



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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21-04 Colorado Springs Utilities Joint Dispatch Agreement Trading and Settlements

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Purpose

The purpose of this audit was to evaluate whether adequate internal controls were implemented, and projected benefits were received, as Utilities operates under a Joint Dispatch Agreement (JDA) for electrical sales and purchases.

Highlights

We conclude internal controls were adequate to assure JDA activities were captured and reported accurately and completely. Colorado Springs Utilities (Utilities) exceeded expectations from participation in the JDA. We identified one commendable practice in the trading and settlement process.

JDA Trading and Settlement Overview and Background

In March 2020 Utilities began participation in a Joint Dispatch Agreement (JDA) to share resources and balance customer demand for electricity. The JDA is a real-time voluntary energy market where participants trade surpluses or deficits in electric generation. Three other utilities participated in this JDA: Public Service Company of Colorado (Xcel Energy), the Platte River Power Authority and Black Hills Colorado Electric.

Participation provided added assurance that Utilities could purchase or sell energy efficiently for its customers. The margins Utilities received from participation in the JDA were credited to the Energy Cost Adjustments (ECA) to offset fuel costs. Results will guide decision-making for future expansion of energy market participation.

Results of the JDA were reported periodically to the Public Utilities Commission (PUC). Nine months of participation in the JDA (March-November 2020) resulted in \$1.5M in net benefit to Colorado Springs Utilities. This exceeded the projected net benefit of \$1M for the first year of participation.

We would like to thank the representatives from the Energy Supply Department that assisted us with this audit.

JDA Net Benefits

For the period March – November 2020

Generation Cost Savings	\$612,079
Energy Sales Margins	\$892,328
Net Benefit	\$1,504,407

Commendable Practice

During the audit we noted recent operational improvements resulting in increased efficiency and accuracy. Manual processes for inputting JDA data have been replaced by an automatic upload as of July 2020. In addition, the process for creating invoices has been automated as of December 2020.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.

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