

## ➤ New Construction

### A. Description

The New Construction product influences building owners, architects, and engineers to include energy efficient systems and equipment in their design for new construction and/or major renovation projects. With regards to the New Construction product offering, new construction is defined as a new building, addition to an existing building, or renovation/redesign. Since the Company services building owners of different areas and size, the whole-building New Construction product offers four core components:

1. Energy Design Assistance (“EDA”)
2. Energy Efficient Buildings (“EEB”)
3. New Construction Lighting
4. Codes and Standards Compliance

All components are available to non-residential customers in Public Service’s electric and natural gas service territory.

#### Energy Design Assistance

The EDA offering provides a source of energy expertise to encourage energy efficient building design and construction practices. EDA offers design assistance in support of integrated design process by providing comprehensive computer modeling of the planned design, funding to offset the cost of design time associated with the increased energy analysis, financial incentives to improve the cost-effectiveness of a package of energy-efficient measures, and field verification to ensure that the strategies are installed per the design intent. Public Service covers the average energy modeling cost of an EDA project for customers.

According to *Best Practices Benchmarking for Energy Efficiency Programs*<sup>37</sup>, it is crucial for new construction DSM products to engage early in the design process and utilize integrated design modeling. The report states that, “Integrated design adds value because cost-effective energy savings opportunities decline as the project progresses through the various design stages.” EDA uses computer energy models and a well-established, collaborative method for exchanging information with design professionals, contractors, developers, and building owners throughout the integrated design process. Important information is provided at critical points in the design process about the value and application of strategies for reducing peak demand and energy use. By analyzing integrated systems in the beginning of the design process, customers can make a building significantly more efficient, more comfortable for the occupants, and less costly to operate in the future.

In addition to technical assistance, Public Service provides financial incentives to building owners to improve the cost-effectiveness of energy efficient materials and equipment. Incentives

<sup>37</sup>National Energy Efficiency Program Best Practices Study, Quantum Consulting Inc., Dec. 2004, pg. NR8-2. Available: [http://aceee.org/files/proceedings/2004/data/papers/SS04\\_Panel5\\_Paper21.pdf](http://aceee.org/files/proceedings/2004/data/papers/SS04_Panel5_Paper21.pdf).

are paid only after a verification process is completed, which typically occurs within three months of building occupancy. Verification ensures that the measures were installed as proposed and provides an added degree of confidence in the project's calculated energy savings.

EDA will increase its focus on technologies and strategies that mitigate peak loads and reduce revenue requirements on the system. As technologies such as electricity storage become more economically viable for developers, EDA will encourage customers to incorporate them into building designs, as they can be used to support load shifting improvements. By increasing focus on system peak reductions, the product aims to identify and incentivize strategies that will maximize economic and environmental benefits for participants. As part of our strategy to increase participation in demand response products, this product offering Peak Partner Rewards and AC Rewards. Further details are provided in the technical assumptions.

EDA offers three tracks for customer involvement:

#### *Basic Track*

The Basic track is for Public Service customers interested in the opportunity to participate in a collaborative design process and identify energy savings opportunities using new technologies and energy methodology. The following requirements apply to the Basic track:

- Square footage: Greater than 50,000 square feet (new construction, major renovation or addition)
- Design phase: Schematic design or early design development
- Energy Savings: minimum of 15% peak coincident demand savings and 15% natural gas savings achieved in the FEA Stage; and
- For major building renovations, building must include significant renovations to at least two of the following three systems: building envelope, lighting/electrical, or mechanical systems.

#### *Enhanced Track*

The Enhanced track is for Public Service customers interested in obtaining sustainable building certifications, such as the U.S. Green Building Council's Leadership in Energy and Environmental Design ("LEED®")<sup>38</sup>. The Enhanced track allows for further analysis in daylighting, lighting, and mechanical system comparison and building orientation. The following requirements apply to the Enhanced track:

- Square footage: Greater than 50,000 square feet (new construction, major renovation or addition)
- Design phase: Pre-design or early schematic design
- Energy Savings: minimum of 30% peak coincident demand savings and 15% natural gas savings achieved in the FEA Stage; and
- For major building renovations, building must include significant renovations to at least two of the following three systems: building envelope, lighting/electrical, or mechanical systems.

<sup>38</sup>USGBC, LEED, <http://www.usgbc.org/leed>.

