

Summary of Commission Directives for Xcel Energy's (Public Service Company of Colorado) July 1 Combined Application

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CWM

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Presentation Disclaimer

The summary presented in this presentation is intended as a discussion aide for the Commissioners. It is not a substitute for the written decisions in the relevant Proceedings and should not be relied upon for compliance. Xcel Energy (Public Service Company of Colorado) and relevant parties should refer to the written decisions in Proceedings 22A-0309EG, 23A-0392EG, 23A-0242E, 23A-0589EG, and 25A-0036E-or other applicable decisions when developing the Plan.

The Commission directed Xcel to include more than 60 items in its July 1 combined application

- Commission Advisors reviewed final decisions in each case and compiled the Commission directives that apply to the July 1 filing.* This presentation includes a summary of our findings.
- Timeline of final decisions included:
 - Demand-side Management-Strategic Initiatives (DSM-SI): August 8, 2023
 - Transportation Electrification Plan (TEP): June 26, 2024
 - Clean Heat Plan (CHP): August 21, 2024
 - Demand-side Management and Beneficial Electrification Plan (DSM-BE): November 7, 2024
 - On-bill Financing (OBF): January 14, 2026

*Note: This compilation does not include all application requirements for each Plan, but reflects the specific directives included in the decisions above that are relevant to the July 1 combined filing.

DSM-SI Directives in 22A-0309EG

- **New DSM Potential study.** Provide a new or updated DSM Potential Study that projects annual estimates for new homes and buildings, major dwelling retrofits, net-to-gross indices of various measures, and includes other necessary analysis to evaluate DSM implementation thus far and in the future.
- **Methane Leakage.** Consider emissions from distribution system leakage, behind-the-meter (BTM) emissions, and upstream emissions when calculating cost-effectiveness of DSM measures, including beneficial electrification.
- **Discount Rates.** Present two cost-effectiveness analyses in future DSM plans, one that uses the weighted average cost of capital (WACC) to discount future costs and benefits of DSM, and another that uses 2.5% rate for customer-focused costs and benefits and the WACC for company-related or infrastructure investments.
- **Income Qualified/Disproportionately Impacted Communities (IQ/DI Communities).** Refine program offerings and eligibility requirements for DI Communities into IQ programs. Develop budgets for non-IQ offerings to DI Communities, incremental to the IQ budget. Use an mTRC greater than 1.0 at the project level when assessing cost-effectiveness. Demonstrate progress on shifting to proportional spending. Submit testimony regarding the continued appropriateness of excluding the savings associated with third-party contributions from cost-effectiveness calculations.
- **Advanced Metering Infrastructure (AMI).** Develop a suite of full, scalable programs that show AMI is cost-effective and optimizes the use of grid infrastructure.
- **Negative Avoided Costs.** Exclude negative avoided costs during periods when renewable generation is curtailed.

DSM-SI Directives in 22A-0309EG (cont.)

Demand Response (DR). Include consistent metrics and communications using gross values going forward. Develop a proposal to bring more competition into the multifamily program to incent high-efficiency, affordable new construction. With input from stakeholders, amend or complete a new DR Study in time for the next Electric Resource Plan (ERP) and Strategic Initiatives filings that includes:

1. An assessment of key new technologies and their potential (including battery storage and previously approved investments in new DR capabilities, like DRMS);
2. A holistic look at load reduction strategies measurements and strategies that includes demand management, demand flexibility, and other strategies;
3. Identification of the different use cases, from intraday balancing, to handling of the top dozen or so annual peaking events, to emergency reliability-related DR needs;
4. Identification of types of programs and designs most suitable for each use case and the potential and relative economics associated with each
5. A comprehensive look of other programs throughout the country and an updated baseline capturing other programs already developed but not considered in the baseline in the current study;
6. Total and DR-participating number of customers with central AC or ASHPs;
7. Total and DR-participating number of customers with smart thermostats;
8. Total and DR-participating number of customers with higher-voltage (i.e., Level II) EV chargers
9. Total and DR-participating number of industrial customers

DSM-SI Directives in 22A-0309EG (cont.)

