



2020 Second Quarter Colorado DSM Roundtable Update

August 12, 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 second quarter 2020 (cumulative January 1 – June 30, 2020) 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 196 GWh and gas savings of 343,271 Dth in the 2020 calendar year. This represents approximately 39 percent of the 2020 electric DSM plan’s energy savings target of 502 GWh and 50 percent of the gas target of 681,120 Dth.

The following section provides product status activities for the second 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 still on track to meet its year-end electric and gas savings targets. The product continues to see substantial achievement and participation from large commercial grocers and convenience store chains. The top three prescriptive measures are retrofits of open multideck cooler cases with solid glass doors, anti-sweat heater controls for freezers and ECM fan motors in walk-in coolers. In addition, the product continues its efforts to recruit and train new trade partners and recently hosted a virtual training on the program in late July discussing energy efficiency trends within the grocery and small business food retail sector and program details.
- **Compressed Air Efficiency** — In the second quarter, the product saw steady participation and performance, although achievement is still lower than previous years. Trade partners are finding ways to safely enter facilities to install equipment and conduct studies, so businesses are more open to having external parties in their facilities. Customers are still hesitant to make capital expenditures, so a bonus on both prescriptive and custom equipment will be introduced in the third quarter. Other contingency 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 remains 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 stronger than expected performance in the second quarter. The product concluded a 60-day notice in the second quarter that expanded facility types and full load hour assumptions. An HVAC assessment program was developed to help customers prepare their HVAC systems prior to employees returning to work.
- **Custom Efficiency** — In the second quarter, the product met its year-end natural gas savings targets but was forecasting to not meet its electric savings targets as several projects have been impacted due to COVID-19.
- **Data Center Efficiency** — The Company continues to engage with customers completing custom projects through the product. Company representatives contacted customers with recent studies to encourage implementation of the recommended measures.
- **Energy Management Systems (“EMS”)** — The product completed only two projects within the second quarter, and customers have cancelled or postponed a significant number of preapproved projects. Nevertheless, the year-to-date achievement is nearly half of its full-year target. Within the quarter, the Company published a new, clearer application workbook and conducted two trade partner training sessions. In the third quarter, the Company will begin promoting ventilation control strategies that incorporate technologies for airborne pathogen reduction. The Company will also continue to explore with trade partners control strategies that may make projects more cost-effective for customers.
- **Heating Efficiency** — The product is on track to meet its gas forecast, but not its electric savings targets.
- **LED Street Lights** — The product is still forecasting to have 5,000 units or an estimated 2.6 GWhs to close this year.
- **Lighting Efficiency** — The Lighting product savings achievement is trending down from its targets as impacts from COVID-19 have slowed projects from closing. On May 1, 2020, the product team launched bonus rebates to help support our customer's recovery during the pandemic. The bonus rebates added to prescriptive downstream, midstream LED instant rebates, custom efficiency projects as well as new construction. The LED Instant Rebate offering is undergoing an impact evaluation this year, following a recently completed prescriptive and custom impact evaluation.
- **Lighting – Small Business** — The product is forecasting to meet its electric savings target with approximately 80 percent of achievement coming from the Business LED Instant Rebate offering. The product is forecasting significantly less achievement in the downstream prescriptive and custom pathways than previous years. The small business segment has been significantly impacted by COVID-19. On May 1, 2020, the Company launched several bonus rebate offerings including a 25 percent bonus on select LED interior equipment and a 50 percent bonus on LED tubes opportunities to assist customers with saving energy and money in these challenging times. The Company is continuing to explore additional bonus rebate offerings and strategies to support small business customers.
- **Motor & Drive Efficiency** — The product realized strong performance in the second quarter and is expected to meet its energy savings target.
- **Multifamily Buildings** — The product has been impacted significantly by COVID-19. Field work was suspended throughout the second quarter. Virtual assessments were utilized to build the pipeline of properties ready for direct install once field operations resume. Efforts will continue to

focus on driving completion of Stage 3 projects and additional Direct Install opportunities for both gas and electric measures.