### *Express Track*

The Express track is for Public Service customers whose projects are of a common type (such as multifamily, office, school, etc.) and draws on results from previous modeling experience of similar building types and systems to calculate hourly building simulations of the actual project.

The following requirements apply to the Express track:

- Square footage: Greater than 50,000 square feet (new construction, major renovation or addition);
- Design phase: Schematic design or early design development (same as basic track);
- Energy Savings: minimum of 15% peak coincident demand savings and 15% natural gas savings achieved in the FEA Stage; and
- For major building renovations, building must include significant renovations to at least two of the following three systems: building envelope, lighting/electrical, or mechanical systems.

Public Service administers EDA using third-party implementers to help identify product candidates, facilitate meetings with the design teams (including the owner), and complete energy modeling activities. Energy modelers are chosen based on a set of qualification criteria to become a third-party implementer of EDA services. Qualification opportunities are open as Public Service deems appropriate. Third-party implementers are paid on a pay-for-performance basis. The EDA offering will open a Request for Qualification by the fourth quarter of 2022 to allow additional energy modeling candidates to apply to become an approved Xcel Energy EDA Provider.

### Energy Efficient Buildings

The EEB offering is intended to provide a simplified approach to optimizing energy efficiency options in new construction or major renovations. This component addresses the portion of the new construction market not suited for the full-scale energy modeling offered through EDA. Projects must be a minimum of 10,000 square feet. Projects are also generally less than 70,000 square feet and have passed the schematic design stage of new construction. However, any size project above 10,000 square feet may qualify provided the project has not awarded bids for equipment.

Focusing on the needs of small building owners, the EEB offering provides a comprehensive list of typical energy efficiency measures that can be incorporated into the new/major renovation building design, as well as the rebate amount available for each measure. Incentives are provided for heating and cooling, lighting, building envelope, electric motors, refrigeration, and custom opportunities. Customers will receive a rebate tailored to their building after the project has been constructed and onsite verification completed.

Public Service administers EEB using both internal and external resources to review the calculations and rebates and verify installation. The EEB offering is managed by a third-party implementer to assist the customer with the EEB process.

### New Construction Lighting

The New Construction Lighting offering will replace the prescriptive measure offered under the Lighting Efficiency product and is intended for customers that either do not meet the size and

timing requirements of the other two New Construction offerings and for customers whose scope only includes lighting systems in their new buildings, additions, and major renovations.

Like the EEB offering, New Construction Lighting will focus on energy saved over the 2018 IECC baseline, using lighting ComCheck documents to identify allowed wattage versus proposed wattage based on Lighting Power Density.

#### Codes and Standards

The Company will pro-actively encourage and support jurisdictions to adopt the latest building codes within the residential and commercial new construction products. In addition, it will give those communities the tools to improve the compliance with the new codes and ultimately help them reach their energy performance and economic development goals. This support will be designed to meet each jurisdiction where they are in the code adoption cycle and address current gaps in new code adoption across the state including: a lack of resources, lack of knowledge, and internal and external opposition to increasing code standards. Specific strategies include, one on one support for local officials, marketing materials available through various channels, and trainings designed to support awareness and implementation.

## **B. Forecasts, Participants & Budget**

#### Forecasts and Participants

Participation is estimated using actual historical product data. All non-residential customer segment types are eligible to participate in EDA; however, typical projects fall in the sectors of office, schools, retail, multifamily, and healthcare. The EDA energy savings forecasts were estimated based on the average energy savings of participating buildings when compared to the usage of a baseline building. The baseline building is defined as a building compliant with the ASHRAE 90.1 standards, or the local jurisdiction's code, whichever is more stringent.

#### Budgets

Once forecasts were established, the budget was developed based on historical cost and participation information. Average project modeling drives the budget, construction incentives, M&V, and promotional expenses. The following are the specific budget drivers:

- *Consulting Payments:* Much of the product delivery budget is associated with the cost of modeling for customer projects. Modeling costs are estimated to be approximately \$100 per kW saved for all three tracks. Modeling costs are then split between the year modeling begins and the year in which the project will be completed due to final as-built modeling being used in rebate calculations. There are also minimal dollars allocated for EEB for a third-party implementer. New Construction Lighting will not incur modeling or consulting costs.
- *Incentives:* Incentives are calculated based on the marginal value of energy saved by the as-modeled and as-verified building compared to the utility load shape of its baseline design.
- *M&V:* Completed in two steps for the offering and described in the M&V section of this Plan. Cost estimates are based on construction documentation and site review and are analyzed on a per-project basis. Projects in the New Construction Lighting measure will have M&V activities performed on a sample of completed projects.

