



February 11, 2025

Chairman Eric Blank  
Commissioner Megan Gilman  
Commissioner Tom Plant  
1560 Broadway, #250  
Denver, Colorado 80202

Dear Chairman Blank, Commissioner Gilman, and Commissioner Plant:

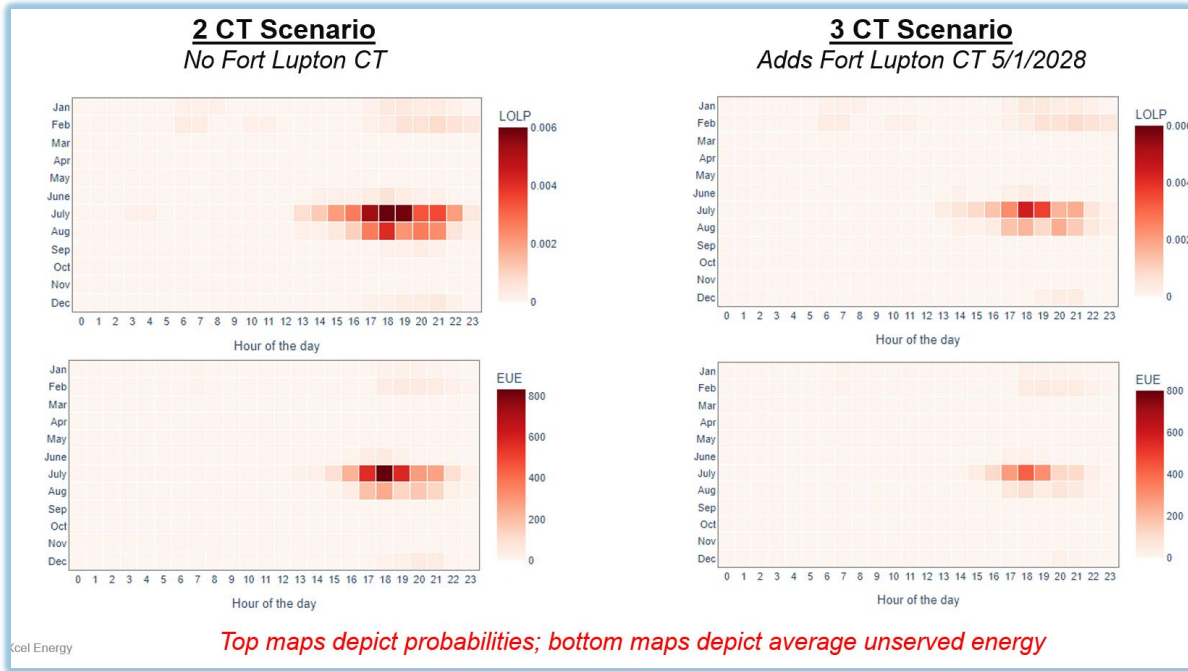
We collectively are the leaders that oversee the safe and reliable operation of the Public Service Company of Colorado (PSCo) electric system, which serves a large portion of the population in the state. We understand PSCo has not sought an application for rehearing, reargument, and reconsideration (ARRR) in Proceeding No. 21A-0141E (addressing PSCo's 2021 Electric Resource Plan and Clean Energy Plan (2021 ERP & CEP)). We write to make clear that the lack of an ARRR should not be construed as comfort with the direction of aspects of the Commission's decisions with respect to the CEP Delivery Plan.

In the coming months, PSCo will take steps toward securing generation resources in order to operate our system reliably – but we felt compelled to voice our concern with Commission outcomes that put at risk even our ability to do that. Specifically, we write to express our concerns about the continued skepticism around the level of resources we have identified as necessary to maintain the reliability of the current system and address the growing demand in Colorado. Similarly, we are concerned about the pace of our existing regulatory processes and how that intersects with the reality of meeting customer and system needs. Our ability to reliably serve customers is not only an economic lynchpin for the state and citizens alike but also a central public safety requirement, whether in summer or in winter.

As system operators, we believe the resource planning process is proving too inflexible to meet needs in a dynamic environment. No one feels that more than us in our respective roles supporting PSCo. We must underscore that real-time operations and resource planning are not the same. A loads and resources table, such as the one used in Proceeding No. 21A-0141E and provided in annual reports each March, is merely a snapshot in time and is not the singular basis to perform the planning and selection of resources.

