



2021 First Quarter Colorado DSM Roundtable Update

May 12, 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 first quarter 2021 (cumulative January 1 – March 31, 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 142 GWh and gas savings of 263,495 Dth in the 2021 calendar year. This represents approximately 26 percent of the 2021 electric DSM plan’s energy savings target of 538 GWh and 35 percent of the gas target of 755,934 Dth.

The following section provides product status activities for the first 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. The product is currently behind target, with only one participant YTD. New study-based offerings will be available in the second 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 catch up and meet its savings targets through leveraging existing pipeline and trade connections to customers.
- **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. The new product has shifted to online only rebate applications to enhance customer participation and turnaround on rebates.
- **Compressed Air Efficiency** — The product is currently behind on its energy savings targets for 2021. In the first quarter, the product had low participation as customers remain hesitant to make capital expenditures. Contingency plans are being explored included marketing to customers who

were 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 in 2021.

- **Custom Efficiency** — The products currently behind on its energy savings targets for 2021 as participation continues to lag expectations. The Company is continuing to build and foster relationships with customers to strengthen the pipeline for electric and gas projects. Among these unique projects, one electric and one gas project closed within the first quarter, and five projects have completed analysis and several more are early in the sales cycle. Several existing projects continue to be delayed or have been cancelled due to the pandemic.
- **Data Center Efficiency** — No projects were closed during the first quarter, but the product has a healthy pipeline for the year. The Company is actively engaged with participating trade partners to identify new customer projects to build the pipeline. In the second quarter, the Company will host an advisory board meeting with trade partners to highlight product changes and discuss additional ways to engage potential 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. In April, EMS presented and networked at the Company's Energy Solutions Exposition. The Company has met with another utility to explore innovative product designs to influence a positive market for building controls. The product team also worked closely with our sister program in Minnesota to launch a pilot for ASHRAE 36 which will drive innovation for the Controls offerings.
- **LED Street Lights** — The product is on target to achieve its forecasted target of 1.3 GWh.
- **Lighting Efficiency** — The Lighting Efficiency product closed first quarter at approximately 28 percent to its energy savings targets. The product has started the year strong and will need to continue to work hard to grow the savings pipeline. The product team is focused on growing the trade partner network of existing and new trade through recognition and awards, presenting case studies, targeted electrical contractor outreach, and improving product resources. New advertising creative will be launching that drives our customers to start with an energy advisor along with some targeted email and direct mail campaigns.
- **New Construction** — The product is off to a strong start through the first quarter and is on track to meet or exceed savings targets for 2021. With the launch of the 2021-22 DSM Plan, the Codes and Standards offering will be ramping up activities and trainings to help serve the building community to be better informed of code compliance. These activities will be part of a team effort with the residential Energy Star New Homes product and external stakeholders to influence as many jurisdictions as possible.
- **Self-Direct** — The product completed one project during the first quarter. Four new projects are currently in the planning stages and are expected to close in 2021.
- **Small Business Solutions** — The product launched on April 1, 2021 as part of the 2021-22 DSM Plan and takes the place of the former Lighting – Small Business product. Thus far the product is forecasting to slightly underachieve its energy savings targets for the year. At the end of the first quarter the product had achieved 20% of its electric savings target. The product is exploring potential bonuses to kick start participation in the product and assist small business customers still dealing with impacts from the COVID-19 pandemic.
- **Strategic Energy Management (SEM)** — Within the first quarter, twenty-five SEM customers completed forty-four efficiency measures. Schools and manufacturers completed the most projects, while government buildings contributed the largest projects. The product enrolled eight

new customers, and proposed enrollment to an additional 10 prospects. The product also kicked-off its first Cohort of customers with similar interests, and the Cohort will continue for fourteen months. Achievement continues to be significantly hampered by the COVID-19 pandemic and the inability to conduct site visits. The product is forecasting full-year energy savings that fall short of its target, but will represent significant growth compared to the prior year.