- *Promotions, Advertising and Customer Education:* Promoting the product through specific advertising campaigns, trade alliances, trade shows, and training opportunities is an important part of New Construction and aids in shifting the market towards higher efficiency. As such, historical data was used to determine the appropriate level of expenditure on product marketing.

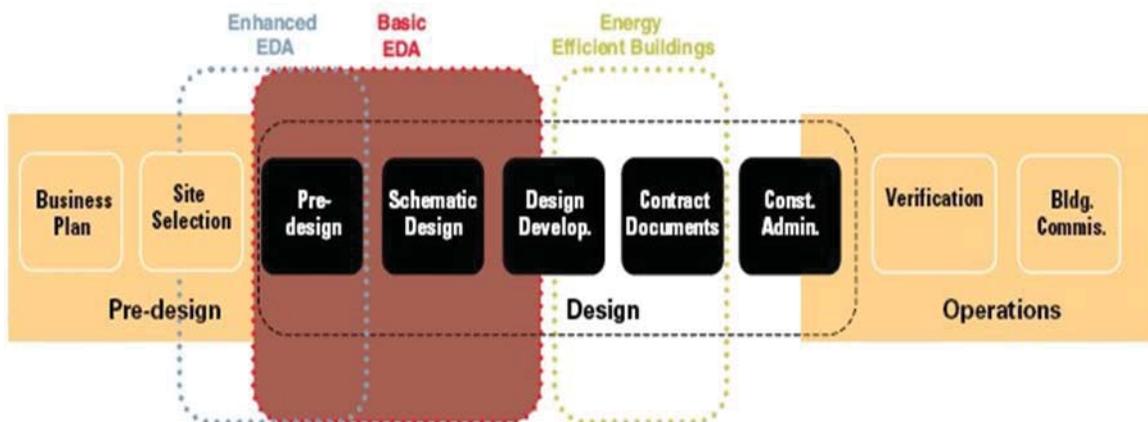
## C. Application Process

The rebate application process differs between EDA and EEB.

### Energy Design Assistance

The application process for EDA is more involved than for prescriptive products and follows the design schedule of a new construction project as outlined in the diagram below.

### *Building Design Process*



The average timeframe for project completion can range from two to five years depending on project schedules. For example, projects beginning modeling in 2019 will likely be completed in 2021 or beyond.

The application steps for the product include:

1. *Application Submittal:* Each project is evaluated by Public Service and the third-party implementers to ensure the project meets eligibility requirements. Customers who are interested in participating in the product must meet the design schedule requirements. Once approved to participate in the EDA offering, the customer receives an email approving the project and explaining next steps.
2. *Introductory Meeting:* An introductory meeting with the customer, design team, the third-party implementer, the Public Service Account Manager, and other key parties, takes place within two weeks of approval, depending on the design schedule. This meeting sets the tone for the collaborative approach, by explaining how the process works, who is involved,

and what results should be expected. Initial project details, such as baseline systems, are collected during this meeting.

3. *Preliminary Analysis*: Using project details and costs from the design team, the third-party implementer begins the modeling process. Analysis is completed using a whole-building energy simulation computer program. Modeling software and protocols are established by Public Service, with reference to ASHRAE 90-1 standards, or the local jurisdiction's code, whichever is more stringent. Further analysis under the Enhanced track, if applicable, is also completed using the relevant modeling program and code base.

Within this analysis, different energy efficiency opportunities are explored that fit into the project criteria—payback analysis, energy expectations, and original design strategy. A meeting is then held to review these strategies to find the ones that meet the original project criteria and which ones should be considered moving forward.