When we evaluate our ability to reliably serve our customers, we use tools such as loss of load probability and expected unserved energy. The Commission recognizes PSCo has the responsibility to maintain reliability. An evaluation of our ability to reliably serve our customers shows that, with the approved CEP Delivery Plan resources inclusive of the Plains End resource approved by Decision No. C25-0024, we do not meet industry standard reliability metrics nor the reliability assumptions used in the 2021 ERP & CEP. Below are heat maps that visually depict the system with three new thermal assets as compared to two. Indeed, even the addition of a third thermal

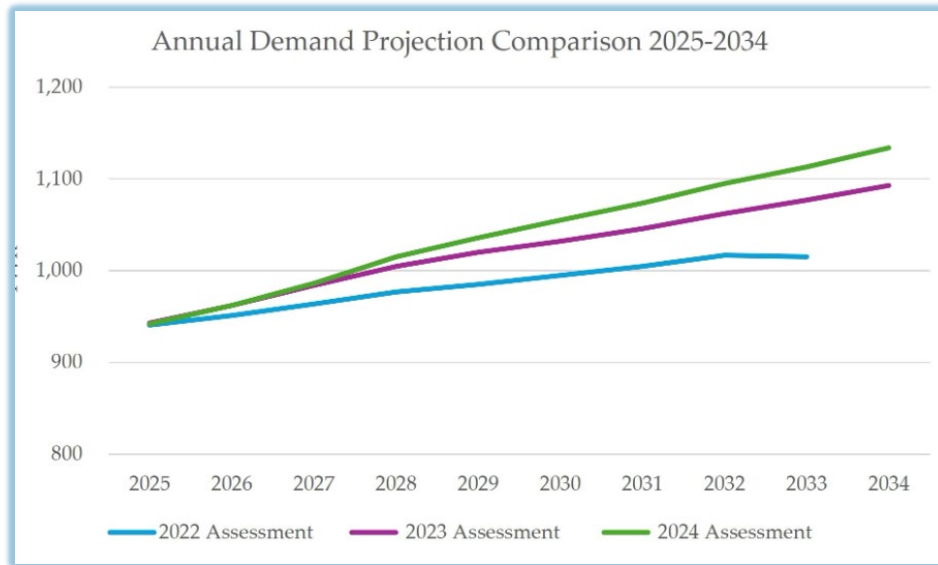
asset leaves reliability in a suboptimal position, requiring more to be done, and the graphics below demonstrate the potential reliability risk under both scenarios (notably worse in the two thermal asset scenario, representative of the approved path from the CEP Delivery Plan). It is imperative to understand that the loss of load probability result reflected in the two thermal asset scenario *does not* meet industry standard loss of load metrics.



Resource adequacy is a paramount concern for PSCo and to each of us as individuals responsible for the PSCo system. The electric system is bringing on ever-increasing amounts of weather-dependent energy generation in efforts to meet energy policy goals. The electric system is also losing firm generation that is available 24 hours per day, 7 days per week, and we must take sufficient actions to secure replacement for the retiring generation over the medium- and long-term. Short-term actions and patches are not solutions for the long run. In recent summers PSCo has been looking to the market for firm energy purchases and solutions. This is not an option we can continue to rely on as western power markets get tighter and other energy providers experience the same demand growth we are forecasting in the PSCo territory.

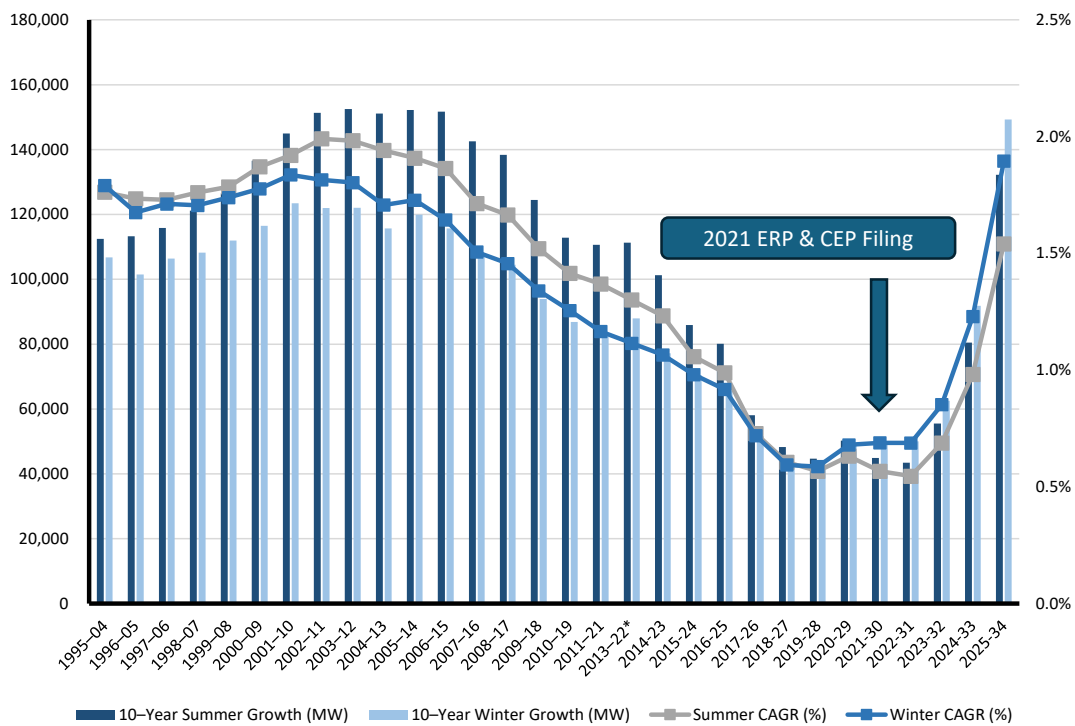
The western energy landscape is different than when Proceeding No. 21A-0141E began, or when the competitive solicitation commenced, and has evolved over the nearly four years that the 2021 ERP & CEP proceeding has been in progress. Recent data from the Western Electricity Coordinating Council’s (WECC) 2024 Western Assessment of Resource Adequacy illustrates these changes, as shown in the figure below. WECC also notes recent uncertainties in bringing new resources online: “Between 2018 and 2023, approximately 76% of the proposed resource additions

