



CITIZENS UTILITY BOARD

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August 7, 2026

VIA E-FILING

Dr. Sydnie Lieb
Assistant Commissioner
Minnesota Department of Commerce
Division of Energy Resources
85 7th Place East, Suite 500
Saint Paul, MN 55101

Re:

In the Matter of Utilities' 2027-2029 ECO Triennial Plans **Dockets Nos. E,G002/26-110, E015/26-91, E017/26-92, G008/26-93, G011/26-96**

Dear Assistant Commissioner Lieb:

The Citizens Utility Board of Minnesota ("CUB") respectfully submits the following comments in response to the 2027-2029 Energy Conservation and Optimization Triennial Plans filed by utilities in the above-referenced dockets. CUB provides feedback and recommendations on the Plans filed by Northern States Power Company, d/b/a Xcel Energy ("Xcel"),¹ CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint"),² Minnesota Power,³ Otter Tail Power Company ("Otter Tail"),⁴ and Minnesota Energy Resources Corporation ("MERC").⁵

I. BACKGROUND

The Next Generation Energy Act ("NGEA") of 2007 created utility energy-savings goals and set Minnesota on a path towards increasing energy conservation and efficiency. Minnesota's 2021 legislative session modernized the State's energy efficiency framework through the Energy Conservation and Optimization ("ECO") Act. In 2023, the ECO Act was further updated to expand

¹ *In the Matter of Xcel Energy's 2027-2029 Minnesota Electric and Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. E,G002/CIP-26-110, Xcel Triennial Plan (June 15, 2026) (hereinafter Xcel Triennial Plan).

² *In the Matter of CenterPoint Energy's 2027-2029 Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. G-008/CIP-26-93, CenterPoint Triennial Plan (June 15, 2026) (hereinafter CenterPoint Triennial Plan).

³ *In the Matter of Minnesota Power's 2027-2029 Energy Conservation and Optimization Triennial Plan*, Docket No. E015/CIP-26-91, Minnesota Power Triennial Plan (June 15, 2026) (hereinafter Minnesota Power Triennial Plan).

⁴ *In the Matter of Otter Tail Power Company's 2027-2029 Energy Conservation and Optimization Triennial Plan*, Docket No. E017/CIP-26-92, Otter Tail Power Company's Triennial Plan (June 15, 2026) (hereinafter Otter Tail Triennial Plan).

⁵ *In the Matter of Minnesota Energy Resources Corporation's 2027-2029 Energy Conservation and Optimization Triennial Plan*, Docket No. G011/CIP-26-96, Minnesota Energy Resources Corporation Triennial Plan (June 15, 2026) (hereinafter MERC Triennial Plan).

the definition of customers who may qualify for low-income ECO programs, as well as eliminate caps on efficient fuel switching (“EFS”) spending.

Under ECO, statewide energy savings goals are set at 2.5 percent, with investor-owned gas and electric utility goals set at one percent and 1.75 percent of gross annual retail sales, respectively.⁶ Energy savings can be achieved through various programs focused on energy efficiency, conservation, efficient fuel switching, and load management.

CUB appreciates the utilities’ efforts in developing robust ECO plans and their continued commitment to furthering energy efficiency and conservation efforts. We also thank the Department of Commerce (the “Department”) and interested stakeholders who facilitated and engaged in fruitful review over the course of many workgroups leading up to these filings.

ECO acts as a foundational framework for offering programs, services, and incentives that can provide real and direct benefits to ratepayers across the state. Between 2022 and 2023 alone, ECO is estimated to have saved Minnesota’s businesses and residents over \$321 million in energy costs—reducing not only individual customer bills but also total energy demand on the system, thereby helping delay the need for new power generation and infrastructure.⁷

At the same time, CUB recognizes that decades of successful investment in ECO and its predecessor legislation ultimately means fewer low-barrier measures can be effectively deployed to generate high levels of savings for households. We appreciate Minnesota Power’s observation that “[r]educed opportunities for low-barrier measures” alongside other environmental changes have impacted “the need for increased program spending to achieve at or above historical savings levels.”⁸ As a consumer advocate, CUB approaches our review and analysis of these plans with the intention of prioritizing spending on measures that continue to generate meaningful savings for customers in the long term, both on an individual and aggregate basis. As the Minnesota Legislature has consistently recognized, “cost-effective energy savings are preferred over all other energy resources,” as they can ensure the state’s energy needs are met while reducing utility costs, generating jobs and economic benefits, and reducing power-sector emissions.⁹ Investing in programs that will help save customers money on their utility bills is especially critical in the context of affordability challenges plaguing many Minnesotans today.

While CUB reviewed and provides feedback on plans from Xcel, CenterPoint, Minnesota Power, Otter Tail, and MERC, we do not make comprehensive recommendations for every utility across every topic area. Due to limited capacity, CUB prioritizes our comments on certain utility programs that we believe are most productive to highlight or recommend changes to, and our silence on an issue is not indicative of support or opposition.

⁶ Minn. Stat. § 216B.241, Subds. 1c(b).

⁷ MN Dept. of Commerce, *Minnesota Energy Conservation and Optimization Program: Energy Savings, CO2 Reductions and Economic Benefits Achieved 2022-2023* at 6, 8 (Mar. 30, 2026), available at <https://www.lrl.mn.gov/docs/2026/mandated/260604.pdf>.

⁸ Minnesota Power Triennial Plan at 4.

⁹ Minn. Stat. § 216B.2401(a).

II. ANALYSIS

A. Income-Qualified Programs

Under ECO, utilities must spend a percentage of their gross operating revenues (“GOR”) from residential customers on energy conservation and EFS programs dedicated to low-income customers.¹⁰ These programs are critical to ensuring equitable access to energy-saving measures that help increase affordability and reduce energy burden. Utility low-income programs offer more generous incentives than non-income eligible alternatives, removing some of the cost barriers to accessing conservation measures that may otherwise be prohibitively expensive upfront, but which save households energy—and money—over time.

In 2023, the legislature modified the definition of “low-income household” to expand the eligibility criteria for income-eligible program participation. Previously, households earning 60 percent or less of state median household income (“SMI”) could qualify. Under the updated ECO Act, households now qualify as income-eligible if they receive 80 percent or less of area median income (“AMI”) or otherwise meet the eligibility requirements for “financial assistance from a federal, state, municipal, or utility program administered or approved by the department.”¹¹ In making this change, the legislature provided additional pathways for households to qualify for low-income ECO programs and expanded the pool of eligible customers who could benefit from those enhanced discounts.

CUB previously submitted comments on utilities’ 2024-2026 ECO Triennial Plans and made several recommendations to ensure utilities adequately incorporated the updated statutory eligibility criteria into their low-income program design.¹² We appreciate the income-eligible offerings from CenterPoint, Xcel and MERC that continue to align with these updated criteria.

We also greatly appreciate the additional clarity in Otter Tail’s instant Plan that specifies its income-eligibility criteria considers customers at or below 80 percent AMI.¹³ Otter Tail has also now included geographic eligibility per the Department’s ECO Policy Guidance and CUB applauds the company’s incorporation of this additional pathway.¹⁴ Geographic eligibility can reduce barriers to participation for historically disadvantaged communities that continue to suffer from high levels of energy burden and streamlines customer participation.

¹⁰ Minn. Stat. § 216B.241, Subd. 7(a) (providing that gas utilities must spend at least 1 percent of three-year average gross operating revenues from residential sales on low-income programs; starting in 2024, electric utilities must spend at least 0.6 percent of gross residential operating revenues on such programs).

¹¹ Minn. Stat. § 216B.2402, Subd. 16.

¹² See *In the Matter of Utilities’ 2024-2026 ECO Triennial Plans*, Docket Nos. E,G002/CIP-23-92, E015/CIP-23-93, E017/CIP-23-94, G008/CIP-23-95, G022/CIP-23-96, G004/CIP-23-97, G011/CIP-23-98, Initial Comments of the Citizens Utility Board of Minnesota (Aug. 16, 2023) (hereinafter CUB 2024-2026 Initial Comments); *In the Matter of Utilities’ 2024-2026 ECO Triennial Plans*, Docket Nos. E,G002/CIP-23-92, E015/CIP-23-93, E017/CIP-23-94, G008/CIP-23-95, G022/CIP-23-96, G004/CIP-23-97, G011/CIP-23-98, Reply Comments of the Citizens Utility Board of Minnesota (Nov. 6, 2023) (hereinafter CUB 2024-2026 Reply Comments).

¹³ Otter Tail Triennial Plan at 60-61.

