



## 2022 Third Quarter Colorado DSM Roundtable Update

November 9, 2022

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.

### Product Implementation Status

Please refer to the attached table for the preliminary third quarter 2022 (cumulative January 1 – September 30, 2022) product energy and demand savings achieved, product expenditures, and CO<sub>2</sub> and SO<sub>2</sub> emissions avoided. In total, Demand-Side Management (“DSM”) electric products have achieved savings of approximately 264 GWh and gas savings of 415,800 Dth in the 2022 calendar year. This represents approximately 51 percent of the 2022 electric DSM plan’s energy savings target of 523 GWh and 52 percent of the gas target of 799,708 Dth.

The following section provides product status activities for the second quarter of 2022 in the Business, Residential, Income-Qualified, and Demand Response Products, as well as Indirect Products & Services and other related activities.

### Business Program

- **Business Energy Assessments** — The product has seen participation through its indoor & outdoor agriculture assessment, commercial streamlined assessments, and building assessments offerings. The Business Energy Assessments product launched in May with a training that included all vendors, product teams and engineers. The trajectory of the implementation savings will begin after several months, so savings will be hard to predict until implementation begins. Due to many bonuses the company is offering upon implementation there has been more movement under that product. We expect close to ten GWh of savings by the end of the year. A major obstacle for the Building Assessments product has been finding customers with budget for energy saving measures found. One solution to help this problem has been adding an end of year 20% bonus on any measures implement between October 15 – December 1, 2022. This bonus can also be added to any other program bonus, however a customer does have a bonus cap of \$5k.
- **Business HVAC+R Systems** — Continuing efforts to build the project pipeline included creating and marketing the large 50% rebate bonus for prescriptive and custom measures. An increase in marketing outreach through email, direct mail, and bill onsets have targeted commercial customers as well as trade partners, but supply chain complications continue to have an impact on the HVAC market. There is still uncertainty in making large investments in commercial spaces.
- **Compressed Air Efficiency** — The product saw a decline in savings in the third quarter compared to Q2. The end of the year still appears to have a healthy pipeline for the product. Supply chain concerns continue to impact the market and pipeline for the product. The product team travelled to a conference to learn more about trends in the industry and make new connections with market players. Increased communication with trade partners continues into Q4 to ensure that new industry partners are comfortable with the details of the program, including who to contact at the Company and what rebate offerings are available.
- **Custom Efficiency** — The product continues to be on a slow pace for the year. The product saw an increase in savings in Q3 compared to the previous two quarters. Continued efforts to grow the pipeline are in place, including the recent introduction of a tool for the sales teams to better

identify cost-effective custom projects. The 2022 pipeline entering Q4 is light, and plans are in motion to build pipeline for next year.

