

➤ **Summary of 60-Day Notice: Data Center Efficiency**

Public Service Company of Colorado (“the Company”) posts this 60-Day Notice to make changes to the Data Center Efficiency product in response to the 2018 Comprehensive Evaluation.

The evaluation provided key findings in the areas of net-to-gross, data collection, trade partner communication, cost effectiveness suggestions, creation of a customer journey path, tracking key performance metrics, conducting a market characterization study. The Company will implement the following recommendations in 2019 with the modifications noted to Recommendation 2:

Recommendation 1: Conduct a targeted market characterization study. The goals of this study would be to: (1) identify potential new participants, (2) understand the characteristics of trade partners who influence data center decision-makers, and (3) identify other market actors that may be worth developing relationships with.

Recommendation 2: Increase product influence. The recommended prospective NTGR is 0.65. Consider segmenting and incentivizing the market based on how and how many times they participate. Devise a method for documenting the counterfactual in the customer journey.

Recommendation 3: Target outreach efforts towards customers, trade partners, or other market actors with characteristics that indicate increased barriers to energy efficiency.

Recommendation 4: Engage potential new participants. Consider having a dedicated resource to promote the product to potential new participants.

Recommendation 5: Offer trade partner incentives. Incentivize trade partners for recruiting first-time participants and for upselling projects, increasing the value proposition for trade partner participation.

Recommendation 6: Target outreach efforts on trade partners with greater ability to influence customer decision-making.

Recommendation 7: Support trade partners to identify and implement opportunities by developing a trade partner list, holding advisory board meetings or roundtable discussions.

Recommendation 8: Change the study design. Review study content to increase the efficiency of projects or identify additional opportunities not already under consideration.

Recommendation 9: Make changes to the incentive design. Promote technologies that are not well accepted through implementing a tiered incentive structure.

Recommendation 10: Review facility and equipment eligibility criteria and communications. Make sure eligibility requirements are explicit, clearly communicated, and easy to find on every communication channel.

Recommendation 11: Make rebate forms easier to complete. To make forms easier to complete, consider changing the format to an Excel workbook or online form and review fields and structure of documents to make them more user-friendly.

Modification to Recommendations

As noted above, the Company proposes to modify the second recommendation. The Net-to-Gross ratio recommended assumes minimal changes to the product; however, in an effort to focus resources where they have the greatest impact and leveraging the additional research from the Data Center Framework Development and Customer Journey Mapping – Results Memo, attached as Appendix A to the Evaluation Report. As recommended by the Evaluator the Company will be segmenting the Data Center Efficiency product into three categories:

- 1) Study Driven savings: savings identified through a Company funded study;
- 2) Company/Trade Partner savings: savings identified through a joint effort between the Company /Trade Partner and the customer. The Company/Trade Partner is actively involved in identifying savings and providing options for additional savings; and
- 3) Customer Identified savings: savings identified by the customer through their own efforts.

These categories align with the Evaluator’s recommendation that the Company focus on projects where the Company’s influence is the greatest. To properly align the categories with the Company’s influence the Company will apply a net-to-gross to the non-study customer groups that is derived from a review of the projects that were considered in the Evaluator’s determination of the prospective net-to-gross.¹ The following table identifies the categories and the applicable net-to-gross ratio.

Table 1: Category and Net-to-Gross

Category	Net-to-Gross
Study Driven Savings	100%
Company/Trade Partner Savings	80%
Customer Identified Savings	45%

By applying these individual net-to-gross values it aligns the Company’s interest to provide maximum influence and achieve the most cost-effective savings with the customer’s interest of maximizing their investment. The alternative, utilizing only the singular net-to-gross value, would not align these interests because it would not incentivize the Company to focus on projects where its influence is greatest because all projects are treated the same.

¹ The net-to-gross (NTG) for the two categories was created as follows: the three higher NTG values (of eight) were assigned to the category with higher interaction from the Company based on the findings of the additional research. The remaining five were deemed representative of customers with less interaction with the Company during project design and implementation. The net-to-gross for each category was then averaged to determine the net-to-gross for that category. Statistical significance is not achieved retrospectively using this method due to small sample size.

Table 2: Summary of Forecasted Notice Impacts:

	As Filed	Revised per Evaluation 60-Day
Electric Savings (Net Gen kWh)	9,806,422	8,322,061
Electric Demand Reduction (Net Gen kW)	876	816
Budget (\$)	\$1,377,885	\$1,324,943
MTRC Test Ratio	1.71	1.75

Detailed responses to each of the Comprehensive Evaluation recommendations can be found in the matrix included with the report.

Included with this Notice are the following documents:

- Revised Data Center Efficiency Deemed Savings worksheets;
- Revised Data Center Efficiency Electric Forecast Summary worksheets; and
- Revised Data Center Efficiency Write Up.

These documents can be found on our website at the following link:

http://www.xcelenergy.com/Company/Rates_&_Regulations/Filings/Colorado_Demand-Side_Management