

**COMPILED DECISION OPTIONS**  
**Filed by PUC Staff**  
**March 12, 2026**

**DOCKET NUMBER** E,G999/CI-08-133

**ANALYST** Isabel Ricker

**DATE/TIME SUBMITTED** March 11, 2026, 11:00 a.m.

**TITLE** **Staff Compiled Decision Options** (includes updates to preferred decision options filed by CenterPoint, MERC, Xcel, Minnesota Power and Otter Tail, as well as modified decision options filed by Commissioner Partridge).

**ATTACHMENT** No

**SUBJECT** **In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation**

**Approval or Denial and Overarching Provisions**

*[To approve an updated DSM Financial Incentive Mechanism, select DOs 1 and 2. To deny the proposed changes, select DO 3.]*

1. Approve a Shared Savings DSM Financial Incentive Mechanism with the following provisions, (Joint Commenters, CenterPoint, MERC, Minnesota Power, Otter Tail, Xcel) **and**
2. The new Shared Savings DSM Financial Incentive Plan shall be in effect for 2027–2029 ECO program years. (Joint Commenters, CenterPoint, MERC, Minnesota Power, Otter Tail, Xcel) **or**
3. Deny the proposed changes to the DSM Financial Incentive Mechanism.

*[The remainder of the Decision Options are predicated on Commission selection of DO 1.]*

**Natural Gas Incentive**

4. The following parameters apply to natural gas \_\_\_\_\_ *[select preferred wording as reflected in 4A or 4B.]*
  - A. Utilities, (Joint Commenters, **CenterPoint, MERC**) **or**
  - B. Energy efficiency, ~~(Xcel)~~

## Metrics Used to Calculate the Natural Gas Incentive

*[To approve a multi-factor incentive, select DO 5 and subparts corresponding to desired performance metrics. The Commission may select 5A, 5B and either 5C or 5D. If the Commission selects 5D it must modify certain subsequent decision options to replace “insulation and air sealing” with “building shell.”]*

5. The utility incentive shall be based on performance in the following categories:
  - A. First-year energy savings, as a percent of weather-normalized average retail sales, (Joint Commenters, CenterPoint, MERC, Xcel) **and**
  - B. Spending on low-income ECO programs, measured as a percent of average residential Gross Operating Revenue (GOR). (Joint Commenters, CenterPoint, MERC, Xcel) **and**
  - C. Insulation and air sealing first-year energy savings, as a percent of weather-normalized average residential retail sales, (Joint Commenters, ~~MERC~~, Xcel) **or**
  - D. Building shell first-year energy savings, as a percent of weather-normalized average residential retail sales, (CenterPoint, ~~MERC~~)

## Net Benefits Cap

*[Select 6 and choose from subparts A-D. The Commission may select 7 if desired.]*

6. Set a total net benefits cap equal to \_\_\_\_\_ of portfolio net benefits.
  - A. 5.0 percent (Xcel, MERC) *[Joint Commenters Initial]* **or**
  - B. 5.5 percent (Joint Commenters) **or**  
**Partridge Modified B. 5.65 percent or**
  - C. 6.0 percent (CenterPoint)
  - D. The lower of: (i) 5 percent or (ii) 4 percent plus the percentage of net benefits earned by the Company’s low-income achievement. (Staff interpretation of Xcel Alternative)
7. The total net benefits cap corresponds with maximum achievement in all three metrics under the natural gas incentive. (Joint Commenters, ~~CenterPoint~~)

## Expenditures Cap

8. Set an expenditures cap of 20 percent of total portfolio expenditures, which increases to 25 percent if the utility achieves first-year energy savings of 1.2 percent of weather-normalized average retail sales or higher. (Joint Commenters, CenterPoint, Xcel, ~~MERC~~)

## Performance Thresholds

*[Select DO 9, and then select from subparts 9A-D the performance threshold for each metric the Commission approved in DO 5.]*

9. Allow utilities to begin collecting an incentive for each metric when they reach the following performance levels: (Joint Commenters, CenterPoint, MERC, Xcel)

First-Year Energy Savings [select 9A and choose between romanette i or ii.]

