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Jump Starting HPWH Installer Markets

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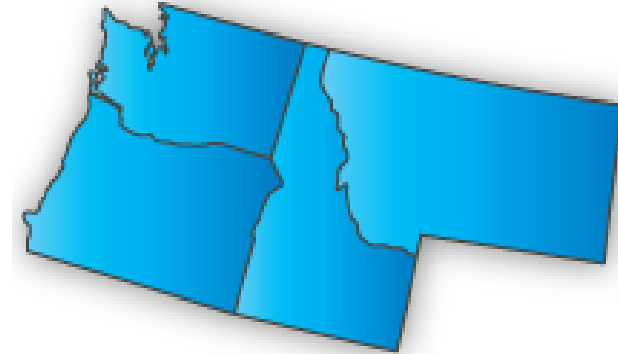
Winning Approaches!

- NEEA Overview
- Why HPWHs?
- Emergency Replacement
- Winning Approaches
- Questions



NEEA Overview

- Northwest Energy Efficiency Alliance (NEEA) - Nonprofit organization using **market transformation** to maximize energy efficiency and meet future energy needs
- Funded by:
 - » Bonneville Power Administration (BPA)
 - » Energy Trust of Oregon
 - » More than 100 Northwest utilities
- Covers Idaho, Montana, Oregon and Washington
- Energy efficiency is now the region's second largest power resource



Why HPWHs?

