



2017 REGIONAL COLD CLIMATE AIR SOURCE HEAT PUMP MARKET TRANSFORMATION WORKSHOP

JUNE 27-28 // ANDOVER, MA

Howard Merson
Vermont Energy
Investment Corp.
VEIC, Consulting



Vermont
Energy Investment
Corporation

About VEIC

- Nonprofit; 30 years of reducing economic & environmental costs of energy
- Energy efficiency, renewable energy, & transportation
- Program design, planning & evaluation, policy, advocacy, and research



veic.org

Efficiency
Vermont

EFFICIENCY\$MART



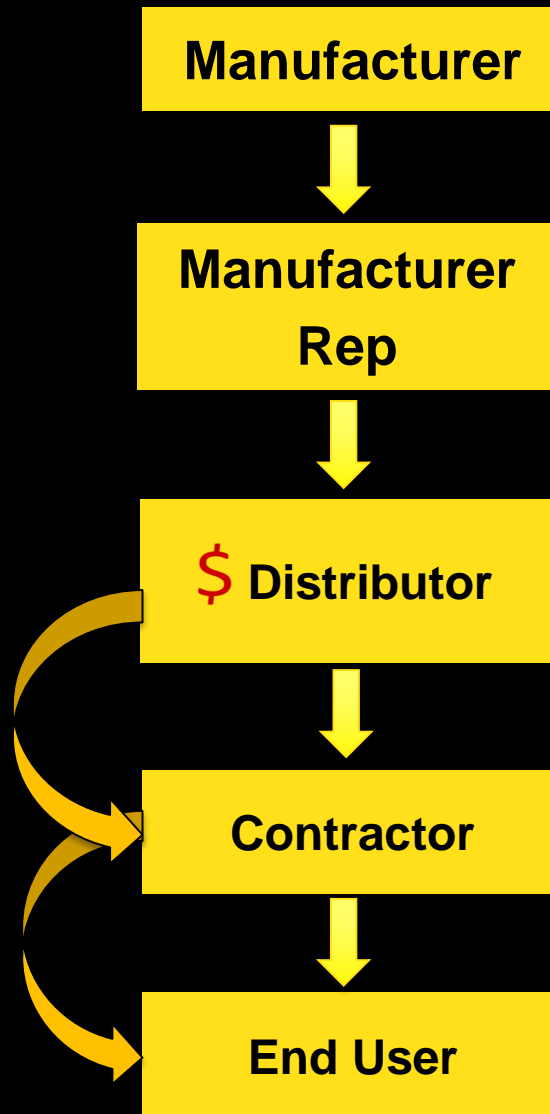
DC
SUSTAINABLE ENERGY
UTILITY

Examples of VEIC's Utility Clients



HVACR Upstream / Midstream

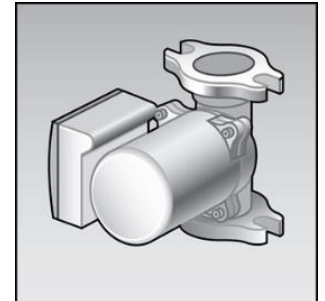
What is an upstream / midstream program?



Benefits of Upstream / Midstream

1. Promotes increased availability, sales, & installation of efficient equipment
2. Influences distributor stocking practices
3. Diminishes financial barriers
4. Facilitates market transformation

Participating Manufacturers



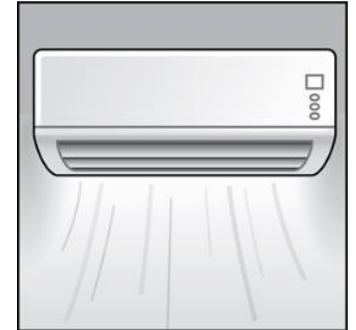
The new degree of comfort.™



Participating Manufacturers



Haier



Panasonic

QM POWER



In the future...



Upstream / Midstream Distributors

16 Distributors, 48 Locations



F.W. WEBB COMPANY



Blodgett SUPPLY



Appalachian Supply, Inc.



HVACR Upstream / Midstream Approach



Approach to Upstream Midstream

1. Project Planning
 2. Establish Value Proposition
 3. Mapping the Supply Chain
 4. Eligibility & Performance Request
 5. Data Collection
 6. VEIC SMIT RFI / Planning Sessions
 7. Establish Incentive Levels
 8. Administration / Management Fees
- Develop SMIT Plans
- MOU

VEIC's Approach to Upstream / Midstream

1. Project planning
2. **Establish value proposition**
3. **Mapping the supply chain**
4. Eligibility & Performance request
5. **Data collection**
6. **VEIC SMIT RFI / planning sessions**
7. **Establish incentive levels**
8. **Administration / management fees**
9. **Execute SMIT plans**
10. PDA / MOU

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Understand Supply Chain's Profit Model

Return on Net Assets (RONA) =

Net Income

Inventory + Accounts Receivable – Accounts Payable

Distributors' Profit Model

| RONA driver | Consideration |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Increase gross margin (GM), gross profit (GP) & net income (NI) | <ul style="list-style-type: none"> Energy-efficient products affect GM, GP, & NI |
| Decrease inventory investment & increase turnover | <ul style="list-style-type: none"> Collaborative sales & marketing Intensive product & program training Incentives increase market demand |
| Accounts Receivable (AR) | <ul style="list-style-type: none"> Avg. AR collection 50 - 55 days; Target < 35 days |
| Accounts Payable (AP) | <ul style="list-style-type: none"> Avg. AP terms 30 - 35 days; Target: 45 - 240 days |

Distributor Value Proposition - HPCP

A strategic partnership

| Factor | Standard pump | HPCP pump | Variance |
|-------------------------------------|---------------|-----------|----------|
| Resale from distributor to customer | \$65 | \$165 | \$100 |
| Distributor cost (estimate) | \$52 | \$120.25 | \$68.25 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

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| Incentives at distributor's point of sale | | \$100 | |
| Resale value, with \$100 incentive to distributor's customer | \$65 | \$65 | |
| | | | |
| | | | |
| | | | |

Distributor Value Proposition – Supply Chain

High Performance Circulator Pumps - strategic partnership

| Factor | Standard pump | HPCP pump | Variance |
|--------------------------------------------------------------|---------------|-----------|-----------|
| Resale from distributor to customer | \$65 | \$165 | \$100 |
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| Gross profit per circulator pump | \$13 | \$44.75 | \$31.75 |
| Gross margin per circulator pump | 20% | 27% | |
| Gross profit generated from 10,000 units / year | \$130,000 | \$447,500 | \$317,500 |



Distributor Value Proposition – Supply Chain

High Performance Circulator Pumps - strategic partnership

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| Gross profit per circulator pump | \$13 | \$44.75 | \$31.75 / \$13 |
| Gross margin per circulator pump | 20% | 27% | 244% |
| Gross profit generated from 10,000 units / year | \$130,000 | \$447,500 | \$317,500 |



Distributor Value Proposition - HPWH

| | Electric Resistance | HPWH | Variance |
|-------------------------------------------------|---------------------|-------------|-------------|
| Resale from distributor to customer | \$458 | \$1054 | \$596 |
| Distributor cost (estimate) | \$376 | \$850 | \$474 |
| Gross profit per water heater | \$82 | \$204 | \$122 |
| Gross profit generated from 17,000 units / year | \$1,394,000 | \$3,468,000 | \$2,074,000 |

