

Xcel Energy AC Rewards

Program Terms for South Dakota Residential Customers

Xcel Energy is excited to offer the **AC Rewards** program (“Program”) to its South Dakota residential rate electric customers in single family and multi-family homes with qualifying HVAC equipment¹.

As part of the Program, eligible participating Customers (individually, “Customer” or, collectively, “Customers”) will receive an incentive (“Initial Incentive”) to join the Program after their Enrollment Date, as described in the following chart.

Also, as part of the Program, Xcel Energy will work with a variety of smart thermostat manufacturers listed at <https://smarththermostat.xcelenergy.com> (“Manufacturers”), as such list may be updated by Xcel Energy from time to time, and Xcel Energy’s demand response management system software provider, as selected from time to time by Xcel Energy, and any successor, replacement, or additional such provider (together with their respective successors and assigns, the “DERMS Provider”), to temporarily adjust participating Customers’ qualifying HVAC equipment during demand periods (“Events”). In exchange for Customers’ participation during these Events, Xcel Energy will issue Customers an annual reward (“Annual Participation Reward”) each October in the form of a bill credit.

Incentives by Enrollment Channel

Enrollment Channel	Description	Initial Incentive (paid after Enrollment Date)	Annual Participation Reward (paid in October after Summer Event Season)	Minimum Term
Single Family Bring Your Own Thermostat (“BYOT”)	Enroll previously owned and installed eligible smart thermostat	\$75 one-time enrollment incentive	\$25	1 year
Single Family, Customer Self-Install	Purchase and install eligible smart	\$50 instant rebate at the	\$25	1 year

¹ Please note that some air conditioning units or equipment may not be eligible for this Program, including, but not limited to, evaporative “swamp” coolers, , and ground-source heat pump cooling systems.

	thermostat from the Xcel Energy Store	online Xcel Energy Store		
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In order to enroll in the Program, please review these terms and indicate your understanding and agreement below by selecting the appropriate check box on the Program enrollment page at <https://smarththermostat.xcelenergy.com>. By submitting your electronic application to enroll in the Program, you agree to these terms and conditions. If Customer's application is accepted by Xcel Energy, Xcel Energy will notify the Customer (a) that the Customer's eligible smart thermostat has been installed, and (b) that Xcel Energy and the Manufacturer have confirmed that it is operational, by e-mail (the date of the e-mail will be the "Enrollment Date").

1. Xcel Energy Customer Information will be Exchanged with Manufacturers and the DERMS Provider

Xcel Energy will provide Manufacturers with a list of applicable service territory zip codes for Xcel Energy customers eligible to participate in the Program. In turn, Xcel Energy, the Manufacturers, and the DERMS Provider may exchange with one another Customers' enrollment and account data, device identifiers and configuration data, and operational and usage data from Customers' smart thermostat(s), including data that identifies a Customer or a Customer's premises. Such data may be used only to determine eligibility, enroll and support Customers, dispatch and measure Events, calculate and issue incentives and Annual Participation Rewards, evaluate and improve the Program, and satisfy Xcel Energy's reporting obligations to the applicable state Public Utilities Commission.

Xcel Energy may also disclose Customers' meter and interval usage data to the DERMS Provider for the purpose of establishing performance baselines, measuring and verifying Event performance, and calculating incentives and Annual Participation Rewards. The DERMS Provider receives and processes this data solely on Xcel Energy's behalf and as a vendor engaged to assist in the provision of regulated utility service.

Xcel Energy may change or add DERMS Providers at any time. In connection with any such change, and in connection with any migration of the Program to a different platform, Xcel Energy, the Manufacturers, and the DERMS Provider may transfer Customers' enrollment, device, and historical Program performance data to a successor, replacement, or additional

DERMS Provider. This paragraph applies to, and confirms, transfers made before as well as after the effective date of these Program terms. No such change or migration will affect a Customer's enrollment, Minimum Term, or eligibility for the Annual Participation Reward.

The Program Parties will retain Program Data after a Customer's unenrollment or the termination of the Program in accordance with applicable law and the agreement between the DERMS Provider and Xcel Energy.

By enrolling in the Program, the Customer authorizes the Program Parties to: (a) automatically signal the Customer's enrolled Device(s) to take part in Events or for general system testing purposes; (b) contact the Customer regarding the Customer's enrollment status, Program-related adjustments to the Customer's Device(s), and troubleshooting of connectivity, firmware, or other Device-related issues; and (c) send the Customer surveys regarding the Customer's experience with the Program and share the Customer's survey responses among the Program Parties.

