Colorado Springs Utilities

It's how we're all connected

Solar Focus Groups

Working Committee

April 20, 2026

Summary of Process

Concepts Covered

- Understanding of cost shift and rate modernization
- Perspectives on potential rollout approaches for a net metering rate
- Interest and opinions of battery storage

Participant Summary

- 12 solar customers and 8 non-solar customers attended
- Recruiting based on diverse demographics
  - Home ownership
  - Generation
  - Income
  - Length of time as a customer
  - Solar: Engagement level
  - Non-solar: Solar consideration

Solar Group Insights

Cost Shift

- Terminology such as *"limitation"* was perceived negatively
- Skepticism remains regarding the existence of a cost shift

Rate Modernization

- Participants requested industry benchmarks and comparative studies
- Grid access fee was preferred for its perceived stability and predictability
- Concerns that changes to solar rates could deter future adoption

Solar Group Insights

Rollout of Change

- Participants emphasized recognition of customer prior investment
- Strong need for clear and transparent communication, education and change management
- Rollout should consider investment level, production levels and prior commitments
- Preference for applying changes to new customers first

Battery Storage

- Viewed as a potential future system enhancement
- Additional upfront cost was seen as prohibitive
- Concerns were raised about battery degradation and lifecycle
- Interest in utility-provided storage solutions at both individual and grid levels

Reliability, Fairness and Other Considerations

- Participants believe solar contributes to overall grid reliability
- Emphasized fairness over equality in rate design
- Suggested Utilities-vetted installation providers
- Requested individualized power usage profiles to help customers understand impacts

Non-Solar Group Insights

Cost Shift

- If it improves reliability, customers viewed a $2 monthly contribution toward solar as reasonable, while amounts above $5 were generally seen as excessive
- Participants emphasized the need for greater transparency and ongoing monitoring as solar adoption continues to grow
- Several customers noted a perceived tipping point when monthly charges increased from $5 to $8
- Concerns were raised regarding the impact on low-income customers, with some concerned any additional cost would be burdensome

Transition Process

- Customers found the differences in service needs between solar and non-solar customers difficult to understand
- Several participants expressed the view that solar customers enhance grid reliability

Non-Solar Group Insights

Solar Adoption Maturity

- The primary distinction between solar and non-solar customers lies in daytime usage; nighttime usage remains consistent across both groups
- The absence of solar adoption does not indicate opposition; for many customers, it is simply not a suitable option given their individual circumstances
- Participants noted a general expectation solar costs will fall as adoption becomes more widespread

Battery Storage

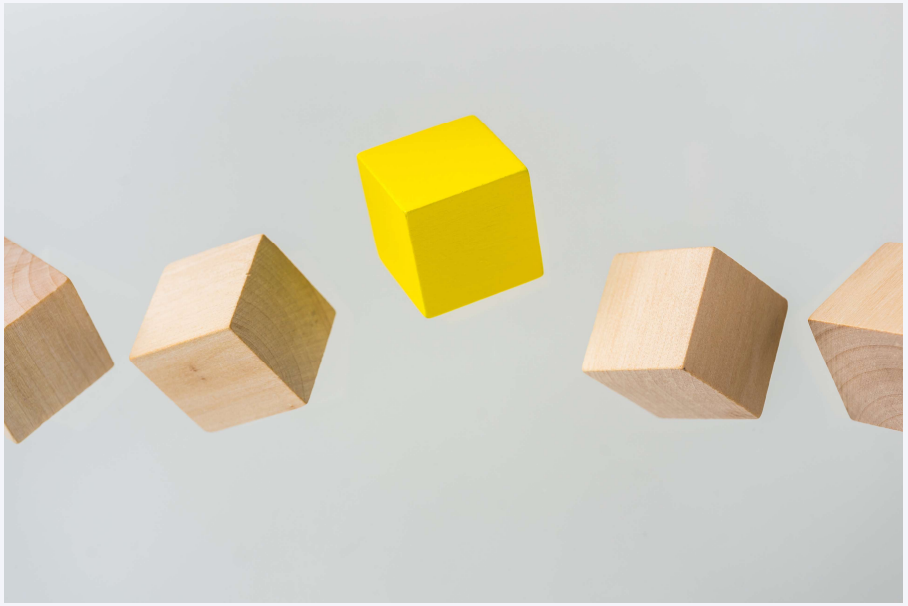
- Sourcing, manufacturing, recycling and safety of batteries is a concern
- Belief battery technology will continue to advance improving lifecycle, safety and manufacturing limitations
- Colorado Springs Utilities should provide battery storage for customers to support reliability and peak demand

