



April 28, 2008

Ron Binz, Chairman
Colorado Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202

RE: Comments on Docket No. 07A-447E, Public Service Company of Colorado 2007 Colorado Resource Plan

Dear Mr. Binz:

The Rocky Mountain Climate Organization (RMCO) offers the following comments on Docket No. 07A-447E, Public Service Company of Colorado's application for approval of its 2007 Colorado Resource Plan (also termed its Electric Resource Plan [ERP]). To some extent, our comments also apply to Docket No. 07A-420E, Public Service's application for approval of its Enhanced Demand Side Management plan, which is currently pending action by the Commission, but is also a component of Public Service's ERP.

Generally, we commend Public Service for proposing a plan that would exceed the requirements of recent legislation affecting its demand side management (DSM) programs and its renewable energy sources (RES) portfolio. We observe, however, that by Public Service's own calculations, its ERP would achieve a 10% reduction in carbon dioxide emissions by 2017.

This leaves Public Service far short of the recent request by Governor Bill Ritter, Jr., that the PUC seek from investor-owned utilities an ERP that would achieve a 20% reduction in greenhouse gas emissions from 2005 levels by 2020, per Executive Order D 004 08 on April 22, 2008. Public Service Co. When Governor Ritter first proposed a statewide goal of a 20% reduction by 2020 at the November 2007 announcement of his Climate Action Plan, Public Service President Tim Taylor stood by the Governor's side in support. While Public Service's PUC application does describe a bridging strategy to position it to attain that goal in future filings, we believe that alternatives are available to Public Service now that would enable it to come closer to attaining the Governor's goal. Those alternatives are described in our comments below.

RMCO is a mainstream coalition with 47 partner organizations, including 17 local governments, Colorado's largest water provider, 17 businesses, and 12 nonprofit organizations. We work to keep the West a special place by reducing climate disruption and its effects here.

Our comments are based on the November 2007 report of the blue-ribbon Climate Action Panel (CAP), whose work constituted the first stage of our Colorado Climate Project. The CAP was convened by RMCO to recommend actions to reduce Colorado's contribution and vulnerability to climate change. In general, RMCO recommends that the Commission take actions in this proceeding that are consistent with those recommendations. Doing so will be essential to the ability of Colorado to achieve the new state

goals for reductions of greenhouse gases, as set by Governor Ritter in his adoption of the goals recommended by our CAP.

Patterned after projects to develop climate action agendas in other states, including many in the West, the Climate Action Panel was the first in the nation to be convened by a non-profit organization. One key similarity between the Colorado Climate Project and many of the state-government efforts around the country is that this project was carried out as a partnership between RMCO and the Center for Climate Strategies (CCS, www.climatestrategies.us), which provided facilitation services and performed the technical analyses for this project, as CCS has done for government advisory panels in other states. The technical analysis provided by CCS's team of experts provided an informational and analytic grounding for the CAP's work that far exceeds that of most blue-ribbon panels.

Appointed by a representative group of ten Project Directors (two of whom were Commissioner Matt Baker, in his previous capacity as Executive Director of Environment Colorado, and the person then serving as president of the Public Service Company of Colorado), the 34-member CAP was comprised of leaders from the state's public, private, and non-profit sectors. Public Service had a representative on the CAP. The CAP recommended 70 actions to be taken in Colorado, consisting of 55 recommendations to reduce heat-trapping greenhouse gases (GHGs), several of which are highly relevant to this proceeding, and 15 recommendations to prepare the state for the changes that may be coming. Counting those who worked on six policy work groups that supported the panel's work, 116 Coloradans participated in the process that culminated in the adoption of the panel's recommendations. The year-long process built a strong consensus, with 61 of the 70 recommendations agreed to unanimously, with seven others agreed to by super-majority votes (with five or fewer dissents).