- **Data Center Efficiency** — No projects closed during the third quarter, but the product continues to have projects in the pipeline for the end of the year. The company met with trade partners and customers individually to discuss pipeline, industry trends, and supply chain constraints.
- **Energy Management Systems (“EMS”)** — The Company has made fast progress in working with Xcel Product Development and the TRC evaluators to make product changes that will bring Controls/EMS and Demand Response together for meaningful transition in the marketplace. Product changes may include: Adding prescriptive measures; Increased training on demand peak load shifting for Trade Partners; and applying an incremental cost reduction for cost-effective accuracy. Post-pandemic high vacancy rates for commercial property continue to decrease investment in new controls systems. Inflation and lack of cost-effective incentives remain to contribute to low project submittals. Product changes are expected to occur in early 2023.
- **LED Street Lights** — The product expects to achieve around 76% of its filed target due to supply chain constraints and workforce limitations.
- **Lighting Efficiency** — The Lighting Efficiency product closed the third quarter at approximately 37 percent of its energy savings target. In the third quarter the product continued to market prescriptive and midstream lighting bonus offerings to customers through a variety of channels including direct mail, email, social media, paid search, as well as radio and video advertising. The product also launched the prescriptive LED grow lighting rebate measure on July 1 along with a 50% bonus on LED grow equipment. The product worked on several marketing efforts including direct mail, email, trade events and presentations to various industry groups to spread the word on the new prescriptive grow lighting rebate and reach this new customer segment. Thus far the prescriptive grow lighting rebate and bonus has generated a lot of positive feedback and the product team has heard that the bonus rebates have motivated several customers to complete energy efficient upgrades this year. Despite these additional efforts the product is still expecting to fall short of its filed goal at this time.
- **New Construction** — The product ramped up through the third quarter with an increase in savings, and the pipeline remains strong and is on target. The bulk of the expected savings are generated from the Energy Design Assistance product and the Energy Efficient Buildings product has succeeded its target in the third quarter. The Business New Construction underwent an Impact Evaluation in 2021 and will implement a new Net-to-Gross Ratio for the product in 2022. The Codes and Standards offering is continuing to influence the market by hosting trainings and providing assistance to jurisdictions that are exploring updating their energy code.
- **Self-Direct** — No new projects were completed in the previous quarters. Several customers postponed their projects due to budgetary and staffing concerns.
- **Small Business Solutions** — Small Business Solutions closed out the third quarter with significant strides towards the electric energy and gas savings targets. The small business segment has been deeply impacted by the pandemic and have been hesitant to invest in energy efficiency upgrades. The product is currently offering a 25% bonus on select LED fixtures and a 50% bonus on LED tubes invoiced between April 15<sup>th</sup> and November 15<sup>th</sup> of this year. The product has continued to leverage Business Walks with local City/Town representatives, promotion at partnership and membership events. The product will also continue to take advantage of the TOU (Time of Use) rollout and communications to present customers with an action item of a free assessment and guidance on improving energy efficiency and lowering customer bills. The free assessment will be marketed alongside TOU campaigns in the small

business to both customers and trade partners through a variety of channels such as direct mail, social media, email, and small-business focused events.

- **Strategic Energy Management (“SEM”)** — Within the quarter, more than 30 projects were completed, mostly by food processors, schools, and single-tenant offices. The program also enrolled five new customers and expanded the scope to additional locations of two existing customers. Supply chain issues continue for lighting and VFDs, and customers are now reporting long lead times for lighting. Where required, customers are also reporting extremely long permitting times. The Company will continue to encourage customers to place orders as soon as possible and focus on immediate and deeper low/no-cost savings.

## **Residential Program**

- **Energy Efficiency Showerheads** — Third quarter achievement was driven by free kit and equipment sales from the Xcel Store and initial email campaigns for Free Showerhead Kits to qualified customers. A targeted promotional email driving traffic to the Xcel Store for qualified customers for free showerhead kits was sent in August 2022 and a second in early October. A postcard promotion was sent in late October. The summer promotion has achieved less than expected results and has been augmented with a second email, an email to customers with items left in the Xcel Store cart, bill inserts in November and an Apogee promotion in October. . Spending will increase with the pending promotions but email, insert and video bill alert promotions are very economical.
  - **ENERGY STAR® New Homes (“ESNH”)** — In total, 5,116 homes were credited to the product through the third quarter. The Program added two all-electric homes in Q3, bringing the total for 2022 to nine. Two homes through Q3 installed heat pump water heaters. Homes compliant with 2015 IECC or higher represented 86% of the qualifying homes. Two-thirds of Program homes were less than 20% better than local energy code.
  - **Home Energy Insights** — The Company’s third-party implementer launched cohort maintenance efforts in the first quarter that improved the products year-end outlook. Through August the product has achieved about 50% and 7% of its electric and gas targets for the Home Energy Report (“HERs”) component, respectively. Final achieved savings are received from the implementer almost two months in arrears. The majority of HERs electric savings come in the summer season, and the product is projected to be 77% of its filed electric savings target. Gas savings, however, are heavily weighted to the winter months and year-end achievement is expected to be 89% of filed gas savings.. The Company has made additional changes with the implementer to the reports delivered to customers to improve engagement and encourage easier access to digital resources towards positive customer experience and effectively encourage energy savings.
  - **Home Energy Squad** — Increasing staffing to increase capacity continues to be a challenge for the implementer. Energy technician staffing did increase towards the end of the 3rd quarter and will result in increased participation for the 4<sup>th</sup> quarter. While the product continues to provide virtual and in-home visits, we are seeing customers most interested in in-home standard and Squad Plus visits. Marketing continues to drive product participation.
  - **Home Lighting & Recycling** — The product surpassed the the annual energy savings and spend target by the end of third quarter. Sales are remaining strong as customers are looking for easy ways to save money. The product is offering bonus discounts on multi-packs of LED A-line, BR30 and retrofit kits at select retailers to help customers save energy by upgrading their bulbs in various locations around their home.
- Insulation & Air Sealing** — Overall participation was steady throughout the quarter and the product is on track to meet its 2022 targets. The Marshall Fire Bonus was enacted after the