- **New Construction** — The product continued excellent performance through the second quarter and is on track to meet both gas and electric targets. Construction has remained an essential business, maintaining program performance throughout the pandemic. On-site verification has also resumed, with appropriate safety protocols. 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. Building Operators Certification virtual classes have started with a large number of students.
- **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 second quarter.
- **Strategic Energy Management (SEM)** — In the second quarter, the product achieved 23 percent of its full-year target. The 25 customers who completed projects included industrials, schools, and hospitals. Unfortunately, only one new customer was enrolled during the quarter, but the Company presented the benefits of SEM to four prospects and two performance contractors. The Company is maintaining its forecast of full-year achievement at slightly less than the target and is continuing to 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 second quarter and has several marketing campaigns planned for third quarter. Showerheads were also provided to customers in second quarter as a part of the Company's "stay-at-home" kits. 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 COVID-19. 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 Company is working with its third-party implementer to determine the impacts of COVID19 on energy savings during a time of increased residential usage. An analysis of those impacts is expected at the start of the third quarter. The third-party implementer is also evaluating a refill of customers for 2020 which are expected to be added early in the fourth quarter. Newly designed Home Energy Reports went out with messaging related to the stay at home orders, as well as low-touch tips customers could complete to help save energy with staying home more.
- **ENERGY STAR® New Homes ("ESNH")** — The product experienced minimal disruption as a result of COVID-19, continuing strong performance in the second quarter and completed 715 more homes for a total of 2,236 in the first half of 2020. 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** — All marketing efforts were launched in the second quarter, but 1-2 months later than usual due to the pandemic. Some tactics, like in-store special events, were not possible. While retail big box stores have been very busy, retailers didn't allow vendor partner to

place “instant rebate” signs on product until June, and rising COVID-19 cases in July restricted vendor staff from entering half of the top retail stores. Contingency plans included secret shopper visits and special outreach to property managers of 150 manufactured home communities. Overall product participation is significantly down from 2019 and is unlikely to achieve 2020 filed targets.

- **High Efficiency Air Conditioning** — Contractors report that central air conditioning sales are up 15-20 percent this year; many more customers are working from home and making home improvements. However, supply chain issues in manufacturing and distribution, as well as AHRI database stability issues have impacted program performance. The Company implemented a contingency plan to help contractors meet customer rebate expectations by using the Quality Installation (“QI”) rebate in situations where AHRI certificates did not exist, for a limited time. Overall, participation is down 25 percent from mid-2019. Regarding gas savings achieved through duct sealing, one of the QI elements, the Company refined information required by trade partners regarding the home heating source. This simplified their experience with the rebate process and has increased the incidence of gas savings overall.
- **Home Energy Squad** — The ongoing pandemic has caused severe disruptions to the product, and field operations were suspended from mid-March until June. Because of this, the product is not expected to meet its year-end targets. Remote interactions with customers were developed as a way to help customers save energy while staying home, and to build a pipeline of customers ready to receive an in-home visit at a later date. Current in-home visits with added precautions and safety measures are receiving positive feedback from both customers and Squad technicians, and both remote and in-home interactions will continue to be offered to meet customers’ needs.
- **Home Lighting & Recycling** — Home Lighting and Recycling is on track to meet its energy savings target for the year despite the current 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.
- **Home Performance with ENERGY STAR® (“HPwES”)** — The product has been impacted significantly due to COVID-19. Outreach efforts to engage new trade partners and increase customer awareness have been developed and will be implemented in the third quarter with the goal of increasing participation.
- **Insulation & Air Sealing** — The product is on track to meet year-end savings targets. No marketing is planned at this time. The newly offered Cellular shades measure has averaged about 10 submissions per month in the second quarter. We will continue to work with trade partners to promote the program.
- **Refrigerator & Freezer Recycling** — The product is on track to meet its participation target due to January’s promotional incentive. Because of COVID-19 restrictions, the product changed to no-contact outside pickups in March. The Company notified customers of the product changes on the Company website, but not via email or social media. We sent an awareness email in June and had excellent participation despite being limited to contact-free pickups.
- **Residential Heating** — Participation and energy savings from the 95% AFUE gas furnace measure are on par with 2019; therefore, it is expected that the product will meet filed targets by year end. The ECM (electronically commutated fan motor) measure, which is not active in 2020 because it is now the new baseline technology, had higher numbers of carry-over rebates submitted in early 2020 than expected. Few additional ECM rebates are anticipated before the September 30 rebate submission deadline for improvements made in 2019.

- **School Education Kits** — New shipping capabilities have been developed to ship kits directly to student homes, which will allow classes to continue to participate in the product even if 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 on track through the second quarter of 2020. Strong participation numbers can be partially attributed to a successful email marketing campaign promoting a manufacturer's Memorial Day sale on the Company's online store. Online store sales drove most of the participation while instant rebates available through in-store purchases were down. This downward trend reflects the stay at home orders keeping consumers from being able to make in-store purchases. Ecobee did deploy eco+ within the service territory and energy efficiency saving numbers are being evaluated and will be added to the product's overall achievements in the third quarter.
- **Water Heating** — The product saw steady participation in the second quarter. Heat pump water heaters continued to see above average participation despite COVID-19 impacts. Additional marketing outreach, including direct mail, will resume in the third quarter.

