



## 2020 First Quarter Colorado DSM Roundtable Update

May 13, 2020

Public Service Company of Colorado (“Public Service” or “the Company”) provides the following update regarding product status including energy and demand savings achieved, product expenditures, implementation changes, and measurement and verification (“M&V”) modifications.

### **Covid-19 Market Update**

As the impacts of the COVID-19 pandemic spread in our service territory, implementation of the 2020 DSM plan has also been impacted. We have adapted and evolved the operation of our portfolio to continue to provide customers with opportunities to save energy and money in these challenging times. All products have changed in some way, with many offering new and creative ways to deliver value to our customers. Through these changes, we been guided by the following principles:

- Changes to our offerings need to be good for customers.
- There are benefits to keeping contractors and vendors in business and healthy through this time, and our products can help.
- Customers want things they can do now, providing them with remote audit and other service options meets a customer need.
- Using resources now to schedule future work or activities can be beneficial to build the pipeline and increase forecasting accuracy. We can change the payment terms or adjust the scopes of services with vendors to allow them to perform the remote or non-contact work now.

### **Product Implementation Status**

Please refer to the attached table for the preliminary first quarter 2020 (cumulative January 1 – March 31, 2020) product energy and demand savings achieved, product expenditures, and CO<sub>2</sub> and SO<sub>2</sub> emissions avoided. In total, Demand-Side Management (“DSM”) electric products have achieved savings of approximately 101 GWh and gas savings of 220,994 Dth in the 2020 calendar year. This represents approximately 20% of the 2020 electric DSM plan’s energy savings target of 502 GWh and 32% of the gas target of 681,120 Dth.

The following section provides product status activities for the first quarter of 2020 in the Business, Residential, Low-Income, and Demand Response Products, as well as Indirect Products & Services and other related activities.

### **Business Program**

- **Commercial Refrigeration Efficiency** — The product is on track to meet its year-end electric and gas savings targets. Thus far the product has had substantial achievement from the commercial grocer segment with several other opportunities in the pipeline for this segment. In addition, the product implementer continues to utilize their membership with the Colorado Restaurant Association to leverage association contacts and restaurant distribution to further identify opportunities and promote food service measures such as dish washer and demand-controlled kitchen ventilation.
- **Compressed Air Efficiency** — The product has had a slow start to 2020 due to the impacts of COVID-19. With trade partners being unable to enter facilities to conduct studies, fewer savings opportunities are being identified. In addition, customers who have lost business due to COVID-19 are less likely to have capital expenditures approved for facility improvements if equipment is still functioning. Moving forward, contingency plans will be executed to build a stronger pipeline to make up for the first quarter losses. These plans include marketing to customers who are eligible for free studies, as well as identifying low-cost savings opportunities. Maintaining and growing

relationships with trade partners continues to be part of the product's strategy in order to strengthen the Company's knowledge about what customers and partners need most this year.

