

➤ **Evaporative Cooling**

A. Description

The Evaporative Cooling product provides a rebate to Public Service's residential electric customers who purchase and install energy-efficient evaporative cooling equipment, and incentives for trade allies to promote the product to their customers.

Evaporative Cooling encourages customers and trade partners to purchase evaporative coolers (also known as swamp coolers) rather than less efficient central air conditioning. Customers benefit by reducing the up-front cost of buying evaporative cooling units, saving energy throughout the lifetime of the equipment, and reducing electric bills.

Qualifying equipment must be new, permanently installed evaporative cooling units. Portable coolers or systems with vapor compression backup are not eligible, neither is used or reconditioned equipment. Customers can replace an existing evaporative cooling or air conditioning unit or purchase a new first-time installed unit to qualify.

For homes in dry climates, such as Colorado, evaporative cooling provides an experience like an air conditioner, but with significantly less energy use.

B. Targets, Participants & Budgets

Targets and Participants

Targeted energy savings are based on past activity, current market conditions, and projected sales of evaporative coolers. Proposed savings were estimated on a per unit basis using the projected number of participants. Participation in this product is weather-sensitive. Cooler-than-normal summers have been shown to result in lower participation, as customers may forgo their decision to install a unit or choose to delay purchasing a unit if the weather is mild.

Budgets

The budget was developed based on historical and projected participation and the funds needed to promote and administer the product to achieve the associated level of savings. The majority of the product's budget goes towards customer rebates for the purpose of lowering the cost of purchasing energy-efficient evaporative cooling equipment. Other key budget categories are advertising and promotion to drive participation.

C. Application Process

Customers may receive a rebate through several methods.

1. Traditionally, To in the Evaporative Cooling product, eligible customers must submit a completed application with a copy of their invoice or receipt. Customers may self-install, or work with an HVAC contractor to install the evaporative cooling equipment.

When a customer submits a rebate application form with an invoice, via email or by mail, it is reviewed for accuracy, ensuring that rebate qualifications are met prior to mailing a rebate check.

Invoices or receipts must detail purchased equipment. If the application is for a first-time installation, premium or whole house evaporative cooling system, the customer must provide a receipt for additional components (e.g. remote thermostat, purge pump, supply ducts) or have these items detailed on the invoice. If the documentation does not meet the first-time installation criteria, the application may be processed as a replacement and receive a lesser rebate amount.

2. An online application form is available.¹ This provides an electronic means of submission, with the same requirements as a traditional rebate application.

3. Customers may apply for an “instant rebate” at participating retailer stores. There is no accompanying invoice; customers self-identify whether the unit they are purchasing is replacing an existing cooler, or whether it is a first-time (e.g., non-replacement) use of an evaporative cooler. Non-replacement, multi-ducted premium coolers are not available through the instant rebate at retail outlets.

4. Customers working with a participating trade partner (e.g. contractor), can receive an instant rebate through a participating wholesaler. The contractor must identify the instant rebate on their final invoice to the customer.

The Company is reviewing the potential for “instant rebate” technology for through many retail/wholesale distribution points.

D. Marketing Objectives & Strategies

The main objective of the Evaporative Cooling product is to promote the use of efficient evaporative coolers to customers with older, less-efficient models, and to promote efficient evaporative coolers in place of air conditioning to customers installing a home cooling system for the first time. Public Service propels customer awareness of the product through a variety of sources including targeted marketing communications,

¹ at www.xcelenergy.com/digital_application

advertising, events and sponsorships, the Xcel Energy website,² email and social media, HVAC contractors and retailers. Strategic marketing efforts include:

- Newspaper and print advertising, typically in the spring and summer;
- Point of Purchase displays at big box stores and appliance retailers;
- Targeted customer emails, ~~newsletters~~ postcards, bill messaging and social media;
- Internet ads and search engine promotions (Google, Yahoo, Bing);
- Sponsorships and events; and
- Contractor education, training and incentives.

Public Service has partnered with numerous equipment manufacturers, distributors, dealers and retailers in the state of Colorado who receive our product literature and assistance promoting the product. Contractors and builders in Colorado are an essential partner in creating customer awareness of Evaporative Cooling and, thus, will receive information on any product changes directly.

In addition, Public Service utilizes a trade relations manager to assist with communicating product details to the dealer and distributor channels. Other activities of the channel manager may include: training sessions on product specifics, product related mailings, relationship development and management.

