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Xcel Energy Data Request No. 2-4
Docket No.: EL25-020
Response To: South Dakota Public Utilities Commission
Requestor: Eric Paulson
Date Received: October 1, 2025

Question:

Explain why the Home Energy Reports is an “opt out” program and not an “opt in” program like all other programs.

Response:

The proposed Home Energy Insights (HEI) program is designed as an “opt-out” offering, meaning customers are automatically enrolled to receive Home Energy Reports unless they choose to opt out. Customers may opt out at any time and will no longer receive the reports.

This approach is intentional and based on several key factors:

- Higher Participation Rates: Opt-out programs consistently achieve higher participation rates compared to opt-in programs. This broader reach allows the utility to engage a larger and more diverse customer base.
- Reduced Self-Selection Bias: Opt-in programs tend to attract customers who are already energy-conscious or actively engaged. In contrast, opt-out programs include less engaged households, which are often the most impactful targets for energy efficiency messaging and behavior change.
- Cost-Effectiveness: Marketing and recruiting for opt-in programs can be costly and time-consuming. An opt-out model reduces these costs while still allowing customer choice and full control over their participation.
- Maximized Energy Savings: By reaching a wider audience, including customers who may be less engaged in their home’s energy usage, the program can drive greater overall energy savings (kWh and kW), benefiting the utility, customers, and the Commission’s energy reliability and affordability goals.

Preparer: Greg Nettleton
Title: Senior Portfolio Product Manager
Department: Customer Energy & Transportation

Telephone: 303-620-1045
Date: October 15, 2025