Achieving Success in Promoting Heat Pump Water Heaters

November 8th 2019 | SWEEP Energy Efficiency Workshop
Agenda

• Heat Pump Water Heater (HPWH) Success Stories
  • Efficiency Maine
  • NEEA

• Key Takeaways & Opportunities
We change the way people use energy

Transportation  Residential  Institutional

Commercial  Industrial  Services

850+ active programs
2,500+ current employees
30,000+ contractor partners
$681M saved by customers annually
5,200+ GWh saved annually
68M+ Therms saved annually
25% of All U.S. HPWHs SOLD in 2018

Efficiency Maine = 6,000 or 10%

NEEA = 10,000 or 15%

CLEAResult’s Role

**Efficiency Maine**
- Turn-key Implementation
- Supply Chain Engagement
  - Manufacturers,
  - Distributors,
  - Installers
- Outreach & Training
  - Retail & Distributor Outreach and Marketing
  - Quality Control
- Rebate Fulfillment
- Program Administration

**NEEA**
- Market Transformation
- Supply Chain Engagement
  - Manufacturers,
  - Distributors,
  - Installers
- Outreach & Training
  - Distributor Outreach and Marketing
- Program Administration
Maine Retail/Distributor Results

- 2018 Energy Star® Market Penetration Report was 2%
- 25,000 HPWHs rebated in Maine

2018 US Market Share = 2%
Efficiency Maine

• Runs Maine’s energy efficiency programs
• Provides rebates, financing, technical information, and a registry of independent contractors
• Funded by electric and natural gas ratepayers, Regional Greenhouse Gas Initiative, ISO New England, grants, etc.
• Board appointed by the governor and confirmed by the legislature
Three HPWH Programs

1. Low Income Direct Install (midstream to installer)
2. Distributor (midstream)
3. Retail (downstream)

one of every ten US HPWHs
Low Income - Distributor Recruiting

• Requested pricing from top 4 distributors to supply:
  • 650 ENERGY STAR® HPWH/yr
  • Statewide, next-day delivery
  • 10-year warranty
• Negotiated bulk purchase price
• Currently $889 at Ferguson (State)
Low Income - Plumber Recruiting

• Recruited 20+ plumbers via email, phone, distributor
• They agreed to:
  • Supply and install HPWH for $1,700 using our bulk purchase price
  • Install misc. products we supply (LEDs, aerators, showerheads) at our fixed rates
• We supply leads, bulk pricing, misc. products & prompt payment
Low Income Customer Recruiting

• Send invitation letters to 30,000 LIHEAP/DHHS customers who received DIY kits
• Customer calls Efficiency Maine
• Efficiency Maine confirms customer eligibility
  • Pay own electric bill
  • Replacing electric resistance water heater
  • In unheated basement
  • 6’ clearance
• Efficiency Maine assigns nearest plumber
Low Income Program Process

• Efficiency Maine gives lead & HPWH bulk purchase code to plumber
• Plumber
  • Buys HPWH paying our bulk rate
  • Buys all miscellaneous parts at their cost
  • Schedules & installs
  • Bills us $1,700 plus labor for LEDs, etc.
• Efficiency Maine pays plumber
• Efficiency Maine inspects 15% of installations
Low Income Learnings

• Limited installation capacity during heating season
• No solution for mobile homes
• Supplying LEDs, aerators, showerheads is cumbersome
• $1,500 won’t cover removing the old water heaters
• Pre-authorization ensures plumber and distributor get paid
Distributor Program

- Efficiency Maine negotiates MOU with distributors.
- Efficiency Maine pays them:
  - $750 per unit sold (any price)
  - $50 administrative fee
  - $100 if sell <= $250
- They give installation data to Efficiency Maine.
- Eligibility = ENERGY STAR®, residential/commercial.
- Efficiency Maine reps visit weekly.

FW Webb Oakland, ME
Retail Program

• $750 mail-in rebate
• ENERGY STAR®
• Residential or commercial
• In-store or on-line purchases
• Field reps visit big box stores weekly
Maine Retail/Distributor Results

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Rebate Program Impact

Annual HPWH Sales Volume by Rebate Amount/Type

- $250 Mail-in Rebate: 780
- $500 Mail-in Rebate: 1,875
- $600 Instant Rebate: 4,160
- $750 Mail-in and Instant Rebate: 9,101
Guiding Principles

- Motivating Incentives
- Simple Program
- Marketing
- Field Support
- Continuous Improvement
NEEA HPWH in 1 SLIDE!

- Market Transformation Program promoting adoption of HPWHs
- Resources and marketing focused on promoting customer awareness and education of the benefits of HPWHs
- Website “Find a Retailer” “Find a Rebate” “Find an Installer” Tools
- Driving customers towards available Downstream and Midstream rebates from member utilities across 4 states
- Average $500-$600 incentives per unit
- 10,000+ units per year over several years, started around 800
- “30+ % of the time when a homeowner is offered a HPWH, they purchase”
  - Potential is there but still challenges in Supply Chain

ABOUT NEEA

- An alliance of more than 140 Northwest utilities and energy efficiency organizations
- 13 million energy customers
- 4 states: Washington, Oregon, Idaho and Montana
Key Takeaways & Opportunities

- Supply Chain Engagement & Collaboration
  - Manufacturers → Mftr. Rep
  - Distributors → Branch Mgr., Counter Staff, Field Sales
  - Installers → Owners, Office staff, Plumbers
  - Homeowners → Value proposition/messaging

- Incentive Design
  - Try to match ERWH as close as possible

- Trainings that Matter
  - Board certified trainings → Continuing Education Credits
  - Earns credibility and fills seats

- Multiple Channels
  - Downstream, Midstream, Low Income Direct Install

- Marketing
  - Low Income, find pre-qualified customers
  - Place signage on non-efficient products too