

**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 AN)
ECONOMIC DEVELOPMENT RATE) PROCEEDING NO. 20A-XXXXE
PROPOSAL PURSUANT TO)
COLORADO HB 18-1271)

DIRECT TESTIMONY AND ATTACHMENT OF R. NEIL COWAN

ON

BEHALF OF

PUBLIC SERVICE COMPANY OF COLORADO

August 21, 2020

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Attachment RNC-1	Summary of the Company's Voluntary Renewable Energy Programs
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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
2020-21 RE Plan	The Company's 2020-21 Renewable Energy Plan
DSM	Demand-Side Management
EDR	Economic Development Rate
HB	House Bill
MW	Megawatts
Public Service or Company	Public Service Company of Colorado
REC	Renewable Energy Credit
RES	Renewable Energy Standard
RFP	Request for Proposal

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**I. INTRODUCTION, QUALIFICATIONS, PURPOSE OF TESTIMONY,
RECOMMENDATIONS**

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is R. Neil Cowan. My business address is 1800 Larimer, Suite 1100,
Denver, Colorado 80202.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?

A. I am employed by Public Service Company of Colorado (“Public Service” or
“Company”) as a Regulatory Policy Specialist.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THE PROCEEDING?

A. I am testifying on behalf of Public Service.

Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AND QUALIFICATIONS.

A. As a Regulatory Policy Specialist, I am responsible for the strategic planning,
policy development, and the regulatory and legislative support for issues
pertaining to renewable energy products and services, demand-side
management (“DSM”) (energy efficiency and demand response), and customer

1 data privacy. A description of my qualifications, duties, and responsibilities is set
2 forth after the conclusion of my Direct Testimony in my Statement of
3 Qualifications.

4 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

5 A. The purpose of my Direct Testimony is to explain what voluntary renewable
6 programs are available to Public Service's customers; provide an overview of
7 C.R.S. § 40-3-104.3's treatment of utility requests to expand voluntary renewable
8 programs to accommodate Economic Development Rate ("EDR") customers; to
9 explain the scope for such requests subject to the expedited consideration
10 contemplated in House Bill ("HB") 18-1271 for which Public Service seeks
11 advance Commission approval as explained in Mr. Steven W. Wishart's Direct
12 Testimony; and to explain how advance Commission approval of a procedural
13 framework accommodating expedited consideration for these requests supports
14 the legislative objectives of HB 18-1271.

15 **Q. ARE YOU SPONSORING ANY ATTACHMENTS AS PART OF YOUR DIRECT**
16 **TESTIMONY?**

17 A. Yes, I am sponsoring the following attachment, which was prepared by me or
18 under my direct supervision:

Attachment RNC-1	Summary of the Company's Voluntary Renewable Energy Programs
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1 **II. VOLUNTARY RENEWABLE ENERGY PROGRAMS**

2 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR DIRECT**
3 **TESTIMONY?**

4 A. In this section of my Direct Testimony, I provide an overview of Public Service's
5 current renewable energy choice programs.

6 **Q. PLEASE PROVIDE AN OVERVIEW OF PUBLIC SERVICE'S VOLUNTARY**
7 **RENEWABLE ENERGY PROGRAMS CURRENTLY AVAILABLE TO**
8 **CUSTOMERS.**

9 A. The Company administers a robust set of renewable energy programs that are
10 available to all its customers. Customers of all sizes have choices from siting
11 solar generation on their property (e.g. Solar*Rewards Small, Medium, and
12 Large, and Net Metering), to subscribing to solar generation from an off-site
13 source (e.g. Solar*Rewards Community®), to purchasing Renewable Energy
14 Credits ("RECs") from the Company's Windsource® program in an effort to
15 increase the amount of renewable energy used to supply them. Attachment
16 RNC-1 contains a summary of the various renewable energy choice programs
17 Public Service offers at this point in time that would be subject to expansion
18 requests. Should the Commission approve new renewable energy programs in
19 the future, those too, could be subject to expedited expansion requests
20 consistent with HB 18-1271. In addition to its renewable energy programs, the
21 Company offers a robust suite of Demand-Side Management programming,
22 though Public Service is not proposing to utilize its proposed expedited process

1 to expand DSM offerings to accommodate EDR customers at this time. The
2 Company's website contains additional information on all these programs at:

3 https://www.xcelenergy.com/programs_and_rebates.

