

Decision No. R23-0719-I

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 23M-0466EG

IN THE MATTER OF THE COMMISSION'S EXAMINATION OF THIRD-PARTY PROVISION OF GAS DEMAND RESPONSE SERVICES, VIRTUAL POWER PLANTS, AND NEIGHBORHOOD ELECTRIFICATION IN PUBLIC SERVICE COMPANY OF COLORADO'S ELECTRIC AND NATURAL GAS SERVICE AREAS PURSUANT TO DECISION NO. C23-0413.

**INTERIM DECISION OF
HEARING COMMISSIONER TOM PLANT
ISSUING ADDITIONAL QUESTIONS**

Mailed Date: October 23, 2023

I. STATEMENT

1. By Decision No. C23-0628, issued on September 18, 2023, the Commission opened this Proceeding to explore third-party implementation of certain pilot programs in the electric and natural service areas of Public Service Company of Colorado (Public Service) in accordance with Decision C23-0413.¹

2. By Decision No. R23-0637-I, an initial set of questions were issued to Public Service and other interested persons regarding the development and implementation of requests for proposals (RFPs) for third-party implementation of three pilot programs: (1) virtual power plants (VPPs); (2) natural gas demand response; and (3) neighborhood electrification.

¹ Decision No. C23-0413, issued on June 22, 2023, Proceeding No. 22A-0309EG.

3. By this Decision, an additional set of questions are issued as a follow-up to the initial written comments submitted in this Proceeding in response to the questions set forth in Decision No. R23-0637-I and the oral comments offered at the workshop on October 11, 2023.

II. DISCUSSION, FINDINGS, AND CONCLUSIONS

4. The initial workshop on October 11, 2023, was focused on mechanisms for designing a VPP program, investigating ways to pursue gas demand response, and the potential design of a neighborhood electrification program.

5. From the presentations at the workshop and the written comments received, a possibility was raised that these programs and objectives may be parts of a larger whole and that it is possible to design an RFP for a market platform (enabler) that would contract with Public Service (the buyer) and recruit service delivery aggregators and customers (sellers) to achieve specific programmatic objectives.

6. For example, one of the objectives could be the deployment of demand management, storage, and supply resources through a network of VPP aggregators for the achievement of specific system objectives through a pilot program. A second objective could be a similar pilot deploying aggregators to identify opportunities for gas demand response benefits to address potential capacity constraints on the gas distribution system and avoid costly infrastructure expansion. It is also conceivable that a neighborhood electrification pilot could be achieved using this network of aggregators, or perhaps another approach. In addition, there would likely be benefit to integrating the VPP pilot with the neighborhood electrification program to discover ways in which a well-managed system of high penetration electrification could mitigate costly distribution system investments, and also to identify other challenges associated with a fully electrified concentrated region.

7. Potential advantages of a market platform approach would include the ability to modify pilots based on results and easily scale them, harness the opportunities of innovation in the private sector, maintain cost control, and reduce the risk associated with selecting one or two specific pilot providers. While this market platform approach is not yet certain, the follow up questions in Attachment A to this Decision are anchored in the primary objectives of the proceeding as detailed by the Commission in accordance with Decision No. C23-0413: “to maximize the value of ratepayer-funded investments made in utility infrastructure” by engaging third parties in RFPs to “focus on three pilots: (1) virtual power plants; (2) natural gas demand response; and (3) neighborhood electrification.”²

8. Furthermore, as set forth in Decision No. C23-0628, the Commission seeks to: (1) identify the core objectives and timelines for the three pilots; (2) set the main technical, cost, and time parameters for the RFPs; (3) establish milestones for the RFPs; and (4) set operational and reporting milestones for the pilots.

9. Responses to the questions set forth in Attachment A and any comments responsive to the initial filings submitted in this Proceeding shall be filed on or before November 3, 2023, in accordance with the schedule adopted by Decision No. R23-0637-I.

III. ORDER

A. It Is Ordered That:

1. Consistent with the discussion above, Public Service Company of Colorado and other participants in this Proceeding shall file, no later than November 3, 2023, responses to the

² Decision No. C23-0413 at ¶ 207.

questions included in Attachment A to this Decision and any responses to initial written comments or oral comments raised at the October 11, 2023 workshop.

2. This Decision is effective upon its Mailed Date.

(S E A L)



ATTEST: A TRUE COPY

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

TOM PLANT

Hearing Commissioner

A handwritten signature in cursive script that reads "Rebecca E. White".

Rebecca E. White,
Director