

➤ **Community Energy Planning Pilot – Summary of Pilot**

Public Service Company proposes to offer a new pilot in 2013 called Community Energy Planning. The objective of this pilot is to determine if providing strategic support in the development and implementation of a community-level energy plan can successfully drive increased conservation activity.

This pilot offering is being added to PSCo's DSM portfolio in response to a need that has been identified through the Company's previous work with communities. Communities want to engage in DSM but could use support in transitioning this goal into actions. This offering will provide participants with a framework to incorporate residents and businesses into a strategic plan to reach community conservation targets.

The Company is not proposing an increase to the filed and approved budget for 2013. However, we are anticipating that the budget for this new pilot will be \$139,500 and have four to six participant communities representing approximately 150,000 total residents. The budget for this pilot will be accommodated through our allowed budget flexibility.

Following this summary is a complete pilot write-up.

➤ **Community Energy Planning Pilot**

A. Description

Community Energy Planning (CEP) is an indirect pilot designed to deliver a cohesive planning framework and platform to engage communities as they participate in PSCo's Demand Side Management portfolio of programs. As an indirect pilot or program, energy and/or demand savings will not be directly attributed to it. This pilot is designed to provide communities support both in facilitating the planning process to approach energy management through a coordinated strategy and to provide the necessary tools to drive implementation of conservation projects. We are currently working on contracting with a third party consultant who submitted a bid to handle the delivery of the program to communities.

This pilot program is being proposed in response to a need voiced by our communities for assistance in developing energy management plans. The concept of providing holistic planning and implementation as a means to drive significant conservation has proven highly successful in other market segments and PSCo is interested in identifying a methodology to deliver this to communities. Currently there are no other programs offered by PSCo that will compete with this program.

The objective of this pilot is to determine if providing strategic support in the development and implementation of a community-level energy plan can successfully drive increased conservation activity. We also hope to gain insight as to what tools and resources are most useful in driving conservation through this type of initiative and test how receptive the support infrastructure of volunteer and professional organizations in a community are as potential delivery vehicles for conservation and energy-efficiency initiatives.

The primary target for this program will be communities who have not initiated an energy planning process or that have stalled in their implementation. CEP will work with the community leaders to develop an individualized plan to engage their commercial and residential population of a specific community. The focus of these strategic community energy plans would be to design and deliver a full suite of DSM offerings tailored to the local commercial and residential customer base in an organized, community-specific approach that aligns with PSCo's DSM current direct impact products. These efforts should result in additional participation across our entire conservation product portfolio plus provide the participating communities the tools and inspiration to develop additional conservation opportunities specific to their individual needs and resources. These community specific opportunities might include promotional events incorporating energy-efficiency that is delivered through a service organization, funding drives targeted at efficiency improvements for a shared space such as a community center or park area, or identification of conservation opportunities to pursue through potential grant programs or other funding mechanisms.

Delivery of CEP to a community will include these five work scope areas:

- Facilitating the collection and reporting of a community-specific energy baseline using a forecasting tool. This tool will provide a means for self-assessment of how a community uses energy and to analyze aggregated meter-level data provided by Xcel Energy to track progress towards goals;
- Assisting the community in development of short-term and long-term energy reduction targets using a structured methodology that partners these goals with identified metrics and a planned data collection methodology to track results;
- Providing a template to facilitate self-collection of conservation opportunities that identify and quantify costs, savings, and paybacks, from potential conservation strategies and a decision-making matrix tool to help prioritize projects appropriate for their unique plan;
- Developing an implementation plan with a full suite of current DSM offerings supported by PSCo's existing rebate offerings and supporting technical information and proposed verification methodologies;
- Supporting the communities as they launch their plans and initiate implementation of their DSM strategies. This support will be targeted at maintaining the momentum of the plan and may include identification of additional conservation opportunities, assistance in prioritizing or initiating activities defined in the plan, further training for community personnel or community groups on tools to help businesses and residents implement and track energy savings, or promotion of the plan within the community through public presentations.

