

Decision No. C20-0213-I

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 20M-0008E

IN THE MATTER OF THE JOINT FILING OF RULE 3627 10-YEAR AND 20-YEAR REPORTS OF PUBLIC SERVICE COMPANY OF COLORADO, TRI-STATE GENERATION AND TRANSMISSION, AND BLACK HILLS ENERGY.

**INTERIM DECISION NOTICING PROCEEDING,
DIRECTING ADDITIONAL FILINGS, AND REFERRING
THIS MATTER TO AN ADMINISTRATIVE LAW JUDGE**

Mailed Date: April 7, 2020
Adopted Date: April 1, 2020

I. BY THE COMMISSION

A. Statement

1. On February 3, 2020, Public Service Company of Colorado (Public Service), Black Hills/Colorado Electric Utility Company (Black Hills), and Tri-State Generation and Transmission Association, Inc. (Tri-State) jointly filed a biennial transmission plan as required by Rules 3625 to 3627 of the Rules Regulating Electric Utilities, 4 *Code of Colorado Regulations* (CCR) 723-3 (Transmission Planning Rules).

2. Upon initial review of the joint biennial plan, the Commission finds that supplemental information is necessary. The Commission directs Public Service, Black Hills, and Tri-State (the Utilities) to supplement the Joint 10-Year Transmission Plan and 20-Year Conceptual Scenario Report with additional information, as discussed below. The supplemental information should be filed no later than 60 days of the mail date of this Decision.

3. We therefore require supplemental information and provide instruction, consistent with the discussion below, and refer this matter to an Administrative Law Judge (ALJ) for a recommended decision.

B. Discussion

4. The Commission's Transmission Planning Rules establish a process to coordinate the planning for additional electric transmission in Colorado on a comprehensive, transparent, and statewide basis, taking into account the needs of all stakeholders.

5. Rule 4 CCR 3627(a) requires each utility to file, no later than February 1 of each even year, a ten-year transmission plan¹ with appropriate supporting documentation. This process is intended to ensure that proposed transmission projects do not impact negatively either the system of any other transmission provider or the overall integrated transmission system in either near-term or long-term planning horizons. The plan submission helps utilities avoid duplication of facilities and promotes the development of joint projects where the mutual needs of more than one transmission provider or other stakeholder will be satisfied. Rule 4 CCR 3627(a)(III) also allows for submission of information via direct link to a utility or utility maintained websites.²

6. Rule 4 CCR 3627(h) requires the Commission to solicit written comments on the 10-year transmission plan and the 20-year scenario report. It also requires the Commission to hold workshops or conduct a hearing on the joint ten-year transmission plan for the purpose of reviewing and rendering a decision regarding the adequacy of the Utilities' joint plan and the process used in formulating the plan. Upon review, the Commission issues a written decision

¹ The ten-year plan provides a "snap-shot-in-time." See, Decision No. C17-1079, mailed December 28, 2017, in Proceeding Nos. 16M-0063E, 15M-0853E, & 15M-0856E, ¶ 80, p. 29.

² Rule 4 CCR 3627(f) permits amended filings at any time for good cause.

regarding the Utilities' compliance with these rules and the general adequacy of existing and planned transmission facilities to meet Colorado's present and future energy needs in a prudent and reliable manner. As part of any issued decision, the Commission may also provide further guidance to be used in the preparation of the Utilities' next biennial filings.

7. In addition, Senate Bill 07-100 (SB 07-100), codified at § 40-2-126(2), C.R.S., requires each Colorado electric utility subject to rate regulation by the Commission to do the following:

- (a) Designate energy resource zones;
- (b) Develop plans for the construction or expansion of transmission facilities necessary to deliver electric power consistent with the timing of the development of beneficial energy resources located in or near such zones;
- (c) Consider how transmission can be provided to encourage local ownership of renewable energy facilities, whether through renewable energy cooperatives as provided in § 7-56-210, C.R.S., or otherwise; and
- (d) Submit proposed plans, designations, and applications for certificates of public convenience and necessity to the Commission for simultaneous review.

8. Pursuant to Rule 4 CCR 3627(c)(IX), Black Hills and Public Service included their respective SB 07-100 Designation of Energy Resource Zones and Transmission Expansion Planning Report in the Joint 10-Year Transmission Plan Filing.

9. Rule 4 CCR 3627(e) requires conceptual long-range scenarios that look 20 years in the future, and shall analyze projected system needs for various credible alternatives. The rule requires, at a minimum, that the analysis include, among other considerations, reasonably

foreseeable future public policy initiatives,³ and possible retirement of existing generation due to age, environmental regulations, or economic considerations.