- **Cooling** — The product has seen a strong start during the first quarter. Installations during the second quarter are not expected to be significant due to effects of COVID-19. Trades continue to work and product availability remains strong, but many businesses are not allowing on site work at this time.
- **Custom Efficiency** — In the first quarter, the product was on track to meet year-end natural gas savings targets but under performing to meet year-end electric savings targets. The product has since been impacted by COVID-19, as several projects that were set to be completed in 2020 have now been delayed. To make it easier for customers to submit projects in Custom Efficiency, the product has updated the pre-approval process to allow customers to move forward with their projects after submitting a signed application to the Company, rather than requiring customers to wait for engineering analysis to be completed. As our customers are busy responding to the impact of the global pandemic, this change will allow them to move forward with custom projects quicker and on their timeline. Custom Efficiency marketing materials are being updated to reflect this process change.
- **Data Center Efficiency** — The product did not complete a project during the first quarter but is on track to meet the year end electric target. Company representatives were able to meet with a few customers before stay-at-home orders were put in place. In the coming quarters, the Company will reach out to customers to confirm progress on previously identified projects.
- **Energy Management Systems (“EMS”)** — The product completed nine projects in the first quarter. Resulting electric achievement was nearly 25% of its full year target, which the Company expects to meet. Gas achievement was strong, but with a weak pipeline of potential gas projects, the Company is forecasting that it will not meet its full-year gas target. In the next quarter, the Company will publish a new, clearer application workbook, and will continue to explore ways to better support performance contractor sales processes.
- **Heating Efficiency** — The product is on track to meet its gas, but not its electric savings targets. A 60-Day Notice was filed to increase rebates for non-condensing boilers and remove several non-cost-effective measures.
- **LED Street Lights** — The product is forecasting to have 5,000 units or an estimated 2.6 GWhs to close this year.
- **Lighting Efficiency** — The Lighting product is off to a slower start compared to achievement this time last year. The product team developed a new marketing plan that includes advertising, customer promotions, and targeted marketing to five key customer segments. We are taking a multi-channel approach highlighting the Instant Rebate offering for LED lamps and tubes, system upgrades with new fixtures that provide networked controllability, and partnering with our local and national trade partners to offer these solutions. Additional promotional efforts are under consideration due to the unforeseen market impact of COVID-19. The LED Instant Rebate offering is undergoing an impact evaluation this year, following a recently completed prescriptive and custom impact evaluation. A new net-to-gross value will take effect this year along with actionable recommendations.
- **Lighting – Small Business** — The product is off to a slow start to the year with less achievement at this time than previous years. Due to the impacts of COVID-19 on small businesses, the product anticipates that many projects in the downstream pipeline may be postponed or canceled. The product is still forecasting to meet its electric savings target however and anticipates that most achievement will come from the Business LED Instant Rebate offering.

The product is also exploring various ways to support small business customers during this time with things such as energy saving tips and more remote direct install options.

- **Motor & Drive Efficiency** — The product may fall short of its electric savings targets depending on how fast manufacturers and trades return to work following disruptions caused by COVID-19. Distributors continue to quote large projects to institutional customers, but installations have lagged with many businesses closed.
- **Multifamily Buildings** — The product saw a slower start in the first quarter. Field work was suspended due to COVID-19 and efforts have been focused on building the pipeline to increase savings/participation once field operations resume. In the second quarter, efforts will focus on driving completion of Stage 3 projects and additional DI for gas measures.
- **New Construction** — The product performed very well in the first quarter and is on track to meet both and electric and gas targets. Construction has remained an essential business, but on-site verification has been suspended due to stay-at-home orders. Virtual verifications are currently being explored to finalize completed projects. The project pipeline remains strong for the year and efforts continue to educate our energy modelers about the components affecting cost effectiveness and helping customers make the best choices.
- **Recommissioning** — The product is not expected to meet its gas and electric savings targets with on-site work currently on hold due to COVID-19. The product has seen the first graduating class participating in the Building Operators Certification measure. Future classes have been delayed, but online classes are being considered.
- **Self-Direct** — The product will not meet its filed electric savings target. Large lighting retrofit projects have been put on hold during business shutdowns resulting from COVID-19. No new Self Direct projects were submitted in the first quarter.
- **Strategic Energy Management (SEM)** — SEM's first quarter achievement was stronger than that of its predecessor products in the prior year. Of the twenty-one customers who completed projects, five were public schools or municipal wastewater customers. The Company completed two qualification assessments and enrolled one new participant. The company is forecasting full-year achievement of slightly less than the target but is aggressively seeking new medium and large sized participants. In the next quarter, the Company will explore ways to keep enrollees engaged remotely, including via web conferences and video applications.

