



2020 Third Quarter Colorado DSM Roundtable Update

November 12, 2020

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 third quarter 2020 (cumulative January 1 – September 30, 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 321 GWh and gas savings of 518,539 Dth in the 2020 calendar year. This represents approximately 64 percent of the 2020 electric DSM plan’s energy savings target of 502 GWh and 76 percent of the gas target of 681,120 Dth.

The following section provides product status activities for the third 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 is on track to exceed its year-end electric and gas savings targets. The majority of the third quarter savings consisted of projects within the large commercial grocer segment, which have not been as impacted by the pandemic. In response to COVID-19, the product is launching a prescriptive bonus for restaurants to provide support for this segment during this tough time. 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.
- **Compressed Air Efficiency** — In the third quarter, the product saw steady participation and performance, although achievement is lower than previous years. Customers are hesitant to make capital expenditures, so a bonus on both prescriptive and custom equipment was introduced in the third quarter. Other contingency plans include marketing to customers who are 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 this year.

- **Cooling** — The product saw little savings recorded in the third quarter as reporting updates related to the Q2 60-Day Notice have been implemented. These updates have been completed and savings will be updated for the fourth quarter. The product is expecting a very strong fourth quarter.
- **Custom Efficiency** — In the third quarter the product saw a small increase in electric savings but is not forecasting to meet its electric savings targets as several projects have been impacted by and delayed due to COVID-19.
- **Data Center Efficiency** — The product did see an increase in electric savings during the third quarter but remains behind the year-end target. The Company continues to support customers as they implement recommendations from recent studies. Company representatives are working with customers that have expressed an interest in additional support to identify energy savings opportunities in their data centers.
- **Energy Management Systems (“EMS”)** — The product had a challenging quarter, completing only one project. The Company is forecasting full-year achievement of about 85% of its electric target and about 55% of its gas target. The company held one detailed training session for trade partners and scheduled two more for the fourth quarter. The training sessions promote control strategies that create more peak-coincident savings as well as cost control for customers.
- **Heating Efficiency** — The product remains on track to meet its gas savings targets, but not its electric savings targets. The only electric measure currently being offered are combo unit heaters. ECM fan motor on furnaces were discontinued at the end of 2019, but savings for that measure completed in 2019 continued into 2020. There were no Custom energy savings in the third quarter.
- **LED Street Lights** — The product is forecasting to have 5,000 units or an estimated 2.6 GWhs to close this year.
- **Lighting Efficiency** — The Lighting product savings achievement is trending down from its targets as the pandemic continues to delay projects from closing. The product team launched bonus rebates to help support our customers by bringing down upfront equipment costs. The bonus rebates added to prescriptive downstream, midstream LED instant rebates, custom efficiency projects as well as new construction have given the market a boost and support the pipeline growth with new projects. The LED Instant Rebate offering is wrapping-up an impact evaluation this year, following a recently completed prescriptive and custom impact evaluation.
- **Lighting – Small Business** — The product is forecasting to exceed its electric savings target with approximately 80 percent of achievement coming from the Business LED Instant Rebate offering. The product continues to forecast significantly less achievement in the downstream prescriptive and custom pathways than previous years due to impacts from COVID-19 on small business customers. Given current economic uncertainty many small business customers are hesitant to move forward with large lighting projects and are opting to delay their projects all together or install less equipment than they had planned. In the second quarter the lighting products launched a variety of bonuses for prescriptive, custom and downstream measures to further incentivize customers to complete their lighting upgrades. The bonuses will be coming to a close in the fourth quarter. The product will continue to look for ways to support small business customers and continue to build the pipeline for 2021.
- **Motor & Drive Efficiency** — The product continues to see strong performance in the third quarter and is expected to exceed its energy savings target.