Reliable energy savings

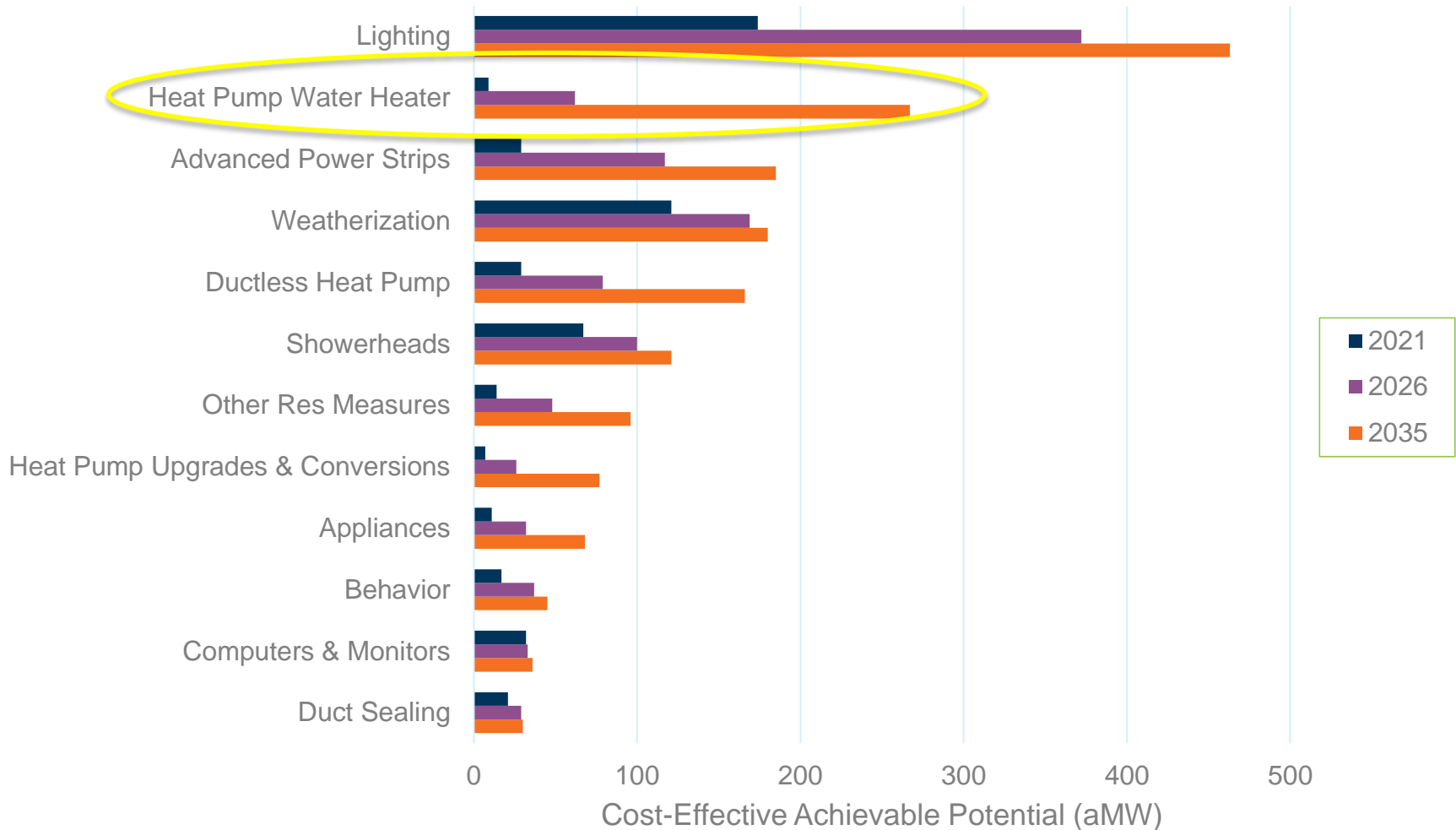
93% customer satisfaction

Over 100 qualified HPWHs



NW Measure Savings Potential

Residential Measure Categories



Northwest Accomplishments

- Nearly 20,000 incented units
- 78 NW HPWH utility programs
- Long-standing partnerships with water heater manufacturers
- Over 500 trained installers

Primary Market Barriers



**Consumer
familiarity**



**Engaged
installer base**



Upfront cost

Barrier: Engaged Installer Base*



****This is crucial***

Emergency Replacements

Key insights

- 80-90% of water heaters sold are emergency replacements
- Installers typically do not offer HPWHs as natural replacement
- HPWH sales are 85% planned replacements (early adopters)

Key product influencers

- **Contractors/plumbers**
- Utilities
- Peers

Motivating tactics

- Existing reward programs
- Product champions
- Trust – manufacturers rep and distributors

Emergency Replacements



- **Customers look to installers to provide immediate guidance and solutions**
- **Customers will wait max 1-3 days to get a new water heater**
- **Few open to researching new technology in emergency situations**

HPWH Pro Deal

- **Activity:** distribute HPWHs to installers to install and operate in their own home
- **Goal:** increase installer familiarity and comfort with HPWHs to increase sales and confidence in the technology's performance
- **Timeframe:** 2016 test