To continue the consensus-building success of the CAP, RMCO is now in the second stage of the Colorado Climate Project, in which we are continuing to work with diverse organizations and interests to flesh out details for implementation of panel recommendations, to build broad public support for the recommendations, and to get them adopted.

In the following comments we provide a description of the process which facilitated the adoption of the CAP's full set of recommendations, a summary of the overall effects of those recommendations, more detailed descriptions of the recommendations that are specifically relevant to the Public Service applications now before the PUC, and our suggestions for PUC consideration of the appropriate CAP recommendations.

SUMMARY OF CLIMATE ACTION PANEL PROCESS

The year-long CAP process consisted of three main components:

1. **CAP Recommendations.** Starting with a catalogue of potential actions spread across five sectors developed by the Center for Climate Strategies from its experience working with other states, the CAP selected a preliminary group of policies for further analysis. Based on the input of Policy Work Groups (see No. 2 following), the CAP worked through an iterative process of determining the scope and content of the recommendations that were finally adopted.
2. **Policy Work Group Analyses.** The Policy Work Groups, comprised of CAP members and also individuals with specific expertise in the issues, worked with the CCS technical experts to design and analyze the policies selected by the CAP for further analysis. Of the six Policy Work Groups, two (the Energy Supply and the Residential, Commercial, and Industrial PWGs) worked on the recommendations most relevant to Public Service's provision of electric service.

3. **Project Directors Acceptance of CAP Recommendations.** When the CAP concluded its selection of the 70 policy recommendations, it submitted them for review by the Project Directors. The Project Directors accepted the panel's report on behalf of RMCO.

The electric utility industry, and particularly Public Service, was actively engaged in all three of these components. Public Service's Director of Environmental Affairs was one of the CAP members and several other Public Service staff participated in the Policy Work Groups, in addition to Public Service's President serving as a Project Director until she left Public Service near the end of the process. The CAP and the Policy Work Groups also included members associated with the Board of Tri-State Generation and Transmission Association, Platte River Power Authority, Delta Montrose Electric Association, and the Fort Collins and Colorado Springs municipal utilities.

As a result of its participation, Public Service played a critical role in the consideration and adoption of the CAP recommendations. Public Service's CAP member made important contributions to the CAP's feedback to the Policy Work Groups about the scope and content of their analyses. Public Service staff who participated in the Policy Work Groups actively contributed to the design and analyses of the individual policy recommendations concerning energy supply and demand side management, often playing a key role in finalizing the content of each one prior to submission to the CAP for its consideration.

When making final decisions on adoption of recommendations, the CAP followed a voting process wherein recommendations were adopted unanimously, by super majority (with five or fewer votes against adoption), or by simple majority. Public Service's CAP member helped to build consensus among the panel members by making an important suggestion that CAP members be enabled to express qualifications about a recommendation without voting against the recommendation itself. These expressions of qualifications, which CAP members called "yes-but" votes, allowed members to express an objection or concern to some of the specific details of a policy recommendation or the supporting analysis considered by the CAP while supporting the overall concept of the policy.

Of the members present and voting on adoption of the full set of 70 recommendations, sixty-one actions were approved unanimously; seven were approved by a super majority, with five or fewer votes against them; and two were approved by a simple majority. For each of ten recommendations (four of which were among the recommendations not approved unanimously), at least one CAP member expressed qualifications through "yes-but" votes but did not object to the recommendation itself.

SUMMARY OF CLIMATE ACTION PANEL RECOMMENDATIONS

Of the 70 recommendations adopted by the CAP, 55 were focused on the reduction of GHGs. One of those recommendations consisted of overall statewide goals and targets for emissions reductions. The CAP recommended that the Governor of Colorado set goals for reducing GHG emissions in Colorado by 20% by 2020 and by 80% by 2050, both compared to 2005 levels on a gross emissions/consumption basis. Almost immediately after the panel adopted its recommendations, Governor Ritter adopted the goals recommended by the panel as the central element of the Climate Action Plan he announced in November 2007. Those goals were formalized as official state policy in Executive Order D 004 08, Reducing Greenhouse Gas Emissions in Colorado, issued April 22, 2008.

