

August 2, 2018

Residential Advisory Committee

Q3 2018





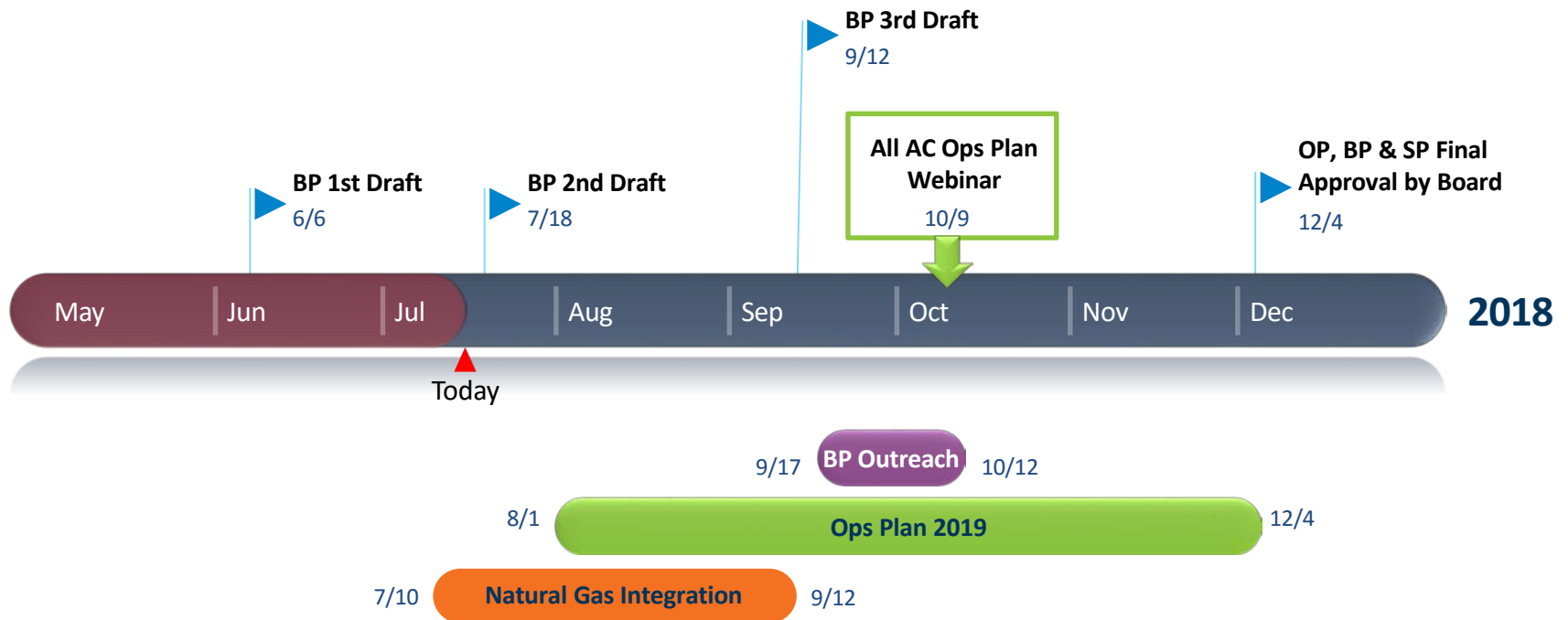
Welcome!

Agenda

Time	Topic
10:00 – 10:30	WELCOME, INTRODUCTIONS, HOUSEKEEPING
10:30 – 10:50	2019 OP PLAN & BUSINESS PLANNING UPDATE
10:50 – 11:00	BREAK
11:00 – 12:00	RPP PROGRAM UPDATES
12:00 – 12:30	LUNCH
12:30 – 1:30	HEAT PUMP WATER HEATERS UPDATE
1:30 – 2:45	RAC UTILITY ROUND ROBIN
2:45 – 2:55	BREAK
2:55 – 3:45	MANUFACTURED HOMES UPDATE
3:45 – 4:00	RETAIL ENGAGEMENT IN ERA OF DECLINING INCENTIVES
4:00 – 4:15	ENERGY STAR PARTNERS MEETING
4:15 – 4:20	PUBLIC COMMENT
4:20 – 4:30	WRAP-UP/ADJOURN

Housekeeping

Business and Operations Planning Timeline



***Break
Return at
11:00 a.m.***

August 2, 2018



Retail Product Portfolio (RPP)

Update to RAC



August 2, 2018



Retail Product Portfolio (RPP)

Update to RAC



Desired Outcomes

- Shared understanding:
 - Lessons learned from 2+ years of ENERGY STAR collaboration
 - Focus on product-specific strategies
 - Near-term portfolio and evaluation plans

Background

- Strategy Testing & Finalization phase
- Market Test Assessment (2016-17) validated program infrastructure & overall approach
- With portfolio-level strategies set, we are developing product-level strategies
- Several touch-points with Workgroup along the way

Lessons Learned

Savings Strategy

Initial
Thinking

- All products require same interventions.

What we
Learned

Adjustment

Role of Data

Initial
Thinking

- Incentives drive savings; data allows us to monitor changes in market share.

What we
Learned

Adjustment

Role of ENERGY STAR

Initial
Thinking

- NEEA joined ESRPP in order to build scale to influence retailers.

What we
Learned

Adjustment

Initiative MT Theory

Old:

- Mid-stream incentives encourage retailers to assort more qualified models of each product in the portfolio.
- Leverage points include ENERGY STAR collaboration and specifications process, DOE efficiency standards, and extra-regional scale of program participants.
- Primary diffusion point is through the influence of retailer buying decisions with manufacturers.

New and Improved:

- Mid-stream incentives provide an opportunity to **affect retail assortment** and **access to full-category sales data** for a portfolio of consumer products.
- The program develops and deploys **unique intervention strategies** that reflect the nuance of each product.
- Ultimate impact is through the **influence of specifications and standards**, which affects manufacturing of entire product category.

Product Strategies

Product Strategies – Overview

- Analysis prepared by Energy Solutions, co-funded with PG&E
 - Based on combined data set
- Sales data reveals unique MT paths for each product category (and sub-category)
- Data analysis is ONE input into the overall product strategy

Strategies – Summary

- Tracking
- Midstream Incentives
- Emerging Technology
- Measurement & Compliance
- Specification Advancement
- Standards

Product Strategies

Product	Tier	Tracking	Midstream Incentives	Emerging Technology	Measurement & Compliance	Specification Advancement	Standards
Air Cleaner	ENERGY STAR	■	■	■	■	■	■
	ENERGY STAR +30%	■	■	■	■	■	■
	ENERGY STAR +50%	■	■	■	■	■	■
Freezer – Chest	ENERGY STAR	■	■	■	■	■	■
	ENERGY STAR +5%	■	■	■	■	■	■
Freezer – Compact	ENERGY STAR	■	■	■	■	■	■
	ENERGY STAR +5%	■	■	■	■	■	■
Freezer – Upright	ENERGY STAR	■	■	■	■	■	■
	ENERGY STAR +5%	■	■	■	■	■	■
Washer – Front-Load	ENERGY STAR	■	■	■	■	■	■
	ES Most Efficient	■	■	■	■	■	■
	ES Most Efficient +5%	■	■	■	■	■	■
Washer – Top-Load	ENERGY STAR	■	■	■	■	■	■
	ES Most Efficient	■	■	■	■	■	■
	ES Most Efficient +5%	■	■	■	■	■	■
Soundbar	ENERGY STAR	■	■	■	■	■	■
	ENERGY STAR +15%	■	■	■	■	■	■
	ENERGY STAR +50%	■	■	■	■	■	■
Refrigerator – Bottom Freezer	ENERGY STAR	■	■	■	■	■	■
	ES Most Efficient	■	■	■	■	■	■
Refrigerator – Other	ENERGY STAR	■	■	■	■	■	■
	ES Most Efficient	■	■	■	■	■	■
Refrigerator – Side Freezer	ENERGY STAR	■	■	■	■	■	■
	ES Most Efficient	■	■	■	■	■	■
Room AC	ENERGY STAR	■	■	■	■	■	■
	ES Most Efficient	■	■	■	■	■	■
UHD Television	ENERGY STAR +20%	■	■	■	■	■	■
	ENERGY STAR +35%	■	■	■	■	■	■

