



2021 Third Quarter Colorado DSM Roundtable Update

November 10, 2021

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 continue in our service territory, implementation of the 2021 DSM plan has also been impacted. We have continued many of the contingency tactics launched in 2020 to continue to provide customers with opportunities to save energy and money in these challenging times. Through these adaptations, we continue to be 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 third quarter 2021 (cumulative January 1 – September 30, 2021) 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 316 GWh and gas savings of 536,191 Dth in the 2021 calendar year. This represents approximately 59 percent of the 2021 electric DSM plan’s energy savings target of 538 GWh and 71 percent of the gas target of 755,934 Dth.

The following section provides product status activities for the third quarter of 2021 in the Business, Residential, Low-Income, and Demand Response Products, as well as Indirect Products & Services and other related activities.

Business Program

- **Business Energy Assessments** — Achievement for this product comes from Recommissioning, a legacy offering included in the 2020 DSM Plan, Business Energy Analysis (including on site assessments) and outdoor agriculture. The Recommissioning offering is currently behind target, with only two participants this year. New study-based offerings became available during the third quarter. The Company provided educational material for this product and its new offerings at the Energy Solutions Exposition in April. Despite being behind to start the year, the product is expected to hit the ground running once the sourcing contracts are signed by the selected vendors. More materials will be available to the public to further understand all assessment offerings.
- **Business HVAC+R Systems** — This product reflects the energy savings of four legacy products included in the 2020 DSM Plan – Motors and Drives Efficiency, Cooling Efficiency, Heating Efficiency, and Commercial Refrigeration Efficiency. The product is on track to meet the year end savings and spend targets. Participation and savings in the third quarter have increased compared to the second quarter for both electric and gas products. Gas bonus rebates have been launched to support geotargeting efforts the Company has underway in Summit County to

alleviate a potential natural gas constraint. Supply chain complications have had an impact on the HVAC market; equipment demand has increased, but longer lead times for acquiring equipment could push some projects into 2022.

- **Compressed Air Efficiency** — The product is currently behind its energy savings targets for 2021. In the third quarter, customers have reported facing supply chain issues and it is taking much longer for customers to receive the equipment needed for installation. Contingency plans are being explored including marketing to customers who were eligible for free studies as well as identifying low-cost savings opportunities. Current strategies included reaching out to customers to follow up on compressed air implementation from studies that have been conducted over the past year. Many companies do not have the end of year funds to implement new equipment due to increased prices of equipment accompanied by supply chain issues. More in-person meetings with trade partners have been scheduled to discuss product needs and find ways to close more projects by the end of the year.
- **Custom Efficiency** — The product is currently behind on energy savings targets for 2021 after the third quarter. The participation in this product has been consistent through the first three quarters, and the product team will take a deeper look into the pipeline for the next quarter to identify critical portfolio projects to make a push for year-end.
- **Data Center Efficiency** — The product achieved increased savings in the third quarter as customers implemented prescriptive projects at their facilities. The Company hosted a virtual advisory board meeting to discuss the current state of the marketplace, supply chain impacts to customer projects and potential opportunities to increase participation in the product.
- **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. The product is not expected to meet its energy savings targets for the year due to difficulty identifying cost-effective projects to pursue. Product participation slowed down in the third quarter and no projects were closed; however, there are four projects in the queue expected to close before year end. The product team is exploring ways to increase product value for customers and to fill additional needs of the customer.
- **LED Street Lights** — The product is on target to achieve its forecasted energy savings target. The majority of eligible customers have opted into this rate and have installed LED fixtures.
- **Lighting Efficiency** — The Lighting Efficiency product closed the third quarter at approximately 47 percent to its energy savings targets. The product is forecasting to fall short of the full year target. The product team has continued to work hard to grow the savings pipeline; however, issues such as increased shipping and equipment costs, delayed shipping, and labor shortages continue to impact the product. To help support our customers by bringing down upfront equipment costs the product launched a 25% LED Instant Rebate bonus on September 1 that will run through the end of December. The company has also launched additional advertising campaigns promoting the bonus offering as well as bill inserts and email to customers and trade partners.
- **New Construction** — The product continued strong through the third quarter and is on track to exceed savings targets for 2021, with the Energy Design Assistance product generating the bulk of the savings. With the launch of the 2021-22 DSM Plan, the Codes and Standards offering has ramped up activities and trainings to help serve the building community to be better informed of code compliance. Efforts have been focused on supporting and educating communities that are advancing their energy code. These activities have been a team effort with the residential Energy Star New Homes product and external stakeholders to influence as many jurisdictions as possible. The product officially signed on an implementation contractor that has helped ramped

up the current services and will work with the evaluation team to address the most important hurdles that jurisdictions are facing.

