

HEAT PUMP MARKET TRANSFORMATION

THE NEED FOR CONTINUOUS COLLABORATION

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Manager

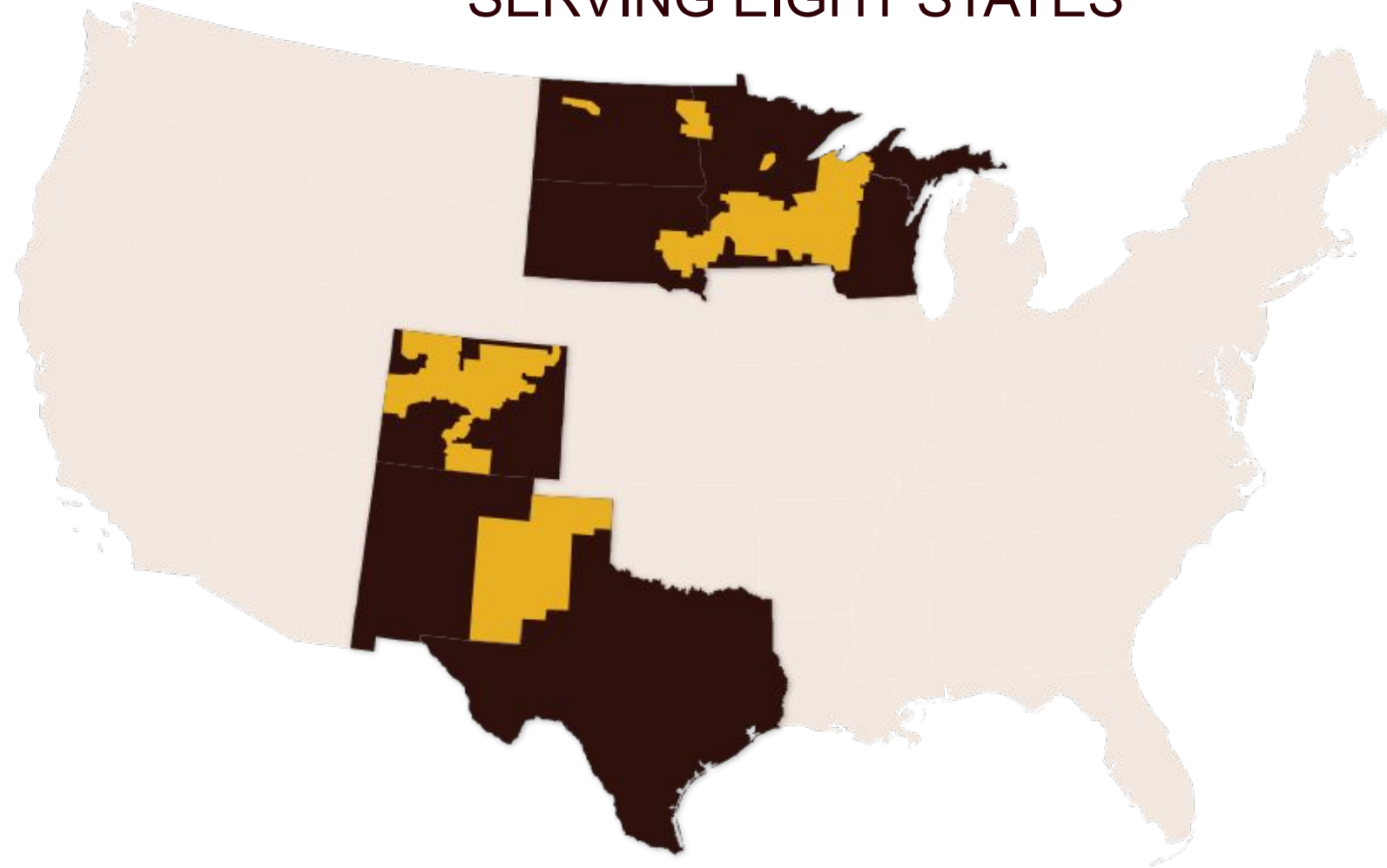


XCEL ENERGY OVERVIEW

3.8 million
electric customers

2.2 million
natural gas customers

SERVING EIGHT STATES



OUR ENERGY GOALS

Net-Zero Energy Provider by 2050

Goals that cover electricity, natural gas service and transportation

2030

80%
lower electric
carbon emissions



**ELECTRIFICATION-
FIRST**
customer options



**NET-ZERO
METHANE**
gas service



2035

1.5M
EVs enabled
by charging