- **Avoided Energy & Emissions Calculations.** Calculate avoided electric capacity costs based on marginal resource from last ERP as defined by an EnCompass run with an incremental 50 MW load.
- **Proxy Plant Methodology.** Continue presenting costs using the historical methodology until the Commission approves the new proxy plant methodology.
- **Performance Incentive Mechanisms (PIMs).** Report on the appropriateness of an IQ/DI threshold for the Energy Efficiency (EE) PIM. For the EE PIM, increase the slope by which Xcel 's share of net economic benefits increases by 1.5% for every additional 5% of achievement once the electric EE annual savings goal is met. Consider diverse outcomes (e.g., financial impacts from electric only customers versus gas and electric customers) when proposing future changes to the BE PIM. Work with stakeholders to account for how multiple customer use cases could impact the basis for the financial incentive. Propose a revised DR PIM tied to: (a) net economic benefits and (b) unique program capacity and callability attributes for each DR platform in the portfolio. Use the Company's WACC for the discount rate for the PIMs.
- **Gas Demand Response.** Propose a more geographically-focused methodology for identifying capacity constrained portions of the system for targeted DSM, which helps the Commission better understand the potential for targeting demand response. In implementing the methodology, utilize some of the information provided by the Company about the potential value of demand reductions in areas with capacity constraints. Submit concrete proposals on gas DR program changes or new or different concepts, given the existing gas DR pilot's failure to produce meaningful results and the exhibited flaws in its design and execution.

CHP Directives in 23A-0392EG

- **PIMs.** Propose and thoroughly evaluate a single, consistent mechanism to incentivize the Company effectively and efficiently. The incentive mechanism should look to establish a symmetrical incentive and penalty structure around GHG emissions across the system and their cost effective achievement.
- **Program Uniformity.** Make programs consistent and uniform regardless of the source of funding. Make DSM and BE programs available and consistently administered to all gas customers regardless of whether the Company provides both fuels.
- **Workforce.** Establish a working group with Local 720, Pipefitters Unions, and other interested stakeholders. Amend the five-step process to identify workforce needs to effectively expand the DSM and BE industries to reach the emissions targets in SB21-264. Consider how ground source heat pumps and networked geothermal systems could displace the need to transition workers traditionally working on the pipes within the gas LDC system.
- **IQ/DI Communities.** Prioritize interventions to spur adoption in BE technologies like point of service rebates and inclusive financing options. Encourage IQ and DI customers to enroll in programs like Percentage of Income Payment Plans (PIPP), any demand response or efficiency programs the Company offers, and relevant utility, local, state, and federal programs to improve building envelope weatherization and efficiency.
- **Cold Heat Pumps.** Submit an evaluation of the costs and benefits of cold climate heat pumps and trends in customer technology adoption.
- **Other.** The Commission plans to address the 2028 budget and associated emission reduction goals.

TEP Directives in 23A-0242E

- **Cost Benefit Analysis (CBA).** Improve CBA assessment capabilities to evaluate impacts of transportation programs measured against other regions in and out of the state. The CBA should assess Electric Vehicle (EV) adoption across various socioeconomic classes, including IQ customers and DI Communities.
- **Rate Impact Methodology.** Refine to account for full cost of incremental electricity sales driven by EV adoption.
- **Public Charging Acceleration Network (PCAN).** Report on all performance failures in the subsidized public charging stations in the PCAN portfolio.
- **Residential Portfolio.** Propose an on-bill financing program to reduce financial barriers from upfront costs of L2 charger installations. Provide detailed information on the value of charging flexibility. Do more to ensure that the TEP does as much as possible to put downward pressure on rates, to improve the use of the grid, and to ease the integration of renewable resources in compliance with § 40-5-107(2)(a), C.R.S.. Incentivize EV owners to choose the Charging Perks program over the Optimize Your Charge (OYC) program when they are first introduced to the Company's managed charging programs. Increase the annual participation incentive for the Charging Perks program from \$50 to \$150. Actively work to communicate and treat Charging Perks as the preferred charging management option. Include a full analysis of the challenges and opportunities for dynamic EV charging rates. Provide a thorough analysis of the current and future benefits provided by the Charging Perks program, including how the program is being used to shift load to benefit the grid, reduce ratepayer costs, and reduce curtailment-with accompanying data on the number of participants, proxy price variation to modify EV charging behavior on an hourly and seasonal basis, and estimates of load reduction during peak hours, and reduced curtailment due to the program. Use on-bill financing to support customers in the EV Accelerate at Home (EVAAH) program in place of the utility ownership model used thus far.
- **Plan Administration Budget.** Provide additional detail on line items such as the capital component.
- **Other.** The Commission plans to take up the merits of a wind-down of the TEPA rider.

