March 16, 2022

Heat Pump Market Strategy

WE ARE MASS SAVE®:

	Customer Awareness and Acceptance	Contractor Enablement	Manufacturer / Distributor Engagement
Goal	Create demand pull from fossil fuel heating customers for heat pump technologies	Drive enhanced high quality installation capacity and create a primary demand generation channel	Create allies and co-investors in driving all pillars of the market transformation strategy
Core Techniques	• Enhanced understanding of current perceptions • Coordinated statewide activities to change perceptions where needed • Enhanced, targeted customer education and activation channels	• Enhanced understanding of current perceptions • Creation and investment in heat pump installer network • Alternative residential rebate and participation pathways • Training enablement, tools and promotion	• Send clear market signals around future of HVAC in the Commonwealth • Demand generation for existing training / certification pathways • Alternative rebate and participation pathways • Changes in stocking practices and levels
Core Measurements	• Changed perceptions • Customer engagement with tools and channels	• Changed perceptions • Contractor participation • Certified installer growth	• Training / certification throughput • Growth in contractor networks • Stocking practices

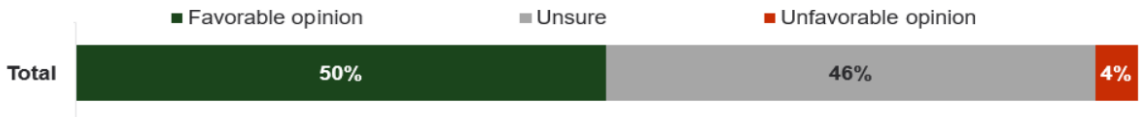
Customer Awareness and Acceptance

Understanding Residential Market Perceptions

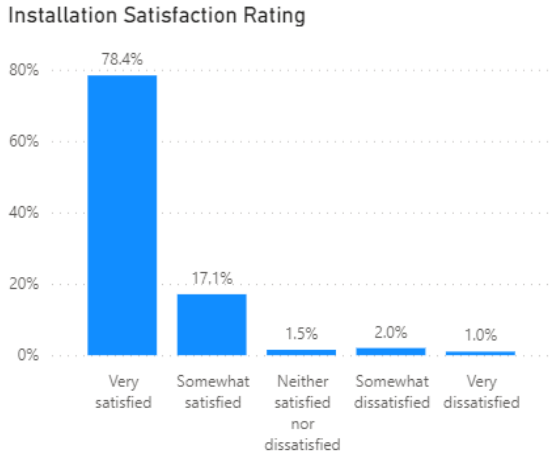
Overall Familiarity with Heat Pumps

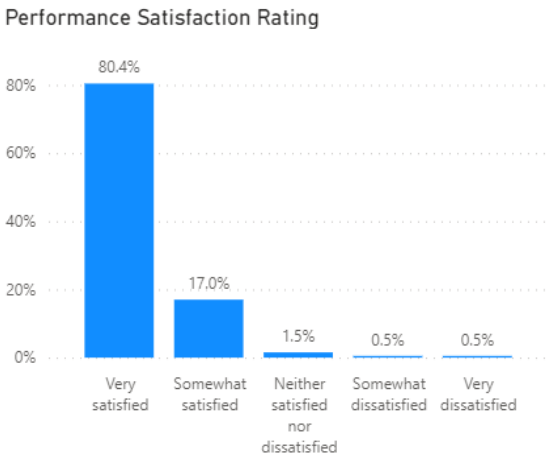
Very familiar	16%
Somewhat familiar	31%
Not too familiar	27%
Not at all familiar	27%
Not too familiar/Not at all familiar	54%

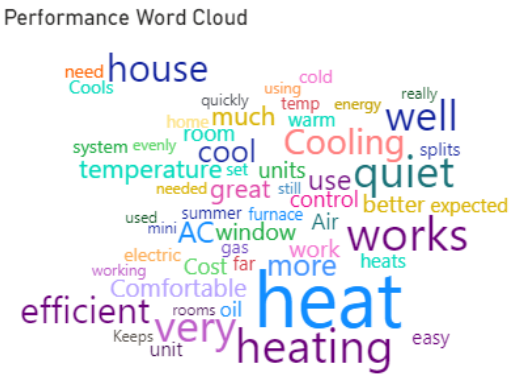
Sentiment Towards Heat Pumps



Post-Installation Satisfaction







Customer “pulse” surveys have been introduced to track changes in perceptions both pre-and post-installation