- **Multifamily Buildings** — The product has been significantly impacted by COVID-19 and will not meet its targets. Virtual assessments built up the direct install pipeline for when field operations resumed in the third quarter, however it is expected to take several months to ramp back up to full operations. Property management companies are currently not interested in large capital investments, which has resulted in very little participation in Stage 3 projects, especially on the natural gas side.
- **New Construction** — The product continued excellent performance through the third quarter and is on track to exceed both and electric and gas targets. Measurement and Verification has moved back to traditional onsite visits but are still allowing remote audits for any potential safety protocols for either parties. Construction has remained an essential business throughout the pandemic, and projects have remained on track.
- **Recommissioning** — The product is not expected to meet its gas and electric savings targets with on-site work largely on hold due to COVID-19. Building Operators Certification virtual classes have started with a large number of students. The product expects to see both gas and electric savings in the fourth quarter from the students.
- **Self-Direct** — The product will not meet its filed electric savings target. Several projects are in process, but only two are expected to complete in 2020.
- **Strategic Energy Management (SEM)** — Twenty customers completed projects within the quarter, yielding about 28 percent of the products full-year savings target. However, the number of studies and new projects identified significantly declined because of pandemic issues. The product also enrolled four new participants and is being considered by six additional potential participants. The product also acquired an SEM-Consultant with expertise in indoor agriculture operations, and the product enrolled its first indoor agriculture customer.

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. Marketing campaigns are currently in-market for the fourth quarter. Because the product involves items which are free of charge to the customer and can be ordered, delivered, and installed without the need for the customer to leave their home or to have a contractor enter their home, it is anticipated that the product is well-positioned to weather the economic and social distancing impacts caused by COVID-19. Additional marketing efforts may be dedicated to this highly cost-effective product. As a result, expectations are for the product to meet or exceed its filed targets for the year.
- **Energy Feedback Residential** — The Company has been with its third-party implementer to determine the impacts of COVID-19 on energy savings during a time of increased residential usage. An analysis of those impacts showed that COVID-19 has not largely affected our anticipated savings. The third-party implementer is also evaluating a new cohort of customers which may be added in early 2021. Newly designed Home Energy Reports went 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 third quarter and completed 1,166 more homes for a total of 3,402 through Q3 of 2020. Homes compliant with 2015 IECC or higher represented 66 percent of the qualifying homes. By the end of Q3, this product exceeded its gas and electric savings targets for 2020.

- **Evaporative Cooling** — Retail store sign placement for instant rebates was spotty in the third quarter because Covid-19 positivity rates spiked in July and August, keeping the vendor partner from their work because of safety concerns. However, above average temperatures, trade partner participation, and an effective advertising campaign resulted in stronger than expected results. The product is now expected to meet or exceed its filed targets.
- **High Efficiency Air Conditioning** — Supply chain and transportation issues continued to impact trade partners' ability to meet high customer demand. The Company extended the AHRI waiver to the end of the year. This saved trade partners from missing customer expectations for rebates promised when available equipment was limited, emphasized the value of Quality Installation (QI), and kept customer and trade partner satisfaction strong. This product is likely to exceed its filed targets.
- **Home Energy Squad** — The ongoing pandemic has caused severe disruptions to the product, and field operations were suspended from mid-March until June. Because of this, the product is not expected to meet its year-end targets. Remote interactions with customers were developed 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 remote and in-home interactions (with added precautions and safety measures) were offered throughout the third quarter, and both types of visits saw strong participation from customers.
- **Home Lighting & Recycling** — Home Lighting and Recycling has exceeded its energy and demand savings target for the year despite the pandemic. 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 due to the pandemic. The product expects sales to continue to be strong for the remainder of the year,
- **Home Performance with ENERGY STAR® (“HPwES”)** — The product is not on track to meet the year-end savings targets. Increased advising services along with trade partner and customer awareness tactics have been deployed in an effort to increase participation long-term.
- **Insulation & Air Sealing** — The product is on track to meet year-end savings targets, despite COVID-19 challenges. Cellular shade rebates, which are new in 2020 have seen a dip in participation in the third quarter. The Company is providing industry with monthly participation counts to aid with engagement. No marketing is planned at this time.
- **Refrigerator & Freezer Recycling** — The product is on track to meet its participation target due to September's promotional email. The email informed customers the product has returned to offering in-home as well as contact-free service based on customer preference. The product continues to receive positive customer feedback despite the challenges of COVID -19.
- **Residential Heating** — 95% AFUE furnace rebates have been well used; the product has exceeded its filed targets for participation and energy savings.
- **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 continues to receive strong interest from teachers, and to-date the product has enrolled 75% of its annual participation target. The product is expected to meet its gas and electric savings targets for the year.
- **Thermostat Optimization** — Participation in the product remained fell slightly in the second quarter of 2020 and the product is currently forecasting to come in below both electric and gas savings targets. Online store sales continue to be the most popular channel that customers choose to participate in the product. To maximize the appeal of this preferred channel, additional email marketing outreach is planned to coincide with manufacturers upcoming Black Friday/Cyber

Monday sales. Eco+ efficiency savings are currently being evaluated and will be added to the product achievement before year-end.

