



2020 Fourth Quarter Colorado DSM Roundtable Update

February 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 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 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 fourth quarter 2020 (cumulative January 1 – December 31, 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 465 GWh and gas savings of 737,382Dth in the 2020 calendar year. This represents approximately 93 percent of the 2020 electric DSM plan’s energy savings target of 502 GWh and 108 percent of the gas target of 681,120 Dth.

The following section provides product status activities for the fourth 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 exceeded its electric and gas savings targets. The majority of projects completed were within the large commercial grocer segment, which was not as impacted by the pandemic as the small business and restaurant segment. In response to COVID-19, the product launched a prescriptive bonus on October 1, 2020, for restaurants to provide support for this segment. The communication to customers emphasized the free assessment, which includes complimentary installation of energy-saving products, as well as recommendations for equipment upgrades that will have the biggest impact on reducing energy costs. The Commercial Refrigeration Efficiency product will be a part of the Small Business Energy Solutions and the HVAC-R products launching in the 2021-22 DSM plan. Large grocer customer participation will be supported under HVAC-R while small business customers will be supported under Small Business Energy Solutions.
- **Compressed Air Efficiency** — This year, the product did not meet its energy savings targets. In the fourth quarter, the product saw steady participation and performance, although achievement was lower than previous years. Customers were hesitant to make capital expenditures, so a bonus on both prescriptive and custom equipment was introduced in the third quarter. Other

contingency plans 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 remained part of the product's strategy in order to strengthen the Company's knowledge about what customers and partners need most heading into 2021.

- **Cooling** — The product saw a significant increase in savings for the fourth quarter but did not meet its savings targets. The product developed a plan to help customers ensure their HVAC systems were operating as designed in preparation for a return-to-occupancy. The new HVAC-R product launching in 2021 will present new opportunities for outreach to the trade, customers, and architectural firms.
- **Custom Efficiency** — No new projects closed in the fourth quarter with electric and gas savings remaining flat from the third quarter. While the product exceeded its gas savings target for the year, it did not meet its electric savings targets as several projects were impacted by and delayed due to the pandemic.
- **Data Center Efficiency** — The product did see an increase in electric savings during the fourth quarter but did not meet the year-end target. The Company will engage with trade partners during the first quarter to support planned customer projects in 2021. Additionally, the Company will focus on supporting customers as they complete construction of new data center facilities.
- **Energy Management Systems (“EMS”)** — The product did not meet its electric or gas targets, but five customers completed projects within the fourth quarter. For new project development, pandemic-related site inaccessibility and high customer implementation costs continue to be challenges. However, two large installations that were delayed are back on-track for completion in early 2021. 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 Company will also reach out to other utilities to explore innovative program designs for building controls.
- **Heating Efficiency** — The product fell just short of its gas savings targets and did not meet its electric savings targets. The only electric measure currently being offered are combo unit heaters. Food service measures are being added in 2021 to increase gas savings. There were no Custom energy savings in the fourth quarter. The Heating Efficiency product will be part of the HVAC-R product in 2021 and will offer new measures to increase savings.
- **LED Street Lights** — The product achieved 83% of its forecasted target.
- **Lighting Efficiency** — The Lighting product achieved 44 percent of its filed energy savings targets despite robust marketing and advertising efforts. The pandemic had big impacts on customer's ability to make facility upgrades due to limited facility access, manufacturing delays, shipping delays, and maintenance staff layoffs. The product team launched bonus rebates May 1 in effort to bring down upfront equipment costs. Many customers took advantage of the bonus rebates when building access was possible. The bonus rebates were made available to prescriptive downstream, midstream LED Instant rebates, and Custom efficiency projects and advertised through paid media, trade partner network, and customer emails. The product team pulled historical product participation data targeting customers who've upgraded to efficient fluorescent technology and yet to upgrade to LEDs. As a result, the product did see a market boost as the number of new projects increased; however, the pandemic slowed many projects from completion. The LED Instant Rebate offering via the midstream channel completed a process and impact evaluation this year.
- **Lighting – Small Business** — The product exceeded its electric savings target with approximately 82 percent of achievement coming from the Business LED Instant Rebate offering. Achievement in the Business LED Instant Rebate offering is allocated to Lighting Efficiency and

