission in Proceeding No. 16A-0139E.

C. Renewable*Connect®

Renewable*Connect® is a program that enables Public Service's customers to meet their energy needs by purchasing the electric output of a Company-owned 50 MW solar facility. Renewable*Connect® capacity is fully subscribed, and enrollment is closed. Renewable*Connect® fills a valuable role in the voluntary renewable choice market. The Company has a waitlist for participation in the event program capacity becomes available; however, the Company does not propose to expand Renewable*Connect® in this RE Plan.

IV. MOTION FOR PERMANENT VARIANCE FROM RULE 3665(c)(I)(B)

Commission Rule 1003 addresses requests for waivers or variances, providing that, for good cause shown, the Commission may grant a waiver from its rules and "substantive requirements contained in Commission decisions". Rule 1003(a) further provides that "the Commission may take into account, but is not limited to, considerations of hardship, equity, or more effective implementation of overall policy on

an individual basis."⁴ Rule 1003(c) sets forth the elements that a waiver or variance request must contain, which the Company addresses below.

A. Rule 1003(c)(I) – Citation to Specific Paragraph of the Rule or Decision from Which Public Service Requests a Waiver or Variance

Rule 3665(c)(I)(B) provides:

For the purpose of calculating the billing credit for a commercial or industrial customer on a demand tariff, the total aggregate retail rate (including all billed components) shall be determined by dividing the total electric charges to be paid by the customer to the investor owned QRU for the most recent calendar year (including demand charges) by the customers' total electricity consumption for that year. In the event that the designated premises to which the CSG subscription is attributed has less than one year of billing history, an estimate of the total annual charges shall be made by the QRU.

B. Rule 1003(c)(II) - Statement of Variance Requested

To the extent required, Public Service respectfully moves for a permanent and continued variance from Rule 3665(c)(I)(B), in order to continue applying a class-average bill credit for its Solar*Rewards Community® program. This bill credit is currently reflected in the Company's Commission-approved tariff sheets for Solar*Rewards Community® Service ("Schedule SRCS"), but the Commission has not formally authorized a permanent waiver of this rule.

C. Rule 1003(c)(III) – Statement of Facts and Circumstances

The Commission has approved waivers from Rule 3665(c)(I)(B) in conjunction with the Company's two most recent RE Plans.⁵ Waiver of Rule 3665(c)(I)(B) was included in the Settlement Agreement for the 2017–19 RE Plan agreed to by the parties. As noted in Decision No. C16-0747 in Proceeding No. 13A-0836E, "adherence to the

⁴ 4 CCR 723-1-1003(a).

⁵ See Proceeding No. 16A-0139E, Decision No. C16-1075, ¶¶ 112-114 (mailed date Nov. 23, 2016); Proceeding No. 13A-0836E, Decision No. C16-0747, ¶¶ 45-51 (mailed date Aug. 12, 2016) (granting applications for RRR).

requirements of Rule 3665(c)(I)(B) ... is inconsistent with the stated legislative intent" of the CSG statute.

As the record in Proceeding No. 13A-0836E shows and Mr. Jack W. Ihle discusses in his Direct Testimony supporting the Company's Application, Rule 3665(c)(I)(B) requires individualized bill credit calculations for demand-based commercial customers, unreasonably incentivizes CSG developers to seek out certain types of commercial customers that are significantly more economically advantageous than residential and small commercial customers. This effectively discourages broad participation in CSGs that the General Assembly intended in the CSG statute, § 40-2-127, C.R.S. Using use bill credits developed on a class average basis addresses the economic gap between the bill credits for residential and demand-based commercial customers, thus removing the perverse incentive for developers to single out specific commercial customers. Again, this approach is already embodied in the Company's Commission-approved Schedule SRCS tariff sheet.

D. Rules 1003(c)(IV) and (V) – Duration of the Variance of the Rule

In the interests of providing customers, bidders, and the Company with certainty and continuity, Public Service is requesting a permanent waiver of the rule. Should future rules or circumstances warrant reevaluating this waiver, the Company will approach the Commission as necessary.

E. Rule 1003(c)(VI) – Other Information Required by Rule

There is no other information required by rule.

V. **INFORMATION REQUIRED BY RULE 3002**

In support of this Application, Public Service provides the following information

required by Rule 3002 of the Commission's Rules Regulating Electric Utilities, 4 CCR

723-3-3002.

1. Rule 3002(b)(I): Public Service is an operating public utility subject to the

jurisdiction of this Commission, engaged, inter alia, in the transmission, distribution and

purchase of electricity and gas in various areas in the State of Colorado. The name and

address of the Applicant is:

Public Service Company of Colorado 1800 Larimer Street, Suite 1400

Denver, Colorado 80202-5533

2. Rule 3002(b)(II): All operations conducted by the Company in Colorado

are conducted under the name of Public Service Company of Colorado, under the trade

name of Xcel Energy.

