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Xcel Energy		Data Request No.	1-8
Docket No.:	EL26-022		
Response To:	South Dakota Public Utilities Commission Staff		
Requestor:	Brittany Mehlhaff		
Date Received:	October 28, 2026		

Question:

Regarding the proposed Residential HVAC Rebates program:

a) Please explain the difference between the smart thermostat offering in this proposed program compared to the one-time incentive provided for customers enrolling their qualifying thermostat in AC Rewards or the discount provided for purchasing and installing an ENERGY STAR rated thermostat that is AC Rewards eligible.
b) On page 12 of the petition, the Company states "[b]y including this measure in a program with other measures, the Company believes it can distribute those fixed costs for effectively and ensure a cost-effective program."
    i. Does the Company expect fixed costs, in total, for all program measures, to be less than the total of all fixed costs would be to administer the program measures separately? Please explain why or why not.
    ii. On its own, is the High Efficiency Heat Pump Hot Water Heater measure still not cost-effective? Please explain.
    iii. Will the fixed costs associated with the High Efficiency Heat Pump Hot Water Heater be subsidized by other measures in the program? Please explain.
c) Provide the cost-effectiveness analysis in Attachment A, page 7 for the Residential HVAC program, split out individually between each measure offering: Air Conditioner 15.2 SEER2, Non-ducted Mini-split Heat Pump, high efficiency Heat Pump Hot Water Heater, and Smart Thermostat.
d) Explain how Xcel determined the incentive amount for each measure offering found in the petition, page 12, Table 8.
e) How did Xcel determine the estimated 253 participants for 2027?

Response:

a) The proposed Residential HVAC Rebates smart thermostat offering provides a $50 incentive for installing a qualifying smart thermostat and is based upon the energy efficiency savings potential when installing a smart thermostat. Lowering the heating setpoint or raising the cooling setpoint reduces the indoor–outdoor temperature differential, reducing equipment runtime and energy usage. Participation in the efficiency rebate offer does not require enrollment in demand response program. Eligibility requires existing electric heating and/or electric central cooling equipment and residence in a single-family home, duplex, triplex, or quadplex; condos and apartment buildings are excluded. By comparison, AC Rewards is a demand response offering that temporarily adjusts thermostat temperatures to reduce load when needed. It provides a $75 one-time enrollment bill credit and a $25 annual bill credit for continued participation in AC Rewards. Customers can receive the $50 incentive for installing a qualifying thermostat AND the associated bill credits for enrolling and participating in AC Rewards.

b)

i) Yes, the Company anticipates delivery of the programs combined under one product to improve operational and reporting efficiencies that would otherwise have higher fixed costs to administer if delivered separately. Combining the heat pump hot water heater measure with other measures allows the Company to distribute fixed program administration costs more effectively by allocating them over an expanded number of qualified measures. This avoids paying for redundant work if administered separately.

ii) The High Efficiency Heat Pump Hot Water measure has always been cost effective. The Company shows the expected cost effectiveness of this measure as part of Attachment A to this information request.

iii) By combining the Heat Pump Water Heater measure with other measures, the Company can more effectively use marketing and administrative labor dollars in managing this program. The Company cannot separate the specific costs related to managing this measure from the rest of the expected program costs. As demonstrated in Attachment A, the Heat Pump Hot Water measure is cost-effective and will contribute to the cost-effectiveness of the program as a whole.

c) The Company offers the attached Excel files, "to this information request to show the measure level cost effectiveness. Specifically, the Company shows the cost effectiveness analysis for each specific measure based on the expected participation in the filing. This analysis excludes program spending that cannot be separated specifically by measure, like labor or marketing expenses.

d) For incentive amount planning purposes, the Company referenced rebate values and associated total incremental costs from customer invoices received through Xcel Energy's MN Residential HVAC program.

e) The estimate is based on participation in Xcel Energy's MN Residential HVAC program. Participation forecasts were adjusted to reflect the customer count of the Company's South Dakota service territory. Participation rates were adjusted to reflect the program being new to this market.

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