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Xcel Energy

Data Request No. 1-15

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 why Xcel the payback period calculated in 1-14, with the rebate, is an acceptable payback period.

Response:

Our experience shows that factors besides payback period impact the customer's choice to install new technologies. For our water heater measure, additional factors such as contractors willing to install heat pump water heaters or low awareness of this water heating technology as an efficient and cost-effective alternative to traditional electric water heaters is just as impactful as the payback. The rebate is intended to help overcome these barriers.

We note that designing rebate levels for new technologies is a continuous process; as programs and rebates mature in a given local market, the Company can adjust rebate levels as needed to reflect customer preferences or increased emphasis on particular payback periods.

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