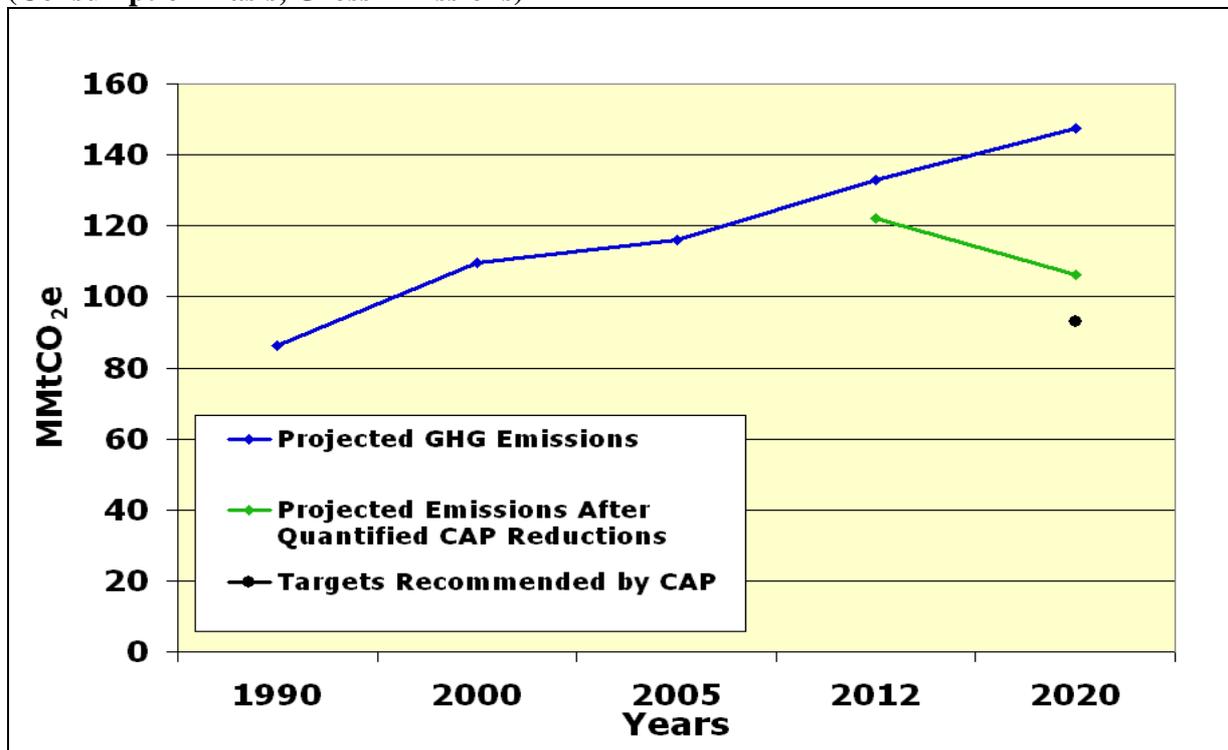
As illustrated in the figure and table below, if the 2020 goal was achieved, Colorado's emissions in 2020 would be reduced 37% compared to the level of emissions projected for that year under current law. In absolute terms, if the goal is achieved, Colorado's emissions would be 92.9 million metric tons of carbon dioxide equivalent (MMtCO_{2e}) of GHGs, compared to 147.5 MMtCO_{2e} projected under current law.

Thirty-three of the CAP recommendations were analyzed quantitatively to estimate their effects on emissions. The analyzed measures were estimated to have a cumulative effect of reducing emissions by about 41.3 MMT_{CO₂e} in 2020, enough by themselves to achieve over three quarters of the reductions necessary to meet the 2020 goal. Twenty-six of those 33 recommendations were also analyzed in terms of their cost effectiveness, and those 26 were estimated to yield a total net savings to Coloradans of about \$2.6 billion between now and 2020.

