

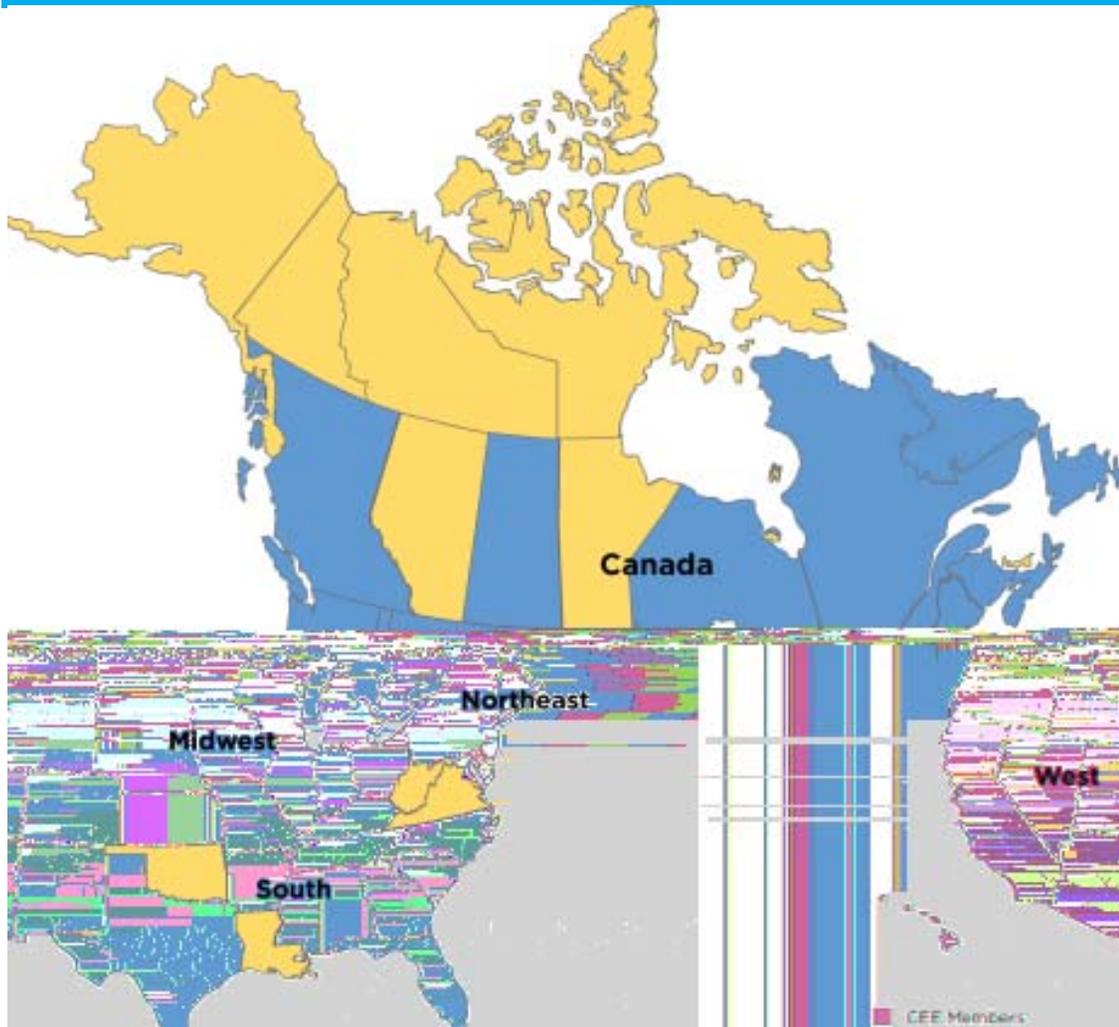


# **The Front Lines: Helping Installers Understand and Promote High Efficiency**

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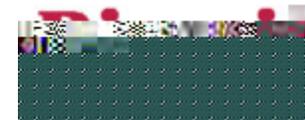
# CEE Background



- 117 members serve all or part of 45 states and seven provinces
- 81% of the \$8.0B\* total efficiency expenditures in 2013 were directed by members
- 2009 EPA Climate Protection Award recognized CEE members approach 
- CEE is a member-driven nonprofit, governed by a Board of Directors from member organizations