Small Business Lighting products based on percentage determined from historical customer participation, thus, the achievement in Business LED Instant Rebate comes from large, medium, and small businesses. The product's achievement in the downstream prescriptive and custom pathways was significantly lower than previous years due to impacts from COVID-19 on small business customers. Given economic uncertainty many small business customers were hesitant to move forward with large lighting projects and opted to delay their projects all together, installing less equipment than they had planned or looking for less expensive opportunities. The downstream and prescriptive pathways closed the year with approximately 8.4 GWh of savings representing a 54% decrease in achievement from the prescriptive and custom pathways in 2019. In the second quarter the lighting products launched a variety of bonuses for prescriptive, custom, downstream and Business LED Instant rebate measures to further incentivize customers to complete their lighting upgrades. In addition, the product also completed an impact evaluation at the end of 2020. Finally, the Lighting – Small Business product will be a part of the Small Business Energy Solutions product launching in the 2021/2022 DSM plan.

- **Motor & Drive Efficiency** — The product exceeded its energy savings target. The Motor & Drive product will be part of the HVAC-R product in 2021 and will add new Fan Efficiency measures and fractional HP motors measures.
- **Multifamily Buildings** — The product was significantly impacted by COVID-19 and did not meet its targets, corresponding with low spending levels. Virtual assessments built up a project pipeline; however, just as direct install field operations were ramping up in the fourth quarter, they shut down again following local health guidelines in late November. While there was some participation in Stage 3 projects in 2020, property management companies are still reluctant to make capital investments at this time.
- **New Construction** — The product continued excellent performance through the fourth quarter and exceeded both electric and gas targets. COVID-19 impacted the final verification for projects, and vendors quickly adapted to virtual audits and implementing remote verification. Construction has remained an essential business throughout the pandemic, and projects have remained on track. The product captured a historical amount of savings and the success is due to the ongoing pipeline of projects completing through the new construction lifetime.
- **Recommissioning** — The product did not meet its gas and electric savings targets with on-site work largely on hold due to COVID-19. Building Operators Certification virtual classes restarted in the fourth quarter with a large number of students.
- **Self-Direct** — The product did not meet its filed electric savings target. Several projects are in process as of the end of 2020. One project will close in January 2021 with other still in the implementation stage. COVID-19 has had an impact delaying new project starts.
- **Strategic Energy Management (SEM)** — The product met its full-year achievement target within its spending budget. Fourth quarter achievement was the best of any Colorado holistic offering since 2015. Also, within the quarter, twenty-two customers within seven segments completed projects in a wide variety of measures. Although there have been no on-site visits or studies due to the pandemic, the Company has maintained contact with enrollees and has increased its capacity and training of consultants for greater activity when the pandemic ends.

Residential Program

- **Energy Efficiency Showerheads** — Showerheads were provided to customers in the third quarter as a part of the Company's "stay-at-home" kits. Traditional marketing campaigns were in-market in the fourth quarter. Due to the delay in marketing efforts, the product fell short of its targets as some order fulfillments were delayed to the first quarter of 2021.