4 **Q. PLEASE DESCRIBE THE ON-SITE PROGRAM OPTIONS FOR CUSTOMERS.**

5 A. The Company's Solar*Rewards program currently supports the installation of
6 systems at several program levels—small systems up to 25 kilowatts (“kW”) and
7 medium systems between 25.1 to 500 kW. The program also issues requests for
8 proposals (“RFP”) to support large systems over 500 kW. Through
9 Solar*Rewards, customers interested in installing solar systems at their homes or
10 businesses receive incentives to participate in the program, with the Company
11 receiving the associated RECs that it applies toward its Renewable Energy
12 Standard (“RES”) compliance. Through Q1 2020, the Company has
13 interconnected over 37,000 installations representing nearly 370 megawatts
14 (“MW”) (DC) of capacity through its Solar*Rewards program. Including net
15 metered only installations where customers retain the RECs produced by your
16 system, these numbers have increased to over 56,000 installations and nearly
17 500 MW.¹

¹ Net metered only installations have increased significantly as of 2017 and are currently outpacing Solar*Rewards installations for systems smaller than 25 kW.

1 **Q. OF THESE OPTIONS, WHICH OF THESE PROGRAMS MIGHT BE**
2 **APPROPRIATE FOR CUSTOMERS ELIGIBLE FOR THE COMPANY'S**
3 **PROPOSED EDR?**

4 A. Commercial or Industrial customers with three to 20 MW of load would likely
5 require larger solar systems, which would put them into the Company's
6 Solar*Rewards Medium or Large programs. By Decision No. C20-0289
7 approving the Company's 2020-21 Renewable Energy Plan ("2020-21 RE
8 Plan"),² the Company will offer 24 MW (six MW per quarter) of capacity annually
9 through its Solar*Rewards Medium program, to be incentivized at \$0.0375 per
10 kWh paid over the 20-year term of the contract.

11 For its Solar*Rewards Large program, the Company will solicit an annual
12 RFP for up to 20 MW of total capacity from larger (500 kW-plus) systems under
13 its 2020-21 RE Plan. Per the RFP, successful bids are awarded at the REC
14 price bid into the program. This program has been successful over the past few
15 years, with Public Service consistently awarding all annual capacity in the
16 program.

17 **Q. WHAT ARE THE OPTIONS FOR CUSTOMERS WHO CANNOT OR PREFER**
18 **NOT TO SELF-GENERATE AT THEIR PREMISES?**

19 A. Public Service's Solar*Rewards Community® program is a program that enables
20 customers who cannot, or do not wish to participate, in on-site solar. The
21 program, which launched in August 2012, serves customers who purchase or

² As modified by the Commission's Decision Addressing Application for Rehearing, Reargument, or Reconsideration of Decision No. C20-0289 (June 10, 2020).

1 lease portions of a community solar garden installed by developers in the
2 Company's service territory. Subscribing customers receive credits on their bill
3 for the energy produced at a central generation facility, avoiding the need to
4 install solar on their premises. Public Service receives the RECs, which are
5 applied to RES compliance.

6 **Q. WHAT IS THE COMPANY'S RENEWABLE*CONNECT PROGRAM?**

7 A. The Renewable*Connect program is another option for customers who cannot or
8 choose not to site solar on their premise. Renewable*Connect allows
9 subscribers to purchase solar energy from the Company at an unsubsidized,
10 regulated retail rate with no negative cost impacts on non-participants. The solar
11 energy is generated by and acquired from a 50 MW solar resource *via* a power
12 purchase agreement. This program has been popular and works well for
13 customers who cannot or do not wish to avail themselves of other solar
14 programs. Subscribers have a choice of a month-to-month, a five-year, or a 10-
15 year commitment, are charged according to the Renewable*Connect program
16 terms and receive a credit attributable to the avoided capacity and energy costs
17 of traditional fossil generation. The program is currently sold out with an active
18 waiting list.

19 **Q. PLEASE DESCRIBE THE COMPANY'S WINDSOURCE® PROGRAM.**

20 A. Public Service's Windsorce® program is one of the largest utility-run green
21 pricing programs in the country. More than 59,000 Colorado homes and 880
22 businesses purchased 209,499 MWh of renewable energy through Windsorce®
23 in 2019. The program remains an integral part of Public Service's renewable

1 portfolio and enables customers to proactively purchase renewable energy to
2 offset their energy use and meet their personal and business needs. The
3 Windsource® program was originally established as an experimental, voluntary,
4 value-priced renewable energy program. Designed to stimulate wind
5 development in Colorado, the program was responsible for development of the
6 first commercial wind farm in Colorado, the 30 MW Ponnequin wind farm.
7 Demand for the program has grown significantly, and Windsource® is now one of
8 the leading voluntary green power programs in the country. The current cost for
9 Windsource is \$1.50 per 100-kWh block.