### **Residential Program**

- **Energy Efficiency Showerheads** — The product had strong participation in first quarter and has several marketing campaigns planned for second quarter. Because the product involves items which are free of charge to the customer and can be ordered, delivered, and installed without the need for the customer to leave their home or to have a contractor enter their home, it is anticipated that the product is well-positioned to weather the economic and social distancing impacts caused by the ongoing pandemic. Additional marketing efforts may be dedicated to this highly cost-effective product. As a result, expectations are for the product to meet or exceed its filed targets for the year.
- **Energy Feedback Residential** — The product had a strong first quarter in natural gas savings, due to a focus on heating season reports late in 2019. Electric Savings are on track to meet target. A new My Energy portal was launched in the first quarter, with an updated look and new features such as rewards. Updated Home Energy Reports will be sent to customers in the second quarter.

- **ENERGY STAR® New Homes (“ESNH”)** —The product had a strong start in the first quarter and completed 1,621 homes. Homes compliant with 2015 IECC or higher represented 75 percent of the qualifying homes. The product is expected to exceed its gas and electric savings targets for 2020.
- **Evaporative Cooling** — The product is likely to underachieve in 2020 due to the COVID-19 pandemic and resulting stay-at-home orders. The traditional participation peak of this seasonal product is before July 4. Retail store signage and special customer events may be limited or not possible. Contingency plans are in development.
- **High Efficiency Air Conditioning** — Participation and energy savings were very strong in the first quarter compared to 2019. The economic impacts of COVID-19 may drive customers decisions to repair versus replace more frequently than in past years, but trade partners remain optimistic about the coming cooling season.
- **Home Energy Squad** — The product got off to a strong start to the year before precautionary measures were implemented in response to COVID-19. First quarter participation exceeded that of 2019 despite field operations being suspended in mid-March. Close involvement with Partners in Energy communities continued, with community buy-downs driving much of the participation in the quarter. Remote interactions with customers are being developed as a way to help customers save energy while staying home, and to build a pipeline of customers ready to receive an installation service visit once field operations are allowed to resume.
- **Home Lighting & Recycling** — Home Lighting and Recycling is on track to meet its energy savings target for the year despite the current COVID-19 pandemic. Stores carrying discounted lightbulbs have remained open as they are considered essential businesses. The product is offering bonus discounts on multi-packs of A-line and specialty LEDs at select retailers again this year, as it was well received by customers last year. Other efforts to increase sales include TV and radio ads. New point of purchase displays/shelf stickers were created and placed in stores earlier this year.
- **Home Performance with ENERGY STAR® (“HPwES”)** — The product redesign became effective in January. Trade partner training events were held to raise product awareness and recruit new trade partners. First quarter savings were understated as system updates were completed to accommodate the new design.
- **Insulation & Air Sealing** — The product is on track to meet savings targets. No marketing is planned at this time. Efforts to change some product detail language are in process and should be completed by mid-May. These changes will have no material effect on the product achievements. Trade partner trainings were held in March for HPwES, which included insulation contractors. The event was designed to raise product awareness and recruit new trade partners.
- **Refrigerator & Freezer Recycling** — The product is on track to exceed saving and participation target due to January’s promotional incentive. Because of COVID-19 restrictions, the scope of work changed to no-contact outside pickups in March. We notified customers of the product changes on the Company website, but not via email or social media. We expect to send a marketing email in the second quarter to stay on track to meet year-end savings targets as we enter the spring-cleaning season.
- **Residential Heating** — Electronically commutated motor (ECM) measure achievements in the first quarter were well above the targets for the year; this is a measure that is not available if installed in 2020 but can be rebated if the unit was installed/invoiced in 2019. Gas furnace measure participation and energy savings were very strong in the first quarter compared to 2019. COVID-19 may drive customers to install more minimally efficient (non-rebate qualifying 80%

AFUE) furnaces, which may impact rebate and energy savings achievement for the remainder of the year.