- **Self-Direct** — No new projects were completed in the third quarter, and three of the previously forecasted 2021 projects were postponed by our customers until 2022. The fourth project did not materialize because of high project costs and a protracted lifecycle. The Company engaged with the customer and their vendor throughout the review process and pursued options and scenarios to make this effort feasible, but to no avail.
- **Small Business Solutions** — At the end of the third quarter the product had achieved 43% of its electric savings target and only 9% of its gas savings target. The product continued to advertise offerings through bill onserts, emails and partnerships with various cities and conservation groups to promote the free walk-through assessment and direct install opportunities. At the end of the third quarter the product had completed 52 energy audits. The direct install tube offering was also fully launched providing customers under 100 peak demand free LED tubes and installation. Around 11,000 Direct Install LED tubes have been installed for qualifying customers. The majority of LED tube installations have taken place in and around the Denver metro area but the product is looking for ways to expand into additional areas within our electric service territory.
- **Strategic Energy Management (SEM)** — In the third quarter the product completed nearly 90 projects. Most of the achievement was from the indoor agriculture, food processing, and public-school sectors. The Company launched its second Cohort, which is for waste-water treatment facilities. Including the Cohort and individual engagements, the product enrolled nearly 20 new customers. In the next quarter, the Company will continue intensive recruiting efforts, with a particular focus on the oil and gas industry as well state and local government facilities. Although well below its full-year target, achievement is expected to represent double-digit growth compared to the prior year.

Residential Program

- **Energy Efficiency Showerheads** — The product has exceeded forecasted energy savings expectations through the third quarter for both electric and gas savings. Performance has been driven by a mailer sent out in late 2020 that had a positive response from customers with fulfillment of orders continuing into the first quarter of 2021. A targeted promotional email driving traffic to the online marketplace store and a bill insert were sent out in July to help generate awareness in preparation for the direct mail and email campaigns currently rolling out to customers. We expect the current promotion to extend the performance of the product and spillover into next year. Spending is higher than anticipated and will grow with the current promotion, but in line with high levels of achievement.
- **ENERGY STAR® New Homes (“ESNH”)** — In total, 5,041 homes were credited to the product through the third quarter. The product has had two all-electric homes participate in that dedicated pathway. Homes compliant with 2015 IECC or higher represented 79 percent of the qualifying homes. Due to a significant year-over-year increase savings targets, this product is behind on its annual energy savings targets despite achievement in line with previous years’ first three quarters.
- **Home Energy Insights** — The Company’s third-party implementer added a new cohort of customers in the first quarter, significantly increasing participation. These new customers have now received their first round of reports in the second quarter. The Company has made initial changes to the reports delivered to customers to improve engagement and continues to work with the implementer to optimize the content and structure of Home Energy Reports to provide a positive customer experience and effectively encourage energy savings.

- **Home Energy Squad** — The product experienced expected fall increases resulting in good participation. Implementors are seeing improved staffing contributing to the third quarter results. The product continues to provide both virtual and in-home visits, however we are seeing virtual visits slowing as concerns of COVID-19 diminish. Frequent email marketing continues to drive product participation.
- **Home Lighting & Recycling** — The product has exceeded the annual energy savings and spend target as of the third quarter. Sales remain strong as customers are looking for easy ways to save money. The Product continues to offer bonus discounts on multi-packs of A-line and specialty LEDs at select retailers to help customers save energy.
- **Home Performance with ENERGY STAR® (“HPwES”)** — The product continues to see lower than average participation in 2021. A robust marketing campaign will be launched in Q4 to “reintroduce” the product under it’s new name, Whole Home Efficiency, to raise customer awareness of the product. Additionally, a webinar will be held to further engage with trade partners in an effort to boost participation.
- **Insulation & Air Sealing** — The product is on track to meet its energy saving targets for 2021. The product is under target on electric savings, but expects achievement to grow in the fourth quarter. Overall participation was steady throughout the quarter.
- **Multifamily Buildings** — The product committed over 50 new multifamily building projects in the third quarter with participation concentrated in Denver and Boulder as well as a couple large projects that closed in Highlands Ranch and Glendale. Year-to-date electric savings continues to be driven primarily by LED lighting direct-installed in multifamily units and LEC common area lighting. The product is expecting to miss both electric and natural gas targets with commensurate spend in 2021.
- **Refrigerator & Freezer Recycling** — The product is behind its energy saving and participation targets for the year. Contact-free and in-home pickups are available to customers based on preference. A Facebook campaign was executed in August increasing awareness, participation, and savings. The product has been negatively affected by appliance shortages which have discouraged some customers from recycling.
- **Residential Heating & Cooling** — This product is a new offering in the 2021-22 DSM Plan and combines several legacy product offerings from the 2020 DSM Plan: High Efficiency Air Conditioning, Evaporative Cooling, Residential Heating, Thermostat Optimization, and Water Heating. These continued to be offered as separate products in the first quarter but are offered as part of a combined product now that the new plan has launched. For the most part, participation in these products and their measures is comparable to participation 2020. The product is expected to meet its energy savings target for gas, but fall short of its energy savings target for electric. This is primarily due to lower participation in heat pump measures.
- **School Education Kits** — Fall focus for this product is seeing results with increased participation. The product is expected to meet full-year energy saving targets. Product signups are taking place as expected with 33,033 kits shipped year to date. The product vendor is prepared to ship materials direct to customer homes to accommodate remote learning if required due to continued COVID-19 pandemic restrictions.
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Income Qualified Program