natural disaster caused smoke damage to many homes. The Company is granting a 100% rebate bonus on the Insulation & Air Sealing measures installed within 4 affected zip codes. This bonus is in effect if installation is completed between 1/1/22 and 3/31/23. This bonus is expected to increase participation in the zip codes affected.

- **Multifamily Buildings** — The product continues to see a lower than expected electric savings for this time of the year. On the gas side, we did see a substantial increase in our gas savings from previous quarter. We continue our communications through various email campaigns as well as in-person trade show participation to both increase the product awareness and drive lead generation with our larger properties. In addition, the main landing page for the site registration has been optimized to improve usability.
- **Refrigerator & Freezer Recycling** — The product is seeing lower participation than expected, but we hope that interest increases in the last quarter. We had two bill inserts go out in Q3, but we did not get the response we had hoped for. Based on participation numbers throughout the year, we are predicting to fall short of our filed goal. The Company is using cross-promotional tactics and an email campaign in Q4 to increase awareness and participation. Contact-free and in-home pickups are available to customers based on preference.
- **Residential Heating & Cooling** — For the most part, participation in this product is comparable to participation in 2021. Exceptions include significant increases in heat pump measures and enrollments in smart thermostat optimization/Eco+. The product is on track to meet its energy savings target for gas, but may fall short of its energy savings target for electric. This is primarily due to lower than anticipated participation in heat pump measures.
- **School Education Kits** — The fall campaign is off to a good start for this product and contributes most of the participation and achievement for the year. The spring campaign met expectations with strong classroom participation. The expectation is to meet filed targets. Students participate in an energy conservation-focused curriculum and install energy-saving devices in their homes, driving savings.
- **Whole Home Efficiency** — (formerly Home Performance with ENERGY STAR®) — Participation was underwhelming in Q3. Collaboration with the product implementer is expected to increase participation from Trade Partners and customers. An ongoing program evaluation is expected to discern perceived issues with program rules/participation. Delivery of evaluation results are expected in Q1 2023. Continual efforts with the program implementer to increase awareness and adoption in Q4 are ongoing.

### Income Qualified Program

- **Energy Savings Kits** — The product is expected to achieve savings targets for both gas and electric. Supply chain issues have continued to impact the product with extended manufacturing timelines due to equipment shortages. Contingency plans are in place with increased marketing campaigns in Q3 and Q4 to offset supply chain delays.
- **Multifamily Weatherization** — The product is expected to hit the gas savings target but may fall short on the electric savings target. Additional projects will continue to be pursued to assist in achieving the electric target.
- **Non-Profit** — The product continued to see strong participation in the second quarter with new projects in the pipeline and is expected to achieve electric savings. The product may fall short on gas savings based on historical participation however contingency plans are in place to bring in additional gas savings if needed.

**Single-Family Weatherization (“SFWx”)** — The product is expecting comparable participation and savings as seen in 2021 for the electric target. The product is also expected to meet the gas savings target as a result of contingency plans to bolster savings.

