

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS ELECTRIC AND NATURAL GAS DEMAND-SIDE MANAGEMENT (DSM) PLAN FOR CALENDAR YEARS 2019 AND 2020.

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS ELECTRIC AND NATURAL GAS DEMAND-SIDE MANAGEMENT (DSM) PLAN FOR CALENDAR YEARS 2021 AND 2022.

**OCC Comments Regarding PSCo's 60-Day Notice
for the Residential Battery Demand Response Pilot**

The Office of Consumer Counsel (“OCC”) provides the following comments regarding the 60-Day Notice of Public Service Company of Colorado (“PSCo”) for the Residential Battery Demand Response Pilot (the “DSM DR Pilot”). In addition to the 60-Day Notice, PSCo has filed supplemental direct testimony in Proceeding No. 20A-0287EG requesting approval of the DSM DR Pilot. As detailed below, the OCC is concerned about PSCo’s requests for approval of the DSM DR Pilot in two different processes. The OCC questions the justification for a change in PSCo’s original pilot specification before the pilot has been tested; the purpose of a pilot being to test those specifications.

1. The Pilot Program should be tested first before being changed.

The OCC believes that the pilot program that was proposed in Proceeding No. 18A-0606EG should be tested first before it is changed. That is the purpose of a pilot program, to test the specifications in the pilot. In the 60-Day notice, PSCo is proposing to change the specifications before they have been tested in a pilot. PSCo seems to have concluded that the original specifications in the pilot will not function as planned. PSCo has not presented any evidence that the original specifications, specifically the \$500 rebate, is insufficient. PSCo has not actually tested this rebate \$500 level before its proposal here in the 60-Day Notice to move to a much higher rebated level of \$1,250. The OCC believes that the original proposal with its \$500 rebate should be

implemented and tested in the 2020 DSM Plan before determining a higher rebate is needed. The experience with the pilot should then be used to determine if a change in the specifications, including the rebate, should be implemented.

2. The budget shown in the 60-Day Notice fails to demonstrate sufficient information to ascertain the needed change.

Table 1 of the 60-Day Notice demonstrates that the budget is proposed to increase from \$177,500 as filed to \$312,500 as Revised Per the 60-Day Notice. The asterisk to the budget points out that these budget numbers are for rebates only. The total change in the budget, however, is not shown in PSCo's 60-Day notice to substantiate the stated reason for the increase. Further, PSCo does not report in the 60-Day Notice that the change will result in an increase in the 2021-2022 DSM Budget either.

The total change in the 2020 budget cannot be ascertained from the provided worksheets within the Benefit – Cost Worksheet that was included with the 60-Day Notice. This illustrates the total Utility Cost to be \$565,980 for the 2020 DSM Program, which is significantly greater than the \$312,500 that PSCo provided in Table 1 in the 60-Day Notice.

PSCo's 60-Day Notice fails to either explain or demonstrate the assumed corresponding needed increase in the 2021 and 2022 DSM Plans. The change due to the supposed need to increase the rebate level amounts to \$127,500 and is provided in the Supplemental Direct Testimony in Proceeding No. 20A-0287EG.¹ Attachment MRS-3 to that Supplemental Direct Testimony illustrates the needed increase in the 2021 budget for the DSM DR Pilot, that is not provided in the 60-Day Notice, increased from \$393,740 to \$521,240.

3. PSCo's Benefit-Cost Worksheet is Inaccurate.

PSCo also fails to provide the participant costs in the Benefit-Cost Worksheet that is included in the 60-Day Notice. In order to be a participant in this DSM DR Pilot Program a customer must buy a battery (either version). These batteries have a cost in the range of \$6,000, but PSCo for some inexplicable reason does not include this cost in its Benefit-Cost Worksheet.

¹ Proceeding No. 20A-0287EG, Supplemental Direct Testimony and Attachments of Mark R. Schoenheider, page 15, line 10. $(\$1250-500)*170=\$127,500$.

4. PSCo’s incorrectly represents that this proposal was discussed (and agreed to) with stakeholders.

The Executive Summary in the 60-Day Notice includes a new entry in Section F Stakeholder Involvement that summarizes the supposed stakeholder involvement. The OCC is not listed among the parties participating even though the OCC was a participant. The Section F addition states, “The Company proposed and sought feedback on changes described herein...” Changes of a general nature were discussed, but the specific “changes described herein” were never discussed. That is, the specific proposal in the 60-Day Notice was not discussed with stakeholders.

Similarly, the Supplemental Direct Testimony of Mr. Schoenheider states (p. 12, line 2-4) that “the modifications proposed in the 60-Day Notice were discussed on multiple occasions with the Solar + Storage Stakeholder Group, and in fact emerged from this stakeholder engagement.” This is an inaccurate and misleading statement. As stated above modifications of a generic nature were discussed with the stakeholders (including the OCC). The specific proposal contained in this 60-Day Notice was never discussed with stakeholders prior to the filing of the 60-Day Notice, hence, the specific proposal included in the 60-Day Notice was never approved by stakeholders.

5. Learn from the RES Plan when Costs are Expected to Decline.

PSCo’s annual Res Compliance Report filed in Proceeding No. 16A-0139E identifies renewable projects built early on in the renewable energy rush that were and continue to be at higher costs than those that can be built today resulting in millions of dollars in charges each year “paid” for through the Renewable Energy Standard Adjustment (“RESA”). Renewable projects in PSCo’s 2016 Electric Resource Plan (“ERP”) cost a fraction of these older renewable projects and offer millions in cost savings. PSCo and the parties should learn from this experience and not undertake a large, expensive program when the cost of storage is widely expected to decrease. Such a program would not be cost effective for the participants and especially for the non-participants. PSCo should undertake a small pilot program that is truly a pilot program that is designed to gain experience with the technology and the communication requirements in order to obtain data that can be used in evaluating a larger program when storage costs come down.

6. PSCo has requested approval for the revised DSM DR Pilot through two processes.

Requesting approval in two processes is inappropriate. Any determination in one proceeding could lead to the use of arguments or information that might be used in the other proceeding. PSCo has requested that the DSM DR Pilot be approved for the 2020 DSM Plan through the 60-Day Notice process. Additionally, PSCo has filed Supplemental Direct Testimony in the 20A-0287EG proceeding requesting that the DSM DR Pilot be changed for the 2021-2022 DSM Plan. The OCC does not agree that the change should be made in two proceedings. The OCC believes that the Commission should not be bound in the 20A-0287EG case by a prior decision in the 60-Day Notice process. The OCC recommends that any decision to change the DSM DR Pilot should only be made by the Commission in the 20A-0287EG proceeding.

7. OCC Recommendation: Continue with the Implementation of the Original DSM DR Program.

The OCC recommends the DSM DR Pilot be implemented in the 2020 DSM Plan with the originally determined rebate level of \$500. This approach does not prevent participants from taking advantage of the higher level of the investment tax credit (“ITC”) as discussed in the 60-Day Notice. This approach also enables PSCo, stakeholders and participants to gain feedback on the previously determined rebate level of \$500 as is the point of the original pilot. If this experience with the pilot program demonstrates through insufficient customer participation that a change is needed, then that data-driven change can be made in the 2021-2020 DSM Plan.