While the CAP's 21 other GHG mitigation recommendations were not readily quantifiable (for example, because the benefits of public education cannot be quantified), many of them would likely achieve additional reductions. In deciding on the state emission-reductions goals that it recommended and that the Governor adopted, the CAP also observed that other reasonable measures to reduce emissions beyond those recommended by the panel are available now, and emerging technologies hold the potential to substantially reduce emissions even more.

For a full copy of the report, see www.coloradoclimate.org.

Annual GHG Emissions: Reference Case Projections and CAP Recommendations (Consumption-Basis, Gross Emissions)



Greenhouse Gas (GHG) Emissions (millions metric tons of CO2 equivalent)					
	1990	2000	2005	2012	2020
Actual/projected GHG emissions	86.1	109.6	116.1	132.8	147.5
Projected emissions compared to 2005				+14%	+27%
Total GHG reductions from 33 analyzed CAP recommendations				-10.6	-41.3
Projected emissions after above reductions				122.2	106.2
2020 target recommended by CAP					92.9
2020 target compared to actual/forecast			-20%	-30%	-37%

CLIMATE ACTION PANEL RECOMMENDATIONS RELEVANT TO PUC PROCEEDINGS

Described below are the CAP recommendations specifically relevant to Public Service’s ERP and DSM proposals under consideration by the PUC. The recommendations are included in two of the six sectors included in the CAP recommendations:

- The Energy Supply sector, for which eight of the 15 recommendations are relevant to Public Service’s ERP proposal.
- The Residential, Commercial, and Industrial sector, for which five of the 11 recommendations are relevant to Public Service’s DSM proposal.

Included in the explanation of the proposals are a description of the recommendation, the nature of the CAP’s adoption of the recommendation (i.e., unanimous consent, simple majority, or supermajority, plus qualifications of votes of approval), the calculated greenhouse gas reductions and cost- effectiveness numbers, and RMCO’s comments regarding the relevancy of the recommendation to the Public Service proposals.

The full analyses of each CAP recommendation were recorded in the appendices of the CAP’s report. Attached as Exhibit A are those full analyses of the recommendations that are described below.

Energy Supply Sector Recommendations

Eight of the CAP’s 15 Energy Supply sector recommendations are specifically relevant to Public Service’s ERP application. They are described below, and listed in order of their greenhouse gas reduction potential.

ES-2. Renewable Portfolio Standards

Recommendation description:

Increase renewable portfolio standards to 30% for investor-owned electric utilities and 15% for municipal and co-op utilities by 2020, with no more than 85% of renewable energy from centralized wind power. The requirement may be satisfied through the purchase of renewable energy credits (RECs) following the guidelines of the existing Colorado RPS, except that in-state RECs shall be weighted equally to out-of-

state RECs. Eligibility of efficiency improvements at large hydropower projects for generating RECs should be considered. Wildlife values and sustainability issues should be taken into account for siting of new wind and hydro facilities. All retail electric suppliers, including municipally owned and co-ops, are required to meet the standards.

CAP adoption: By super majority, with three members objecting and one expressing qualified approval through a “yes-but” vote with an accompanying comment on a need for additional analysis of the recommendation.

Impacts:

GHG Reductions (MMtCO ₂ e)			Costs (Savings) 2007–2020 (Million \$)	Cost- Effectiveness (\$/tCO ₂ e)
2012	2020	Total 2007– 2020		
1.9	4.9	34	\$524	\$16/ton

RMCO comments relative to Public Service’s ERP application:

The technical analysis of this recommendation shows that if it were adopted, there would be no need for any new base load fossil fuel resources from 2008 - 2020. This relates to the portion of Public Service’s ERP that proposes an all-source acquisition of 800 MW between the years 2013 and 2015, meaning that Public Service would consider fossil fuel sources to meet this need. If Public Service were to instead consider only renewable sources, it would more likely be able to meet the Governor’s goal of a 20% reduction of greenhouse gases by 2020, compared to 2005 levels.

