

➤ Home Lighting & Recycling

A. Description

The Home Lighting & Recycling product provides resources for customers to purchase energy-efficient light bulbs and to dispose fluorescents in an environmentally-friendly manner. Using energy-efficient bulbs is an easy and inexpensive way for customers to save electricity. The Company provides an avenue for customers to purchase discounted energy-efficient bulbs through local retailers. Customers can also recycle compact-fluorescent lights (“CFLs”) free of charge.

Bulb Discounts

The Company motivates customers to purchase LEDs by offering in-store retail discounts through an upstream incentive model. An instant rebate is provided through Company collaboration with bulb manufacturers and retailers, enabling customers to purchase a variety of energy-efficient bulb models at a discounted price. The Company partners with retailers such as Home Depot, Walmart, Costco, Ace Hardware, and Dollar Tree. Customers receive the discounted price at the register; there is no mail-in rebate form.

CFL Recycling

The CFL Recycling component of the product provides an environmentally-friendly method for customers to dispose of CFLs. The Company maintains a partnership with Ace Hardware to serve as the retail arm for CFL recycling. Customers can bring spent CFLs to participating Ace Hardware stores and recycle them free of charge. The retailer then stores the bulbs in a covered bin until it is full. Then they ship the bulbs to the recycler in the postage paid bin. The Company covers the cost to ship and recycle the bulbs that are submitted for recycling at participating retailers within the Company’s service territory.

B. Forecasts, Participants & Budgets

Forecasts and Participants

The energy savings forecast for the product was derived by analyzing the market potential and historical sales data, while considering new technologies, available retail channels and participating customer segments. All Company electric customers are eligible to participate in the Home Lighting & Recycling product.

Budgets

The main budget drivers include the following:

- Rebates – includes the discounts offered at retail stores as well as bulbs distributed at community events.
- Promotion and Advertising – includes costs for home lighting specific advertising campaign as well as in-store signage displays and fees for participating in community events.
- Consulting – includes product administration labor to manage the product.

C. Application Process

Customers do not need to apply to participate in the Home Lighting & Recycling product. The Company works with retailers and manufacturers to provide a discounted price on bulbs through upstream incentives. The incentive varies depending on the type of bulb and the manufacturer/retailer partner. The customer receives the discounted price at the cash register. Incentives are paid upstream, and the discounts are passed on to the customer.

D. Marketing Objectives & Strategies

The objective of the Home Lighting & Recycling product is to motivate customers to purchase energy-efficient bulbs and encourage them to recycle CFLs when they burn out. The Company will focus marketing dollars on building awareness and sales of LED bulbs, in addition to helping educate customers about the product benefits. The Company will use various media channels to reach customers including television, radio, in-store signage, publications, bill inserts, social media, internet and sponsorship of local events. The peak sales period for energy efficient bulbs is in the fall and winter, as such, promotions are focused during these buying time periods.

The Company uses an RFP process each year to select participating retailers and endeavors to enable partnership with a variety of retailers (including big box, mass merchandiser, dollar stores, and hardware and grocery outlets) to ensure optimal pricing and to help reduce free-ridership.

The Company plans to review rebate discounts and product offerings in relation to market conditions. The Company plans to monitor the availability of inefficient lighting technology at stores to determine which technologies to discount to prevent backsliding. As of the timing of this filing, manufacturers still plan to stock inefficient technologies on store shelves as there continues to be a market for those bulbs.

CFL Recycling is marketed locally through the local retail partner, Ace Hardware. The Company also markets recycling through the Company's website.

E. Product-Specific Policies

The Company selects retailers within its electric service territory and assumes that the customers purchasing the discounted bulbs live within the given area. If a store is within one mile inside of our territory boundary, the Company only claims 75% of the savings for sales at those stores.

The third-party implementer will be responsible for delivering the calculated savings, actual high efficiency product sales details, including the location, types and quantities of bulbs sold each year to be used in the Company's annual DSM/BE status report.

The Company currently uses a third-party implementer for CFL recycling. The selected implementer separates the CFL components by hand to ensure that hazardous materials do not end

up in the ground soil or water. The third-party implementer also provides bins made of recycled material and recycles the bins that the bulbs are shipped in. In addition, they provide certificates of proper recycling.

F. Stakeholder Involvement

The Company collaborates with several organizations to monitor and incorporate best practices into lighting product design. These activities include: member of the Consortium for Energy Efficiency, annually attending the national ENERGY STAR® Product Partners meeting, and monitoring information published by lighting manufacturers, E-Source, the ACEEE, the EPA, and the DOE.

G. Rebates & Incentives

The upstream markdown incentives typically account for up to 75% of the incremental cost, depending on the bulb. The cost savings are passed on to the customer as an instant rebate.

➤ **Lighting Efficiency**

A. Description

The Lighting Efficiency product offers prescriptive and custom rebates to Xcel Energy electric business customers who install qualifying energy-efficient lighting equipment in existing Rebates are offered to encourage customers to purchase energy-efficient lighting by lowering the upfront costs associated with this equipment.

