

Xcel Energy AC RewardsSM Program Terms for Minnesota Residential Customers

Xcel Energy is excited to offer the **AC Rewards** program (“Program”) to its Minnesota residential rate electric customers in single family homes with central air conditioning¹.

As part of the Program, participating Customers (individually, “Customer” or, collectively, “Customers”) will receive an incentive (“Initial Incentive”) to join the Program after their Enrollment Date, as described in the following chart.

Also, as part of the Program, Xcel Energy will work with a variety of smart thermostat manufacturers listed at <https://smarththermostat.xcelenergy.com> (“Manufacturers”), and AutoGrid Systems, Inc., Xcel Energy’s demand response management system software provider, to cycle Customers’ central air conditioners during high electricity demand periods (“Events”). In exchange for Customers’ participation during these Events, Xcel Energy will issue Customers an annual reward (“Annual Participation Reward”) each October in the form of a bill credit.

Initial Incentives by Enrollment Channel

Enrollment Channel	Description	Initial Incentive (paid after Enrollment Date)	Annual Participation Reward (paid in October after Event Season)
Bring Your Own Thermostat (“BYOT”)	Enroll previously owned and installed eligible smart thermostat	\$75 enrollment incentive	\$25
Customer Self-Install	Purchase and install eligible smart thermostat from the Xcel Energy Store	\$75 instant rebate at the online Xcel Energy Store + \$50 installation incentive	\$25
Direct Install	Receive channel-eligible smart thermostat and installation at no cost from Xcel Energy	No cost smart thermostat(s) and installation incentive	\$25

In order to enroll in the Program, please review these terms and indicate your understanding and agreement below by selecting the appropriate check box on the Program enrollment page at <https://smarththermostat.xcelenergy.com>. Xcel Energy will notify the Customer (a) that Customer’s eligible smart thermostat has been installed, and (b) that Xcel Energy and the Manufacturer have confirmed that it is operational, by e-mail (the date of the e-mail will be the “Enrollment Date”).

¹ Please note that some air conditioning units or equipment may not be eligible for this Program, including, but not limited to, evaporative “swamp” coolers, window/wall air conditioning units, ductless air conditioning units (e.g. mini-split systems), and ground-source heat pump cooling systems.

1. Xcel Energy Customer Information will be Exchanged with Manufacturers

Xcel Energy will provide Manufacturers with a list of Minnesota service territory zip codes for those Xcel Energy customers eligible to participate in the Program. In turn, Manufacturers may share Customers' enrollment data and anonymized usage data from Customers' smart thermostat(s) with Xcel Energy and Xcel Energy's suppliers and consultants. This exchange of Customer information is covered by confidentiality terms existing between Manufacturers and Xcel Energy and between Xcel Energy and its suppliers and consultants.

2. Program Control Day and Cycling Information

2.1. In Minnesota, air-conditioner cycling Events will typically occur between 3 p.m. and 7 p.m. Central Daylight Time on control days between June 1 and August 31 ("Event Season"). Please note that control days may occasionally take place in other months.

2.2. The air-conditioning cycling is controlled by the eligible smart thermostat(s) received by Customers who comply with all Program terms. The Program may use one of the following control strategies during Events:

2.2.1. Duty-Cycling – the smart thermostat will cycle a Customer's air-conditioning off and on during the Event

2.2.1.1. For example: the compressor will be turned off for 15 minutes, and then turned on for the following 15 minutes, as necessary.

2.2.2. Temperature Offset – the smart thermostat will increase the temperature set point in a Customer's home by a pre-determined amount during the Event.

2.2.2.1. For example: for a 2 degree offset event, a Customer's smart thermostat with a chosen set point of 71 degrees would be increased to 73 degrees.

