

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 25A-0194E

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS 2026-27 RENEWABLE ENERGY COMPLIANCE PLAN, DISPATCHABLE DISTRIBUTED GENERATION PROCUREMENT PROPOSAL, AND CORRESPONDING MODIFICATIONS TO ITS RENEWABLE ENERGY STANDARD ADJUSTMENT AND ELECTRIC COMMODITY ADJUSTMENT COST RECOVERY MECHANISMS.

**INTERIM COMMISSION DECISION
DEEMING APPLICATION COMPLETE, REFERRING
PROCEEDING TO AN ADMINISTRATIVE LAW JUDGE,
SETTING RESPONSE TIME TO MOTION TO EXTEND
THE 2022-2025 PLAN, ADDRESSING PROGRAMS
RELATED TO OTHER COMMISSION PROCEEDINGS,
AND REQUIRING SUPPLEMENTAL DIRECT
TESTIMONY**

Issued Date: July 21, 2025

Adopted Date: July 2, 2025

TABLE OF CONTENTS

I.	BY THE COMMISSION	2
A.	Statement	2
B.	Procedural History	2
C.	Discussion, Findings, and Conclusions	5
1.	Completeness of Application	5
2.	Referral to an Administrative Law Judge.....	5
3.	Response Time to Motion to Extend 2022-2025 RE Plan	6
4.	Discussion on Programs Related to Other Proceedings	6
D.	Supplemental Direct Testimony	7
II.	ORDER.....	9
A.	It Is Ordered That:	9
B.	ADOPTED IN COMMISSIONERS' WEEKLY MEETING July 2, 2025.	10

I. BY THE COMMISSION**A. Statement**

1. By this Decision, the Commission deems complete, for purposes of § 40-6-109.5, C.R.S., and refers to an Administrative Law Judge (“ALJ”) the Application for Approval of the 2026-2027 Renewable Energy Compliance Plan (“RE Plan”), Dispatchable Distributed Generation (“DDG”) Procurement Proposal, and Corresponding Modifications to the Renewable Energy Standard Adjustment (“RESA”) and Electric Commodity Adjustment (“ECA”) Cost Recovery Mechanisms (“Application”), filed on May 12, 2025, by Public Service Company of Colorado (“Public Service” or the “Company”). In addition, this Decision directs Public Service to file Supplemental Direct Testimony on certain issues as discussed below.

B. Procedural History

2. On May 12, 2025, Public Service filed its Application seeking Commission approval to continue, modify, and add programs promoting distributed renewable energy resources (“DER”) that will cumulatively total more than 230 MW in addition to securing 100 MW of new DDG resources. Public Service also submitted pre-filed Direct Testimony and accompanying attachments of four witnesses in support of the Application.

3. The two-year focus of the RE Plan ties directly to provisions in Senate Bill (“SB”) 24-207. Section 40-2-127.2, C.R.S., introduces a new paradigm for community solar gardens (“CGSs”) called Inclusive Community Solar (“ICS”) where at least 51 percent of CSG capacity is reserved for subscribers who are income qualified. Public Service is required to “make available an annual capacity allocation” for ICS of at least 50 MW each year in 2026 and 2027. Public Service must acquire the entire electrical output of an ICS in exchange for billing credits paid directly by the Company to the CSG subscribers over 20 years. Section 40-2-130.5, C.R.S.,

introduces DDG as “distributed generation paired with a co-located energy storage system” and is “directly interconnected to an investor-owned electric utility's distribution system and is not behind a customer meter.” Public Service must acquire at least 50 MW of DDG on or before June 1, 2026, and at least another 50 MW before June 1, 2027.

4. In sum, Public Service asks the Commission to approve the Company’s proposed: acquisition plans and incentive levels for its Solar*Rewards program; ICS offering, and the associated acquisition process, budget and program parameters; DDG procurements and associated acquisition process, budget, and program parameters; acquisition plans and incentive levels for its Off-Site Net Metering and Renewable Battery Connect programs; and budget, including a budget flexibility proposal.

5. By the Application, Public Service further seeks authorization: to increase its RESA collections from the current 1 percent surcharge to a 2 percent surcharge; to draw down on the current RESA surplus over a four-year period; and to simplify the way both RE Plan costs and the costs of utility-scale renewable energy resources are recovered through both the RESA and the ECA.

6. In addition, Public Service asks the Commission to establish a deadline of 90 days after a final decision in this proceeding to implement a consolidated billing program for CSG subscribers. Public Service likewise seeks approval of a consolidated billing fee to cover maintenance and administration costs accounted for in the RESA.

7. Finally, Public Service asks authorization to defer expenses associated with preparing and litigating this proceeding.