The product's main offerings include the following:

- Prescriptive rebates for qualifying lighting measures and projects³⁴ that save energy such as:
 - LED fixtures that replace inefficient systems, including incandescent, HID and fluorescent. LED measures include both interior and exterior fixtures, retrofit kits, and lamps for retrofit applications;
- Custom rebates for energy-saving lighting projects that do not fall within the requirements of the prescriptive rebate;
- Midstream LED lamp rebates called Business LED Instant Rebate; and
- Networked Lighting Control Rebates for qualifying systems controlling LED technology and rebates for indoor LED horticultural lighting projects.

Prescriptive Lighting Rebates

The product offers rebates for qualifying lighting equipment that is more efficient than existing equipment in retrofit situations. Lighting measures applicable to a prescriptive rebate format are ones that are commonly installed in the marketplace and have an easily identifiable means to determine energy savings.

Custom Lighting Rebates

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. Requirements include that the customer obtains and provides all information needed to analyze the energy savings potential of the project. In addition, for advanced lighting controls projects all equipment must be new and the control retrofit must be for an existing building.

Additionally, as the importance of managing peak demand continues to grow, the Company will explore ways to incentivize and incorporate load management technologies and strategies. Interval data from advanced meters will help the Company better identify strategies to shift energy use from peak to off-peak periods.

³⁴http://www.xcelenergy.com/Save_Money_&_Energy/Rebates/Lighting_Efficiency_-_CO

Business LED Instant Rebates

The product offers upfront rebates to customers on qualifying LED screw-in or pin-based lamps and downlight retrofit kits and fixtures that are purchased from distributors participating in the LED Instant rebate product.

B. Forecasts, Participants & Budgets

Forecasts and Participants

The product's participation and energy savings forecasts were determined by looking at historical participation levels, as well as the large number of LED products that are expected to be commercially available during the time period of this Plan. Previous project characteristics, including equipment type/mix, were also used to develop projected average cents-per-kWh rebate for each measure.

Budgets

Historical expenditures were analyzed to project the budget. The main budget drivers include:

- *Participant Incentives* – The vast majority of the budget is allocated for rebates. This budget reflects the new rebate levels and projected customer participation in each measure, which was based on 2019 and some of 2020 participation across the offerings.
- *Administration* – These budgets are based on past product performance with a slight increase built in for expanded product offerings, engineering, and account management involvement. The budget also includes third-party implementer costs for the implementation of Business LED Instant Rebate efforts, technical assistance with complex lighting projects, and preparing rebate paperwork
- *Advertising and Promotion* – A promotional budget was developed based on historical expenditures on marketing activities. Promotions and paid advertising are targeted to customers and trade partners and typically focus around activities such as new or revised product offerings, case studies featuring successful projects, educational opportunities such as events, and bonus rebates.

C. Application Process

The Company promotes the Lighting Efficiency product through several channels, including the Company's website, advertising, direct mail, email promotions or through the lighting trade. Account Managers work directly with the Company's largest customers to help them identify energy saving opportunities in lighting and BSC representatives are available for all business customers, particularly small- and mid-sized business customers, who need information on lighting rebate products.

Lighting Efficiency Retrofit Application

The application process for the prescriptive retrofit product is similar to other prescriptive products. Customers may apply for rebates by completing the application and providing a detailed invoice for the newly installed equipment. The customers may submit a rebate application after the equipment has been purchased and installed. The replacement of fixtures must provide equivalent lighting levels between the baseline and proposed scenarios and result in energy savings.

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 for retrofit projects. 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.

Business LED Instant Rebates

At the point of sale, participating distributors validate that the end-use customer is an active customer within Xcel Energy electric service territory. Participating distributors will apply an incentive to the retail price to decrease the qualified product cost. Customers will not be required to submit a rebate application as the participating distributor will provide the sales data to the utility.

Custom Efficiency Lighting

Applications for energy saving lighting projects that do not fit into the prescriptive paths may be reviewed using the Custom Efficiency or Advanced Lighting Control product application and the accompanying Lighting Evaluation Worksheet.

D. Marketing Objectives & Strategies

The key marketing objective is to raise awareness, interest and participation in the Lighting Efficiency product, contributing to goals for energy savings and demand reduction.

Marketing Strategy

Lighting Efficiency is primarily promoted through Company Account Managers, BSC representatives via inbound and outbound telemarketing, through Colorado's lighting and electrical trade via the Company's Channel Managers, and by traditional marketing vehicles such as advertising, mailings, Web content and tools, email and other sales promotions.

Significant market segments for potential Lighting Efficiency savings include: office buildings, manufacturing sites, retail establishments, schools, and 24-hour facilities. Marketing campaigns targeted to those customer segments are executed during one-on-one Account Manager meetings, BSC scripted calls, and/or customer direct marketing that drive inquiries to the Company's inbound phone center.