2. Program Control Day and Cycling Information

2.1. Thermostat control events generally, but not exclusively occur between 3 p.m. and 9 p.m. Local Time on control days between June 1 and September 31 ("Summer Event Season"). Control events may take place in other months and at other times.

2.2. The HVAC system is controlled by the eligible smart thermostat(s) received by Customers who comply with all Program terms. During an Event, Xcel Energy will select a control strategy that will be used to align with grid needs. For example, Xcel Energy may initiate a temperature offset, where during an Event the smart thermostat will increase the temperature set point in a Customer's home by a pre-determined amount of time to reduce usage. This may be preceded by a pre-emptive temperature adjustment to improve comfort during the Event period.

3. AC Rewards Event Participation Details

3.1. The Program allows Customers the option to opt-out of most Events. Xcel Energy may call as many of these opt-out eligible Events ("Voluntary Events") as needed each year.

Accordingly, Customers may opt-out of Voluntary Events at any time during the Event. Xcel Energy will periodically review Customer's opt-out rates during Voluntary Events. Xcel Energy reserves the right to remove a Customer from the Program if Customer has elected to opt-out from Voluntary Events at a high rate, as determined by Xcel Energy in its sole discretion. Xcel Energy also reserves the right to modify the terms of the Customer's participation in the Program if the Customer has a high opt-out rate. Xcel Energy will communicate these changes by e-mail to Customers as they occur.

3.2. Xcel Energy may need to dispatch certain control events that do not offer Customers the ability to opt out of the Event (“Mandatory Events”). Xcel Energy will only dispatch a Mandatory Event if the North American Electric Reliability Corporation (“NERC”) declares a Level 2 Alert for Xcel Energy’s Electric service territory, as defined by NERC’s Reliability Standard EOP-002-2; In the event that a Mandatory Event occurs, Xcel Energy will notify Customers by e-mail.

4. Program Term and Withdrawal

4.1. The Customer shall participate in the Program for a period of at least one year (12 months) from the Customer’s Enrollment Date if the Customer purchases or brings their own thermostat for participation in the Program. The Customer shall participate in the Program for a period of at least two years (24 months) from Customer Enrollment Date if the Customer receives a thermostat that is purchased and installed by Xcel Energy at no cost to the Customer. This period of time where the Customer is expected to participate in the Program is the “Mandatory Enrollment Period.”

4.2. Customer’s participation in the Program and these terms and conditions shall remain in effect, and automatically renew each year, until terminated in accordance with these Program terms and conditions; the Program is discontinued by Xcel Energy, or the funding approved by the applicable state Public Utilities Commission for this Program has been exhausted. If Xcel Energy is going to end this Program early, Xcel Energy will give notice of Program discontinuation to Customers at least thirty (30) days before the early termination date.

4.2.1. Xcel Energy may suspend the Program, pause the dispatch of Events, or close the Program to new enrollment at any time and for any period, including for maintenance, system changes, or migration of the Program to a different platform. No such suspension, pause, or closure constitutes a termination of the Program or a breach of these Program terms, and no such period will reduce a Customer’s eligibility for the Annual Participation Reward. Xcel Energy does not guarantee that any minimum number of Events will be called in any Event Season. Termination or unenrollment of a Customer’s participation in the Program does not affect any Program Party’s rights in Platform Data or De-Identified Data created before the effective date of that termination or unenrollment.

4.3. The Customer will notify Xcel Energy when replacing or removing a smart thermostat enrolled in the Program. Removal of an enrolled smart thermostat without an eligible smart thermostat replacement will be deemed by Xcel Energy as a Customer-initiated termination of enrollment in the Program. If Customer replaces a previously enrolled smart thermostat with

an eligible smart thermostat, the Customer must re-enroll the new smart thermostat to confirm installation. See details at: <https://smarththermostat.xcelenergy.com/>.

4.3.1. The Customer will notify Xcel Energy if the Customer moves out of, sells, or otherwise ceases to occupy the premises at which an enrolled smart thermostat is installed. Xcel Energy may treat any such event as a Customer-initiated termination of enrollment in the Program.

