**EEBC Requests for 2023 Xcel Energy DSM Plan**

**Draft by Howard Geller with EEBC Members**

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**INSTRUCTIONS Final Deadline Monday, October 10th COB**

EEBC members, please add your comments below in a different color. Email to

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JOIN EEBC Policy Action Committee (PAC)/Industry Action Group meetings October 6-13 for updates and recommendations feedback discussions. **[www.eebco.org](http://www.eebco.org)**

1. **GENERAL**

**Adopt 2022 bonus incentive levels year-round in 2023, in all electric EE product categories and for all measures with bonus incentives in 2022.** Xcel greatly underspent its approved electric EE budget and missed its savings target in 2021, and is likely to do the same in 2022 as well. With a recession looming, higher rebates are needed in 2023 in both residential and business products. Moreover, Xcel’s assumptions about measure costs are out-of-date given recent increases in both equipment and labor costs; i.e., higher rebates are needed given recent increases in EE project costs. And turning bonus rebates on and off during the year is detrimental to EE contractors and other trade allies who greatly prefer a more steady stream of work!

**Educate consumers and trade allies about IRA tax credits and rebates in all cases where there is overlap between Xcel incentives and IRA tax credits and rebates.** Include info. on the IRA tax credits and rebates in ALL marketing materials, web pages, training sessions, etc. where applicable. Doing so should 1) help customers understand the full scope of the incentives that are available, thereby increasing participation in Xcel’s EE programs and 2) motivate trade allies to provide accurate information about the tax credits when they are talking to potential customers.

1. **RESIDENTIAL**

**HVAC**

**Increase promotion, market support and heat pump participation targets considering new federal tax credits and incentives in the IRA.**

* Double participation targets for all heat pump measures.
* Proposed rebate levels, $1,500-$2,000, look reasonable considering the new federal incentives.

**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.** Cut the rebate levels by at least 50% from those proposed for 2023. This should provide an additional boost for heat pumps, and move down a path of zeroing out the furnace and gas water heater incentives in future years.

**Regarding HPWHs, implement a midstream incentive.**

* Engage distributors and contractors to a greater degree and increase HPWH stocking through a midstream approach.
* Increase marketing.
* Consider a combination of midstream and downstream incentives – say $500 for the consumer and $500 for the distributor…hopefully enough money to get water heater distributors to respond.

**Member Company Proposal | “Alternative EER Heat Pump Research Pilot” | HP Action Group – Manufacturers, Distributors, and Industry Stakeholders**

**ENERGY STAR homes**

**Add prescriptive incentives for builders that install ASHPs, mini-split HPs, HPWHs.**

* Incentivize builders to install HPs and HPWHs, in addition to incentives designed to get builders to build greater than minimum code.

**Double or triple the incentive for all-electric new homes.**

* As proposed, these incentives are only $500 if the home is 10-15% better than code and $800 if 15-20% better than code in locations where the base code is 2018 IECC, and just $300 if the home is 10-15% better than code and $550 if 15-20% better than code in locations where the base code is 2021 IECC. This is not enough money to motivate builders to go all-electric, unless they were already planning to do so.

**Require basic measures in all new homes qualifying for an incentive, thereby maximizing energy savings.**

* smart thermostat
* 1.5 gpm low-flow showerheads
* efficient faucets, and
* LED lamps in all lights where bulbs are included in the home as built.

**HOME ENERGY SQUAD**

**Drop programable thermostat measure and only install smart thermostats.** Also, consider requiring enrollment in the residential DR program in return for a free smart thermostat.

**INSULATION AND AIR SEALING**

**Increase participation targets and budget considering new IRA tax credits and rebates.** Current projection is 735 insulation jobs/participants in 2023; move this up to say 1,500 participants in light of IRA.

**Add an incentive for duct sealing.** Many homes have air ducts with high leakage which compromises energy efficiency and comfort, and also leads to oversizing of HVAC equipment.

* Add a sizable incentive, say 30% of installed cost up to a maximum rebate of say $750 for duct sealing. Several utilities in CO including Black Hills Energy and the PRPA utilities include duct sealing as a measure in their EE/DSM programs.

**Member Company Proposal | “HVAC Duct Sealing Stand-Alone Product” | Aeroseal Colorado**

**Test the neighborhood blitz approach to doing attic insulation and air sealing on a significant scale.** Conduct a trial in in one Disproportionately Impacted (DI) Community using either an existing contractor or going through an RFP process.

* Target say 250 homes
* Include a budget of about $600k for the trial. Pay majority but not all of the cost of each insulation and air sealing job.

