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Xcel Energy Data Request No. 3-1
Docket No.: EL21-014
Response To: South Dakota Public Utilities Commission
Requestor: Brittany Mehlhaff
Date Received: October 28, 2021

Question:

Refer to the Company’s filing, page 12. Explain the factors contributing to the below target participation and achievements for the Residential Demand Response program in 2020. Does Xcel expect participants, achievements, and budget to increase in 2021 and 2022 to the proposed goals? Explain.

Response:

As described in our filing, the Company offers two demand response products to our residential customers within the Residential Demand Response program: Saver’s Switch and AC Rewards.

The Saver’s Switch product utilizes a device that is installed on a customer’s central air conditioning system that allows the Company to remotely control the customers air conditioner, shutting off the unit for short periods of time to reduce system load during demand peaks. The primary factor that contributed to reduced participation and achievement for the Saver’s Switch portion of the Residential Demand Response program was the effect that the COVID-19 pandemic had on program delivery. The program team experienced customer site accessibility challenges that made it more difficult to schedule and install equipment than in past years. Additionally, the program encountered supply chain disruptions that slowed down equipment orders, making it difficult to fulfill installations at a rate necessary to achieve program targets.

The AC Rewards product utilizes smart thermostats to help the Company control residential cooling load. The AC Rewards program experienced several challenges that contributed to participation and achievement levels that were below target. The first and perhaps most challenging barrier the program faced was the launch of the program in 2020 which coincided with the beginning of the COVID-19 pandemic. While all new programs face the challenge of establishing themselves within the

market, we found that it was extremely difficult to introduce a new program during a time of unprecedented health and safety conditions. Similar to Saver's Switch, AC Rewards encountered supply chain disruptions that slowed down equipment orders and the majority of participation interest is a result of ongoing consumer education and events – all of which were cancelled in 2020.

As the AC Rewards program team looked for ways to adapt the program to better support customers in the midst of the pandemic, they identified an opportunity to simplify the qualification and enrollment process. The initial process to participate in the program included multiple steps to purchase, qualify, and enroll a thermostat in order to qualify for program incentives. To simplify the customer experience and promote greater participation, the Company began working with a new storefront vendor who provides a more streamlined approach, allowing customers to purchase a qualifying device and enroll in the program all in one transaction on the Xcel Energy store marketplace. To help promote the simplified customer journey, the Company will be combining this new process with a more robust email marketing plan aimed at increasing participation and achievement to align with program targets.

Regarding the Company's expectations for 2021 and 2022 achievement:

In 2021, the Company expects that Saver's Switch participation and achievement will be below the proposed goal while the budget will remain unchanged. For 2022, the Company expects to meet the forecasted participation and achievement, while the budget will remain unchanged.

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