- **Water Heating** — The product continued to see steady participation in the third quarter. Heat pump water heater participation remained higher than previous years despite COVID-19 impacts. Additional marketing outreach, including direct mail, will resume in the fourth quarter.

Low-Income Program

- **Energy Savings Kits** — Customers are responding to a direct mail offer with a response rate on par with previous years. An additional email offer will be sent in the fourth quarter to those who have not yet requested a kit and households that applied for LEAP between the typical program close in April and extended deadline in July. The product is expected to meet electric and natural gas savings targets.
- **Multifamily Weatherization** — The product has a strong pipeline; however, many projects are being 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. It is typical that a majority of the projects close in the last quarter of the year, but with the added uncertainty of COVID-19, some projects could be pushed into 2021. The product expects to meet electric savings targets and fall short on natural gas savings targets.
- **Non-Profit** — The product continues to have a strong pipeline and similar to previous years a majority of the projects are anticipated to close 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. The product is expected to meet electric savings targets and exceed natural gas savings targets.
- **Single-Family Weatherization (“SFWx”)** — After a period of no work during the second quarter, product operations ramping back up in the third quarter and both the federal Weatherization Assistance Program (WAP) and Colorado Affordable Residential Energy programs are serving customers with safety protocol and following all state guidelines. The Company has also started the distribution of LED light bulbs to food pantries in the electric service territory. The product is expected to exceed electric savings targets and meet natural gas savings targets.

Indirect Program

- **Business Education** — Through the third quarter of 2020, the Business Education product achieved approximately 38 percent of the year-end participation target and generated 63 customer leads. These numbers stayed nearly flat from the second quarter due to cancelled events because of the pandemic. The Company has spent the second and third quarter contingency planning for the remainder of the year. To support the product going forward, digital content targeted at business customers has been developed to reach customers via digital channels. The content is being shared out externally to drive outreach and participation to meet 2020 targets in the later part of the year.
- **Business Energy Analysis** — In the third 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 third quarter compared to the first and second quarters.

- **Consumer Education** — Through the third quarter of 2020, Consumer Education achieved approximately 52 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 the second and third quarters were cancelled. Due to disruptions caused by the pandemic, the product has had to pivot and find new ways to reach customers. The product team has planned and executed engaging opportunities to connect with customers via virtual events and digital educational outreach. The combination of these initiatives continues to drive participation in DSM products. After the second quarter was spent contingency planning and pivoting efforts to create digital content targeting residential customers, the Company has started executing on virtual educational outreach in the third quarter. This content will drive outreach and participation with the intention of meeting our 2020 targets in the later part of the year.
- **Energy Benchmarking** — The Company supports municipalities within its service territory to reach their benchmarking targets. During the third quarter, 170 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 3,857. The total went down due to some ongoing system clean up by the Company's Benchmarking Team.
- **Energy Efficiency Financing** — In the third quarter the Company continued to promote financing options to homes and businesses via the website and cross-promotion on energy efficiency web pages. Four commercial financing Webinars were presented in July and August. Financing was also spotlighted during a Commercial Refrigeration Efficiency trade partner Webinar in July.
- **Home Energy Audit** — The pandemic has caused disruptions to field operations that are impacting the product's ability to meet its participation targets for the year. Despite the disruptions, most auditors have been able to continue in-home work, and customers are continuing to act on energy saving opportunities. Participation rates did return to pre-pandemic levels in the third quarter.
- **Partners in Energy** — During third quarter the communities participating in Partners in Energy saw strong activity supporting energy efficiency through online resources. Virtual Home Energy Squad visits and virtual business audits were promoted to community constituents. Tracking reports for individual communities were developed and delivered that provide participants a mid-year status check on their activity to each of their individual goals.
- **DSM Planning & Administration** — During the third quarter the Company has responded to over 25 discovery requests as well as facilitate settlement discussion with parties to the Company's 2021/2022 DSM Plan filing. The Company also filed supplemental testimony to incorporate a 60-Day Notice update to the Residential Battery Demand Response pilot into the 2021-22 Plan filing.
- **Product Evaluations** — Energy Efficiency product evaluation customer research was completed during the third quarter. The delayed residential lighting baseline non-program state study was re-started late in the quarter. The demand response evaluation for AC Rewards is underway with some surveys completed by the end of the quarter and development of remaining survey instruments occurring so that all customer research can be finalized early in the next quarter.
- **Measurement & Verification** — The Company's third-party verification contractor expects to be able to complete the necessary inspections with no significant variance by year end.
- **Market Research** — An online residential home use study has fielded in the third quarter of 2020 and the vendor is producing reports. Both a base-level and low-income version of the study are anticipated again this year, where "low-income" represents customers that received energy assistance during 2019. Report delivery is anticipated mid fourth quarter. 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.

