



2022 First Quarter Colorado DSM Roundtable Update

May 11, 2022

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.

Product Implementation Status

Please refer to the attached table for the preliminary first quarter 2022 (cumulative January 1 – March 31, 2022) product energy and demand savings achieved, product expenditures, and CO₂ and SO₂ emissions avoided. In total, Demand-Side Management (“DSM”) electric products have achieved savings of approximately 75 GWh and gas savings of 94,823 Dth in the 2022 calendar year. This represents approximately 14 percent of the 2022 electric DSM plan’s energy savings target of 524 GWh and 12 percent of the gas target of 799,708 Dth.

The following section provides product status activities for the first quarter of 2022 in the Business, Residential, Income-Qualified, and Demand Response Products, as well as Indirect Products & Services and other related activities.

Business Program

- **Business Energy Assessments** — The product has seen participation through its indoor agriculture assessment, commercial streamlined assessments, and building assessments offerings. The Business Energy Assessments product has also been working with selected vendors to prepare for launch of additional offerings. The Company will host a training for vendors and account management in the second quarter.
- **Business HVAC+R Systems** — The product is off to a slow start in the first quarter. Continuing efforts to build the project pipeline include gas bonus rebates to support geo-targeting efforts in Summit County along with trade partner outreach and education; however, supply chain complications continue to have an impact on the HVAC market. Bonus rebates and new measures are being developed by the product team for launch in the second quarter.
- **Compressed Air Efficiency** — The product had a slow start for the first quarter. Supply chain concerns continue to impact the market and pipeline for the product. Results for the 2021 product evaluation have been delivered and a renewed effort to engage product trade will be launched in the second quarter. Bonus rebates are being explored to encourage product participation this year.
- **Custom Efficiency** — The product had a slower start than usual in the first quarter. There were working efforts in play to help grow the pipeline. The product can anticipate growth in participation in the second quarter. There will be strategic plans in motion to reach targets. The pipeline toward gas savings is strong, heading into the next quarter.
- **Data Center Efficiency** — No projects closed during the first quarter, but the product has a healthy pipeline for the year. The Company met with a participating trade partner in the first quarter to discuss current projects in the pipeline, industry trends, and supply chain constraints. In the second quarter, the Company will host an advisory board meeting with trade partners to provide training and networking opportunities and discuss additional ways to engage existing data center customers.

- **Energy Management Systems (“EMS”)** — The Company continues to expand outreach to trade partners, with more specific direction about additional control strategies that can provide better value for customers, but high vacancy rate for commercial property has decreased investment in new controls systems, as well as inflation and lack of cost-effective incentives. The product team is exploring ways to increase value for customers and to fill additional needs of the customer as well as increase load shifting opportunities for our customers. A product evaluation kicked-off for the EMS product on February 4, 2022. No projects closed for EMS in the first quarter, but at least 4 are in the queue for the second quarter.
- **LED Street Lights** — The product is on track to achieve its forecasted target of 1.3 GWh.
- **Lighting Efficiency** — The Lighting Efficiency product closed the first quarter at approximately 13 percent to its energy savings targets. The product is off to a slow start and will need to work hard to grow the savings pipeline. Trade partners continue to be impacted by increased shipping and equipment costs, manufacturing and shipping delays, and labor shortages leading to longer lead times. The product launched a 25% bonus on select LED interior fixtures as well as a 50% bonus on LED tubes offered through the Business LED Instant Rebate channel on April 15th that will run through December 1st to motivate customers and trade partners to complete their lighting projects within the year and take advantage of increased rebates. The bonus will be marketed to customers and trade partners through various marketing channels such as email, direct mail, social media and radio and video advertising. The product team is focused on growing the trade partner network and re-engaging previously participating trade partners through recognition and awards, marketing and training support.
- **New Construction** — The product has gotten off to a slow start but the pipeline remains strong and is on target. The bulk of the expected savings are generated from the Energy Design Assistance product. The Business New Construction underwent an Impact Evaluation in 2021 and will implement a new Net-to-Gross Ratio for the product in 2022. The Codes and Standards offering is continuing to influence the market by hosting trainings and providing assistance to jurisdictions that are exploring updating their energy code.
- **Self-Direct** — No new projects were completed in the first quarter. Several customers postponed their projects until later in 2022 due to budgetary and staffing concerns associated with the pandemic.
- **Small Business Solutions** — Small Business Solutions closed out the first quarter with achievement at about 15% of the electric energy savings target and almost no gas achievement. The small business segment has been deeply impacted by the pandemic and are hesitant to invest in energy efficiency upgrades. The product has launched a 25% bonus on select LED fixtures and a 50% bonus on LED tubes invoiced between April 15th and November 15th of this year. The product anticipates more interest in the summer months with the launch of the bonuses and as business picks up for this segment with the warmer weather. The bonus will be marketed to both customers and trade partners through a variety of channels such as direct mail, social media, email and small-business focused events.
- **Strategic Energy Management (“SEM”)** — The product continued its trend of strong quarters by achieving almost 25% year-over-year growth. More than 60 projects were completed by a balanced mix of customers, including: Water Treatment, Schools, Food Processing and Manufacturing. Within the quarter, the product launched a Cohort (group delivery), for k-12 schools. A large proportion of customers expressed difficulty in getting equipment due to supply chain issues. The Company will continue to encourage customers to place orders as soon as possible and focus on non-equipment savings.

