

Decision No. C23-0733

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 22A-0189E

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR ITS FIRST DISTRIBUTION SYSTEM PLAN WHICH INCLUDES A MODEL NON-WIRES ALTERNATIVE SERVICES AGREEMENT AND A MODEL REQUEST FOR PROPOSALS.

**COMMISSION DECISION ACKNOWLEDGING PHASE II
REPORTS, DIRECTING THE FILING OF ADDITIONAL
INFORMATION REGARDING PILOTS, AND CLOSING
THE PROCEEDING**

Mailed Date: October 30, 2023
Adopted Date: October 25, 2023

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I. BY THE COMMISSION

A. Statement

1. By this Decision, we acknowledge the Phase II Distribution System Plan (DSP) Report filed by Public Service Company of Colorado (Public Service or the Company), direct the Company to file supplemental information regarding its plans to implement a Demand Response Management System (DRMS), and take other actions related to the resolution of this first-ever DSP filed by the Company.

B. Background

2. Only relevant procedural history is provided.

3. Public Service filed its Application for Approval of Distribution System Plan (Application) and supporting testimony and attachments on May 2, 2022.

4. Pursuant to Decision No. C22-0379-I, issued July 6, 2022, parties to the Proceeding include: Trial Staff of the Commission; Colorado Energy Consumers; the Colorado Energy Office; the Colorado Office of the Utility Consumer Advocate; the Colorado Solar and Storage Association, Solar Energy Industries Association, and Advanced Energy Economy (Clean Energy Industry); the City of Boulder; the City and County of Denver; Holy Cross Energy; Southwest Energy Efficiency Project; Vote Solar; and Western Resource Advocates.

5. On November 22, 2022, Public Service filed an Unopposed Joint Motion (Joint Motion) to Approve Unopposed Non-Comprehensive Settlement Agreement (Settlement Agreement) and Request to Waive Response Time. By the Settlement Agreement, parties agreed to recommend the Commission approve the Company's DSP with modifications. Many of the commitments made in the Settlement Agreement establish parameters for the Company's next DSP

application, which is to be filed January 31, 2024, pursuant to Rule 3528.¹ Among those commitments include direction for Public Service to set forth its “vision plan for the distribution system that balances the Company’s obligation to provide safe, reliable, resilient electric service at a reasonable price and doing its part to further state policy goals...” (Settlement Agreement, ¶ 3). The Company also committed to modifications regarding its proposed DRMS pilot, including the establishment of goals and metrics.

6. Recommended Decision No. R23-0080, issued February 2, 2023, granted the Joint Motion and approved the Settlement Agreement, among other actions. In the course of approving the Settlement Agreement, however, Hearing Commissioner Gilman raised significant concerns regarding the Company’s record in delivering past pilots and referenced guidelines used by the Commission to consider the approval of pilots. The Hearing Commissioner found the Settlement Agreement provision that the Company would establish goals and metrics was in conflict with the guidelines for pilot approval set forth by the Commission. Accordingly, the Hearing Commissioner ordered the Company to file “in this Proceeding, a report that fully presents the use cases (both primary and secondary) for the DRMS, as well as a comprehensive set of goals and metrics and an evaluation plan for the pilot. The report should meet the requirement in the Commission’s DSP rules and should include sufficient detail to identify interim and final objectives with a timeline for each and, wherever possible, measurable goals to allow for a thorough and streamlined review of performance.”² The Recommended Decision further stated that future cost recovery for the

¹ Settlement Agreement, ¶ 2, states that the Phase I DSP may need to be delayed up to 6 months and the Company may seek a waiver for such extension.

² Recommended Decision No. R23-0080, issued Feb. 2, 2023, at ¶ 82.

DRMS pilot may hinge on the Company's ability to report on progress to interim and final objectives.

7. No exceptions were filed, and Recommended Decision No. R23-0080 became the final decision of the Commission and resolved Phase I of the DSP process. Accordingly, the Company initiated Phase II of the DSP process and issued a competitive solicitation for non-wires alternatives (NWA). Consistent with the Settlement Agreement, the competitive solicitation covered two major grid distribution projects.

8. Public Service filed a Phase II DSP Report on August 25, 2023.³ In the Phase II DSP Report, Public Service stated that it issued the request for proposals for NWA on May 19, 2023, and closed the solicitation on June 28, 2023. It stated that while it conducted an outreach session in the Montbello neighborhood of the City and County of Denver, and it received one clarifying question on the solicitation and one notice of intent to bid, it did not receive any bids.

9. Public Service states several potential lessons learned for future NWA solicitations, among them that the timeline for the Phase II DSP process is compressed compared to the similar Electric Resource Plan process; that the requirement for a technology-neutral competitive solicitation makes it challenging to direct bidders to potentially successful solutions; and that a larger threshold for projects may create a better financial package for developers.