¹⁴ *Id.*

Of the utility ECO Plans CUB reviewed, Minnesota Power is the only utility that still relies on 60 percent of SMI to determine income-qualified program eligibility.¹⁵ Minnesota Power states that it utilizes existing eligibility approaches including Low-Income Home Energy Assistance Program (“LIHEAP”) and the company’s self-declaration of income process that utilizes a 60 percent SMI benchmark as well as categorical qualification “i.e. eligibility through other programs such as Supplemental Nutrition Assistance Program, Minnesota Family Investment Program, Special Supplemental Nutrition Program for Women, Infants and Children, Supplemental Security Income, Minnesota Care, free or reduced lunch programs, etc.”¹⁶ CUB again commends Minnesota Power for allowing enrollment based on alternative program qualifications and self-declaration of income, however we recommend the company expand its process to align with the statutory income threshold. Otherwise, we ask Minnesota Power to provide its justification in reply comments for maintaining the 60 percent SMI threshold.

Beyond eligibility criteria, CUB also made recommendations on investment levels in the last Triennial Plan review process. In particular, we noted that MERC and Xcel generally covered substantially more costs for customers under income-qualified programs than CenterPoint.¹⁷ CUB is excited to see CenterPoint’s current plan proposes to increase cost coverage for its Homeowner Efficiency Redo Opportunity (“HERO”) and Low-Income Rental Efficiency (“LIRE”) programs.¹⁸ Under HERO and LIRE, CenterPoint will now cover 75 percent of total project costs for energy saving and qualifying pre-weatherization measures, up from 50 percent previously.¹⁹ Additionally, CenterPoint has increased its overall proposed low-income segment budget from its previous triennial plan. For the 2024-2026 Triennial, CenterPoint’s total proposed low-income budget amounted to an average spend of \$10,667,602 annually, or 1.47 percent of the company’s three-year-average residential GOR.²⁰ CenterPoint’s instant plan proposes to more than double that budget—an average of \$21,958,009 annually, equivalent to 2.63 percent of the company’s three-year-average residential GOR.²¹ CUB appreciates CenterPoint’s heightened focus on investments in income-qualified programs and believes this additional funding level will help deliver more benefits to customers facing the greatest affordability challenges.

¹⁵ Minnesota Power Triennial Plan at 41.

¹⁶ *Id.*

¹⁷ CUB 2024-2026 Initial Comments at 7-8.

¹⁸ CenterPoint Triennial Plan at 2, 119, 132.

¹⁹ *Id.*

²⁰ *In the Matter of CenterPoint Energy’s 2024-2026 Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. G-008/CIP-23-95, CenterPoint Compliance Filing at 8 (Jan. 26, 2024). We note and appreciate that CenterPoint’s reported actual spending in both 2024 and 2025 exceeded the company’s initial proposed levels. *In the Matter of CenterPoint Energy’s 2024-2026 Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. G-008/CIP-23-95, Analysis, Recommendations, and Proposed Decision of the Staff of the Minnesota Department of Commerce at 16 (June 23, 2025); *In the Matter of CenterPoint Energy’s 2024-2026 Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. G-008/CIP-23-95, Analysis, Recommendations, and Proposed Decision of the Staff of the Minnesota Department of Commerce at 17 (June 22, 2026).

²¹ CenterPoint Triennial Plan at 8.

1. Utilities should prioritize investments in income-qualified programs that offer meaningful energy savings.

While CUB appreciates that utilities' overall investment levels in the income-qualified segment exceed the statutory minimum, we further encourage utilities to continue evaluating program effectiveness within that segment to ensure these ratepayer-funded investments drive meaningful benefits for customers. Under its Energy Partners Income-Qualified Home Energy Analysis program, Minnesota Power proposes an overall reduction in the target number of income-qualified energy audits, while increasing the number of homes receiving comprehensive services, including pre-weatherization, weatherization, and installation of HVAC and water heating systems.²² The company posits that although investing more resources into each home will result in fewer audits, it will also allow for a greater depth of work for each home served, thereby "ensur[ing] that each home achieves optimal energy efficiency and improved home comfort."²³ CUB supports Minnesota Power's intention to shift emphasis on deeper improvements that can create lasting, meaningful savings for low-income customers.

In reviewing Xcel's income-qualified segment proposal, we appreciate that the company's Income Qualified Home Equipment program is estimated as the highest funded program, making up 38 percent of the overall segment budget with approximately \$41.2 million across the plan's term.²⁴ Although many of these measures rely on more expensive investments on a per-household basis, they provide opportunities for meaningful long-term benefits on customers' bills. On the other hand, programs like Xcel's Income Qualified Easy Equipment offering primarily consist of measures with short lifetimes and limited savings benefits.²⁵ These offerings are meant to reduce ECO participation barriers by providing low-effort pathways to energy savings and includes retail product offerings, a refrigerator recycling program, school education kits, community energy savings,²⁶ and direct install measures distributed during an Energy Squad visit.²⁷ These programs focusing on easy installation measures are particularly useful for providing an opportunity to households unable to participate in more comprehensive and intensive ECO programs. While CUB is supportive of these measures, we encourage utilities to evaluate the level of spending to ensure investments remain commensurate with the realistic energy savings and customer benefits derived.

CEE previously noted concerns regarding CenterPoint's 2025 plan performance, noting that a substantial share of savings for CenterPoint's Homeowner Efficiency Re-do Opportunity ("HERO") program came from measures with relatively short lifetimes and small per-measure savings, such as dryer balls and window film, and showerhead and aerator measures.²⁸ CenterPoint responded to CEE's comments agreeing that longer lifetime measures like air sealing and insulation ("ASI")

²² Minnesota Power Triennial Plan at 112.

²³ Minnesota Power Triennial Plan at 112.

²⁴ Xcel Triennial Plan at 35-46, Tables 23-34.

²⁵ Xcel Triennial Plan at 138.

²⁶ Xcel's IQ Community Energy Savings program utilizes utility partnerships with local community-based organizations to act as a delivery channel for distributing easy-installation measures such as lighting and water-saving devices. *Id.* at 142.

²⁷ *Id.*

²⁸ *In the Matter of CenterPoint Energy's 2024-2026 Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. G008/CIP-23-95, Reply Comments of Center for Energy and Environment at 3-4 (May 26, 2026) (hereinafter CEE Reply Comments to CenterPoint 2025 ECO Status Report).

are important and affirming that the company would continue to promote those offerings and weatherization measures.²⁹ CenterPoint further notes that many of these easy installation measures are delivered through DIY kits and that “customers who received kits reported in the 2025 ECO Status Report will likely install further energy efficiency upgrades in 2026 or later.”³⁰ CUB is hopeful that such trends will materialize, and would find helpful any data or information CenterPoint has regarding customer participation in more intensive energy upgrade offerings following receipt of a DIY kit.

As noted, one of the primary benefits of the direct install or DIY measures is increased access for customers who cannot otherwise participate in more intensive ECO offerings. Renters are one such key demographic who may have little to no control over decisions to weatherize or make appliance or equipment upgrades to their home. For this reason, CUB recommends all utilities ensure that renters not only have access to DIY measures, but are targeted through outreach to be aware of such offerings.

The Multi-Family Building Efficiency (“MFBE”) program is a joint ECO offering from CenterPoint and Xcel focused on helping multi-family property owners (buildings with five or more units) understand their buildings’ energy use and achieve savings. The program also has a low-income counterpart that provides higher discounts/bonuses for customers.

CenterPoint notes that the MFBE program includes a Renter Kit measure that is available upon request and provides direct install measures including low-flow showerheads, kitchen faucet aerators, and bathroom faucet aerators, as well as window film.³¹ To be eligible, renters must live in a building that receives electric service from Xcel and gas service from CenterPoint, and cannot be in a building that is participating or has previously participated in the MFBE program, unless the building owner declined direct install services offered through the program.³² In reviewing past plans, CUB notes that similar Renters Kits were previously offered under CenterPoint’s 2021-2023 Triennial Plan.³³ At the time, CenterPoint reported zero participation in the offering, and stated that it “was not aware of any multi-family buildings with renters interested in energy efficiency whose property owners have not participated (or are going to participate) in MFBE.”³⁴ CUB appreciates that these kits are not intended as a replacement to the MFBE program’s direct installation services that provide comprehensive energy efficiency services to the entire building. However, we request additional clarification on how the company is marketing these measures to reach renters who may be unaware of the offering but willing to participate, and how a renter might request these kits. We also note that many renters in multifamily buildings may not have a direct account with CenterPoint and/or Xcel if the utility service is included as part of their rent. CUB requests clarification on whether these individuals would also be eligible to participate in this offering.

²⁹ *In the Matter of CenterPoint Energy’s 2024-2026 Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. G008/CIP-23-95, CenterPoint Energy Reply Comments at 2-3 (June 10, 2026) (hereinafter CenterPoint 2025 ECO Status Report Reply Comments).

³⁰ *Id.* at 3.

³¹ CenterPoint Triennial Plan at 183-184.