- **Energy Feedback Residential** — The Company’s third-party implementer determined COVID-19 did not have an impact on anticipated savings, and the product delivered on savings as forecasted. The Company has worked with its third-party implementer to evaluate a new cohort of customers which will be added in early 2021. Newly designed Home Energy Reports continued to go out with messaging related to the stay at home orders, and included improved wording based on customer feedback and surveys, 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 fourth quarter and completed 987 more homes for a total of 4,389 through the end of 2020. Homes compliant with 2015 IECC or higher represented 65 percent of the qualifying homes. This product exceeded its gas and electric savings targets for 2020.
- **Evaporative Cooling** — The product exceeded filed participation and energy savings targets for 2020. Expenditures were less than initially forecasted because several major marketing efforts were cancelled or delayed due to the pandemic. Overall, there were about 10% less retail sales-generated rebates than in 2019. Trade partner and Western Slope customer participation increased slightly in 2020.
- **High Efficiency Air Conditioning** — The product exceeded filed participation and energy targets for 2020. Spend was closely aligned with achievement. The 20% increase in AC rebates during the pandemic seemed to prove that comfort is a strong motivating factor, and that many customers still have the means to make major home improvements even in a shaky economy.
- **Home Energy Squad** — The ongoing pandemic continued to disrupt the product in the fourth quarter, with field operations being suspended in December when many Colorado counties moved to a higher level of restrictions. Because of these disruptions, the product did not meet its year-end targets. However, remote interactions with customers continued to be offered 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. Both the virtual visits and in-home visits (when available) saw strong participation from customers during the fourth quarter.
- **Home Lighting & Recycling** — Home Lighting and Recycling exceeded its energy and demand savings target for the year despite the pandemic. Sales remained strong throughout the year as customers are staying home more and are looking for ways to save money. The product continued 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. The product also offered “stay-at-home” kits to customers, which contained LEDs and implemented a new rich media tactic to help customers find the closest store offering our LED discounts.
- **Home Performance with ENERGY STAR® (“HPwES”)** — The product did not meet its year-end savings targets. The pandemic impacted the product through delays in equipment upgrades and resulted in lower than anticipated savings. Increased advising services along with trade partner and customer awareness tactics have been deployed to increase participation long-term heading into 2021.
- **Insulation & Air Sealing** — The product met its gas savings target, with spending in line with achievement. It missed its targets for electric savings but spend was commensurate with achievement. Cellular shade rebates, which were fairly slow through November saw an uptick in participation in December. The December participation rate represented over 25% of the entire year. The Company has provided industry with a calculator to ease the rebate process and is continuing to provide industry with monthly participation counts to aid with engagement. No marketing is planned at this time.

- **Refrigerator & Freezer Recycling** — The product was promoted through Facebook and email in the fourth quarter. Participation increased from these channels, but the product fell short of the savings and participation targets. Customers continued to schedule contact-free pickups.
- **Residential Heating** — 95% AFUE furnace rebates have been well used; the product has exceeded its filed targets for participation and energy savings, with spend closely aligned to achievement. The application submission deadline for Electronically Commutated furnace fan Motors (ECMs) installed in 2019, when the measure was still eligible for a rebate, was September 30, 2020. The number of ECM applications received exceeded expectations in 2020.
- **School Education Kits** — New shipping capabilities have been implemented to ship kits directly to student homes, which allow classes to continue to participate in the product even if learning remotely. The product received strong interest among teachers, and managed to exceed its annual participation target. The product also exceeded its filed gas and electric savings targets for the year.
- **Thermostat Optimization** — The product did not meet its 2020 electric or gas saving targets and expenditures were commensurate with achievement. Similar to prior years, customer participation in the fourth quarter contributed a significant percentage of the overall annual achievement. As in previous years marketing tactics encouraged customers to take advantage of the Company rebate coinciding with multiple manufacturer Black Friday/Cyber Monday promotions. Additionally, the product saw a significant increase in purchases from the online store overall in 2020 reflecting both overall consumer online shopping trends in response to the Coronavirus pandemic and the Company's expanded selection of additional manufacturers offering customers more choices. Eco+ savings are in the process of being verified and will be added to the product's achievement in 2021.
- **Water Heating** — The product achieved its natural gas savings target; however, it underachieved on its electric savings targets. Although the product underachieved the electric targets, participation in 2020 far exceeded previous years. The Company credits this to increased trade partner outreach, market research, and marketing campaigns.

Low-Income Program

- **Energy Savings Kits** — The product fell just short of electric and natural gas savings targets. An email offer was sent in the fourth quarter to those who had not yet received a kit and to customers who applied for LEAP as a part of the CARE act extended deadline. Customers who have received a kit in the past within the lifetime of the measures in the kit are not eligible to receive a new kit, thus shrinking the pool of eligible customers each year.
- **Multifamily Weatherization** — The product had a strong pipeline in 2020; however, many projects were put on hold due to capital expenditure freezes. In unit direct install has almost entirely stopped since March, due to health and safety concerns with a higher risk population. On par with previous years, a majority of the 2020 projects closed in the last quarter of the year, however many were still on hold due to COVID-19 and were pushed into 2021. The product was able to meet electric savings targets due to cost effective common area lighting upgrades; however, it did not achieve natural gas savings targets.
- **Non-Profit** — The product continues to have a strong pipeline and similar to previous years a majority of the projects closed in the last quarter of the year. Energy Outreach Colorado is working with non-profits to schedule work when necessary safety measures can be followed, which has been working out well. While many non-profits had to quickly adapt to the changing circumstances of the pandemic, the need for their services was surging. Xcel Energy rebates along with leveraged funding from Energy Outreach Colorado allowed for larger upgrades that these organizations could not otherwise afford, and bill savings that will be put directly back into

servicing the population that needs help the most during these difficult times. The product met electric savings targets and exceeded natural gas savings targets.