4. *Final Energy/Strategy Analysis*: Energy efficiency opportunities are then packaged together in design alternatives to show expected building energy savings, paybacks and incentives. A whole-building approach is used to identify the net effect of multiple strategies on a project. This approach provides opportunity for more energy savings impact, by trading less-effective ideas that may be in the budget for more effective, new concepts. The packaging of design alternatives also provides protection against pitfalls in the value-engineering phase of the design/construction process, which typically cuts individual elements of projects based on their first-cost and impact on the tangible elements of the building, with little regard for ongoing energy use. These energy alternatives are then presented to the design team and the customer to choose the best approach for their project.
5. *Construction Document Review*: Once the design team completes construction documents (“CDs”), a third-party implementer reviews the CDs and adjusts the energy model as needed. This energy model is used to determine the expected incentives from Public Service and to verify compliance with the energy savings intent of the customer. A review of the CDs energy analysis is completed before construction.
6. *Verification*: The final step in the EDA offering occurs when Public Service completes an onsite verification of the energy alternative addressed within the energy model. Equipment and systems are logged to evaluate performance variables as appropriate to verify consistency with modeling assumptions. The actual results are compared to the estimated savings to determine the final customer rebate.

#### Energy Efficient Buildings

The application process is similar to other Public Service prescriptive products; however, preapproval is required to allow for calculations of energy-efficient measures, review of construction documents for verification of project design, and final verification of actual installation.

The first step in the process is for the customer to submit a preapproval application and agreement to Public Service. Once received, Public Service will review the project to confirm the project timeline, building square footage, and customer interest in energy efficiency options. Once the application is preapproved, the customer will receive an email from Public Service's consultant explaining the terms of the EEB offering and processes. An introduction meeting invitation will be extended to the customer to provide energy efficiency advice. The building owner will then submit the project data throughout the construction of the project, and upon completion, for review by Public Service. The customer will receive the final construction rebate once the project and onsite verification have been completed.

#### New Construction Lighting

The application is similar to other Public Service prescriptive products. Customers may apply for rebates by completing the application and providing a lighting ComCheck and detailed invoice for the newly installed equipment. The customers may submit a rebate application after the equipment has been purchased and installed. The equipment must be new and meet all the qualifications detailed on the application form. After the customer has installed the equipment, the application and invoice must be submitted to the Company within 24 months of the invoice date.

The first step in the process will be for the customer to submit a completed preapproval application, lighting ComCheck, and equipment invoice to Public Service. Once the paperwork is completed and submitted, rebate checks will be mailed to the customer as indicated on the application within six to eight weeks.

### **D. Marketing Objectives & Strategies**

The New Construction product is primarily marketed through the Company's sales team and external third-party implementers to reach architects, engineers, general contractors, and Public Service customers, as detailed below. The Company fosters a collaborative approach, meeting with design teams to show how the product works and how it is beneficial to customers. Marketing strategies used within the product scope include trade shows, electronic newsletters, face-to-face meetings, advertising, and participation with various trade organizations including American Institute of Architects, Association of General Contractors, U.S. Green Building Council, and ASHRAE. A secondary market is building owners and developers. The EEB offering, on the other hand, is primarily marketed to developers and customers.

*Primary Market* – General Contractors, Architects, Mechanical and Electrical Engineers:

- Implement energy efficiency strategies
- Influence customer/developer decisions
- Trusted by owner
- Often suggest New Construction product to owners and developers
- Key to actual inclusion of strategies and cooperation

*Secondary Market* – Owners and Developers:

- Make initial decision on budget

- Hire and contract with an architect, engineers, and general contractor(s)
- Initiate conversations on energy efficiency
- Make final decision on equipment choices
- Key to moving general contractors to energy efficiency strategies within a limited budget

Public Service continually works to improve and update the information available to customers on the website and/or for events. There are several pieces of collateral used for the New Construction product:

- *Product Feature Sheet*: explains the features and the benefits of the product;
- *Case Studies*: provides examples of how various customers have benefited from participating in the product;
- *Process Flow Chart*: detail information on the product processes; and
- *White Papers*: explain different options for energy efficiency in lighting, heating, cooling, envelope, and other measures.

The EEB offering provides Public Service with the opportunity to conduct a larger marketing effort for New Construction. Customers may hear of the EEB offering through several channels, including Account Managers, the Business Solutions Center, architects and engineers, general contractors, or equipment trade partners. Several strategies are used, such as:

- *Product Feature Sheet*: Explains the features and the benefits of the product;
- *Trade and Customer Seminars*: In-person opportunities to educate customers and trade partners on the benefits of new construction; an important part of the marketing strategy;
- *Conferences and Exhibits*: In-person expertise to help customers determine what product best fits their needs, as well as guidance on the EEB and EDA processes; and
- *E-newsletters*: Another avenue to educate the market on the product and benefits of reviewing new construction projects for energy efficiency opportunities.