Low-Income Program

- **Energy Savings Kits** — Two email offers were sent to customers at the beginning of the second quarter, and the response rate has been on par with previous years. The Company also sent out kits to customers who are on CARE waitlists and is working on getting kits to customers on the WAP waitlist. The Low-income Energy Assistance Program season was extended to July 31st as a part of the CARE Act, and additional participants are expected to have applied. The Company will send an offer to those customers who signed up for LEAP between the typical program close in April and the extended deadline. The first direct mail offer went to all customers who did not yet request a kit.
- **Multifamily Weatherization** — The product has a strong pipeline with over 30 projects in queue. About 20 percent of these projects are housing authorities with a capital expenditure freezes or senior housing facilities that are at risk of not being able to complete projects in 2020 due to the ongoing pandemic. About 80 percent of the current projects are either completed, or able to be completed in 2020. In unit work is happening on a case by case basis, and it is expected that most of that work will need to be pushed into 2021. Energy Outreach Colorado identified properties that were not able to receive direct install components for varying reasons not related to the pandemic, and those customers will be sent kits at the beginning of the third quarter.
- **Non-Profit** — The product has a strong pipeline with over 35 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 working with non-profits to schedule work when necessary safety measures can be followed. The natural gas product pipeline is looking especially strong, with several large boiler and insulation projects approved.
- **Single-Family Weatherization (“SFWx”)** — The product started off the first quarter strong, and operations have slowly started to ramp back up after a period of no work during the second quarter. Crews are following all safety precautions and prioritizing customers that are not considered high-risk. Partnering with local food banks, the Company has identified over 650 food shelves to distribute bulbs to their patrons as a way to get quick energy savings to those who need it most. Food shelves are reporting a surge in customers needing their services, and the Company expects that trend to continue.

Indirect Program

- **Business Education** — Through the second quarter of 2020, the Business Education product achieved approximately 32 percent of the year-end participation target and generated 63 customer leads. These numbers stayed flat from the first quarter due to cancelled events because of the pandemic. The second quarter was spent contingency planning for the remainder of the year. To support the product going forward, digital content, targeted at business customers, will be created in the third quarter. The content will be shared out externally to drive outreach and participation to meet 2020 targets in the second half of the year.
- **Business Energy Analysis** — In the second quarter of 2020, Business Energy Analysis introduced a remote audit option for customers who do not wish to have external parties in their facilities. In addition, the fees associated with on-site and remote audits have been waived for all-sized customer facilities. An increased number of customers have been interested in scheduling audits in the second quarter compared to the first quarter. Moving forward, promotional emails will announce the free and remote offerings to customers, and these audits will build pipeline for both prescriptive and custom conservation opportunities.
- **Consumer Education** — Through the second quarter of 2020, Consumer Education achieved approximately 11 percent of the year-end participation target and generated 296 customer leads and 87 signups. Due to the impacts of the pandemic, all 10 events planned in the second quarter were cancelled. 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. The second quarter was spent contingency planning and pivoting our efforts into creating digital content that will target residential customers. This content will drive outreach and participation to meet 2020 targets in the second half of the year. The intention is to reach customers at a time when they can't attend events but can consume content on their devices – ultimately driving awareness, consideration and participation to our programs digitally.
- **Energy Benchmarking** — The Company supports municipalities within its service territory to reach their benchmarking targets. During the second quarter, 327 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 3,857.
- **Energy Efficiency Financing** — In the second quarter the product was cross-promoted on Company website pages including Home Performance with ENERGY STAR® with links to Colorado Energy Office Residential Energy Upgrade (“RENU”) loans, Energy Smart Advisor for customers in Boulder County and Colorado Commercial Property Assessed Clean Energy (“C-PACE”) loans for Business customers and trade partners. Four rescheduled commercial financing Webinars were presented in June. Internal Company Account Management and Business Solutions Center teams were updated just prior to the Webinars to be ready for new customer inquiries.
- **Home Energy Audit** — The pandemic has caused disruptions to field operations and this will impact the product's ability to meet its participation targets for the year. Despite the disruptions, most auditors have been able to continue in-home operations, and customers are continuing to act on energy saving opportunities.
- **Partners in Energy** — The Company has successfully transitioned delivery of resources to support the energy action planning provided through this program to virtual workshops. The Company is also focused on providing additional resources to the communities engaged in the product to help deliver education and outreach virtually given their limited access to person-to-person contact. The product continues to see strong engagement and an increased interest in tactics to provide equity in the delivery and access to energy related resources.