- **School Education Kits** — The product got off to a strong start to the year before precautionary measures were implemented in response to COVID-19. First quarter participation exceeded that of 2019 despite schools closing in mid-March. New shipping capabilities are being developed to ship kits directly to student homes, which will allow classes to continue to participate in the product while learning remotely. At this point, the product is expected to meet its gas and electric savings targets for the year.
- **Thermostat Optimization** — Participation in the product remained strong in the first quarter of 2020 and the product is expected to meet both its electric and gas year end targets. The product relies heavily on participation through the online store and has not been affected by COVID-19 as much as other non-store products. Additionally, one manufacturer will be deploying their optimization offering in the second quarter which will add additional savings to the product.
- **Water Heating** — The product had a strong start in the first quarter. Most notable was heat pump water heaters where the product saw above average participation. The marketing campaign for heat pump water heaters continued through Q1 and included a bill insert. Direct mail is on hold due to COVID-19.

### Low-Income Program

- **Energy Savings Kits** — While product activities are ramping up, no offers were sent to qualifying customers in the first quarter. The first offer will go out to the Low-Income Energy Assistance Program (LEAP) after that program closes in April. The Company is working with Energy Outreach Colorado to send energy saving kits to customers waiting on weatherization services that have stopped due to stay-at-home orders due to COVID-19. The product is on track to meet natural gas and electric savings targets.
- **Multifamily Weatherization** — The product has a strong pipeline with over 30 projects in queue. About 40% of these projects are housing authorities with a capital expenditure freezes or senior housing facilities that are at risk for not being able to complete in 2020 due to the ongoing pandemic. About 60% of the current projects are either completed, or able to be completed in 2020, depending on when work can continue. Some work is being completed when possible, such as rehab projects and uninhabited units. To help the customers save energy through this time, the Company is working with Energy Outreach Colorado to identify opportunities for the shipment of self install materials to customers.
- **Non-Profit** — The product has a strong pipeline with over 30 projects in the queue. In some cases, non-profits are experiencing a surge in customer need, while others are shut down. Energy Outreach Colorado is conducting initial assessments over the phone and lining up in-person work for a later date. Some work that is in progress is able to be completed despite the stay-at-home restrictions, such as empty offices.
- **Single-Family Weatherization (“SFWx”)** — The product started off the first quarter strong, however operations have since come to an almost complete halt due to stay-at-home restrictions. After the order is lifted, a ramp-up period before normal operations continue is expected, as many agency employees have been furloughed. The Company is working with Energy Outreach Colorado to send kits of direct install measures to customers waiting on weatherization services.

### Indirect Program

- **Business Education** — Through the first quarter of 2020, the Business Education product achieved approximately 32 percent of the year-end participation target and generated 63

customer leads. Participation and outreach through key community and trade association events continue to create opportunities to make connections and build meaningful conversations with customers. By the end of the first quarter, the Company provided outreach through 1 community-based event. In addition, the product has been supported through energy efficiency messaging via advertising campaigns and other digital messaging channels. The combination of these initiatives continues to support DSM achievements.