infrastructure



20%
of fleet
converted to EVs



2050

ZERO-CARBON
electric emissions



NET-ZERO
gas service

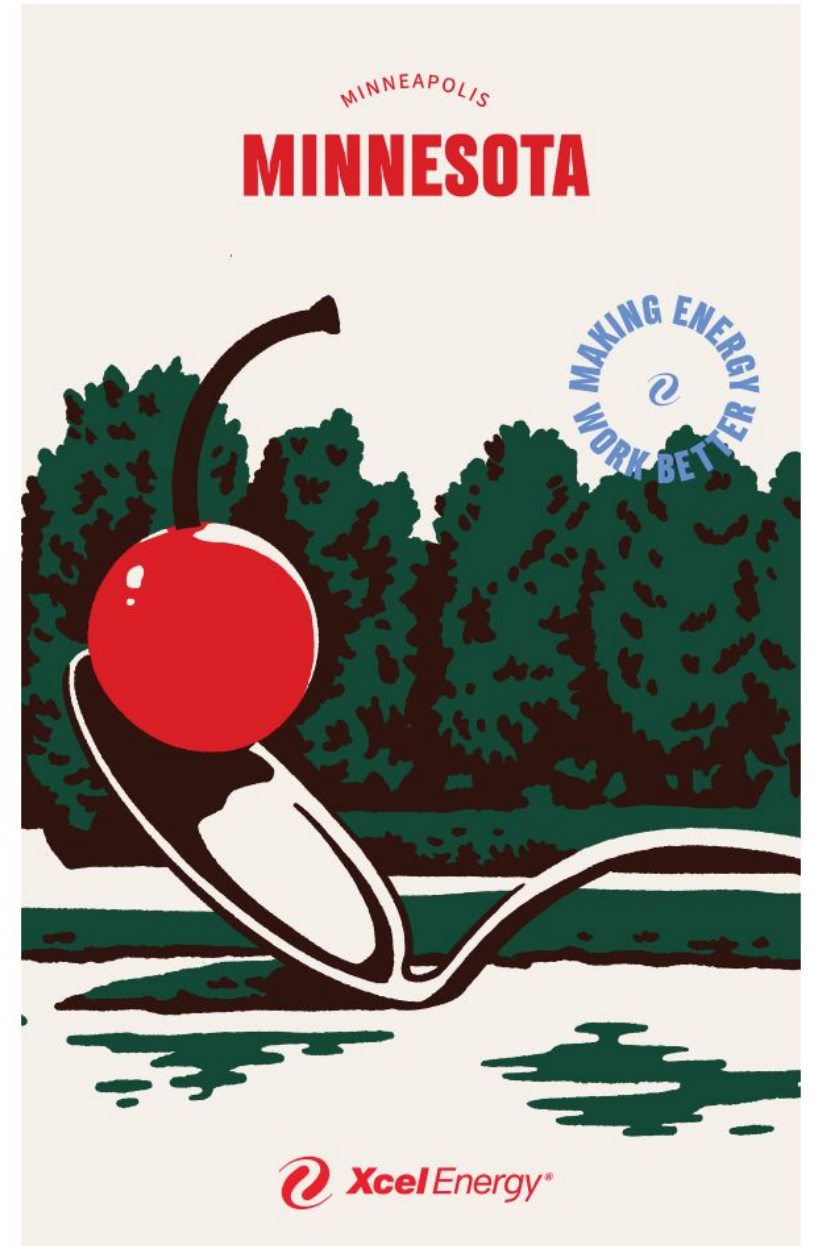


ZERO-CARBON
fuel within 1 mile



LARGEST HEAT PUMP REGIONS INFO

- **Minnesota**
 - Energy Conservation and Optimization Act
- **Colorado**
 - Demand Side Management and Clean Heat Act
- **Delivery Method**
 - Closed trade-partner driven network
 - Allow customer self-install of mini-split heat pumps
- **Heat Pump Offerings:**
 - ASHPs, GSHPs, HPWHs
 - Ducted, Non-Ducted, and Partially Ducted
 - Cold Climate and Non-Cold Climate