- A. First-year energy savings of 0.7 percent of weather-normalized average retail sales, at which the utility can collect \_\_\_\_\_ of portfolio net benefits. (Joint Commenters, CenterPoint, Xcel, MERC)
- i. 1.14 percent ~~(Xcel, MERC)~~ [Joint Commenters Initial] or
  - ii. 1.44 percent (Joint Commenters, CenterPoint, Xcel, MERC)

Insulation and Air Sealing [choose between 9B, 9C, or MERC Modified C.]

- B. Insulation and air sealing first-year energy savings equal to one-third of the utility's average 2027-2029 insulation and air sealing first-year energy savings program potential (calculated using the 2018 ECO Potential Study), at which the utility can collect 0.38 percent of portfolio net benefits. (~~Xcel, MERC,~~ Great Plains) [Note: Joint Commenters Initial] or
- C. Insulation and air sealing first-year energy savings equal to one-third of the utility's average 2027-2029 insulation and air sealing first-year energy savings program potential (calculated using the 2018 Minnesota Energy Efficiency Potential Study and recalibrated for a 90 percent AFUE furnace baseline), at which the utility can collect 0.48 percent of portfolio net benefits. (Joint Commenters, Xcel, CenterPoint)

**MERC Modified C.** ~~Insulation and air sealing~~ Building shell first-year energy savings equal to one-third of the utility's average 2027-2029 insulation and air sealing first-year energy savings program potential (calculated using the 2018 Minnesota Energy Efficiency Potential Study and recalibrated for a 90 percent AFUE furnace baseline), at which the utility can collect 0.48 percent of portfolio net benefits. (MERC, CenterPoint)

Low-Income Spending [select 9D and choose between romanette i or ii.]

- D. Low-income spending of 1.0 percent of residential gross operating revenue (GOR), at which the utility can collect \_\_\_\_\_ of portfolio net benefits. (Joint Commenters, CenterPoint, Xcel, MERC)
- i. 0.38 percent ~~(Xcel, MERC)~~ [Joint Commenters Initial] or
  - ii. 0.48 percent (Joint Commenters, CenterPoint, Xcel, MERC)

**Prohibition on Incentive Until Thresholds Are Met**

10. A utility may not earn any financial incentive for a year in which either first-year savings or low-income spending are below the threshold performance level. (Xcel, MERC, CenterPoint)

**Performance Goals and Metric Caps**

[Select either 11 or 12. Then select from subparts A-D performance goals for each metric the Commission approved in DO 5.]

11. Set metric-specific net benefits caps at the levels below, (Joint Commenters, Xcel, MERC Alternate, CenterPoint) or

12. Set metric-specific calibration points at the levels below. (~~Xcel~~, MERC, CenterPoint)

First-Year Energy Savings [select 12A or MERC Modified A and choose between romanette i, ii, or iii.]

- A. \_\_\_\_\_ of portfolio net benefits for first-year energy savings, awarded for an achievement of 1.2 percent of weather-normalized average retail sales or higher. (Joint Commenters, Xcel, MERC Alternate)

**MERC Modified A.** \_\_\_\_\_ of portfolio net benefits for first year energy savings, awarded for an achievement of 1.2 percent of weather normalized average retail sales ~~or higher~~. (MERC, CenterPoint)

- i. 3.0 percent (~~Xcel, MERC~~) [Joint Commenters Initial] **or**
- ii. 3.3 percent (Joint Commenters) **or**
- iii. 3.6 percent (CenterPoint, MERC, Xcel)

Insulation and Air Sealing [select subpart B, C, or MERC Modified C. If selecting either C, choose between i and ii.]