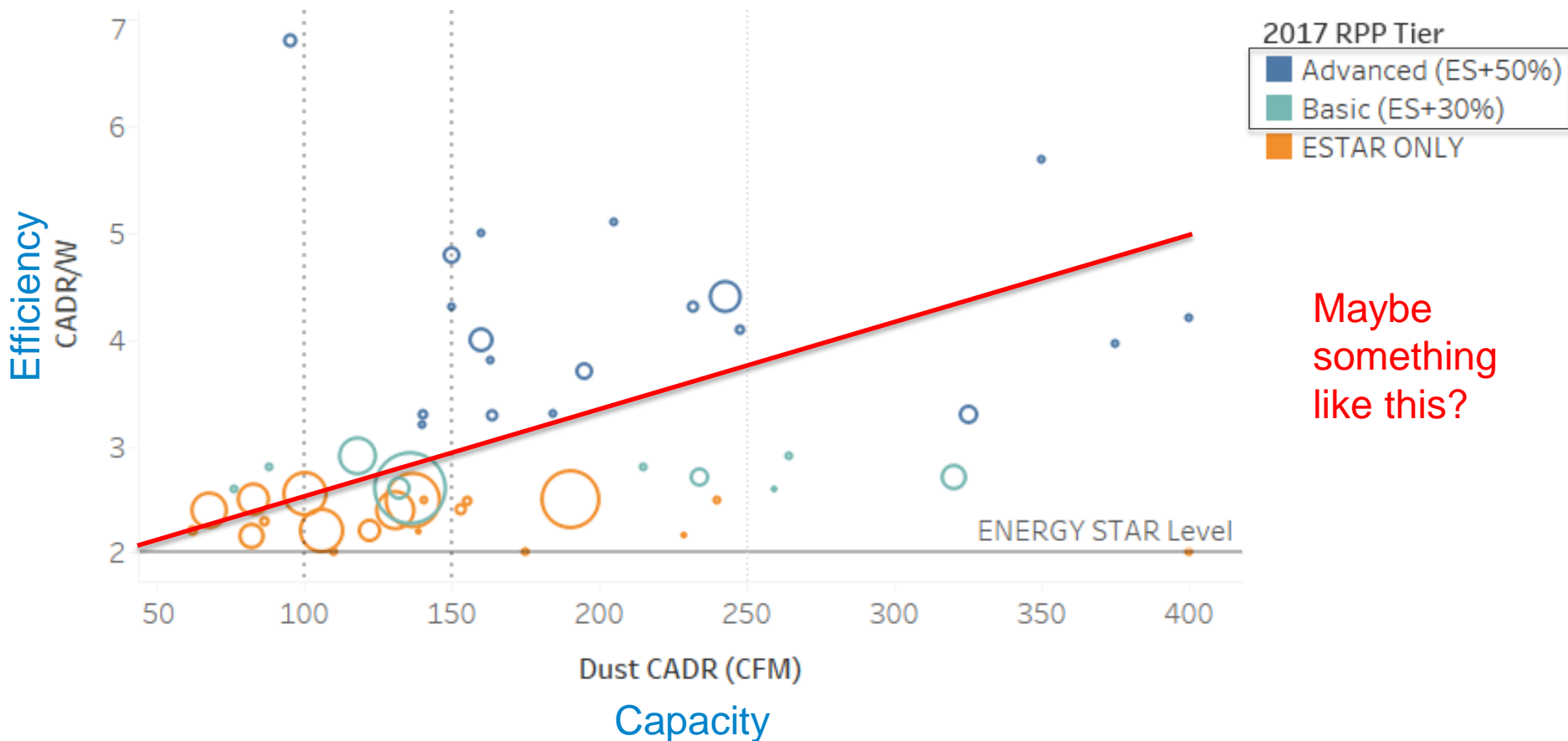
Key
■ = Key Strategy (drives savings)
■ = Supporting Strategy

■ = Future Activity
■ = Not Applicable

Air Cleaner Efficiency



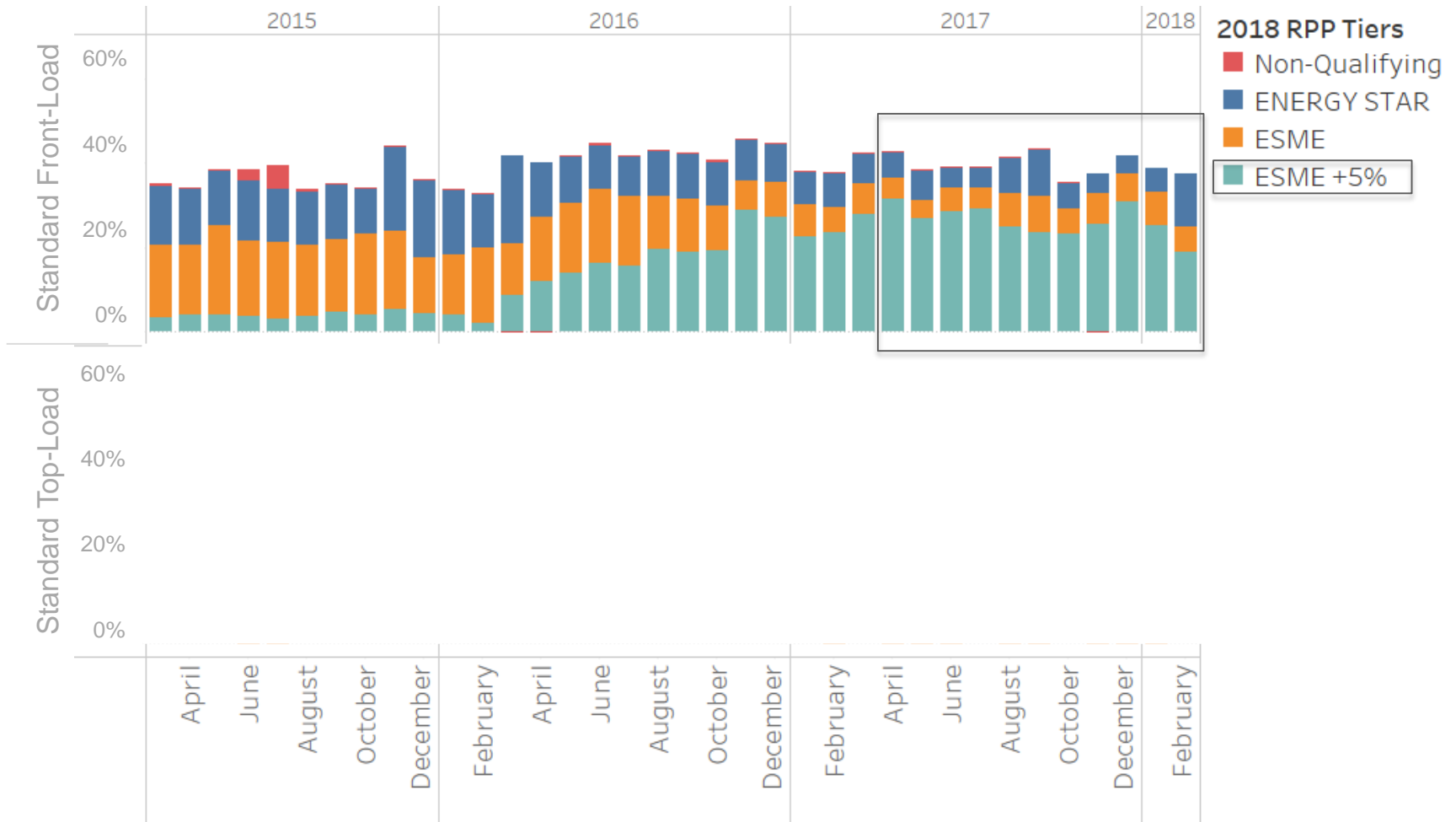
All Air Cleaners (2015-2017) Sold Through PG&E and NEEA RPP