- **DSM Planning & Administration** — During the second quarter of 2020, the Company has primarily focused on development of the 2021-22 DSM Plan which was filed with the Commission on July 1, 2020. The Company also filed five 60-day notices related to energy efficiency products, including updates to lighting products impacted by the DOE's final EISA ruling and HB 19-1231. The Company also filed one 60-day notice for a water heater demand response offering added to the Residential Demand Response product.
- **Product Evaluations** — Energy Efficiency product evaluation-driven notices were filed in the first quarter of 2020. Evaluations in 2020 are ongoing for 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 continues to be delayed due to COVID-19 as the project involved travel in multiple states by the third-party vendor staff.

The demand response evaluation for AC Rewards is underway.

- **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** — An online residential home use study is fielding in the third quarter of 2020 now that vendor contracting is complete. Both a base-level and low-income version of the study are anticipated again this year, where "low-income" represents customers that received energy assistance during 2019. Report delivery is anticipated late in third quarter.
- **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.
 - 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.
 - A streamlined custom application process for 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 2020.
 - High Bill Alerts.
 - Green Button Connect My Data
 - Indoor agriculture - The Company is evaluating marketing opportunities that include special assessments for indoor agriculture facilities.

Demand Response Program

- **Charging Perks Pilot** — The Company is in contract negotiations with automakers who will support the pilot. 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 the Company to the automakers).

- **Critical Peak Pricing Pilot** — The pilot dispatched its first two events of 2020 near the end of the second quarter. Additionally, the pilot added 17 new participants in the second quarter, adding 2.3 MW of potential controllable load. Second 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 finalized the RFP launched in 2018 to acquire an implementation service partner to supplement the Company's marketing and administration of the pilot by selecting Franklin Energy to increase the pilot's participation. Both parties are working to get Franklin Energy prepared to engage with potential customers and expect this work will ramp up in the third quarter. While the Company anticipates the pilot will continue growing participation during the third quarter, focus will shift to the operational aspects of the product during the traditional peaking season. Further, COVID-19 pandemic will likely continue impacting the recruiting process and 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. An additional 18 public charging premises enrolled in the product during the second quarter.
- **Geo-targeting Pilot** — Pilot marketing plan is ramping up. In the second quarter the Company has continued coordination with AC Rewards, the Xcel Energy store, and the load management operations team. Planned hands-on activities with distribution operations are underway, but we have yet to call an independent event due to the need for bulk-system utilization of our demand response products thus far. Geo-targeting will be partnering with our Safe-at-home energy kits and direct email marketing should commence in the following weeks. 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 launched in earnest in the second quarter. As of the end of the second quarter, three customers had signed the enabling agreement for participation.
- **Peak Partner Rewards** — The product dispatched its first two events of 2020 near the end of the second quarter. The product also experienced several participation changes during the second quarter that increased the net capacity of the product by 1.1 MW. Five new participants enrolled in the product while two existing customers unenrolled. One of those un-enrollments is temporary due to new COVID-19 restrictions eliminating that customer's ability to provide load relief during PPR events. That customer plans to re-enroll if those restrictions are lifted in the future. Second quarter efforts continued to focus on meetings with potential customers and building the prospect pipeline. The Company finalized the RFP launched in 2018 to acquire an implementation service partner to supplement the Company's marketing and administration of the product by selecting Franklin Energy to increase the product's participation. Both parties are working to get Franklin Energy prepared to engage with potential customers and expect this work will ramp up in the third quarter. While the Company anticipates the product will continue growing during the third quarter, focus will shift to the operational aspects of the product during the traditional peaking season. Further, the COVID-19 pandemic will likely continue impacting the recruiting process and 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 finalizing a contract with one vendor and is still in the middle of contract negotiations with a second vendor. The Company has also posted a notice to modify the pilot before launch. The changes would enable the Company to better utilize enrolled batteries, while offering a more substantial upfront incentive to attract enrollment.

- **Residential Demand Response** — The program saw modest growth in the second quarter. The Saver Switch product ran a promotion in partnership with the Denver Museum of Nature & Science, which has generated 1,000+ Saver's Switch signups. AC Rewards participation grew very healthily with second quarter Bring Your Own Thermostat enrollments. Due to the pandemic, the AC Rewards Direct Install channel is on hiatus until conditions are determined safe. The Company has now reached a contractual agreement with Emerson and added two new qualifying thermostat models to the portfolio offerings.
- **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. While the product was in market in the first quarter, installations were delayed until the end of the second quarter due to COVID-19. Customer sign-ups and installations are currently underway but achievement has yet to be recorded as the Company is awaiting confirmed installations from its contractors.