3. Rule 3002(b)(III): Please send copies of all inquiries, notices, pleadings,

correspondence, and other documents regarding this Application to:

Jack Ihle

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13

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4. Rule 3002(b)(IV)–(VII): In lieu of the separate statements required by subparagraphs (b)(IV) through (VI) of this rule, consistent with subparagraph (b)(VII) Public Service states that it has read, and agrees to abide by, the provisions of subparagraphs (b)(IV) through (VI) of this rule.

- 5. Rule 3002(b)(VIII): Public Service's existing operations and general service areas in Colorado are set forth in the Company's tariffs on file with the Commission.
- 6. Rule 3002(b)(X): Public Service requests that if the Commission determines that a hearing on this Application is necessary, it be held at the Commission's offices in Denver, Colorado.
- 7. Rule 3002(b)(XI): In lieu of the separate statements required by subparagraphs (b)(XI)(A) through (C) of this rule, consistent with subparagraph (b)(IX)(D) Public Service acknowledges by the signature below that the Company has read and agrees to abide by the provisions of subparagraphs (b)(XI)(A) through (C).
- 8. Rule 3002(b)(XII): In the attached verification, Mr. Jack Ihle, Director—Regulatory and Strategic Analysis, states under penalty of perjury that the contents of

this Application are true, accurate, and correct to the best of his knowledge. Mr. Ihle's address is identified in paragraph three of this section.

- 9. Rule 3002(c): Pursuant to Rule 3002(c), Public Service hereby incorporates by reference the following information required by Rule 1310(a)(I) through (V), which is on file with the Commission in Proceeding 06M-525EG:
 - a. A copy of Public Service's Amended Articles of Incorporation, which was last filed on October 3, 2006.
 - b. The name, business address, and title of each of Public Service's officers and directors, which was last filed on March 28, 2019.
 - c. The names and addresses of affiliated companies that conduct business with Public Service, which was last filed on March 28, 2019.
 - d. The name and address of Public Service's agent for service of process, which was last filed on March 28, 2019.⁶

VI. <u>CONCLUSION</u>

Wherefore, Public Service Company of Colorado respectfully requests that the Commission issue a decision approving the Company's 2020–21 RE Plan as set forth herein. Specifically, Public Service respectfully requests that the Commission approve the Plan, including, without limitation:

- The Company's proposed acquisition levels, incentives, and programmatic changes for its Solar*Rewards® and Solar*Rewards Community® programs;
- The Company's Windsource® and Recycled Energy program proposals;
- The Company's proposal to submit a "30-day report" following CSG bid awards:

15

⁶ Because Public Service is incorporated in Colorado, Rule 1310(a)(II) is inapplicable. Although compliance with Rule 3002(b)(IX) not required for this application, out of an abundance of caution and to the extent necessary, Public Service also incorporates by reference the copy of Public Service's most recent audited balance sheet, income statement, and statement of retained earnings which were last filed with the Commission on March 28, 2019.

Continuation of the CEO's Rooftop Low-income Solar program;

The Company's request to develop a total of 8 MW of Company-offered

CSGs over 2020 and 2021 (4 MW each year) that will be offered exclusively

to eligible low-income customers, using a Project Labor Agreement;

The Company's request for waiver of Commission Rule 3665(c)(I)(B) for

applying the class-average bill credit for its Solar*Rewards Community®

program, as set forth in its concurrently filed Application and Request for

Variance;

The Company's Motion to Extend 2017–19 RE Plan Through First Quarter

2020, as set forth in its concurrently-filed Motion; and,

The Company's Motion for Waiver of Rule 3657, as set forth in its

concurrently-filed Motion.

DATED this 28th day of June, 2019.

Respectfully submitted,

By: /s/ Christopher M. Irby

Christopher M. Irby, #35778

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16

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ATTORNEYS FOR PUBLIC SERVICE COMPANY OF COLORADO

DEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO * * * * * *

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF **COLORADO FOR APPROVAL OF ITS Proceeding No. 19A-XXXXE** 2020-2021 RENEWABLE ENERGY **COMPLIANCE PLAN** VERIFICATION STATE OF COLORADO CITY AND COUNTY OF DENVER SS: I, Jack W. Ihle, being duly sworn, do hereby depose and state that I am Director, Regulatory and Strategic Analysis Xcel Energy Services Inc., agent for Public Service Company of Colorado, Applicant in the foregoing Application; that I am an authorized agent for Public Service Company of Colorado; that I have read the foregoing Application; and that the facts set forth therein are true, accurate and correct to the best of my knowledge, information, and belief. Director, Regulatory and Strategic Analysis 1800 Larimer Street, Suite 1400 Denver, Colorado 80202 Subscribed and sworn to before me this about day of June 2019. My Commission expires:

> SCHUNA D WRIGHT Notary Public State of Colorado Notary ID # 19974007693 My Commission Expires 05-06-2021

Schung D. Leright Notary Public