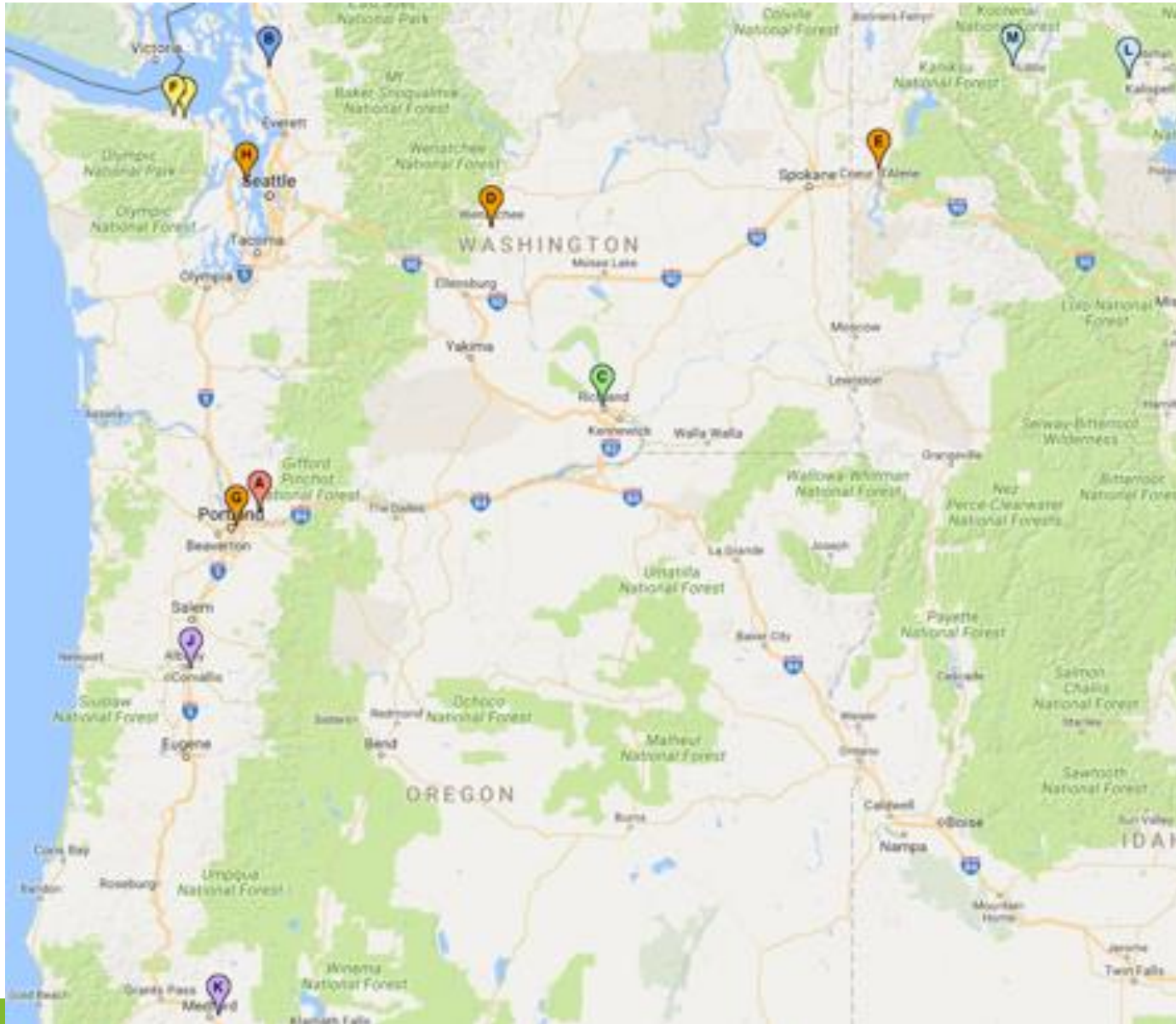
Pro Deal Selection Criteria

Participant selection considerations:

- Homeowner
- Electric water heat
- Rural/urban
- Utility and distributor referrals
- Interviews and data requirements



Pro Deal Participant Locations



Pro Deal: Ease of Installation

- “It was easy and simple to install. No complications.”
- “[The installation] went off without a hitch”.
- “It was ‘gravy’. It was a simple remove and replace job.”
- "I had a couple questions about ducting, but the installation of the tank went well. It's a perfect replacement for my electric tank."
- “Easy. It connected up pretty well.”



Pro Deal: Performance Satisfaction

- Ten of the 13 participants were satisfied with their GeoSpring.
- "[The GeoSpring] looks good, works good. No leaks. What more can you ask for?"
- "The different operating modes are nice if you aren't going to be home for a while."
- "The energy rating alone is a good selling point as it is only a quarter of the kilowatt usage of my old Marathon water heater."



Pro Deal: Savings and Operation

- **Energy savings** – Majority of participants noticed energy savings
- **Quiet operation** – Many participants noted they were surprised by how quiet the HPWH was
- “My wife was concerned about noise, but that hasn’t been an issue at all. The unit is located right under our office in the basement and we can’t hear it.”
- One installer had fears about noise. **He was so surprised by how quiet the unit was after installation that he called customer service to make sure everything was okay.**
- Installer mentioned unit noise is so minimal she can sleep with it placed on the opposite side of her bedroom wall

Pro Deal: Lessons Learned

- 75% of participants developed more positive perceptions about HPWHs
- 2 out of 13 companies reported increase in sales and reported sales ability strengthened

However...

- Positive perception did not always translate into increased sales

Pro Deal: Challenges

- Recruiting participants and completing interviews was more time-intensive and costly than anticipated
 - » Installers reported being extremely busy
 - » Once they received product they had little motivation to fulfill additional requirements
- Participation alone did not overcome barriers to increasing sales, including:
 - » Up-front cost
 - » Increased installation time and expense
 - » Convincing customers

Pro Deal: Final Thoughts



Installer Rewards Programs

- **Activity:** For every 5 units purchased by participating installers, they received a \$500 visa gift card
- **Goal:** Increase installer purchases HPWH products
- **Timeframe:** October - December



HPWH 5 for 5

A central image of a grey and black heat pump water heater unit. To its left is a yellow Contractor Rewards card with a QR code and the code "F125-9852-DIVH". Below the card is a blue \$500 Visa gift card with a gold ribbon graphic. A circular stamp with the text "SCAN IT... TYPE IT... MAIL IT... EASY CODE ENTRY" is overlaid on the unit. The background is a solid orange color.

EARN REWARDS FOR HEAT PUMP PURCHASES

The Contractor Rewards logo, which includes a white house icon and the text "CONTRACTOR REWARDS" in bold, uppercase letters, with the tagline "Build up the rewards you deserve." below it.

ENTER ANY FIVE (5) STATE HEAT PUMP WATER HEATER CODES AND EARN A \$500 VISA CARD!