DSM-BE Directives in 23A-0589EG

- **Data Uniformity.** Represent proposed and reported spending and savings levels uniformly as \$/MWh (electricity saved) and \$/MDth (gas saved) or GWh/\$ million (electric) and MDth/\$ million (gas) invested
- **Rebate and Program Design.** File the proposed final rebate and program mechanics in the next SI filing, including the GBGB model and similar evaluations used to evaluate and set program rebates and other incentives.
- **PIMs.** Use the results from the DSM PIM achieved via the plan period to determine if the most prudent ongoing design for the PIM is upside only with a deadband, or if the design should be modified to include a downside for underachievement.
- **Customer/Contractor Communication.** Revise terminology on program offerings in its customer- and contractor-facing materials to better align with federal, state, or industry standard terminology where appropriate.
- **AC Rewards.** report on its evaluation of the cost effectiveness of extending its AC Rewards program to individually-metered multifamily customers. Provide a recommendation on whether the program should be extended to those customers and any program modifications necessary to do so.
- **Estimated Bill Impacts.** Evaluate opportunities to either develop tools and resources or endorse further methodologies for contractors to use to provide customers with estimated bill impacts from various measures in the Plan.
- **Targeted Demand Areas (TDA).** If a TDA is proposed, include a TDA prioritization framework and address how this is coordinated with or complementary to the Gas Infrastructure Plan.

DSM-BE Directives in 23A-0589EG (cont.)

- **GBGB Model.** Submit the GBGB model in executable format and support it via direct testimony in its next SI proceeding, alongside other executive models used internally to evaluate DSM program capabilities. The Company must support and provide sources for major assumptions used in the GBGB model with direct testimony.
- **Calculating EE/BE Savings.** If the final Commission decision in the CHP proceeding authorizes the Company to capitalize its approved EE and BE incentives with a four-year (or longer) amortization schedule and a return set at the Company's Weighted Average Cost of Capital (WACC), then the Company will proportionally allocate energy savings from measures incentivized using both CHP and DSM/BE Plan funding based on the relative incentive amount, when calculating PIM amounts under the mechanisms approved in the SI Proceeding. If the final CHP decision does not authorize capitalization, a four-plus year amortization schedule, and a return at the Company's WACC for EE/BE measures, then the Company may claim the full savings of those measures in calculating its EE and BE PIMs in this plan.
- **Cost-effectiveness Analysis.** File an updated evaluation of, and opportunities to improve, the BE program's cost-effectiveness in its 2026 DI, DSM, and CHP applications

OBF Directives in 25A-0036E

- **Areas of Interest.** In preparing for the next OBF filing, focus on the following objectives and areas of interest: rate buy downs for targeted customers to 0 percent and 2 percent for all other customers; application of rebates prior to financing; eliminating the possibility of disconnection when a customer has paid for their utility service; the establishment of a loan loss guarantee or reserve applicable to all customers as outlined during the Proceeding which would provide credit enhancement to lower overall costs of financing; and the employment of a cost benefit analysis using a modified utility cost test as a primary metric.
- **Loan Loss Reserve.** Establish a loan loss reserve as a regulatory asset. Work with CCEF to reduce the initial interest rate by 0.5%. File a report detailing the impact of the loan loss reserve on the OBF program.
- **Cost-Benefit Analysis (CBA).** File a CBA using a modified utility cost test that captures the costs to the rate base against the societal and system benefits. The cost-benefit analysis shall be in executable format with the inputs clearly identified so different assumptions can be tested. Include the MTRC, the PCT, and the RIM test in addition to the modified UCT. Submit the CBA in executable format with the inputs clearly identified so different assumptions can be tested.
- **Eligible Measures.** Work with CCEF to include all rebate-eligible measures related to EE, BE, and building envelope measures. With CCEF to publish a final list of permanent EE and BE measures that CCEF can support at program launch.
- **Loan Duration.** Keep working with CCEF to develop >10 year repayment terms based on weighting (by cost) of the useful lives of the bundled measures included in the financing according to their useful lives. File an update regarding the progress on this issue in the 2026 DSM-BE filing.

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