On April 13, 2017, Public Service Company of Colorado (“Public Service” or “the Company”) issued a 60-Day Notice to make changes to the 2017 Small Business Lighting product, and the LED Instant Rebate offering in both Small Business Lighting and Lighting Efficiency in response to the 2016 Comprehensive Evaluation completed for the products. The evaluation results will be implemented as proposed, without adjustment described below, on June 13, 2017. The original Notice and accompanying documentation can be found on the Company’s website, here: http://www.xcelenergy.com/Company/Rates_and_Regulations/Filings/Colorado_Demand-Side_Management.

The Company received written comments on the Notice from one Roundtable participant: the Office of Consumer Counsel (“OCC”). After careful consideration of the comments, the Company determined that no change to the proposed evaluation updates was warranted. The Company provides the following formal response:

1. **Comment Submitted by OCC**

   *The net-to-gross numbers for LED lighting are too high. The net-to-gross numbers have not been updated since the 2016 Evaluation report. NEMA’s most recent numbers show that LED’s accounted for approximately one-third of shipments. Further, LED shipments increased by over one hundred percent from a year ago, demonstrating that only net-to-gross values are no longer valid. Net-to-gross numbers close to 90% are not realistic when naturally LEDs are a third of shipments without incentives. The net-to-gross numbers must be updated to reflect 2017 and 2018 conditions.*

   *The net-to-gross numbers for LED lighting need to be updated frequently because the mix of LED bulbs is changing rapidly.*

   **Response:**

   Utilizing short term data and attributing an increase in LED shipments simply due to an increase in customer demand without considering the influence of energy
efficiency programs or other outside factors lends itself towards a spurious correlation.

In the 2016 Small Business Lighting Evaluation, the net to gross ratios recommended for the Small Business Lighting program are meant to accurately represent program attribution utilizing quantitative surveys with recent participating customers, participating distributors, and influential vendors. The calculation takes a comprehensive approach and also utilizes other sources of information such as market transformation indicators from influential vendor surveys, in-depth interviews with trade partners, benchmarking reviews of NTG estimates of similar programs, nonparticipant installations of energy efficient equipment, and known program changes that may affect future attribution levels to further triangulate the calculated Self-report approach NTG numbers.

Also, in regard to the request to update the net-to-gross for LED lighting more frequently, as part of the Stipulation and Settlement Agreement entered into by OCC and others in Proceeding No 08A-366E pertaining to the Company’s 2009-2010 Gas and Electric DSM Plan (“2008 Settlement”), the Company agreed to perform two to three comprehensive program evaluations each year for the purpose of assessing “changes to be made to technical assumptions, net-to gross (‘NTG’) ratios and program processes based on the evaluators own research, as well as a thorough review of industry-wide and the Company’s current processes, technical assumptions, and NTG ratios.”

2. **Comment Submitted by OCC**

*PSCo’s net-to-gross methodology also double counts participation in other programs. This participation is already counted in those programs. Participation and savings in other products is counted for in those products. Including participation in other products in lighting spillover results in double counting that participation and savings.*

**Response:**

Participation and savings in other products was not included when calculating the lighting spillover results. Tetra Tech utilized participant customer decision maker surveys for downstream and direct install to calculate the self-report approach net-to-gross ratios which asked customers about recent purchases (since program participation) of any additional energy-efficient equipment of the same type as installed through the program that were made without any technical or financial
assistance from the Company. Since the data used to calculate spillover was based on customer self-reports, Tetra Tech used a conservative approach and reported only the measures installed outside the program that were of the same type and efficiency as the ones installed through the program. This approach allowed customers to be certain about whether the equipment they installed outside the program was the same type as the program equipment. Results from participant surveys found that, “fifteen percent of respondents reported implementing additional similar program-qualifying equipment in facilities located within Xcel Energy’s territory on their own without any financial assistance from Xcel Energy” (pages 6-14).