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Xcel Energy Data Request No. 2-1
Docket No.: EL22-010
Response To: South Dakota Public Utilities Commission Staff
Requestor: Eric Paulson
Date Received: October 18, 2022

Question:

Explain why the participation and energy savings for the Residential Demand Response programs were well under the target.

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.

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 2021.

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.

For 2022 the COVID related challenges have subsided and the company projects meeting the energy savings targets for the year.

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