

## EEBC SETTLEMENT RESULTS XCEL ENERGY 2023 DSM/BE PLAN SETTLEMENT

### Policy Action Committee (PAC) Summary January 21, 2023

Back in October, EEBC submitted **28 discrete recommendations and/or proposals on behalf of its members** to Xcel Energy for inclusion in the Company's 2023 DSM and Beneficial Electrification Plan. Among those 28 recommendations and/or proposals, EEBC put forth 4 pilot proposals to Xcel. EEBC's settlement proposal was comprised of:

- 2 general recommendations,
- 5 residential HVAC proposals,
- 3 Energy Star Home proposals,
- 1 Home Energy Squad proposal,
- 3 insulation and air sealing proposals,
- 1 multi-family buildings proposal,
- 2 home lighting proposals,
- 1 whole home efficiency proposal,
- 1 business HVAC proposal,
- 4 business lighting proposals,
- 1 new construction proposal,
- 1 small business solution proposal,
- 1 LED streetlighting proposal,
- and 2 residential demand response proposals.

Overall, **22 of the 28** EEBC recommendations and/or proposals were either accepted or *partially* accepted by Xcel Energy for inclusion into its 2023 Plan as part of a December 2, 2022 Comprehensive Settlement Agreement. EEBC is a signatory to this Settlement Agreement, which remains pending before the Public Utilities Commission (PUC) for approval. It is currently scheduled to be taken up by the PUC on February 15-17, 2023. Please review the following table for a summary of the results of EEBC's proposals and the Settlement. For your convenience, we have included the page and paragraph numbers from the Comprehensive Settlement document for each proposal response.

Thank you to EEBC's Policy Action Committee, Action Groups, and individual company members who dedicated many hours with EEBC's staff and legal team to accomplish these historic goals that will further grow the EE, BE, and DR industries in Colorado.

**For questions or to join EEBC please contact:** Patricia Rothwell, EEBC Executive Director, 303.391.5623 / [patricia@eebco.org](mailto:patricia@eebco.org)

	Submission Proposals/Measures	Proposal Sponsor(s)	Xcel Energy (the Company) Response and/or Inclusion into '23 Plan	Out-come
<b>GENERAL ISSUES</b>				
1	Adopt 2022 bonus incentive levels for year-round application in 2023, in all electric DSM product categories and for all measures which utilized bonus incentives in 2022.	EEBC & Commercial Lighting Action Group	Settlement Agreement <a href="#">Paragraph 30 (p. 11)</a> : Xcel “agrees to adopt all 2022 bonuses from the business lighting program for all invoices dated on or before September 30, 2023 and submitted by November 30, 2023. The Company will restart bonuses on January 1, 2024, if the 2023 DSM & BE Plan carries over into 2024.”	Partial Win
2	<b>Inflation Reduction Act:</b> Educate consumers and trade allies about IRA tax credits and rebates in all cases where there is overlap between Public Service incentives and IRA tax credits and rebates.	EEBC	Settlement Agreement <a href="#">Paragraph 8 (pp. 5-6)</a> : Xcel “will provide contractors and customers with education on the availability of, and terms associated with, the Inflation Reduction Act’s . . . incentives and/or tax credits available during the 2023 program year.”	Win
<b>RESIDENTIAL</b>				
3	<b>HVAC:</b> Increase promotion, market support and heat pump participation targets considering new IRA tax credits and incentives (expected in 2023).	EEBC	Settlement Agreement <a href="#">Paragraph 16 (p. 8)</a> : Xcel “will increase its rebates associated with electric heat pumps, including ground source heat pumps, by at least 10% from the values proposed in the direct case across its service territory and throughout its DSM/BE portfolio while also increasing marketing of heat pumps.”	Win
4	<b>HVAC Alternative EER Heat Pump Research Pilot:</b> Company should establish a 2023 Pilot to evaluate elimination of EER requirements for variable capacity heat pumps starting in 2024.	HP Action Group	Settlement Agreement <a href="#">Paragraph 18 (p. 8)</a> : Xcel “agrees to research, in consultation and dialogue with EEBC and other interested stakeholders, Energy Efficiency Ratio . . . requirements for variable capacity heat pumps, and remove or modify the minimum EER requirements for Variable Capacity Heat Pumps if doing so will cost effectively broaden heat pump participation without increasing peak power demand in the	Win

