

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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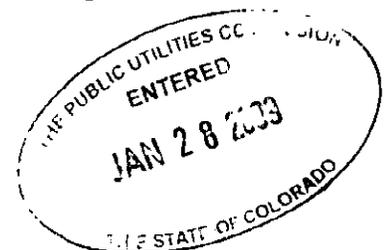
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IN THE MATTER OF THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF)
COLORADO FOR APPROVAL OF ITS 2009) Docket No. 08A-532E
RENEWABLE ENERGY STANDARD)
COMPLIANCE PLAN)

NOTICE BY PUBLIC SERVICE COMPANY OF COLORADO
OF THE ISSUES WITHIN THE SCOPE OF THIS DOCKET

Public Service Company of Colorado, as required by Decision No. R09-0050-I (January 16, 2009), hereby files our notice specifying the issues that should be addressed in this Docket. In doing so, we are cognizant that there is a pending rulemaking docket, Docket No. 08R-424E, that is considering revisions to the Commission's Renewable Energy Standard Rules. That docket will examine whether there need to be *changes* to the rules that generally apply to all regulated electric utilities.

This docket, by contrast, addresses how the *existing* rules apply to only one utility – Public Service Company of Colorado. This docket addresses the specifics of Public Service Company's plans to comply with the Renewable Energy Standard, the estimated costs of that plan, how we intend to acquire resources, how the retail rate impact limits apply to Public Service's plan, and how the costs of this plan should be recovered by Public Service. These issues of specific utility implementation must be decided in this application docket and cannot be decided in a rulemaking docket of general applicability to all regulated electric utilities.



Commission Rule 3657 sets forth the information that the utility must file, and have approved, in each annual compliance plan. A copy of this rule is attached. Because the rules require that the Commission review and approve all of these matters in this docket, all of these issues must be included within the scope of the docket, unless there is no dispute raised by any party to the Company's proposal. These issues include, but are not limited to:

- Plans for acquiring additional eligible energy resources or RECs from each of the following: on-site solar systems; central solar systems; and non-solar energy.
- Details of the standard rebate offer program.
- Estimate of the retail rate impact of the plans.
- Cost recovery mechanisms proposed for the plan.

Public Service has already filed Direct Testimony addressing these issues.

There are some issues that form the foundation of this RES Plan filing that have been decided or will be decided as part of Public Service's 2007 Resource Plan in Docket No. 07A-447E. The issues that will be (or have been) addressed in that docket include:

- Sales and load forecasts.
- Acquisition of eligible energy resources greater than 30 MW.
- Modeling assumptions for conducting the RES Plan/ No RES Plan analyses of the retail rate impact rule.

Issues that will not be addressed in Docket No. 07A-447E that are ripe for resolution in *this* docket include:

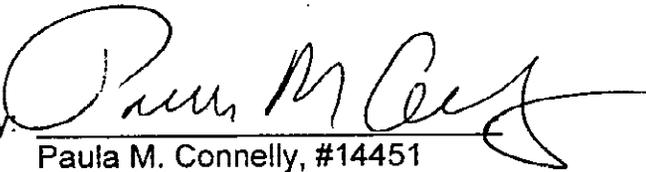
- Acquisition plans for on-site solar facilities.
- Recovery of costs for the Company's new wind forecasting tool.
- How to measure the retail rate impact of acquisition decisions (Public Service's "lock down of incremental costs" or "time fence" proposal).
- The proposed change of the true-up mechanism from the RESA to the ECA.
- The collection of funds through the RESA to fund eligible energy resources acquired in future years.
- The integration of the Windsource premiums into the RESA.
- The change in PSCo policy with respect to the need for an external AC disconnect switch.
- The plan to borrow forward S-RECs from the anticipated 25 MW solar facility that will be brought to the Commission under separate application as a result of the Early Solar RFP issued in early 2008.

Three other dockets will address portions of Public Service's acquisition of Eligible Energy. The first is pending before the Commission now – Docket No. 09A-020E – where Public Service has requested approval of a 150 MW wind power purchase agreement with Northern Colorado Wind Energy , LLC, resulting from the Early Wind RFP, issued in early 2008. The second docket will be an application filed in the near future by Public Service under Rule 3655(c) for approval of the contract resulting from the Early Solar RFP. The third docket will be an application filed in the

near future under Rule 3660 (e) for Commission approval of Public Service's grid-sited distributed solar generation proposal. The estimated costs and benefits of these resources have been included in the Company's retail rate impact analyses submitted in this docket (as placeholders) to show the long range RES Plan and No RES Plan. However, Public Service is not seeking approval of any of these resources in this Docket No. 08A-532E.

Dated this 27th day of January, 2009.

