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Xcel Energy Data Request No. 2-3
Docket No.: EL19-019
Response To: South Dakota Public Utilities Commission
Requestor: Eric Paulson
Date Received: October 2, 2019

Question:

Provide the heat pump water heater rebate amount required to allow for a 1.5 year payback period.

Response:

Residential customers are highly sensitive to first cost; therefore, when designing program incentives paybacks are only one consideration. This is particularly the case for equipment such as water heaters, which are often emergency replacements. We expect that, regardless of payback period, customers are unlikely to purchase a heat pump water heater unless the rebate covers a significant portion of the incremental cost. Our experience working with customers has shown us that in these situations, given the barriers to participation, factors outside of payback should also be considered.

Notwithstanding the above response, the rebate amount required to allow for a 1.5 year payback period is up to \$279, depending on the customer's heating and cooling type.

Preparer: Josh Martin
Title: Product Manager
Department: Customer Solutions
Telephone: 612-330-2861
Date: October 15, 2019