³² *Id.*

³³ *In the Matter of CenterPoint Energy’s 2024-2026 Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. G008/CIP-16-119, CenterPoint Energy Reply Comments at 40 (May 3, 2021) (hereinafter CenterPoint 2020 ECO Status Report).

³⁴ *Id.*

CUB appreciates that offering a diverse range of portfolio measures means that utilities are able to meet more customers where they are, and provide opportunities for energy savings at various levels of engagement. We recognize that some of the preferred measures like weatherization and HVAC replacement can require contributions from customers or longer and more involved project installation processes that act as a barrier for some customers. However, we encourage utilities to prioritize building out programs that move toward comprehensive and long-term solutions for home upgrades, especially for the income-qualified customer segments.

2. Utilities should devote a greater percentage of their low-income ECO spend to pre-weatherization measures.

The ECO Act allows utilities to spend up to 15 percent of their total low-income spending on pre-weatherization measures, defined by statute as “an improvement that is necessary to allow energy conservation improvements to be installed in a home.”³⁵ Prior to implementing many of the energy saving upgrades available through ECO, some households may first require additional work to address critical structural, health and/or safety issues. Older housing stock, in particular, often faces barriers to retrofits due to the high costs for these upfront measures, including tasks like remediation of mold or lead paint.³⁶

Of the plans CUB reviewed, Minnesota Power and CenterPoint are the only utilities to identify an anticipated budget for pre-weatherization spending. Minnesota Power estimates \$52,000 per year, or 10 percent of the company’s average income-qualified spending.³⁷ CenterPoint estimates \$1.2 million annually, or an average of 5.9 percent of the company’s yearly low-income spending, and emphasizes that the company does not propose those figures as a limit.³⁸ Otter Tail, MERC and Xcel do not provide specific cost estimates for pre-weatherization spending.

Xcel previously reported \$402,753 and \$551,438 of actual spending on pre-weatherization measures in 2024³⁹ and 2025,⁴⁰ respectively—equivalent to approximately three percent of the company’s corresponding low-income spending budget. MERC reported actual spending in 2024 and 2025 as \$93,202 and \$95,197, respectively, equivalent to an average of 3.4 percent of the company’s low-income spending.⁴¹ Otter Tail reports no spending on pre-weatherization in 2024 or 2025.

³⁵ Minn. Stat. 216B.2402, subd. 20.

³⁶ *In the Matter of the Commission’s Thermal Energy Network Deployment Work Group*, Docket No. G999/CI-24-275, Thermal Energy Network Deployment Workgroup Report at 35 (Dec. 15, 2025).

³⁷ Minnesota Power Triennial Plan at 19.

³⁸ CenterPoint Triennial Plan at 9 (noting that “this estimated spending on pre-weatherization is not a budget limit on pre-weatherization spending”).

³⁹ *In the Matter of Xcel Energy’s 2024-2026 Minnesota Electric and Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. E.G002/CIP-23-92, Xcel 2024 Status Report and Associated Compliance Filings at 71 (Apr. 1, 2025) (hereinafter Xcel 2024 ECO Status Report).

⁴⁰ *In the Matter of Xcel Energy’s 2024-2026 Minnesota Electric and Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. E.G002/CIP-23-92, Xcel 2025 Status Report and Associated Compliance Filings at 97 (Apr. 1, 2026) (hereinafter Xcel 2025 ECO Status Report).

⁴¹ *In the Matter of Minnesota Energy Resources Corporation’s 2024-2026 Energy Conservation and Optimization Triennial Plan*, Docket No. G011/CIP-23-98, Minnesota Energy Resources Corporation’s 2024 Energy Conservation and Optimization Status Report at 14 (May 1, 2025) (hereinafter MERC 2024 ECO

Although utilities are prohibited from claiming energy savings from pre-weatherization measures toward their energy savings goals,⁴² pre-weatherization is often a critical step for many households and should be reasonably incorporated into utility ECO plans. Because these measures are often cost-prohibitive for low-income households, offering pre-weatherization will open up substantial conservation opportunities for utility customers that are least able to afford making those investments themselves. Noting that both historic and estimated future spending across these utilities remain well below the statutory 15 percent spending cap, we encourage all utilities to maximize investments in pre-weatherization for homes as the first step in helping households achieve deeper, more meaningful energy savings opportunities down the road.

3. Utilities should continue to improve customer access to, and navigation of, ECO programs.

Ability to navigate utility ECO plan offerings has long been a challenge for implementation of many programs. CUB appreciates that there are many current efforts by utilities and community-based organizations that seek to address these barriers with improved support for customer program navigation. In particular, CUB recognizes the work by CenterPoint in building out its Low-Income Support and Awareness (“LISA”) program, as well as Good Energy Connection’s navigator program.⁴³ However, CUB continues to look for pathways to improve access to understanding options for customers and individuals or organizations seeking to engage and provide feedback on utility plans. To that end, we raise some concerns regarding Xcel and CenterPoint’s Home Energy Squad programs, and request additional clarification from the companies on several questions below.

CenterPoint and Xcel jointly administer their home energy audit offerings, referred to by Xcel as the Home Energy Squad & Advisory program, and by CenterPoint as the Home Energy Squad (“HES”). Home energy audits serve the essential function of helping customers identify opportunities for improving home energy efficiency and often act as the foundational first step to accessing savings through ECO.

CUB appreciates Xcel and CenterPoint’s coordination in providing this offering. However, various discrepancies in how each utility presents this program—both in their respective ECO plans as well as to customers on the ground—makes evaluation of these programs difficult. For example, the difference in terminology when referring to the program as either “Home Energy Squad & Advisory,” or “HES” makes it harder for stakeholders seeking to compare offerings across Xcel and CenterPoint’s ECO plans. Additionally, while Xcel distinguishes its income-qualified version of the program from its broader residential segment offering, CenterPoint maintains a single program description for both, only noting that “HES visits will be available to low-income households at no

Status Report); *In the Matter of Minnesota Energy Resources Corporation’s 2024-2026 Energy Conservation and Optimization Triennial Plan*, Docket No. G011/CIP-23-98, Minnesota Energy Resources Corporation’s 2025 Energy Conservation and Optimization Status Report at 14 (May 1, 2026) (hereinafter MERC 2025 ECO Status Report).

⁴² Minn. Stat. § 216B.241, subd. 7(f).

⁴³ Good Energy Connections, available at <https://www.goodenergyconnections.org/who-where-we-serve>.

cost to the customer.”⁴⁴ While these differences may appear inconsequential, they create inefficiencies and confusion that can impact program implementation as well.

Without a clear understanding of program details from each company, stakeholders who seek to offer feedback on these plans cannot efficiently review them. Even more critically, discrepancies or misunderstandings regarding what is included in each program can bleed into providing ineffective assistance to customers who seek help and resources navigating their options. For example, Xcel’s income-qualified Home Energy Squad & Advisory program includes a virtual assessment option that allows customers to request the audit be done virtually.⁴⁵ This measure is not available under Xcel’s residential segment program.⁴⁶ Conversely, CenterPoint appears to offer the virtual audit option to all customers under its single program description.⁴⁷ By reviewing the respective utility plans, it is unclear whether all customers receive the same treatment under this joint offering.

As CenterPoint and Xcel provide the audit program in partnership, CUB recommends the utilities work to align what measures are provided under each program and ensure the implementation of these audits are carried out consistently across utilities, customers and audit providers. To that end, CUB understands that some customers may be experiencing differences in the offering based on the audit provider. Following programmatic changes in 2024, CEE is now responsible for implementation of the program in Hennepin, Ramsey, and Washington counties only. ICF, another provider, administers audit services to all other Minnesota counties served by CenterPoint. CUB is concerned that there are varying levels of service being provided between the two organizations, and requests Xcel and CenterPoint coordinate to ensure greater uniformity for customers.

Finally, CUB requests additional clarification from Xcel on differences between the estimated budget breakdown for its residential segment Home Energy Squad & Advisory program offering versus the income-qualified counterpart. For Xcel’s broader residential segment offering, the company estimates spending approximately \$8,997,278 for “customer service” charges, defined as those relating to “consulting costs for customer scoping and project management, subsidies for assessments and engineering studies,” and “costs to purchase EE equipment and to install efficient equipment at the customer site.”⁴⁸ Xcel estimates only \$1,147,616 for “utility administration” spending, which includes:

- Project planning, development and implementation. Marketing and support staff including program managers, marketing assistants, developers, technical support staff, rebate processing, sales and call center representatives, inside contract labor, and other fulfillment associated with delivering a product directly to the customer.
- Auditors, installation contractors, vendors, technical consultants, fulfillment contractors and alternative providers that Xcel Energy contracts with to provide DSM services.

⁴⁴ CenterPoint Triennial Plan at 77.

⁴⁵ Xcel Triennial Plan at 147.

