

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 19M-0661EG

IN THE MATTER OF THE IMPLEMENTATION OF § 40-3-117, C.R.S. REGARDING AN
INVESTIGATION INTO PERFORMANCE-BASED RATEMAKING.

**INTERIM DECISION OF
HEARING COMMISSIONER
JOHN GAVAN
REQUESTING COMMENTS ON DISTRIBUTED
ENERGY RESOURCES AND CARBON EMISSIONS**

Mailed Date: May 6, 2020

I. STATEMENT

1. On December 5, 2019, the Commission issued Decision No. C19-0969 opening this Proceeding, exploring performance-based regulation and performance-based incentive mechanisms in regulation of Colorado's investor-owned electric and gas utilities. In Decision No. C19-0969, the Commission stated that the sole purpose of this Proceeding is to address the requirements of § 40-3-117, C.R.S., and submit, by November 30, 2020, a requisite report to the Senate Transportation and Energy Committee and the House of Representatives Energy and Environment Committee. Additionally, this Proceeding serves as a repository for the filing of comments, studies, and analyses, and will serve as a platform from which to conduct workshops and Commissioner Informational Meetings, pose questions, discuss processes, and issue orders.

2. Section 40-3-117(1), C.R.S., directs the Commission to investigate:

financial performance-based incentives and performance-based metric tracking to identify mechanisms that may serve to align regulated utility operations, expenditures, and investments with public benefit goals including safety, reliability, cost efficiency, emissions reductions, and expansion of distributed energy resources.

3. Through Recommended Decision No. R19-1002-I, issued December 16, 2019, comments and reply comments on safety, reliability, and customer service were solicited. Responsive comments were filed by a number of participants and a workshop to discuss comments was held on February 21, 2020.

4. Through Decision No. R20-0127-I, issued February 26, 2020, comments and reply comments on cost efficiency were requested. Responsive comments were filed by numerous parties. By Decision No. R20-0239-I, issued April 13, 2020, the workshop scheduled for April 21, 2020 was postponed.

5. This Decision establishes a schedule for a round of comments addressing the statute's stated public benefit goals of carbon emissions reductions and distributed energy resources (DERs).

A. Discussion

6. Decision No. C19-0696 established that the purpose of this Proceeding is to address the requirements of § 40-3-117, C.R.S., and specifically to submit the required report to the Senate Transportation and Energy Committee and the House of Representatives Energy and Environment Committee. Comments are urged to be submitted in this Proceeding that will assist the Commission in preparing that report.

7. Parties are encouraged to provide comments that are responsive to the following questions:

- a) What incentives and disincentives do Colorado IOUs currently have to expand DERs?
- b) Will the expansion of DERs create any stranded assets?
- c) Does expansion of DERs provide greater opportunities for investor-owned utilities to create value for their current investors?

- d) What metrics can be used to measure the ability of DERs to reduce overall system costs by avoiding or deferring transmission and distribution system upgrades?

8. Comments responsive to these questions will be due on Friday, June 5, 2020.

Reply Comments will be due on Friday, June 26, 2020.

9. A workshop addressing the public benefit goals established by § 40-3-117(1), C.R.S., will be scheduled by a separate order.

II. ORDER

A. It Is Ordered That:

1. Comments on performance based regulation as it relates to carbon emissions reductions and distributed energy resources and in response to the questions posed above are due by 5:00 p.m. on Friday, June 5, 2020.

2. Reply Comments are due by 5:00 p.m. on Friday, June 26, 2020.

3. This Decision is effective immediately.

(S E A L)



THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JOHN GAVAN

Hearing Commissioner

ATTEST: A TRUE COPY

Doug Dean,
Director