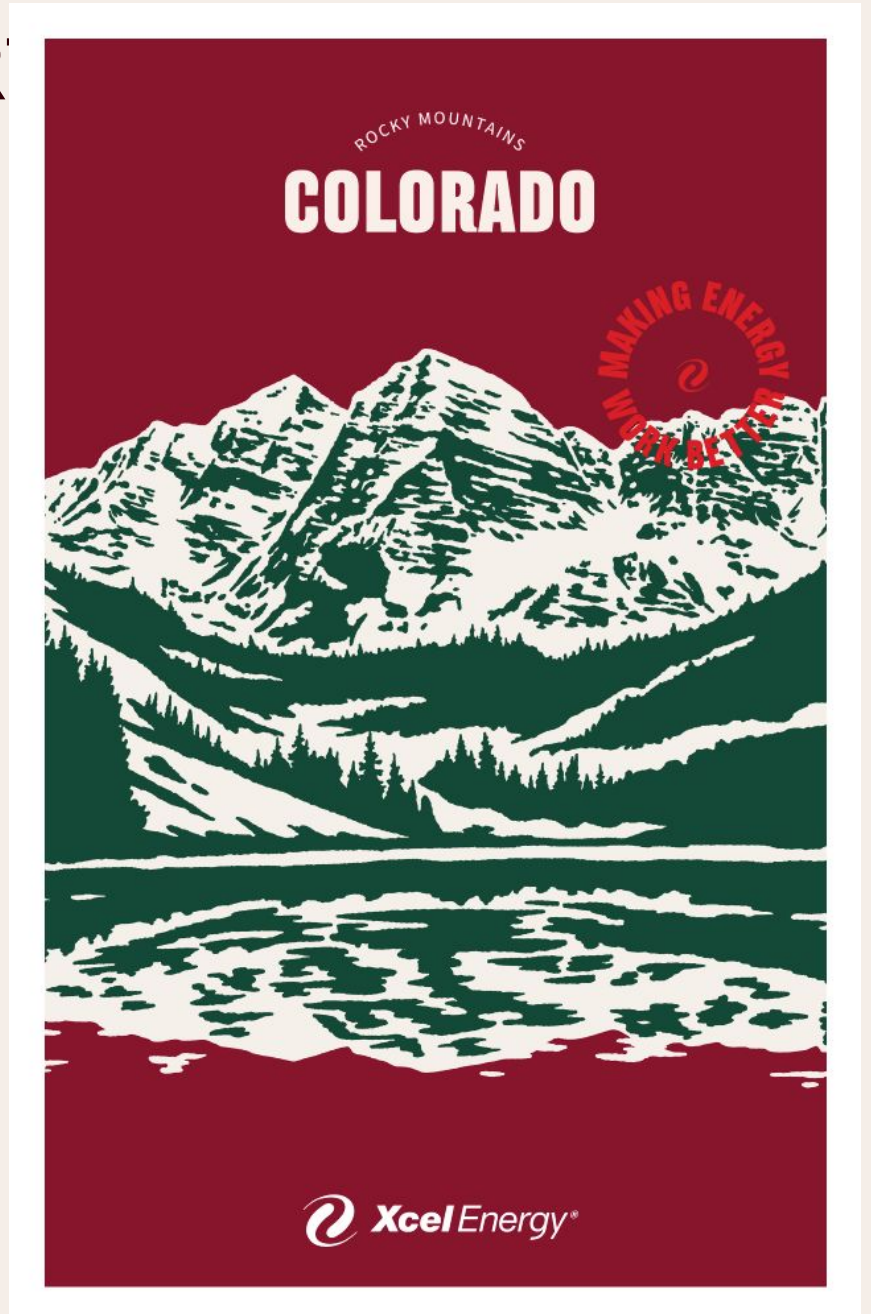
LARGEST HEAT PUMP REGIONS PART 2

- **Minnesota**

- 8,000 heat pumps in 2025

- **Colorado**

- 12,000 heat pumps in 2025