The New Construction Lighting offering provides Public Service with the opportunity to conduct a larger marketing effort for customers whose needs were previously met by the prescriptive new construction measure under the Lighting Efficiency product.

## **E. Product-Specific Policies**

New code adoption only impacts new EDA project starts. Since the sales cycle for EDA is typically two to five years—from project initiation and design to the completion and occupancy of a physical building—many of the projects expected to finish in 2023 have already been identified by the Company and third-party implementers. The following policies are in place for the New Construction product:

- *Natural Gas Impacts*. In taking the whole-building approach, there are times when an efficiency measure may cause a decrease in one fuel consumption, but an increase in consumption of another fuel. In these situations, Public Service will account for both the

decreases (energy savings) and increases in fuel consumption and will issue the rebate accordingly.

- *Completion of several opportunities.* The EEB offering will require installation of new equipment in both the electrical and mechanical sections of the building. Buildings that only require adjustments to one “section” will be referred to the Company’s other prescriptive products.
- *Ineligibility for additional products.* The New Construction product is a holistic approach to whole-building energy efficiency. For this reason, customer participation in whole-building New Construction offerings (EDA or EEB) will preclude customer’s participation in Xcel Energy’s prescriptive and custom (component) rebate products.
- *Design Team Incentive deadlines.* Design Teams in the EDA offering may submit design team incentive request applications as late as two years after the project has finished (Construction completed and M&V performed).
- *Technological eligibility.* Technologies such as fluorescent lighting and metal-halide lighting will not be eligible for rebates in the New Construction product.

## **F. Stakeholder Involvement**

Customers, trade allies, and other stakeholders are engaged at the project level. Feedback is garnered individually from participants and when feedback trends are identified, Public Service will develop recommended changes for consideration in product design. Public Service will also discuss potential changes with trade partners or third-party implementers.

The Company continues to coordinate with other utilities and organizations to improve and effectively deliver the New Construction offerings. In addition, surveys are used to gather feedback from participants to continually improve the product.

## **G. Rebates & Incentives**

EDA provides rebates to customers based on the times of day the above-code measures included in the project are saving energy compared to the modeled baseline. Public Service also reimburses design team members to offset the incremental cost of their participation from \$8,000 to \$12,000 per project, depending on the square footage of the building. Design Teams can claim these incentives as late as two years after project completion. The EEB offering covers analysis of measure opportunities and provides both prescriptive and custom rebates for measures above code. The New Construction Lighting offering provides rebates for lighting designs that perform above code.

## ➤ **Small Business Energy Solutions**

### **A. Description**

The Small Business Energy Solutions product is designed to engage small business customers in deploying DSM measures that will lower their energy consumption and demand. The product offers rebates and support for energy efficient upgrades to Public Service’s small- and mid-sized business customers with annual peak demand of up to 400 kW.

The product aims to overcome specific barriers that often prevent small businesses from investing in energy efficiency and demand management measures, including:

- Lack of knowledge of energy and bill savings potential in system upgrades;
- Lack of time to complete all the necessary steps to upgrade systems;
- Lack of capital to make improvements;
- Uncertainty of value when facility is not owner-occupied; and
- Limited access to qualified contractors due to small margins on some projects.

To address these issues, the product offers the following components:

1. *Outreach* - Intensive outreach to bring resources to the customer, rather than relying on the customer to seek them out.
2. *Onsite Audit* – Each customer will be offered a facility walk-through audit. The audit is designed to be a simple, one-stop service that keeps customer time requirements to a minimum. The customer will receive a report that outlines the recommended efficiency upgrades with associated rebates, energy savings, and demand reduction.

Substantial rebates are offered to offset the cost of installing qualifying energy efficient equipment, as follows:

Direct Install for Immediate Savings – Customers with an annual peak demand of less than 100 kW will qualify for participation in the direct install (“DI”) component of the product. During the walk-through audit, the third-party implementer will perform free installation of the following energy savings measures, where applicable.

- a. Select screw-in LED lamps;
- b. Aerators in restrooms and kitchen sinks;
- c. Select ENERGY STAR® certified smart thermostats;
- d. LED exit signs or retrofit kits;
- e. Strip curtains for freezers;
- f. Auto-close doors for coolers and freezers;
- g. Pipe Insulation;
- h. Water conservation showerheads;
- i. Water conservation kitchen spray valves;
- j. Select LED tubes; and
- k. Other cost-effective measures to be identified.