1 **III. UTILITY REQUESTS FOR RENEWABLE PROGRAM EXPANSION**

2 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR DIRECT**
3 **TESTIMONY?**

4 A. In this section of my Direct Testimony, I discuss HB 18-1271's provisions
5 regarding the expansion of voluntary renewable energy programs to
6 accommodate EDR customers.

7 **Q. ARE YOU FAMILIAR WITH COLORADO'S ECONOMIC DEVELOPMENT**
8 **RATE LEGISLATION, HB 18-1271, CODIFIED AT C.R.S. §40-3-104.3?**

9 A. Yes.

10 **Q. HOW DOES THE STATUTE ADDRESS A UTILITY'S REQUEST TO EXPAND**
11 **VOLUNTARY RENEWABLE PROGRAMS?**

12 A. C.R.S. § 40-3-104.3(6)(d) authorizes an investor-owned utility to seek
13 Commission approval to expand any of its voluntary renewable energy program
14 or service offerings "through the acquisition of additional renewable generation
15 capacity and energy to meet the current and projected demand of" qualifying
16 commercial or industrial customers. The statute requires that in order to qualify,
17 certain conditions must be met, which I will categorize as "Customer
18 Specifications" and "Program Specifications." Customer Specifications and
19 Program Specifications are dependent on each other. Under the Customer
20 Specifications, the utility's proposed expansion of the voluntary renewable
21 program must be for the purpose of serving:

- 22 • Any commercial or industrial customer making a capital investment of
23 \$250 million or more;

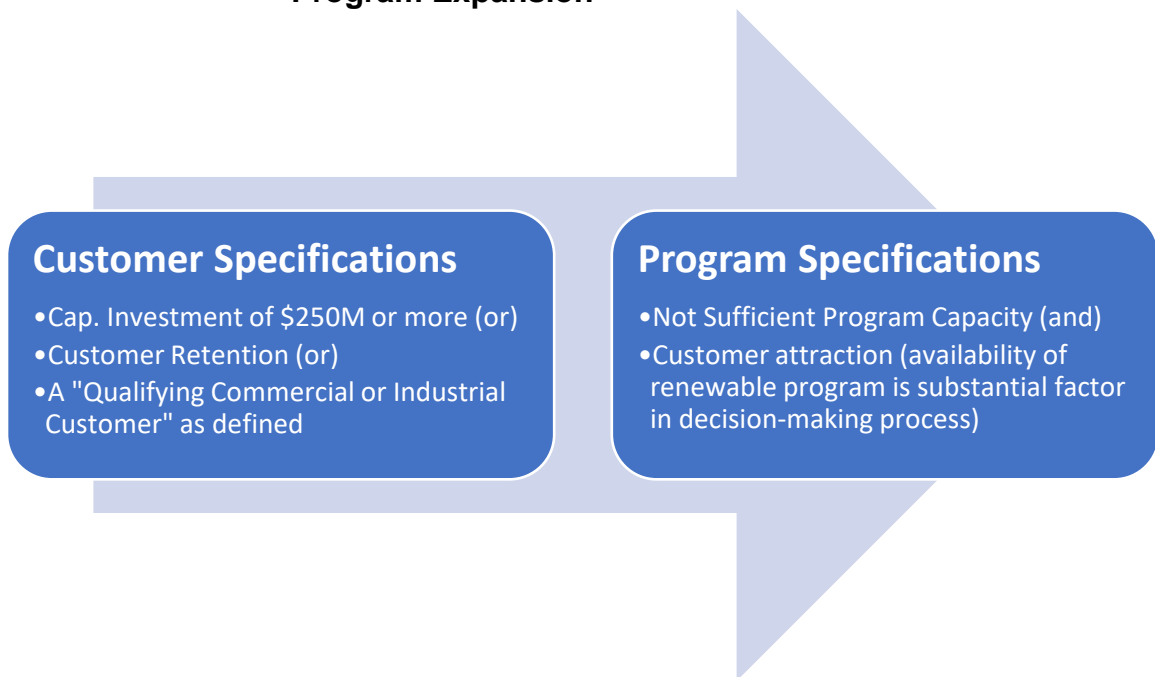
- 1 • Any commercial or industrial customer that requires such expansion to
2 remain as a customer of that utility; or,
3 • Any qualifying commercial or industrial customer

4 Under the Program Specifications, the utility must demonstrate to the
5 Commission that both of the following conditions apply:

- 6 • There is not sufficient capacity and energy in the existing voluntary
7 renewable energy program or service offering to satisfy the needs of
8 the customer; and,
9 • The availability of the program or service, either on its own or in
10 combination with other incentives, is a substantial factor in the
11 customer's decision to locate new or expand or retain existing
12 business operations in Colorado.