Given the breadth of stakeholders engaged in this offering and the complexity of the measurement and attribution of energy savings driven through the program, PSCo anticipates that the success of this one-year pilot will be measured through an internal qualitative assessment. The costs associated with external evaluation would be disproportionate to the size of the pilot program budget. The PSCo internal assessment may include:

- Level of target market interest during the recruitment phase and if any additional communities have expressed an interest in participating after the pilot was full.
- Types of services and resources that the communities required to complete their plans and support implementation.
- Activity levels in direct impact PSCo rebate programs. We will compare activity levels in participant communities versus past years and similar non-participant communities.
- Number of projects initiated and planned for implementation.
- Ability to meet customer expectations and drive end-use program activity within the budget of the program.
- Anecdotal reports on customer satisfaction and conservation activity levels.
- Informal participant interviews.

Through this pilot, PSCo hopes to identify and test a methodology to engage communities in energy-efficiency in a fashion that drives conservation projects to implementation. Depending on market response to the offering this pilot may be expanded to a full program in our next filing.

The Company also anticipates that there may be market participants who have leveraged previously available federal funding to initiate the planning process but their efforts have stalled. Through this pilot we also hope to determine if the resources provided through this program are a practical means to give them the critical momentum to drive their planning process to implementation.

B. Goals, Participants & Budgets

The goal of this program is to drive additional activity in PSCo's direct impact end-use programs through development and implementation of energy plans developed to incorporate each community's unique situation, needs and goals.

We anticipate engaging 4-6 communities through this pilot, depending on size, with a goal to reach a minimum cumulative population of 150,000. Although we anticipate the larger communities will be more successful driving conservation through this type of approach this pilot provides a vehicle to determine if this type of support is an appropriate resource for smaller communities.

Budget

The 2013 budget for the Community Energy Planning Pilot is:

Category	
Program Planning & Design	\$6,000
Administration & Program Delivery*	\$133,500

** In addition to traditional program delivery costs, development and promotion delivered through a 3rd party are included in this category.*

The total budget of \$139,500 for the pilot will be handled within the flexibility allowance of the total portfolio 2013 electric budget.

C. Application Process

CEP customers will be communities targeted for participation based on the requirements that they are located in PSCo's Colorado service areas and their population is greater than 5,000 people. In addition, the list of potential communities meeting these requirements will be further filtered based on whether the community already developed a community energy plan or would benefit from implementation assistance.

A tentative list of potential communities has been identified and direct outreach to these communities will be the first step in enrolling participants in the pilot program. After initial contact, communities will be encouraged to use PSCo's website to download and complete a program application/agreement that will reiterate eligibility requirements, describe potential benefits, and outline community commitments and requirements of participation, including how their collective data will be used for the pilot. This agreement will require a signature of a person with authority to allocate both personnel

and financial resources on behalf of the community and commit to an implementation timeline that is within the pilot period of performance. If this document is not able to be delivered through the web site it will be delivered and accepted via email or hard copy. Qualifying communities will be enrolled if they agree to the terms and conditions of the program contained in the customer agreement.

Communities can submit their application/agreements electronically or by hard copy to PSCo staff, who will review and approve eligible participants within a reasonable timeframe before forwarding them to its consultant. The consultant will contact the community within a specified number of days of receiving the application to begin the CEP process. Communities will be accepted to the pilot on a first come-first serve basis.

D. Marketing Objectives, Goals, & Strategy

The primary objective of this pilot program is to drive additional conservation activity in all market segments within participating communities by driving the development and implementation of a community-wide energy management plan. In addition to testing the effectiveness of using community planning to drive conservation, PSCo will be validating the structure of the program and the validity of leveraging third party expertise with skills and experience in community and sustainability planning, which has included energy-efficiency initiatives.

E. Product-Specific Policies

CEP is an indirect program. Therefore no immediate savings will be attributed to the product. It is meant to provide communities where customers of PSCo reside or do business a framework to plan energy conservation initiatives that will ultimately result in an increase in the direct impact end-use programs. It may also drive additional studies or audits to identify conservation opportunities.

F. Stakeholder Involvement

This pilot program is being offered as a result of community stakeholders identifying an opportunity to support conservation efforts through energy management plans. In the future, the pilot program results will be presented to the DSM Roundtable and PSCo will look for recommendations to determine if program modifications or expansions are appropriate.

The CEP is designed to incorporate community stakeholders in the development and delivery of the plan. Community leaders provide input into the formation of the plan and delivery of the potential components incorporates available community groups to promote and deliver plan initiatives.

G. Rebate Levels

As an indirect impact program, no rebates are proposed. Rebates for projects resulting from the CEP program will be delivered through the established direct impact programs using the previously approved schedules.