- **Business Energy Analysis** — The product has had a slow start to 2020 due to impacts of COVID-19. Traditional on-site audits have not been able to be conducted during the stay-at-home order. In order to adapt to customers' needs during the pandemic, a virtual audit offering is being developed and will be available in the second quarter. The virtual audit offering will allow for the identification of energy conservation opportunities remotely and will assist in building a strong pipeline for the portfolio.
- **Consumer Education** — Through the first quarter of 2020, Consumer Education achieved approximately 10 percent of the year-end participation target and generated 296 customer leads and 87 signups. Participation and outreach through key community events continues to create a meaningful opportunity to provide residential customers with the information and resources to help them reduce their energy usage. By the end of the first quarter, the Company provided outreach through 6 community-based event days. Due to the impacts of COVID-19, a third of first quarter events were cancelled. Many events are being rescheduled to later in the year so there is potential to account for lost participation numbers in fourth quarter. Because the pandemic has disrupted how this product has historically operated plans are being made to reach customers via other means such as virtual events and digital educational outreach. The combination of these initiatives continues to drive participation in DSM products.
- **Energy Benchmarking** — The Company supports municipalities within its service territory to reach their benchmarking targets. During the first quarter, 154 new buildings were processed. Some of these are repeats as a result of new building owners benchmarking their buildings. The total Colorado building count is 3,634.
- **Energy Efficiency Financing** — The Company is continuing to promote awareness by including financing messaging in marketing efforts for all relevant products and trade partner trainings, and by including financing information on websites for other products such as Home Performance with Energy Star and Residential Heating. The Commercial Financing Product continues to promote its streamlined web portal. A new contract was signed with the National Energy Improvement Fund (NEIF) for 2020. NEIF utilizes their web portal through the Xcel Energy website to make customer and contractor financing inquiries fast and convenient. Additionally, NEIF uses its industry-wide relationships and leading-edge lender-partners to provide the best rates and terms to optimize energy efficiency projects. This includes C-PACE financing when appropriate. Webinar trainings for trade partners were scheduled for Late March / April 2020 but due to the pandemic these trainings are being rescheduled for later in the second quarter. The Company is also considering an option for commercial trade partners to offer zero percent financing and/or deferred payment options for energy efficiency projects.
- **Home Energy Audit** — First quarter participation in the Home Energy Audit product increased compared to 2019, and the discounted visit in combination with the Home Energy Squad continues to be a popular choice for customers. However, COVID-19 has disrupted field operations and many auditors are unable to conduct business as usual. This will impact the product's ability to meet its participation targets for the year.
- **Partners in Energy** — The Company continued its education and market transformation efforts with over 15 participating Colorado communities through their implementation phase and commenced the initial 6-month planning phase with three new communities in 2020 – Arapahoe County, Central City, and Northern Colorado Clean Cities – jointly assisting with the development and implementation of energy conservation targets and community action plans. An in-person

event was held for Partners in Energy community stakeholders to promote outreach and education around conservation to the multi-family market in March.

- **DSM Planning & Administration** — During the first quarter of 2020, the Company has primarily focused on meeting compliance requirements from the 2019/2020 DSM Plan Settlement. The Company also filed seven 60-day notices related to energy efficiency products, including four responses to product evaluations completed in 2019. The Company also filed two 60-day notices for demand response products, including the launch of a new product designed provide simple demand management solution that are more accessible to small commercial customers than the Company's larger performance-based demand response products.
- **Product Evaluations** — Energy Efficiency product evaluation-driven notices were filed in the first quarter of 2020. 2020 evaluations commenced on four products: Energy Efficient Showerheads, Lighting Efficiency (midstream product only), Lighting - Small Business, and Refrigerator & Freezer Recycling. Finally, the residential lighting non-program state research that the Company committed to as part of the 2019 baseline research has been delayed due to COVID-19 as the project involved travel in multiple states by the third-party vendor staff. An update will be provided in the second quarter roundtable.

Demand response evaluation reports were finalized for Peak Partner Rewards and Saver's Switch. The evaluation of AC Rewards commenced in the first quarter of 2020.

- **Measurement & Verification** — The Company's third-party verification contractor began developing contingency inspection protocols for the 2020 M&V year in response to the pandemic and expects to be able to complete the necessary inspections with no significant variance by year end.
- **Market Research** — Dun and Bradstreet (D&B) data of active business customers was refreshed to optimize targeted energy efficiency and demand response offerings. Data fields include current NAICS industrial classification codes, facility square footage, business start date, number of employees and sales volume. Plans are additionally underway to complete a residential home use study in 2020.
- **Product Development** — Current development efforts include:
  - Codes and Standards
  - Redesigning our business energy assessment offerings
  - Small Commercial Smart Thermostats
  - A pilot that manages when electric vehicles charge to reduce their impact on system peak load and provide other possible system benefits; and
  - Direct load control switches with two-way communications that control air conditioners and water heaters.
  - Smart thermostat demand response for small and medium businesses.
  - A residential water heater demand response measure.
  - A behavior-based demand response product for residential customers that uses pre and post-event communications and social comparisons to reduce customer consumption during demand response events. Originally planned for the 2020 event season, the pilot timeline is postponed due to complications around recent shelter-in-place orders.
  - A pilot that uses thermal energy storage in refrigeration facilities to reduce the impact on system peak load
  - Geo-targeting Pilot – The Company evaluated marketing opportunities during the fourth quarter of 2019 and is preparing to implement in late-Q1/early-Q2 2020.