- B. 1 percent of portfolio net benefits for insulation and air sealing first-year energy savings, awarded for an achievement equal to the utility's insulation and air sealing first-year energy savings program potential (calculated using the 2018 ECO Potential Study). (~~Xcel, MERC~~) [Joint Commenters Initial] **or**

- C. \_\_\_\_\_ percent of portfolio net benefits for insulation and air sealing first-year energy savings, awarded for an achievement equal to the utility's insulation and air sealing first-year energy savings program potential (calculated using the 2018 ECO Potential Study and recalibrated for a 90 percent AFUE furnace baseline). (Joint Commenters, ~~Xcel, CenterPoint~~) **or**

**MERC Modified C.** \_\_\_\_\_ of portfolio net benefits for ~~building shell insulation and air sealing~~ first-year energy savings, awarded for an achievement equal to the utility's insulation and air sealing first-year energy savings program potential (calculated using the 2018 ECO Potential Study and recalibrated for a 90 percent AFUE furnace baseline). (MERC, CenterPoint)

- i. 1.1 percent (Joint Commenters) **or**
- ii. 1.2 percent (CenterPoint, MERC, Xcel)

Low-Income Spending [select D or MERC Modified D and choose between romanette i, ii, or iii.]

- D. \_\_\_\_\_ of portfolio net benefits for low-income spending, awarded for an achievement of 2 percent of average residential Gross Operating Revenue (GOR) or higher. (Joint Commenters, Xcel, ~~CenterPoint, MERC~~)

**MERC Modified D.** \_\_\_\_\_ of portfolio net benefits for low-income spending, awarded for an achievement of 2 percent of average residential Gross Operating Revenue (GOR) ~~or higher~~. (MERC, CenterPoint)

- i. 1.0 percent ~~(Xcel, MERC)~~ [Joint Commenters Initial] or
- ii. 1.1 percent (Joint Commenters) or
- iii. 1.2 percent (CenterPoint, MERC, Xcel)

### **Eligible Measures for the Insulation and Air Sealing Metric**

[Select 13, or select 14 and/or 15.]

- 13. A utility may count savings from insulation and air sealing retrofit measures such as wall insulation, attic insulation, and envelope air sealing toward the Insulation and Air Sealing metric. (~~Staff interpretation of Joint Commenters, Xcel~~) or
- 14. A utility may count savings from insulation and air sealing retrofit measures such as wall insulation, attic insulation, and envelope air sealing, as well as savings from efficient fuel-switching measures, toward the insulation and air sealing metric. (~~Staff interpretation of MERC, CenterPoint~~) and/or
- 15. A utility may count savings from any building shell retrofit measures, including wall insulation, attic insulation, envelope air sealing, and window efficiency programs, toward the Building Shell metric. (~~Staff interpretation of CenterPoint, MERC-alternative~~)

### **Linear Interpolation and/or Extrapolation**

[Select 16 or 17.]

- 16. Use linear interpolation to award the appropriate percentage of net benefits for performance levels between the achievement threshold and net benefits cap. (Joint Commenters, Xcel, MERC Alternate) or
- 17. Use linear interpolation to award the appropriate percentage of net benefits for performance levels between the achievement threshold and calibration point. Use linear extrapolation to calculate the percentage of net benefits awarded for performance levels above the calibration point. (CenterPoint, MERC ~~Xcel~~)

### **Electric Non-EFS Incentive**

- 18. The following parameters apply to electric \_\_\_\_\_ [select preferred wording as reflected in 18A-C.]
  - A. Utilities, (Joint Commenters) or
  - B. Energy efficiency, ~~(Xcel)~~ or
  - C. Utilities' non-EFS activities (Staff Option, Xcel, Minnesota Power, Otter Tail)

### **Metrics Used to Calculate the Electric Non-EFS Incentive**

[To approve a multi-factor incentive, select DO 19 and subparts corresponding to desired performance metrics.]