### **Indirect Program**

- **Business Education** — Through the third quarter of 2022, the Business Education product achieved approximately 90% of its year-end participation targets with 1,358 participants. With in-person events returning in 2022, the company was able to return to its main form of engagement and participation at local events. The company also explored new tactics to educate businesses of our energy and money-saving offerings through print and digital opportunities with the Denver Post. The face-to-face event opportunities along with print and digital advertising will continue to be important in engaging with our business customers.
- **Business Energy Analysis** — Business Energy Analysis product ties into the Business Energy Assessments product. The product is known as Commercial Streamlined Assessments publicly. The product conducts assessments similar to ASHRAE level 1. The goal is to get close to 500 assessments. The product is currently at 178 assessments. CSA is working with the building performance ordinances in CO for customers who are required to have a study conducted or there are fines for the customer. As of October Boulder has made Xcel’s CSA program one of the approved studies a customer has to get done. Their program is especially helpful for customers who have a building under 50,000 square feet since there is no charge to the customer for an assessment. The program is built to help customers implement the findings to reduce energy use and decrease the customers utility bill drastically.
- **Consumer Education** — Through the third quarter of 2022, Consumer Education achieved approximately 102% over the year-end participation target generating 28,064 participants. With in-person events returning in 2022, the company was able to return to its main form of engagement and participation – activating at large local events to engage with customers face-to-face. The first quarter of 2022, the Company participated primarily in home shows as these were some of the main events that returned at the start of quarter. The second quarter ushered in a variety of events targeting residential customers such as the Denver Arts Festival, Boulder Pride, Earth Day events and more. The third quarter was the busiest yet with a number of outdoor festivals and fairs, Broncos training camp and more. These face-to-face engagement opportunities provide the company with valuable ways to drive energy and money saving educational messaging that support the company’s DSM residential programs and resources.
- **Energy Benchmarking** — The Company supports municipalities within its service territory to reach their benchmarking targets. During the second quarter, 554 new buildings were processed. Some of these are repeats as a result of new building owners benchmarking their buildings. The continued heavier volume in the third quarter is attributed to extended deadlines on municipal benchmarking ordinances in Denver, Boulder and Fort Collins with their original deadlines being June 1. Additionally, building owners are being proactive about benchmarking their buildings ahead of compliance deadlines in December 2022 for the new Colorado statewide benchmarking ordinance. The total Colorado building count is now up to 5,928.
- **Energy Efficiency Financing** — The Company continues to develop future financing offerings to support residential customers. On the business side, the Company promotes financing options to businesses and commercial trade partners via the Xcel Energy website which connects to the National Energy Improvement Fund’s (NEIF) portal allowing access to the financing proposal request process. The company has also been working with the Colorado Clean Energy Fund to determine how we can offer their state sponsored financing options to mid/small commercial customers and to the Cannabis Industry for their energy efficiency projects.

- **Home Energy Audit** — Participation in the product continues to grow as pandemic-related concerns continue diminishing and homeowners and auditors are more comfortable with in-person visits. The product supplies home energy audit services through an implementor and independent auditors.
- **Partners in Energy** — The mid-year deadline for applications was July 15<sup>th</sup> and we onboarded three new communities to developing energy action plans. These communities are at various stages of launching their planning workshops. Prior to the first workshop we have been working with each community to identify and recruit a stakeholder team, analyze historic energy usage and program participation, identify other relevant planning and projects that should be incorporated into the energy action plan and identify any critical trends or issues that we will want to incorporate or prioritize during the process. There has also been a number of communities that have been promoting Home Energy Squad visits at various events and channels as the Company expands our marketing efforts around that offering. Partners in Energy communities frequently focus on this program as an opportunity to promote energy efficiency to their residence.
- **Market Research** — A product experience tracking study continues to provide high level feedback, primarily residential customers participating in energy efficiency and demand response programs. The study's primary focus is ease of participation and customer satisfaction. Updates from Dun and Bradstreet are now available using a refreshed list of all active metered business customers provided previously for matching. The 2022 Home Use study has completed fielding and report checking is underway.
- **DSM Evaluation, Measurement & Verification** — Data collection activities for almost all energy efficiency product evaluations were completed in Q3. A notable exception was Lighting Efficiency, which experienced an unusually difficult time recruiting participants to complete the survey. The code support product evaluation continued progress toward a year-end report and the demand response continuous evaluation framework completed staff interviews and preliminary peer utility benchmarking research. Development of a guiding document for 2023 and 2024 activities commenced.
- **DSM Planning & Administration** — During the third quarter the Company continues to work through Discovery and the regulatory process for both the Company's 2023 DSM Plan as well as the combined 2022 DSM/BE Strategic Issues filing.
- **Product Development** — Current development efforts include:
  - Codes and Standards;
  - 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 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;
  - A demonstration project that will study how commercial customers can shift load to times with excess renewable generation on our system as indicated by very low system marginal prices;
  - A new gas boiler measure motivated in part to address gas distribution constraints in Summit County;
  - A thermostat-based gas demand management research project motivated in part to address gas distribution constraints in Summit County;
  - Investigating how to serve oil & gas customers more effectively
  - Multi-family demand response.