⁴⁶ Xcel Triennial Plan at 74.

⁴⁷ CenterPoint Triennial Plan at 76.

⁴⁸ Xcel Triennial Plan at 637.

- Equipment purchase costs and repair; hardware and software; supplies; and other employee expenses.⁴⁹

Comparatively, Xcel's same program for income-qualified customers estimates only \$300,000 for "customer service" charges and \$13,208,073 for "utility administration" over the three-year plan. CUB understands there may be differences in how these programs are structured to meet the needs of income-qualified households differently from the broader residential customer segment offering. Because the audit is offered at no cost to income-qualified customers, we assume a higher utility investment will be made to cover that portion of the program. Thus, CUB does not necessarily make a recommendation to change this cost allocation, but request the company provide additional clarification for the difference in funding levels between the "customer service" and "utility administration" components in reply comments, as well as a more detailed breakdown of the expenses under both categories.

B. Efficient Fuel Switching

In 2021, the ECO Act expanded Minnesota's existing energy efficiency framework to allow for programs related to efficient fuel switching ("EFS"). EFS refers to measures that incentivize customer replacement of an end-use technology that utilizes a different fuel type. Previously, utility investments in efficient fuel switching ("EFS") improvements were subject to a cap under ECO, with spending not to exceed 0.35 percent per year, averaged over three years of the utility's GOR from non-exempt customers. However, the EFS cap was removed in the 2024 legislative session, and utilities are no longer limited in how much investment can go toward EFS.⁵⁰ Through EFS programs, ECO offers a critical pathway for enhanced market development, energy savings, and advancements toward Minnesota's ambitious climate goals, while providing direct savings benefits and delivering clean energy to households. CUB encourages utilities to continue evaluating cost-effective opportunities to equitably deploy EFS improvements alongside more traditional conservation offerings.

Xcel's successful EFS performance in the 2025 ECO plan year provides a strong indication of customer interest in such measures moving forward. In July 2025, Xcel notified the Department that the company anticipated exceeding its Residential Segment EFS spending by more than 25 percent due to "[s]trong customer demand for ducted and ductless air-source heat pumps."⁵¹ Subsequently, in Xcel's 2025 Annual Status Report, the company noted that "[c]ustomer adoption of efficient fuel switching measures accelerated significantly in 2025," and that the program substantially exceeded its savings targets.⁵² According to CEE estimates, Xcel rebated a total of 4,526 ducted and 2,443 ductless EFS heat pumps in 2025.⁵³

⁴⁹ Xcel Triennial plan at 637.

⁵⁰ Minnesota Session Laws - 2024 Regular Session, Chapter 126--S.F. No. 4942, available at <https://www.revisor.mn.gov/laws/2024/0/Session+Law/Chapter/126/>.

⁵¹ Xcel 2025 ECO Status Report at 103.

⁵² *Id.* at 135-136.

⁵³ *In the Matter of Xcel Energy's 2024-2026 Minnesota Electric and Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. E.G002/CIP-23-92, Initial Comments of Center for Energy and Environment at 97 (Apr. 28, 2026) (hereinafter CEE Initial Comments to Xcel 2025 ECO Status Report).

On the heels of successful heat pump deployment CUB is pleased to see Xcel's proposal to increase rebates for all-electric customers, as well as expanded EFS offerings in both the residential and income-qualified segments. Xcel plans to introduce new Residential segment rebate opportunities for heat pump clothes dryers,⁵⁴ air to water heat pumps, supplemental mini-split heat pumps, as well as induction ranges and cooktops.⁵⁵

Xcel is also expanding EFS equipment eligible under its Income-Qualified Home Equipment program, which covers total project costs for owner-occupied properties and 1-4 unit rental properties, potentially requiring an up to 20 percent copay of project costs from non-income qualified property owners in the latter.⁵⁶

CUB is similarly pleased to see the EFS measures offered by Otter Tail and Minnesota Power. Otter Tail provides rebates for ducted and ductless air source heat pumps and cold climate air source heat pumps, as well as geothermal and air-to-water heat pumps.⁵⁷ Otter Tail also now provides these measures at no cost to qualified customers under its EnergyLift program.⁵⁸ In Otter Tail's Annual ECO Status Report for 2025, the company reported actual EFS participation in the Home Heating & Cooling segment exceeded its approved energy savings goal by 157 percent, achieving 2,384,397 kWh total energy savings but with overall spending under budgeted levels by 65 percent.⁵⁹ Although participation was under target levels by 61 percent, CUB is optimistic that the company's EFS offerings will continue to grow and produce additional energy savings benefits for customers as the program matures.

Minnesota Power likewise includes residential customer rebate opportunities for air source, cold climate, air to water, and ground source heat pumps.⁶⁰ Minnesota Power also plans to reintroduce rebates for ECM blower motors to further enable heat pump installations in homes with older forced air systems.⁶¹ CUB appreciates the inclusion of this option as part of Minnesota Power's objective to enhance the depth of its portfolio reach. That said, CUB was unable to locate information regarding the company's proposed customer rebate levels for any offerings, including EFS measures. Rebate amounts are a critical component of any ECO program offering and can be determinative of the success or failure of measure deployment, so understanding that information is helpful in stakeholder review of utilities' plans. According to a customer survey conducted by CEE, 72 percent of Minnesota households who installed a heat pump said that the rebates were very or extremely important to their decision.⁶² To that end, CUB requests

⁵⁴ Xcel Triennial Plan at 86.

⁵⁵ Xcel Triennial Plan at 71-72.

⁵⁶ Xcel Triennial Plan at 150-151.

⁵⁷ Otter Tail Triennial Plan at 47-48.

⁵⁸ Otter Tail Triennial Plan at 63.

⁵⁹ *In the Matter of Otter Tail Power Company's 2024-2026 Energy Conservation and Optimization Triennial Plan*, Docket No. G011/CIP-23-94, Otter Tail Power Company's 2025 Energy Conservation and Optimization Status Report, Appendix A at 6 (Apr. 1, 2026) (hereinafter Otter Tail 2025 ECO Status Report).

⁶⁰ Minnesota Power Triennial Plan at 35.

⁶¹ *Id.*

⁶² Maddie Hansen-Connell, *Heat Pump State of the Market Report* at 52 (August 2025), available at <https://www.etamn.org/sites/default/files/research-papers/ASHP%20State%20of%20the%20Market%20FINAL.pdf>.

Minnesota Power provide that information in reply comments, and include proposed rebate levels in all future ECO Triennial Plan filings moving forward.

In reviewing CenterPoint's proposed EFS offerings, CUB is disappointed by the company's proposed low EFS equipment rebate levels, limited scope of offerings, and requirement to maintain additional fossil fuel backup equipment. At a high level, CenterPoint proposes devoting approximately six percent of total portfolio spending to EFS measures throughout the triennium. Comparatively, Xcel estimates approximately 23 percent of total portfolio spending will go towards electrification measures.⁶³ As CenterPoint notes, "[i]n installing an ASHP for heating often can reduce gas use and increase electricity use with a net decrease in energy use."⁶⁴ In CenterPoint's 2025 Status Report, the company reported that its Home Efficiency Rebates EFS program saw a second successful year, significantly exceeding its increased energy savings target at 280 percent of its savings goal.⁶⁵ These additional savings were driven by substantially higher customer participation than anticipated,⁶⁶ including funding for seven Low-Income Rental Efficiency projects, although the company initially anticipated no EFS participation for that program.⁶⁷ With the success of CenterPoint's previous EFS deployment and continued interest from customers, CUB encourages CenterPoint to consider greater levels of investment in EFS measures throughout its Plan term.

Commenting on CenterPoint's 2024-2026 ECO Triennial Plan, CUB previously recommended the company consider providing rebates for non-gas backup technologies in conjunction with heat pumps.⁶⁸ Department Staff subsequently highlighted and supported this recommendation, and CenterPoint indicated that it was "willing to consider rebating those configurations,"⁶⁹ although the instant plan continues to require customers maintain or install a prescribed new furnace as a prerequisite to accessing heat pump rebates.⁷⁰ This requirement imposes unnecessary restrictions on customers and CUB again recommends eliminating this condition for air source heat pump rebate eligibility.

Hennepin County, the majority of which receives CenterPoint gas service, recently completed a study in conjunction with the Center for Energy and Environment ("CEE") to examine the financial, labor and emissions implications of decarbonizing homes with the aim of achieving the County's net-zero emissions by 2050 goal (the "Study").⁷¹ The Study's "All Electric Scenario" which included

⁶³ Xcel Triennial Plan at 3.

⁶⁴ CenterPoint Triennial Plan at 117.

⁶⁵ *In the Matter of CenterPoint Energy's 2024-2026 Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. E,G002/CIP-23-95, CenterPoint 2025 Status Report and Associated Compliance Filings at 4 (May 1, 2026) (hereinafter CenterPoint 2025 ECO Status Report).