4.4. If the Customer terminates their participation in the Program within the Mandatory Enrollment Period, or if the Customer fails to adhere to these Program terms and conditions, then Xcel Energy shall have the right to terminate the Customer's participation in the Program immediately and/or immediately discontinue use of Customer's equipment and payment of the Annual Participation Reward. If Customer leaves the Program early, or otherwise is removed from participating in the Program, the Customer will not be able to rejoin this Program for one (1) year (12 months).

4.5. If Customer has enrolled in the Program as a Single Family BYOT, or Single Family Self-Install Customers may withdraw from this Program without repayment of the Initial Incentive, after one year from the Enrollment Date. In the event that a Single Family BYOT, Single Family Self-Install, or Multi-Family BYOT Customer terminates their participation in the Program within the Mandatory Enrollment Period, Xcel Energy has the right to reclaim the Initial Incentive amount paid to the Customer, as outlined on the Incentives by Enrollment Channel chart on page 1.

5. Limitations

For purposes of these Program terms, "Program Parties" means Xcel Energy, the DERMS Provider, the Manufacturers, any contractor engaged to install or service equipment under the Program, and each of their respective affiliates, successors, assigns, officers, directors, employees, and agents.

5.1. Except as expressly provided in Sections 4.2 and 5.3, Program terms are subject to change any time. Please visit us at <http://www.xcelenergy.com/ACRewards>, or call us at 1-800-895-4999 to determine whether any Program changes have occurred. To be eligible for the Program, eligible smart thermostats must be installed in single and multi-family homes with central air conditioning and Xcel Energy South Dakota residential rate electric service.

5.2. Initial incentives available to Customers shall be paid one time after Enrollment Date. Eligible Customers enrolling in the Program via the BYOT enrollment channel with previously purchased and installed eligible smart thermostats can receive one (1) enrollment incentive per premise every three (3) years. Three years after their first Enrollment Date, Customers will be eligible to receive a new enrollment incentive.

5.3. Xcel Energy reserves the right to modify any and all Program incentives based on future performance, applicable state Public Utilities Commission requirements, Program modifications, technology upgrades, and changes to Xcel Energy's electrical distribution system. Any such changes will be communicated to enrolled Customers by e-mail at least thirty (30) days before they go into effect. Customers remaining in the Program after a change goes into effect will be deemed to have accepted the change.

5.4. Customer agrees not to tamper with smart thermostat and to reasonably attempt to restrict access to the smart thermostat by others. If Xcel Energy determines that the qualifying equipment on the Customer's premises has been rendered ineffective due to tampering by use of mechanical, electrical, or other devices or actions, then Xcel Energy may discontinue the Customer's participation in the Program. In such event, the Customer will be billed for all expenses involved with the removal of the load management equipment and any charges resulting from the investigation of the device tampering. Xcel Energy reserves the right to bill all prior load management credits received by the Customer to the date the tampering appears to have first occurred or the previous twelve months, whichever is greater. The Customer will be removed from the Program and will not be eligible to participate again for twelve months. Reapplication to enter the Program does not guarantee re-entry. Xcel Energy reserves the right to deny re-entry to the Program by any customer who was terminated from the Program for any reason. Xcel Energy will verify installation has been corrected before the Customer will be permitted to participate in the Program.

5.5. The Customer will notify Xcel Energy when modifying or removing any HVAC units/equipment that could affect participation in this Program.

5.6. If a Customer fails an inspection due to the Customer's improper wiring or any other reason other than the improper installation of the smart thermostat, the Customer will be ineligible for the Program, and Customer's participation in the Program will immediately terminate.

5.7. Rebates are only available for purchases of new qualifying equipment. Used, leased or pre-owned equipment is not eligible for the rebate. Xcel Energy reserves the right to refuse payment and participation if the account holder or contractor violates program rules and procedures. The Program Parties are not liable for rewards or incentives promised to account holder as a result of a contractor or other third party's misrepresentation of the Program.

5.8. The Program Parties do not expressly or implicitly warrant the performance of installed equipment or any services provided by a Customer contractor installing equipment.

5.9. Xcel Energy reserves the right to refuse payment and participation if the Customer or any contractor violates Program rules and procedures, or any local, state, or federal laws or regulations.

5.10. The Program Parties shall not be responsible for or liable for any personal, property, or other damage caused by this product, equipment, or service acquired through this Program. This limitation does not apply to a Program Party's willful or wanton misconduct.

5.11. The Program Parties are not responsible for the proper disposal/recycling of any waste generated as a result of this Program and are not liable for any damage caused by the operation or malfunction of the equipment or product eligible for this Program.

