



MY JOURNEY UPSTREAM

Trials and Tribulations

As recalled by Kim Spickard

BON VOYAGE



BOARDING THE BOAT



HEADING OUT



2012



Cooling Efficiency 2012

■ Assumptions

- ◆ Trade Partners were aggressively upselling high efficiency products (10% incentive) **(not)**
- ◆ The program was having a positive affect on the market reaching all customers **(not)**
- ◆ Rebate levels were having a positive affect **(not)**
- ◆ The Cooling Efficiency Program was doing a great job getting the message out **(thought we were)**

Cooling Efficiency 2012

■ What was really happening

- ◆ No Clue as to market penetration
- ◆ No Clue as to the number of missed rebate opportunities
- ◆ Trade was not promoting high efficiency,
- ◆ 10% trade incentive was not working, little if any participation
- ◆ Customers were not aware of rebates even after purchasing high efficiency equipment
- ◆ Cooling Program was not hitting goal

July 2012 - Our First Attempt

- Found a PG&E Distributor agreement on line (so I wasn't the first one to think of this)
- Modified agreement to launch a limited 10% incentive to distributors in exchange for sales data (dropped the trade incentive)
- Signed up 6 distributors
- Started paying incentives September 1, 2012

2013

■ Continued to collect sales data and pay incentives

- ◆ Sat back and waited for the rebate applications to match the sales data (didn't happen)
- ◆ Rationalized that since customers have 12 months to submit we needed to continue to analyze the data (didn't happen)
- ◆ Waited some more! (and waited)
- ◆ Sometime in mid 2013 I found -

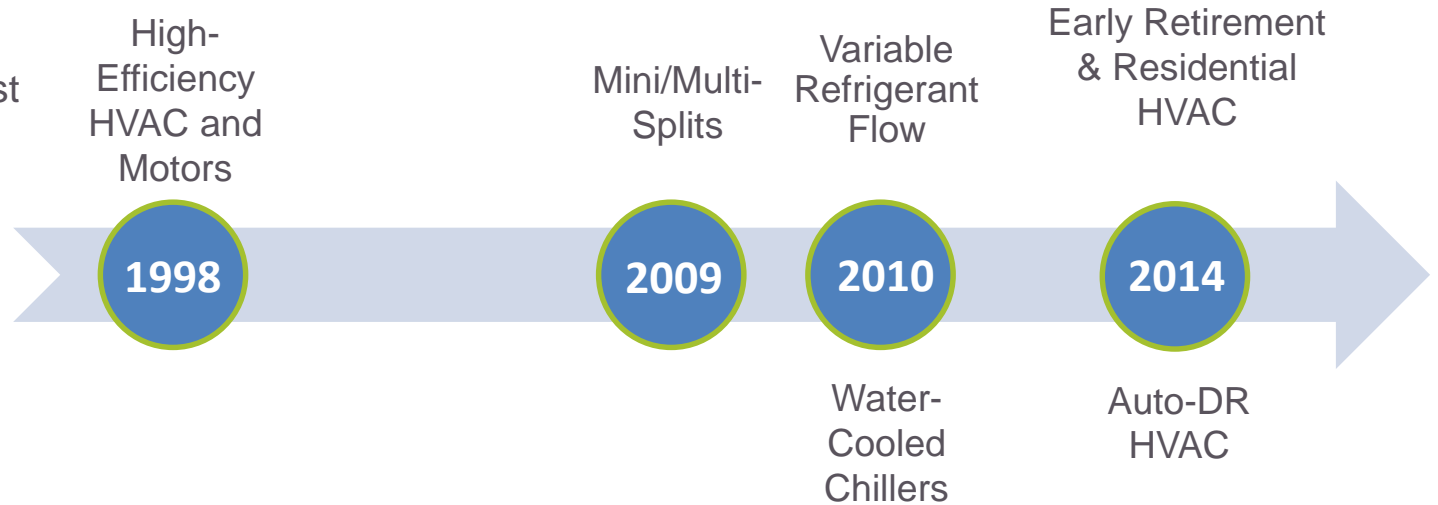


Energy Solutions



Energy Solutions Team Experience

Launched 1st
in the nation
upstream
prescriptive
programs:



- Founded in 1995
- 90 Employees
- 3 National awards for Upstream Rebate Programs
- Managed Upstream HVAC since 1997

California Public Utilities Commission Recognition

“...the commercial HVAC distributor incentive has proven to be the most successful HVAC program in terms of savings claimed. Therefore, we direct the utilities to propose an incentive program for distributors of residential HVAC equipment...”