ES-15. Carbon Dioxide Emissions Standards for New Power Plants

Recommendation description:

Establish a power-plant carbon dioxide emission standard of 1,100 pounds CO₂ per megawatt-hour for non-peaking plants. (Peaking is defined as having a capacity factor of less than 10%.) Applies to new power sold in the state of Colorado, or 60+ year-old plants. There is to be no provision for offsets for meeting this requirement. Implementation would be in the form of a regulatory requirement to all producers or purchasers of wholesale electricity in the state.

CAP adoption: By super majority, with five members objecting, on such grounds as that the standard is too rigid.

Impacts:

GHG Reductions (MMtCO ₂ e)			Costs (Savings) 2007–2020 (Million \$)	Cost- Effectiveness (\$/tCO ₂ e)
2012	2020	Total 2007– 2020		
0.5	2.3	13	-\$14	-\$1/ton

Note: Negative numbers indicate cost savings.

RMCO comments relative to Public Service’s ERP application:

If adopted, this recommendation would mean that for any new coal plant to be built or operated it would have to be coupled with some form of operating, permanent carbon capture and storage technology. The same requirement applies to any power purchased from out of state from new resources. But, if Public Service were to pursue only renewable sources for additional generating capacity for the period 2008-2020 (see our comments in Recommendation ES-2 above), this recommendation would apply only to Public Service’s proposal to replace pulverized coal units at its Arapahoe and Cameo stations with combined cycle gas plants. These gas units could have the capability to comply with this standard.

ES-7. Combined Heat and Power and Distributed Generation

Recommendation description:

Adopt structural changes and incentives to facilitate large businesses and universities to invest in combined heat and power (CHP) and distributed generation (DG) systems. Ramp up to a statewide achievement of CHP and DG equivalent to 2% of total fossil fuel generation by 2020, targeting large industrials, commercial, universities, or anyone with a heating or steam load. The implementation mechanism references the Western Governors’ Association recommendations to states to promote CHP implementation, which include, among other items, PUC undertaking a thorough review of policies affecting CHP; a review of electricity rates, including standby rates, to make sure they are not discriminatory toward CHP; consideration of decoupling or other mechanisms to remove utility disincentives for CHP; and consideration of promoting CHP as part of DSM programs.

CAP adoption: By unanimous consent.

Impacts:

GHG Reductions (MMtCO ₂ e)			Costs (Savings) 2007–2020 (Million \$)	Cost- Effectiveness (\$/tCO ₂ e)
2012	2020	Total 2007– 2020		
0.4	1.1	7.3	\$110	\$15/ton

RMCO comments relative to Public Service’s ERP application:

This recommendation did not examine either the effectiveness of investor-owned utilities’ current policies and programs to promote CHP and DG as part of their DSM programs, or whether in Colorado there are regulatory barriers that discourage implementation of CHP and DG programs. The PUC should examine whether those items deserve additional attention when considering the Public Service ERP and DSM proposals.

ES-11. Small New Hydro and Efficiency Improvements at Existing Hydro, Identifying other Small Renewables and Removing Barriers

Recommendation description:

This recommendation is based on the observation that the capacity and generation efficiency of many existing hydro projects could be increased, and that there is potential for new, small hydroelectric

projects, and also for geothermal and biomass resources, but more work needs to be done to characterize these resources. Included in the recommendation are statewide mapping of unexploited potential of geothermal, small hydro, and biomass (expanding the reach of mapping already called for in SB-91); addressing institutional barriers to small renewables; seeking to add 50 MW of new, small hydro resources per year beginning in 2014; and consideration of transferring oversight from FERC to the state in order to streamline hydropower permitting. Permitting should include environmental certification, based on models DOE already has in place.