Residential Program

- **Energy Efficiency Showerheads** — First quarter achievement was driven by free kit and equipment sales from the Xcel Store. A targeted promotional email driving traffic to the Xcel Store for qualified customers for free showerhead kits and a bill insert are scheduled to begin in June 2022 followed by a postcard promotion in August. The summer promotion is expected to achieve most of the product performance for the year. Spending will increase with the pending promotion but is not expected to exceed per unit costs from 2021.
- **ENERGY STAR® New Homes (“ESNH”)** — In total, 376 homes were credited to the product through the first quarter. The product has had seven all-electric homes participate in that dedicated pathway so far this year, already three more than in all of 2021. Homes compliant with 2015 IECC or higher represented 86% of the qualifying homes.
- **Home Energy Insights** — The Company’s third-party implementer launched cohort maintenance efforts in the first quarter that improved the products year-end outlook. Through the first quarter the product has achieved about 16% and 22% of its electric and gas targets, respectively. The majority of electric savings come in the summer season, and the product is projected to meet its electric savings target. Gas savings, however, are heavily weighted to the winter months and year-end achievement could be at risk. The Company has made additional changes with the implementer to the reports delivered to customers to improve engagement and encourage easier access to digital resources towards positive customer experience and effectively encourage energy savings.
- **Home Energy Squad** — The product has increased participation with a solid start to 2022, but staffing challenges contribute to longer than desired lead times and are slowing overall achievement. The implementer is recruiting new employees and anticipates growing participation throughout the year. The product continues to provide virtual and in-home visits; however, we see virtual visits slowing. Marketing continues to drive product participation.
- **Home Lighting & Recycling** — The product is on pace to exceed the annual energy savings and spend target. Sales are remaining strong as customers are looking for easy ways to save money. The product is offering bonus discounts on multi-packs of A-line LEDs at select retailers to help customers save energy. Our home lighting ad campaign was in the market during first quarter 2022 to build awareness of our discounts and the benefits of LEDs.
- **Insulation & Air Sealing** — Overall participation was steady throughout the quarter and the product is on track to meet its 2022 targets. The Marshall Fire Bonus was enacted after the natural disaster caused smoke damage to many homes. The Company is granting a 100% rebate bonus on the Insulation & Air Sealing measures installed within 4 affected zip codes. This bonus is in effect if installation is done within the 2022 calendar year. This bonus is expected to increase participation in the zip codes affected.
- **Multifamily Buildings** — The product has gotten off to a slow start in first quarter. A staff rebalancing at our implementer has contributed to a lighter-than-typical participation. We have increased our communications through various email campaigns as well as in-person trade show participation to both increase the product awareness and drive lead generation with our larger properties. This effort will continue into the second quarter along with an increased focus on our gas savings.
- **Refrigerator & Freezer Recycling** — The product expects participation to increase during the summer months, as it has done in the past, to put the product on pace to reach its achievement targets. Contact-free and in-home pickups were available to customers based on preference. The Company is working on launching a social media campaign as well as cross-promotion with other products to increase awareness and participation.

- **Residential Heating & Cooling** —For the most part, participation in this product is comparable to participation in 2021. The product is on track to meet its energy savings target for gas, but may fall short of its energy savings target for electric. This is primarily due to lower than anticipated participation in heat pump measures.
- **School Education Kits** — The spring campaign for this product has met expectations with classroom registration and the number of kits already shipped. Participation is expected to grow through April and once again in the fall when school resumes. Students participate in an energy conservation-focused curriculum and install energy-saving devices in their homes, driving savings. Overall product achievements are expected to meet filed targets.
- **Whole Home Efficiency** — (formerly Home Performance with ENERGY STAR®) — A webinar was held during the first quarter to reinforce the product's objectives and educate Trade Partners of recent changes made to the product. Participation was underwhelming. Collaboration with the product implementer is expected to increase participation from Trade Partners and customers.