Respectfully submitted,

By: 

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- (c) For eligible energy resources larger than two MW with any wind turbine structures extending over 50 feet in height, the QRU renewable energy supply contract shall require project developers to certify, as a condition precedent to achieving commercial operation, that the developer has performed and made publicly available site specific avian and other wildlife surveys conducted on the facility's site prior to construction. The developer shall further certify that the developer used the results of these surveys in the design, placement, and management of the facilities to ensure that the environmental impacts of facility development are minimized to state and federally listed species and species of special concern, sites shown to be local bird migration pathways, critical habitat and areas where birds or other wildlife are highly concentrated and are considered at risk.

3657. QRU Compliance Plan.

- (a) Every year on or before July 1, each investor owned QRU shall file with the Commission, by application, its proposed plan detailing how the QRU intends to comply with these rules during the next compliance year. Each annual QRU plan shall include rules, regulations and tariffs, if applicable, and the following:
 - (l) The QRU's:
 - (A) Determination of the retail rate impact pursuant to rule 3661;
 - (B) Estimate of its retail electricity sales;
 - (C) Estimate of the eligible energy that the QRU already has acquired and the QRU's estimate of the additional eligible energy that will be needed to meet the renewable energy standards;
 - (D) Estimate of the funds that the QRU will have available to generate, or cause to be generated, additional eligible energy under the retail rate impact rule;
 - (E) Plan to acquire additional eligible energy given the constraints of the retail rate impact rule, including the allocation of the funds available under the retail rate impact rule to acquire eligible energy or RECs from each of the following: on-site solar systems; solar renewable energy systems that are not on-site solar systems; and non-solar eligible energy;
 - (F) Standard rebate offer and the QRU's estimate of the eligible energy that will be acquired under the standard rebate offer;
 - (G) Plan to track how the QRU is responding to customers participating in the standard rebate offer program. The QRU shall track from the start of the application process to when the photovoltaic system commences generation.
 - (H) Plan to acquire the additional eligible energy, including the QRU's use of competitive acquisitions to obtain the additional solar eligible renewable energy it needs to meet the renewable energy standard;

- (I) The proposed request for proposal including any standard contracts to be included with the acquisition for all eligible energy that the QRU plans to acquire by competitive acquisition; and
 - (J) Proposed ownership investment, if any, in eligible energy resources and estimate of whether its investment will provide net economic benefits to the QRU's customers, entitling the QRU to extra profit on its investment, pursuant to rule 3660.
- (II) The competitive acquisition process for eligible energy resources, pursuant to rule 3655;
 - (III) The establishment of the initial level and adjustments to the standard rebate offer for solar electric generation resources, pursuant to rule 3658;
 - (IV) The treatment, tracking, counting and trading of RECs, pursuant to rule 3659;
 - (V) The establishment of a cost recovery mechanism, pursuant to rule 3660;
 - (VI) The net metering for renewable energy resources, pursuant to rule 3664; and
 - (VII) The interconnection of renewable energy resources, pursuant to rule 3665.
- (b) The Commission shall either approve the investor owned QRU's compliance plan or order modifications to the compliance plan. Investor owned QRU actions consistent with an approved compliance plan will be presumed prudent.
 - (c) The investor owned QRU may apply to the Commission at any time for approval of amendments to an approved compliance plan.

3658. Standard Rebate Offer.

- (a) Each investor owned QRU shall make available to its retail electricity customers a standard rebate offer of \$2.00 per watt for on-site solar systems, up to a maximum of 100 kW per system, that become operational on or after December 1, 2004. At the QRU's option, the standard rebate offer may be paid based upon the direct current (DC) watts produced by the on-site solar systems. Any SO-RECs acquired by the QRU pursuant to such SRO program, regardless of whether the associated renewable energy is specifically metered or contractually specified without specific metering, may be counted by the QRU for purposes of compliance with the renewable energy standard.
- (b) On or before June 1, 2006, each QRU shall make a one-time offer to purchase, under a renewable energy credit contract, the SO-RECs associated with on-site solar systems, up to a maximum of ten kW per system existing prior to December 1, 2004, and off-grid on-site solar systems, up to a maximum of ten kW per system. The purchase price offered by the QRU for such SO-RECs shall be no less than the QRU's then current standard offer payment rate for SO-RECs, exclusive of the standard rebate payment, associated with the QRU's standard rebate offer and established pursuant to rule 3658. Subsequent offers shall be made at the discretion of the QRU. SO-RECs purchased by a QRU pursuant to this rule may be counted for purposes of compliance with the renewable energy standard.

CERTIFICATE OF SERVICE

08A-532E

I hereby certify that on this, the 27th day of January 2009, an original and seven (7) copies of the foregoing **NOTICE BY PUBLIC SERVICE COMPANY OF COLORADO OF THE ISSUES WITHIN THE SCOPE OF THIS DOCKET** were served via hand delivery on:

Doug Dean, Director
Colorado Public Utilities Commission
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and a copy was served electronically addressed to all Parties on this service list.

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*indicates those persons who have signed nondisclosures

#indicates those persons who can receive highly confidential material