CAP adoption: By unanimous consent.

Impacts:

GHG Reductions (MMtCO ₂ e)			Costs (Savings) 2007–2020 (Million \$)	Cost- Effectiveness (\$/tCO ₂ e)
2012	2020	Total 2007– 2020		
0.0	0.8	3.1	\$123	\$40/ton

RMCO comments relative to Public Service’s ERP application:

It is unclear in its ERP application to what extent Public Service has considered development of additional hydropower, geothermal, and biomass sources. The PUC should examine whether those items deserve additional attention when considering the Public Service ERP proposal.

ES-13. Efficiency Improvements for Existing Generators, Including Heat Recovery

Recommendation description:

This recommendation is based on the observation that efficiency improvements at existing generating stations may be hampered by federal and state regulation. The state should help clarify whether federal New Source Review (NSR) and New Source Performance Standard (NSPS) regulations need to be changed to encourage, not discourage, efficiency improvements such as turbine upgrades, motor, pump, fan and drive improvements, control system upgrades and recovery of waste heat. Efficiency improvements at existing generating stations may also be hampered by lack of regulatory cost recovery certainty for regulated investor-owned utilities under the jurisdiction of the PUC. Specifically, it is recommended that the state and the PUC should adopt policies that would result in a 2% overall improvement in generator efficiency by 2020, and cover all electric generation sources. Incentives should be considered that encourage plant efficiency improvements and utilization of new technology to reduce emissions.

CAP adoption: By unanimous consent.

Impacts:

GHG Reductions (MMtCO ₂ e)			Costs (Savings) 2007–2020 (Million \$)	Cost- Effectiveness (\$/tCO ₂ e)
2012	2020	Total 2007– 2020		
Reductions estimated at 1 MMtCO ₂ /year by 2020. Costs not quantified.				

RMCO comments relative to Public Service's ERP application:

It is unclear in its ERP application to what extent Public Service has considered generator efficiency improvements. The PUC should examine whether it deserves additional attention when considering the Public Service ERP proposal.

ES-3. Clean Energy Portfolio Standards

Recommendation description:

The CAP Public Service member requested that Xcel Energy's proposed nationwide portfolio standard be considered by the CAP for adoption in Colorado. The proposal is a variant on the renewable portfolio standard and is more broadly defined to include energy efficiency, clean coal, new nuclear resources, and carbon offsets. It has been analyzed for emission reduction potential and costs by the Energy Information Administration on a national basis, but was not analyzed at the Colorado level as part of the CAP process.

CAP adoption: By simple majority, with nine objections.

Impacts: Not quantified.

RMCO comments relative to Public Service's ERP application: None. This recommendation is described for informational purposes only.

ES-4. Transmission Infrastructure for Renewables

Recommendation description:

This recommendation observes that the SB 100 requirement for utilities to file maps of generation resource areas that need transmission, and transmission plans to serve those areas, only covers utilities regulated by the PUC. The recommendation is to expand the coverage of SB 100 to all Colorado utilities to achieve a seamless, coordinated transmission network solution to support renewable resources statewide, instead of limiting transmission planning to areas served by investor-owned and PUC-regulated utilities.

CAP adoption: By unanimous consent.

Impacts: Not quantified.

RMCO comments relative to Public Service's ERP application:

In its ERP proposal, Public Service does describe its SB 100 compliance efforts. The PUC should consider the potential improvements that adoption of this recommendation could make to statewide transmission planning.

ES-6. Public Benefit Charge Funds

Recommendation description:

Require all Colorado sellers of retail electricity to add to monthly bills a system benefits charge of either two (\$0.002) or four mills (\$0.004)/kWh. Each mil corresponds to about \$10 per capita per year, or just under \$48 million/yr. The proceeds would be spent on renewable energy resources, with the funds managed by the utilities that collect them, by a nonprofit set up to do so, or by a state agency.