- 19. The utility incentive shall be based on performance in the following categories:

- A. First-year energy savings, as a percent of weather-normalized average retail sales, (Joint Commenters, Minnesota Power, Otter Tail, Xcel) **and**
- B. Demand savings, expressed as the reduction in demand corresponding to energy savings as a percentage of weather-normalized average retail sales. The demand reduction (MW) corresponding to each MWh of energy savings shall be calculated using the utilities' most recently-approved Integrated Resource Plan, (Joint Commenters, Otter Tail, Xcel, Minnesota Power) **and**
- C. Spending on low-income ECO programs, measured as a percent of average residential Gross Operating Revenue (GOR). (Joint Commenters, Minnesota Power, Otter Tail, Xcel)

### Net Benefits Cap

*[Select 20 and choose between subparts A-C. The Commission may select D if desired.]*

- 20. Set a total net benefits cap for non-EFS programs equal to \_\_\_\_\_ of non-EFS portfolio net benefits.
  - A. 6.5 percent (Joint Commenters, Xcel, Minnesota Power<sup>1</sup>) **or**  
**Partridge Modified A.** 6.~~5~~ percent
  - B. 7 percent (~~Xcel, Otter Tail~~, Minnesota Power<sup>2</sup>) **or**
  - C. The lower of: (i) 7 percent or (ii) six percent plus the percentage of net benefits earned by the Company's low-income achievement. (Xcel Alternative, Otter Tail) **and**
  - D. The total net benefits cap corresponds with maximum achievement in all three metrics under the electric non-EFS incentive.

### Expenditures Cap

*[Select one of the options below]*

- 21. Set an expenditures cap of 20 percent of total portfolio expenditures, which increases to 25 percent if the utility achieves first-year energy savings of 2.3 percent of weather-normalized average retail sales or higher. (Joint Commenters, Xcel) **or**  
**Partridge Modified 21.** Set an expenditures cap of 20 percent of ~~non-EFS total~~ portfolio expenditures, which increases to 25 percent if the utility achieves first-year energy savings of 2.3 percent of weather-normalized average retail sales or higher. **or**
- 22. Set an expenditures cap of 20 percent of energy efficiency portfolio expenditures, which increases to 25 percent if the utility achieves first-year energy savings of 2.2 percent of weather-normalized average retail sales or higher. (~~Xcel~~) **or**  
**Minnesota Power Revised 22.** Set an expenditures cap of 20 percent of ~~energy efficiency non-EFS~~ portfolio expenditures, which increases to 25 percent if the utility achieves first-year energy savings of 2.2 percent of weather-normalized average retail sales or higher. (Minnesota Power, Otter Tail)

<sup>1</sup> Minnesota Power supports 20A if 26 and 28 are adopted.

<sup>2</sup> Minnesota Power supports 20B if 25 and 27 are adopted.

## Performance Thresholds

[Select DO 23, and then select from subparts A-E the performance threshold for each metric the Commission approved in DO 19.]

23. Allow utilities to begin collecting an incentive for each metric when they reach the following performance levels: (Joint Commenters, Xcel, Otter Tail, Minnesota Power)

### First-Year Energy Savings [select A, B, or C.]

- A. First-year energy savings of 1.5 percent of weather-normalized average retail sales, at which the utility can collect 1 percent of portfolio net benefits. (Joint Commenters, Otter Tail, Xcel) **or**
- B. First-year energy savings of 1.5 percent of weather-normalized average retail sales, at which the utility can collect 1.69 percent of portfolio net benefits. (Minnesota Power) **or**
- C. First-year energy savings of 1.0 percent of weather-normalized average retail sales, at which the utility can collect 0.5 percent of portfolio net benefits. (~~Xcel~~)

### Demand Savings [select D and choose between romanette i or ii.]

- D. Demand savings equal to the utility's \_\_\_\_\_ demand goal (calculated using the utility's most recently approved Integrated Resource Plan), at which the utility can collect 1.0 percent of portfolio net benefits.
  - i. 1.0 percent (~~Xcel~~, Otter Tail, Minnesota Power) **or**
  - ii. 1.5 percent (Joint Commenters, Xcel)

