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October 15, 2024

Will Seuffert, Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350 St. Paul, MN 55101

RE: Uplight’s Comments in the Matter of Xcel Energy’s Petition for Approval of a Residential Time-of-Use Rate Design

Docket Number E002/M-23-524

Uplight, Inc. (“Uplight”) is pleased to file comments pursuant to the Minnesota Public Service Commission’s (“MPSC” or “the Commission”) August 8, 2024 Fourth Notice of Extended Comment Period regarding Northern States Power Co. d/b/a Xcel Energy’s (“Xcel” or “the Company”) Supplement Providing a Revised Application for Approval of a Residential Time of Use Rate Design (“Revised Proposal”).

Uplight is a clean energy technology company whose customer engagement and flexibility management platform enables energy providers and their customers to conserve, deploy, manage and monetize energy resources at scale. Uplight is a B Corp whose market-leading engagement solutions help customers contribute to a decarbonized energy ecosystem. Its flexibility management solutions connect over 7.8 GW of distributed energy resources across multiple verticals and asset types.

Uplight supports the Xcel’s revised proposal to implement a Residential TOU rate, and echoes the Company’s recommendations as they relate to the best practices required to ensure customer success on a time-varying rate (“TVR”). It has been well established that TVR offer benefits that can accrue to the utility’s entire customer base. As with all rates and programs that aim to elicit a response from behind the meter, Xcel must (1) be adequately resourced to ensure that participating customers are well-informed about the terms of the program and positioned to succeed on the rate, and (2) be afforded ample time to roll out the program to customers and implement the rate and its associated tools internally.

CUSTOMER SUCCESS

We define customer success to mean that TOU enrollees are fully aware of the terms of the program, that they find no or very low barriers to enrollment, that their participation is frictionless and that both customer and utility realize value for the grid benefit of their participation.

Customer success is essential to ensuring sufficient scale to capture the full potential grid benefit of a robust TOU program. Brattle's 2024 survey of residential TVR in the United States finds that 380 electric utilities offer at least one form of residential TVR, but only 9% of residential customers are enrolled in such rates.¹ Similar analysis conducted in 2021 found that 60% of utilities offering at least one form of TVR had 1% or less of residential customers participating in those rates.²

For utilities offering an opt-in model as Xcel proposes here, Brattle finds that about 20% of their residential customers choose to participate.³ While these adoption rates are lower than rates offered under the opt-out model, customer retention is slightly higher among programs where participants have opted in.⁴

Accordingly, Uplight wishes to underscore the importance of two key features of the revised proposal that it, based on its experience as a leading provider of customer engagement and demand management programs worldwide, finds essential to realize the Residential TOU rate's full potential: the Digital Energy Insights Tools, and a robust customer education and communication plan.

Digital Energy Insights Tools

The utility partners that have adopted Uplight's rates engagement solutions have found that residential customers experience 21% higher confidence in TOU rates when they are provided with personalized rate comparisons. This confidence translates to greater program enrollment and deeper load shift,

¹ Sergici, Sanem, Retail Pricing: A Low Cost Approach to Load Flexibility. (5) June 21, 2024.

² Ahmad Faruqui et al, A Survey of Residential Time of Use (TOU) Rates. 2, 5, 6 (Nov. 12, 2019).

³ Sergici (4).

⁴ *Id.*

especially where customers are provided with enabling devices such as smart thermostats that can provide customizable load automation.

For a customer, knowing when to shift load is arguably a secondary consideration, after why they should shift load in the first place. Personalized rate education makes it fast and easy to understand how a household can influence their monthly energy bill, which can increase rate uptake and success on that rate. When Uplight and GridX partnered to provide personalized rate education reports to recruit customers to a new TVR pilot, more than 5% of recipients enrolled. This represents 2.5-10 times the enrollment rate at comparable utilities. Providing personalized rate comparisons gave customers the confidence that they could succeed on their new rate.

The Company's proposed Bill Factors Tool, Rate Advisor Tool and mobile app similarly equip customers with the information they need to select and succeed on the Residential TOU rate, including cost drivers that impact their bill, different views that show how rates might have impacted the cost of their historical usage, and home energy data that can drive informed decision-making around load shifting. In Uplight's view, these tools will markedly increase customer confidence in adopting a TVR and help ensure their success thereafter.

Customer Education and Engagement

Today, fewer than half of residential customers can identify their current electric rate structure.⁵ This is why, in addition to the bill comparisons, rate coaching and ongoing usage updates/high bill alerts that can help inform a customer's decision to select a TOU rate, ongoing education and engagement is key to their continued satisfaction and participation thereafter.

Uplight supports Xcel's proposal to implement a Communications Plan and support ongoing engagement with participating or prospective customers of the Residential TOU rate. It finds that the Company has drawn compelling and actionable insights from the rollout of its rate in Colorado, and that these

⁵ Smart Energy Consumer Collaborative. "Electric Bills and Rate Plans: Consumer Awareness and Understanding." December 8, 2022.

will drive effective strategies to maintain customer engagement with the program.

TIMING OF IMPLEMENTATION

Uplight is also supportive of the Company's proposed timing of implementation. Acknowledging that the extended procedural schedule means that the proposed timings are subject to change, Uplight nevertheless recommends that the Commission ensure that Xcel not be unduly rushed in implementing the rate and program. Given the significant public attention that has been drawn to this new rate structure, a seamless rollout is important to maintaining positive perceptions of the opportunities afforded to participating households and indeed the entire service territory by a fully-scaled TVR.

CONCLUSION

For these reasons, Uplight encourages the Commission to authorize cost recovery for Xcel's proposed Digital Energy Insights Tools, customer education and engagement plan, and rate implementation process.

Uplight thanks the Commission for the opportunity to share comments in this matter.

Respectfully submitted,

Kahryn Riley
Head of Market Innovation, MidAmerica
+1.720.921.2100
kahryn.riley@uplight.com