10. Consistent with Decision No. C17-1079, issued December 28, 2017, the ten-year plan filing provides a “snap-shot-in-time.”⁴ As the Commission discussed in that decision, the discrete filing deadline for a ten-year transmission plan and the absence of any requirement to update or to modify the plan filing after that deadline cause a ten-year plan to depict transmission needs at a specific point in time.⁵

11. Recently, the 2019 General Assembly enacted legislation that includes certain environmental regulations that potentially require retirement of existing generation to meet aggressive reductions in carbon dioxide emissions. SB 19-236 revises, among other statutes, § 40-2-125.5, C.R.S., to require or allow certain utilities to file a “Clean Energy Plan” to achieve substantial reductions in carbon dioxide emissions. Section 40-2-125.5(3), C.R.S., establishes clean energy targets for electric utilities with more than 50,000 customers. The first clean energy target required is to, “...reduce the [utility's] carbon dioxide emissions associated with electricity sales to the qualifying retail utility's electricity customers by eighty percent from 2005 levels by 2030.”⁶ The second clean energy target provides, “[f]or the years 2050 and thereafter, or sooner if practicable, the qualifying retail utility shall seek to achieve the goal of providing its customers

³ Rule 4 CCR 3627(e)(I).

⁴ Decision No. C17-1079, issued December 28, 2017, Proceeding Nos. 16M-0063E, 15M-0853E, and 15M-0856E, at ¶ 80 (granting Utilities’ request on exceptions).

⁵ The Commission further included that “[t]he Utilities are advised, however, that the lack of amendments or updates to the plan can, for certain projects, diminish their opportunities to rely on the ten-year transmission plan filing in subsequent [Certificate of Public Convenience and Necessity (CPCN)] application proceedings” Decision No. C17-1079 ¶ 80; and the Commission agreed that “[t]he weight to be given to an approved ten-year plan will depend, in some measure, on the change in circumstances between that date and the date on which a CPCN application is filed.” (Citing Decision No. R17-0580, issued July 31, 2017, Proceeding Nos. 16M-0063E, 15M-0583E, and 15M-0856E, at ¶ 201, p. 66.)

⁶ § 40-2-125.5(3)(a)(I), C.R.S.

with energy generated from one-hundred-percent clean energy resources so long as doing so is technically and economically feasible, [and] in the public interest... ”⁷

12. Further still, § 25-7-105(1)(e)(VIII)(B), C.R.S., encourages “the development of clean energy plans that will require greenhouse gas emissions caused by Colorado retail electricity sales to decrease eighty percent by 2030 relative to 2005 levels to provide for the cost-effective and proactive deployment of clean energy resources.”⁸

13. At the bill signing ceremony for SB 19-236 on May 30, 2019, Governor Jared Polis set forth certain policy initiatives in the “Polis Administration’s Roadmap to 100% Renewable Energy by 2040 and Bold Climate Action” (Governor’s Roadmap). The Governor’s Roadmap describes how Governor Polis and his administration intend to achieve 100 percent renewable energy by 2040 to address climate change, drive innovation, and harness consumer savings and economic benefits from a clean energy economy.⁹ The Governor’s Roadmap includes at least four types of assumptions that could impact an electric utility’s electric energy and demand forecasts, including: (1) highlighting an electric utility customer’s ability to install retail distribution energy resources at their homes and businesses;¹⁰ (2) supporting achieving 2 percent demand side management goals;¹¹ (3) pointing to widespread consumer adoption of electric vehicles and a zero emission vehicles standard;¹² and (4) referencing a blueprint for building electrification, with “clean electricity” as an alternative to burning fossil fuels.¹³

⁷ § 40-2-125.5(3)(a)(II), C.R.S.

⁸ § 25-7-105(1)(e)(VIII)(C), C.R.S.

⁹ Governor’s Roadmap, p. 1.

¹⁰ *Id.*, at 4.

¹¹ *Id.*, at 5.

¹² *Id.*, at 6-7.

¹³ *Id.*, at 10.

C. Findings and Conclusions

14. By this Decision, the Commission provides notice that Black Hills and Public Service have each filed, pursuant to Rule 4 CCR 3627(c)(IX), a SB 07-100 report, codified under § 40-2-126(2), C.R.S., with regard to electric resource zones and that the Utilities have submitted together a Joint 10-Year Transmission Plan and 20-Year Conceptual Scenario Report.

15. In addition, Rule 4 CCR 3627(h) provides that “[t]he Commission, on its own motion or at the request of others, may request additional supporting information from the utilities or the commenters.” We require supplemental information and filings from the Utilities in the following general areas: (1) clarification and further information regarding each Utilities’ plans to meet requirements of §§ 40-2-125.5 and 25-7-105(1)(e)(VIII)(A), C.R.S.; (2) discussion regarding whether and, if so, how each Utility intends to address policy initiatives in the Governor’s Roadmap; (3) identification of anticipated organized market information as applied to each scenario; (4) information regarding the effects of technology advancements, specifically regarding storage capabilities over time; (5) clarifications regarding Distributed Energy Resources (DER) and distributed generation (DG); and (6) further detail concerning Local Distribution Company (LDC).

16. First, in light of recently enacted legislation, on our own motion and pursuant to 4 CCR 3627(h), we require supplemental information such that the Commission can review the Joint 10-Year Transmission Plan and 20-Year Conceptual Scenario Report with regard to recent statutory changes in § 40-2-125.5(3), C.R.S., that require reductions in carbon dioxide by 2030, and foreseeable public policy initiatives.