CAP adoption: By super majority, with three objections, some on the basis that the amount charged is too high and that the use of the funds is unclear, and one qualified vote of approval.

Impacts: Not analyzed, due to the fact that a public benefit charge fund is considered to be an alternative to a renewable portfolio standard, which was adopted by the CAP.

RMCO comments relative to Public Service's ERP application: None. This recommendation is described for informational purposes only.

Residential, Commercial, and Industrial Sector Recommendations

Five of the CAP's 11 Residential, Commercial, and Industrials sector recommendations are specifically relevant to the DSM portion of the Public Service proposals. They are described below, and listed in order of their greenhouse gas reductions potential. In the CAP report, it was noted that several of the recommendations would be overlapping in nature if they all were implemented. The CAP report included an analysis of the overlaps and accounted for them in total greenhouse gas reduction and cost-effectiveness calculations for each sector. Those overlaps are not described here.

RCI-5. Inverted Block Rates to Fund Energy Efficiency

Recommendation description:

This recommendation uses tiered, increasing surcharges to simultaneously provide a source of funding for energy efficiency and a financial incentive to adhere to high energy efficiency standards. Recommended are standard rates up to the first threshold (set at 50% of the Architecture 2030 energy consumption reduction targets), two cents/kWh surcharge for kWh above the first threshold up to the second threshold (set at twice the first threshold), and five cents/kWh surcharge for all kWh in excess of the second threshold. These thresholds are based on recent investor-owned utility experience with inverted block rates in California.

Rates would be applicable statewide for the Residential and Commercial sectors, commencing in 2010. Proceeds would be used to fund energy efficiency programs in the Residential and Commercial sectors. Implementation would be consistent with the implementation mechanisms established by HB07-1037. Municipal utilities and cooperatives would have the option of establishing a system benefits charge.

CAP adoption: Adopted by simple majority, with seven objections, some on the basis that it does not support a rate structure that is designed to recover more than the cost of service.

Impacts:

GHG Reductions (MMtCO ₂ e)			Costs (Savings) 2007–2020 (Million \$)	Cost- Effectiveness (\$/tCO ₂ e)
2012	2020	Total 2007– 2020		
1.6	6.7	38.2	-\$1135	-\$30/ton

Note: Negative numbers indicate cost savings.

RMCO comments relative to Public Service’s ERP and DSM applications:

Part of the reason for some members’ objections was the assertion that the PUC’s current rules would not allow a rate structure designed to recover more than the cost of service. The PUC should examine whether its rules on rate structures should be modified to accommodate demand side management approaches such as this one.

RCI-11. Cost of Service Inverted Block Rates

Recognizing the potentially controversial nature of the RCI-5 recommendation for an inverted block rate structure to fund energy efficiency programs, the CAP also adopted an alternative recommendation for an increasing block rate design that would solely be structured to recover cost of service, as in traditional ratemaking. Such a policy might encourage greater levels of energy efficiency based on a price elasticity effect, but would provide no excess funds to specifically promote energy efficiency programs.

CAP adoption: By unanimous consent.

Impacts: Greenhouse gas reduction and cost-effectiveness calculations were not performed for this recommendation.

RMCO comments relative to Public Service’s ERP and DSM applications: None.

RCI-7. Pricing and Purchasing (Smart Metering)

Recommendation description:

This recommendation is based on pilot programs that have found that adoption of smart metering, combined with time-of-use rate schedules and in-home displays, enables electricity consumers to better manage energy use, and can lead to electricity consumption reductions of 4% to 15%. The recommendation includes a PUC study of a mandatory investor-owned utility program combining advanced metering infrastructure, time-of-use electricity rates, and end-user energy displays. If found to be feasible and effective, the recommended start-up would be in 2009, targeting 10% of industrial, commercial, and residential consumers, ramping up to 100% by 2013. All Colorado utilities would be included in the recommendation, and full recovery for the costs of the program through the utility ratemaking process should be allowed.

CAP adoption: By unanimous consent.