Residential Program

- **Energy Efficiency Showerheads** — The product has exceeded energy savings expectations for the first quarter both electric and gas savings and will exceed full-year savings targets. First quarter performance has been driven by a mailer sent out in late 2020 that had a very positive response from customers with fulfillment of orders continued into the first quarter of 2021. Spending is a higher than anticipated, but in line with high levels of fulfillment.
- **ENERGY STAR® New Homes (“ESNH”)** — The product is experiencing minimal disruption as a result of the COVID-19 pandemic through the first quarter. In total, 2,082 homes were credited to the product in the quarter. Homes compliant with 2015 IECC or higher represented 71 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 quarters.
- **Home Energy Insights** — The Company’s third-party implementer added a new cohort of customers in the first quarter, significantly increasing participation in the product. The Company 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 did not encounter any obstacles related to the COVID-19 pandemic in the first quarter and was able to effectively provide both virtual and in-home visits for customers. Participation was steady throughout the quarter, with many participating customers coming from communities that have partnered with the product to offer discounts or support the Company’s marketing efforts.
- **Home Lighting & Recycling** — The product has achieved over half of the annual energy savings target in the first quarter. Sales remain strong as customers have been staying home more and are looking for 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 while they are spending more time at home.
- **Home Performance with ENERGY STAR® (“HPwES”)** — The product saw a slow start to 2021. The product launched new e-mail marketing campaigns in the first quarter to increase customer awareness. Additionally, advising services through the third-party implementer have been increased with outreach to all customers completing an audit or Home Energy Squad Plus visit.
- **Insulation & Air Sealing** — The product is on track to meet its energy saving targets for 2021. Activity from the first quarter included the launch of a new rebate structure and an online rebate application that was previously unavailable for this product. A virtual training video, updating trade partners of the changes and demonstrating the online application was shared in the first quarter as well. The product also began the process to create a dedicate cellular shades web page on the Company’s website.
- **Multifamily Buildings** — The product had a slow start in first quarter as building owners and property management companies continue to be reluctant to participate and make investments in properties. First quarter participation was divided evenly between in-unit direct installation

measure like LED lamps and common-area lighting upgrades, many of which utilized the Instant Rebate measures like Specialty and A-Style LED lamps.

- **Refrigerator & Freezer Recycling** — The product is slightly behind its energy saving and participation targets for the year. Contact-free and in-home pickups are available to customers based on preference. A first-quarter email promotion was issued to increase awareness leading into the spring season.
- **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 will be offered as part of a combined product in future quarters now that the new plan has launched. For the most part, participation in these products and their measures is comparable to participation in the first quarter of 2020. Notable exceptions include reduced participation in natural gas furnaces compared to the beginning of 2020 and no participation in ECM motors as this measure is no longer offered. The smart thermostat optimization measure launched in 2021 with over 5,000 participants. The Company has switched to a new provider for its online storefront, which includes smart thermostats as one of the available measures.
- **School Education Kits** — The product is on track to meet full-year energy saving targets. Product signups are taking place as expected with 17,602 kits shipped in first quarter. 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.

Income Qualified Program

- **Energy Savings Kits** — The product recorded first-quarter electric and natural gas savings from showerhead kits bulk shipped to food banks at the end of 2020 and distributed through partner organizations to their customers in 2021. Email offers to receive a free kit will be sent to customers eligible to receive Low-income Energy Assistance Program (LEAP) funds later this year as well.
- **Multifamily Weatherization** — Although the product did not realize savings in the first quarter, the product's current project pipeline represents a significant proportion of full-year electric and natural gas energy saving targets with the bulk of projects planned in Denver and Jefferson Counties.
- **Non-Profit** — The product realized approximately one fifth of its full-year electric energy saving target in the first quarter but did not realize natural gas savings. A strong project pipeline was identified in the first quarter and the product is expected to exceed its 2021 targets.
- **Single-Family Weatherization ("SFWx")** — Distribution of LED light bulbs through food banks and smaller food pantries continued in Q1 within the Company's electric service territory. There is an on-going need for food assistance in 2021, and this partnership will continue as forecasted in the 2021-22 DSM Plan. The first quarter electric achievement was realized primarily from local food pantry partners who had previously received shipments of LED light bulbs to their warehouse or storage area in 2020 but had not distributed to their customers until 2021. As in previous years, a smaller number of homes received weatherization treatment in the first quarter with more homes scheduled later in the year.

Indirect Program

- **Business Education** — Through the first quarter of 2021, the Business Education product achieve approximately 12% of its year-end participation target with 246 participants. Due to the

continuing impacts of the COVID-19 pandemic, many in person events planned for first quarter were cancelled. The Company is in the process of planning creative ways to meet our targets in the coming quarters. To support the product going forward, new tools and digital content targeted at engaging new business customers at events and via digital channels will be launched later this year. The goal is to continue finding creative ways to drive engagement and education with business customers and continue utilizing partners in the market, like the Denver Broncos, to connect with business customers.