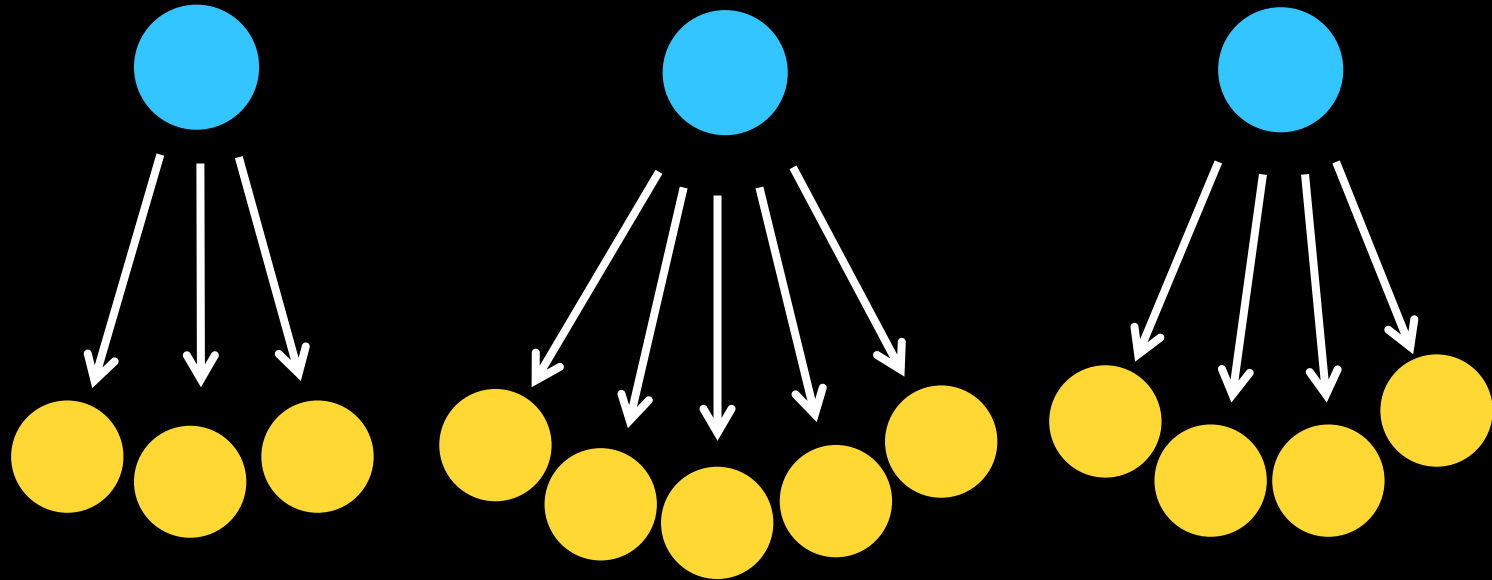
**HPWH increase distributor
value 150%**

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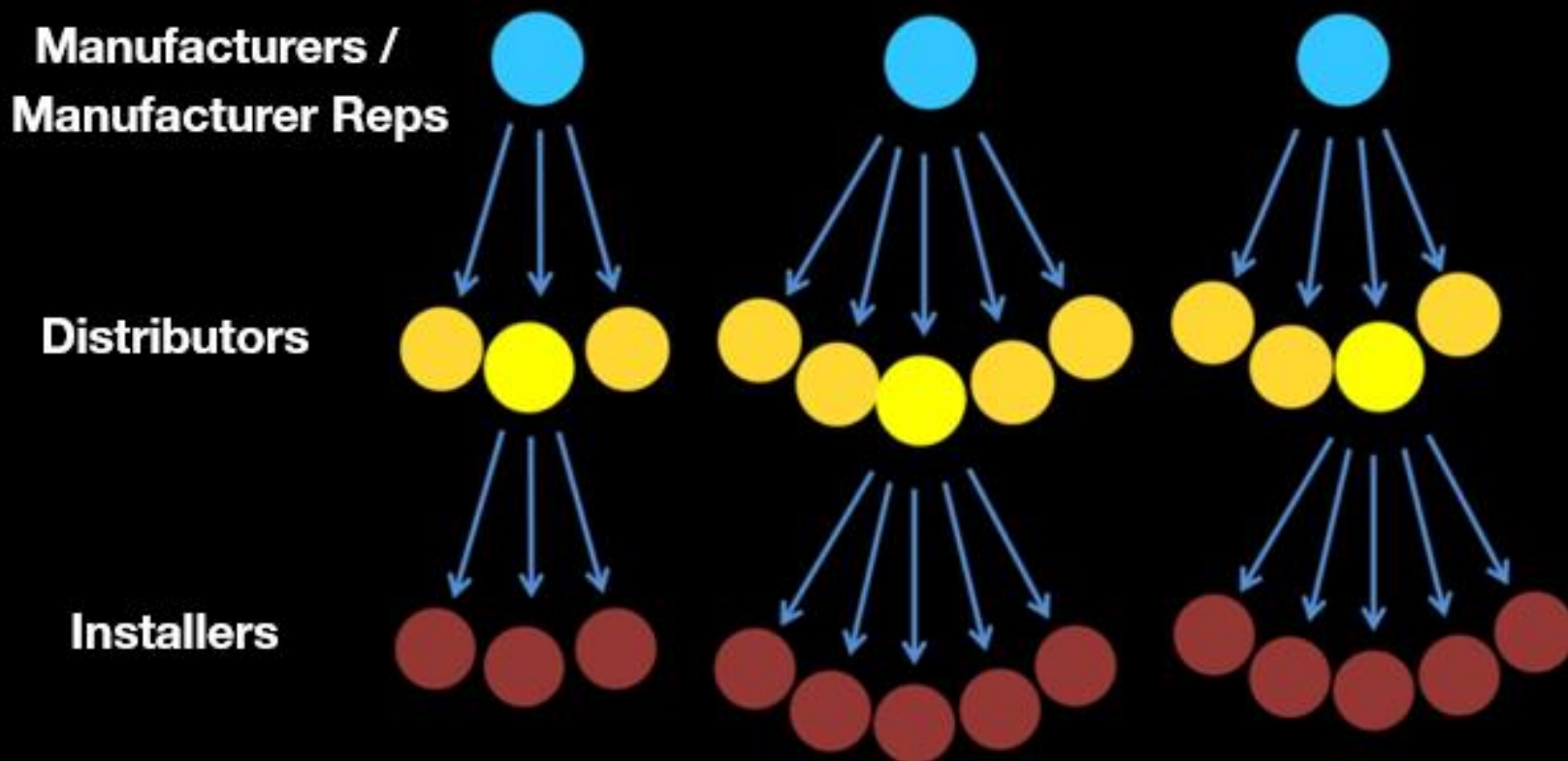
TARGET: Use Supply Chain Approach

Manufacturers /
Manufacturer
Reps



Distributors

Leverage Supply Chain Approach to Recruit & Train Installers



Understanding the Distributor landscape

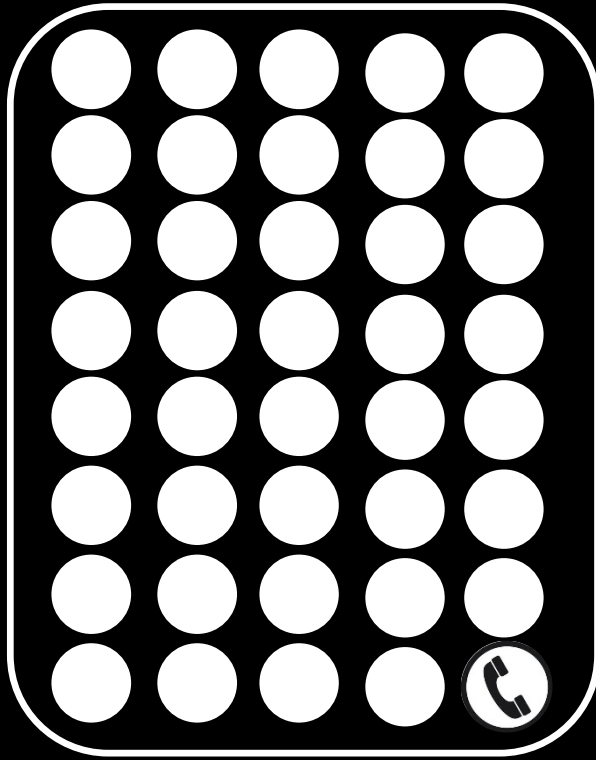
Current Regional Distributor Database: 55 Companies, 270 Branch locations

| Tier | % of Companies | % of Total Branch Locations | Branches | Cumulative |
|---------|----------------|-----------------------------|----------|------------|
| Top 4 | 7% | 55% | 148 | 148 (55%) |
| Next 5 | 9% | 19% | 50 | 198 (74%) |
| Next 9 | 16% | 11% | 30 | 228 (85%) |
| Next 37 | 67% | 15% | 42 | 270 (100%) |