Impacts:

GHG Reductions (MMtCO ₂ e)			Costs (Savings) 2007–2020 (Million \$)	Cost- Effectiveness (\$/tCO ₂ e)
2012	2020	Total 2007– 2020		
2.0	2.6	25.4	-\$844	-\$33/ton

RMCO comments relative to Public Service’s ERP and DSM applications:

PUC should consider performing the study contemplated by the recommendation. We note that Public Service has partnered with the City of Boulder to engage in a smart metering pilot program.

RCI-1. Expanded Energy Efficiency and Demand Side Management

Recommendation description:

Increase DSM activity in the state beyond two recent DSM actions (House Bill 07-1037, enacted in 2007, and a commitment to additional DSM action by Public Service as part of a legal settlement) so that the combined effects of these two recent actions and the new actions contemplated by this recommendation achieve a 1% per year reduction in electricity and natural gas use by the residential, commercial, and industrial sectors. Require all Colorado electric and gas utilities to implement the program starting in 2008, through 2020 with 5-year ramp-in (full 1% per year by 2013). Municipal utilities and cooperatives would have the option of instead instituting a system benefits charge.

CAP adoption: Adopted by unanimous consent, with several qualified approvals, including one “yes-but” vote accompanied by an observation that reaching the 1% per year target would be difficult.

Impacts:

GHG Reductions (MMtCO ₂ e)			Costs (Savings) 2007–2020 (Million \$)	Cost- Effectiveness (\$/tCO ₂ e)
2012	2020	Total 2007– 2020		
0.6	5.2	24	-\$853	-\$32/ton

RMCO comments relative to Public Service’s ERP and DSM applications:

The Public Service members of the Policy Work Group that structured this recommendation played a key role in convincing the group to include the ramp-in period from 2008 to 2012 prior to the 1% annual reduction level from 2013-2020. There were no CAP objections to the adoption of the recommendation, and the PUC should consider requiring Public Service to adhere to its provisions. A more aggressive DSM program than the one proposed by Public Service in its ERP and DSM proposals would play an important role in enabling Public Service to attain Governor Ritter’s goal of investor-owned utilities achieving a 20% reduction in greenhouse gas emissions by 2020, compared to 2005 levels.

RCI-9. Energy Delivery

Recommendation description:

This recommendation is similar to the ES-7 recommendation described in the Energy Supply sector above. While still based on the Western Governors’ Association recommendations, it is structured differently, targeting a more general application statewide and not including distributed generation. It also does not include the financial incentives contemplated in ES-7, resulting in different cost-effectiveness calculations. The recommendation is to adopt policies that achieve 50% of the economic potential of CHP, quantified by the analyses as 350 MW of CHP statewide by 2020.

CAP adoption: By unanimous consent.

Impacts:

GHG Reductions (MMtCO ₂ e)			Costs (Savings) 2007–2020 (Million \$)	Cost- Effectiveness (\$/tCO ₂ e)
2012	2020	Total 2007– 2020		
0.3	1.4	8.3	-\$25	-\$3/ton

RMCO comments relative to Public Service’s ERP and DSM applications:

This recommendation did not examine either the effectiveness of investor-owned utilities’ current policies and programs to promote CHP as part of their DSM programs, or whether in Colorado there are regulatory barriers that discourage implementation of CHP programs. The PUC should examine whether those items deserve additional attention when considering the Public Service ERP and DSM proposals.

This concludes our comments on Public Service’s ERP and DSM applications now under consideration by the PUC. In summary, we are encouraged by Public Service’s expressed intent to meet the new state goals set by Governor Ritter for reductions of greenhouse gases. Public Service’s application, however, places it on a trajectory that will likely fall short of doing so. Accordingly, RMCO urges the PUC to take actions in the proceedings that are consistent with the CAP recommendations described above.

Thank you for the opportunity to comment.

Tom Easley
Tom Easley
Director of Programs

Attachment