Income Qualified Program

- **Energy Savings Kits** — The product is expected to achieve savings targets for both gas and electric. Supply chain issues have impacted the product with extended manufacturing timelines due to equipment shortages. Contingency plans are in place with increased marketing campaigns later in 2022 to offset supply chain delays.
- **Multifamily Weatherization** — The product is expected to hit the gas savings target but may fall short on the electric savings target. Lighting and beneficial electrifications projects will continue to be pursued to assist in achieving the electric target.
- **Non-Profit** — The product had a strong start in the first quarter with new projects in the pipeline and is expected to achieve electric savings. The product may fall short on gas savings based on historical participation however contingency plans are underway to bring in additional gas savings if needed.
- **Single-Family Weatherization (“SFWx”)** — The product is expecting comparable participation and savings as seen in 2021 where the product exceeded the electric target but did not meet the gas savings target. Work is already in progress to add additional contractors to the product to help drive savings.

Indirect Program

- **Business Education** — Through the first quarter of 2022, the Business Education product achieved approximately 20% of its year-end participation targets with 400 participants. With in-person events returning in 2022, the company was able to return to its main form of engagement and participation – participating in local events. In the first quarter the company was able to participate in events geared towards business customers such as Colorado Restaurant & Bar Shows as well as smaller networking events such as an AAMD B2B Speed Networking Event. The ability to participate in both large scale shows and smaller networking events allows the company to make sure it is able to get in front of a wide range of different business customers to engage about the business energy-saving resources the company provides. Attending these events and having these one-on-one conversations with business customers is crucial to the company's goal to drive education and engagement with regards to the company's business energy-saving resources.
- **Business Energy Analysis** — Business Energy Analysis product ties into the Business Energy Assessments product. The product conducts assessments similar to ASHRAE level 1. Research

has shown customers interested in increasing electrification and electric vehicle goals. The product is working with the company's EV team to help streamline the EV process for those customers. Increasing bonuses in end-use products are being highlighted to help customers conduct implementation of energy saving opportunities found in the energy assessment.

- **Consumer Education** — Through the first quarter of 2022, Consumer Education achieved approximately 11% of the year-end participation target generating 6,493 participants. With in-person events returning in 2022, the company was able to return to its main form of engagement and participation – participating in local events. The first quarter of 2022, the Company participated primarily in home shows as these were some of the main events that returned at the start of quarter. The Company participate at home shows such as the Northern Colorado Spring Home Show, the Colorado Home and Garden Show and the Denver Home Show. Home shows provide a great opportunity to connect with customers and provide energy saving education opportunities and resources for their homes.
- **Energy Benchmarking** — The Company supports municipalities within its service territory to reach their benchmarking targets. During the first quarter, 249 new buildings were processed. Some of these are repeats as a result of new building owners benchmarking their buildings. Additionally, building owners are being proactive about benchmarking their buildings ahead of compliance deadlines in December 2022 for the new statewide benchmarking ordinance. The total Colorado building count is now up to 5,072.
- **Energy Efficiency Financing** — In the first quarter of 2022, the Company shared findings from its analysis of various financing options with stakeholders and presented preferred structures for a future financing offering. On the business side the Company continued to promote financing options to businesses and commercial trade partners via the Xcel Energy website which connects to the National Energy Improvement Fund's (NEIF) portal allowing access to the financing proposal request process, and worked with CLEAResult to integrate commercial financing options into the various facility assessments, studies, and audits they provide.
- **Home Energy Audit** — The product is experiencing a solid start in participation as pandemic-related concerns continue to diminish and auditors and homeowners are more comfortable with in-person visits. The product supplies home energy audit services through an implementor and independent auditors.
- **Partners in Energy** — During the first quarter of 2022 the product provided communication support to promote energy-efficiency initiatives in the recovery efforts from the Marshall Fires. This included promoting the insulation and air sealing bonus offerings and development of education and outreach resources for new construction. Although the focus on developing these resources will be primarily during the first half of 2022 we anticipate supporting implementation of the recovery measures will extend for a number of years. In March the product hosted our annual Partners in Energy Summit for all participating communities. It included recognition for 2021 achievements and a variety of speakers focused on the topic "Getting to Net-Zero Carbon Emissions".
- **Market Research** — A product experience tracking study continues to provide high level feedback from primarily residential customers participating in energy efficiency and demand response products. The study's primary focus is ease of participation by respondents and customer satisfaction. New data from Dun and Bradstreet is expected to be available in the second quarter as a refreshed list of all active metered business customers is provided for matching. Substantial analysis for the DSM potential study occurred in the fourth quarter. A Home Use study planning commenced in the first quarter with data collection expected in Q2 and reporting in Q3.