⁶⁶ *Id.* at 16.

⁶⁷ *Id.* at 78.

⁶⁸ CUB 2024-2026 Initial Comments at 5.

⁶⁹ *In the Matter of CenterPoint Energy's 2024-2026 Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. E,G002/CIP-23-95, CenterPoint Reply Comments at 12 (Sept. 1, 2023).

⁷⁰ CenterPoint Triennial Plan at 55-56.

⁷¹ Matthew Douglas-May, Michelle Frost, Rebecca Olson, Josh Quinnell, and Shawn Rodine, Hennepin County Residential Weatherization and Electrification Action Plan at 3 (March 2026), available at https://www.mncee.org/sites/default/files/report-files/Hennepin%20County%20Residential%20Weatherization%20and%20Electrification%20Action%20Plan_CEE_March%202026.pdf.

adoption of cold climate air source heat pumps with electric resistance backup achieved the highest emissions reductions for the lowest overall cost, compared with two other scenarios that included gas backup to varying degrees.⁷² While neither the Study nor CUB suggest that transitioning to all electric heating is currently the right choice for every household, we do believe that such options should be available to customers today.

Similarly, CUB believes it would be appropriate to align rebate levels and scope of equipment offerings with those currently offered by Xcel, which provide meaningful offsets to project costs and can signal stronger market development. As part of its ECO plan, Xcel offers a “Geographic Consistency” policy that utilizes electric EFS funding to make up the difference between incentives paid by a customer’s natural gas utility for a given EFS measure and what the customer would have received if they received natural gas service from Xcel.⁷³ In Xcel’s 2025 ECO Status Report, the company observed substantial participation in EFS measures through the geographic consistency policy.⁷⁴ This includes increased rebates for 138 customers for air source heat pump measures.⁷⁵ While Xcel was unable to identify the specific reason each rebate was denied from the customers’ corresponding gas utility,⁷⁶ the company outlined several reasons why geographic consistency spending continued to be high, including that Xcel covered the full cost for ductless air source heat pump measures where the overlapping gas utility did not provide a ductless rebate tier.⁷⁷ Although CUB applauds the achievements of this policy, we agree with previous comments from CEE recommending that utilities in this shared service territory should work to better align their rebate offerings to avoid the need for this policy.⁷⁸ Roughly 70 percent of Xcel’s electric customers are not served by Xcel gas, many of whom receive gas service from CenterPoint.⁷⁹

Moreover, in 2025 Xcel reported that cold climate air source heat pump measures made up 78 percent of its total EFS heat pump rebates, indicating significant customer interest in adoption of cold-climate measures.⁸⁰ Because cold-climate equipment can often cover a larger share of a home’s annual heating load, they can displace more fossil fuel consumption and produce larger net-energy savings. Considering the rebates claimed under Xcel’s ECO plan, and in particular the company’s significant spending through its Geographic Consistency policy, CUB believes it is appropriate for CenterPoint to further align heat pump rebate levels and equipment offerings with Xcel by including cold-climate ducted and ductless (mini-split) heat pumps, air-to-water heat pumps, and heat pump water heaters as technologies eligible for rebate.

⁷² *Id.* at 16-18.

⁷³ Xcel Triennial Plan at 7.

⁷⁴ Xcel 2025 ECO Status Report at 147.

⁷⁵ *In the Matter of Xcel Energy's 2024-2026 Minnesota Electric and Natural Gas Energy Conservation and Optimization Triennial Plan*, Docket No. E, G002/CIP-23-92, Xcel Reply Comments at 2 (May 13, 2026).

⁷⁶ *Id.*

⁷⁷ Xcel 2025 ECO Status Report 147.

⁷⁸ CEE Initial Comments to Xcel 2025 ECO Status Report at 3.

⁷⁹ Xcel Triennial Plan at 7 (“While roughly 80 percent of the Company’s natural gas customers also receive their electricity from Xcel Energy, about 70 percent of Xcel Energy electric customers are not Xcel Energy natural gas customers. Many of these Xcel Energy electric customers receive natural gas service from CenterPoint Energy, while the remainder either have another natural gas utility or no natural gas service at all (relying on either delivered fuels or electric heating).”).

⁸⁰ Xcel 2025 ECO Status Report at 147.

Finally, CUB is excited to see MERC introducing EFS measures for the first time in this Triennial Plan.⁸¹ However, similar to CenterPoint, MERC's offerings are extremely limited in scope. Rebates are only provided for ducted air source heat pumps if a gas furnace backup is installed, and there is no additional rebate opportunity for cold-climate heat pumps over non-cold climate equipment.⁸² CUB echoes the recommendations made for changes to CenterPoint's EFS offerings for MERC, but recognize MERC is earlier in its deployment of EFS measures. For that reason, we highlight focus on recommendations that the company 1) offer increased incentives for cold-climate heat pumps, 2) expand offerings to include ductless heat pump equipment, and 3) include heat pump water heaters as an eligible technology for rebate.

We note that rather than expanding its EFS equipment rebate offerings, MERC proposes rebates for gas heat pumps as part of its plan. MERC is the only utility to propose these rebates and CUB is concerned both that the per unit savings are significantly lower than that offered by air source heat pumps (25.51 Dth savings compared with 33.66 Dth savings per unit) and that rebating this technology further entrenches fossil fuel equipment that could otherwise be replaced by cleaner, more efficient electric options. CenterPoint initially offered a pilot program for residential natural gas heat pump adoption as part of its Natural Gas Innovation Act ("NGIA") Plan.⁸³ That pilot was calculated as the highest cost per ton of emissions reduced across CenterPoint's entire plan.⁸⁴ This year, CenterPoint has requested to discontinue the pilot due to unavailability of equipment.⁸⁵ MERC is also estimating zero participation in the gas heat pump rebate offering throughout the triennium.⁸⁶ CUB recommends MERC eliminate its natural gas heat pump rebate and prioritize maturing its offering for air source heat pumps and other EFS measures instead.

1. Utilities should proactively plan to phase out air conditioner rebates.

Consistent with the above-described success of utility EFS measures in 2025, data suggests that Minnesota has experienced an increase in air source heat pump market share over the last six years.⁸⁷ Simultaneously, standard central air conditioner ("AC") sales have been in decline every year since 2021.⁸⁸ This trend reflects the growing opportunities for households to replace cooling load that would have been previously met by a central AC with a more efficient air source heat pump that can provide additional heating benefits. As we continue to see this shift in equipment adoption, CUB is supportive of utility ECO plans that prioritize incentives for air source heat pumps

⁸¹ MERC Triennial Plan at 35.

⁸² MERC Triennial Plan at 73-74.

⁸³ *In the Matter of CenterPoint Energy's Natural Gas Innovation Plan*, Docket No. G-008/M-23-215, CenterPoint's NGIA Petition, Exhibit D at 50-51 (June 28, 2023) (hereinafter CenterPoint NGIA Plan)

⁸⁴ *In the Matter of CenterPoint Energy's Natural Gas Innovation Plan*, Docket No. G-008/M-23-215, Fresh Energy Initial Comments at 3 (Mar. 3, 2026).

⁸⁵ *In the Matter of CenterPoint Energy's Natural Gas Innovation Plan*, Docket No. G-008/M-23-215, CenterPoint Annual NGIA Report at 23 (June 1, 2026).

⁸⁶ MERC Triennial Plan at 77.

⁸⁷ Will Nissen & Chidinma Emenike, *The Growing Adoption of Air Source Heat Pumps in Minnesota*, Center for Energy and Environment (July 20, 2026), available at <https://www.mncee.org/growing-adoption-air-source-heat-pumps-minnesota>.

⁸⁸ *Id.*; see also Efficient Technology Accelerator 2025 Annual Report at 22 (Mar. 31, 2026) (hereinafter ETA 2025 Report), available at <https://www.etamn.org/sites/default/files/research-papers/2025%20ETA%20Status%20Report%20FINAL%201.pdf>.

in place of central ACs. In particular, CUB appreciates Xcel's proposed shift away from AC rebate offerings and encourages other utilities to consider implementing a similar phased-out approach.

Historically, Xcel has offered AC rebates through its Residential segment. The company now proposes to phase out and eliminate AC rebates as part of this triennium. Xcel plans to maintain current rebate levels in 2027 before eliminating the quality install AC rebate in 2028. Beginning in 2029⁸⁹ Xcel will no longer provide new construction incentives for homes built with AC units rather than heat pumps under its Efficient New Home Construction program.⁹⁰ Xcel explains that this transitioned approach is intended to mitigate the potential for a backslide in efficiency if more customers choose to install code-minimum AC units rather than air source heat pumps.⁹¹ This gradual change will also provide distributors with ample time to ramp up heat pump supplies to ensure a robust inventory is available to support deployment as needed. We appreciate Xcel's thoughtful approach and commitment to phasing out AC rebates over the triennium and believe a similar transition period should be employed by other utilities.