# Coalition Background

- Supplemental project managed by CEE
- Started in 2009 to support new ENERGY STAR® specification for residential water heaters
  - Sponsors felt that the unique challenges in the water heater market required a unified industry approach
  - Originally focused on consumer marketing
- Adaptable resources: [www.eswaterheaters.com](http://www.eswaterheaters.com)
- Current Sponsors:



# Background – Program Challenges

- Many programs are struggling to meet cost-effectiveness challenges
  - High unit and install costs, low fuel prices
  - Low program participation rates as well
- Emergency replacements continue to hinder market transformation
- Contractor education and outreach are key
- Many programs are interested in going upstream
  - Reaching the contractors more directly
- New minimum standards require additional considerations, and program revisions

# Background – Program Opportunity

- Water heating is the second largest residential energy use
  - Behind space heating and cooling
  - Is the highest residential energy use in some regions
- Water heaters are everywhere, literally
- Higher efficiency technologies are proven and on the market today
- ENERGY STAR label provides credibility and trust
- Market penetration of ENERGY STAR is very low
  - Just 4% of gas storage and 1% of electric in 2013
  - This means there are LOTS of savings on the table

# Background – Installer Opportunity

- We interviewed:
  - 3 plumbing contractors
  - 1 high-volume water-heater-only installer
  - 1 plumbing and heating distributor
- They provided insights regarding their experience with high efficiency water heaters, and their relationships with energy efficiency programs

# Opportunity- ENERGY STAR Messaging

- All installers were familiar with the ENERGY STAR label
  - However, many installers were unaware of ENERGY STAR water heaters
  - They believed it was only on other consumer goods
- Installers agreed that the ENERGY STAR label adds value and conveys credibility
- There is an opportunity for more education regarding the availability of ENERGY STAR Water Heaters
- The first step with this audience may be simple awareness of the ENERGY STAR label for water heaters
  - A label their customers recognize and trust

# Opportunity- Product Familiarity

- Professional recommendations are key
  - Contractor recommendation is the strongest factor in customer decisions
  - Contractors need to be comfortable with a product before they can recommend it
  - Conversely, they are held accountable if the product does not function as promised
- There is an opportunity to provide greater installer familiarity with efficient models and technologies
  - They won't sell it if they don't trust it

# Opportunity – Messaging and Sales

- Higher upfront costs (sticker shock) are a significant barrier to greater adoption
  - “I’m a plumber, not a financial advisor”
  - Many contractors are “churn and burn”
  - Most replacements are unplanned (and unsaved) for emergency situations
- There is an opportunity to provide sales support regarding the benefits beyond simple payback
  - Such as comfort and reliability
  - And combination and early replacement
-

# Opportunity – Training

- High efficiency and ENERGY STAR water heaters require additional training to install correctly
  - Power vent, heat pump and condensing technologies
- A recent survey of installers found that:
  - 82% said that requests for efficient products will increase in the next 5 years
  - 86% said that profit margins for green plumbing products are the same or higher
  - Yet 71% said they have not attended any training programs or seminars focused on green plumbing within the past 12 months

# Opportunity – Information Channels

- Trade periodicals are the main way many contractors learn about new products
  - Plumbing & Mechanical
  - Contractor Magazine
  - Contracting Business
  - ACHR News
  - PHC News
- Visits from manufacturer reps, wholesaler promotions, and conferences also matter
- There is an opportunity to increase messaging through these channels
  - By providing information and materials that can be used by installers to engage consumers

# Opportunity – Efficiency Programs

- Efficiency programs can help support increased adoption
  - Staff that reach contractors are important to promoting products and efficiency programs
  - Rebates give attention to products and can help convert reluctant contractors
- Programs with lower rebates can make it up through greater training, education and outreach
- Efficiency programs are able to reach customers directly
- Programs can also promote early and planned replacements, as well as bundled measures

# Making the Connection

- PROBLEM: Contractors are not necessarily interested in learning more about high efficiency
  - So how can we get there attention?
- PROBLEM: Contractors are not adequately prepared for new federal minimum standards
  - How can we get them up to speed?
- SOLUTION: Let's put these together
  - Contractors understand they need to know more about the new standards
  - They may not understand that learning about the standards put them in a position to install high efficiency products

# Coalition Resources – Education Tools

- The Coalition has developed a number of tools to get contractors up to speed, AND promote the benefits of high efficiency products
- The Coalition has written articles for use in trade press:
  - *Helping Customers Choose the Right Water Heater*
  - *Don't Forget the Water Heater - Heating System Replacement and Orphaned Units*
  - *Getting Ready for Water Heater Market Changes*