### Low-Income Spending [select E and choose between romanette i or ii.]

- E. Low-income spending of 0.6 percent of residential gross operating revenue (GOR), at which the utility can collect \_\_\_\_\_ of portfolio net benefits.
  - i. 0.33 percent (~~Xcel, Minnesota Power~~) **or**
  - ii. 0.5 percent (Joint Commenters, Otter Tail, Xcel, Minnesota Power)

## Prohibition on Incentive Until Thresholds Are Met

24. A utility may not earn any financial incentive for a year in which either first-year savings or low-income spending are below the threshold performance level. (Xcel, Otter Tail, Minnesota Power)

## Performance Goals and Metric Caps

[Select either 25 or 26. Then select from subparts A-F performance goals for each metric the Commission approved in DO 19.]

25. Set metric-specific net benefits caps at the following levels for each metric (Joint Commenters, Minnesota Power,<sup>3</sup> Xcel) **or**

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<sup>3</sup> Minnesota Power supports 25 if 20B and 27 are adopted.

26. Set metric-specific calibration points at the following levels for each metric (Otter Tail, ~~Xcel~~, Minnesota Power<sup>4</sup>)

First-Year Energy Savings [select one from subparts A-D.]

- A. A combined cap of 5 percent of non-EFS net benefits for first-year savings and permanently avoided demand, awarded when the utility achieves one of the following:
- i. First-year savings equal to 2.3 percent of weather-normalized average retail sales or higher.
  - ii. Reaching or exceeding the utility's 4.7 percent demand goal (calculated using the utility's most recently approved Integrated Resource Plan).
  - iii. Achievements in both first-year savings and demand savings that, together, result in 5 percent of awarded net benefits, calculated using linear interpolation. (Joint Commenters, ~~Xcel~~) or
- B. 5.2 percent of portfolio net benefits for first-year energy savings, awarded for an achievement of 2.2 percent of weather-normalized average retail sales or higher. (Minnesota Power) or
- C. 5.0 percent of portfolio net benefits for first-year energy savings, awarded for an achievement of 2.3 percent of weather-normalized average retail sales. (Otter Tail<sup>5</sup>) or
- D. 4.0 percent of portfolio net benefits for first-year energy savings, awarded for an achievement of 2.2 percent of weather-normalized average retail sales. (~~Xcel~~)

Separate Cap or Goal for Permanently Avoided Demand

[If the Commission approves 26A, skip this subsection. If 19B is approved, but 26A is not, the Commission should select 26E or write a modified version]

- E. 2.0 percent of portfolio net benefits for demand savings, awarded for an achievement of the 2.2 percent demand goal (calculated using the utility's most recently approved Integrated Resource Plan). (~~Xcel~~, Otter Tail, Minnesota Power)

Low-Income Spending [select 26F and romanette i or ii.]

- F. \_\_\_\_\_ of portfolio net benefits for low-income spending, awarded for an achievement of 1 percent of average residential Gross Operating Revenue or higher.
- i. 1.5 percent (Joint Commenters, Xcel, Otter Tail) or
  - ii. 1.8 percent (Minnesota Power)

**Linear Interpolation and/or Extrapolation**

[Select 27 or 28.]

27. Use linear interpolation to award the appropriate percentage of net benefits for performance levels between the achievement threshold and net benefits cap. (Joint Commenters, ~~Xcel~~) or

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<sup>4</sup> Minnesota Power supports 26 if 20A and 28 are adopted.