3. AC Rewards Event Participation Details

3.1. The Program offers Customers the option to opt-out of most Events. Xcel Energy may call as many of these opt-out eligible Events ("Voluntary Events") as needed each year, but historically has not called more than ten Voluntary Events during an Event Season. Accordingly, Customers may opt-out of Voluntary Events at any time during the Event. Xcel Energy will review Customers' opt-out rates during Voluntary Events annually and for Customers deemed to display high opt-out rates, Xcel Energy reserves the right to modify these Customers' participation terms or to remove them from the Program. Xcel Energy will communicate these changes by e-mail to Customers as they occur.

3.2. Xcel Energy may need to dispatch certain control events that do not offer Customers the ability to opt-out of the Event ("Mandatory Events"). Xcel Energy will only dispatch a Mandatory Event if the North American Electric Reliability Corporation ("NERC") declares Level 2 Alerts for Xcel Energy's Minnesota service territory, as defined by NERC's Reliability Standard EOP-002-2 (found at <http://www.nerc.com/pa/rrm/ea/Documents/EOP-002-2.pdf>; specifically, Level 2 Alerts are defined starting on Page 7, section B.2, Attachment 1-EOP-002-0). NERC Level 2 Alerts are issued by NERC reliability coordinators when the "Balancing Authority, Reserve Sharing Group, or Load Serving Entity is no longer able to provide its customers' expected energy requirements." When NERC Level 2 Alerts are declared, Xcel Energy must take specific actions to meet the system's projected energy demand,

which includes the dispatch of Program resources. In the event that Mandatory Events are dispatched, Xcel Energy will notify Customers by e-mail.

4. Program Term and Withdrawal

- 4.1. Participation in the Program shall continue for a period of not less than one year (12 months) from the time Xcel Energy confirms installation of Customer's eligible smart thermostat.
- 4.2. This Agreement shall remain in effect, unless terminated pursuant to other provisions of this Agreement, Xcel Energy's tariffs or until the Program is discontinued by Xcel Energy. Xcel Energy will give this Program discontinuation notice to Customers at least thirty (30) days prior to such early termination date.
- 4.3. The Customer will notify Xcel Energy when replacing or removing a smart thermostat enrolled in the Program. Removal of an enrolled smart thermostat without an eligible smart thermostat replacement will be deemed by Xcel Energy as a Customer-initiated termination of this Agreement. Customers replacing a previously enrolled smart thermostat with an eligible smart thermostat must re-enroll the new smart thermostat to confirm installation. See details at: <https://smarththermostat.xcelenergy.com/reenrollment>.
- 4.4. If the Customer terminates this Agreement prior to one year after Enrollment Date of eligible thermostat(s), or if Xcel Energy terminates this Agreement because of Customer's failure to honor the terms of this Agreement at any time, or upon discovery of any tampering with smart thermostat equipment, then Xcel Energy shall have the right to terminate this Agreement immediately and/or immediately discontinue dispatching of Customer's equipment and payment of the Annual Participation Reward. Any Customer terminating an Program Agreement prior to one (1) year from the Enrollment Date will not be eligible to participate in the Program again for twelve months from the date of early termination.
- 4.5. Except for direct install Customers, if the Customer terminates this Agreement one year or more after Enrollment Date of eligible smart thermostat(s), Customer may withdraw from the Program without penalty.
- 4.6. For Customers receiving no cost smart thermostats(s) and installation via the direct install enrollment channel:
 - 4.6.1. Xcel Energy will own and operate the installed smart thermostat(s) for a period of two (2) years after the Enrollment Date. Once the two year period has expired, ownership of the smart thermostat equipment will be transferred to the Customer.
 - 4.6.2. For direct install enrollment channel Customers who either are terminated from the Program by Xcel Energy for failure to follow these Program terms or who terminate for convenience within two (2) years of the Enrollment Date, Xcel Energy shall have the right either (a) to remove the smart thermostat and/or monitoring equipment from the Customer's premises and Customer agrees to pay for the cost of such removal, or (b) to leave the smart thermostat and/or monitoring equipment in place and to charge Customer for the smart thermostat and/or monitoring equipment and the initial installation charges. In the event the Customer requests removal of the smart thermostat/monitoring equipment immediately following termination of this Agreement by either party, then Xcel Energy will remove the smart thermostat and Customer agrees to pay the cost of such removal.