**Member Company Proposal | “Attic Insulation Stand-Alone Offering - an option for insulating to code starting at zero R-value” | Owens Corning**

**MULTIFAMILY BUILDINGS**

**Expand focus on getting HPs and HPWHs installed in MF buildings that are going through rehab as well as new MF buildings.** Educate building owners about the opportunity, offer significant HP and HPWH incentives in combination with IRA incentives, and do some showcase buildings.

**HOME LIGHTING**

**Drop big box stores from the program in 2023.** The Biden Administration has issued new federal standards prohibiting the import of light bulbs less than 45 LPW after 1/1/23 and the sale of such lamps at the retail level after 7/1/23. The big box stores only stock (or almost only stock) LED lamps these days, including LED reflector lamps and other specialty lamps, not just standard light bulbs.

**Maintain instore buydowns in dollar stores, grocery stores and the like in DI Communities, at least for one more year.** This will help reduce the first cost and increase sales of LED bulbs in these areas.

* Continue giveaway of LED lamps in the Home Energy Squad, school kits, at food pantries and at promotional events.

**WHOLE HOME EFFICIENCY**

**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.**

* Actively promote the generous federal incentives along with Xcel rebates, with a focus on low and moderate income families (note there are income limits on qualifying for the federal incentives).
* Increase product budget and participation targets.

1. **BUSINESS**

**HVAC**

**Increase emphasis on promoting Heat Pumps.**

* Add incentives for ASHPs.
* Target replacement of split system and packages ACs with HPs.
* Market/showcase cost-effective applications of HPs in commercial buildings.

**Lighting**

**Greatly increase incentives for lighting controls, especially for network controls.**These devices are improving in performance but substantial incentives are needed at this time to get them established in the marketplace and adopted by building owners.

* Increase incentive levels to around 30% of installed cost, which will help to address the issue of higher material and labor costs recently.
* Include design support of networked lighting controls as there is an added cost for proper system design.
* Also, consider implementing a pilot program that combines DR with network lighting controls.

**Double the rebate amounts for exterior LED lamps and controls such as motion sensors.** While not coincident with system peak at this time, nighttime load should grow in the future and EV and HP penetration grows. There is still a lot of potential for cost-effective energy savings for businesses from converting to LED exterior lighting. And apply the bonus incentive year-round for exterior lighting, not just interior lighting.

**Eliminate minimum wattage requirements for prescriptive incentives.** In some cases, lighting contractors can provide adequate light levels in their projects with fixture wattages below the minimum values that Xcel has specified within the product. It does not benefit the energy efficiency cause to specify minimum wattages. Lighting contractors on their own will ensure that adequate lighting levels are provided in order to ensure customer satisfaction.

**NEW CONSTRUCTION**

**Add prescriptive incentives for HPs and HPWHs.** Educate builders and architects about potential applications for HPs and HPWHs in commercial buildings and encourage HP suppliers and contractors to serve this market as well as the residential market. Offer HP and HPWH incentives to builders even if a new building is only built to (or close to) minimum code.

**SMALL BUSINESS SOLUTIONS**

**Include direct install measures for all customers requesting a site assessment, not just customers under 100 kW.**

**LED Street Lighting**

**Add incentives for municipally-owned street light conversions to LEDs.** There is no good reason to offer incentives for Company-owned street lights but not municipally owned street lights. Incentives are available for EE projects in municipal buildings and the same should be the case for street lights.

* All qualified contractors should have the ability to bid on Xcel’s municipal street light projects. This work should not be given automatically to the Company that owns the line extension contract, as has been done in the past.

1. **DEMAND RESPONSE**

**PEAK DAY PARTNERS – RESIDENTIAL**

**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.**

* Provide control devices to customers that restrict certain appliances (like dishwashers, clothes washers or clothes dryers) from operating during peak demand periods, either for free or at a discount.
* AMI meters would be used to estimate the reduction in peak load achieved, with incentives paid to customers either as a set amount or per kW of achieved peak reduction.
* Issue a RFP to hire a contractor to implement this pilot project.

**Conduct an RFP in the first half of 2023 to solicit ideas from vendors for potential new DR offerings that achieve peak demand reduction by residential customers with AMI meters.** Based on the responses, design platform for one or more products or pilot products that would be included in the 2024-25 DSM plan.

**Member Company Proposal | “Demand Flexibility Innovations Marketplace Pilot”**

* **DR-EE Integrated Ally Pilot - Building an EE-DR pilot pipeline. | Recurve**
* **Testing smart technology and other technologies in existing DSM programs for enhanced EE, DR, and BE savings for results at the meter | Emporia Energy**