### **Demand Response Program**

- **Charging Perks Pilot** — The Company is in contract negotiations with automakers who will support the product. Other critical design elements have been completed (such as communications materials for the customer) or are in development and testing (such as the back-end integrations needed to pass information from Xcel Energy to the automakers).
- **Critical Peak Pricing Pilot** —The pilot added nine new participants in the first quarter, adding 8.2 MW of potential controllable load. First quarter efforts continued to focus on meetings with potential customers, with a concentrated focus on previous ISOC 1-Hour Notice participants that are no longer eligible for the ISOC product. The Company also continued its work on the RFP launched in 2018 to acquire an implementation service partner to supplement the Company's marketing and administration of the pilot and increase in the pilot's participation. While the Company anticipates the pilot will continue growing participation during the second quarter, the COVID-19 pandemic will likely impact the recruiting process as well as equipment installations for new participants.
- **EV Critical Peak Pricing** — This pilot launched in the first quarter of 2020 to support the new S-EV tariff, which is specifically for commercial electric vehicle charging. Two EV bus fleet charging facilities enrolled in the product during the first quarter of 2020. Multiple public charging businesses have been engaged and their facilities will be added to the product in the second quarter.
- **Geo-targeting Pilot** —Pilot marketing plan is moving into action. In the first quarter the Company has focused on ongoing coordination with the AC Rewards team, Xcel Energy store, and load management operations team as well. Planning for hands-on activities with distribution operations team commenced in anticipation of summer 2020. Discussions are underway to identify options for potential utilization of DSM geo-targeting in other business areas that could need deferment of capital investment.
- **Peak Day Partners** — The Peak Day Partners product was introduced via 60-Day Notice in the fourth quarter of 2019, and efforts are under way to launch the product. As of the end of the first quarter, the product did not have enlisted participants.
- **Peak Partner Rewards** —There were no changes to the product's participation during the quarter, maintaining the 16 participants and 14.9 MW of capacity commitment. First quarter efforts continued to focus on meetings with potential customers and building the prospect pipeline. The Company also continued its work on the RFP launched in 2018 to acquire an implementation service partner to supplement the Company's marketing and administration of the product and increase in the product's participation. While the Company anticipates new enrollments will occur in the second quarter, the COVID-19 pandemic will likely impact the recruiting process as well as equipment installations for new participants.
- **Residential Battery Demand Response Pilot** — This pilot tests the use of residential batteries to provide demand response. The Company is in contract negotiations with two vendors. During the contracting phase, the Company is developing pilot enrollment and communications materials to support pilot launch.
- **Residential Demand Response** — The first quarter of the year is normally relatively slow for Residential Demand Response. The Saver Switch product ran a promo that generated about 4,000 signups in the fourth quarter of 2019. Installation efforts have begun although as of the end of the quarter a modest number of switches have been installed. AC Rewards participation grew very modestly in the first quarter. The company is working with one of the thermostat vendors to streamline enrollments, which is expected to yield a significant boost in enrollments in the second quarter. Promotional efforts are largely on hold due to COVID-19, which is expected to slow down enrollment, particularly for Saver's Switch in the second quarter.



- **Small Commercial Building Controls** — The product was introduced via 60-Day Notice in first quarter 2020, and transitioned ownership from product development to be a managed product in the portfolio. During first quarter the product team worked to train delivery channels and prepare for the launch. The product is in market, however due to the direct install delivery channel, promotions and installations are on hold until deemed safe to proceed in response to the COVID-19 pandemic.