Clothes Washer Efficiency



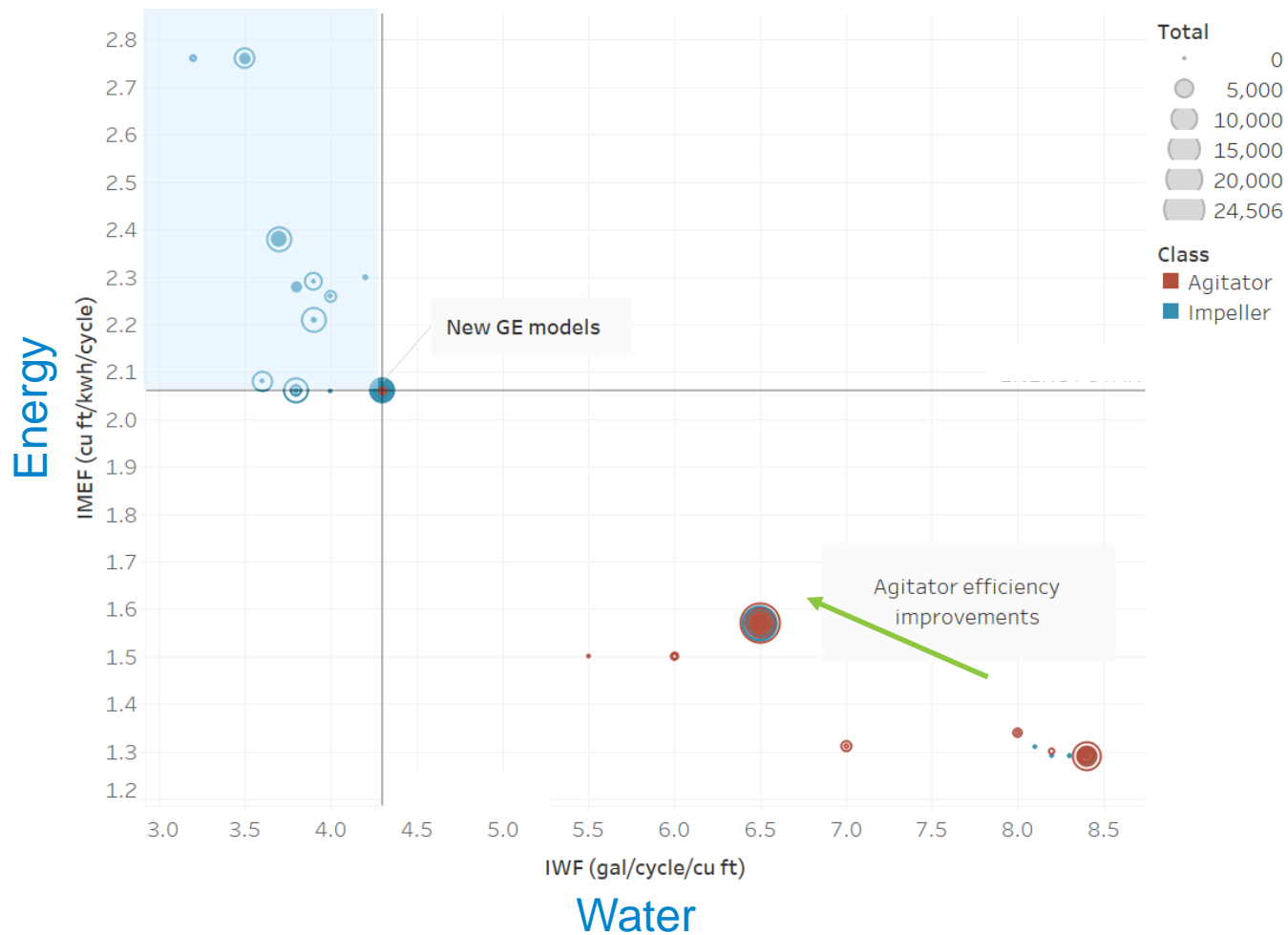
NEEA RPP Sales Data (2015-2018)



Top-loader Efficiency



NEEA RPP Sales Data (2015-2018)

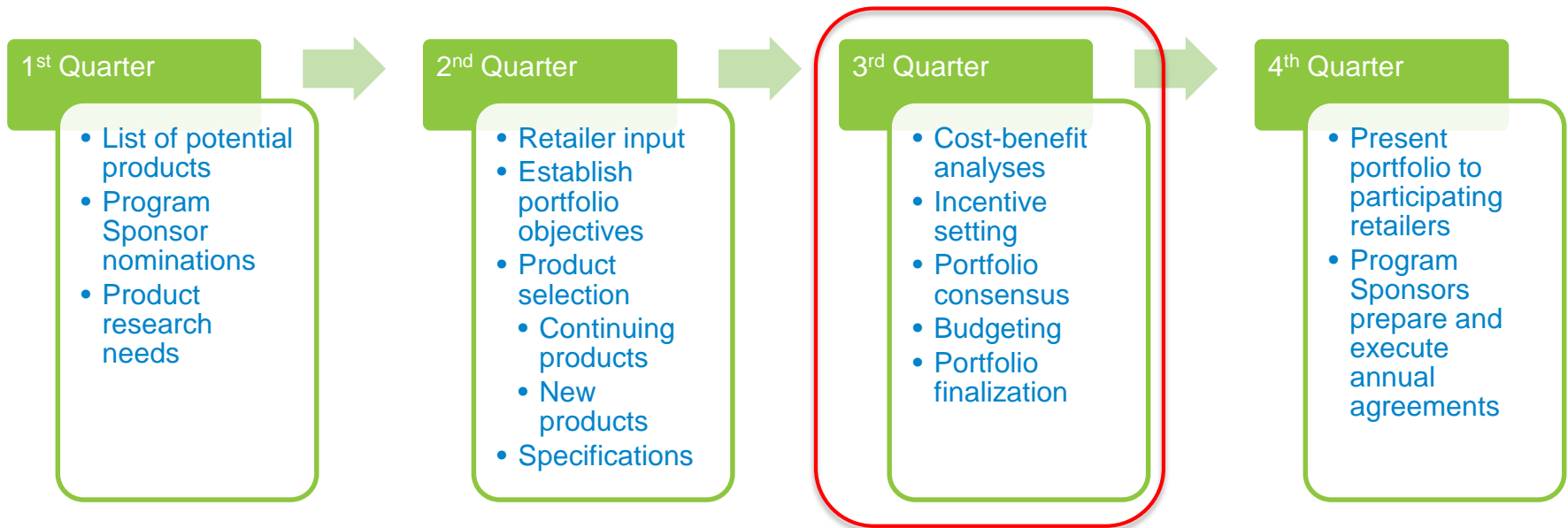


Questions?