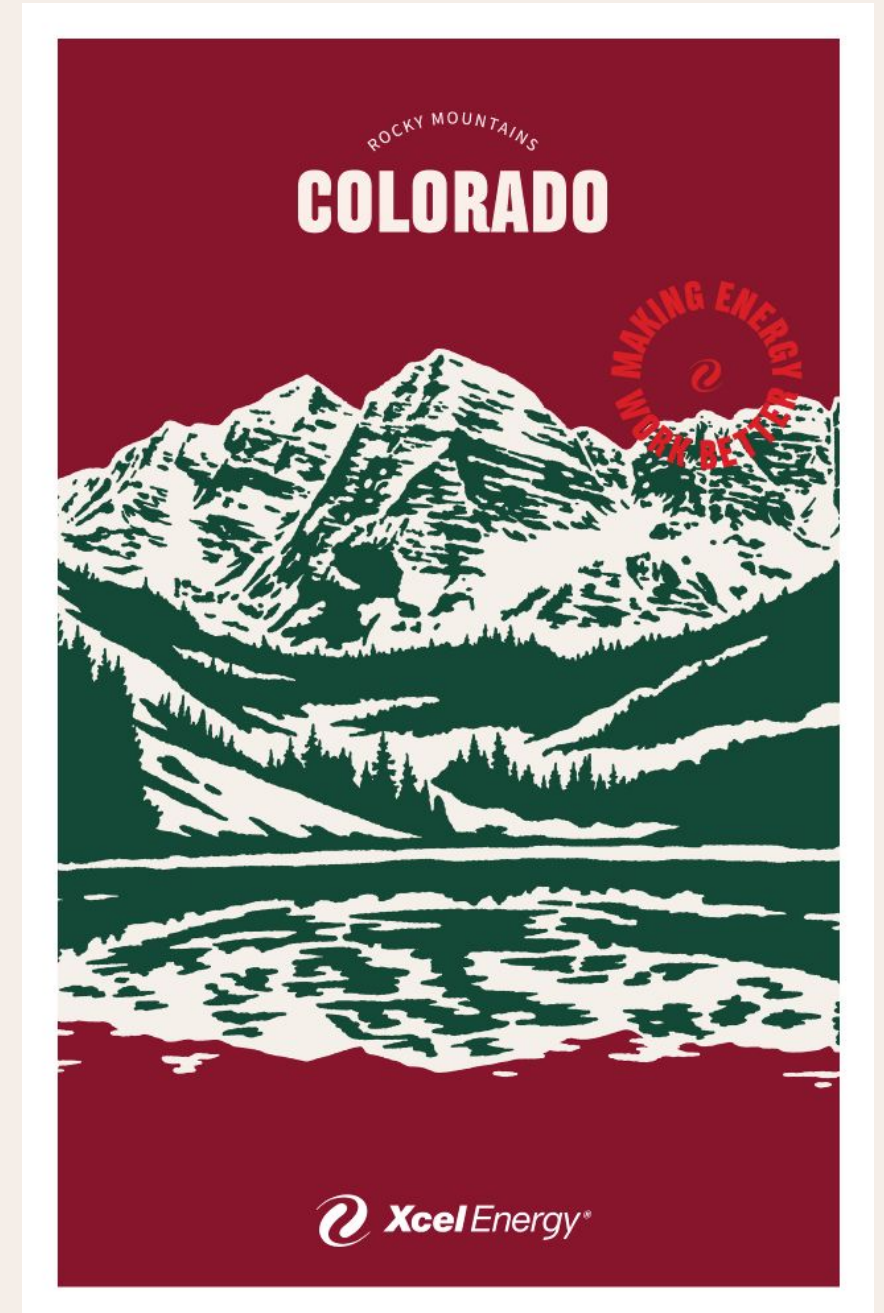
LARGEST HEAT PUMP REGIONS

- **Minnesota**

- 8,000 heat pumps in 2025
 - +30% increase in volume over 2024

- **Colorado**

- 12,000 heat pumps in 2025