- **Single-Family Weatherization (“SFWx”)** — As in previous years, most weatherization work was completed in the third and fourth quarters. After a period of no work during the second quarter, product operations ramped back up in the third quarter and both the federal Weatherization Assistance Program (WAP) and Colorado Affordable Residential Energy programs were servicing customers with safety protocol and following all state guidelines. The Company also distributed LED light bulbs to food pantries in the electric service territory. These pantries report that 30%-40% of current patrons have never needed this aid before, which is a trend that is expected to continue into 2021. The product exceeded both electric and natural gas savings targets.

Indirect Program

- **Business Education** — Through the fourth quarter of 2020, the Business Education product achieved approximately 42 percent of the year-end participation target and generated 63 customer leads. These numbers increased slightly from last quarter but remained below our annual target due to cancelled events because of the pandemic. The Company has spent the second, third and fourth quarters contingency planning for the remainder of the year and into 2021, while activating digital engagements when and where possible. To support the product going forward, digital content targeted at engaging new business customers has been developed to reach customers via digital channels and leveraging sponsor partners to help drive messaging through engaging activations.
- **Business Energy Analysis** — In the fourth quarter of 2020, Business Energy Analysis continued offering 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 in 2020. Promotional emails were deployed to announce the free audits and remote option. An increased number of customers have been interested in scheduling audits in the fourth quarter compared to the first and second quarters. In total, the product conducted 152 energy audits for the year 2020.
- **Consumer Education** — Through the fourth quarter of 2020, Consumer Education achieved approximately 80 percent of the year-end participation target and generated 970 customer leads and 87 signups. Due to the impacts of the pandemic, in person events planned for second and third quarters were cancelled, and the product had to pivot and find new ways to reach customers. The product team planned and executed engaging opportunities to connect with customers via virtual events and digital educational outreach. The combination of these innovative initiatives has driven an increased number of engaged participants in energy efficiency education and awareness of DSM products. After the second quarter was spent contingency planning and pivoting efforts to create digital content targeting residential customers, the Company began executing on virtual educational outreach in the third and fourth quarters. This content was able to drive an increase in participation via digital messaging opportunities and safe interactive experiences; however, we were unable to reach 100% participation targets. Learnings from 2020 will help inform planning and executing for 2021 target achievements.
- **Energy Benchmarking** — The Company supports municipalities within its service territory to reach their benchmarking targets. During the fourth quarter, 120 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 4,147.
- **Energy Efficiency Financing** — In the fourth quarter the Company continued to promote financing options to homes and businesses via the website and cross-promotion on energy efficiency web pages. Three commercial financing Webinars were presented in December to encourage participation