8. Concurrent with its Application, Public Service filed an Omnibus Motion. Within the motion, for example, Public Service requests a waiver from the “10 percent cap” on

administrative costs in Rule 3661(d). Instead of setting an administrative budget equal to 10 percent of projected RESA collections, Public Service puts forward a “bottom up” budget for its expected administrative expenses. Public Service states that as its RE programs continue to grow in complexity and the Company launches additional statutorily required programs, such as the ICS program and DDG, an administrative budget cap is becoming a limiting factor in the Company’s ability to properly administer its programs. Another waiver request within the Omnibus Motion addresses Public Service’s proposal for a flexible interconnection process vis-à-vis the Commission’s interconnection rules for DER currently in effect. The Omnibus Motion also requests several other waivers, some that tie renewables planning with the Company’s Electric Resource Planning and others that address differences between the CSG being developed now and the CSG that will function as ICS. The Omnibus Motion further includes a motion for extraordinary protection of certain information the Company claims to be highly confidential.

9. Notably, Public Service requests within the Omnibus Motion that the Company’s 2022-2025 RE Plan, with certain exceptions, be extended until the new RE Plan goes into effect (“Motion to Extend”). Public Service admits that the filing of its Application was delayed, explaining, for instance, that the 2022–25 RE Plan is set to expire December 31, 2025, and that it is uncertain when the 2026–2027 RE Plan will be approved and in place before the current plan expires. Public Service requests that the Commission rule on the Motion to Extend at the outset of this proceeding, after parties have had an opportunity to respond.

10. The Commission issued a Notice of Application Filed on May 15, 2025. The Notice set a 30-day intervention period that ran through June 16, 2025.

11. Notice of intervention of right were timely filed by Trial Staff of the Commission (“Staff”), the Colorado Office of the Utility Consumer Advocate (“UCA”), and the Colorado Energy Office (“CEO”).

12. Requests for intervention were also filed by the City of Boulder; Energy Outreach Colorado; Colorado Solar and Storage Association, Solar Energy Industries Association, and the Coalition for Community Solar Access, jointly; Climax Molybdenum Company; Western Resource Advocates; Pivot Energy; and Sunshare.

13. Staff, UCA, and Pivot specifically request an evidentiary hearing.

14. By Decision No. C24-0483, issued June 26, 2025, the Commission tolled the determination of the completeness of the application, stating that the Commission will determine the completeness of the Application for purposes of § 40-6-109.5, C.R.S., by separate future decision.

C. Discussion, Findings, and Conclusions

1. Completeness of Application

15. The Commission finds the Application meets the application requirements prescribed by Commission rule and decision and therefore deems the Application complete on the Issued date of this Decision for purposes of the statutory timelines in § 40-6-109.5, C.R.S.

2. Referral to an Administrative Law Judge

16. We refer the Application to an ALJ for determination of its merits, including disposition of motions for intervention. The ALJ will set a hearing date and establish other procedures by separate decision(s).

3. Response Time to Motion to Extend 2022-2025 RE Plan

17. We agree with Public Service that a determination on its Motion to Extend should be made early in this Proceeding. Accordingly, responses to the portion of the Omnibus Motion filed with the Application setting forth the Motion to Extend shall be filed no later than 14 days from the Issued Date of this Decision.

4. Discussion on Programs Related to Other Proceedings

18. Certain of the DER programs described in Public Service's RE Plan have a relationship to issues being examined in other ongoing or future proceedings. The two specific programs we highlight are the DDG procurements and the Renewable Battery Connect program. These elements of the RE Plan challenge us in ensuring their optimal implementation, especially given the flexibility they can cost-effectively offer Public Service's system.

19. For instance, the Renewable Battery Connect program is being presented here for approval, but the Commission has already directed Public Service to present a full ecosystem of demand response resources in its forthcoming demand-side management and strategic issues proceeding.¹ It is also possible that Renewable Battery Connect could reveal value in the Company's ongoing Distribution System Plan case (Proceeding No. 24A-0547E). In general, we seek assurances that, given the significant overlap the program has with demand response, we will be able understand the full value of these resources. We anticipate the Commission will continue to be challenged in ensuring that program design, including total value to the system and incentive structures, is optimized across proceedings to ensure we are able to provide the best holistic value to ratepayers and wish to highlight the need for a strategic and iterative approach here.

¹ Decision Nos. C24-0671 and C25-0808, Proceeding No. 23A-0589EG.

20. Likewise, we are interested in learning how Public Service is planning to integrate the DDG procured pursuant to the RE Plan with the resources that would be deployed through the developing virtual power plant (“VPP”) resources that is also being reviewed in the Company’s Distribution System Plan case. Similar to the Renewable Battery Connect program, maximizing the benefit to ratepayers may require a thoughtful and strategic approach which considers costs and alternatives being evaluated in other proceedings, as well as within the RE Plan itself.