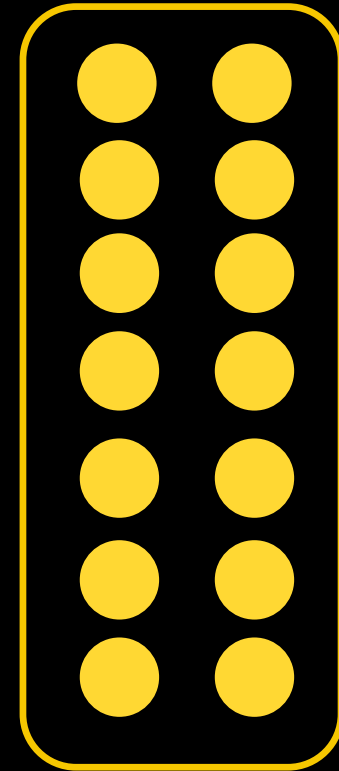
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Optimize the Collection of Transactional Data



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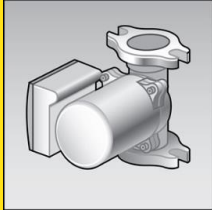


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VEIC's Approach to Upstream / Midstream

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HVACR Upstream / Midstream Incentives & Fees

| Upstream program | Current incentive / unit | Current administration / management fee / unit | Comments |
|----------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ccASHP  | \$600 single zone \$800 multi-zone | \$50 | <ul style="list-style-type: none"> • Complex sale • Inventory investment • Aggressive fee |
| HPWH  | \$600 | \$65 | <ul style="list-style-type: none"> • Sales under duress (95%) • Small window of upsell opportunity • Aggressive incentive & fee |
| HPCP  | \$50 \$200 \$600 | \$3 \$3 \$50 | <ul style="list-style-type: none"> • Tiered fee: \$ / MWh |

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SMIT:

Sales, Marketing, Inventory & Training

- **Internal / external stakeholder planning meetings**
- **RFI (Request for information) to suppliers**
- **Suppliers: Develop & present SMIT plan**
- **SMIT strategy planning sessions**

SMIT Supply Chain Feedback

“The most comprehensive program for impacting the marketplace. We are proud to be asked to be a partner.”

– Distributor, VP-Residential Sales

“VEIC team, I want to thank you all for a great meeting and looking forward to working with you. Thank you again for your time and information shared.”

– Manufacturer, Division Sales Manager

“We, as manufacturers, look to you for guidance in what equipment to develop and bring to market. Efficiency Vermont is really a national leader on this.”

– Manufacturer, Regional Sales Manager

SMIT Examples

SMIT Marketing Efforts

Customer facing marketing materials of rebate offer

Post-sale communications reinforce customer value

High-Efficiency HVACR Products for the price of conventional

Everybody wins

Now you can provide the energy-efficient HVACR products your customers are looking for—at deep discounts.

End-use customers will enjoy greater comfort and lower bills, contractors and distributors will increase sales and customer satisfaction, and all of Vermont benefits through lower energy demand and related costs.

How does it work?

Efficiency Vermont subsidizes the cost of qualifying efficient products by paying rebates directly to distributors, who pass the savings on to installers, who then pass these savings on to end-users.

Contractors purchase qualifying products, provide end-user information, and receive in-store discount.

Call 888-921-5990 for more information.

COLD-CLIMATE HEAT PUMPS **UP TO A \$400 DISCOUNT**

Cold-climate heat pumps heat and cool homes at a fraction of the cost of conventional heating and cooling. By moving heat rather than generating it, heat pumps typically consume much less energy than traditional electric, propane, or oil heating systems. Depending on the system they offer, heat pumps can save between \$5,000 and \$25,000 over the lifetime of the unit.

Visit www.efficiencyvermont.com/cchppartners for full product list, participating distributors, and more information.

HEAT PUMP WATER HEATERS **\$400 DISCOUNT**

Heat pump water heaters can cost less than half as much to operate compared to traditional electric resistance water heaters, and save as much as \$4,900 over the lifetime of the unit. In addition to providing domestic hot water, heat pump water heaters also dehumidify the space around them.

Visit www.efficiencyvermont.com/hpwhpartners for full product list, participating distributors, and more information.

Not available for natural gas conversions. As of January 1, 2016, Efficiency Vermont will no longer provide a discount for heat pump water heaters that are 55 gallons or larger.

HIGH-PERFORMANCE CIRCULATOR PUMPS **DISCOUNTS VARY BY PRODUCT**

Circulator pumps use advanced controls and brushless motor technology to optimize pump operation, resulting in lower energy use up to 85% compared to conventional circulator pumps.

Visit www.efficiencyvermont.com/pumps for full product list, participating distributors, specific discounts, and more.

You just made a very smart decision

By installing a cold-climate heat pump, you'll save energy and money and be more comfortable, too.

Here are a few ways to get the most out of your heat pump:

- ☒ **SET IT AND FORGET IT**
Set your temperature preferences and don't change them unless you're leaving for more than a week.
- ☒ **AVOID DUELING HEAT SOURCES**
Set your back-up system 10° lower than the heat pump, so it won't kick on unless needed.
- ☒ **AIR SEAL AND INSULATE**
The tighter your home, the less energy your heat pump will need to keep you comfortable.

GOOD NEWS: YOUR CONTRACTOR IS SMART, TOO.
Your unit was purchased at a special price from a participating distributor, thanks to up to a \$400 discount from Efficiency Vermont.

Want to save even more? Keep reading ►

888-921-5990
www.efficiencyvermont.com/coldclimateheatpumps

Efficiency Vermont

SMIT Marketing Efforts

Products & Technologies

Heating, Cooling & Ventilation

Heat Pumps

A cold climate heat pump can lower your heating costs considerably and double as a cooling system in the summer.

Heat pumps draw heat from the environment and move it indoors to heat your home, or move it outdoors to cool your home.

while
the
and
cold
switch
fuel



See Our Offers

 Find a Contractor

 Contact Us

Customer facing marketing materials of rebate offer



Vermont
Energy Investment
Corporation

SMIT Marketing Efforts

In-store displays at distributors & marketing materials for contractors

Messaging to communicates additional offerings



For Building Systems Distributor Customers

Here's a partial list of Building System Products with In-Store Discounts available up to \$800:

**Cold Climate Heat Pumps
Efficient Evaporator Fan Motors
Heat Pump Water Heaters
High-Performance Circulator Pumps**

To receive an in-store discount, provide the following information at the time of purchase:
Customer Name | Installation Address | Water Heating Fuel

Here's a partial list of Building System Products with Post-Purchase Rebates available:

**Ventilation & Furnace Fans
Variable Frequency Drives & Motors
Furnaces & Boilers**

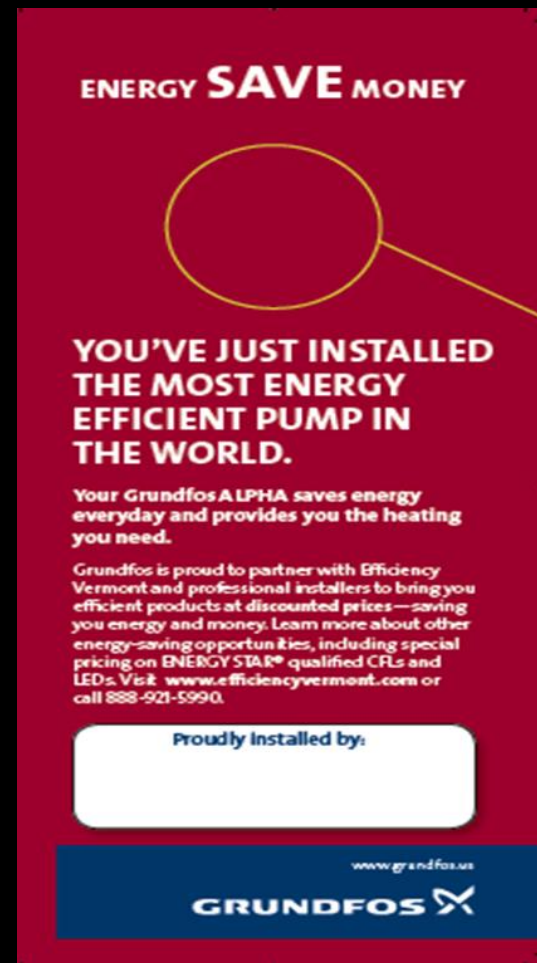
Joint Marketing Efforts

Challenge: Communicate end-user benefits of upstream / midstream programs to contractors & customers

Solution: Visual materials



Box sticker



**Upstream / Midstream
Website**

**Participating
Distributors**

QPLs

Cold Climate Heat Pump Program

Participating Distributors

Effective 12/1/2014; Updated 3/23/2017



Efficiency
Vermont



This list will be continuously updated with additional distributors and heat pump manufacturers as they join the program.
Please check back for updates.