# Education Tools, Continued

- The Coalition has also developed a presentation regarding the coming changes, and high efficiency
  - *Get Ready: Changes Coming to the Water Heater Marketplace*
- This presentation is easy to give and free to use:
  - Intended for use by contractors, distributors, manufacturers, programs, and other trade allies
  - Provided in unbranded template, but can used as Coalition branded, or on your template (just ask)
  - You can utilize the slides that best fit your audience

# Education Tools, Continued

- The Coalition has also developed a two sided pamphlet
  - Co-branding is welcome (just ask)

## Big Changes for Residential Water Heaters

*What Every Contractor Needs to Know*

**NAECA**  
**April 16**  
**2015**

Water heaters are changing. Minimum standards are rising to cut energy waste and save customers money.

Like other code changes, contractors need to be ready to keep their business moving forward.

**What is Happening?**  
Product lines are shifting to improve energy efficiency. This means water heaters will feature new technology or better insulation as manufacturers implement new standards under the National Appliance Energy Conservation Act (NAECA) in April 2015.

New Minimum Standards	40 gallon	50 gallon	60 gallon	75 gallon
Gas Storage Models	0.62 EF	0.60 EF	0.75 EF	0.74 EF
Electric Storage Models	0.95 EF	0.95 EF	1.99 EF	1.97 EF

**What Does This Mean for Installers?**

- Larger, heavier units may be less maneuverable during installation.
- Tight spaces without room to install a larger replacement water heater might mean choosing a new location, installing a smaller capacity storage model, or installing a tankless unit.
- Installers need to be familiar with condensing and heat pump equipment, including venting and condensate requirements.
- New opportunities will arise to sell premium equipment.
- Training for all employees will be essential. Look to efficiency programs, trade associations, and manufacturer reps for classes.



Visit [www.eswaterheaters.com](http://www.eswaterheaters.com) to get ready

### Storage Water Heaters Will Get Larger

Thicker insulation will... Heat pump water...

### Water Heaters Over 55 Gallons Will Use Gas Condensing or Electric Heat Pump Technology

What About Tankless Water Heaters?  
New tankless water heaters on the market already meet new energy efficiency standards. New existing products will be needed.

How Will These Changes Impact My Business?  
New models often mean higher margin installations and long-term energy savings for your customers. Contractors will need to explain product changes to customers. Heat pumps and condensing equipment may favor DIY installations by homeowners.

Will ENERGY STAR® Water Heaters Change?  
ENERGY STAR qualified water heaters will continue to offer superior energy savings and reliability. Gas, electric, and water models must meet strict performance criteria to earn ENERGY STAR recognition.

# Coalition Resources – Contractor Tools

- The Coalition has also developed two contractor tools:
- A product finder available through the *CEE Directory of Efficient Equipment* in partnership with AHRI
  - Can search by ENERGY STAR or CEE Tier
  - Can print AHRI certificate directly
  - Can search by several fields, designed for contractors
- A rebate finder is also available
  - Through the directory at DSIRE (Database of State Incentives for Renewables & Efficiency)
- Both available through [www.eswaterheaters.com](http://www.eswaterheaters.com)

# Coalition Resources – Social Media Tools

- Coalition information and resources can also be found through social media
- The Coalition Facebook page provides links to our articles and other materials
  - So make sure to “like” us today!
- Look for the Coalition on YouTube
  - Videos on how and why you should choose an ENERGY STAR water heater
- The Coalition Twitter account (@eswaterheaters) provides tips and links to other great resources
  - So make sure you’re following us!

# Coalition Website – The Information Hub

- The best place to find all our resources, information and tools is right on our website, [www.eswaterheaters.org](http://www.eswaterheaters.org)
- Currently, the website hosts tips for contractors, home owners and all of our news and resources, including:
  - Product finder
  - Rebate finder
  - Articles
  - Pamphlet
  - Presentation
  - Links to our videos
- So make sure to check us out today!

# Opportunity – Collaboration

- The Coalition is working hard to provide additional tools, information and resources
- We are constantly seeking partners to work with to develop these resources
  - We'd like to work with you
- This market is ripe for a transformative opportunity
  - We can only get there by working together
- It will require buy in from throughout the industry
  - It all starts with working with our contractors, installers and plumbers
  - They really are on the front lines

# Contact Information



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