10. Public Service also provided updates on other activities related to the Settlement Agreement, including progress to initiate a technical working group facilitated by GridWorks, and

³ The Commission had previously granted an extension to the Phase II DSP Report deadline by Decision No. C23-0332, issued May 18, 2023.

hosting capacity activities, such as the selection of a vendor to streamline distribution load flow model processes. Specifically related to the DRMS pilot, Public Service states that its original use cases were to support activities addressed by Decision No. C22-0678, issued November 3, 2022, in Proceeding 21A-0625EG, including Renewable Battery Connect and pay-for-performance programs. It further states that it intends to link its DRMS pilot with a broader Distributed Energy Resource Management System (DERMS) roadmap, which will be an enterprise-wide strategy incorporating multiple DERs including electric vehicles, load control, and demand response. However, Public Service states that it has developed Renewable Battery Connect and pay-for-performance use cases into approximately 68 functional requirements, which it intends to use as the basis for a request for proposals in the first half of 2024.

11. On September 28, 2023, the Independent Evaluator, DNV, filed its report (IE Report) suggesting lessons learned from this first DSP process. The IE Report suggested conducting a request for information to better understand the market for NWA providers and reviewing the suitability criteria used to select projects, among other recommendations, to improve the DSP process.

12. No other parties filed comments in response to the Phase II DSP Report or the IE Reports.

13. Contemporaneous with the resolution of Phase II of Public Service's DSP, the Commission has initiated other proceedings which touch on issues relevant to load growth and DER management. In Proceeding No. 23M-0464EG, led by Hearing Commissioner Gilman, participants have provided information about barriers being experienced by local governments and developers as they seek to build new and sometimes all-electric affordable housing units, including variations in cost and timelines for distribution system upgrades. In Proceeding No. 23M-0466EG,

led by Hearing Commissioner Plant, participants have provided information on options for development of virtual power plant markets which may include NWA use cases and rely on systems such as a DERMS.

C. Findings and Conclusions

14. We acknowledge that Public Service has filed a Phase II DSP Report, followed by the filing of the IE Report, thus resolving Phase II of this DSP. While we find it unfortunate that no bids were received through the NWA solicitation, this is a first implementation for Colorado, and Public Service and the IE have stated initial perspectives on opportunities for improving the process in the future.

15. At the same time, we recognize the many activities that are underway that relate to thoughtful management of the electric distribution grid. The Settlement Agreement that was approved by Recommended Decision No. R23-0080 set forth a commitment by Public Service to more clearly articulate its vision for the distribution system, including its short-term and long-term objectives. We reiterate the significance of this provision for Public Service's next DSP application, as the DSP process is not simply a process of developing NWA projects but also of understanding how the distribution system will evolve to manage the integration of new DERs and consider the increasing impacts of electrification of buildings and transportation.

16. We remain disappointed in Public Service's failure to present clear and detailed information about the DRMS pilot in this Proceeding. We recognize that Public Service has described the prospect of integrating a DRMS into an overarching DERMS, which may be implicated in multiple proceedings. That said, Public Service has also stated that it intends to seek vendors for DRMS use cases, and it is unclear how this timing will relate to a next DSP application,

and therefore whether the RFP will be issued and a vendor selected before useful insights have been provided into the purposes of the DRMS. Public Service has not filed in this Proceeding the information the Commission previously directed, i.e., “a report that fully presents the use cases (both primary and secondary) for the DRMS, as well as a comprehensive set of goals and metrics and an evaluation plan for the pilot. The report should meet the requirement in the Commission’s DSP rules and should include sufficient detail to identify interim and final objectives with a timeline for each and, wherever possible, measurable goals to allow for a thorough and streamlined review of performance.” As stated in paragraph 82 of Recommended Decision No. R23-0080, the report should be detailed and descriptive, and the Commission should be able to understand what the Company’s objectives are for the pilot and how it will assess success. The high-level description in the Phase II DSP Report was insufficient. We remind the Company that recovery of DRMS pilot costs are contingent on being able to state the purpose of the pilot and to provide results. The Company must file in this Proceeding the report outlined by paragraph 82 within four weeks of the mailing date of this Decision.

17. With these caveats, we close the Proceeding but leave open this docket as a repository for reports in the Commission’s electronic filings system.

II. ORDER

A. It Is Ordered That:

1. The Commission acknowledges the filing of the Phase II Distribution System Plan Report of Public Service Company of Colorado (Public Service) and the filing of the Independent Evaluator Report, consistent with the discussion above.

2. We direct Public Service to file a report on use cases, goals, and objectives for the Demand Response Management System pilot within four weeks of the mailed date of this Decision, consistent with the discussion above.

3. We close the Proceeding but leave it administratively open as a repository for reports.

4. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
October 25, 2023.**

(SEAL)



ATTEST: A TRUE COPY

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

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

TOM PLANT

Commissioners