13 To simplify things, I put the two sets of conditions in the below Figure
14 RNC-D-1 to visually depict the process by which these conditions are executed.

15 **Figure RNC-D-1: Customer and Program Specifications of Renewable**
16 **Program Expansion**



1 **Q. DOES THE COMPANY ANTICIPATE IT WILL HAVE ENOUGH CAPACITY IN**
2 **ITS VOLUNTARY RENEWABLE ENERGY PROGRAMS TO ACCOMMODATE**
3 **THE POTENTIAL DEMAND OF EDR CUSTOMERS?**

4 A. No. As explained by Company Witness Ms. Hollie Velasquez Horvath in her
5 Direct Testimony, Public Service anticipates that the ability to participate in
6 voluntary renewable energy programs will be an important factor in many
7 prospective EDR customers' decision-making process in choosing whether to
8 locate in Colorado. For example, as Ms. Velasquez Horvath explains in her
9 Direct Testimony, as a condition of agreeing to an incentive discounted electricity
10 program with Northern States Power - Minnesota, Google required that its entire
11 incremental load be served with carbon-free resources. Given the increasing
12 commitment to renewable energy goals by companies worldwide and the limited
13 capacity remaining in Public Service's renewable energy program offerings that
14 we expect will be of interest to prospective EDR customers, Public Service
15 anticipates the need to expand its voluntary renewable energy programs.
16 Moreover, from a renewable energy program planning perspective, the Company
17 has not taken into account the potential demand from EDR customers in crafting
18 its proposed and Commission-approved program capacity levels set through
19 Renewable Energy Standard ("RES") Plan³ proceedings and other Commission
20 proceedings. Because EDR customers encompass a wholly new source of
21 demand that neither the Company nor Commission have accounted for in setting
22 renewable energy program capacity levels, expansions could well be warranted.

³ See, e.g. Proceeding No. 19A-0369E, Public Service's most recent RES Plan proceeding.

1 **Q. COULD YOU PROVIDE EXAMPLES OF THE TYPES OF RENEWABLE**
2 **ENERGY PROGRAM EXPANSION REQUESTS THE COMPANY MIGHT ASK**
3 **OF THE COMMISSION IN ORDER TO SERVE AN EDR CUSTOMER?**

4 A. The Company anticipates a variety of requests. If the customer desires on-site
5 generation, an expansion would be necessary in the Solar*Rewards Large or
6 Medium programs. If on-site generation is not necessary then the need can be
7 fulfilled with either, or a combination of, the Company's Renewable*Connect or
8 Solar*Rewards Community Programs. The nature of the request would depend
9 on the customer's needs and preferences. However, the Company will only
10 propose to expand its current voluntary renewable energy programs within their
11 existing structures to accommodate EDR customers and will not propose
12 structural changes to programs that could impact other participating customers
13 through these expedited proceedings. The Company understands that expedited
14 treatment may not be appropriate for proceedings proposing broader structural
15 changes to program terms and conditions impacting other customers.

16 **Q. WHAT COMPONENTS WOULD PUBLIC SERVICE INCLUDE IN A FILING**
17 **REQUESTING TO EXPAND A VOLUNTARY RENEWABLE PROGRAM TO**
18 **ACCOMMODATE AN EDR CUSTOMER?**

19 A. The Company would likely make the request through a standalone application, or
20 in conjunction with an application to approve an EDR contract. However, if the
21 timing is right, we could include the request with another related filing, such as a
22 RES Plan proceeding. At a minimum the Company would provide testimony or
23 a sworn affidavit that demonstrates how the potential customer meets the

1 statutory requirements along with other Commission-approved requirements.
2 From there, the Company would provide detailed support for its proposed
3 program modifications that are necessary to accommodate the particular EDR
4 customer(s), with program capacity likely being the main element that would
5 require a modification. Public Service would also identify all programs affected,
6 provided the customer requirements need to be fulfilled by more than one
7 program.

8 **Q. IS PUBLIC SERVICE REQUESTING AN EXPANSION OF ITS RENEWABLE**
9 **ENERGY PROGRAMS AS PART OF THIS PROCEEDING?**

10 A. No.

11 **Q. DOES HB 18-1271 SET FORTH ANY TIMELINE FOR COMMISSION**
12 **APPROVAL OF A REQUEST FOR EXPANSION OF AN EXISTING**
13 **VOLUNTARY RENEWABLE ENERGY PROGRAM OR SERVICE OFFERING?**

14 A. Yes. According to the legislation, “[t]he Commission may approve, within one
15 hundred and twenty days, an expansion of an existing voluntary renewable
16 energy program or service offering,” if the utility shows that the Program
17 Specifications identified above are met. While Public Service understands the
18 legislation does not require the Commission to make determinations on such
19 requests within 120 days, the Company believes it would support the legislative
20 objectives of HB 18-1271 for the Commission to hear such requests in an
21 expedited manner given the time-sensitive nature of these opportunities.