			summer. The Company will make a determination on this matter by May 31, 2023.”	
5	<b>HVAC:</b> Reduce high efficiency furnace and gas water heater incentives and/or require installation of a dual fuel heat pump/gas furnace system to be eligible for a gas furnace rebate.	EEBC & HP Action Group	<u>Settlement Agreement Paragraph 22 (p. 9):</u> Xcel “agrees to research, with interested stakeholders, the potential to phase out rebates for traditional air conditioners and gas water heaters in order to allocate additional resources towards the adoption of heat pumps as part of its 2024-2025 DSM & BE Plan.”	Partial Win
6	<b>HVAC:</b> Offer a bonus incentive for homes that install qualifying HVAC equipment along with performing advanced duct sealing meeting a supply-side duct leakage reduction of at least 80%.	AeroSeal	<u>Settlement Agreement Paragraph 15 (p. 8):</u> Xcel “will add an additional bonus rebate of at least \$500 for customers who install major weatherization measures within six months of installation of heat pumps for space heating.”	Partial Win
7	<b>HVAC:</b> Implement a midstream incentive approach for Heat Pump Water Heaters.	EEBC & HP Action Group	<u>Settlement Agreement Paragraph 21 (p. 9):</u> Xcel “agrees to add a midstream incentive approach (without eliminating customer incentives) for heat pump water heaters. The design of the midstream incentive approach for distributors will be developed in consultation with stakeholders and proposed through a 60-Day Notice not more than 60 days after a final Commission decision approving the Plan.”	Win
8	<b>ENERGY STAR Homes:</b> Add prescriptive incentives for builders that install ASHPs, mini-split HPs, HPWHs.	EEBC & HP Action Group	<u>Settlement Agreement Paragraph 14 (p.7):</u> Xcel “will create a top tier of rebates within the Energy Star® New Homes program for highly efficient homes that are primarily heated with electricity (\$8,000) or fully electric (\$10,000).”	Win
9	<b>ENERGY STAR Homes:</b> Triple the incentive for all-electric new homes.	EEBC	<u>Settlement Agreement Paragraph 14 (p.7):</u> Xcel “will create a top tier of rebates within the Energy Star® New Homes program for highly efficient homes that are primarily heated with electricity (\$8,000) or fully electric (\$10,000).”	Win

10	<b>ENERGY STAR Homes:</b> Require additional basic measures in all new homes qualifying for an incentive, thereby maximizing energy savings.	EEBC	N/A	Loss
11	<b>Home Energy Squad:</b> Drop programmable thermostat measure and only install smart thermostats. Consider requiring enrollment in the residential DR program in return for a free smart thermostat.	EEBC & HP Action Group	Settlement Agreement <a href="#">Paragraph 19 (p. 9)</a> : Xcel “agrees to remove programmable thermostats from the Home Energy Squad program and offer smart thermostats in the Home Energy Squad program at a cost that is equal to or lower than the upfront incentive given for participation in the AC Rewards program.”	Partial Win
12	<b>Insulation and Air Sealing:</b> HVAC Advanced Duct Sealing Stand-Alone Product (add an incentive for advanced duct sealing).	AeroSeal	Settlement Agreement <a href="#">Paragraph 23 (pp. 9-10)</a> : Xcel “agrees to research, with interested stakeholders, the potential to add advanced duct sealing to its insulation and air sealing, whole home efficiency and/or new homes products during the course of implementing the 2023 DSM & BE Plan.”	Partial Win
13	<b>Insulation and Air Sealing:</b> Increase participation targets and budget considering new IRA tax credits and rebates that will become available eventually.	EEBC (Building Shell/Weatherization Action Group)	Settlement Agreement <a href="#">Paragraph 23 (pp. 9-10)</a> : Xcel “agrees to research, with interested stakeholders, the potential to add advanced duct sealing to its insulation and air sealing, whole home efficiency and/or new homes products during the course of implementing the 2023 DSM & BE Plan.”	Partial Win
14	<b>Insulation and Air Sealing:</b> Test the neighborhood blitz approach to doing attic insulation and air sealing on a significant scale. Conduct a trial in one Disproportionately Impacted Community using either an existing contractor or going through an RFP process.	EEBC (Building Shell/Weatherization Action Group)	Settlement Agreement <a href="#">Paragraph 19 (p. 9)</a> : Xcel “will develop at least three separate geographically targeted marketing campaigns during the 2023 DSM & BE Plan. The campaigns will include outreach/educational activities to promote the installation of heat pumps and/or weatherization in neighborhoods with a high density of homes with electric resistance heating, and/or constrained part of the gas system, including working with supply chains to help facilitate successful campaigns.”	Partial Win

15	<b>Multifamily Buildings:</b> Expand focus on cold-climate HPs and HPWHs installations in Multi-Family buildings going through rehab as well as new MF buildings.	EEBC & HP Action Group	N/A	Loss
16	<b>Home Lighting:</b> Drop big box stores from the program in 2023.	EEBC	<u>Settlement Agreement Paragraph 20 (p. 9):</u> Xcel “agrees to remove big box stores, including Costco, Sam's Club, Walmart, Home Depot, and Lowe's from its Residential Lighting product no later than October 1, 2023.”	Partial Win
17	<b>Home Lighting:</b> Maintain in store buydowns in dollar stores, grocery stores and the like in DI Communities, at least for one more year	EEBC	<u>Settlement Agreement Paragraph 20 (p. 9):</u> Xcel “may maintain in-store buydowns in local hardware stores, grocery stores, and the like in income-qualified and/or disproportionately impacted communities after October 1, 2023 and continue giveaways and increased focus of distribution of LED lamps in the Home Energy Squad, in school kits, at food pantries and at promotional events for the entire 2023 year.”	Win
18	<b>Whole Home Efficiency:</b> Add a performance incentive approach based on whole house energy savings percentage to align with the incentives for whole house retrofit in the IRA under the Hope for Homes provision.	EEBC	N/A	Loss
<b>BUSINESS</b>				
19	<b>Business HVAC:</b> Increase emphasis on promoting Heat Pumps, heat pump water heaters, and variable refrigerant flow (VRF) equipment.	EEBC & HP Action Group	<u>Settlement Agreement Paragraph 28 (pp. 10-11):</u> Xcel “commits to continue actively studying prescriptive BE measures for commercial customers. The Company will file a 60-Day Notice to add prescriptive measures for equipment and use cases that it deems to be sufficiently repeatable and cost-effective not more than 60 days after a final Commission decision approving the	Partial Win