17. Consistent with Rule 4 CCR 3627(e), conceptual long-range scenarios shall analyze projected system needs for various alternatives, including without limitation, possible

retirement of existing generation caused by environmental or other regulations. Revisions to § 40-2-125.5(3), C.R.S., through SB 19-236 provide for the likely possibility of retirement of existing generation to reduce carbon dioxide emissions by 80 percent from 2005 levels by 2030. The Utilities shall supplement the Joint 10-Year Transmission Plan with information relating to each utility's plan to address § 40-2-125.5(3), C.R.S., including without limitation, its instructions to reduce carbon dioxide emissions.

18. Second, and considering information required for long-range planning under Rule 4 CCR 3627(e), the Governor's Roadmap provides reasonably foreseeable public policy initiatives that would be beneficial to considerations within the context of this proceeding. Therefore, Utilities shall supplement the 20-Year Conceptual Scenario Report to include the information relating to whether and how the Utilities plan to make progress toward meeting the Governor's Roadmap goal of providing customers with energy generated from 100 percent clean energy resources by 2040.

19. Third, Utilities shall include additional analysis regarding organized market considerations. Specifically, updates should address considerations of organized market analysis that were made in each respective scenario. The Utilities shall identify participation in potentially separate regional markets. Additional discussion regarding the result of this divergent participation, including anticipated participation in energy imbalance market or day-ahead markets, should be addressed further for consideration and comment.

20. Fourth, we require that supplemental information describe whether and if so how, the Utilities will address the anticipated effects of technology advancements, particularly regarding storage capabilities, on transmission and the proposed 10 and 20-year plans.

21. Fifth, we find clarifications with respect to DER and DG would be useful. For example, Black Hills presents in Scenario No. 1 the potential increase penetration of DER, whereas Public Service's Scenario No. 3 discusses a "future where [DG] would serve a significant portion of load....".¹⁴ Supplemental clarification and analysis should explain the similarities and differences regarding the presented terminology provided in the respective DER scenarios and DG scenario, including specifically Public Service clarifying its use of DER as opposed to DG. In addition, Utilities should clarify whether and how modeling is being conducted for the respective scenarios regarding the DER and DG concepts.

22. Sixth, and finally, we seek additional explanation regarding the elimination of the gas LDC described in Public Service's Scenario No. 5. Public Service describes the potential elimination of the gas LDC system in response to political proposals in Colorado. Public Service should expand on its explanations and reasoning that culminated in Scenario No. 5, to allow for a better understanding of the underlying assumptions it made in presenting this possibility.

23. The Joint 10-Year Transmission Plan and 20-Year Conceptual Scenario Report as supplemented with information required by this Decision shall include all models used and an explanation and copy of model outputs.¹⁵ Additionally, updates shall include discussion of the Basis of Plan, Identified Issues, and any Resource Requirements including Costs, Quality Metrics, and Stakeholder Register.¹⁶

24. The Utilities are reminded to provide documentation verifying all information referenced in the Joint 10-Year Transmission Plan and 20-Year Conceptual Scenario Report,

¹⁴ Final Report at p. 12.

¹⁵ As appropriate, Utilities may consider filing through the Commission's confidential or highly confidential processes provided in the Commission's Rules of Practice and Procedure, 4 CCR 723-1.

¹⁶ See, A Guide to the Project Management Body of Knowledge (PMBOK® Guide) – Fifth Edition, Table 4-1 Differentiation Between the Project Management Plan and Project Documents

including supplemental information and, as appropriate, in an accessible format via a direct link to a utility or utility maintained website consistent with Rule 4 CCR 3627(a)(III).¹⁷

25. The Utilities shall update and refile the Joint 10-Year Transmission Plan and 20-Year Conceptual Scenario Report with the supplemental information requested through this Decision no later than 60 days after the effective date of this Decision.

26. The Commission refers this matter to an ALJ for a Recommended Decision. The ALJ shall review the original filings, comments, responses, and refiled reports with supplemental information. The ALJ shall schedule any comment periods and workshops or hearings necessitated by the ALJ's review through separate a decision.

II. ORDER

A. It Is Ordered That:

1. Public Service Company of Colorado, Black Hills/Colorado Electric Utility Company, and Tri-State Generation and Transmission Association, Inc., shall file supplemental information to the Joint 10-Year Transmission Plan and 20-Year Conceptual Scenario Report, consistent with the discussion above, no later than 60 days after the effective date of this Decision.

2. This matter is referred to an Administrative Law Judge for the issuance of a Recommended Decision.

3. This Decision is effective on its Mailed Date.

¹⁷ Utilities should review and update the instant filing to ensure that all information is verified, and as appropriate, provided in accessible format via a direct link to a utility or utility-maintained website consistent with Commission Rules. *See, e.g.*, 10-Year Transmission Plan for the State of Colorado, p. 93, ¶ 3 (discussing that “[d]etails of Tri-State’s meetings” can be found at Tri-State’s website upon following certain selections, but not including the direct link to the referenced information).

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
April 1, 2020.**

(S E A L)



ATTEST: A TRUE COPY



Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

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Commissioners