

**Out of the Factory, onto the Truck,  
and into the House:  
Addressing the Barriers in the Water  
Heating Supply Chain**

October 16, 2008  
1:30 PM – 3:30 PM Central



**Working Together, Advancing Efficiency**

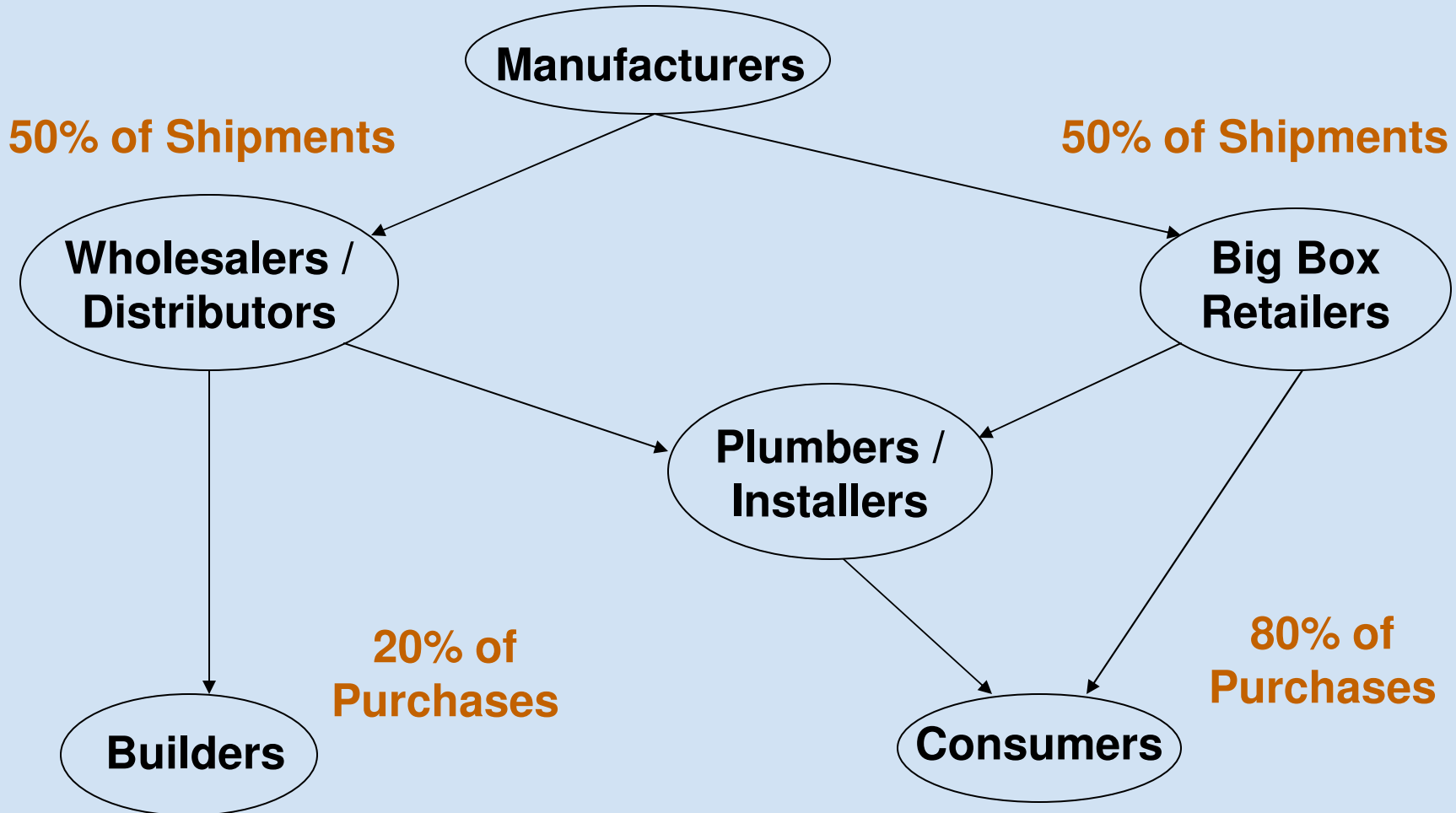
# Agenda

- Introductions
- Market Structure – our current understanding
- Technical Challenges
- Role of Energy Efficiency Programs

# Ground Rules

- 100% Participation – Please stay off of email
- Punctuality – We will begin & end on time
- Off topic issues & questions will be recorded in a parking lot for future discussion
- We acknowledge when consensus is reached and move on
- All ideas are valid and valued
- Meeting closure outlines next steps and actions
- This meeting will be held according to CEE Guidelines for Program Meetings

# Our Current Understanding of a Water Heater's Path to Market



KEMA, 2006. "Residential Water Heater Market" for NEEA

# Market Barriers Identified by CEE High-Efficiency Residential Gas Water Heater Initiative

- Plumbers Contractors, Builders, Developers and Retailers often do not have the appropriate marketing tools or do not see the value in selling high-efficiency equipment.
- Consumers are unaware of the benefits of investing in high-efficiency equipment.
- Potential for higher upfront cost.
- Split incentives – builders and developers versus homebuyers.
- Lack of reliable and objective sources of information regarding water heating options.

# Market Barriers Identified by CEE High-Efficiency Residential Gas Water Heater Initiative

- Plumbers Contractors, Builders, Developers and Retailers often do not have the appropriate marketing tools or do not see the value in selling high-efficiency equipment.
- Consumers are unaware of the benefits of investing in high-efficiency equipment.
- Potential for higher upfront cost.
- Split incentives – builders and developers versus homebuyers.
- Lack of reliable and objective sources of information regarding water heating options.

**These are being addressed by the Rebates**



**Working Together, Advancing Efficiency**

# Market Barriers Identified by CEE High-Efficiency Residential Gas Water Heater Initiative

- Plumbers Contractors, Builders, Developers and Retailers often do not have the appropriate marketing tools or do not see the value in selling high-efficiency equipment.
- Consumers are unaware of the benefits of investing in high-efficiency equipment.
- Potential for higher upfront cost.
- Split incentives – builders and developers versus homebuyers.
- Lack of reliable and objective sources of information regarding water heating options.

**These are being addressed by the CEE Campaign for ENERGY STAR Water Heating.**



**Working Together, Advancing Efficiency**

# Other Potential Market Barriers?

- What other barriers exist?
- Which are cross cutting?
- Lack of Installer familiarity with advanced technologies?
  - Tankless Water Heaters
  - Venting Upgrades
  - Condensing technologies

# Quality Installation for Residential HVAC began humbly

- Technician training
- Support NATE Certification
- Manual J Requirement
- In-field Verification
- Consumer Education (bill inserts, web)



# HVAC QI Developed in Cooperation with ACCA



- Specification adopted by ACCA
- ACCA now developing Verification Protocols
  - Verification approaches and frequency
  - Dispute resolution
  - Verifier skill sets/characteristics
  - Necessary administration and oversight

# QI Concerns for Efficiency Program Administrators

- National Specification for Installation
- Verification and Quality Assurance
  - Who and How?
- Who designates “Qualified” Techs and Contractors
- How to Effectively Build Consumer Demand
  - Brand or Label (ENERGY STAR?)
  - Support the quality contractor
  - Consumer education and marketing

# Is There a Need and an Opportunity For Quality Installation in Water Heating?



# What is the Role of Energy Efficiency Programs?

For Each Barrier

- Is this barrier best addressed collectively?
- What role should Energy Efficiency Programs take in addressing it?