 - +240% increase in volume over 2024



LARGEST HEAT PUMP REGIONS

■ Minnesota

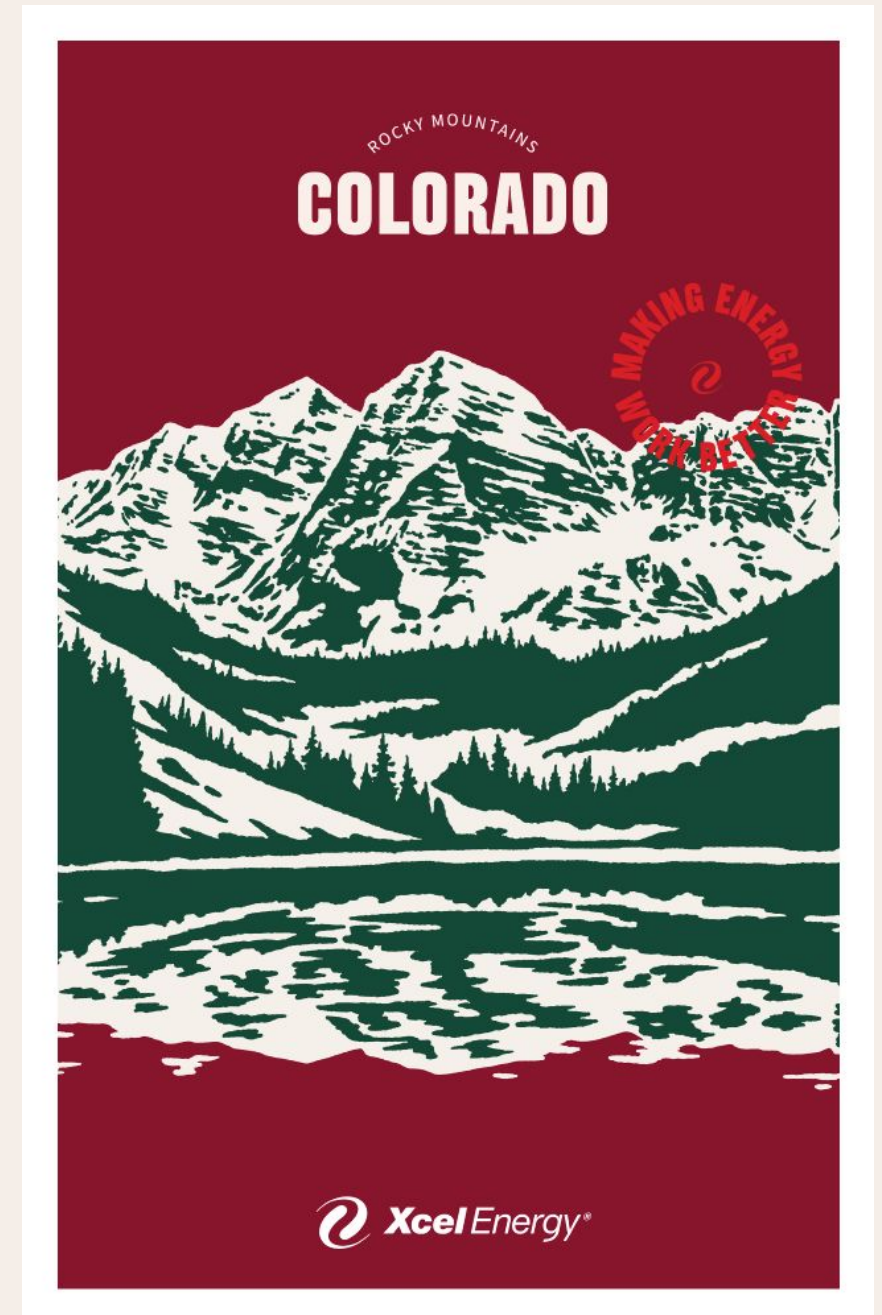
- 8,000 heat pumps in 2025
 - +30% increase in volume over 2024