5.12. Warranties are between the Customer and any product Manufacturer(s) and/or contractor(s). The Program Parties make no warranties, express or implied, with respect to system operation, material, workmanship, manufacturing, installation, delivery, or quality of service or equipment. The Program Parties do not guarantee that any level of energy or cost savings will result from the implementation of energy conservation measures, or the use of products or services funded under this Program. Under no circumstances will the Program Parties be liable for any indirect, incidental, special, or consequential damages. Additionally, the Program Parties are not liable for the actions of any contractor, manufacturer, or other third party related to this Program. These limitations do not apply to a Program Party's willful or wanton misconduct.

5.13. The Program Parties are not liable for any tax liability imposed on a customer as a result of this Program.

5.14. The Program Parties' aggregate liability for any claim arising under this Program will be limited to the monetary value of the reward and incentive the Customer is eligible for. Once the Customer has received the incentive amount, the Customer agrees to release any claims that they may have against the Program Parties arising out of or related to this Program.

5.15. This Program will be controlled by the laws of the state in which the Customer's Xcel Energy account address related to this Program is located. In the event that suit is brought by Xcel Energy or the Customer in relation to this Program, the parties agree that venue for any action arising out of this agreement shall be in state or federal court closest to Xcel Energy's corporate office within the state listed for the Customer's address tied to this Application.

5.16. Xcel Energy's receipt of the application does not guarantee payment of the reward or incentive.

5.17. Except as expressly provided in Sections 4.2 and 5.3, this Program, including but not limited to available reward and incentive amounts and Program terms, is subject to change or cancellation by Xcel Energy at any time. Funding for the Program is limited and will be available to qualifying Customers who meet all Program requirements on a first-come, first-served basis. Rewards or incentives will be available until the funding approved by applicable state Public Utilities Commission for the Program is expended, or the Program is discontinued. Customers should check the company's website or call 800-895-4999 to determine if the Program has been discontinued or updated and if rebates are still available prior to making any purchase.

5.18. To participate in the Program, the Customer must maintain an active account in good standing with the applicable Manufacturer and a continuous connection between each enrolled smart thermostat and the Manufacturer's service. The Customer agrees to cooperate reasonably with Xcel Energy, the DERMS Provider, and the Manufacturer in troubleshooting connectivity, firmware, and other device-related issues affecting the Customer's participation in the Program.

5.19. Participation in the Program requires the Customer's smart thermostat to communicate over the Customer's internet connection and the Manufacturer's cloud service, which are outside the control of the Program Parties. The Program Parties do not guarantee that any Event will be dispatched, received, or executed by the Customer's smart thermostat, that any opt-out request will be received or given effect, or that participation will produce any particular level of energy or cost savings. The Customer acknowledges that Events will change the temperature in the Customer's premises and accepts the resulting variation in temperature and comfort. The Program Parties are not liable for any loss, damage, cost, or expense arising from the dispatch of, failure to dispatch, or failure to execute any Event, from any interruption in connectivity, or from any change in the Customer's utility costs during the Program, other than for a Program Party's willful or wanton misconduct.

5.20. Each of the Program Parties other than Xcel Energy is an express third-party beneficiary of these Program terms and may enforce the provisions of these Program terms that benefit it, including Sections 4.6.1 and 5.8 through 5.21, as if it were a party to these Program terms.

5.21. These Program terms are effective as of the date stated by Xcel Energy at the time of their publication and supersede all prior versions with respect to a Customer's participation on and after that date. Prior versions govern participation before that date. Continued participation in the Program after the effective date constitutes acceptance of these Program terms.

6. Dual Participation

Customers who are currently participating in similar demand management programs, such as Saver's Switch® or the Aggregator Virtual Power Plant program, will not be eligible to enroll without unenrollment from their current program.

Customers who decide to unenroll from their current program to participate in AC Rewards will no longer be eligible to receive any incentives from their prior program upon departure and may be subject to early departure penalties in those programs.

7. Program Communications

Customer consents to receive communications relating to the Program from Xcel Energy, and from the Manufacturers and the DERMS Provider on Xcel Energy's behalf. All communication will be sent to the Customer's email address, through the Manufacturer's application, through the Program website, or by other reasonable means. Where these Program terms provide for notice by e-mail, notice may also be given by any of these methods.

8. Questions

If you have questions regarding these Program terms, please call 1-800-895-4999.