- **Energy Savings Kits** — The product did register additional participation in the third quarter as a result of an email marketing campaign; however, resulting savings were not fully booked due to

delays in data uploads. An email and direct mail campaign will be launched in the fourth quarter to drive additional participation.

- **Multifamily Weatherization** — Although only a small number of projects were committed in the third quarter, the product is currently expected to meet energy savings targets by year-end.
- **Non-Profit** —The product committed a small number of projects in the third quarter, however, the project pipeline accounts for 96% of its year-end electric savings target and 62% of its natural gas savings target.
- **Single-Family Weatherization (“SFWx”)** — The product built a strong pipeline of projects through the third quarter that are expected to close prior to the end of 2021.

Indirect Program

- **Business Education** — Through the third quarter of 2021, the Business Education product achieved approximately 25% of its year-end participation targets with 496 participants. Due to the impacts of the pandemic, many in person events planned for the year were cancelled. The company is working through creative ways to meet our targets and drive energy saving messaging to business customers in the remainder of the year and into next year. To support the product going forward, events along with other mediums like print and digital media will be explored. The goal is to continue finding creative ways to drive education and engagement to the company’s energy-saving resources while continuing to utilize partners in the market, like the Denver Broncos, targeting business owners and facility managers.
- **Business Energy Analysis** — In the third quarter of 2021, Business Energy Analysis registered an increase in participation. Customers continue to be interested in receiving onsite audits in 2021, and the product has conducted 259 audits so far this year. The only current vendor for business energy analysis had staffing issues causing a long turn-around time for projects. The vendor is now back on track and distributing marketing materials and email blasts out to the right customers who are eligible. The company is working closely with the vendor to target those customers who need an assessment including Boulder companies required to have an ASHRAE level 1 assessment in the next year.
- **Consumer Education** — Through the third quarter of 2021, Consumer Education achieved approximately 72 percent of the year-end participation target generating 19,533 total participants. In-person events returned in quarter 3, at a much higher level than quarters 1 and 2, but not to the level we’ve had in the past. The product is continuing to explore new opportunities to connect with customers and engage in meaningful ways to drive messaging to the company’s energy-saving tools and resources. The product team has several holiday events planned in the fourth quarter that will ramp up the participation numbers for the remainder of the year. To support the product going forward, events along with other mediums like print and digital media content will be explored. The goal is to continue finding creative ways to drive education and engagement to the company’s energy-saving resources while continuing to utilize local partners in the market, like the Denver Broncos, Colorado Rockies and Denver Botanic Gardens to target our residential customers.
- **Energy Benchmarking** — The Company supports municipalities within its service territory to reach their benchmarking targets. During the third quarter, 102 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 now up to 4,602.
- **Energy Efficiency Financing** — In the third quarter of 2021, 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. Starting in the third quarter, our commercial trade relations manager was able to schedule off-site trade partner meetings and attend various open houses and trade shows for the first time since early 2020. At each of these events commercial financing was promoted. The Company continues to work with CLEAResult to integrate our commercial financing options into the various assessments, studies, and audits that they provide through various programs.