Portfolio Update

Portfolio Management Process



2018 Portfolio = 2019 Portfolio

- Soundbar
- Freezer
- Room AC
- Air Cleaner
- Electric Dryer (advanced tier only)
- Clothes Washer (advanced tier only)
- Refrigerator (advanced tier only)
- Dehumidifier (NEEA does not offer incentives)

Questions?





2018-19 Evaluation Plan

Objectives

- Validate product-level documentation and strategy
- Identify data gaps and risks
- Confirm approach to data QC, model matching, and market share analyses
- Review baselines & corresponding savings calcs
- Product-specific research

Timing

- Follows on learnings from Market Test Assessment
- Contract kicked off in July
- Quarterly deliverables expected throughout
 - 2-3 products per quarter
- Final report expected in Q2 2019

Questions?





Thank you!

TOGETHER We Are Transforming the Northwest



Lunch is being served



corn salad



guacamole



pico de gallo



tortillas



steak



shrimp



chicken



red cabbage



lettuce



cilantro
&
onion



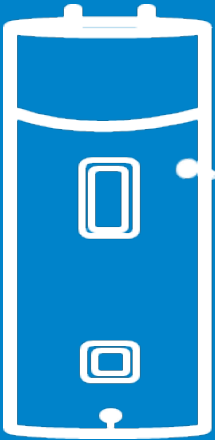
sponge cake
chocolate ganache frosting
cherry frosting/filling
crystallized flower petals

August 2, 2018



RAC Q3 2018: HPWHs

Jill Reynolds and Kyle Stuart



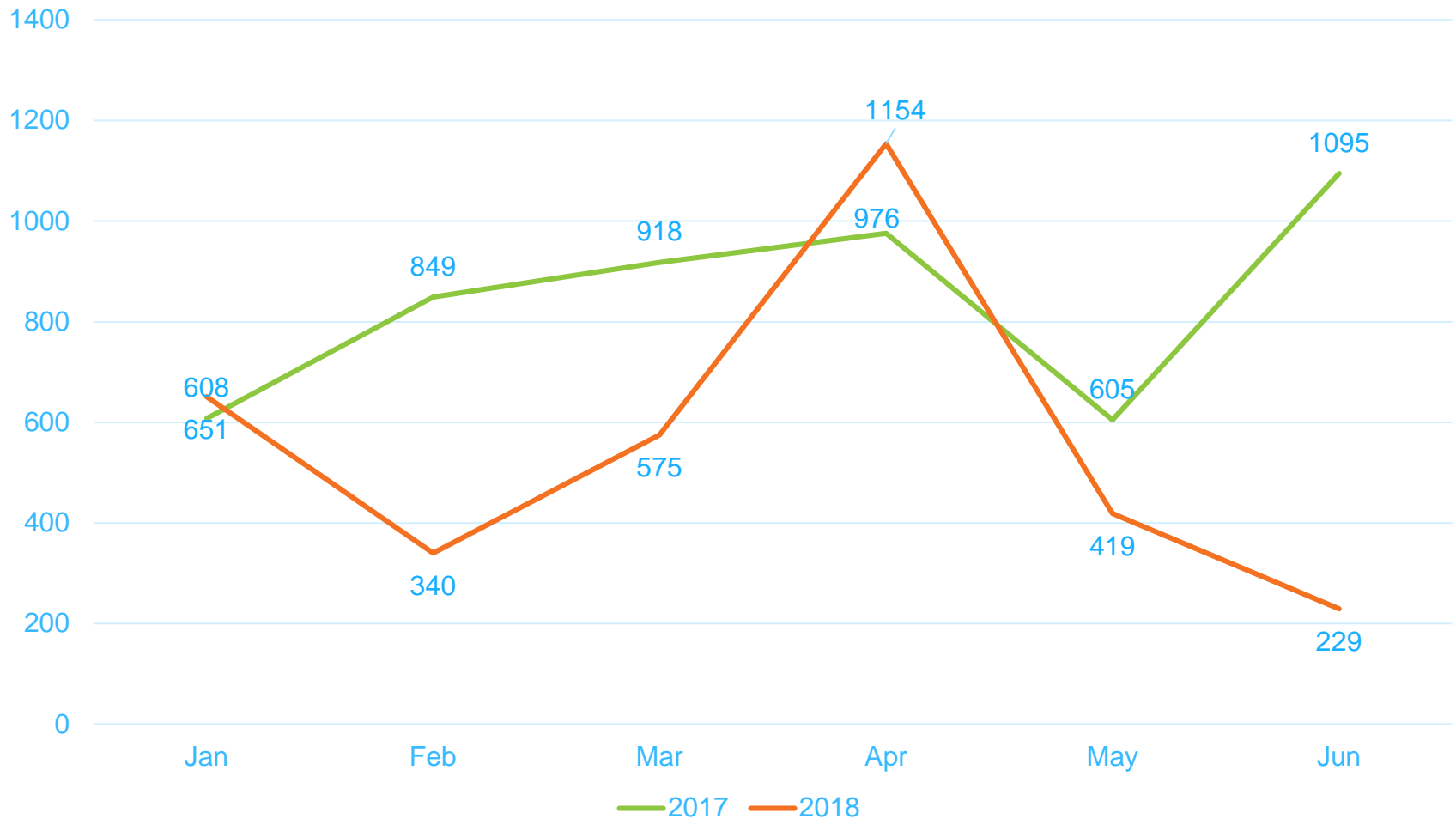
Agenda

- Sales update
- What is up with HPWH pricing?
- Installer intel



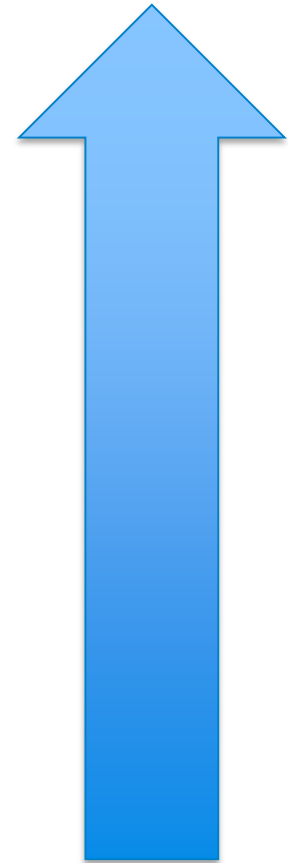
2018 progress to date - Sales

Monthly Sales 2017 vs. 2018



What Is Up With Pricing?