5. Limitations

- 5.1. Program terms are subject to change any time. Please visit us at <http://www.xcelenergy.com/ACRewards> or call us at 1-800-895-4999 to determine whether any Program changes have occurred. To be eligible for the Program, eligible smart thermostats must be installed in single family homes with central air conditioning and Xcel Energy Minnesota residential rate electric service.
- 5.2. Initial incentives available to Customers shall be paid one time after Enrollment Date, Customers purchasing eligible smart thermostats from the Xcel Energy Store can receive up to two (2) instant rebates applied to purchases per premise every three (3) years; after three (3) years have passed, Customers will be eligible to receive new instant rebates. Additionally, Customers can receive only one (1) installation incentive per premise for three years after the Enrollment Date. Installation incentives are only available to Customers who have purchased eligible smart thermostats from the Xcel Energy Store. Customers enrolling in the Program via the BYOT enrollment channel with previously purchased and installed eligible smart thermostats can receive one (1) enrollment incentive per premise every three (3) years. Three years after their first Enrollment Date, customers will be eligible to receive a new enrollment incentive. Customers choosing to receive the no cost smart thermostat(s) and installation via the Direct Install channel can receive up to two (2) eligible smart thermostats per premise every three (3) years; after three (3) years have passed, customers will be eligible to receive new smart thermostat equipment and installation. Xcel Energy will pay for the cost of smart thermostats and installation for customers choosing the Direct Install channel.
- 5.3. Xcel Energy reserves the right modify any and all Program incentives based on future performance, Program modifications, technology upgrades, and changes to Xcel Energy's electrical distribution system. Any such changes will be communicated to Customer by e-mail at least thirty (30) days prior to deployment of such changes.
- 5.4. Customer agrees not to tamper with smart thermostat and to reasonably attempt to restrict access by others to the smart thermostat. If Xcel Energy determines that its load management equipment on the Customer's premises has been rendered ineffective due to tampering by use of mechanical, electrical, or other devices or actions, then Xcel Energy may discontinue the Customer's participation in the Program. The Customer would be billed for all expenses involved with the removal of the load management equipment and any charges resulting from the investigation of the device tampering. Xcel Energy may rebill all prior load management credits received by the Customer to the date the tampering appears to have first occurred or the previous twelve months, whichever is longer. The Customer will be removed from the Program and will not be eligible to participate again for twelve months. Xcel Energy will verify installation has been corrected before the Customer will be permitted to participate in the Program.
- 5.5. Xcel Energy will not make any roof penetrations or other roof alterations on the Customer's premises.
- 5.6. The Customer will notify Xcel Energy when adding or removing any air conditioning units/equipment that could affect participation in this Program.

5.7. If the Customer fails an electrical inspection due to the improper installation of a smart thermostat via the Direct Install enrollment option, Xcel Energy will correct the code violation at no charge. If a Customer fails an inspection due to the Customer's improper wiring or any other reason other than the improper installation of the smart thermostat, the Customer will be ineligible for the Program, and this Agreement shall become null and void.

6. Saver's Switch® Customers

A current Saver's Switch customer is eligible to enroll in the Program. By joining the Program, the Customer will forfeit the annual bill credit associated with the Saver's Switch program in favor of the Annual Participation Reward. If a current Saver's Switch customer joins the Program during the calendar year after receiving an annual Saver's Switch credit, Xcel Energy will not pay the Customer an Annual Participation Reward until the following calendar year. Xcel Energy will remotely de-activate Customer's Saver's Switch and Saver's Switches will remain installed on Customer's air-conditioning unit unless Customer requests removal.

7. Program Communications

Customer consents to receive communications from Xcel Energy relating to the Program in electronic form sent to Customer's email address.

8. Questions

If you have questions regarding these Program terms, please call 1-800-895-4999.