

Regulatory Assistance Project Electric Resource Long-range Planning Survey¹

State: **Colorado** Date: 6/9/03
Name of Agency: PUC, Colorado Department of Regulatory Agencies
Source: Phone interview and email
Contact Person, title: Bob Bergman, Staff Engineer, Commission Advisor
Background: Engineering
Phone/email: 303-894-2875, bob.bergman@dora.state.co.us
Website: www.dora.state.co.us/puc/

Policies

1. Is any form of long-range electrical resource and/or investment planning required?

Yes

2. What is it called? Least Cost Planning (LCP).

3. What is the process?

Colorado used to have an IRP process. The Companies filed a draft plan, but the PUC took no action. The Companies would then go out for bid and come back at the end of the process for PUC approval of the final resource portfolio. Commission input was difficult, since hearings were at the end of the process. Under the new LCP rules, Companies file plans with more emphasis on accurate needs assessments and resource acquisition. They file draft RFPs. The Companies don't go out to bid until the PUC approves their plan and the RFPs. It is more of a "front end" approach, and it is less prescriptive than the last process.

4. Describe the analysis required by the regulatory body

The LCP rules explicitly require utilities to compare resources on a least cost basis using net present value of rate impact, based on revenues over 20-40 years. They are explicitly required to acquire least cost resources. Preference must be given to renewable resources when costs (rate impacts) are equal. Energy efficient technologies are included in this preference.

5. Is it statewide or utility-specific planning? What entities are required to participate?

It is utility specific. Presently only two IOUs are required to file LCPs: XCEL and Aquila. Tri-State, which supplies generation resources to rural electric associations, is exempt, except for certain reporting requirements.

¹ All responses written from notes compiled and edited by Cathie Murray at RAP. Corrections to the draft document, suggested by the contact person, have been incorporated.

6. This form of planning has been required since what date?

The LCP rules have been in effect since early 2003. There were two different IRP processes in effect during the previous 8-10 years.

Required Elements

7. Which of the following resources must be evaluated/included:

Generation	Yes, this is the primary focus of the process
Transmission	Existing or proposed Transmission of 115kVolts or above must be reported
Distribution	No
Energy efficiency	The utility must consider energy efficient technologies and grant preference where costs (rate impact) are equal.
Load Management	No
Other	Renewables have preference where costs are equal

8. Is a comparison of supply and demand side options/resources required? No

9. The plans' objectives, from the regulatory perspective:

Streamline the process and ensure utilities are planning adequately to meet needs while maintaining a competitive bidding environment

10. The plans' objectives, from the utility perspective:

This model was proposed by XCEL to streamline the regulatory process and give utilities some certainty about their investments.

11. Are alternative scenarios analyzed as part of the plan? Yes
If so, what factors are considered?

Companies are required to submit a range of forecasts, covering reasonable differences in relevant factors, including summer and winter peak demand.

12. Are externalities considered?

Externalities are explicitly not included. Externality decisions are left to the legislature.

13. What is the planning horizon? 20-40 years
Length of Energy and Demand forecasts: 20-40 years
Length of Short-term Action Plan: 6-10 year resource acquisition plan

14. How often do utilities have to file plans? Update plans? What actually happens?

The LCP is due every 4 years, beginning Fall 2003. Utilities must file updated forecasts every year, with plans to meet any changed demands. Companies may file interim plans.

15. What monitoring or other processes are used to determine consistency of investments with plans?

Consistency will be seen in cost recovery/rate cases down the road. Although the LCP process is not a pre-approval process, approval of the needs assessment and resource acquisition plans in the Least Cost Plan is expected to give some certainty to utilities in subsequent cost recovery dockets.

16. Are environmental issues considered in the planning process? Not really.

Environmental issues are only considered if they directly impact costs.

Agency Process

17. Does the Commission hold public hearings on utility plans? Yes

18. Other ways public participates and comments on plans are:

No other ways. No email, mailing lists or interactive web sites. Under the old IRP process, the utilities held public meetings, but that is not required under the new LCP.

19. What action does the Commission take on the plan(s)?

Approve it;
Reject it; or
Require utility to modify and resubmit it.

20. Have resource acquisition decisions changed as a result of the planning process?

The process is too new to say. Theoretically the LCP process will change resource acquisition decisions because it takes place early in the process.

21. Are competitive processes used to acquire new resources? Yes

22. Do utilities file an energy efficiency or DSM plan? No

23. Is competitive bidding used to acquire EE resources?

Yes, just like any other resource.

24. Does the regulatory agency have open dockets, or is it considering opening a docket investigating any long-range electrical investments?

Not yet. Both utilities will file their first LCP plans October 31, 2003.

25. Citation and description:

Not applicable.

26. Are filed plans available on-line?

Not at this time, but they may be in the future. The legislature requires a true “paper trail” for matters before the Commission.

27. Citation and description of State policies (legislation, rules/regs, PUC orders) governing planning:

The new Least Cost Planning Rule is 4 CCR (Colorado Code of Regulations) 723-3, Rules 3600-3615. It can be seen at <http://www.dora.state.co.us/puc/electric/ElectricRules.htm>

There is also a statute, 40-2-123 (SB144), providing instruction to the PUC on “clean” (i.e. renewable) energy and efficiency.

28. Do you anticipate any changes to this process in the near future?

No, though there may be some fine-tuning, since this will be the first year the new process is used.

29. Does your state do performance-based regulation? Yes

Xcel has an energy cost adjustment (ECA) incentive, adjusted to take natural gas volatility out of the equation. If the utility beats the baseline, it is rewarded. There is also an incentive cost adjustment. Shareholders and customers share excess revenues.

State Energy Plan

30. Is there a State Energy Plan? Nothing consistent that he’s aware of.

31. Is it connected to the planning described above? No

32. If yes, who is responsible for the Plan? N/A

33. What is included in the Plan, apropos of long-range electrical planning? N/A