Hot Water Solutions



**HOT
WATER
SOLUTIONS**

PARTNERS ▾

INSTALLERS UTILITIES DISTRIBUTORS & MANUFACTURERS TRAINING & EVENTS RESOURCES & PROMOTIONS



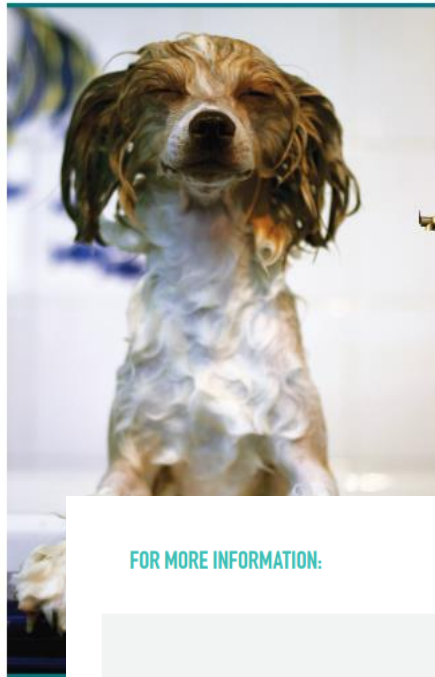
**TOOLS OF THE
TRADE**



Image Library



Marketing Resources



STANDARD WATER HEATERS CAN'T COMPARE

YOUR STANDARD ELECTRIC WATER HEATER gives you hot water. Unfortunately, it also drains your wallet. Heat pump water heaters give you the same reliable hot water, but they can reduce your electric water-heating costs by up to 60%. It's like comparing apples to apples, except one of the apples is costing you a lot of money.

FOR MORE INFORMATION:

CUSTOMIZATION AREA

"We are very happy about the installation, product efficiency and energy savings. Every little bit helps."

-CHRISTOPHER, BEAVERTON, ORE.

STANDARD ELECTRIC WATER HEATER	HEAT PUMP WATER HEATER
<input checked="" type="checkbox"/> Heats Water	<input checked="" type="checkbox"/> Heats Water
<input checked="" type="checkbox"/> Built To Last	<input checked="" type="checkbox"/> Built To Last
<input checked="" type="checkbox"/> High Quality	<input checked="" type="checkbox"/> High Quality
<input type="checkbox"/> Uses Up To 60% Less Energy	<input checked="" type="checkbox"/> Uses Up To 60% Less Energy

JUST BECAUSE THEY LOOK THE SAME DOESN'T MEAN THEY WORK THE SAME. That's because heat pump water heaters work much more efficiently than their standard electric counterparts. And that means you can save up to 60% on your monthly electric water heating costs for years to come.

LEARN MORE AT <<COMPANYWEBSITE.COM>>

Other Resources

PUMP UP CUSTOMER SAVINGS

Save up to \$400 now on A. O. Smith Tier 3 Voltex® hybrid electric heat pump water heaters. They could reduce your customers' electric heating costs by up to 71% and save them an additional \$300 in federal tax credits.*

Contact your local A. O. Smith distributor for more information.



FEATURES

HIGH EFFICIENCY 4 OPERATING MODES
 QUIET OPERATION AIR DUCT ADAPTER KIT
 RELIABLE HOT WATER ENERGY STAR® QUALIFIED

GET UP TO **\$400 OFF**
 AT PARTICIPATING DISTRIBUTORS

VOLTEX HYBRID ELECTRIC HEAT PUMP WATER HEATERS

Advanced Water Heater Specification Tier 3 Qualified

Model Number	Gallon Capacity	Northern Climate Energy Factor	First Hour Rating (hybrid mode)	Height	Diameter	Shipping Weight (lbs.)	Warranty Term	Instant Discount
HPTU-50N	50	2.43	70	63"	22"	196	10	\$300
HPTU-66N	66	2.56	80	61"	27"	289	10	\$400
HPTU-80N	80	2.7	95	69"	27"	307	10	\$400

To learn more about the Northern Climate Energy Factor, reference the Advanced Water Heater Specification at neea.org/advancedwaterheaterspec.

UTILITY INCENTIVES FOR CUSTOMERS

In addition to manufacturer discounts and tax credits, your customers may qualify for utility incentives. Use the table on the back of this flyer as a quick reference for incentives on Tier 2 and above electric heat pump water heaters provided by utilities in your area. Incentive amounts and availability are subject to change; this information is current as of May 2016. Please contact the utility to verify availability, amount and requirements for incentive eligibility prior to installation.

*Based on a national electricity rate average of \$0.12 per kWh. State and federal tax credits available. Learn more at dsireusa.org.