Minnesota Power and Otter Tail both propose to offer tune-up rebates for air conditioning units. Minnesota Power states that this offering will "enable earlier customer engagement and increase opportunities to promote heat pump installations in lieu of traditional AC replacements."⁹¹ CUB appreciates this strategy and agrees that rebated tune-up appointments offer a meaningful touchpoint with customers to provide information on transitioning to an air source heat pump in the future. CUB encourages Otter Tail to similarly utilize these opportunities for educating customers on future options for AC replacement. However, we strongly recommend both Otter Tail and Minnesota Power also adopt plans to phase out AC rebates during the course of their instant triennial plans. Building out the transition period over the next three years offers a gradual approach for customers and distributors while accurately reflecting achievable energy savings and market changes.

2. Utilities should maximize opportunities to allow for stacking rebates and bonus incentives.

In addition to standalone rebates, supplementary bonus incentives that allow customers to bundle certain measures, such as heat pumps and weatherization, can be a critical tool in helping drive deeper energy savings at opportune touchpoints. In particular, CUB appreciates the bonus rebates offered as part of Xcel's residential segment that encourage implementing certain measures together to enhance the potential for customer savings. As part of its residential Home Equipment program, Xcel provides bonus rebates for customers who complete insulation and air sealing upgrades in conjunction with the installation of qualifying heat pump or heat pump water heater within two years.⁹² As Xcel highlights:

Providing this bonus promotes best practices for minimizing the heating load of the home and avoids oversizing of the heat pump, which minimizes upfront costs

⁸⁹ Xcel Triennial Plan at 102.

⁹⁰ Xcel Triennial Plan at 95.

⁹¹ Minnesota Power Triennial Plan at 35.

⁹² Xcel Triennial Plan at 94.

and bill impacts for the customer, as well as saving energy and peak demand for the utility.⁹³

CUB agrees with this rationale and believes this offering will support customers in a clean energy transition and in achieving deeper savings. We also appreciate the two-year window to access these incentives, as it provides customers and contractors sufficient time to address challenges such as the availability of funds, equipment, and labor, while not missing out on this added rebate opportunity.

CenterPoint offers a similar bonus rebate to customers who pair building envelope improvements, such as wall insulation, attic air sealing and insulation, and rim joist insulation, with hybrid heating systems.⁹⁴ As expressed above, CUB recommends CenterPoint eliminate the requirement for a backup gas furnace as part of its air source heat pump offerings.⁹⁵ However, we generally support the company's proposal for this combined bonus rebate. CenterPoint states that customers are required to participate in its Home Efficiency Rebate ("HER") EFS program "in either the same program year or year after they participate in CenterPoint Energy's [Home Insulation Rebates] program" to receive the bonus.⁹⁶ CUB understands this timeframe does not necessarily align with Xcel's proposal for allowing customers to participate in the bonus rebate if measures are installed "within two years." CUB requests CenterPoint clarify its intended timeline and, if it is not yet aligned, adjust its measure to allow customers a two-year window for participation.

C. Load Management Programs

Under ECO, utilities are "encouraged to design and offer to customers load management programs that enable: (1) customers to maximize the economic value gained from the energy purchased from the customer's utility service provider; and (2) utilities to optimize the infrastructure and generation capacity needed to effectively serve customers and facilitate the integration of renewable energy into the energy system."⁹⁷ Load management programs may include shifting, reducing or shaping energy usage in a way that seeks to mitigate the need for additional infrastructure investments and keep utility costs lower for all customers. Xcel, Otter Tail, and Minnesota Power all offer load management programs described in the respective utilities' ECO Plans. However, CUB focuses our evaluation on Xcel's current residential AC load management programs.

1. Xcel's Saver's Switch and AC Rewards programs.

Xcel currently offers two residential demand response programs aimed at reducing peak load from central AC use during summer days.⁹⁸ Xcel's largest residential load management program,

⁹³ Xcel Triennial Plan at 94.

⁹⁴ CenterPoint Triennial Plan at 46.

⁹⁵ CUB understands that customers will likely still need a backup system, and that many customers may still maintain a backup gas furnace. However, customers should have flexibility in their choice, and the air source heat pump rebate should not be contingent on requiring that specific equipment.

⁹⁶ CenterPoint Triennial Plan at 46.

⁹⁷ Minn. Stat. 216B.2401(b).

⁹⁸ Xcel also offers Smart Water Heaters and Behavioral Demand Response as other demand response programs.

Saver's Switch, has operated in Minnesota since 1990.⁹⁹ The program provides participants with bill discounts in exchange for allowing Xcel to reduce energy use during control events by cycling on and off air conditioners and enrolled electric water heaters.¹⁰⁰ Saver's Switch relies on a physical switch installed by a licensed electrician that goes on or near the customer's central AC unit which allows Xcel to control the customer's equipment.

More recently, Xcel developed its AC Rewards load management program, which also targets residential air conditioner load but through participants' thermostats.¹⁰¹ Participants receive annual bill credits in exchange for allowing Xcel to temporarily adjust the set point on their thermostat during control events.¹⁰² Customers are required to have a smart thermostat to participate, and may opt to receive a free smart thermostat with installation upon enrollment, or choose the Bring Your Own Thermostat ("BYOT") method and receive a one-time enrollment incentive payment.¹⁰³ Under AC Rewards, participants retain the ability to override individual control events, except in the case of a mandatory event.

In its Triennial Plan, Xcel proposes changes to the single-family enrollment and credit offerings under Saver's Switch and AC Rewards in order to align incentives across the programs. Currently, customers receive no enrollment incentive under Saver's Switch but receive a \$10 credit on their monthly bills from June through September. Under AC Rewards, customers are currently eligible for a \$100 enrollment incentive if they opt to BYOT, plus the ability to earn a \$25 credit every year for participation. Xcel now proposes to offer a one-time \$50 incentive for customers who join either Saver's Switch or AC Rewards with the BYOT option, noting that this alignment is meant to "avoid cannibalization of either product by customers switching, resulting in increased administrative work."¹⁰⁴ The participation incentive for Saver's Switch will remain consistent with the \$40 total bill credit paid in \$10 monthly increments from June through September. AC Reward's participation credits will increase from \$25 to \$50 as an annual incentive.

As an initial matter, CUB agrees with these changes to incentive amounts and structure as described by Xcel. In particular, providing a higher credit amount for actual participation in the AC Rewards program—rather than a higher up-front enrollment credit—more directly incentivizes active participation in the program over the long-term. We also agree that providing the same enrollment incentive and tracking participation between AC Rewards and Saver's Switch to ensure customers only receive one signup credit within a five-year period is an appropriate measure to ensure fair participation, should the Company continue offering both load management programs. However, CUB questions whether continuing to offer both programs is a sustainable and cost-effective path.

CUB understands that the state's current trajectory towards greater electrification—which is necessary to meet Minnesota's climate goals—underscores the importance of load management programs. As more customers electrify, growing demand will require additional investments to meet future energy needs. Successful load management programs designed to reduce or shift

⁹⁹ Xcel Triennial Plan at 127.

¹⁰⁰ *Id.*

¹⁰¹ Xcel Triennial Plan at 120.

¹⁰² Xcel Triennial Plan at 120.

¹⁰³ Xcel Triennial Plan at 120-121.

¹⁰⁴ Xcel Triennial Plan at 128.

customer demand during system peak periods can help mitigate the need for these additional investments and improve reliability of the grid. We appreciate Xcel's robust offerings, along with the company's commitment to providing flexible options that facilitate customer participation at varying levels of involvement. As noted above, CUB also supports and appreciates Xcel's leadership in EFS, including the Company's plan to phase out central AC rebates by 2030. However, taken together, CUB questions the viability of continuing to operate both load management programs and whether either are compatible with the envisioned transition away from central AC units to air source heat pumps.

Below, we explain the potential considerations behind a phased-out elimination of the Saver's Switch program as an initial starting point for discussion. CUB welcomes further discussion on this topic, as we understand there are multiple nuances that should be considered when evaluating such a fundamental programmatic change. However, we feel strongly that Xcel should begin contemplating such a transition early and transparently, to ensure these programs remain cost-effective and continue to optimize benefits for customers and the grid. We therefore request that Xcel respond to these thoughts and concerns in reply comments.

a) Equipment compatibility with a transition to ASHP load management

As previously explained, CUB supports Xcel's plan to phase out rebates for central AC units by 2030, in light of the growing transition from air conditioner equipment to air source heat pumps in Minnesota. As the electrification of household space heating increases, however, load management offerings should adapt to meet these changes. Indeed, as part of the AC Rewards program, Xcel has indicated it is "continu[ing] to explore the technology's functionality and opportunities to expand the timing of events to include winter peak demand control events." The Company is also considering adding "new thermostat device vendors to the eligibility list," which would make customer participation more readily accessible.¹⁰⁵ Based on the structure and equipment utilized by Xcel's Saver's Switch program, CUB is concerned that the switch devices ("switches") will not be capable of supporting such a future transition. In contrast, the smart thermostat framework utilized by AC Rewards could provide a reasonable pathway for further expanding load management opportunities.

