

**STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL OF THE 2016 ANNUAL
DSM STATUS REPORT, INCLUDING 2016
COST RECOVERY AND INCENTIVE AND
APPROVAL OF THE PROPOSED 2018 DSM
COST ADJUSTMENT FACTOR AND
PROGRAM PLAN

**PETITION FOR 2016 DSM
PROGRAM APPROVAL AND
PROPOSED 2018 DSM COST
ADJUSTMENT FACTOR**

DOCKET NO. EL17- 019

Northern States Power Company, doing business as Xcel Energy, submits to the South Dakota Public Utilities Commission, this Supplemental DSM Filing. This Supplement serves as an update to our April 28, 2017 Petition by Northern States Power Company (Company) seeking approval of the 2016 Annual Demand Side Management (DSM) Status Report, including 2016 cost recovery and incentive, as well as approval of our Proposed 2018 DSM Plan (Plan) and Cost Adjustment Factor.

Specifically, the Company requests that the Commission approve our revised 2018 DSM Plan including:

- new measures in the Business Lighting Efficiency program;
- changes to current LED rebates; and
- modifications to our proposed energy savings goal.

The following sections explain our requested update.

- I. ***Business Lighting Efficiency Update*** – Presents an update to Business Lighting Efficiency program including updated Attachments.
- II. ***Updated 2018 Executive Summary*** – Presents the updated 2018 DSM Plan Executive Summary with associated lighting changes.

UPDATE

I. Business Lighting Efficiency

The Business Lighting Efficiency program offers retrofit rebate incentives to Xcel Energy commercial and industrial customers who purchase and install qualifying energy efficient lighting products. Rebates are offered to encourage customers to purchase energy efficient lighting by reducing the up-front costs associated with new lighting equipment. Customers apply for rebates by completing the application and providing a detailed invoice for the newly installed equipment.

Proposed Program Changes for 2018

The Company proposes to adjust the LED portfolio in our Business Lighting Efficiency program in order to better align with the quickly changing LED market. Specifically, we intend to reduce the rebates for outdoor canopy lighting, parking lot lighting and troffers. In addition, we propose adding rebates for linear tubes.

As newer lighting options become more conventional, the cost of LED technologies continues to change. Incremental costs, therefore, have shifted so that certain measures are more than enough to affect adoption. Therefore, we propose to adjust these rebate amounts in 2018 to better align the program with market conditions and allow for the addition of new technologies to our portfolio.

LED linear tubes will be added to the 2018 portfolio as a cost-effective measure for customers. Linear tubes are a less expensive option for customers than replacing an entire troffer fixture. These fixtures are popular customer options because they are low in cost and easy to replace. By decreasing the rebates in the high cost measures such as LED troffers, the Company hopes to reduce the participation in these measures and guide customers to the LED linear tube measure.

In addition, this change has improved the overall cost-effectiveness of the program. The TRC level increased from 1.06 to 1.18. Along with this change, we will continue to monitor market conditions closely and manage the program's offerings to ensure market-appropriate rebate levels and technology requirements.

Table 1 summarizes these changes. We additionally provide the full lighting rebate details as part of Attachment B1 and the updated cost-benefit analyses as Attachment C.

Table 1: 2018 Rebate Changes for Business Lighting

Category	Measure	2018 Supplement New Rebate	2017 Rebate
Retrofit	LED Parking Garage Lighting 25W-60W	\$75	\$135
Retrofit	LED Troffer Fixture 1X4	\$20	\$50
Retrofit	LED Troffer Fixture 2X2	\$20	\$50
Retrofit	LED Troffer Fixture 2X4	\$30	\$50
Retrofit	LED Troffer Retrofit Kit 1X4	\$15	\$30
Retrofit	LED Troffer Retrofit Kit 2X2	\$15	\$30
Retrofit	LED Troffer Retrofit Kit 2X4	\$25	\$30
Retrofit	LED Outdoor Canopy or Soffit lighting 25W - 60W	\$75	\$100
Retrofit	LED Outdoor Canopy or Soffit lighting 61W - 150W	\$100	\$125
New Construction	LED Troffer Fixture 1X4	\$15	\$30
New Construction	LED Troffer Fixture 2X2	\$15	\$30
New Construction	LED Troffer Fixture 2X4	\$25	\$30
New Construction	LED Outdoor Canopy or Soffit lighting 61W - 150W	\$90	\$100
Retrofit	LED Tube Type A 2 foot	\$2	New
Retrofit	LED Tube Type C 2 foot	\$5	New
Retrofit	LED Tube Type A 4 foot	\$2	New
Retrofit	LED Tube Type C 4 foot	\$5	New
Retrofit	LED Tube Type B 4 foot	\$3	New

II. 2016 Executive Summary

This section includes an updated summary of the Company’s proposed 2018 DSM Plan.

The impact of this change includes an addition of 548,556 kWh to our original Petition. As shown in the table below, we are increasing participation in the Business Lighting Efficiency program by adding new LED technologies. However, while there

is an increase in savings based on participation growth, we anticipate that the mix of measures, including the reduction of other rebates, will alter in a way that allows us to maintain our originally requested budget.

The summary also shows the total portfolio has a passing TRC Ratio of 1.33. A full Executive Summary, which includes all cost-effectiveness test results, is provided in Attachment A. We respectfully request that the Commission approves this revised 2018 Plan.

Table 1 – Executive Summary Table of 2018 Forecast

Executive Summary Table - 2018					
2018	Electric Participants	Electric Budget	Generator kW	Generator kWh	TRC Ratio
Business Segment					
Lighting Efficiency	325	\$389,520	509	3,913,384	1.18
Business Saver's Switch	12	\$37,213	44	108	1.28
Peak and Energy Control	1	\$10,000	102	3,707	4.71
Business Segment Total	338	\$436,733	655	3,917,198	1.20
Residential Segment					
Home Lighting	3,225	\$109,598	162	1,480,452	1.22
Residential Saver's Switch	770	\$187,913	565	1,486	3.28
Consumer Education	68,000	\$27,165	0	0	-
Residential Segment Total	71,995	\$324,676	727	1,481,938	1.85
Planning Segment					
Regulatory Affairs	0	\$13,000	0	0	-
Planning Segment Total	0	\$13,000	0	0	-
PORTFOLIO TOTAL	72,333	\$774,408	1,382	5,399,136	1.33

Service of Filings

We request that communications regarding this Application be directed to:

Lynnette Sweet

Regulatory Administrator

Xcel Energy Services Inc.

414 Nicollet Mall, 401-07

Minneapolis, MN 55401

Regulatory.records@xcelenergy.com

CONCLUSION

In summary, the Company respectfully requests that the Commission approve our revised 2018 DSM Plan including:

- new measures in the Business Lighting Efficiency program;
- changes to current LED rebates; and
- modifications to our proposed energy savings goal.

Xcel Energy looks forward to continuing our DSM programs in South Dakota. The Company appreciates the interest and efforts of South Dakota policy makers in supporting this DSM portfolio.

Dated: October 12, 2017

Xcel Energy



By: _____

Steve Kolbeck
Principal Manager –South Dakota