

Decision No. C25-0085-I

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 25A-0061E

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF PUBLIC SERVICE COMPANY OF COLORADO'S AGGREGATOR VIRTUAL POWER PLANT PROGRAM AND TARIFF, ALONG WITH ASSOCIATED PROGRAM BUDGET AND COST RECOVERY METHODOLOGY.

**INTERIM COMMISSION DECISION
ESTABLISHING SHORTENED NOTICE AND
INTERVENTION PERIOD AND SOLICITING FEEDBACK
OF POTENTIAL PROCEEDING CONSOLIDATION**

Issued Date: February 6, 2025

Adopted Date: February 5, 2025

TO THE PARTIES IN THIS MATTER AND ALL INTERESTED PERSONS, FIRMS, OR CORPORATIONS:

I. BY THE COMMISSION

A. Statement

1. This Decision establishes a shortened notice and intervention period for the Application for Approval of an Aggregated Virtual Power Plant (“AVPP”) filed by Public Service Company of Colorado (“Public Service” or the “Company”) on January 31, 2025 (“Application”).

2. Requests for intervention, including a Notice of Intervention by right of Staff of the Colorado Public Utilities Commission (“Staff”), shall be filed no later than **February 21, 2025**.

3. The Commission also solicits from the Company and potential intervenors their perspective on the potential consolidation of this Proceeding and the Company’s Distribution System Plan application (Proceeding No. 24A-0547E), or for other logistical suggestions as appropriate by the same date.

B. Discussion

4. Senate Bill (“SB”) 24-218 requires Public Service to file by February 1, 2025, an application to implement a virtual power plant (“VPP”) program, including a tariff for performance-based compensation for a qualified VPP, pursuant to § 40-2-132.5, C.R.S. The Company is required, among other things, to consider the role that VPPs can play in modeling and meeting system needs in the resource planning process and eligibility requirements for distributed energy resource (“DER”) aggregators and technologies. The Company must also establish requirements for DER aggregators including communication, dispatch, measurement and verification, and settlement of performance-based compensation. Public Service may set a cap for individual resource capacity and minimum aggregation capacity for participation in the VPP program.

5. SB 24-218 explains that “[v]irtual power plants can offer the potential to cost-effectively and reliably increase the grid value of distributed energy resources, limit costs for incorporating distributed energy resources, and increase the operational efficiency of the distribution system” § 40-2-132.5(1)(a)(XI), C.R.S. It also defines VPPs as a Commission-approved program that achieves the collective management of dispatchable demand or distributed energy resources connected to the utility distribution grid. § 40-2-132.5(2)(bb), C.R.S.

6. The Company proposes to spend about \$78.5 million to acquire 25 MW of capacity per year for a period of 5 years. Public Service explains that, per its proposal, customers could participate in the AVPP program through aggregators, who can be third parties or the Company. The Company suggests the AVPP program offers new opportunities for customers to receive compensation for their DER investments.

7. The Company explains it has two existing VPP programs currently: the Renewable Battery Connect and the Prime Time VPP project. The Aggregated VPP solicitation represented in the instant Application would be the Company's third effort focused on VPP programs. The AVPP would adopt technology neutral VPP concepts from third-party market suppliers and would pay for performance at a rate of: \$134/kW-year credit for generation benefits, \$21/kW-year credit for transmission benefits, and \$69/kW-year credit for distribution benefits. Distribution benefits would be available if the prospective VPP offering reduced system requirements on one of the Company's numerous constrained distribution feeders or banks. The Company calculated there are 372 feeders out of 809 total in the PSCo service territory, and 30 feeders out of 278 total, eligible for the distribution system credits. The Company explained that it calculated the credit values as the cost of the infrastructure, less Federal tax benefits, multiplied by a fixed carrying charge ranging from 10.25 percent for avoided distribution to 12.37 percent for avoided generation.

8. The Company also indicated prospective VPPs would be subject up to 100 load control events with a minimum of 1 per quarter, and that events could be up to 4 consecutive hours per day any day of the year.

9. Prospective aggregators would be evaluated on an array of criteria including experience, financial stability and whether there is outstanding litigation from a utility, Independent System Operator or Regional Transmission Operator.

10. PSCo calculates that, if the AVPP programs achieves the targeted 25 MW of capacity per year, the Company would receive a PIM performance incentive of \$3.84 million. The Company proposes to recover the costs associated with the AVPP program through the Energy Cost Adjustment and the DSP-proposed Grid Modernization Adjustment Clause riders.

C. Findings and Conclusions

11. Rule 4 *Code of Colorado Regulations* 723-1-1206(d) of the Commission's Rules of Practice and Procedure, states that unless shortened by Commission decision or rule, the intervention period for notice mailed by the Commission shall expire 30 days after the mailing date. Further, Rule 1206(3) requires the Commission's notice to state the date by which any objection, notice of intervention of right, or motion to permissively intervene must be filed.

12. The Commission notes that the proposed AVPP application may have overlapping factors, and interrelated impacts, with several other Public Service planning proceedings, including the Just Transition Solicitation for generation assets (Proceeding No. 24A-0442E); the Denver Metro Transmission CPCN (Proceeding No. 24A-0560E); and, perhaps most importantly, the Distribution System Plan ("DSP") (Proceeding No. 24A-0547E). We also note that these planning proceedings represent an extraordinary level of proposed investment in Company infrastructure and may cause sizable increases in ratepayer bills. We further note that, as referenced in SB 24-218, VPPs offer the potential to increase the utilization of infrastructure investment and the opportunity to mitigate future investment needs.

13. Accordingly, the Commission finds good cause to shorten the notice and intervention period so that we may be afforded the opportunity to consider the merits of Public Service's proposal in a broader and more holistic manner in order to serve future customer loads through the most cost-efficient portfolio of distribution infrastructure and VPP and load management programs possible. Thus, we find good cause to shorten the notice and intervention period. We establish a 15-day notice and intervention period from the effective date of this Decision. Requests for intervention, including a notice of intervention by right of Staff, shall be filed no later than **February 21, 2025**.

14. The Commission also requests comment from potential parties and the Company regarding the potential advantages and disadvantages to combining the VPP and DSP proceedings, or other logistical suggestions they may have. Responses to this solicitation for comment should be submitted with requests for party intervention or otherwise on **February 21, 2025**.

15. The Application is available for public inspection by accessing the Commission's E-Filings System at: <https://www.dora.state.co.us/pls/efi/EFI.homepage>. **This Decision is the Commission's notice that Public Service's Application for Approval of an Aggregated Virtual Power Plant has been filed.**

II. ORDER

A. It Is Ordered That:

1. Service of this Decision will provide notice of Public Service's application to all interested persons, firms, and corporations.

2. The notice and intervention period shall expire at 5:00 p.m. on February 21, 2025.

3. Any person desiring to intervene or participate as a party in this proceeding, including Staff of the Colorado Public Utilities Commission, shall file a petition for leave to intervene, or under the Commission's Rules of Practice and Procedure, 4 *Code of Colorado Regulations* 723-1, file other appropriate pleadings to become a party, no later than **February 21, 2025**.

4. All persons who file an objection, notice of intervention as of right, motion to permissively intervene, or any other appropriate pleading shall do so in accordance with the instructions set forth in the Commission's Rules of Practice and Procedure and this Decision.

5. The Company and all persons who file an objection, notice of intervention as of right, motion to permissively intervene, or any other appropriate pleading, are also requested to

comment on the advantages or disadvantages of combining or otherwise aligning this Proceeding with Proceeding No. 24A-0547E.

6. This Decision is effective immediately upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
February 5, 2025.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

TOM PLANT

Commissioners