CUB understands that heat pumps may lose efficiency when cycled on and off again, and therefore are likely not good candidates for load management programs structured like Saver's Switch. On the other hand, the smart thermostat adjustments required by AC Rewards are more compatible with optimizing demand response for heat pumps. Moreover, Xcel is now proposing expansion of the AC Rewards program to allow multifamily premises to participate as well.¹⁰⁶ To this end, CUB requests that Xcel explain whether the Saver's Switch hardware could be compatible with a transition to load management for air source heat pumps or, if not, how the company foresees the program continuing as the usage of traditional AC units declines.

One of the key benefits under Saver's Switch is the ability to enroll electric water heaters that can be controlled year-round. Although we understand participation in the water heating offering is lower than Saver's Switch's AC measure, CUB appreciates the potential value this aspect of the program could provide. Currently, the company does not allow customers to enroll just a water

¹⁰⁵ Xcel Triennial Plan at 120.

¹⁰⁶ Xcel Triennial Plan at 120.

heater without an air conditioning unit.¹⁰⁷ CUB requests that Xcel explain the rationale behind this policy and whether there are any constraints on feasibility of enrolling only a water heater.

Finally, we also note that the company also offers another residential load management program specifically designed for smart heat pump water heaters, which provides similar load shedding as the Saver's Switch program.¹⁰⁸

b) AC Rewards experiences greater kWh savings on a per participant basis and offers higher incentives for customers

Xcel estimates approximately 352,000 residential electric customers will participate in Saver's Switch in 2027, compared to 81,850 customers in AC Rewards.¹⁰⁹ Although Saver's Switch participation is currently notably higher than AC Rewards, Xcel has reported a recent uptick in customer attrition from Saver's Switch as a result of customers migrating to AC Rewards.¹¹⁰ Even with Xcel's proposal to restructure the enrollment incentive to prevent excessive movement across programs, CUB questions whether the higher annual credit from AC Rewards will not continue to contribute to additional migration. Moreover, although Saver's Switch reported higher overall energy savings achieved in 2025, energy savings on a *per customer basis* were greater with AC Rewards than Saver's Switch.¹¹¹ And in 2024, AC Rewards resulted in higher kWh savings than Saver's Switch overall.¹¹² These figures suggest that transitioning customers to AC Rewards offers a reasonable opportunity to not only streamline load management programs, but also increase individual and aggregate kWh savings, thereby lowering utility bills for customers and increasing grid benefits.

c) Continued investment in replacement of Saver's Switch equipment

Xcel explains that a part of the Saver's Switch budget will go towards replacing existing switches that are older than 15 years, the cost of which has increased over time.¹¹³ Xcel also notes it will be conducting inspections of additional older switches to verify functionality and, if needed, replace them, too.¹¹⁴ Indeed, in 2025 alone, the company identified 21,108 residential units were either not working, needed replacement, or were the end of their useful lives.¹¹⁵

CUB is concerned that these preemptive replacements, as well as the cost to inspect them, are resulting in significant expenditures that do not align with the anticipated trajectory of air

¹⁰⁷ Xcel Triennial Plan at 127.

¹⁰⁸ Xcel Triennial Plan at 129. ("Control events will result in either a load shift, to pre-heat water prior to a peak above the normal set point to allow for less reliance on electric load during the control event period, or water heaters may be turned off to shed load during control event periods, similar to the water heater controls in the Saver's Switch program.").

¹⁰⁹ Xcel Triennial Plan at 11.

¹¹⁰ *Id.* at 1.

¹¹¹ Xcel 2025 ECO Status Report at 110.

¹¹² Xcel 2024 ECO Status Report at 89 (AC Rewards reporting 26,173 kWh savings over 25,151 kWh savings in Saver's Switch).

¹¹³ Xcel Triennial Plan at 129.

¹¹⁴ *Id.*

¹¹⁵ Xcel 2025 Saver's Switch Report at 5.

conditioning usage. Each of these new switches has an anticipated 15-year life and relies on the same central AC technology the company is in the process of ramping down. Rather than continuing to make these investments, the company could move customers onto the AC Rewards program. This could be done in phases, as customer switch equipment is inspected and in need of replacement, to take advantage of the touchpoint and labor already deployed. CUB recognizes and appreciates there are likely other practical factors that would add to the cost and implementation of this transition, including customer consent to install a smart thermostat and whether the existing customer HVAC equipment is compatible with the AC Rewards framework. CUB offers this proposal as a starting point for discussion and welcomes discussion around how to make these offerings more cost-effective and sustainable moving forward. Moreover, while the Saver's Switch equipment does not provide additional functionality to households, the smart thermostat utilized by AC Rewards can offer additional benefits and features to customers for realizing other household energy savings opportunities and enhanced customer control.

d) Program administrative expenses compared to customer incentives

Apart from the challenges of operating Saver's Switch as AC usage declines, substantial utility and ratepayer benefits could result from streamlining these program offerings.

First, Xcel notes that when customers switch between programs, it increases administrative work and, presumably, associated costs.¹¹⁶ Critically, the proposed budget for Saver's Switch includes utility administration costs that are substantially higher than AC Rewards, despite offering materially lower customer incentives. Across the triennium, Xcel estimates approximately \$27.7 million in administrative costs for Saver's Switch, which is equivalent to 85 percent of the total program budget. Only 8 percent of the budget (approximately \$2.5 million) is devoted to incentivizing customer behavior.¹¹⁷ Comparatively, the AC Rewards budget includes \$10.7 million in administrative costs, or 45 percent of the total program budget, and \$12.2 million towards customer incentives, or 51 percent of the total budget.¹¹⁸ While we understand the Saver's Switch administrative expenses include the costs of new switches, these programmatic costs are exceptionally high in comparison to the value provided to ratepayers. All else equal, programs that prioritize delivery of direct benefits to customers through incentives will provide more valuable and material benefits to customers. CUB understands that the Saver's Switch "Participant Incentives" budget may only account for enrollment incentives paid to newly joining customers.¹¹⁹ But we ask Xcel to confirm if that is the case and clarify whether annual incentive payments are included in the company's ECO plan.

In addition to these substantial differences in administrative expenses, the spending level for Measurement & Verification is substantially higher for Saver's Switch than it is for AC Rewards, with an average annual spend of \$200,000 versus \$20,606, respectively.¹²⁰ Xcel notes that for Saver's Switch the program "hires a third-party to conduct data collection for M&V to determine the savings per switch"¹²¹ but includes no similar verification under AC Rewards. CUB requests

¹¹⁶ Xcel Triennial Plan at 128.

¹¹⁷ Xcel Triennial Plan at 51-59, Tables 23-31.

¹¹⁸ *Id.*

¹¹⁹ Xcel Triennial Plan at 129.

¹²⁰ *Id.*

¹²¹ Xcel Triennial Plan at 129.

additional clarification on the differences in treatment between the two programs and what additional benefits the verification for Saver's provides.

Second, having two different programs that achieve similar outcomes can be confusing to navigate for customers. Xcel has already noted considerable migration between the programs and has proposed a higher enrollment incentive for Saver's Switch in an attempt to avoid cannibalization by AC Rewards. Beyond the question of customer willingness to install a smart thermostat—which CUB appreciates is a consideration and concern—the primary difference between AC Rewards and Saver's Switch is the ability to opt out of an event in AC Rewards. While we agree this flexibility may be an important option to allow customers to choose from, we question whether Xcel could instead consider adding enrollment tiers to AC Rewards. Under this approach, customers could be offered different incentives depending on whether they are required to participate in annual control events or if they are permitted to override the load management settings. Again, we assume that the smart thermostat technology utilized in AC Rewards may present additional hurdles to this solution, but believe this option warrants additional consideration and discussion.

Lastly, CUB recognizes that the residential Saver's Switch program has existed since the 1990s and provided significant benefits to Xcel's system and customers over the last several decades. We appreciate that transitioning customers off of the program would represent a significant undertaking. Nonetheless, we recommend the company begin planning potential programmatic changes sooner rather than later to ensure prudent investments in labor and equipment are being made. To that end, we look forward to the company's reply to our above proposal and initial questions.