- Dual-fuel commercial heat pumps
- Cold climate heat pumps
- Integrated lighting and HVAC controls
- Redesigning Energy Management Systems

### **Demand Response Program**

- **Critical Peak Pricing** — The Critical Peak Pricing (“CPP”) product dispatched two winter events in February 2022. CPP traditionally dispatches events in the summer but has the option to call winter events. In the third quarter of 2022, the product called 8 events; 5 events in July, 1 event in August, and 2 events in September. The product added two new participants in the second quarter of 2022 and as of third quarter 2022 there are currently 35 total participants in the product. Recruiting efforts and meetings with potential customers have continued through the third quarter.
- **EV Critical Peak Pricing** — The EV Critical Peak Pricing (“EV-CPP”) dispatched 8 summer events in the third quarter of 2022; 5 events in July, 1 event in August, and 2 events in September. The new S-EV rate launching in August resulted in 15 customers leaving the EV CPP program for the new rate. The Company will continue enrolling eligible interested EV customers into the EV CPP product alongside the new S-EV offering.
- **EV Optimization** — The Charging Perks pilot (dynamic optimization) and Optimize Your Charge (static optimization) offerings continued enrolling customers in the third quarter of 2022. Charging Perks has been extended through the end of 2023, with an increased goal of 1,000 total customers.
- **Geo-targeting Pilot** — In the third quarter the Company continued implementation of a marketing campaign in partnership with AC Rewards to offer a full rebate for smart thermostats that are enrolled in our AC Rewards offering to our target customers. Non-bulk hands-on activities are under discussion with distribution operations team. Discussions are underway to identify options for potential utilization of DSM geo-targeting in other business areas that could need deferment of capital investment including on our natural gas system to help manage gas capacity in Summit County, CO and the West Metro area of Denver, CO. Several promotions are active in those regions, but are unrelated to this electric pilot.
- **Peak Day Partners** — Peak Day Partners is a voluntary product where enrolled participants have the option to respond to price signals from the company. The product finished the third quarter with four participants with a projected potential event contribution of about 22MW. In the first three quarter of the year, there were two accepted control event offers.
- **Peak Partner Rewards** — The Peak Partner Rewards (“PPR”) product dispatched two winter events in February 2022. PPR traditionally dispatches events in the summer but has the option to call winter events. In the third quarter of 2022, the product called 2 events both occurring in September. The product added 9 new participants in the first quarter of 2022, 2 new customers in the second quarter 2022, and no new participants in third quarter of 2022. The product has a total of 31 participants. Recruiting efforts and meetings with potential customers have continued through the third quarter.
- **Residential Battery Demand Response Pilot** — The Company has continued enrolling customers in the pilot and has 150 customers enrolled as of third quarter 2022. The Company began charging events in the first quarter 2022 and has now successfully dispatched 64 summer and winter events. Vendor contracts are being extended pending the Renewable Battery Connect program launch.

- **Residential Demand Response** — The Saver's Switch product has installed about 4,700 switches in the first three quarters of 2022. The majority of these were maintenance replacements of older switches that have outlived their useful life. These switches were originally deployed prior to 2005. The AC Rewards product is still seeing most of its participation through the Bring Your Own Thermostat channel and the product has had over 6,300 new participants through the first three quarters of 2022. Over 1,000 of these new enrollments are attributed to the launch of Google Nest devices being allowed into the program, which occurred during the third quarter. The Smart Water Heater product continues to struggle with supply of control modules. As of the end of the third quarter, one unit has been deployed.
- **Small Commercial Building Controls** — Direct installations have continued in the first half of the year. Enrollments were slower than expected in the beginning of the year but email marketing campaigns did launch in the second quarter and enrollments increased. There have been just under 400 enrollments through the first three quarters of 2022.