1 **Q. WHY DOES THE COMPANY BELIEVE EXPEDITED TREATMENT FOR**
2 **THESE REQUESTS IS IMPORTANT?**

3 A. As explained by Ms. Velasquez-Horvath, being able to obtain a Commission
4 decision in an expedited manner will help the Company remain competitive with
5 utilities in other jurisdictions, so Public Service can accommodate EDR customer
6 interest in a timely and streamlined manner to fully realize the potential benefits
7 of C.R.S. § 40-3-104.3 and promote job creation and economic growth in
8 Colorado.

9 **Q. WHY DOES PUBLIC SERVICE BELIEVE AN EXPEDITED PROCEDURAL**
10 **SCHEDULE IS APPROPRIATE FOR REQUESTS OF THIS NATURE?**

11 A. While Mr. Wishart lays out the Company's full proposal in his Direct Testimony,
12 at a high-level, expedited approval also makes sense because the underlying
13 program structures have already been approved by the Commission, therefore
14 expansion of these programs within their existing and already approved
15 frameworks should be easier to decide than a proposal that treads new terrain.
16 The Company anticipates making individual one-off requests to expand these
17 existing programs on a case-by-case basis to accommodate customers who
18 would not otherwise locate in Colorado but for the EDR. However, as I noted
19 above, the Company's key objective will be to expand the allotted capacity to
20 accommodate an EDR customer, and the Company will not propose any material
21 structural changes to existing voluntary renewable programs in proceedings
22 subject to the requested expedited treatment.

1 **IV. SUMMARY OF RECOMMENDATIONS AND CONCLUSION**

2 **Q. COULD YOU PLEASE SUMMARIZE YOUR RECOMMENDATIONS?**

3 A. Yes, in sum, I recommend that the Commission approve Public Service's
4 request to expand voluntary renewable programs to accommodate EDR
5 customers and the scope of such requests subject to expedited consideration
6 contemplated in HB 18-1271.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 A. Yes.

Statement of Qualifications

R. Neil Cowan

I graduated from Colorado State University in 1994 with a BA degree in History and graduated from the University of Colorado at Denver in 2005 with an MBA Degree.

I started with Xcel Energy in 2005, first working in the Regulatory Accounting organization and then with the Marketing organization (what today is called Customer Solutions), working specifically in the DSM Regulatory Strategy and Planning group as a Senior Regulatory Analyst. In this role my responsibilities included providing analysis and management of regulatory filings for DSM programs in the States of Colorado, New Mexico, and Texas. In this position I filed direct testimony in the States of Colorado (Proceeding No. 11AL-947E) and Texas.

I joined the Regulatory Department in June 2013 as a Regulatory Policy Specialist and have primarily worked on a variety of issues related to renewables, DSM, and customer data privacy in the State of Colorado. In this position my responsibilities include providing policy research and guidance to Company leadership to drive strategic planning and business decisions, operationalize regulatory decisions for compliance and efficiencies, and interfacing with external stakeholders, including regulators, to drive corporate strategies while balancing public interest.

Prior to my employment with Xcel Energy, I was employed by AT&T of the Mountain States for five years, where I worked on regulatory issues surrounding switched and special access rates and contracts in the 14-state region that was covered by US West/Qwest.

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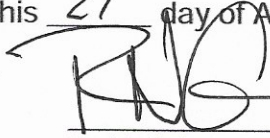
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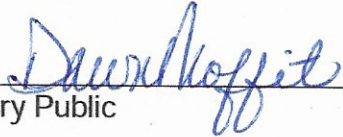
I, R. Neil Cowan, being duly sworn, state that the Direct Testimony and attachment were prepared by me or under my supervision, control, and direction; that the Direct Testimony and attachment are true and correct to the best of my information, knowledge and belief; and that I would give the same testimony orally and would present the same attachment if asked under oath.

Dated at Denver, Colorado, this 21 day of August, 2020.



R. Neil Cowan
Regulatory Policy Specialist

Subscribed and sworn to before me this 20 day of August, 2020.



Notary Public

My Commission expires 4.22.2024

DAWN MOFFIT
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20084013859
MY COMMISSION EXPIRES APRIL 22, 2024