came online in the year scheduled. In 2023, only 53% of the new generation resources scheduled to come online that year actually came online; the rest were delayed or cancelled.”<sup>1</sup>



This issue is not Western-only in scope, as the ten-year national demand growth forecasts below from the North American Electric Reliability Corporation (NERC) show.

NERC: Ten-Year U.S. Demand Forecasts 1995-2025



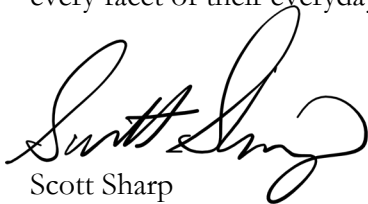
<sup>1</sup> <https://feature.wecc.org/wara/>.

The confluence of generation facility type changes, weather changes, and demand growth across the West make an already tight market even tighter. Moving quickly and decisively to ensure we are building or causing to be built sufficient generation resources to meet future resource adequacy is paramount. The state of play is not only about load growth; generation retirements are outpacing new resources coming onto the grid. New resources are being delayed due to various factors and will aggravate the situation in the coming years. Demand is increasing, across the West. We feel the real challenges of that today, but that risk is further compounded with every decision that falls short of approving sufficient system resources. This same message is being broadcast by WECC and NERC.

The resources brought forward in the CEP Delivery Plan are needed for the system. Accordingly, PSCo will be bringing forward the thermal assets it needs to meet resource needs and potentially taking other actions we deem necessary to maintain industry standard resource adequacy. Further, we have modeled, and fully expect to need, more thermal resources in the Just Transition Solicitation in Proceeding 24A-0442E, but that proceeding cannot deliver resources in time to meet needs in the relatively near-term (e.g., by the end of 2028). Through this letter, we reinforce how important these actions are going to be for what we will need in order to ensure the reliable operation of the electric system over the long-term for our customers and for the state as a whole.

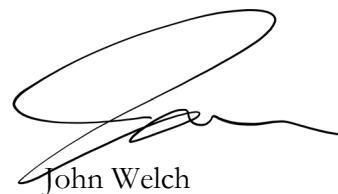
Real-time system operations are a 24-hour-a-day responsibility. It is not flashy and doesn't make the papers – it is minute to minute, hour to hour work executed by dedicated people working diligently to ensure we deliver for our customers. We are excited to be at the forefront of leading the clean energy transition. We believe in our shared mission and want to stay on track – which means executing the transition while maintaining reliability. We ask that you keep this critical perspective in mind in the coming days, weeks and months as we work through proceedings that seek approval for the assets we need to do our work.

Colorado is a leader in the energy transition, and we want to keep it that way. Thank you for the work you do to help ensure we can deliver products to our customers that they depend on for nearly every facet of their everyday lives.



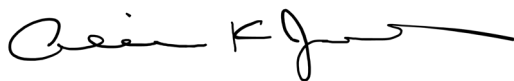
Scott Sharp

SVP, Energy Supply & Commercial Operations



John Welch

VP, Commercial Operations



Alice K. Jackson

SVP, System Strategy & Chief Planning Officer