Marketing to Trade Partners

The Company's outreach and relationship building with lighting and electrical trade, professional engineers, architects and lighting designers is another key strategy to reach important business segments and indirectly influence the purchase and installation of energy-efficient lighting systems. The Company establishes and maintains contact with this audience by:

- In-person training and presentations by the Channel Managers at industry events and trade shows, such as the Energy Efficiency Expo, for both customers and trade allies;
- The Lighting Advisory Board, described in section *F. Stakeholder Involvement* below;
- *Energy Exchange*, an email that is sent to the trade discussing energy efficiency lighting applications, case studies, product changes, and other pertinent topics; and

- Trade website,³⁵ including specific brochures and informational pieces directed toward the trade, and updates on product offerings.

Marketing to Small Business Customers

The Company accesses this harder-to-reach market primarily through direct mail, email, and the BSC, as well as via outreach conducted by the Company's Small Business Solutions third-party implementer.

In addition, several marketing pieces are available on the Company's website³⁶ or viewing or download. These pieces are targeted to large-, medium- and small-sized business customers, as well as trade partners. The website offers information on lighting technologies, case studies of successful lighting upgrades, and external sources highlighting reasons to pursue lighting upgrades or implement efficient lighting sources.

- *Prescriptive Rebate Applications* – Applications detail product requirements, rebate levels and additional information to help customers complete the form and submit it for rebate with accompanying invoices and equipment specifications.
- *Resource Documents* – The Lighting Efficiency webpage links to several documents on energy efficient lighting technologies, written by outside organizations such as the DOE, that further identify lighting efficiency sources and opportunities.

E. Product-Specific Policies

Lighting Efficiency has a number of product-specific policies:

- All rebated equipment must be new, meet all product rules and requirements, and the application must be submitted within 24 months of the invoice date for retrofit projects.
- Non-DLC and non-ENERGY STAR® products must meet the DLC or ENERGY STAR® product eligibility category definitions.
- Customers who purchase lights in bulk can earn rebates on select LED lamps for stocking purposes. Lamps in storage must remain on the premises.
- In cases where the customer is unable to obtain an equipment invoice, the Company will send an Account Manager to complete an onsite field verification to confirm that equipment was installed as stated on the application.

F. Stakeholder Involvement

Stakeholder involvement in the Lighting Efficiency product comes through a Lighting Advisory Board and the quarterly DSM Roundtable Meetings. The Lighting Advisory Board was formed as a collaborative effort between several key lighting professionals and the Company's management team. The objectives of the board are to identify gaps in the Company's product offerings, suggest areas of improvement, and to offer a forum for open discussion of lighting topics. Several recommendations from the board have been addressed through the Company's product

³⁵<https://co.my.xcelenergy.com/s/partner-resources>

³⁶http://www.xcelenergy.com/Save_Money_&_Energy/Rebates/Lighting_Efficiency_-_CO

development process and incorporated into the product. The Board will continue to meet on a regular basis, or as long as needed.

G. Rebates & Incentives

The Lighting Efficiency product offers rebates through the retrofit prescriptive component, and/or Custom Efficiency and Advanced Lighting Controls, and/or the Business LED Instant Rebate component.

The Company will use the most appropriate rebate channel to implement rebates.

➤ LED Street Lighting

A. Description

The Company’s LED Street Lights product captures energy savings for local municipalities on the Street Lighting Service (“SL”) Rate by replacing legacy Company-owned streetlights with LED fixtures.

The Company owns approximately 95,000 cobrahead-style streetlights across its service territory with nearly three-fourths of those lights being concentrated within a small number of larger municipalities. Replacement of the current bulbs (70-Watt, 100-Watt, 150-Watt, 250-Watt, and 400-Watt fixtures) with more efficient LED fixtures will result in significant energy savings. Cobrahead replacements offered through this voluntary product will be provided to customers who opt-in to the new SL Rate to transition to LED technology, for both retrofits and new installations. The Company intends to replace 100% of cobrahead fixtures within 10 years of the new rate offering.

B. Forecasts, Participants & Budgets

Forecasts and Participants

The Company is forecasting replacement of 4,000 Company-owned cobrahead street light fixtures—through retrofits and new installations—in 2023. The replacement schedule is tied to an energy savings forecast of approximately 1.8 GWh which represents the annual savings estimates.

Budgets

Equipment and labor costs for LED installation are not being recovered through the DSMCA and therefore are not included in the DSM Plan budget for this product.

C. Application Process

Customers are required to submit their preference for the Option A or Option B rate.

D. Marketing Objectives & Strategies

The product will have a marketing budget to develop customer communications, case studies, and allow for customers who many have opted out to now participate.

E. Product-Specific Policies

Voluntary product participation is available for only Public Service customers on the SL Rate. The upgraded street lighting infrastructure will remain under Public Service ownership.

Note: The Company offers separate rebates for customer-owned street lighting within the Lighting Efficiency product.

F. Stakeholder Involvement

Local municipalities on the Company's SL Rate are the primary product stakeholders. The Company consulted with local municipalities regarding this product through several outreach meetings starting fall of 2014 through 2020. Collaboration will continue as implementation continues.

G. Rebates & Incentives

No rebates are offered for this product because the Company is the equipment-owner. SL ratepayers will benefit from the ability to transition to the new technology under the new, lower rate enabled by the lower energy consumption and competitive cost of the LEDs.