



Utility Revenue Decoupling

What is revenue decoupling?

Utilities such as Xcel Energy recover most of their fixed costs through energy charges, and therefore have a financial incentive to maintain or increase energy sales to recover these costs. Decoupling breaks the link between a utility's energy sales and the revenue collected from its customers. Although Xcel Energy has always been committed to promoting energy efficiency, implementing decoupling helps align an energy company with customer energy savings goals by allowing for reasonable cost recovery while maintaining customer rewards for using less electricity through energy conservation efforts.

Why are we doing this?

The purpose of revenue decoupling is to align Xcel Energy's economic interests with our customers' shared goal of increased conservation and energy efficiency. As we move toward the future, achieving energy efficiency and conservation goals will become more and more difficult. Decoupling removes Xcel Energy's disincentive towards efficiency and conservations goals.

Who is affected by decoupling?

All electric residential customers and electric non-demand-metered small general service small business customers are part of the pilot program.

How does it work?

Revenue decoupling removes the link between the amount of electricity sold to a customer and the revenues collected from that customer through base rates. The three-year pilot program allows Xcel Energy to adjust its rates up or down for residential and small business customers once a year to make up for any shortfall or refund any surplus non-fuel revenue.

When will decoupling impact my bill?

The pilot program monthly comparison to the 2016 Minnesota Public Utilities Commission approved baseline began in January 2016 and the first decoupling adjustment is expected to appear as a line item on customer bills in mid-2017.