- 2015 – 2016: \$999
- 2017: \$1099
- 2018: \$1099 - \$13~~3~~**5**99



HPWH Pricing

- **Tax credits:** expired
- **Per unit rebates:** phased out
- **Utility midstream programs:** slow to come online
- **Steel tariff:** announced/in effect

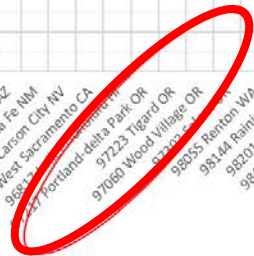
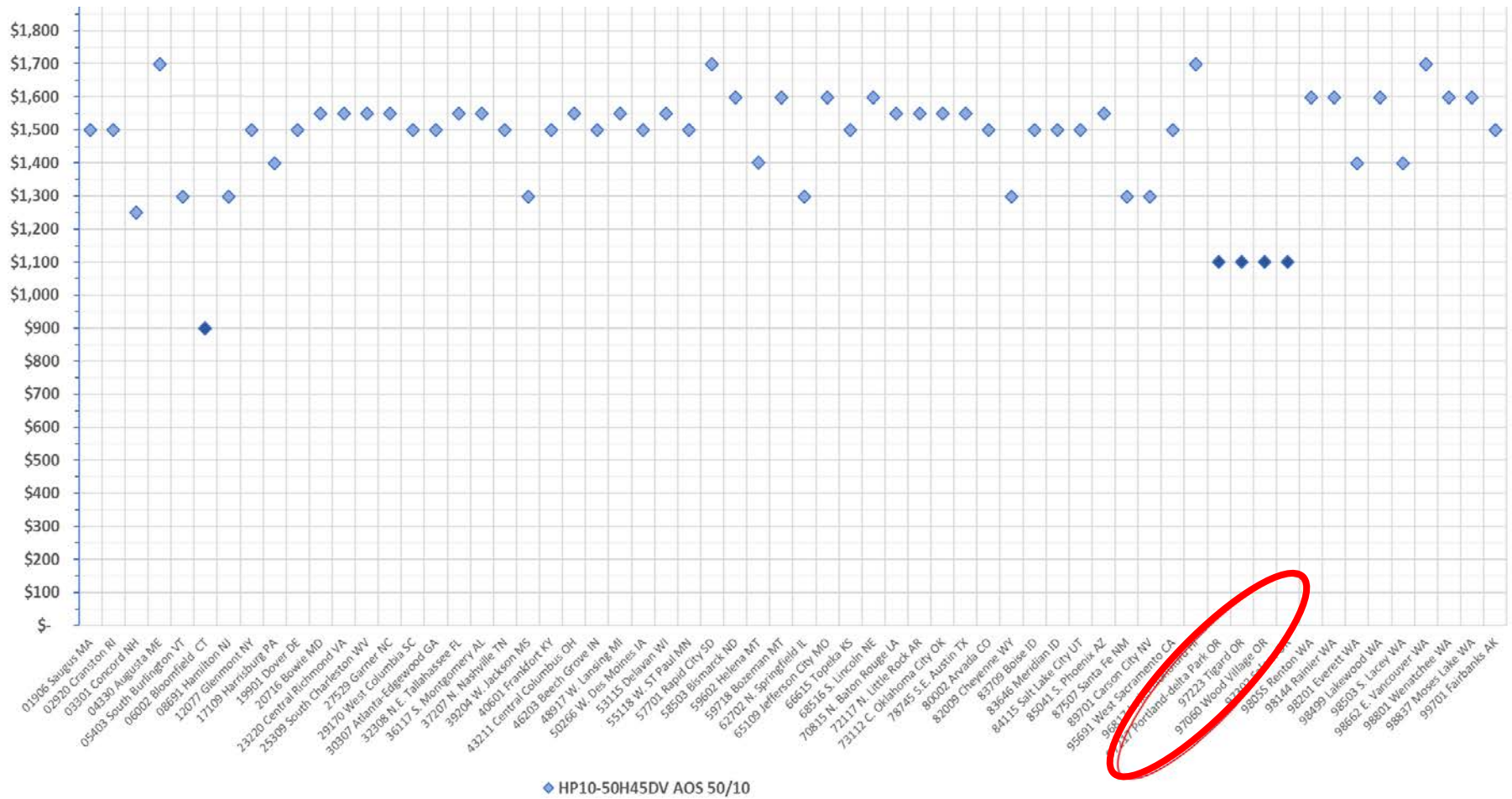
HPWH Pricing

As a result of **significantly higher steel prices** and **inflationary pressure on freight** and other costs since the beginning of 2018, the company **announced a price increase of up to 12% on its U.S. water heater products** effective in early June. The company expects the **price increase to average...10%.**

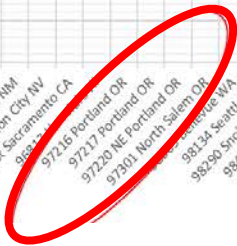
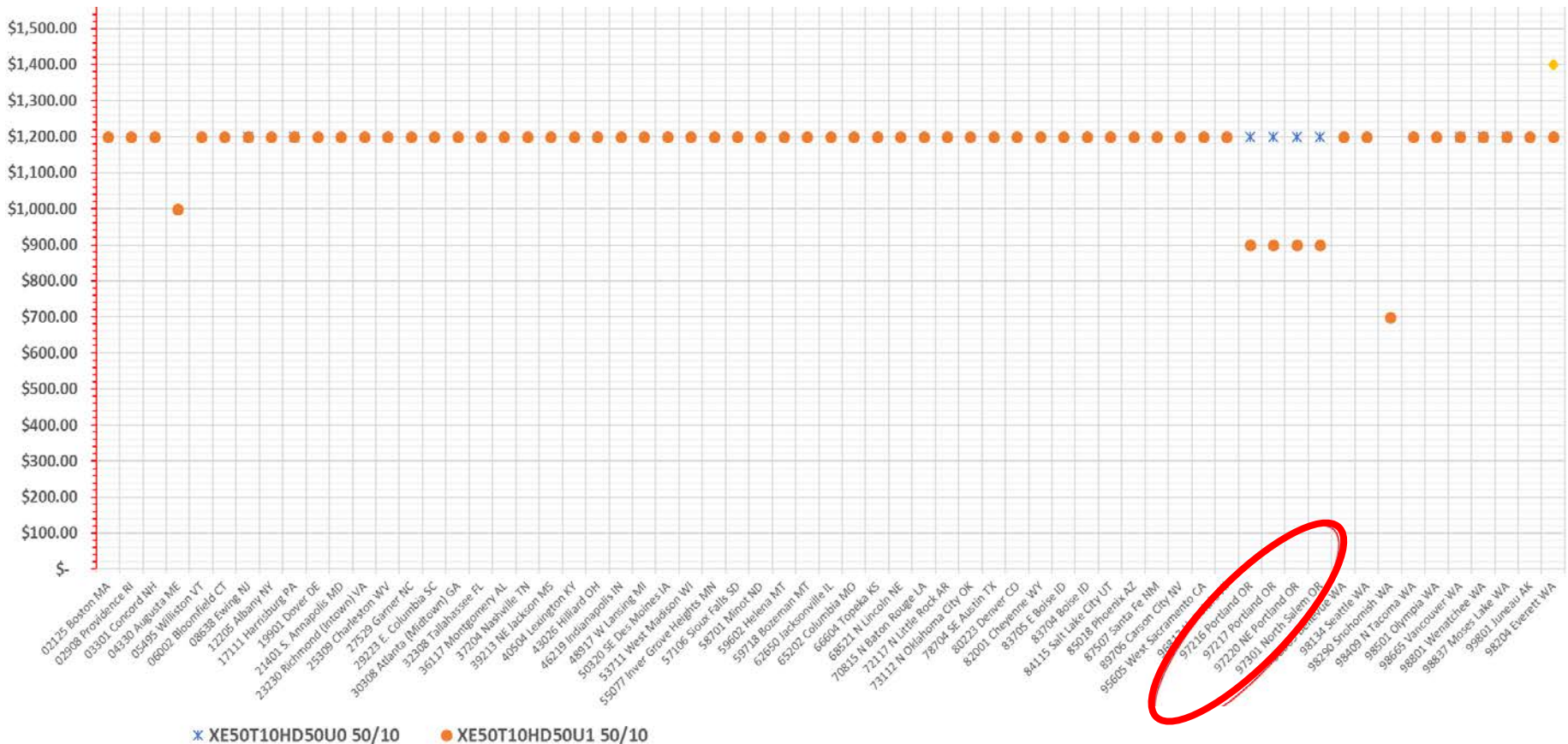
HPWH Pricing