- **Home Energy Audit** — The product experienced anticipated fall increases in participation, increased staffing, and diminishing restrictions related to the COVID-19 pandemic. During the third quarter auditors were able to effectively provide in-home services for customers resulting in strong participation for the quarter.
- **Partners in Energy** — In third quarter, Partners in Energy completed the 2021 support for outreach with High Country Conservation Center in Summit County to try and engage residents to conserve natural gas. The campaign that was delivered in 2021 included four waves, with each wave including a direct mail piece, an email and social media posts. This collaboration supported the geotargeting efforts Xcel Energy has underway in the county to alleviate a potential natural gas constraint. We are still working to deliver mid-year dashboards to participating communities. This delay has been caused by ongoing issues transferring the data used to generate the dashboards.
- **Market Research** — A product experience tracking study continues to provide high level feedback from customers participating in energy efficiency and demand response products. The study's primary focus is ease of participation by respondents and customer satisfaction. The Colorado DSM Potential Study is ongoing with survey fielding completed in the third quarter.
- **DSM Evaluation, Measurement & Verification** — Energy Efficiency product evaluations were in progress through the third quarter. Most data collection was completed within the quarter with the exception of residential cooling research that was delayed until late Q3/early Q4 to collect data from customers who completed projects in summer 2021. The Company's third-party verification contractor completed random field inspections for prescriptive products for the 2021 M&V year with no significant variances.
- **DSM Planning & Administration** — During the third quarter the Company continued the the Demand Response and On-bill Financing stakeholder working groups established in the 2021-22 DSM Plan Settlement Agreement in addition to filing six 60-Day Notice modifications to the 2021-22 DSM Plan.
- **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 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;
 - High Bill Alerts;
 - Green Button Connect My Data;
 - 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

Demand Response Program

- **Critical Peak Pricing** — Four new customers enrolled into the CPP product during the third quarter, increasing total enrollments to 38 participants. The CPP product dispatched eight events during the third quarter, resulting in a total of 10 CPP events year to date. Recruiting efforts and meetings with potential customers have continued through the third quarter.
- **EV Critical Peak Pricing** — In 2021, the Company is promoting EV-CPP to customers participating in the EV Supply Infrastructure Program, including those installing EV charging equipment at multifamily facilities that may serve Income-Qualified Customers. The Company expects the majority of new customers to be participants of the EV Supply Infrastructure Program. During the third quarter the EV-CPP product added three new participants and dispatched seven EV-CPP events.
- **EV Optimization** — The Company ran a Request for Proposal to review proposals that would allow the Company to enroll customers who drive Tesla vehicles in the Charging Perks (dynamic optimization) pilot. Through this process, the Company selected WeaveGrid to begin enrolling Tesla vehicle owners in the second quarter of 2021. In the third quarter, the Company also launched enrollment with BMW, Ford, GM & Honda for our Charging Perks pilot. In regard to the Optimize Your Charge (static optimization) offering, an RFP was released in the second quarter of 2021 to select a vendor for gathering charging data from customers. Potential contractual agreements are currently under discussion.
- **Geo-targeting Pilot** — In the third 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. Our geo-targeting pilot has generated new opportunities on the gas-side of our business 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. We are actively seeking to connect with builders in the target area to create communities pre-enrolled in our demand management products, but communication has been slow and challenging.
- **Peak Day Partners** — The Peak Day Partners product was introduced in the fall of 2019. It finished 2020 with four participants. As of the third quarter of 2021 there are three participants. In the summer 2021 there were seven control events.
- **Peak Partner Rewards** — Three new customer enrolled in the Peak Partner Rewards (PPR) product in the third quarter, increasing the total enrollments to 22 participants. The PPR product dispatched its first event of 2021 during the third quarter. Recruiting efforts and meetings with potential customers have continued through the third quarter.
- **Residential Battery Demand Response Pilot** — The Company launched the pilot in the first quarter of 2021 and has enrolled over 125 customers so far. The Company successfully

dispatched summer demand response events and is preparing customer surveys for fourth quarter. Charging events will also begin in the fourth quarter.

- **Residential Demand Response** — The Saver's Switch product has added about 2,400 new participants as of the third quarter. The Company has also conducted about 2,200 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. The Product did launch a trickle campaign for the Direct Install option and has seen an uptick in the channel.. The Smart Water Heater product struggles with supply of control modules. As of the third quarter, one unit has been deployed.
- **Small Commercial Building Controls** — Direct installations have continued from the first quarter and second quarter due to pre-summer season email marketing campaigns. The Company dispatched four AC Rewards for Business events throughout the third quarter in response to system operational needs.