			Plan. At a minimum, the measures considered shall include: measures that are identical to the 2023 residential BE measures, including, but not limited to, ducted and ductless air source heat pumps (including VRF systems); heat pump water heaters; and, dual-fuel and/or heat pump rooftop units.”	
20	<b>Business Lighting Controls in DR Pilot:</b> To test proof of concept of how Network Lighting Controls can be incorporated into a Demand Response Program that will significantly reduce kW consumption during Xcel Energy peak demand events.	Commercial Lighting Action Group	Settlement Agreement <a href="#">Paragraph 34 (pp. 12-13)</a> : Xcel “agrees to consider, in consultation with stakeholders, implementing a pilot program that tests the feasibility of carrying out Demand Response with networked lighting controls, and reporting on the results of this examination to the DSM Roundtable no later than the third quarter of 2023. If this strategy shows promise, the Company agrees to move forward with the pilot program in the second half of” 2023.”	Win
22	<b>Business Lighting:</b> Greatly increase incentives for lighting controls, especially for network controls.	Commercial Lighting Action Group	Settlement Agreement <a href="#">Paragraph 32 (p. 11)</a> : Xcel “agrees to increase incentives for lighting controls, including standard controls, and more innovative networked lighted controls, with a target of incentives equal to a 30% of installed project cost.”	Win
22	<b>Business Lighting:</b> Double the rebate amounts for exterior LED fixtures and add rebates for exterior lighting controls such as motion sensors.	Commercial Lighting Action Group	Settlement Agreement <a href="#">Paragraph 32 (p. 11)</a> : Xcel “agrees to increase incentives for lighting controls, including standard controls, and more innovative networked lighted controls, with a target of incentives equal to a 30% of installed project cost.”	Win
23	<b>Business Lighting:</b> Eliminate minimum wattage requirements for prescriptive incentives.	Commercial Lighting Action Group	Settlement Agreement <a href="#">Paragraph 31 (p. 11)</a> : Xcel, “in consultation with EEBC and other interested stakeholders . . . will review and adjust wattage requirements, on an annual basis, for Business lighting products. Any modifications, if cost-effective, to these requirements will be made through a 60-Day Notice”.	Partial Win
24	<b>Business New Construction:</b> Add prescriptive incentives for HPs and	EEBC & HP Action	Settlement Agreement <a href="#">Paragraph 28 (pp. 10-11)</a> : Xcel “commits to continue actively studying prescriptive BE measures for	Partial Win

	HPWHs.	Group	commercial customers. The Company will file a 60-Day Notice to add prescriptive measures for equipment and use cases that it deems to be sufficiently repeatable and cost-effective not more than 60 days after a final Commission decision approving the Plan. At a minimum, the measures considered shall include: measures that are identical to the 2023 residential BE measures, including, but not limited to, ducted and ductless air source heat pumps (including VRF systems); heat pump water heaters; and, dual-fuel and/or heat pump rooftop units.”	
25	<b>Small Business Solutions:</b> Include direct install measures for all customers requesting a site assessment, not just customers under 100 kW.	EEBC	N/A	Loss
26	<b>LED Street Lighting:</b> Open the LED Street Lighting product to additional lighting contractors.	Commercial Lighting Action Group	N/A	Loss
<b>DEMAND RESPONSE</b>				
27	<b>Demand Response Peak Day Partners:</b> Implement a pilot that would offer residential customers that already have AMI meters incentives to reduce peak demand on up to 10 critical peak days.	Recurve, Emporia Energy (3 <sup>rd</sup> Party/DR Aggregator Action Group)	N/A	Loss
28	<b>Demand Response DR Performance Pilot:</b> Public Service should conduct an RFP in the first half of 2023 to	Recurve, Emporia Energy	Settlement Agreement <a href="#">Paragraph 34 (pp. 12-13)</a> : Xcel “agrees to initiate an RFP in the first half of 2023 to solicit ideas from vendors for new Demand Response	Win

	<p>solicit ideas for new DR offerings that achieve peak demand reduction by residential customers with AMI meters.</p>	<p>(3<sup>rd</sup> Party/DR Aggregator Action Group)</p>	<p>offerings that achieve peak demand reduction by residential customers with advanced meters through a pay-for-performance technology neutral approach. If the RFP responses indicate potential that will reasonably lead to a cost-effective offering, the Company agrees to design one or more products or pilot that would be included in the 2024-2025 DSM Plan.”</p>	
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