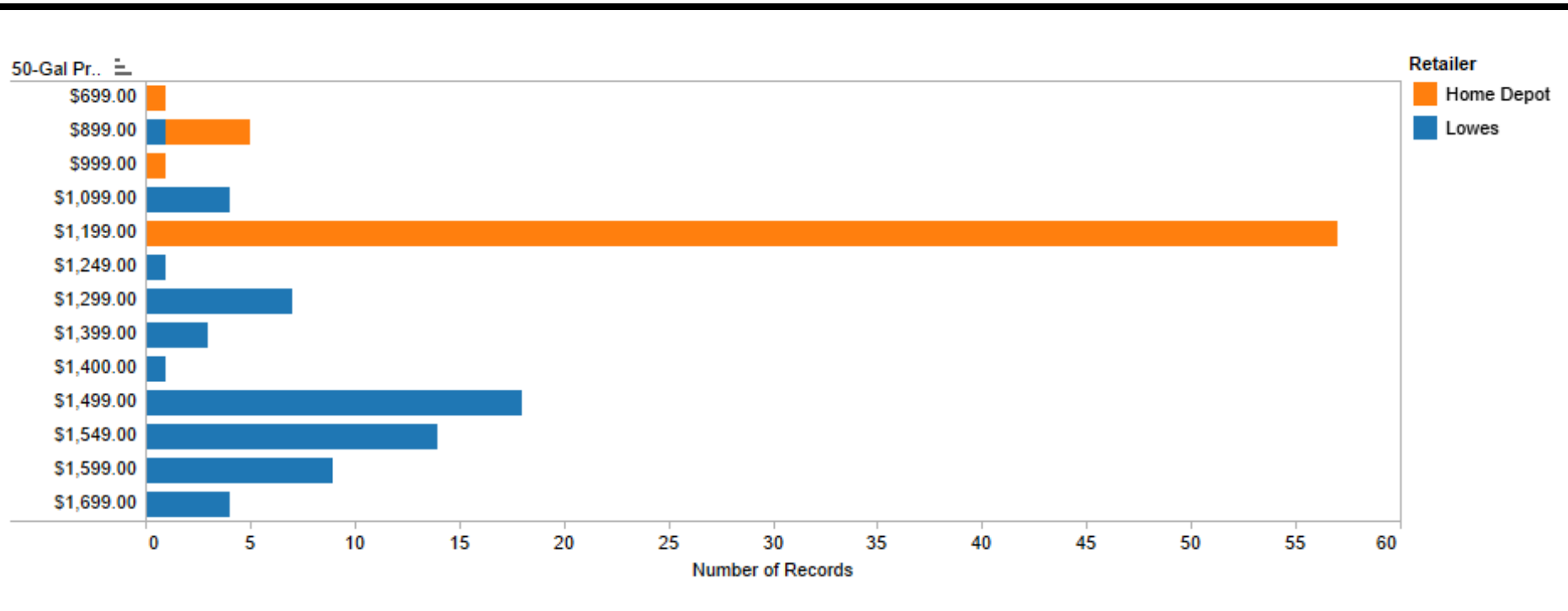
Lowes 50 Gal. Price National



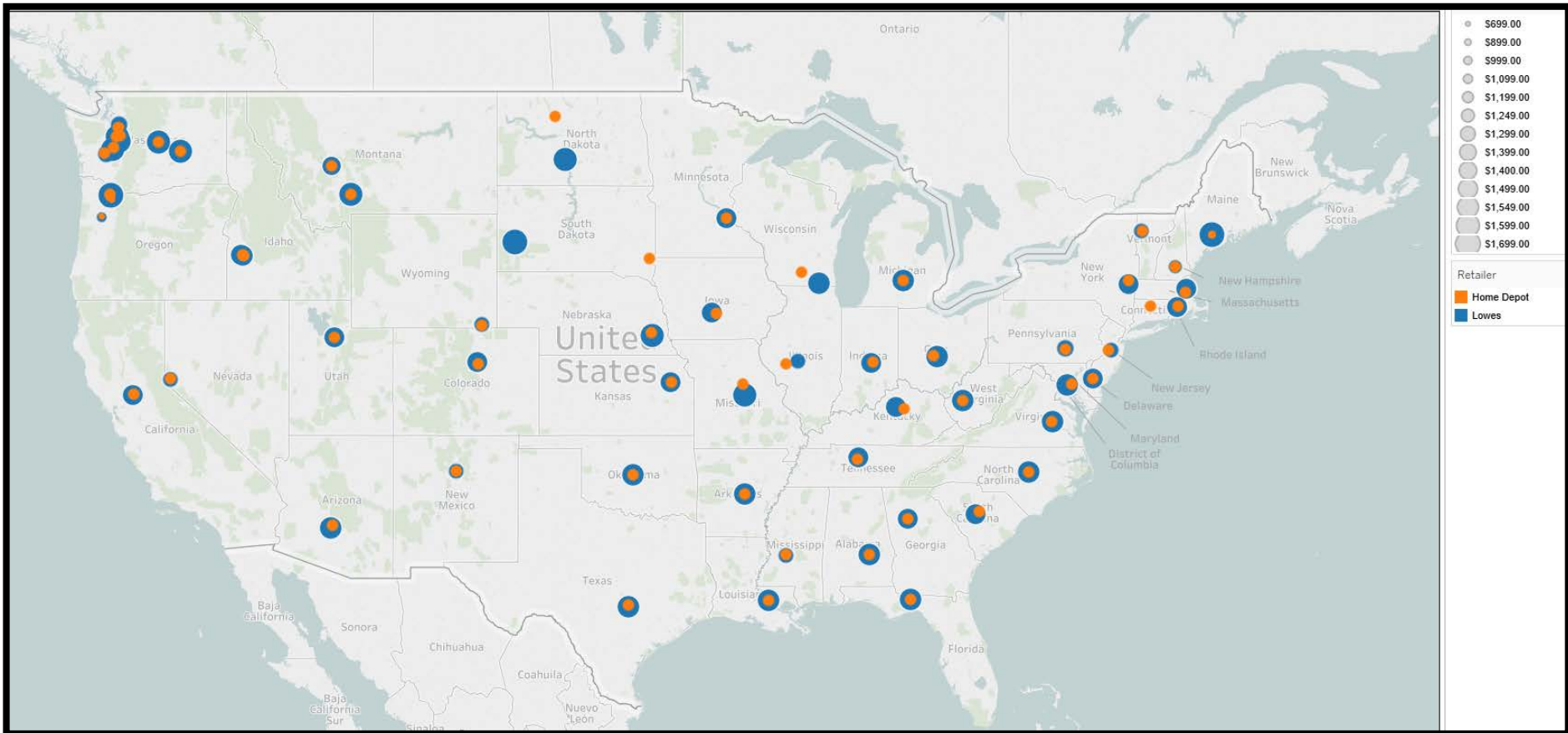
Home Depot 50 Gal. Price National



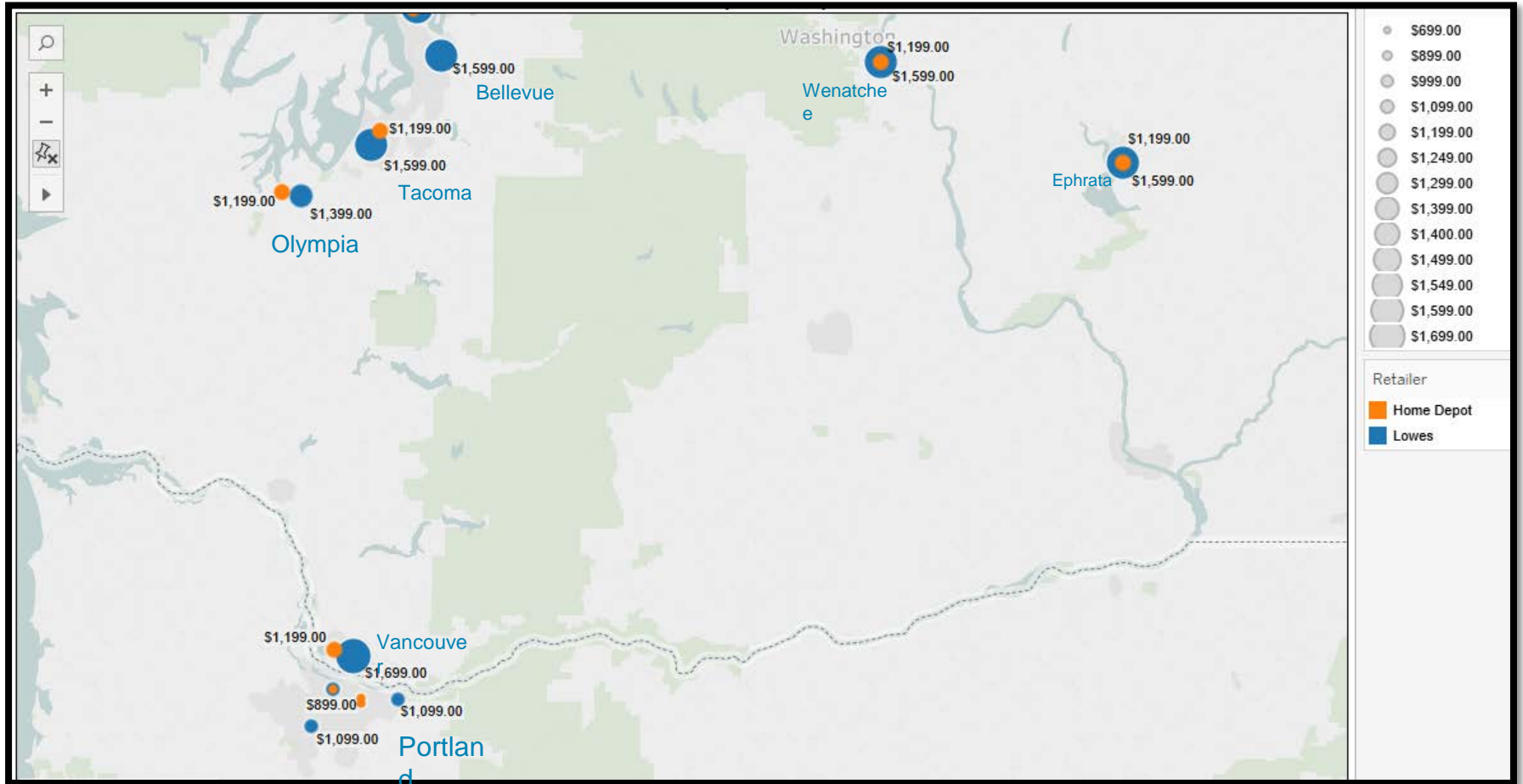
Home Depot & Lowe's 50 Gal. Price Distribution



Geographic View of Retail HPWH Price Distribution



NW Geographic View of Retail HPWH Price Distribution



Installer Intel: The Omission of Commission

Sales Influencers

- Call center commission
- Installer commission
- Sales staff commission
- Employees vs sub-contractor
- Telephone bids
- Chance of two-person sale/install
- Place in supply chain



Commission Barriers

- Outside sales staff usually get paid sales commission
- Midstream incentive may be subtracted from HPWH price before commission applied
- So...they earn less commission on a HPWH than a standard tank or a gas water heater

Fast Water Heater:



- Call center commission ✓
- Installer commission: **Only on the “extras”**
- Sales staff commission ✗
- Employees vs sub-contractor: **Employee**
- Telephone bids ✓
- Chance of two-person sale/install ✗
- Place in supply chain: **Distributor/installer**

Stan the Hot Water Man:



- Call center commission: **N/A**
- Installer commission ✓
- Sales staff commission ✗
- Employees vs sub-contractor: **Sub-contractor**
- Telephone bids ✗
- Chance of two-person sale/install ✗
- Place in supply chain: **Installer**

George Morlan:








**George Morlan
Plumbing Supply**

www.georgemorlan.com

- Call center commission: **✗**
- Installer commission: **✗** (*Union plumber*)
- Sales staff commission **✗**
- Employees vs sub-contractor: **Employee**
- Telephone bids **✓**
- Chance of two-person sale/install **✓**