- **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 2019 and is preparing to implement in 2020.
 - 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 contract negotiations with automakers who will support the pilot. Other critical design elements are in development and testing (such as the back-end integrations needed to pass information from the Company to the automakers).
- **Critical Peak Pricing Pilot** — The Critical Peak Pricing (CPP) pilot dispatched 12 events in the third quarter, for a total of 14 events year to date. Additionally, the pilot added two new participants in the third quarter, adding 309 kW of potential controllable load. While recruiting efforts and meetings with potential customers continued in the third quarter, the Company primarily focused on CPP operations and events. The Company officially launched the partnership with Franklin Energy in Q3 for increased recruiting and prospect engagement; however, the pandemic continues to impact the recruiting process.
- **EV Critical Peak Pricing** — This pilot launched in the first quarter of 2020 to support the new S-EV tariff, which is specifically for commercial electric vehicle charging. Two EV bus fleet charging facilities enrolled in the product during the first quarter of 2020. An additional 18 public charging premises enrolled in the product during the second quarter and three more enrolled in Q3, bringing the total enrolled premises to 23. All 15 of the allowable CPP events were dispatched between June and August. Analysis is currently underway to more accurately assess the load relief value provided by the enrolled customers.
- **Geo-targeting Pilot** — Pilot marketing plan is ramping up. In the third quarter the Company has 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 did not call an independent test event due to the need for bulk-system utilization of our demand response products in summer 2020. The pilot will be partnering with our Safe-at-home energy kits and direct email marketing should commence in the coming weeks. 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 third

quarter, four customers had signed the enabling agreement for participation. In the third quarter there were three control events.

- **Peak Partner Rewards** — The Peak Partner Rewards (PPR) product dispatched 12 events in the third quarter, for a total of 14 events in 2020 year to date. The product lost one participant in Q3 that chose to switch from PPR to CPP. While recruiting efforts and meetings with potential customers continued in the third quarter, the Company primarily focused on PPR operations and events. The Company officially launched the partnership with Franklin Energy in Q3 for increased 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. Customers that have or install a battery with a SolarEdge inverter will be able to participate in the pilot. The Company remains in contract negotiations with a second vendor, to allow a second type of battery to participate in the pilot. The Company is holding off on launching the pilot in order to provide the opportunity for full consideration of pilot modifications proposed through the 60-Day Notice process and in Proceeding No. 20A-0287EG.
- **Residential Demand Response** — The product saw modest growth in the third quarter having installed just over 3,000 switches year-to-date. AC Rewards participation continued to show healthy growth through Bring Your Own Thermostat enrollments in the third quarter. Due to the pandemic, the AC Rewards Direct Install channel was still on hiatus during the third quarter.
- **Small Commercial Building Controls** — Contractor safety training was developed in third quarter, and product installations began under strict safety guidelines. Installations are currently on-going and will be completed mid-fourth quarter 2020. While product growth has been modest due to the pandemic, over 300 new applications were received in the third quarter.