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Xcel Energy

Data Request No. 1-10

Docket No.: EL19-019

Response To: South Dakota Public Utilities Commission

Requestor: Eric Paulson

Date Received: September 4, 2019

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Question:

Explain how Xcel came up with the \$400 rebate for the heat pump water heater rebate and provide any calculations and studies used to justify that amount.

Response:

The rebate amount for heat pump water heaters was derived by considering a combination of factors. These factors include incremental cost above what a customer would have paid to install an electric resistance water heater of the same size, the estimated dollar amount needed to motivate the customer and area trade allies, the potential energy savings and rebate relative to the rest of equipment within the portfolio and the overall program budget.

We have experience in implementing and providing rebate incentives for heat pump water heaters in other jurisdictions; each of these jurisdictions also offer a \$400 rebate. The rebate results in payment of 65 percent of incremental cost of the equipment. This rebate amount is necessary to shift customers to a new heat pump water heater provided that many installers do not carry this type of equipment on hand.

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