- Place in supply chain: **Distributor; Retailer; Installer**

Kevin Cohen Plumbing:



- Call center commission: 
- Installer commission: 
- Sales staff commission 
- Employees vs sub-contractor: **Employee**
- Telephone bids 
- Chance of two-person sale/install 
- Place in supply chain: **Installer**

Sales Influencers by Company

	Fast	Stan	George	Kevin
Call center commission	✓	✓	✗	✗
Installer commission	✓	✓	✗	✗
Sales staff commission	✗	✗	✗	✓
Employee vs Sub	E	S	E	E
Telephone bids	✓	✗	✓	✗
2 person install	✗	✗	✓	✓
Supply chain	D; I	I	D; I; R	I

Mix & Match Solutions

- Find appropriate triggers
- Commission the right people
- Encourage conventional shops to always add HPWH as option
- Work with distributors to base commission on gross not net
- Generate traceable leads to the “right” contractors
- Customize when possible



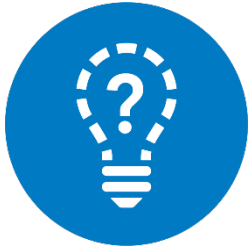
Thank You.



HPWH Consumer Marketing

August 2018

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GOAL

Increase consumer awareness of HPWHs



TARGET AUDIENCE

DIY audience – people in the mind-set of home-improvement



GEOGRAPHY

Region wide, with targeted media in select markets.



TIMING & BUDGET

July 30 – Sept. 30, 2018. \$145,000 working media

YouTube

Pre-roll video targeted to contextually relevant content & search terms



DynAdmic Video Network

Pre-roll video targeted to audience in DIY-oriented premium websites



Cable TV

Targeted cable buys in Portland Metro, Puget Sound, Spokane, Eugene/Springfield Medford/Klamath



Native / Media Partnership

Article running in relevant website, custom original content from media outlets.