- **Home Energy Audit** — The pandemic again caused disruptions to field operations in the fourth quarter that impacted the product's ability to meet its participation targets for the year. Despite the disruptions and stricter restrictions put in place by several counties across the state, many auditors were able to continue in-home work through the fourth quarter and customers continued to take action on energy saving opportunities.
- **Partners in Energy** — In October, Partners in Energy hosted their annual summit, "Energy and Economic Development In and Beyond 2020". The event was virtual and in addition to providing an opportunity to recognize the commitment and achievements of the communities participating in Partners in Energy we had speakers on different experiences and resources available to support green energy initiatives as communities look to reopen, rebuild, and recover, from the events of 2020.
- **DSM Planning & Administration** — During the fourth quarter the Company continued to facilitate settlement discussion with parties to the Company's 2021/2022 DSM Plan filing, and completed an unopposed, comprehensive settlement agreement with stakeholders. Final approval of this settlement agreement is still pending.
- **Product Evaluations** — Energy Efficiency product evaluations and the residential lighting baseline research were completed in the fourth quarter. The demand response evaluation for AC Rewards completed all customer research and most peer utility benchmarking research in the fourth quarter. Analysis of results commenced, and the DR evaluation is expected to be finished in Q1 of 2021.
- **Measurement & Verification** — The Company's third-party verification contractor completed random field inspections for prescriptive products for the 2020 M&V year with no significant variances.
- **Market Research** — Vender reports are now available from the 2020 Residential Home Use study. Both a base-level and low-income version of the study are available again this year, where "low-income" represents customers that received energy assistance during 2019. A trade partner feedback study was completed in December to identify what opportunities exist to improve our relationships. The feedback also provided a view of how trade partners view industry changes over the next five years. 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. Finally, the DSM potential study commenced at the beginning of the quarter after selection of the vendor, Guidehouse, earlier in 2020.
- **Product Development** — Current development efforts include:
 - Codes and Standards.
 - Redesigning our business energy assessment offerings.
 - 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.
 - Geo-targeting Pilot – The Company evaluated marketing opportunities during the fourth quarter of 2020 and is preparing to implement in 2021.
 - 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 the final stages of contract negotiations with automakers who will support the pilot. The Company has completed contracting with Guidehouse to provide measurement and verification for the pilot. The first round of development for what is needed to send pricing data to the automakers and to receive enrollment information from the automakers has been completed, and the Company is in the process of testing this development work, so the pilot can launch more quickly upon contract completion.
- **Critical Peak Pricing Pilot** — The Critical Peak Pricing (CPP) pilot did not dispatch additional events during the fourth quarter, holding the total number of CPP events at 14 for the year. The pilot did not add new participants in the fourth quarter. While recruiting efforts and meetings with potential customers continued in the fourth quarter, the Company primarily focused on CPP operations. The Company continued working with Franklin Energy for recruiting and prospect engagement; however, the pandemic continues to impact the recruiting process.
- **EV Critical Peak Pricing** — The EV-CPP pilot launched in the first quarter of 2020 to support the new S-EV tariff. A total of 23 premises enrolled in the pilot throughout 2020. All 15 of the allowable CPP events were dispatched between June and August of 2020. The pilot exceeded forecasted savings for 2020.
- **Geo-targeting Pilot** — Pilot marketing plan is ramping up. In the fourth quarter the Company continued coordination with AC Rewards, the Xcel Energy store, and the load management operations team. Non-bulk hands-on activities are under discussion with distribution operations team. The pilot launched direct mail and email marketing campaign in partnership with our Safe-at-home energy kits. A follow up campaign in partnership with our AC rewards offering through the Xcel Energy Store is planned for Q2 2021. 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 fourth quarter, four customers had signed the enabling agreement for participation. There were three control events in 2020.
- **Peak Partner Rewards** — The Peak Partner Rewards (PPR) product did not dispatch additional events during the fourth quarter, holding the total number of PPR events at 14 for the year. The product did not add new participants in the fourth quarter. While recruiting efforts and meetings with potential customers continued in the fourth quarter, the Company primarily focused on PPR operations. The Company continued working with Franklin Energy for recruiting and prospect engagement; however, the pandemic continues to impact the recruiting process.
- **Residential Battery Demand Response Pilot** — This pilot tests the use of residential batteries to provide demand response. The Company has completed contracting with SolarEdge and Tesla. Customers that have or install a battery with a SolarEdge inverter or a Tesla Powerwall II will be able to participate in the pilot. The Company is going to launch the pilot and begin marketing to customers in the first quarter of 2021.
- **Residential Demand Response** — The product saw modest growth in the fourth quarter having installed about 3,700 switches year-to-date. AC Rewards participation continued to show healthy growth through Bring Your Own Thermostat enrollments in the fourth quarter. Due to the pandemic, the AC Rewards Direct Install channel was still on hiatus during the fourth quarter.

- **Small Commercial Building Controls** — All product installations were completed in fourth quarter 2020 and enrollments were processed for over 200 customers. Despite COVID-19 safety restrictions, the new product saw significant growth in 2020 providing a strong base for reaching 2021 targets.