UTILITY INCENTIVES FOR CUSTOMERS

Utility	Location	50-75 Gallon Tanks	75+ Gallon Tanks	Utility	Location	50-75 Gallon Tanks	75+ Gallon Tanks
City of Burley	Burley, ID	\$270	\$450	Northern Wasco County People's Utility District	The Dalles, OR	\$500	\$500
City of Rupert	Rupert, ID	\$270	\$450	Pacific Power Oregon***	Portland, OR	\$300**	-
City of Soda Springs	Soda Springs, ID	\$270	\$450	Portland General Electric***	Portland, OR	\$300**	-
City of Weiser	Weiser, ID	\$270	\$450	Salem Electric Cooperative	Salem, OR	\$120	\$120
East End Mutual Electric	Rupert, ID	\$270	\$450	Tillamook PUD	Tillamook, OR	\$300	\$500
Farmers Electric	Heyburn, ID	\$270	\$450	Umatilla Electric Coop	Umatilla, OR	\$300	\$300
Idaho County Light & Power Cooperative Association, Inc.	Grangeville, ID	\$500	\$500	West Oregon Electric Cooperative, Inc.	Vernonia, OR	\$300	\$500
Idaho Falls Power	Idaho Falls, ID	\$250	\$450	Benton PUD	Kennewick, WA	\$300	\$500
Kootenai Electric Cooperative	Hayden, ID	\$300	\$500	Benton REA	Prosser, WA	\$300	\$500
Riverside Electric Company	Rupert, ID	\$270	\$450	Chelan County PUD	Wenatchee, WA	\$500	\$500
Rocky Mountain Power	ID	\$550**	-	City of Milton	Milton, WA	\$500	\$500
Blachly-Lane County Cooperative Electric Association	Eugene, MT	\$300	\$500	Clallam County PUD	Port Angeles, WA	\$500	\$500
Flathead Electric Cooperative, Inc.	Kalispell, MT	\$500	\$500	Clark Public Utilities	Vancouver, WA	\$500	\$500
Ravalli County Electric Cooperative, Inc.	Corvallis, MT	\$300	\$300	Columbia REA	Dayton, WA	\$500	\$500
Canby Utility	Canby, OR	\$300	\$500	Cowlitz PUD	Longview, WA	\$500	\$500
Central Electric Cooperative	Redmond, OR	\$500	\$500	Franklin PUD	Pasco, WA	\$300	\$500
Central Lincoln PUD	Florence, OR	\$500	\$1,000	Grays Harbor PUD	Aberdeen, WA	\$500	\$500
City of Ashland	Ashland, OR	\$300	\$500	Inland Power & Light	Spokane, WA	\$300	\$500
City of Bandon	Bandon, OR	\$240	\$400	Jefferson County PUD	Port Townsend, WA	\$500	\$500
City of Cascade Locks	Cascade Locks, OR	\$300	\$500	Klickitat PUD	Goldendale, WA	\$300	\$300
City of Milton-Freewater	Milton-Freewater, OR	\$400	\$400	Lewis County PUD	Chehalis, WA	\$500	\$500
Clatskanie PUD	Clatskanie OR	\$500	\$500	Mason County PUD No. 3	Shelton, WA	\$300	\$500
Columbia Basin Electric Cooperative, Inc.	Heppner, OR	\$300	\$500	Orcas Power & Light Cooperative	Eastsound, WA	\$300	\$500
Columbia River PUD	St. Helens, OR	\$500	\$500	Pacific Power Washington	WA	\$600**	-
Consumers Power, Inc.	Philomath, OR	\$500	\$500	Peninsula Light Co.	Gig Harbor, WA	\$500	\$500
Coos-Curry Electric Cooperative, Inc.	Port Orford, OR	\$500	\$500	Port Angeles Public Works and Utilities	Port Angeles, WA	\$500	\$500
Douglas Electric Cooperative	Roseburg, OR	\$300	\$500	Puget Sound Energy	Belleuve, WA	\$800	\$800
Emerald PUD	Eugene, OR	\$400	\$400	Seattle City Light	Seattle, WA	\$500	\$500
Eugene Water & Electric Board	Eugene, OR	\$300	\$300	Skamania County PUD #1	Carson, WA	\$300	\$500
Forest Grove Light & Power	Forest Grove, OR	\$500	\$500	Snohomish County PUD	Everett, WA	\$500	\$500
Hermiston Energy Services	Hermiston, OR	\$300	\$300	Stellacoom Public Works	Stellacoom, WA	\$500	\$500
Lane Electric Cooperative, Inc.	Eugene, OR	\$300	\$300	Vera Water & Power	Veradale, WA	\$300	\$500
McMinnville Water & Light	McMinnville, OR	\$375	\$375				

Limited to tanks 55 gallons or less *Incentives provided by Energy Trust of Oregon



HPWH Educational Video

Thank You.