| Distributor Name | City | Phone | CCHP Manufacturer |
|-------------------------------------------------------------------------------------------------------|----------------------|--------------|----------------------------------------------------------------------------------------|
| Air Purchases www.airpurchases.com | South Burlington | 802-780-0900 | Fujitsu www.fujitsugeneral.com |
| Bell Simons Companies www.bellsimons.com | South Burlington | 802-862-8705 | Mitsubishi www.mitsubishicomfort.com |
| | Pittsfield, MA | 413-443-7718 | |
| Blodgett Supply www.blodgettsupply.com | Springfield, MA | 413-781-4500 | Fujitsu www.fujitsugeneral.com |
| | Montpelier | 802-229-5105 | |
| | Newport | 802-334-0151 | |
| | Rutland | 802-775-3342 | |
| | White River Junction | 802-295-3143 | |
| Central Supply www.plumberssupplyco.com | Williston | 802-864-9831 | Fujitsu www.fujitsugeneral.com |
| | Lebanon, NH | 603-448-5116 | |
| F.W. Webb Company www.fwwebb.com | Woodsville, NH | 603-747-2328 | Daikin www.daikin.com |
| | Barre | 802-479-3373 | |
| | Bennington | 802-447-2312 | |
| | Brattleboro | 802-257-4316 | |
| | Rutland | 802-775-1922 | |
| | Springfield | 802-885-8127 | |
| | St. Albans | 802-527-0531 | |
| | St. Johnsbury | 802-748-8101 | |
| | Williston | 802-863-1167 | |
| | Keene, NH | 603-357-1877 | |
| Granite City Electric www.granitecityelectric.com | Lebanon, NH | 603-448-1980 | Haier www.haier.com |
| | Bennington | 802-442-8155 | |
| | Brattleboro | 802-254-8256 | |
| | Barre | 802-476-6239 | |
| | Burlington | 802-658-2747 | Panasonic www.panasonic.com |

Logos &
hyperlinks

Participating Manufacturers:



For more information, visit: www.efficiencyvermont.com/cchppartners



This list will be continuously updated with additional distributors and heat pump manufacturers as they join the program. Please check back for updates.



| Manufacturer | Unit Type | Outdoor Model Number | Indoor Model Number or Unit Type | Model Name | Capacity (Btu/h) | SEER | EER | SEER | Distributor(s) | Product Incentive |
|---------------------------------------------------------------------------------|-------------|----------------------|----------------------------------|--------------------------|------------------|------|------|------|---------------------------------------------------------------------------------------------------------|-------------------|
| Carrier www.carrierductless.com | Single-Zone | 38GRCB09 | 40GRCB09B | Infinity Series | 9,000 | 10.3 | 15.7 | 30.5 | R.J. Murray | \$600 |
| | | 38GRCB09 | 40GRCB09H | | 9,000 | 10.3 | 15.7 | 30.5 | | |
| | | 38GRCB12 | 40GRCB12B | | 12,000 | 10.3 | 12.7 | 23.0 | | |
| | | 38GRCB18 | 40GRCB18B | | 18,000 | 10.3 | 12.7 | 23.0 | | |
| | | 38GRCB18 | 40GRCB18H | | 18,000 | 10.3 | 12.5 | 21.0 | | |
| | | 38MAQB09R-3 | 40MAQB09R-3 | Performance Series | 9,000 | 11.2 | 14.5 | 25.0 | | |
| | | 38MAQB12R-3 | 40MAQB12R-3 | | 12,000 | 12.0 | 12.5 | 22.5 | | |
| | | 38MAQB18R-3 | 40MAQB18R-3 | | 18,000 | 10.5 | 12.5 | 20.0 | | |
| | | 38MAQB18R-3 | 40MAQB18C-3 | | 18,000 | 10.5 | 12.5 | 20.0 | | |
| | | 38MAQB24R-3 | 40MAQB24R-3 | | 24,000 | 10.3 | 13.0 | 20.5 | | |
| | Multi-Zone | 38MGRQ18B-3 | Non-Ducted | | 18,000 | 10.3 | 12.5 | 22.5 | | |
| | | 38MGRQ24C-3 | Non-Ducted | | 24,000 | 10.0 | 12.5 | 23.0 | | |
| | | 38MGRQ30D-3 | Non-Ducted | | 30,000 | 10.0 | 12.5 | 23.8 | | |
| | | 38MGRQ30D-3 | Non-Ducted | | 36,000 | 10.5 | 13.5 | 21.5 | | |
| | | 38MGRQ48E-3 | Non-Ducted | | 48,000 | 10.2 | 12.5 | 21.4 | | |
| Daikin www.daikin.com | Single-Zone | RXG09HVJU | FTXG09HVJU | Quaternity | 9,000 | 11.0 | 15.8 | 26.1 | F.W. Webb United Refrigeration | \$600 |
| | | RXG12HVJU | FTXG12HVJU | | 12,000 | 10.6 | 14.0 | 24.2 | | |
| | | RXG09LVJU | FTXG09LVJU | | 9,000 | 12.5 | 15.3 | 24.5 | | |
| | | RXG12LVJU | FTXG12LVJU | LV Series | 12,000 | 12.5 | 12.8 | 23.0 | | |
| | | RXG15LVJU | FTXG15LVJU | | 15,000 | 11.6 | 14.4 | 20.6 | | |
| | | RXG18LVJU | FTXG18LVJU | | 18,000 | 11.0 | 12.7 | 20.3 | | |
| | | RXG24LVJU | FTXG24LVJU | Vista | 24,000 | 10.6 | 12.5 | 20.0 | | |
| | | RXG09QVJU | FFQ09QVJU | | 9,000 | 11.7 | 13.0 | 20.9 | | |
| | | RXG12QVJU | FFQ12QVJU | | 12,000 | 11.2 | 12.5 | 20.7 | | |
| | | RXG15QVJU | FFQ15QVJU | Enhanced Capacity Series | 15,000 | 12.0 | 12.5 | 20.7 | | |
| | | RXG18QVJU | FFQ18QVJU | | 18,000 | 12.5 | 12.5 | 20.0 | | |
| | | RXG24QVJU | FFQ24QVJU | | 24,000 | 12.0 | 12.5 | 20.0 | | |
| | | RXG15QVJU | FFQ15QVJU | | 15,000 | 12.5 | 13.0 | 20.0 | | |
| | | RXG18QVJU | FFQ18QVJU | | 18,000 | 11.7 | 12.5 | 20.0 | | |
| | | RXG24QVJU | FFQ24QVJU | | 24,000 | 11.4 | 12.0 | 20.0 | | |
| | Multi-Zone | RXG15QVJU | FFQ15QVJU | Sky Air | 15,000 | 11.3 | 12.5 | 20.0 | | |
| | | RXG18QVJU | FFQ18QVJU | | 18,000 | 12.0 | 14.5 | 20.0 | | |
| | | RXG24QVJU | FFQ24QVJU | | 24,000 | 10.3 | 12.7 | 17.0 | | |
| | | 2MXL18QVJU | Non-Ducted | Enhanced Capacity Series | 18,000 | 12.5 | 12.7 | 17.9 | | |
| | | 2MXL24QVJU | Non-Ducted | | 24,000 | 10.7 | 12.5 | 18.9 | | |
| | | 2MXS18QVJU | Non-Ducted | | 18,000 | 10.7 | 12.5 | 17.9 | | |
| Haier www.haier.com | Single-Zone | 1U09EH2VHA | AW09EH2VHA | Arctic Series | 9,000 | 13.0 | 15.5 | 28.0 | F.W. Webb Hulbert Supply | \$600 |
| | | 1U12EH2VHA | AW12EH2VHA | | 12,000 | 12.0 | 13.0 | 25.0 | | |
| | | 1U09ES2VHA | AW09ES2VHA | | 9,000 | 12.0 | 14.5 | 23.5 | | |
| | | 1U12ES2VHA | AW12ES2VHA | Advanced Series | 12,000 | 11.0 | 12.5 | 23.0 | | |
| | | 1U18ES2VHA | AW18ES2VHA | | 18,000 | 11.0 | 12.5 | 21.0 | | |
| | | 1U24ES2VHA | AW24ES2VHA | | 24,000 | 11.0 | 12.5 | 21.0 | | |
| | Single-Zone | AQU9RLS2 | ASU9RLS2 | Halcyon Inverter | 9,000 | 12.5 | 16.1 | 27.2 | | |
| | | AQU12RLS2 | ASU12RLS2 | | 12,000 | 12.0 | 13.8 | 25.0 | | |
| | | AQU15RLS2 | ASU15RLS2 | | 15,000 | 12.0 | 12.0 | 21.5 | | |
| | | AQU15RLS2H | ASU15RLS2 | | 15,000 | 10.3 | 12.0 | 21.5 | | |
| | | AQU9RLF | ASU9RLF | | 9,000 | 12.6 | 16.0 | 26.0 | | |
| | | AQU12RLF | ASU12RLF | | 12,000 | 11.6 | 13.1 | 22.7 | | |
| | | AQU15RLF | ASU15RLF | | 15,000 | 11.2 | 12.5 | 20.3 | | |
| | | AQU9RLFH | ASU9RLFH | | 9,000 | 12.4 | 16.0 | 26.0 | | |
| | | AQU12RLFH | ASU12RLFH | | 12,000 | 11.3 | 13.1 | 22.7 | | |
| | | AQU15RLFH | ASU15RLFH | | 15,000 | 11.0 | 12.5 | 20.3 | | |
| Fujitsu www.fujitsu-general.com | Single-Zone | AQU9RLFC | ASU9RLFC | Halcyon Inverter | 9,000 | 12.2 | 14.5 | 21.5 | Air Purchases Blodgett Supply Central Supply Premier Supply Group Sid Harvey's RE Michel | \$600 |
| | | AQU12RLFC | ASU12RLFC | | 12,000 | 11.5 | 12.8 | 20.0 | | |
| | | AQU9RLF | ASU9RLF | | 9,000 | 13.0 | 14.5 | 24.0 | | |
| | | AQU12RLF | ASU12RLF | | 12,000 | 12.2 | 12.8 | 21.9 | | |
| | | AQU9RLS3 | ASU9RLS3(Y) | | 9,000 | 14.2 | 18.0 | 33.0 | | |
| | | AQU12RLS3 | ASU12RLS3(Y) | | 12,000 | 14.0 | 15.2 | 29.3 | | |
| | | AQU15RLS3 | ASU15RLS3(Y) | | 15,000 | 13.4 | 13.9 | 25.3 | | |
| | | AQU9RLS3H | ASU9RLS3(Y) | | 9,000 | 14.2 | 18.0 | 33.0 | | |