- **Business Energy Analysis** — In the first quarter of 2021, Business Energy Analysis continued offering a remote audit option for customers who do not wish to have external parties in their facilities, and there was an increase in participation for the remote option. Customers continue to be interested in receiving onsite audits in 2021, and the product has conducted 119 audits so far this year exceeding first-quarter 2020 participation rates.
- **Consumer Education** — Through the first quarter of 2020, Consumer Education achieved approximately 9 percent of the year-end participation target generating 3,347 participants. Due to the continuing impacts of the pandemic, many in person events planned for first quarter were cancelled. The product has had to pivot and find new ways to reach customers, due to disruptions caused by the pandemic. The product team plans to drive an increased number of engaged participants as events begin again in late second quarter. The team is in the process of creating digital content to be executed at in-person events and via virtual outreach opportunities later this year.
- **Energy Benchmarking** — The Company supports municipalities within its service territory to reach their benchmarking targets. During the first quarter, 257 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 4,410.
- **Energy Efficiency Financing** — In the first 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. The product also offerings cross-promotion for financing on the various energy efficiency product web pages. Four commercial financing Webinars were presented in March to trade partners.
- **Home Energy Audit** — The product did not encounter any significant obstacles related to the COVID-19 pandemic in the first quarter, and auditors were able to effectively provide in-home services for customers. Participation was steady throughout the quarter.
- **Partners in Energy** — Performance dashboards that report 2020 energy use and participation are being distributed to communities active in the product. Partners in Energy held its first round of applications for 2021 in January. Three Colorado communities submitted applications and began the process of developing a local stakeholder team to participate in plan development. Planning sessions for this cohort are anticipated to continue to be held virtually. A few communities are starting to plan in-person venues this summer where they will be able to deliver education and outreach.
- **Market Research** — A product experience online tracking study, initiated in December 2019, continues to provide high level feedback from customers participating in energy efficiency products. The study's primary focus is ease of participation by respondents and satisfaction. The Company expects business data matching updates from Dun & Bradstreet to assist in targeting EE and DR measures to our business customers. Data matched at the premise from D&B includes: NAICS industry classification, square footage, employees on site and sales volume estimates. Updates are requested twice per year.

- **DSM Evaluation, Measurement & Verification** — Energy Efficiency product evaluations for 2021 commenced with staff interviews and evaluation planning in the first quarter. Data analysis for the AC Rewards demand response evaluation was completed quartering the first quarter, concluding with an extended results workshop at the end of the quarter to review findings and recommendations. 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 first quarter the Company received approval of the 2021-22 DSM Plan as amended by the unopposed, comprehensive settlement agreement with stakeholders. Following approval, the Company focused on implementing program changes included in the 2021-22 DSM Plan in addition to finalizing end-of-year compliance reporting for the 2020 program year.
- **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 evaluating marketing opportunities that include special assessments for indoor agriculture facilities.
 - Exploring battery energy storage system options for C&I customers.
 - 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 pilot motivated in part to address gas distribution constraints in Summit County.

Demand Response Program

- **Critical Peak Pricing** — There were no changes to the Critical Peak Pricing (CPP) pilot during the first quarter, maintaining the existing 38 participants. The Company filed Advice Letter 21AL-0091E requesting to make the CPP pilot a permanent offering to customers along with other minor modifications to the product's design. The CPP tariff updates went into effect by operation of law on April 30, 2021. Recruiting efforts and meetings with potential customers have continued; however, the COVID-19 pandemic continues to impact the recruiting process.
- **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, which is expected to add approximately 70 new customers in 2021. No Critical Peak Pricing events were dispatched in the first quarter.
- **EV Optimization** — The Company ran a Request for Proposal to review proposals that would allow the Company to enroll customers that drive Tesla vehicles in the Dynamic Optimization pilot. Through this process, the Company has selected a third-party and is completing the

contracting process with this third-party. The Company expects to launch the pilot with the third-party in the second quarter. The Company continues to negotiate with GM, Ford, Honda, and BMW around their participation in Dynamic Optimization. For Static Optimization, the Company released an RFI to down-select on potential vendors and swiftly followed-up on the RFI with an RFP released to a smaller set of vendors in the early part of the second quarter.

- **Geo-targeting Pilot** — In the first quarter the Company implemented 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.
- **Peak Day Partners** — The Peak Day Partners product was introduced in the fall of 2019. It finished 2020 with four participants. No new participants were added in the first quarter 2021.
- **Peak Partner Rewards** — There were no changes to the Peak Partner Rewards (PPR) product in the first quarter, maintaining the existing 18 participants and 9.9 MW of capacity committed during the quarter. Recruiting efforts and meetings with potential customers have continued; however, the COVID-19 pandemic continues to impact the recruiting process.
- **Residential Battery Demand Response Pilot** — The Company launched the pilot in the first quarter. To date, the Company has enrolled 113 customers in the pilot. The Company is preparing to begin calling demand response events in June.
- **Residential Demand Response** — The Saver's Switch product normally has a relatively quiet first quarter. This year was no exception with just under 600 new switches installed. AC Rewards offering is off to a strong start for the year with the direct install channel now active again after being on hiatus for the majority of 2020 due to the COVID-19 pandemic. The product is still seeing most of its participation through the Bring Your Own Thermostat channel.
- **Small Commercial Building Controls** — Direct installations began again in the first quarter of 2021 and are expected to pick up in the second quarter when the product marketing is scheduled to be sent.