

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO**

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

**APPLICATION FOR APPROVAL OF PUBLIC SERVICE  
2009 RES COMPLIANCE PLAN**

Public Service Company of Colorado hereby applies to the Commission for approval of its 2009 Renewable Energy Standard Compliance Plan ("Compliance Plan" or "Plan"). This Plan is timely filed in accord with Decision No. C08-1115 granting Public Service an extension of time to file its 2009 RES Compliance Plan.

In the Plan, Public Service projects the Eligible Energy that the Company is required to obtain to meet the Renewable Energy Standard ("RES") over the RES Planning Period of 2009 through 2020. The Plan uses the Company's October 2008 retail electricity sales forecast with Commission DSM Goals<sup>1</sup> to estimate the Renewable Energy Standard requirements for Solar Renewable Energy Credits ("S-RECs"), On-Site Solar RECs ("SO-RECs"), and Non-Solar RECs ("NS-RECs"). The Plan sets forth the Company's specific plans to acquire sufficient Eligible Energy to meet the requirements of the Renewable Energy Standard for 2009 and the Company's plans to fund additional Eligible Energy Resources for the years 2009 through 2020.

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<sup>1</sup> Commission Decision No. C08-0560 (June 5, 2008), Docket No. 07A-420E.

Public Service expects to have, through its existing resources and contracts, sufficient Eligible Energy to meet the non-solar minimum requirements of the Renewable Energy Standard through at least 2020. However, as recently approved in the Company's 2007 Colorado Resource Plan (Docket No. 07A-447E), Public Service will be issuing an All Source RFP in January 2009 and will be seeking an additional 850 MW of intermittent Eligible Energy Resources (wind and PV solar).

The 2009 Plan incorporates the on-site solar projections described by Ms. Newell in her Rebuttal Testimony in Docket No. 07A-447E, adjusted to reflect additional Solar Rewards applications recently submitted prior to the Company's announced deadline for reductions in the offered So-REC payment. In 2009, Public Service proposes to continue its Standard Rebate Offer of \$2.00 per watt, plus the revised SO- REC offer at \$1.50 per watt, for the Small On-Site Solar program of 10 kW. Recently, Public Service reduced the SO-REC payment from \$2.50 per watt to \$1.50 per watt as a result of the increase in the federal investment tax credit for residential applications. For tax-exempt customers, Public Service will offer a Standard Rebate Offer of \$2.00 per watt, plus \$2.90 per watt for SO-RECs. Ms. Newell discusses these changes in her testimony accompanying the Plan. Public Service also proposes to continue the Standard Rebate Offer and Standard REC price for the Medium On-Site Solar program of greater than 10 kW up to 100 kW at their current price levels. Public Service plans to issue one solar RFPs in late 2009 for the competitive acquisition of SO-RECs from Large On-Site Solar systems of 100 kW up to 2 MW.

In addition to continuing acquisition of on-site solar energy, Public Service is currently evaluating the bids received in response to the 25 MW Solar RFP that the

Company issued in January 2008, with the expectation that the winning bidder(s) will be able to deliver Eligible Energy and SO-RECs in the 2011 timeframe. Once the evaluation and contract negotiations are final, Public Service plans to file the winning contract(s) with the Commission for approval under Rule 3655(c). In addition, the Plan reflects the Company's proposal in 2007 Colorado Resource Plan to acquire up to 600 MW of solar facilities with storage.

The Plan addresses the Retail Rate Impact associated with the Company's Plan and the cost recovery mechanisms necessary to pay for the Plan. Public Service is requesting approval, through a separate Advice Letter filing, to increase the current Renewable Energy Standard Adjustment ("RESA") to the level of 2% to recover the *"incremental"* costs incurred by the Company to acquire Eligible Energy. The non-incremental costs of Eligible Energy (the portion of the costs of Eligible Energy that matches the costs of the non-renewable energy avoided by the Eligible Energy) will continue to be recovered through the ECA.

The amounts of incremental costs to be recovered through the RESA and non-incremental costs to be recovered through the ECA in 2009 are laid out in the Plan. The Company's Plan also demonstrates how the Company intends to spend the RESA dollars on Eligible Energy over the RES Planning Period.

The 2009 Plan does contain some differences from the 2008 Plan and earlier plans. First, in past plans, the "non-incremental" cost dollars collected through the ECA have been held constant from the Compliance Plan through the Compliance Report, and the differences between projected costs and actual costs of Eligible Energy have been assumed to be primarily incremental costs that are trued-up through the RESA

deferred balance. In 2009 and henceforth, as explained by Mr. Ahrens in his testimony, the Company believes the more appropriate balancing account for truing up projected costs to actual costs would be the ECA, given the large amount of intermittent Eligible Energy that will be added our system.

Second, as described by Mr. Ahrens, the Company proposes to resolve the “time fence” disputes from earlier dockets by locking down the incremental costs that will hit the RESA at the time of the Compliance Report filing or at the time of contracting (for the larger contracts). This will protect the RESA dollars from wide swings due to changes in gas prices over time and will allow for better planning for the acquisition of Eligible Energy Resources.

Third, the Plan shows how the Company’s new proposed Windsource program, pending in Docket No. 08A-260E, would be incorporated into the annual RES Compliance Plan filings; the Plan projects how growth in Windsource subscriptions will provide more dollars for the acquisition of additional Eligible Energy.

Finally, Public Service responds to the Commission’s request to address the issue of whether external AC disconnects need to be provided. Public Service is proposing to relieve 10 kW and smaller PV systems of the requirement to have an external AC disconnect switch (“EDS”). Upon reviewing a number of papers, OSHA regulations, and activities that have recently transpired in other states, Public Service believes that there is no longer a need to require an AC EDS for solar systems below 10 kW, so long as the solar system has an Underwriters Laboratory (“UL”) 1741 standard certified inverter. This is further discussed in Section 9 of the Plan

Public Service is filing with the Plan the Company's Direct Testimony. As discussed earlier, Public Service is also filing today, by separate advice letter, for an increase in the Renewable Energy Standard Adjustment to 2%.

Wherefore, Public Service Company of Colorado respectfully requests that the Commission approve the Company's 2009 Renewable Energy Standard Compliance Plan.

Dated this 1st day of December, 2008.

Respectfully submitted,

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