Consistent Themes

- Cost shift was a difficult concept to explain
- Participants from both groups wanted to understand Colorado Springs Utilities' position on rooftop solar
- Ongoing education is needed to support both prospective and current solar customers as technology and rates continue to evolve
- Communication about rate changes, cost shifts, and solar adoption must be clear, transparent, and easy for customers to understand
- Both groups believed residential solar generation increases the reliability of the system

Differing Viewpoints

- Cost shift definitions
  - Solar customers preferred Statements* A and C as more neutral while non-solar customers showed preference for Statement B as a reflection of the objective statement
- Understanding of the solar process
  - Non-solar customers were generally less familiar with solar concepts
- Solar customers sought acknowledgment of their investment, while non-solar customers viewed it as an individual choice



*See appendix for statements

Key Observations

Solar customers view themselves as meaningful contributors to the utility's generation portfolio and believe their investments strengthen system performance.

Because of the perception of increased reliability, non-solar customers expressed willingness to absorb the incremental costs currently embedded in rates, though they indicated they might respond differently to additional charges.

While nearly half of respondents on the solar survey indicated Market-Based rates were generally acceptable, focus group participants felt they would discourage solar adoption. A Grid Access Fee was the preferred approach for its predictability and stability and was favored over other options proposed.

Solar customers placed high importance on the production they contribute back to the system.

Solar was broadly associated with high reliability, but the distinction between generation and transmission was not made.

Notable Quotes

Solar Customer Comments	“It's a Colorado Springs asset. It's not some national corporation that's out to make money.”
	“There needs to be some level of acknowledgement of people's investments into the infrastructure where they're producing electricity that the utility company did not invest in.”
	“This is being added on as a retroactive change to prior invested capital.”
	"Fair does not have to mean equal."

Non-solar Customer Comments	“…For all of our rates… you have the amount that you pay, which is supposed to pay for [infrastructure and delivery] and then we have your fuel cost essentially. So wouldn't the part that's paid to maintain all of that be the same for solar versus non-solar?”
	“What [an extra cost per month for non-solar customers] may mean for somebody who's still working, your answer is gonna be different than for somebody who's 80 years old and has no choice.”
	“This conversation is going to have to be had every year because things are going to change that quickly.”

Next Steps

- Rate information at the May Working Committee meeting
- Present draft rate proposal at the June Working Committee and Utilities Board meetings
- Rate filing at City Council in July

Appendix

Cost Shift Definitions Presented

Statement A: Cost shift refers to a limitation of existing rate structures that treat all kilowatt-hours as equal, even though the cost of producing electricity varies by time of day, season, and system conditions.

Statement B: Cost shift occurs when some customers pay less than the cost required to serve them because of how rates are structured, and the remaining revenue needed to operate the system is collected from other customers.

Statement C: Cost shift describes a mismatch between when solar customers generate electricity and when they consume it. Under current rates, electricity produced during lower-cost daytime hours is credited at the same value as electricity used during higher-cost evening hours, requiring the utility to recover the cost difference elsewhere in the rate structure.

Rate Structure Solutions Definitions Presented

- **Demand Charge:** A demand charge is based on the highest amount of electricity used during a short period of time, usually during peak hours.
- **Market Based / Time of Day Rates (Energy Wise):** Under net billing, electricity produced by solar panels is credited based on when it is generated, rather than at the full retail rate. Time-of-day rates mean the price of electricity changes based on when it is used.
- **Access Fee / Grid Access Fee (Solar Specific):** A grid access fee is a monthly charge that helps cover the cost of keeping the electric grid available for customers with solar.