

SUMMARY OF DSM AND STRATEGIC ISSUES RESULTS
6/14/23

EEBC Highlights of Results from the Final DSM Strategic Issues PUC Deliberations Ending May 26, 2023

For Electric Energy Efficiency programs, the PUC adopted the following budget caps and goals for program years 2024-26:

- \$78 million budget cap each year with 20% budget flexibility (i.e., EE program spending can exceed \$78 million by up to 20% with the presumption of prudence and no need for further PUC approval). This budget cap is somewhat lower than what EEBC recommended but still allows higher electric EE program spending compared to what Xcel actually spent in recent years.
- Energy savings goal of 440 GWh savings each year – nearly equal to EEBC's recommendation (note: with the elimination of LED bulb discounts in big box stores starting later this year, the 440 GWh target is a challenging goal. EEBC recommended other additional savings programs to make up the gap).

For Gas Energy Efficiency programs, the PUC adopted the following budget caps and goals for program years 2024-26:

- The adopted budget caps and savings goals are lower than what EEBC recommended, but allow for higher program spending than was the case in recent years considering that the budget flexibility for gas efficiency programs is 25%. The gas savings goals are also set higher than in recent years.

Year	Budgets caps*	Goals (Dth)
2024	\$18 million	950,000
2025	\$18 million	880,000
2026	\$18 million	815,000

*With 25% budget flexibility

For Beneficial Electrification (BE) programs, the PUC adopted the following budget caps and goals for 2024-26:

- The adopted Goals and Budget caps were halfway between those recommended by EEBC (and supported by Xcel Energy) and the even higher goals advocated by the Conservation Coalition. These are very aggressive and challenging goals that should lead to a strong rapid ramp-up in BE programs.

Year	Budget caps*	Goals (Dth)
2024	\$8.6 million	257,000
2025	\$17.0 million	662,000
2026	\$29.7 million	1,143,000

*With 20% budget flexibility

EEBC Highlights of Results from 2023 DSM Plan PUC Final Approval in May 2023

The Settlement Agreement was approved by the PUC without modifications to include:

- **Training, Marketing, and Consultation with EEBC**
 - Xcel Energy will host two in-person design trainings on Beneficial Electrification Strategies for residential and commercial contractors and distributors.
 - Xcel Energy will hold three separate geographically targeted marketing campaigns during 2023 to include outreach/education to promote heat pumps and/or weatherization.
 - EEBC will consult with Xcel Energy on Energy Efficiency Ratio (EER) requirements for variable capacity pumps, with a final decision due by May 31, 2023.

- Xcel Energy will research adding air sealing, whole home efficiency, and other new home products throughout 2023.
- Xcel Energy will work with EEBC to adjust wattage requirements for business lighting products.
- A request for proposals for the Business Energy Assessment and Strategic Energy Management will be issued by June 30, 2023.
- **Rebates**
 - The rebates increased 10% for electric and ground source heat pumps from 2022.
 - Heat pump water heater incentives will be developed in consultation with EEBC after the final decision is released.
 - Xcel Energy will adopt all 2022 bonuses from business lighting programs for invoices dated on or before September 30, 2023, and submitted by November 30, 2023.
 - Rebates for high-efficiency gas appliances will begin to phase out in 2024 and will remain in place only for existing homes and commercial buildings, not for new construction. Rebates for high-efficiency gas furnaces sunset at the end of 2026.
 - All rebates are “stackable,” meaning that local, state, and federal rebates and incentives can all be applied to the same work.
- **Demand Response (DR)**
 - Xcel Energy will issue an RFP to solicit ideas from vendors for new DR offerings that will achieve peak demand reduction by residential customers with advanced meters.
 - Xcel Energy will require a new DR study to be completed before the next 2025 DSM SI filing.

For Electric Demand Response, the PUC commissioners adopted the following budget and goals:

- Adopted 105 MW of incremental demand response, but expressed frustration that Xcel is not moving fast enough on demand response and demand flexibility measures. DR budgets are to be approved in future DSM plan proceedings.

Gas Demand Response

- Commissioners expressed their serious frustration with Xcel Energy for not including a gas DR goal or budget in this filing, especially when considering recent costs in capacity-constrained areas.
- A new RFP will be released in the coming year for third parties to bid on gas DR pilots. This will have a geographical focus on low-income communities that are also capacity constrained.

Bill Financing

- Commissioners agreed to allow low-income customers to finance energy efficiency products on their bills at a 0% interest rate.
- Commissioners agreed to allow all other customers to finance energy efficiency products on their bills at the Company's average cost of capital.

Low Income Market

- There is a *possibility* that income-qualified individuals could receive a point-of-sale rebate for energy efficient retrofits, but CEO and EOC will have to work with Xcel Energy on this potential offering.

For more specifics on the EEBC and Xcel DSM and SI Settlement Agreements, see the EEBC’s 2023 SI Table of Wins PSCO and the EEBC Wins Memo Xcel DSM Plan 2023.

Questions Contact:

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