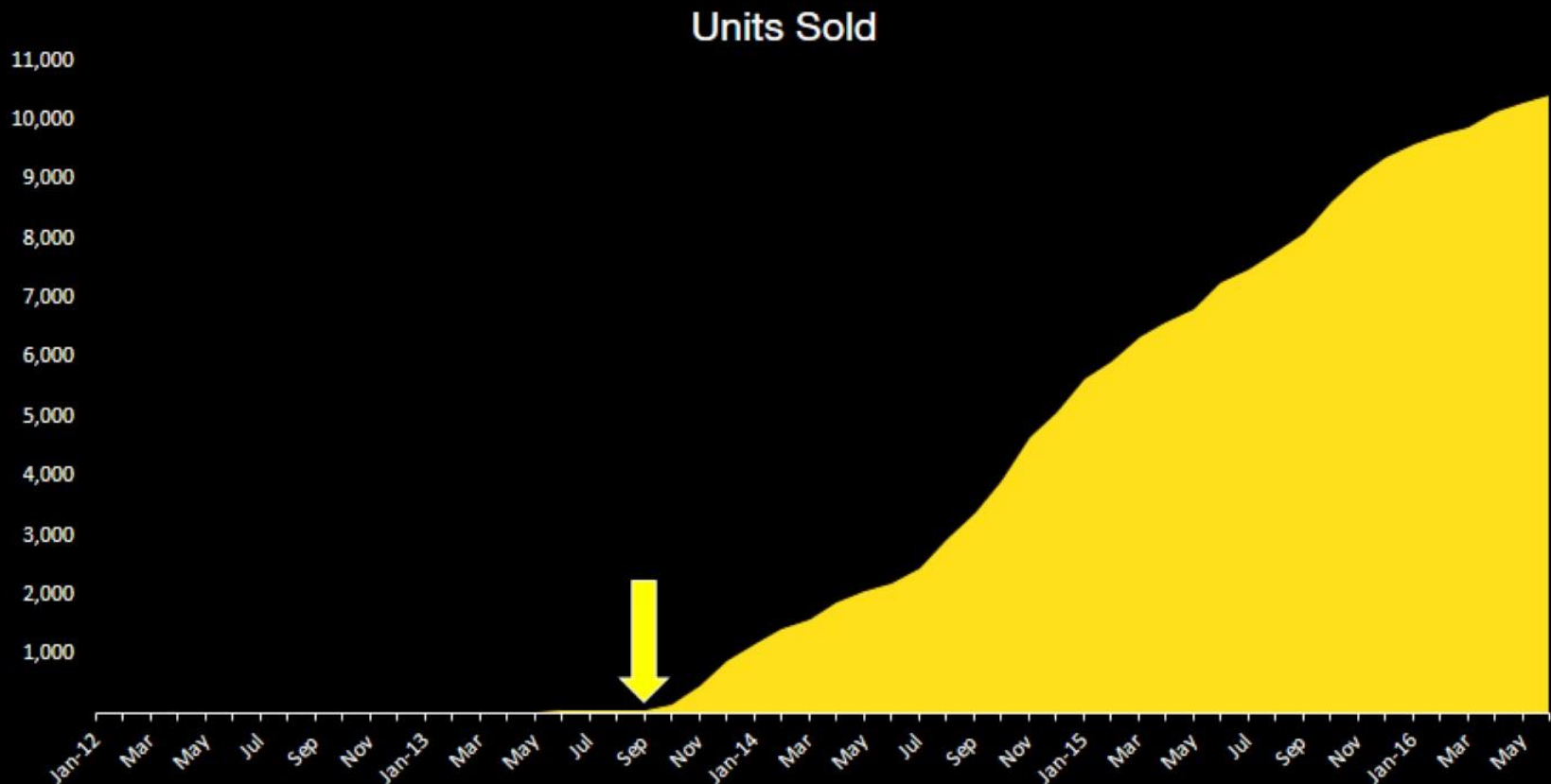
Logos & hyperlinks

Participating Distributors:



HVACR Upstream / Midstream Results

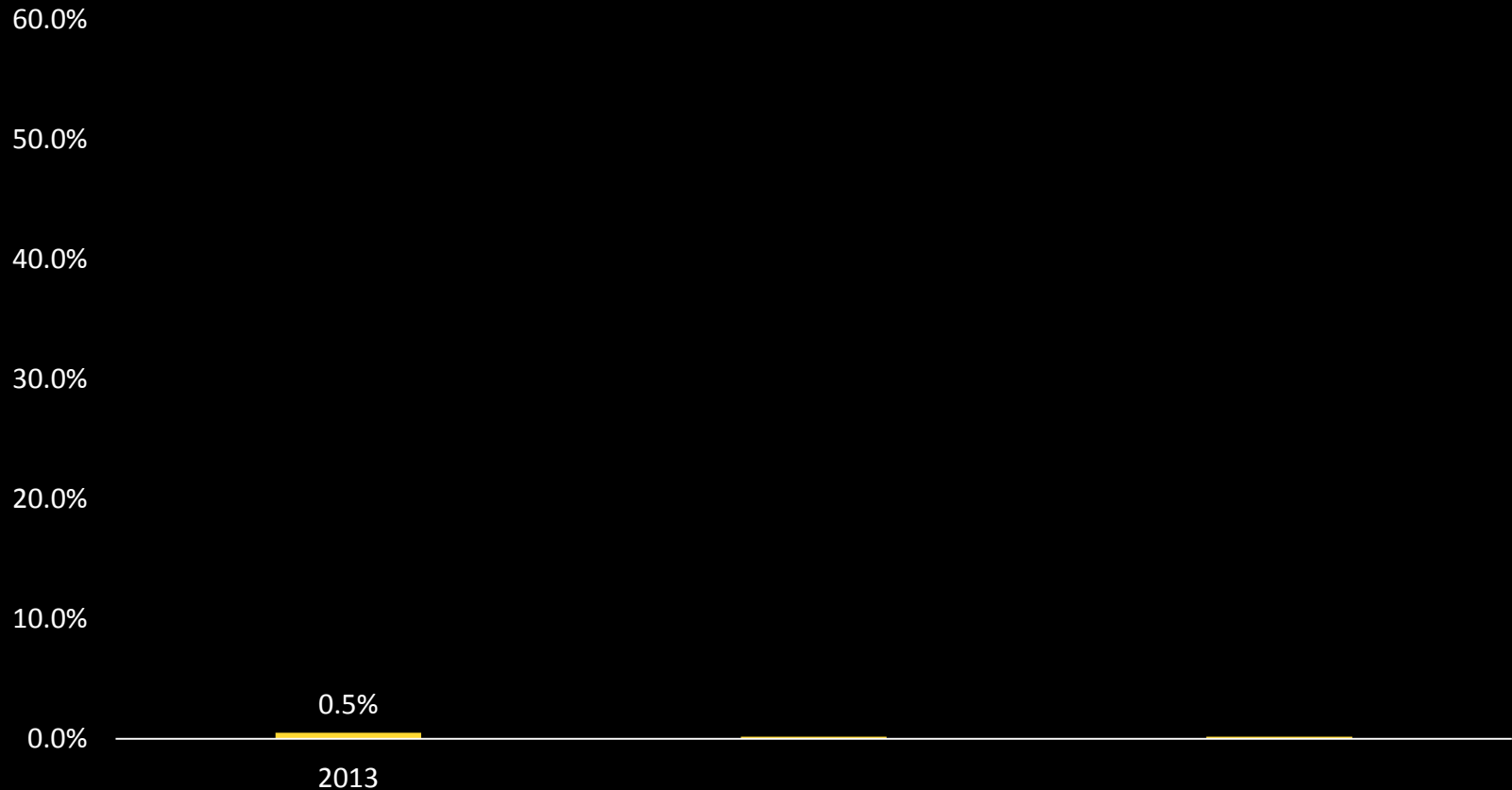
Consolidated Results from Participating Vermont Distributors of High-Performance Circulator Pumps



