

Decision No. C24-0344

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 21A-0625EG

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS 2022–2025 RENEWABLE ENERGY COMPLIANCE PLAN.

COMMISSION DECISION GRANTING MOTION

Mailed Date: May 24, 2024

Adopted Date: May 15, 2024

I. BY THE COMMISSION

A. Statement

1. By Decision No. C22-0678, the Commission granted the Application for Approval of the 2022-2025 Renewable Energy Compliance Plan (Application, and RE Plan) filed by Public Service Company of Colorado (Public Service or the Company) as modified by an Unopposed Comprehensive Settlement Agreement (Settlement Agreement), with additions and clarifications.¹ Citing concerns about the scale of Community Solar Garden (CSG) capacity laid out in the Settlement Agreement—300 MW across competitive solicitation, Standard Offer, and Company-owned programs—and recognizing uncertainties related to macroeconomic trends, the Commission added a checkpoint regarding implementation of CSG programs. The Commission stated that it would review information on the Company’s request for proposal (RFP) process for reasonableness and consistency with the Settlement Agreement before the Company could initiate standard offer programs, specifically considering whether the final non-participant costs

¹ Issued November 3, 2022.

and customer acquisition approaches are reasonable.² Decision No. C22-0678 specifically directed the Company to file a motion containing the following information: the prices received during the competitive process; how Standard Offer prices would be calculated; a summary of customer acquisition plans, including enrollment practices for income-qualified (IQ) customers and customers in disproportionately impacted communities (DIC); and an overview of product offerings proposed by CSG developers.

2. By this Decision, the Commission grants the unopposed³ motion for a determination of reasonableness for the final non-participant costs and IQ/DI community customer acquisition approaches and authorizing the Company to move forward with its S*RC Standard Offer (Standard Offer Motion) filed on February 26, 2024.

B. Standard Offer Motion

3. In accordance with Decision No. C22-0678, Public Service states in the Standard Offer Motion that it received 77 bids with a total capacity of 236.7 MW and an average bid price of \$9.80/MWh for the General RFP and 79 bids with a total capacity of 210.5 MW and an average bid price of \$48.42/MWh for the IQ/DIC RFP. Public Service explains that it awarded eight General RFP projects with a weighted average bid price of -\$34.15/MWh and nine IQ/DIC RFP projects with a weighted average bid price of \$15.07/MWh. For the General RFP, the Company calculates the cost of year-one incentives as -\$2.7 million and 20-year

² Decision No. C22-0678, ¶¶ 65-67.

³ Parties to the Proceeding are the Colorado Office of the Utility Consumer Advocate (UCA), the Colorado Energy Office (CEO), Trial Staff of the Commission (Staff), the City of Boulder (Boulder), the City and County of Denver (Denver), the Colorado Solar and Storage Association and the Solar Energy Industries Association (jointly, COSSA/SEIA), Energy Outreach Colorado (EOC), the Environmental Justice Coalition,³ SunShare, LLC (SunShare), and Western Resource Advocates (WRA), and the Colorado Latino Forum, Cultivando, GreenLatinos, GRID Alternatives, Mothers Out Front, National Association for the Advancement of Colored People (NAACP) Denver Branch, Vote Solar, and Womxn from the Mountain (Environmental Justice Coalition).

incentives as -\$54.5 million, and the cost of year-one bill credits as \$6.4 million and 20-year bill credits as \$127.7 million. For the IQ/DIC RFP, the Company calculates the cost of year-one incentives as \$1.2 million and 20-year incentives as \$25 million, and the cost of year-one bill credits as \$7.1 million and 20-year bill credits as \$141.5 million. Public Service projects that it will be able to achieve at least 280 MW of CSG capacity over the course of the 2022-2025 RE Plan.

4. With regard to the calculation of the Standard Offer prices, the Company provides incentive levels derived from the weighted average cost of the winning bids in the competitive solicitation. The pricing covers three tranches of capacity. General Standard Offer pricing is calculated at $-\$0.03415/\text{kWh}$ for tranche 1, $-\$0.03757/\text{kWh}$ for tranche 2, and $-\$0.04132/\text{kWh}$ for tranche 3. IQ/DIC Standard Offer pricing is calculated at $\$0.01507/\text{kWh}$ for tranche 1, $\$0.01356/\text{kWh}$ for tranche 2, and $\$0.01221/\text{kWh}$ for tranche 3.

5. With regard to customer acquisition and program offerings, the Company provides bid application materials for winning bids in Highly Confidential Attachment 2. Public Service states that it has limited regulatory oversight with respect to CSG developers and there are no formal rules or regulations dictating the level of detail that CSG developers must provide in their bids.

6. Finally, the Company submits Attachment 3, which incorporates updates to the process of evaluating CSG projects for interconnection.⁴ Public Service describes the current process as complex and time-consuming, and states that it engaged in collaborative

⁴ Public Service requests that, if the Commission believes that approval is required for the updated process, its notice be construed as an unopposed motion for approval of the refinements in Attachment 3.

conversations with COSSA/SEIA and other entities to create this update. It represents that COSSA/SEIA and Denver specifically support the proposed refinements to the interconnection process, although COSSA/SEIA provided a conferral statement summarizing the agreed-to process as not perfect for the industry, but reflecting a balance of objectives, that will be assessed through a further conferral process between capacity releases.

7. Public Service represents that the Standard Offer Motion is unopposed. Accordingly, it seeks a waiver of response time.

C. Findings and Conclusions

8. We find good cause to approve the Standard Offer Motion, which is unopposed. Public Service's RFP results and filed approach to calculating the Standard Offer prices are consistent with the commitments in the Settlement Agreement the Commission previously approved. However, we note that circumstances have changed since the Settlement Agreement was originally approved by the Commission in significant ways.

9. First, we would like to see state policy and practices shift to ensure that CSGs deliver more robust value to the overall system. Public Service has proposed approximately \$2.2 billion in transmission upgrades in the Denver area, in part due to a lack of locally-sited generation resources such as CSGs.⁵ We are also concerned that continuing to move forward with CSG programs that fail to incorporate storage prevents CSGs from becoming as valuable as necessary to potentially reduce the Company's capital expenditures and peaks in demand at a time when such reductions are needed.

⁵ Proceeding No. 21A-0141E, Decision No. C24-0052, issued January 23, 2024, at ¶¶ 139-141.

10. Second, as the Commission identified previously,⁶ uncertainties remain about how the Inflation Reduction Act (IRA) and related federal legislation would be implemented when this Settlement Agreement was approved. We continue to be concerned that CSG programs that were designed before the IRA may not fully capture all of the value of tax credits and other incentives related to issues like siting in disadvantaged communities. We encourage utilities and other entities to continue to explore ways to maximize the benefits that can be derived from the IRA, which will serve to benefit future CSG subscribers.

11. Given the passage of time, we deny the request in the Standard Offer Motion for a waiver of response time as moot.

II. ORDER

A. The Commission Orders That:

1. The Unopposed Motion for a Determination of Reasonableness for the Final Non-Participant Costs and IQ/DI Community Customer Acquisition Approaches and Authorizing the Company to Move Forward with its S*RC Standard Offer filed by Public Service Company of Colorado on February 26, 2024, is granted, consistent with the discussion above.

2. The 20-day time period provided by § 40-6-114, C.R.S., to file an application for rehearing, reargument or reconsideration shall begin on the first day after the effective date of this Decision.

⁶ Decision No. C22-0678, issued November 3, 2022, ¶ 67.

3. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
May 15, 2024.**

(S E A L)



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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Commissioners