■ Colorado

- 12,000 heat pumps in 2025
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■ Heat Pump Participation Distribution

- 75% are Cold Climate
- 60% are Ducted
- <1% Ground-source





OUR KEY COLLABORATION PARTNERS

- Interveners and Regulators
- Industry partners
- HVAC Trade Partners
- Heat Pump Adopters

REGULATORS & INTERVENERS

Commissions, departments, regulatory bodies, etc



- **General policy direction and alignment**
 - Shared long-term electrification and decarbonization goals
 - Established processes and timelines that support coordination

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- **Balancing policy ambition with practical market needs**
 - Thoughtful transitions of technologies that are not 1:1 replacements
 - Methodical pace of change so industry and customers can adapt

INDUSTRY PARTNERS

Utility groups, research institutions, sales teams, consultants



- **High engagement and shared interest in supporting market transformation**
 - Strong enthusiasm across partners to contribute solutions
 - Broad alignment on long-term electrification and decarbonization goals
 - Productive collaboration on standardized tools e.g., Denver Regional Council of Governments (DRCOG) efforts

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- **Greater consistency in market information and customer guidance**
 - Too many calculators, estimates, and assumptions creating mixed signals
 - Extreme or best-case bill-impact messaging can distort expectations
 - Sensible, realistic electrification messaging needed to support adoption

TRADE PARTNERS

HVAC Contractors driving implementation through our closed programs



- **Active engagement from trade partners who drive adoption and customer experience**
 - Closed network enables consistent communication and program coordination
 - Many contractors expanding capacity to meet growing heat pump demand
 - Continued progress refining quality-install guidance and expectations

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- **Aligning on outcomes that prioritize long-term performance and customer impact**
 - Need more depth in technical training and literature to support complex system design
 - Variation in sizing, selection, and installation still drives inconsistent customer experiences
 - Partners continue to request better tools (digital commissioning, eligibility tools)

CUSTOMERS

The most important group – our customers who purchase a heat pump.



- **Growing customer interest and engagement in heat pump options**
 - More questions around technology, comfort, and energy outcomes
 - Ongoing research giving clearer insight into customer priorities and barriers
 - Multiple channels for support: education materials, trade partners, and direct engagement

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- **Clear, consistent guidance to support informed and affordable decisions**
 - Customers receive many mixed messages about heat pumps and bill impacts
 - Systems are more complex to own and operate, and not everyone wants to navigate that
 - Poor experiences could slow adoption without careful support



Mike Stanek

Mass Market Engineering and Analytics Manager

Mike leads Xcel Energy's Energy Solutions Engineering team, providing technical direction for Mass Market (Residential) programs. His team partners with trade allies, marketing, program managers, and industry stakeholders to develop strategic recommendations that enhance portfolio performance.

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