

October 7, 2025

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

RE: Center for Energy and Environment's **Comments in the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design**

Docket No. E002/23-524

Dear Ms. Bergman,

Center for Energy and Environment ("CEE") respectfully submits these Comments to the Minnesota Public Utilities Commission ("Commission") in response to Xcel Energy's Compliance Filing, filed August 14, 2025. The Compliance Filing provides additional insights into Xcel Energy's plans for implementing its upcoming Residential Time-of-Use ("TOU") and electric space heating rates in response to several Order Points in the Commission's May 15, 2025 Order.¹

The following Comments focus on Xcel Energy's plans for enrolling customers with electric space heating on to the electric space heating rate. CEE views the updated electric space heating rate as crucial for increasing the affordability of efficient heat pumps and rightsizing electric rates to more accurately reflect the impact of electric space heating customers on the electric system. To realize the many potential benefits of the electric space heating rate, the implementation process should be designed to minimize barriers and maximize opportunities for enrollment.

Summary of Xcel Energy's Implementation Plan

In the August 14 Compliance Filing, Xcel Energy responded to several Order Points requesting information about how they will facilitate enrollment in the electric space heating rate, including through coordination with Xcel Energy's Energy Conservation and Optimization (ECO) heat pump rebate program. Alongside other outreach measures, Xcel Energy plans to

¹ Commission Order Approving Revised Opt-In Proposal and Setting Reporting Requirements. May 15, 2025. Docket Number E002/M-23-524.

"...incorporate opportunities for enrollment into the space heating rate during the heat pump rebate process," promote the rate in conjunction with ECO programs and existing heat pump campaigns, and undergo an annual process to contact heat pump rebate recipients who are not yet on the electric space heating rate.²

In conversations with CEE, Xcel Energy shared that they plan to establish processes to facilitate enrollment in the rate through several channels, including working directly with the customer's chosen contractor, providing Xcel Energy's toll-free phone number, and/or by directly reaching out to customers.

CEE and Xcel Energy also discussed the possibility of allowing customers to enroll in the space heating rate directly through the heat pump rebate application by including the option to enroll on the rebate form. Xcel Energy is considering this approach but has not yet committed to it as they are still determining the specifics of their enrollment plan.

CEE Recommendations

CEE appreciates Xcel Energy's ongoing efforts to increase the accessibility and visibility of the electric space heating rate and is generally supportive of Xcel Energy's approach. CEE further recommends that Xcel Energy allow customers to enroll in the rate directly through the heat pump rebate application. The heat pump rebate process is a valuable touch point with customers who may newly qualify for the electric space heating rate. Allowing customers to enroll in the rate through the heat pump rebate application would reduce the need to call a customer care representative, streamlining the enrollment process for both customers and Xcel Energy.

If Xcel Energy pursues this enrollment method, CEE provides the following additional recommendations to ensure its success.

First, CEE recommends that the heat pump rebate application include a clear description of the space heating rate, including information on its potential benefits. Since the electric space heating rate is lower than the standard residential rate during the heating season and equal to the standard residential rate during the rest of the year, enrolling in the electric space heating rate poses no financial risk to customers, only a potential benefit. Customers should be aware of this dynamic when deciding whether to opt in to the rate via the heat pump rebate application.

The application should also require customers to indicate whether, after installing their heat pump, their primary heating source will be electric. This should be accompanied by a definition

² Xcel Energy's Compliance Filing. May 15, 2025. Docket Number E002/M-23-524, Pages 5 and 18.

of “primary heating source” to ensure customer understanding. Xcel Energy will therefore be able to verify whether the customer is eligible for the electric space heating rate using only the heat pump rebate application, eliminating the need for an additional phone call to verify their primary heating source. Confirming the customer’s primary heating source via the rebate form serves the same purpose as the current method of confirming over the phone, as both rely on the customer self-reporting their heating source.

Finally, in many cases, the contractor that installs the heat pump for a customer will also be the one to submit the rebate application. Xcel Energy has indicated they need a customer’s consent to change their rate. In the cases when a contractor completes the rebate form for the customer, Xcel Energy has indicated customers may be required to complete an additional step to provide consent to change their rate. To address this concern, Xcel Energy could consider including a consent form in the rebate application or requiring the customer’s signature to indicate consent. Additionally, as noted earlier, the space heating rate poses no financial risk to customers and they will always have the option to opt out of the rate after enrolling, minimizing risk in this scenario.

Conclusion

CEE appreciates Xcel Energy’s continued collaboration with stakeholders to ensure the successful implementation of the electric space heating rate. CEE is supportive of the measures proposed in the Compliance Filing and finds they address the requirements listed in the Commission’s May 15, 2025 Order. Additionally, CEE recommends Xcel Energy consider the following recommendations to ensure a streamlined enrollment process for heat pump rebate customers:

- Allow customers to enroll in the electric space heating rate directly through the heat pump rebate application.
- Include clear messaging in the heat pump rebate application that educates customers about the potential benefits of enrolling in the space heating rate.
- Require customers to indicate on the heat pump rebate application whether their primary heating source is electric to avoid the need for further communication with Xcel Energy.
- If there are concerns regarding customer consent when a contractor submits a rebate application on the customer’s behalf, consider using a consent form or customer signature to verify consent.

In combination with the other outreach measures outlined by Xcel Energy, simplifying the enrollment process for newly eligible heat pump customers will enable more eligible customers to benefit from the electric space heating rate.

We appreciate the Commission's consideration of our comments. Please contact me at myatsuhashi@mncee.org with any questions.

Sincerely,

/s/ Mariko Yatsuhashi
Regulatory Policy Advocate
Center for Energy and Environment

AFFIDAVIT OF SERVICE

DOCKET NUMBER E002/M-23-524

I, Mariko Yatsunami, hereby certify that on this 7th day of October 2025, I served *Center for Energy and Environment's Comments in the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design* in Docket Number E002/M-23-524 on the following persons on the attached Service Lists by:

X placing such filing in envelopes, properly addressed, and depositing the same in the Post Office at the City of Minneapolis, for delivery by the United States Post Office as directed by said envelopes.

X electronic filing

/s/ Mariko Yatsunami

Mariko Yatsunami

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