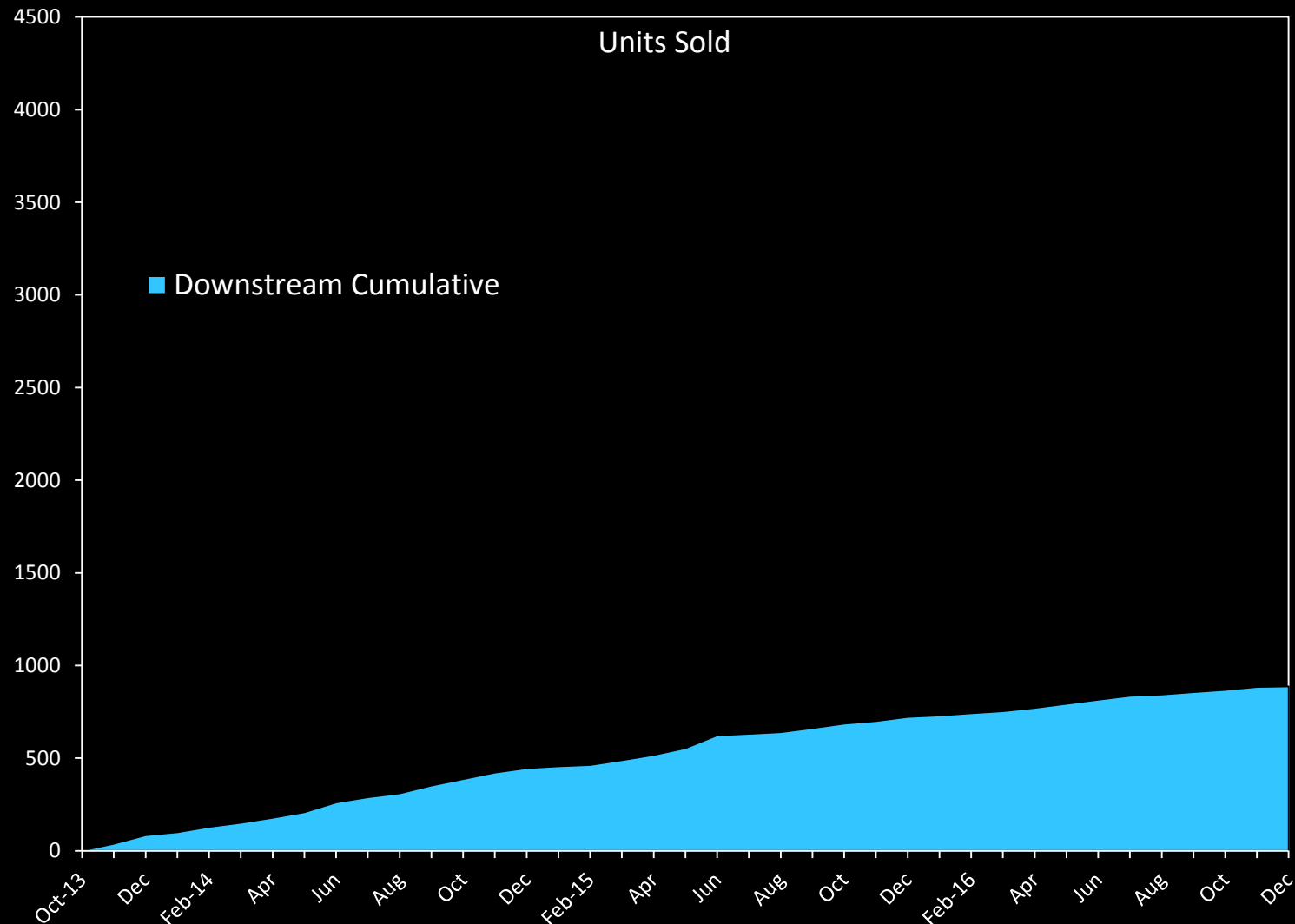
➡ Every 2.5 Days = TOTAL ANNUAL AVERAGE before Upstream Program!!