<sup>5</sup> Otter Tail support 26C if 28 is also adopted

28. Use linear interpolation to award the appropriate percentage of net benefits for performance levels between the achievement threshold and calibration point. Use linear extrapolation to calculate the percentage of net benefits awarded for performance levels above the calibration point. (~~Xcel,~~ Minnesota Power, Otter Tail)

### **Electric Efficient Fuel-Switching Incentive:**

*[To approve an EFS Incentive for electric utilities for 2027-2029, select DO 29 and consider 30 through 35.]*

29. The following parameters apply for electric efficient fuel-switching: (Joint Commenters, Xcel, Otter Tail, Minnesota Power) **and**
30. For an electric utility to begin earning an EFS incentive, it must first achieve the following thresholds:
- A. First-year energy savings equal to 1.75 percent of average retail sales and;
  - B. Low-income spending equal to 0.6 percent of the average residential gross operating revenue.
- (Joint Commenters, Xcel, Otter Tail, Minnesota Power)

### **Calculating the EFS Award Percentage**

*[Select 31 or 32, and select 33 and 34.]*

31. Set the base percentage of net benefits awarded at 5 percent. (Joint Commenters, Xcel, Otter Tail Power, Minnesota Power) **or**
32. Set the base percentage of net benefits awarded at 6 percent. (Minnesota Power) **and**
33. Set the final percentage of net benefits at the lesser of:
- A. The base percentage of net benefits multiplied by the RIM ratio achieved by the utility's EFS activity
  - B. 10 percent
- (Joint Commenters, Xcel, Otter Tail, Minnesota Power) **and**
34. Apply the final percentage of net benefits to the total Minnesota Test net benefits from the utility's EFS activity to determine the EFS incentive amount. (Joint Commenters, Xcel, Otter Tail, Minnesota Power)

### **Expenditures Cap**

35. Set an EFS expenditures cap of 20% of EFS expenditures, which increases to 25% if the utility achieves an EFS RIM ratio greater than or equal to 2.0. (Joint Commenters, Xcel, Minnesota Power)

### **General Parameters**

#### **Cost-Benefit Test**

*[The Commission should select or modify DO 36, and may select one of 37, 38 or 39.]*

36. For all utilities, net benefits are calculated using the Minnesota Test according to the approved 2027–2029 ECO Cost-Effectiveness Methodologies for Electric and Gas Investor-Owned Utilities, which is expected to be issued by the Department in Q1 2026. (Joint Commenters, Xcel, CenterPoint, MERC, Minnesota Power, Otter Tail) **and**

37. Potential refinements to the methodology regarding whether and how to include the utility performance incentive as a cost in 2027-2029 ECO cost-effectiveness tests should be discussed in the ECO Cost-Effectiveness Advisory Committee or comment period in Docket No. E,G999/CIP-26-89. (~~Staff Interpretation of~~ Joint Commenters, Otter Tail) or
38. Modify the test as follows to remove the circular nature of including the financial incentive as a cost that impacts the financial incentive:
- A. Calculate Minnesota Test net benefits without the performance incentive and use those net benefits to determine the financial incentive.
  - B. For final BCA results, apply the financial incentive amount derived from the calculation in subpart (A) to the initial net benefits in all of the appropriate tests to arrive at final net benefits accounting for the performance incentive.  
(Minnesota Power, MERC, CenterPoint) or
39. Include the financial incentive as a cost in relevant cost-effectiveness tests for the purposes of calculating overall portfolio net benefits and benefit-cost ratios, but do not include the incentive as a cost in tests at the individual program level. (~~Staff interpretation of Otter Tail~~)

### **How to Count EFS and Load Management Expenditures**

*[DO 40 is a minor clarification of existing practice. If the Commission adopts an electric EFS Incentive, it should adopt 41 to clarify how electric utilities calculate the EFS expenditures cap.]*

40. Both electric and gas utilities may count their expenditures on eligible load management programs when calculating the relevant expenditures cap. (~~Staff Interpretation of~~ Otter Tail, CenterPoint, MERC, Xcel, Minnesota Power)
41. Gas utilities are allowed to count their expenditures on EFS in calculation of their expenditures cap and electric utilities are allowed to count their expenditures on EFS in their EFS expenditures cap. (Joint Commenters, CenterPoint, MERC, Minnesota Power)