2. Xcel's New AC Rewards Background Resiliency program.

Xcel proposes another AC Rewards program in its instant plan called AC Rewards Background Resiliency. Xcel explains that Background Resiliency temporarily modifies thermostat temperature offsets like other AC Rewards offerings, "but in a typically more limited fashion and is managed through the associated third-party vendor based on their particular dispatch option."¹²² Participants do not receive an enrollment incentive, and may receive an annual participation incentive of \$15, but only if they are enrolled in the "full participation" offering, which allows data to be exchanged between the device vendor and Xcel.¹²³

Based on the similarity in structure to the standard AC Rewards offering yet lower annual incentive and non-existent enrollment incentive, CUB questions the degree to which this offering will appeal to customers. Although Xcel suggests this is a more "limited" measure, customers in the standard AC Rewards program already have the ability to opt out of events when they choose. Thus, it is unclear what additional flexibility this program provides. We request that Xcel provide additional clarification in reply comments explaining the added benefits of the program, as well as general additional clarity around what the contemplated third-party vendors are, and a detailed overview of how this offering differs from the existing single family AC Rewards measure.

¹²² Xcel Triennial Plan at 121.

¹²³ *Id.*

D. Behavioral Programs

Several utilities include a “behavioral” home energy report program as part of their ECO Plan. Generally, these programs seek to utilize personalized reports of a customer’s recent home energy usage paired with tips for energy savings in order to drive changes in customer behavior to reduce energy use.

CUB has concerns with the high administrative costs of these programs, as well as the high level of savings they are estimated to account for. Generally, we are concerned that the energy savings reported may be overestimating actual energy savings derived from the program measures. CUB requests additional information on program implementation and historic performance, and encourages utilities to reassess energy savings goals to appropriately align with savings that can be more directly attributable to the implemented measures. While CUB provides a more detailed review of Xcel’s program below, we extend this recommendation for enhanced review to all utilities.

Xcel’s Home Energy Insights (“HEI”) program is offered as a free service to residential customers. Periodic Home Energy Reports utilizing smart meter and billing data are sent to customers comparing their household energy use to “similar” nearby homes along with personalized recommendations meant to encourage energy-saving behaviors. As part of its HEI program, Xcel also offers an online tool available through customer MyAccount portals that are meant to offer additional savings recommendations as well as other features like high bill alerts.¹²⁴

Xcel’s HEI program is estimated to account for 23 percent of total residential electric energy efficiency savings anticipated for the company’s ECO portfolio, and approximately 19 percent of all residential natural gas energy efficiency savings anticipated. This amounts to total targeted energy savings for Xcel’s electric and gas customers across the triennium of 102,130,693 kWh and 100,163 Dth, respectively. Xcel aims to have an average of 899,000 electric customers participate annually—approximately 72 percent of the company’s total residential customers.¹²⁵ Notably, this is the second highest energy savings achievement of any Xcel electric program measure.

CUB’s primary concern regarding accuracy of these potential energy savings arises from anecdotal evidence and the type of energy saving tips we have seen reflected in these communications. For example, CUB has reviewed a customer’s home energy report that recommended as a top tip dimming the backlight of their television, turning off lights when not in use, or washing laundry with cold water—suggesting it could “save up to \$50 per year”—although customers did not have a washing machine in their home. While we understand that these communications are meant to offer an array of options to customers at varying levels of energy efficiency, we question both the degree to which these recommendations will result in such high levels of savings as well as the degree of certainty the company has in measuring whether customer savings are attributable to the communications.

To better understand this offering, CUB requests Xcel clarify how the company measure “participation” in this program, and that Xcel provide a breakdown of the participation levels

¹²⁴ Xcel Triennial Plan at 90.

¹²⁵ Xcel 2025 Electric Jurisdictional Annual Report, Docket No. 26-4, Sheet “Composite E-1” (May 29, 2026).

between the Home Energy Reports measure and Advanced Energy Insights measure for 2025. CUB also asks that the company provide a breakdown of savings calculated by measure, from 2025. We are also interested in a better understanding of how Xcel measures participation from customers who receive these communications via email versus physical mailer.

In its 2025 ECO Plan year, Xcel targeted 1,073,690 electric customers, anticipating 29,698,787 kWh in energy savings.¹²⁶ Although Xcel's actual residential electric customer participation was only 679,939—about 1.58 times lower than Xcel's anticipated target—the company reports achieving energy savings of 35,758,204 kWh—1.2 times *greater* than anticipated.

As part of HEI, Xcel also offers a High Bill Alert feature that notifies customers during their billing cycle if their bill is projected to be more than 30 percent higher than the same billing period the previous year. In this triennial plan, Xcel proposes to eliminate its natural gas High Bill Alert feature, noting that the company found it was “unable to provide high bill alerts to residential gas customers in the detail necessary to be effective.”¹²⁷ CUB requests the company provide a further explanation for this change and the limitations faced with providing a high gas bill alert. Xcel should also explain why, comparatively, its other HEI offerings to natural gas customers are able to accurately analyze customer gas use in a way that is effective and reliable for program operation.

Finally, CUB notes that the anticipated average annual program budget is approximately \$2.1 million, all attributed to utility administration costs. CUB understands that much of the program is operated through a third-party provider, which Xcel notes includes “implementation, analytics, and delivery services that support data processing, customer segmentation, content development, and customer outreach.”¹²⁸ Xcel also states that there are additional costs associated with program oversight, reporting, customer communications and evaluation, measurement, and verification activities—separately from the third-party implementation costs.¹²⁹ CUB requests Xcel provide a more detailed breakdown of the work completed by the contracted third-party implementer compared to the work completed internally by the company in implementing this program.

E. Contractor Training and Workforce Development

Equipment failure results in unexpected and sometimes emergency situations where households seek replacement as soon as possible, with little time to consider alternatives or long-term cost implications. In the last triennium, CUB made several recommendations regarding improvements to emergency equipment readiness and enhanced contractor education and communication to encourage greater adoption of energy efficiency and electrification measures at the point of replacement. However, utilities continue to cite workforce constraints as a key barrier to additional efficiency, and in particular air source heat pump, deployment.

In 2025, Xcel added heat pump equipment to its available HVAC measures under its income-qualified Home Energy Savings Program (“HESP”).¹³⁰ Despite this addition, Xcel reported no

¹²⁶ Xcel 2025 ECO Status Report at 35.

¹²⁷ Xcel Triennial Plan at 92.

¹²⁸ Xcel Triennial Plan at 93.

¹²⁹ *Id.*

¹³⁰ Xcel 2025 ECO Status Report at 139.

participation in air source heat pump measures through HESP that year. In its annual report, the company explained that “availability of qualified workforce serving the income qualified market continues to be a barrier to implementing projects.”¹³¹ Although contractor availability can be a barrier to all households, income-qualified homes may experience additional barriers to accessing these measures.

Ensuring robust training opportunities is one important lever for improved contractor readiness. In a recent Minnesota survey, contractors indicated interest in more trainings on installation techniques, controls, servicing and maintenance, incentives and rebates, and sizing for ASHP deployment.¹³² Training and education are vital pieces for increasing contractor familiarity, confidence and ensuring the appropriate installation of heat pump technology. Contractors who have more experience with the technology are more likely to recommend heat pumps and find heat pumps beneficial across all application types (e.g. heating, cooling, customers with existing propane, natural gas, etc.).¹³³ Utilities should look for opportunities like the potential to leverage partnerships with distributors and manufacturers around contractor training.

As one example, Minnesota Power states that the company intends to build on its established network of trade allies and “prioritize strengthening relationships with trade schools, colleges, and high schools to support workforce development.”¹³⁴ The company further explains that “[d]uring the 2027-2029 Triennial Plan period, these efforts will focus on encouraging the adoption of advanced energy-efficient technologies while promoting entry-level career opportunities within the energy and specialized trade sectors.”¹³⁵ CUB supports and appreciates Minnesota Power’s efforts in this collaboration, and recommends the company ensure information on EFS equipment and installation is included as part of these trainings to maximize deployment of new utility ECO measures as EFS offerings mature. Overall, CUB encourages all utilities to explore additional pathways to address installer capacity constraints and improve understanding of these technologies.

III. CONCLUSION

ECO provides a robust framework for achieving meaningful energy reductions that result in real savings for customers. CUB appreciates the opportunity to comment on these plans as the utilities continue to develop and refine their portfolio offerings in ways that maximize consumer and systemwide benefits. While we raise a number of questions and recommend several areas for improvement, CUB recognizes and applauds the utilities’ extensive work and significant effort to bring forth these plans, as well as the Department’s careful consideration in review.

¹³¹ *Id.*

¹³² ETA 2025 Report 36-37.

¹³³ ETA 2025 Report 20.

¹³⁴ Minnesota Power Triennial Plan at 106-107.

¹³⁵ *Id.*

Sincerely,

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