Distributor's “Before & After” Upstream

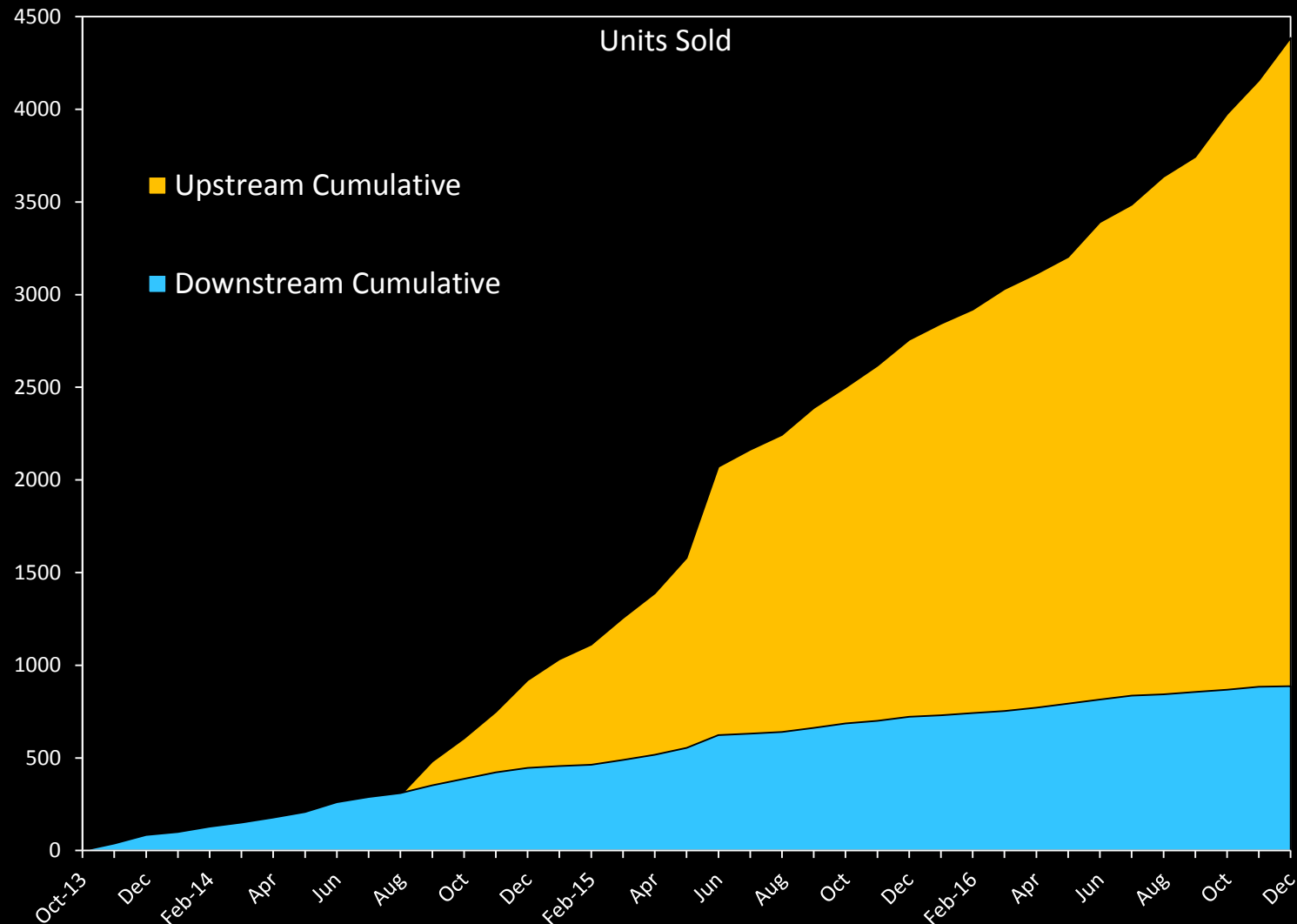
HPCP as a % of CP Sales



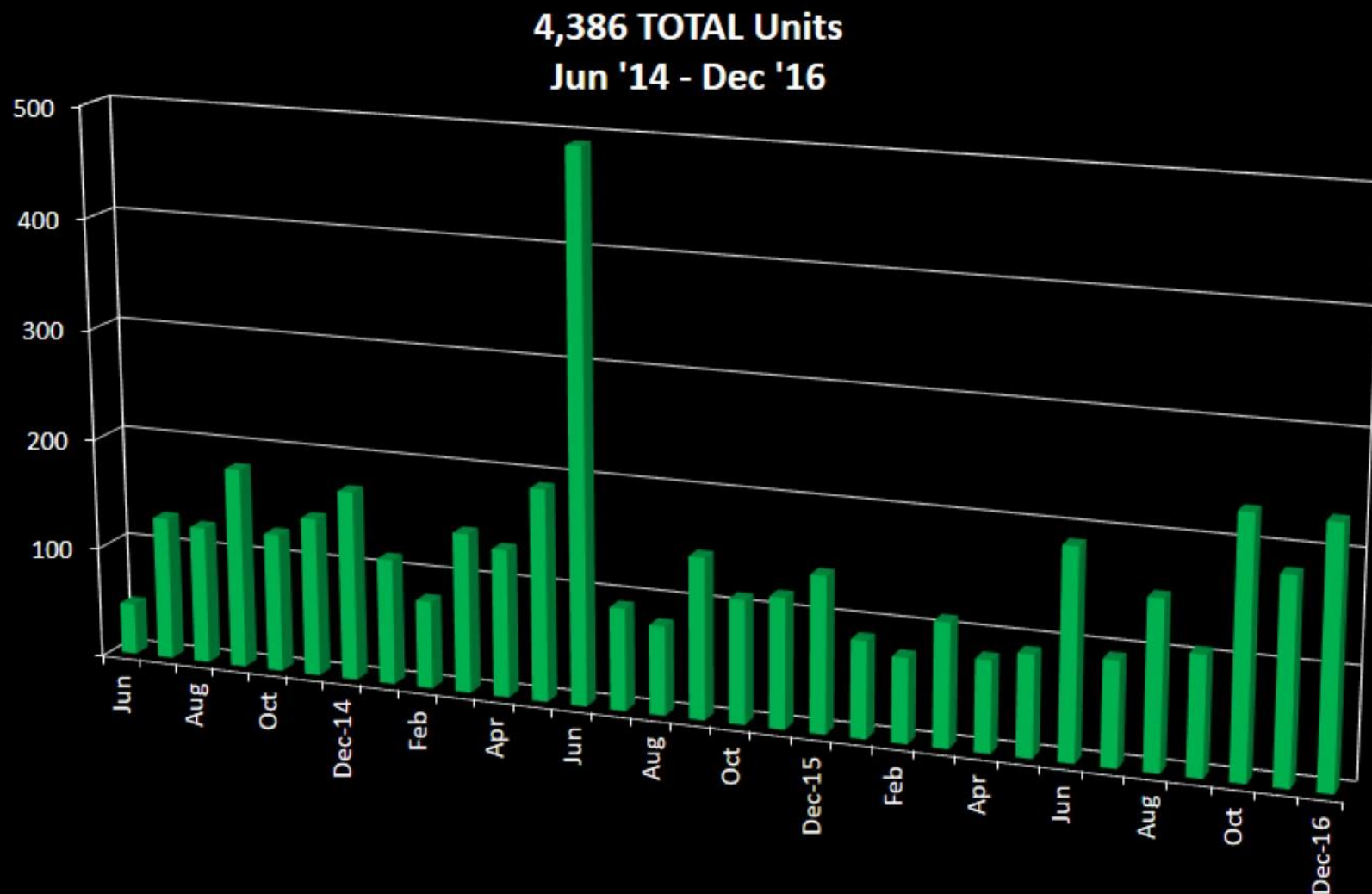
Upstream / Midstream vs. Downstream; Heat Pump Water Heaters