CREATIVE

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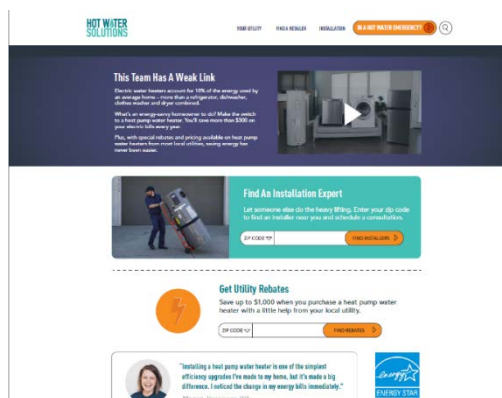


USER FLOW

PAID MEDIA



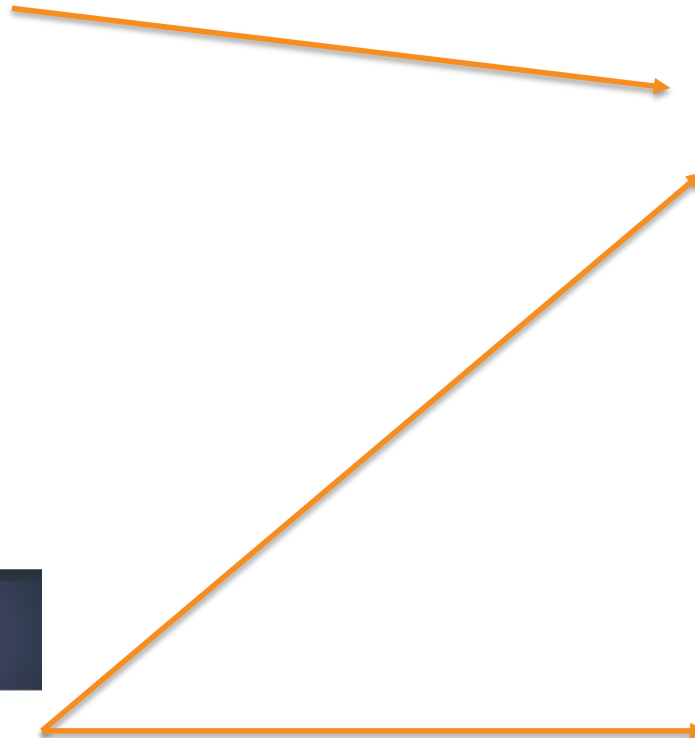
CAMPAIGN LANDING PAGE



LOCAL UTILITY



CONTRACTOR



MEDIA CALENDAR

	2018										Impressions	% of Budget		
	7/23	7/30	8/6	8/13	8/20	8/27	9/3	9/10	9/17	9/24				
DIGITAL: YouTube											estimated* 3,333,333	41%		
			WA											
			OR											
			ID											
			MT											
DIGITAL: DynAdmic Video Network											2,142,857	21%		
			WA											
			OR											
			ID											
			MT											
CABLE: HGTV, DIY Network											2,251,901	21%		
		WA**												
		OR												
DIGITAL: Native/Media Partnership												17%		
GRAND TOTAL											7,728,091	100%		

Kyle Stuart
Marketing Manger, NEEA
kstuart@neea.org

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Round Robin Share-out



Break

Please be back by 2:55

8/2/2018



NEEM 2.0 Update

Neil Grigsby, NEEA



Agenda

- Overview
- Roles & Responsibilities
- Progress to Date
- Introducing NEEM+
- Limited Promotion



NEEM-Enclature

NEEM: Northwest Energy Efficient Manufactured Homes Program

NEW: Northwest Energy Works

NEEM 1.1: existing above code specification in the NW; also known as ENERGY STAR

NEEM 2.0: the upper tier specification; also known as NEEM+

Roles and Responsibilities

NEEA:

- Upstream incentive
- Mid-stream marketing
- Utility program support
- NEEM marketing support

Utilities:

- Homebuyer incentive
- Retail Spiff (?)
- Consumer marketing

NEEM (Northwest Energy Works):

- Manufacturer technical assistance and training
- Retailer outreach/marketing delivery
- QA

NEEM 2.0: activities to date

- RTF approval: Feb 2017
- BPA IM: Oct 2017
- NEEA upstream incentive strategy:

2018-2019 Implementation Strategy

Adoption Goal
(2018 - 2019)

5-10% NEEM+

Manufacturer Incentive (from NEEA)

\$1,000/home (2018-2019)

Key Window of Opportunity
(2018 - 2019)

- Increase NEEM+ market share
- Utility NEEM+ programs
- NEEA upstream support

NEEM 2.0: activities to date

- Manufacturer Outreach
 - 8 Demonstration Homes
 - 3 Manufacturer Agreements
 - » Fleetwood Homes of Oregon
 - » Palm Harbor Homes
 - » Kit Custom Homebuilders
- Manufacturer Onboarding
 - Make option available on specific models or on all
 - Retailer NEEM+ orientation visits informing process
- Naming and Positioning
- One NEEM+ home in the pipeline



NEEM+ Positioning in the Market

Naming & Messaging



Prepared for NEEA:
Corinne McCarthy, Sr. Manager, MRE
Steve Phourides, Project Manager

Prepared by Arrow G Consulting:
Amy Greene, Principal
Jennifer Lynch, Principal
10626 Lakecove Way
Knoxville, TN 37922
(432)580-9733

***Efficient rigs in
manufactured digs;
Consumer and dealer
research on energy
efficiency in
manufactured homes***

Qualitative Research Report
Report #E17-355
July 19, 2017




NEEA | MANUFACTURED
HOME CONCEPT
MESSAGING RESEARCH


March 2018

Prepared for: Josh Pelham + Steve
Phourides, NEEA

Prepared by: Amy Greene
Wanderlust Collective Inc.



WANDERLUST COLLECTIVE



Naming & Messaging

neem

Northwest Energy Efficient
Manufactured Housing Program

Naming & Messaging



Naming & Messaging

*What about the new NEEM
2.0 spec?*

Introducing *ENERGY STAR* with *NEEM+*



Resources to align with NEEM messaging.



move into **a more comfortable future**



Maximize your investment with an ENERGY STAR® qualified manufactured home.

NEEMHomes.com



Selling ENERGY STAR® Qualified Manufactured Homes

Key Features and Benefits



00:01



2018 Limited Promotion

Opportunity

Upgrade purchased ENERGY STAR (NEEM 1.1) to NEEM+ at no additional charge to homebuyers.

Retailer/Manufacturer/Homebuyer Benefits

Manufacturer

- » Experience building NEEM+
- » Additional incentive bonus

Retailer

- » Hero status
- » Increased knowledge of NEEM+

Homebuyer

- » Free upgrade to NEEM+
- » Bragging rights
- » Offer Homebuyer NEEM+ incentive
- »

Utility

- » Energy savings from NEEM+

Regional Benefits

- NEEM+ 2018 Market Share : 3%
- Manufacturer experience building NEEM+
- Validation of NEEM+ to Manufacturers & Retailers
- Testimonials from NEEM+ homeowners
- Detailed cost data
- Homeowner utility data
- NEEM+ word of mouth

Timeline

August: Outreach to Manufacturers

September: Identify NEEM 1.1 Pipeline Homes

September: Work with retailers to contact homebuyers

October – December: NEEM+ production

Thanks!

Neil Grigsby, ngrigsby@neea.org

Josh Pelham, jpelham@neea.org

TOGETHER We Are Transforming the Northwest



Retail Engagement in Era of Declining Incentives

Energy Star Partners Meeting

August 2, 2018

Public Comment & Wrap-up

Eugene Rosolie

