On August 2, 2017, Public Service Company of Colorado ("Public Service" or "the Company") issued a 60-Day Notice to modify its existing Lighting Efficiency product to reduce rebates, incremental costs, and add rebates for non-DLC and non-EnergyStar® measures. The new measure will be implemented as proposed, with the adjustments described below, on October 31, 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 two Roundtable participants: the Energy Efficiency Business Coalition and Energy Smart Colorado. After careful consideration of the comments, the Company determined that no change to the Notice was warranted. The Company provides the following formal response:

1. **Comment Submitted by EEBC**

   I have been working with a number of schools and churches in Xcel territory to help them get LED installations which may include Type C LED replacement. Most of the retrofit work is not impacted by the 60-day notice, but the Type C LED tubes replacements do see a substantial change which could change projects (I am checking with our designated lighting contractor). Issues are the organizations takes a long time to make a decision and in Xcel's literature, they do not say that these rebate levels may change for T-12, specifically they say the rebates are good through 2018. See https://www.xcelenergy.com/staticfiles/xe-responsive/Marketing/CO-Bus-Lighting-Rebate-Info-Sheet.pdf

   **Response:**

   The rebate amounts referenced in the Info Sheet were set in 2016 based on forecasts of technology costs available at the time. Since the implementation of that limited rebate, technology costs have declined faster than initially forecasted so it is necessary for the Company to reduce the corresponding rebates in order to
not only reflect the greater market transformation but also to reduce overall costs for ratepayers and responsibly allocate rebate funds. Furthermore, the Lighting Efficiency Product’s Rules and Requirements states “Xcel Energy’s conservation rebate programs are subject to 60 days notice of changes and cancellation.” The Company will update its marketing materials to reference the rebate application for a complete list of rules and requirements.

2. **Comment Submitted by EEBC**

   While I understand the need to decrease rebate amounts as prices of LED fixtures continue to drop, doing so with such short notice guts projects of all sizes and types that take more than just 60 days to implement. In my time in the energy services industry, I worked on many lighting projects, and almost all of them were booked and priced out with rebates included far more than 60 days in advance. The LED rebates (often specifically the LED tube replacement rebates) frequently made projects affordable for our customers. If those rebates are taken away, it either kills the project or the loss falls to the energy service industry to make up. This rebate cut could lead to big losses for energy service companies and other industries taking advantage of the current rebate program.

   Beyond just the monetary losses for companies depending on the rebates, this quick cut in rebates could kill projects that would save millions of kWh. Many comprehensive projects I’ve worked on use the low return on investment numbers of the lighting upgrades to justify measures that save tons of energy, but also come with a more heavy upfront cost. For example, my company did a large scale comprehensive project with Arapahoe County here in Colorado. This project involved lighting retrofits that saved enough energy with a low enough cost that we were able to convince them to install a ground source heat pump. That ground source heat pump will save millions of kWh over its lifetime and likely would not have been installed if not for the lighting rebates utilized. With such short notice in decreasing these rebates, there are many projects that plan to install more than just LED lights that will be shut down. Projects that are being designed and installed will have their funding crippled and many of those costs will fall on the energy service companies.

   Rebates should change with the cost of lights, but 60 days is simply not enough notice to make those changes, and those changes should be made with their comprehensive project driving ability in mind.

   The issue expressed in the statement above is shared by similar member companies.

**Response:**

The Company acknowledges and took into consideration that adjusting rebates downward is difficult on the market. Therefore, in an attempt to mitigate and alleviate any strife
associated with the rebate adjustment the Company will implement the notice effective October 31, 2017 thereby providing an additional 30 days before the rebate level changes occur in order to allow additional time for customers and contractors to make purchase decisions. The qualifying technologies need to be purchased by Oct 31, 2017 to earn the higher rebate level. Projects need to be completed and submitted within 12 months of the invoice date. In addition, as discussed in the response to Comment No. 1, the Company is lowering product rebate levels on LED tubes and LED linear ambient fixtures due to the market price decreasing for these products. The rebate levels are adjusted in congruence. Even though the rebates are decreasing so are the costs of the equipment and the total cost to the customer.

3. **Comment Submitted by Energy Smart Colorado**

Xcel Energy's current website and marketing templates for the SBL Lighting Efficiency program have stated and continue to state that special T-12 rebates are a limited time offer until Dec. 31, 2018 (Please find the Xcel website link below and the attached marketing piece). There is no mention of the possibility of Xcel changing these rebate amounts for T-12s, not even an asterisk or fine print. This is misleading and at worst false advertising.

Many organizations, specifically non-profits that do not qualify for NEEP, take longer to make upgrade decisions and the current Dec. 31, 2018 deadline provided really good guidance for contractors, board members and volunteer personnel to start the conversation of energy efficiency but not overly pressure businesses and organizations.

https://www.xcelenergy.com/programs_and_rebates/business_programs_and_rebates/equipment_rebates/lighting_efficiency

**Response:**

Please see the Company’s response to Comment Nos. 1 and 2.

4. **Comment Submitted by Energy Smart Colorado**

If Xcel does decide to move forward with the 60-day notice changes, I believe it would be appropriate to grandfather non-profit entities (501c3s, churches, educational organizations) and allow them to operate under the current program. Non-profits face two distinct challenges; one is the timing of the notice and the other is financial.

Many non-profits have a layered decision making process if the current program or expense is not in the fiscal year budget. It has been and will continue to be difficult to have nonprofits sign contracts with vendors and complete installs by
the end of October. (Note Energy Smart Colorado is not a vendor or lighting contractor, but working with non-NEEP eligible non-profits to begin to incorporate energy planning into their operations). Reducing the current lighting incentive by 14 months will hurt adoption as the non-profits we work with cannot make large monetary decision (large for them) as quickly as a for profit business.

Secondly, non-profits are at a disadvantage when it comes to paybacks as they cannot take advantage of the 50% depreciation bonus (stepping down to 40% in 2018) for lighting improvements that were included in the 2015 PATH Act. Even though there is no longer 179d, this bonus depreciation helps to improve the economics for for-profit businesses.

Response:

Please see the Company’s response to Comment No. 2. Furthermore, the Company does not have the authority to offer special rebates or grandfathered treatment to specific commercial customer classes.