Upstream / Midstream vs. Downstream; Heat Pump Water Heaters

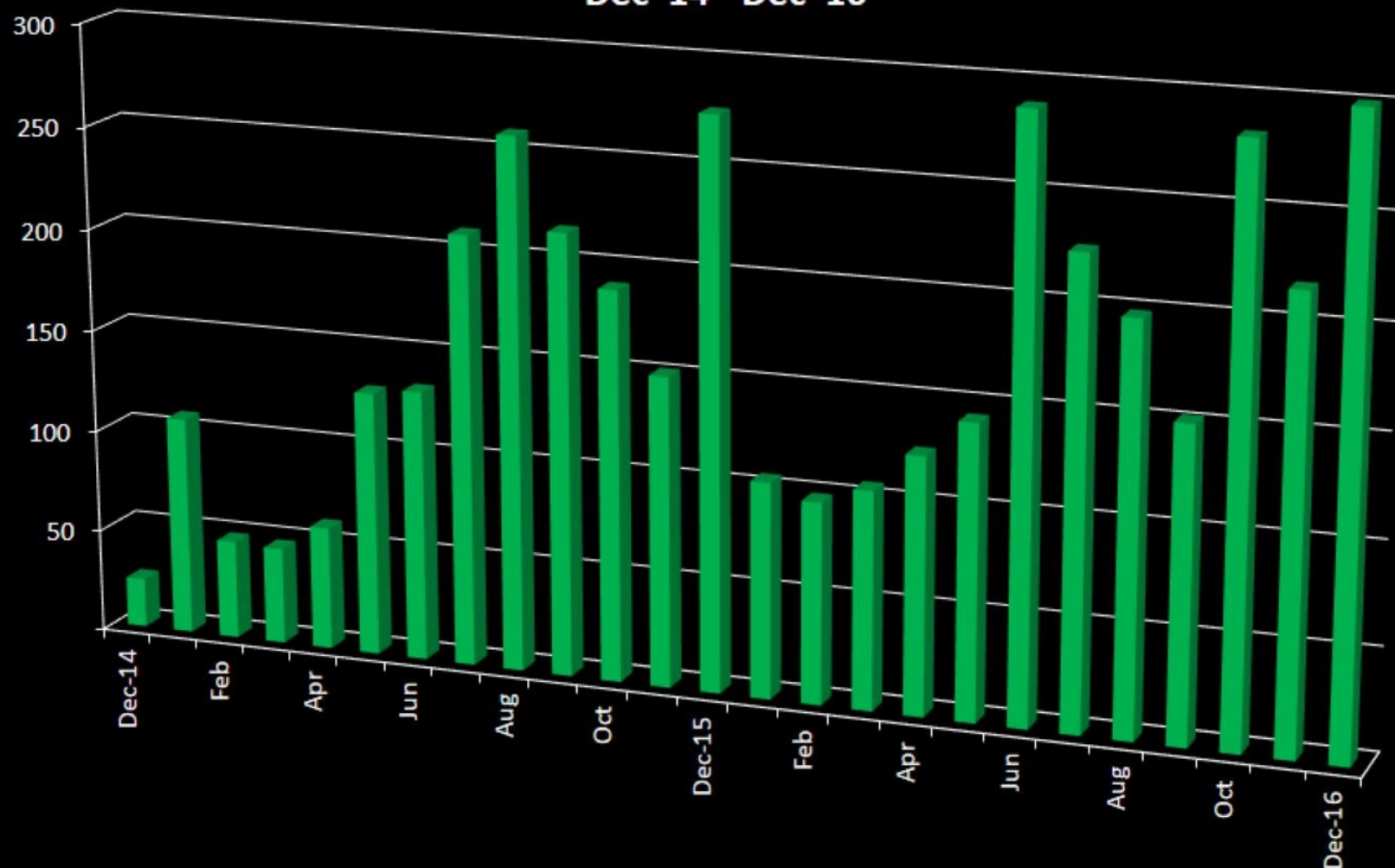


Consolidated HPWH Participating Vermont Distributors' Results

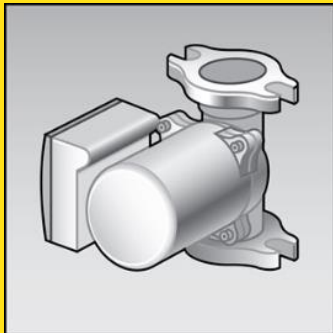




Consolidated CCHP Participating Vermont Distributors' Results

4,091 TOTAL Units
Dec '14 - Dec '16






Impact of the Upstream / Midstream Program in 2016

| | HPCP | HPWH | ccASHP |
|-------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| |  |  |  |
| Increase in Sales | 8,550% | 750% | +90% |

- 1) Business model**
- 2) Front loaded**
- 3) Strategic
partnerships**
- 4) Supply chain
management**

The National Distributed Products Platform (NDPP)

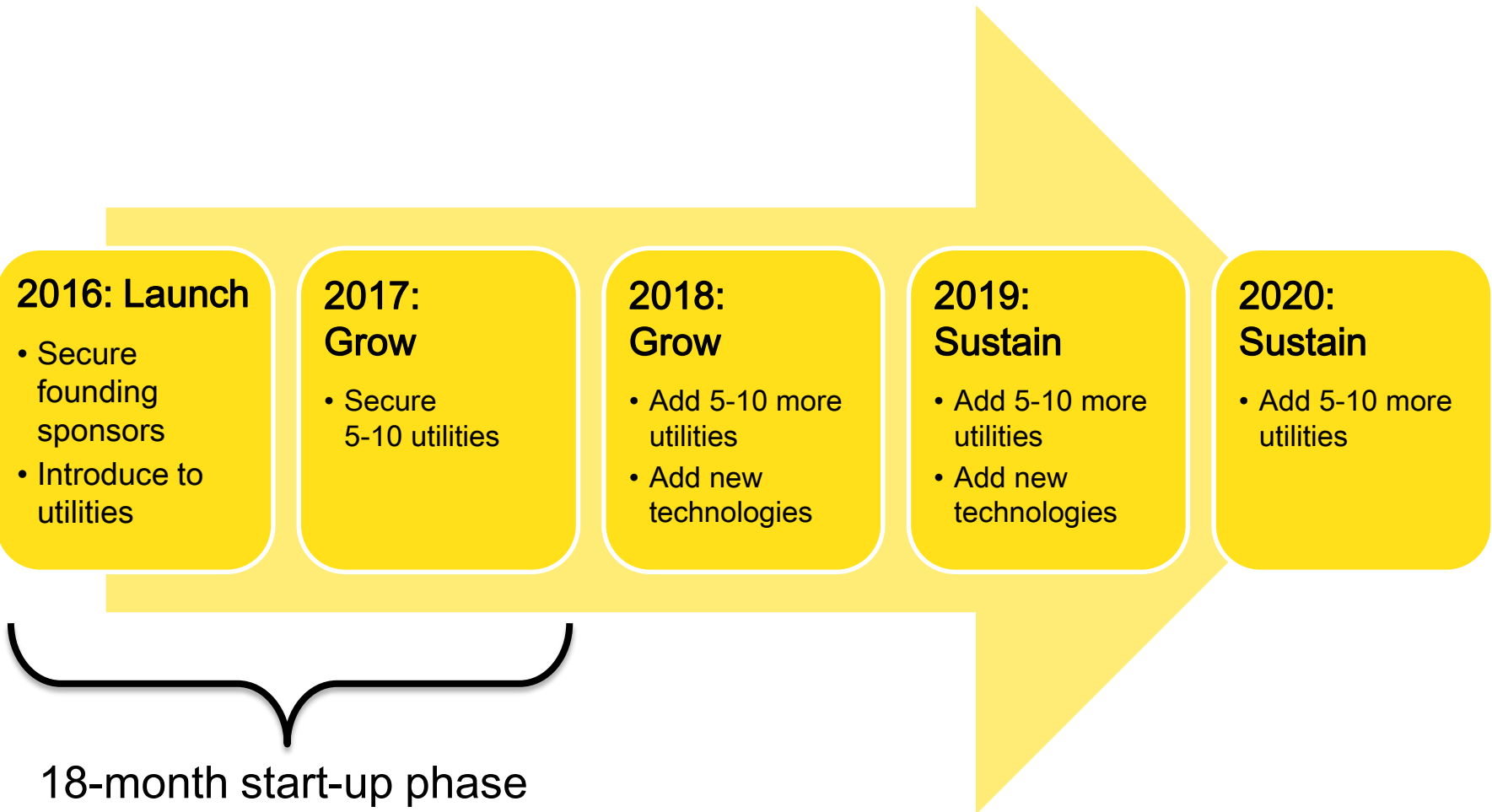
Objectives for NDPP

- Shorten timeline and reduce complexity for utility programs nationwide to launch
- Enable utility programs to accelerate product sales based on a proven upstream / midstream approach
 - *Utilities*
-  Substantially increase sales of efficient products included in the Platform
 - *Manufacturers, reps, distributors, & contractors*
-  Save energy and transform the market
 - *VEIC*

Standardized Tools and Processes

- A common set of **tools, systems, & specifications** for high-efficiency, distributed product technologies
 - Cold Climate Air Source Heat Pumps
 - Heat Pump Water Heaters
 - Unitary Pump Systems
 - Other technologies in the future
- **Formal agreements** w/ manufacturers, reps, distributors, and national & regional buying groups
- Proven approach to **map the supply chain** in a service territory

VEICs Vision for Growth of NDPP



NDPP 2017

- **New York State Energy Research and Development Authority (NYSERDA)**
 - New York ccASHP Upstream / Midstream Initiative
 - Sales & marketing of residential cold-climate high efficiency heat pumps in Con Edison service territory (i.e. NYC & Westchester County, NY)
 - 2000 Units with initial Pilot
- **NEEA (NW Energy Efficiency Alliance)**
 - ID, MT, OR, WA
 - 13.5 Million Population
 - 150 Utility Clients
 - GOAL: Grow from 6000 to 17,000 HPWH Annual Units
 - US Market = ~60,000
- **EPA ENERGY STAR Products**

Regional Heat Pump Market Transformation Initiative

Starts w/ CONSISTENCY, including:

- Program **eligibility requirements**:
 - ccASHP criteria
 - Quality installs
 - Contractor training requirements
- Upstream / Midstream **incentive approach**:
 - Instant discount through participating distributors
 - Best practice incentive design
- **Inventory**: Consistent terms to elevate supply & increase turns;
- Accounts receivables & accounts payables
 - Incentive payment timeline
- **Supply Chain engagement**:
 - Sales, Marketing, Inventory, Training (SMIT) approach
 - Streamlined communications w/ manufacturers, manufacturer reps, and Northeast Distributors

Regional Heat Pump Market Transformation Initiative

Next Steps

1. VEIC: proposing to develop a regional initiative in collaboration w/ NEEP
2. Leverage VEICs SMIT approach
3. Supply Chain engagement
 - Manufacturers / Manufacturer Representatives
 - Distributors
4. Explore funding options through '18 programs
5. We can work w/ existing program implementers as needed
6. By working together, we can achieve economies of scale & increase our impact
7. Utilities & programs that are interested in a regional initiative should contact Dave Lis or Howard Merson

Thank you!

Howard Merson
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Supply Chain Specialist/
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QUESTIONS?