E. Product-Specific Policies

Customers must purchase qualifying units in order to be eligible for a rebate. Units are pre-qualified for the product based primarily on manufacturer specifications. Equipment is added to the list of qualifying units as Public Service is notified of their release.

Qualifying equipment must be new and be a permanently installed direct or direct/indirect, and one or two-stage evaporative cooling unit. Portable coolers or systems with vapor compression backup are not eligible, nor is used or reconditioned equipment. ~~Customers can replace an existing evaporative cooler or central A/C system, or purchase a first-time installed evaporative cooling unit, to qualify for a rebate.~~

There are three equipment ~~tiers~~ categories available for the Evaporative Cooling product:

- ~~Standard System/Tier 1~~: Qualifying evaporative cooling units with airflow output of 2,500 cubic feet per minute (CFM) or greater.
- ~~Premium System/Tier 2~~: Qualifying evaporative cooling units with media saturation effectiveness of 85% or greater. The units must be manufactured with remote thermostat control and periodic purge water control (e.g. purge pump) or have these two items purchased and included on an invoice.
- ~~Whole House System/Tier 3~~ Multi-ducted Premium System: In addition to 85% saturation effectiveness, remote thermostat control and periodic purge water control, qualifying evaporative cooling units must be indirect/directly cooling the whole house with a minimum of three supply ducts installed.

² <http://www.xcelenergy.com/co-evap>

Customers can replace an existing evaporative cooler or central A/C system, or purchase a first-time installed evaporative cooling unit, to qualify for a rebate.

F. Stakeholder Involvement

In order to determine qualifying evaporative cooling equipment, Public Service works with manufacturers and distributors to verify current and new equipment efficiencies to meet each rebate tier. Trade allies include, but are not limited to:

- Champion Manufacturers (including Champion and Mastercool)
- Climate Technologies (Bonaire evaporative coolers)
- Essick Air Products (Excel N Series and Champion UltraCool)
- Jenrus Corporation (FineAire)
- Phoenix Manufacturer Incorporated (AeroCool Trophy, Brisa, CoolTool, CoolView, Frigiking)
- Seeley International (Breezaire)
- Speakman Company (OASys)
- Symphony Limited
- Tradewinds

G. Rebates & Incentives

The Evaporative Cooling product offers a tiered rebate. Customers may receive up to a \$1,200 rebate, depending on the equipment purchased. The rebate cannot exceed the amount paid.

- Standard System/~~Tier 1~~: Qualifying evaporative cooling units have a minimum Industry Standard Rated (ISR) airflow of 2,500 CFM. The first-time installation rebate amount is the lesser of \$400, or the purchase price of the unit, and the replacement rebate is \$300. Taxes and ancillary items, such as hoses, are not covered by the rebate. Retailers will receive a \$50 incentive. Trade partners using their Public Service provided trade ID number will receive a \$100 incentive for rebate-qualifying replacement cooler sales.
- Premium System/~~Tier 2~~: Qualifying evaporative cooling units have a minimum media saturation effectiveness of 85%. The units must be manufactured with remote thermostat control and periodic purge water control (e.g. purge pump) or have these two items included on the invoice. The first-time installation rebate amount is the lesser of \$700 or the purchase price of the unit, and the replacement rebate is \$600. Retailers will receive a \$50 incentive. Trade partners using their Public Service-provided trade ID number will receive a \$150 incentive for rebate-qualifying replacement cooler sales.

- ~~Whole House System/Tier 3 Multi-ducted Premium System~~: To qualify for the whole house rebate, the whole house cooler must be direct or direct/indirect cooling and fully ducted in the home with a minimum of three supply ducts installed. The rebate amount is \$1,200 to the customer. ~~Retailers will receive a \$50 incentive.~~ Trade partners using their Public Service -provided trade ID number will receive a \$150 incentive for rebate-qualifying replacement cooler sales.

| Rebates and Incentives 2019-2020 | | Customer rebate | Trade incentive |
|--|--------------------------------------|---------------------------------|-----------------|
| Standard evaporative cooler | Replacement | \$300 <u>\$200</u> | \$100 |
| | 1st time cooler purchase | \$400 | \$100 |
| Premium evaporative cooler | Replacement | \$600 | \$150 |
| | 1st time cooler purchase | \$700 <u>\$800</u> | \$150 |
| Premium evap cooler with 3+ supply ducts | Replacement - no new ducts | \$1,200 <u>\$600</u> | \$150 |
| | 1st time cooler use - with new ducts | \$1,200 | \$150 |