- **DSM Evaluation, Measurement & Verification** — The last energy efficiency product evaluations were finalized in the first quarter and notices for all recommendations were completed or in progress at the end of the first quarter. Planning for 2022 evaluations commenced in the first quarter as well. Those products are: Energy Management Systems, Home Energy Insights, Income Qualified Energy Savings Kits, Lighting Efficiency, and Whole Home Efficiency. The Company’s third-party verification contractor completed random field inspections for prescriptive products for the 2021 M&V year with no significant variances. The demand response continuous evaluation framework development project commenced planning with a kick off meeting and data request schedule for the beginning of the second quarter.
- **DSM Planning & Administration** — During the first quarter the Company prepared its 2021 DSM Status Report verifying over 488 GWh of Electric energy savings and 812,605 Dth of Natural Gas energy savings. The Company also continued development of the Company’s 2023 DSM Plan as well as the combined 2022 DSM/BE Strategic Issues filing.
- **Product Development** — Current development efforts include:
 - Codes and Standards;
 - A pilot that manages when electric vehicles charge to reduce their impact on system peak load and provide other possible system benefits;
 - Direct load control switches with two-way communications that control air conditioners and water heaters;
 - 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;
 - High Bill Alerts;
 - Indoor agriculture - The Company is planning to launch special assessments for indoor agriculture facilities within the Business Energy Assessments Product;
 - A demonstration project that will study how commercial customers can shift load to times with excess renewable generation on our system as indicated by very low system marginal prices;
 - A new gas boiler measure motivated in part to address gas distribution constraints in Summit County;
 - A thermostat-based gas demand management research project motivated in part to address gas distribution constraints in Summit County;
 - Investigating how to serve oil & gas customers more effectively; and
 - Multi-family demand response.
 - Infrared drying
 - Dual-fuel commercial heat pumps

Demand Response Program

- **Critical Peak Pricing** — The Critical Peak Pricing (“CPP”) product dispatched two winter events in February 2022. CPP traditionally dispatches events in the summer but has the option to call winter events. The product did not add new participants the first quarter of 2022. Recruiting efforts and meetings with potential customers have continued through the first quarter. Marketing collateral was updated for 2022 and posted to the product page on the Company website.
- **EV Critical Peak Pricing** — The EV Critical Peak Pricing (“EV-CPP”) product dispatched two winter events in February 2022. EV-CPP traditionally dispatches events in the summer but has the option to call winter events. The product added five new participants in the first quarter of 2022. Marketing collateral was updated for 2022 and posted to the product page on the Company website.
- **EV Optimization** — The Charging Perks pilot (dynamic optimization) and Optimize Your Charge (static optimization) offering continued enrolling customers in the first quarter of 2022. The

Company signed an SOW with WeaveGrid in the first quarter to expand data collection services across the Optimize Your Charge offering.

- **Geo-targeting Pilot** — In the first quarter the Company continued implementation of a marketing campaign in partnership with AC Rewards to offer a full rebate for smart thermostats that are enrolled in our AC Rewards offering to our target customers. Non-bulk hands-on activities are under discussion with distribution operations team. Discussions are underway to identify options for potential utilization of DSM geo-targeting in other business areas that could need deferment of capital investment including on our natural gas system to help manage gas capacity in Summit County, CO and the West Metro area of Denver, CO. Several promotions are active in those regions, but are unrelated to this electric pilot.
- **Peak Day Partners** — Peak Day Partners is a voluntary product where enrolled participants have the option to respond to price signals from the company. The product finished the first quarter with four participants with a projected potential event contribution of about 22MW. In the first quarter there were no control events.
- **Peak Partner Rewards** — The Peak Partner Rewards (“PPR”) product dispatched two winter events in February 2022. PPR traditionally dispatches events in the summer but has the option to call winter events. The product did add 9 new participants in the first quarter of 2022 and the product now has a total of 30 participants. Recruiting efforts and meetings with potential customers have continued through the first quarter. Marketing collateral was updated for 2022 and then posted to the product page on the Company website.
- **Residential Battery Demand Response Pilot** — The Company has continued enrolling customers in the pilot and has 138 customers enrolled as of first quarter 2022. The Company began charging events in the first quarter 2022 and has now successfully dispatched 16 summer and winter events.
- **Residential Demand Response** — The Saver’s Switch product has installed just over 500 switches in the first quarter of 2022. The majority of these were maintenance replacements of older switches that have outlived their useful life. These switches were originally deployed prior to 2005. The AC Rewards product is still seeing most of its participation through the Bring Your Own Thermostat channel and the product saw just under 1,300 participants in the first quarter of 2022. Marketing efforts will be increasing in the second quarter which should continue to drive participation. The Smart Water Heater product continues to struggle with supply of control modules. As of the end of the quarter, one unit has been deployed.
- **Small Commercial Building Controls** — Direct installations have continued in the first quarter, however, quantity is slower than expected due to marketing efforts not launching as soon as expected in the year. Direct mail and email marketing campaigns are expected to launch later in the second quarter to increase enrollments.