21. Furthermore, across several recent and ongoing proceedings, Public Service is proposing tens of billions of cumulative dollars of capital spending which appears to be primarily driven by 150 to 250 hours of peak loads. We are again interested in exploring in this Proceeding how to begin compensating DER programs in a way that value’s their contributions to the system, including the provision of capacity offsets that target those peak hours driving increased utility costs. Specifically, we are interested in Public Service addressing DER as an offset to customer load on the distribution system (in ways that produce avoided generation, transmission, and distribution cost savings) and not as a supply resource with a deemed capacity credit for resource planning on the bulk system, as Public Service is modeling DER as a capacity resource in the Just Transition Solicitation (“JTS”) electric resource plan (“ERP”) proceeding (Proceeding No. 24A-0442E).

D. Supplemental Direct Testimony

22. We find good cause to require Public Service to file additional Supplemental Direct Testimony addressing the following requests.

23. In the past, when substantial amounts of coal and natural gas generation was used as fuel to provide service to Public Service’s electric utility customers, standalone distributed solar often seemed highly attractive as it reduced both fuel costs and emissions. However, as the coal

plants are retired and are replaced by utility-scale solar, the value of standalone distributed solar may be declining, just as suggested by the analyses presented in Public Service's electric resource plan proceedings. For instance, in the Company's ongoing JTS case, Public Service appears to claim that there is no capacity value for distributed solar in the winter, and only a 10 percent capacity value in the summer. In its prior ERP case (Proceeding No. 21A-0141E), the Company found that distributed solar mainly offset utility-scale solar generation.

24. In the instant Application filing, Public Service projects expenditures of approximately \$730 million associated with the RE Plan to be incurred over 20 years. About \$181 million of that amount relates to the billing credits paid to customers expected to participate in the Company's Off-Site Net Metering program. Given this level of overall projected expenditures and the related impacts on RESA collections (and potentially other rates), we direct Public Service to submit Supplemental Direct Testimony, for informational purposes, explaining the projected number of participating customers associated with the \$181 million cost estimate for Off-Site Net Metering and recalculating the number of customers who would participate if program was projected to cost half of what the Company is instead projecting (*i.e.*, \$90 to \$100 million over the twenty years instead of \$181 million).

25. In addition, as a second topic to be addressed in Supplemental Direct Testimony, we direct Public Service to file in this Proceeding, a base long term rate forecasting model in the same form as was filed in the Company ongoing Distribution System Plan case. Two runs of the model shall be presented: one with all the distributed solar that the Company is forecasting over the next 20 years in the JTS case including all incremental behind-the-meter ("BTM") solar and

community solar garden (CSG) projects after 2025,² and the other without the incremental BTM and CSG projects. Examination of this long term rate forecasting model is necessary within this Proceeding given the tens of billions of cumulative dollars of capital spending Public Service is proposing for the future across multiple past and ongoing proceedings as mentioned above. We are further concerned about accurately calculating lost revenues from continued distributed solar deployment, and thus ask Public Service to analyze this issue using the long term rate forecasting model, again with and without all the distributed solar as summarized in the Company's projections as present in the JTS case.

II. ORDER

A. It Is Ordered That:

1. The Application for Approval of the 2026-2027 Renewable Energy Compliance Plan, Dispatchable Distributed Generation Procurement Proposal, and Corresponding Modifications to the Renewable Energy Standard Adjustment and Electric Commodity Adjustment Cost Recovery Mechanisms, filed by Public Service Company of Colorado ("Public Service") on May 12, 2025, is deemed complete on the Issued Date of this Decision, for purposes of § 40-6-109.5, C.R.S.

2. The matter is referred to an Administrative Law Judge ("ALJ") for disposition. The assigned ALJ shall set a hearing date, rule on interventions and other outstanding motions, and establish other procedures by separate decision(s).

² See PSCo 2024 Just Solicitation Transition Application, Proceeding No. 24A-0442E, HE 101, Att JW1-2, Volume 2, Technical Appendix, Table 2.11-16, at p. 194 (showing that the Company forecasts BTM solar to increase from 664 MW in 2025 to 2330 MW in 2045 and CSGs from 315 MW in 2025 to 1339 MW in 2045 for a combined distributed solar increase of 2,690 MW from 979 MW in 2025 to 3,669 MW in 2045). The purpose of the Supplemental Direct Testimony (SDT) request is to ask the Company to model in Encompass the costs and benefits of adding this 2,690 MW of distributed solar versus not adding it in an environment where utility-scale solar may be increasingly being curtailed. Given the difference between these two Encompass modelling runs, this SDT request further asks the Company to conduct two long-term rate forecast modelling runs, showing the impact on customer rates with and without the additional 2,690 MWs of distributed solar, including fully accounting for lost customer revenues.

3. Consistent with the discussion above, responses to the request to extend the 2022-2025 Energy Compliance Plan until the 2026-2027 Renewable Energy Compliance Plan goes into effect shall be filed no later than 14 days following the Issued Date of this Decision.

4. Public Service shall file Supplemental Direct Testimony in this Proceeding, consistent with the discussion above. The filing deadline for the Supplemental Direct Testimony will be set by separate decision when the assigned ALJ adopts a procedural schedule for this Proceeding.

5. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
July 2, 2025.**

(S E A L)



ATTEST: A TRUE COPY

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