Customers with an annual peak demand greater than 100 kW can also receive a direct installation of select ENERGY STAR® smart thermostats; however, additional costs to the customer may apply.

Prescriptive Rebates – See savings calculations and rebates available from the Company’s prescriptive products deemed technical assumptions.

Custom Rebates – See savings calculations and rebates available from the Company’s Custom Efficiency model.

3. *Connect with a contractor* – The product will connect the customer to participating contractors and provide intensive outreach and training for contractors so that they can accurately and effectively market to customers.
4. *Install energy efficient upgrades* – The third-party implementer serves as a liaison between the customer and the contractor, maintaining engagement with the customer to ensure recommended measures get implemented.
5. *Processing Application* – The third-party implementer will assist the customer in reviewing and submitting their applications(s) for rebate

With the transition to smart meters and Time of Use (“TOU”) rates, this product will also provide support to customers by providing education on how energy is used in their facilities. Further education on TOU and coordinated marketing strategies will help these customers make informed decisions on how they can change energy usage and save money with the rates available.

## **B. Forecasts, Participants & Budgets**

### Forecasts and Participants

The forecasts for this product were derived from historical data, market data, and equipment deemed savings values in Colorado.

### Budget

The forecasted expenditures for this product are based on projected participation levels, promotion, and administrative expenses. The majority of the product costs are customer rebates, third-party implementation costs and promotional expenses.

## **C. Application Process**

The third-party implementer offers and conducts a free walk-through audit at the customer's facility and provides a written report of the energy saving findings. At the time of the audit, customers with an annual demand of 100 kW or less may qualify for direct installation of specific measures (as outlined above). Throughout the process, the third-party implementer will assist customers in applying for rebates for qualifying equipment, reviewing completed applications, and ensuring that there is a detailed invoice for the newly installed equipment.

The third-party implementer will also assist customers in applying for a Custom Efficiency rebate for projects that do not fit into the prescriptive rebate offerings. Such projects are evaluated under the Custom Efficiency analysis and must follow the rules of the Custom Efficiency product.

After the customer has installed the equipment, the rebate application and invoice must be submitted to the Company within 12 months of the invoice date. Once the paperwork is completed and submitted, rebate checks will be mailed to the customer as indicated on the rebate application.

## **D. Marketing Objectives & Strategies**

The key marketing objective is to raise awareness, interest and participation in the product, contributing to achievement of the Company's energy savings and demand reduction goals. The product is marketed primarily through the third-party implementer—they are required to meet the implementation targets for which they are contracted, and they will deliver the marketing strategies needed to meet them. Secondary outreach is likely to occur through the Company's BSC, contracted trade allies, and/or other marketing efforts such as mailings, newsletters, and the Company website.

## **E. Product-Specific Policies**

Small Business Energy Solutions has several product-specific policies:

- The product is for customers with peak electricity demand of 400kW or less; customers with an annual demand of 100 kW or below may qualify for free direct installation of specific measures.
- All rebated equipment must meet all product rules and requirements, and the application must be submitted within 24 months of the invoice date.
- Once completed paperwork is submitted, rebate payments are usually issued in six to eight weeks.

- The product pays custom rebates for qualifying energy saving measures that are not included under the prescriptive rebate category. Such projects are evaluated under the Custom Efficiency analysis and must follow the rules of the Custom Efficiency product. The customer has up to 24 months after the preapproval date to implement the project. Custom projects that exceed that timeframe, or have significant equipment deviations from the original plan, require reanalysis and approval.

## **F. Stakeholder Involvement**

The third-party implementer has considerable influence on the success of the product, as they will be the face of the Company to potential participants. The Company expects that the third-party implementer will engage stakeholders in the implementation of this product.

Trade partners are an important stakeholder as they will be performing the retrofits and upgrades as well as promoting the product to customers. The Company expects the third-party implementer to maintain and grow the trade partner list of qualified contractors. Trade partners on this list will have a vested interest in the product's success, as they will benefit from the work generated by the audits.

## **G. Rebates & Incentives**

The product provides eligible direct-install measures for qualifying participants and direct rebates for eligible projects based on savings calculations from the Company's prescriptive products deemed technical assumptions and Custom Efficiency model.

As part of our strategy to increase participation in demand management, this product will provide opportunities for customers to participate in the Small Commercial Building Controls Demand Response product.