### **Load Management**

*[The Commission may adopt any or all of 42-43. These decision options would continue current practices for counting load management in the ECO financial incentive.]*

42. Both electric and gas utilities that have achieved energy savings at or above 1 percent of retail sales, excluding savings achieved through load management programs, are allowed to count the increased net benefits and energy savings derived from their load management programs that occurred on or after the approval of the Energy Conversation and Optimization Act (May 25, 2021) toward calculating their financial incentive. (Joint Commenters, ~~Xcel~~, Otter Tail, Minnesota Power) and
43. For the treatment of load management programs that do not result in energy savings,
- A. Calculate net benefits using the Minnesota test and include the net benefits in the total net benefits used to calculate the financial incentive.
  - B. Exclude all kW saved from load management programs that existed before May 25, 2021, from the benefits calculation.  
(Joint Commenters, Minnesota Power, Otter Tail)

## Other Requirements

*[The Commission may select any or all of decision options 44-50, which would continue current practices for calculating the ECO financial incentive.]*

44. The Societal Discount Rate, as approved in the Department’s 2027–2029 ECO Cost-Effectiveness Methodologies for Electric and Gas Investor-Owned Utilities, is used in the calculation of net benefits to discount for future benefits and costs. (Joint Commenters, Xcel, [CenterPoint](#), [MERC](#), [Minnesota Power](#), [Otter Tail](#)) **or**

**Partridge Modified 44.** For the purpose of calculating the incentive, ~~t~~The Societal Discount Rate, as approved in the Department’s 2027–2029 ECO Cost-Effectiveness Methodologies for Electric and Gas Investor-Owned Utilities, is used in the calculation of net benefits to discount for future benefits and costs. **and**

45. ECO-exempt customers shall not be allocated costs for the Shared Savings Incentive Mechanism. Sales to ECO-exempt customers shall not be included in the calculation of utility energy savings goals. (Joint Commenters, Xcel, [CenterPoint](#), [MERC](#), [Minnesota Power](#), [Minnesota Power](#), [Otter Tail](#)) **and**

46. If a utility elects not to include a third-party ECO project, the utility cannot change its election until the beginning of subsequent years. (Joint Commenters, Xcel, [CenterPoint](#), [MERC](#), [Minnesota Power](#), [Otter Tail](#)) **or**

**Partridge Modified 46.** If a utility elects to include or not to include a third-party ECO project in the calculation of its utility incentive, the utility cannot change its election until the beginning of subsequent years. **and**

47. If a utility elects to include a third-party project, the project’s net benefits and savings will be included in the calculation of the energy savings and will count toward the 1.0 percent savings goal for gas utilities and 1.75 percent savings goal for electric utilities. (Joint Commenters, Xcel, [CenterPoint](#), [MERC](#), [Minnesota Power](#), [Otter Tail](#)) **and**

48. The energy savings, costs, and benefits of modifications to non-third-party projects will be included in the calculation of a utility’s DSM incentive. (Joint Commenters, Xcel, [CenterPoint](#), [MERC](#), [Minnesota Power](#), [Otter Tail](#)) **or**

**Partridge Modified 48.** The actual annual energy savings, costs, and benefits of ~~modifications to non-third-party utility ECO~~ projects will be included in the calculation of a utility’s DSM incentive. **and**

49. The costs of any mandated, non-third-party projects (e.g., 2007 Next Generation Energy Act assessments and University of Minnesota Initiative for Renewable Energy and the Environment costs) shall be excluded from the calculation of net benefits and energy savings achieved and incentive awarded. (Joint Commenters, Xcel, [CenterPoint](#), [MERC](#), [Minnesota Power](#), [Otter Tail](#)) **and**

50. Costs, energy savings, and energy production related to Electric Utility Infrastructure Costs, solar installation, and biomethane purchases shall not be included in net benefits for DSM financial incentive purposes. (Joint Commenters, [Otter Tail](#), [CenterPoint](#), [MERC](#))