California Public Utilities Commission

October 8, 2012

Four Major Barriers to Participation

■ Traditional Program Models

- ◆ Customers/Distributors were not aware of rebate opportunities
- ◆ Distributors did not stock energy efficiency equipment
- ◆ Customers had to wait 4-6 weeks for back ordered energy efficiency equipment
- ◆ First Cost too high
- ◆ Limited or no high efficiency options for replace on burnout

Why do downstream approaches struggle?

- **Major driver is “first cost,” hence:**
 - ◆ **Contractors not promoting EE HVAC**
 - ◆ **Distributors stock least expensive units**
 - ◆ **Premium HVAC was a “special order”**
 - ◆ **“In stock” HVAC is installed**

9/1/2015

Current Midstream HVAC Measures

- ◆ **Packaged & Split AC**
- ◆ **PTAC/PTHP**
- ◆ **Water Source Heat Pumps**
- ◆ **Air Cooled Chillers**

Modifications

Current Incentives:

- **Current incentive scaling does not align with market costs**
 - ◆ **Limits equipment eligible for the program**
- **Many high efficiency units, such as the Daikin Rebel, are ineligible under the current rebate structure (Great IEER Lower EER)**

Modifications

Tiered Incentives Based on IECC 2015 Code EER or IEER

- ◆ Increases total program savings
- ◆ Increases total program participation
- ◆ Align incentives with Incremental Measure Costs (IMC)
- ◆ Encourage participation of highest efficiency units
- ◆ Align with the market's characterization of product lines (good, better, best)

Number of Eligible Units

Manufacturer	Current Eligible Units	Proposed Eligible Units	% Increase
AAON	798	1,196	50%
AMANA	13	24	85%
AMERICAN STANDARD	210	369	76%
BRYANT	94	204	117%
CARRIER	174	374	115%
COLEMAN	116	191	65%
COMFORTMAKER	28	117	318%
DAIKIN	238	897	277%
DAY & NIGHT	28	118	321%
GOODMAN	13	38	192%
ICP COMMERCIAL	60	199	232%
JOHNSON CONTROLS	118	164	39%
LENNOX INDUSTRIES	184	251	36%
LUXAIRE	116	191	65%
MCQUAY	40	114	185%
PETRA	-	11	-
RHEEM	164	353	115%
TEMPSTAR	28	118	321%
TRANE	364	705	94%
YORK	134	249	86%
Grand Total	2,920	5,883	101%

Forecast Accomplishment Estimates

- Forecast estimates for 2016
- Tiers and delta IEER compared with existing incentives and delta SEER

	DX Tons	kW Reduction	kWh Savings	Total Cost	\$/kWh
With Tiers	12,294	1,564	3,150,000	\$1,400,000	\$0.44
With Existing	8,983	1,189	1,075,000	\$975,000	\$0.90

Summary of Upstream Success Factors

1. Influence of equipment flow in the market place
2. Smaller number of market actors-lowers implementation costs.
3. CEO commitment influences **stocking!**
4. Stocking make equipment available for immediate replacement
5. Sales engineer technical, financial, and sales skills influences **upselling!**
6. Paperless rebate applications increases participation number of participants
 - Eliminates burdens and barriers with processing time consuming paper applications
7. Distributors' orders influence efficiencies of equipment that is manufactured



Quote of the Day

“It is sure easy to sell high efficiency when it is in stock”



Questions?





THAT IS MY STORY

The
~~END~~
BEGINNING