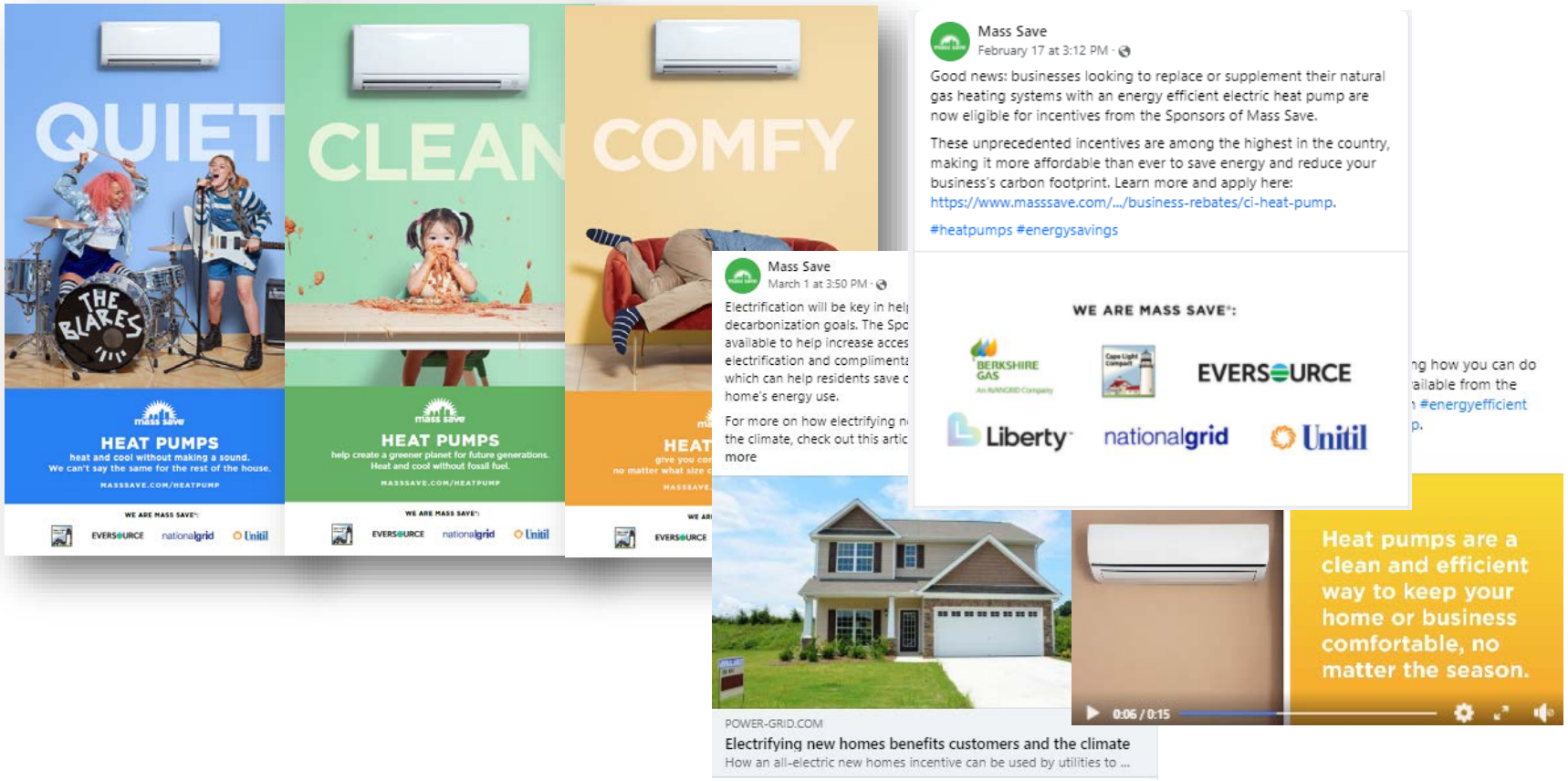
Heat Pumps are offered in all customer segments...but there are nuances in strategies

Residential 1-4 units	➢ Oil, propane, electric resistance and gas conversions ➢ Prescriptive approach	➢ Will target all heating fuel conversions, but message will vary depending on fuel/other customer attributes. For example, messaging to customers who heat with: ➢ oil/propane/electric resistance will focus on economic benefits ➢ gas will focus on non-economic benefits
Residential 5+ units	➢ Oil, propane, electric resistance, and gas conversions, moving to prescriptive approach ➢ Facilitated approach	
Commercial & Industrial	➢ Oil, propane, electric resistance, and gas conversions ➢ Prescriptive approach for projects <50 tons ➢ Custom approach for larger, more complicated projects	
Moderate income	➢ Enhanced incentives for oil, propane and electric resistance conversions ➢ Prescriptive approach	➢ Will target oil, propane and electric resistance conversions ➢ Messaging will focus on economic benefits
Income eligible	➢ Oil, propane, electric resistance conversions ➢ Facilitated approach	

- **Each customer segment is unique and go to market channels aimed at driving customer awareness and acceptance will vary for each**
- **The importance and benefits of weatherization will be part of all go to market strategies**

Statewide Marketing and Outreach

General awareness campaigns



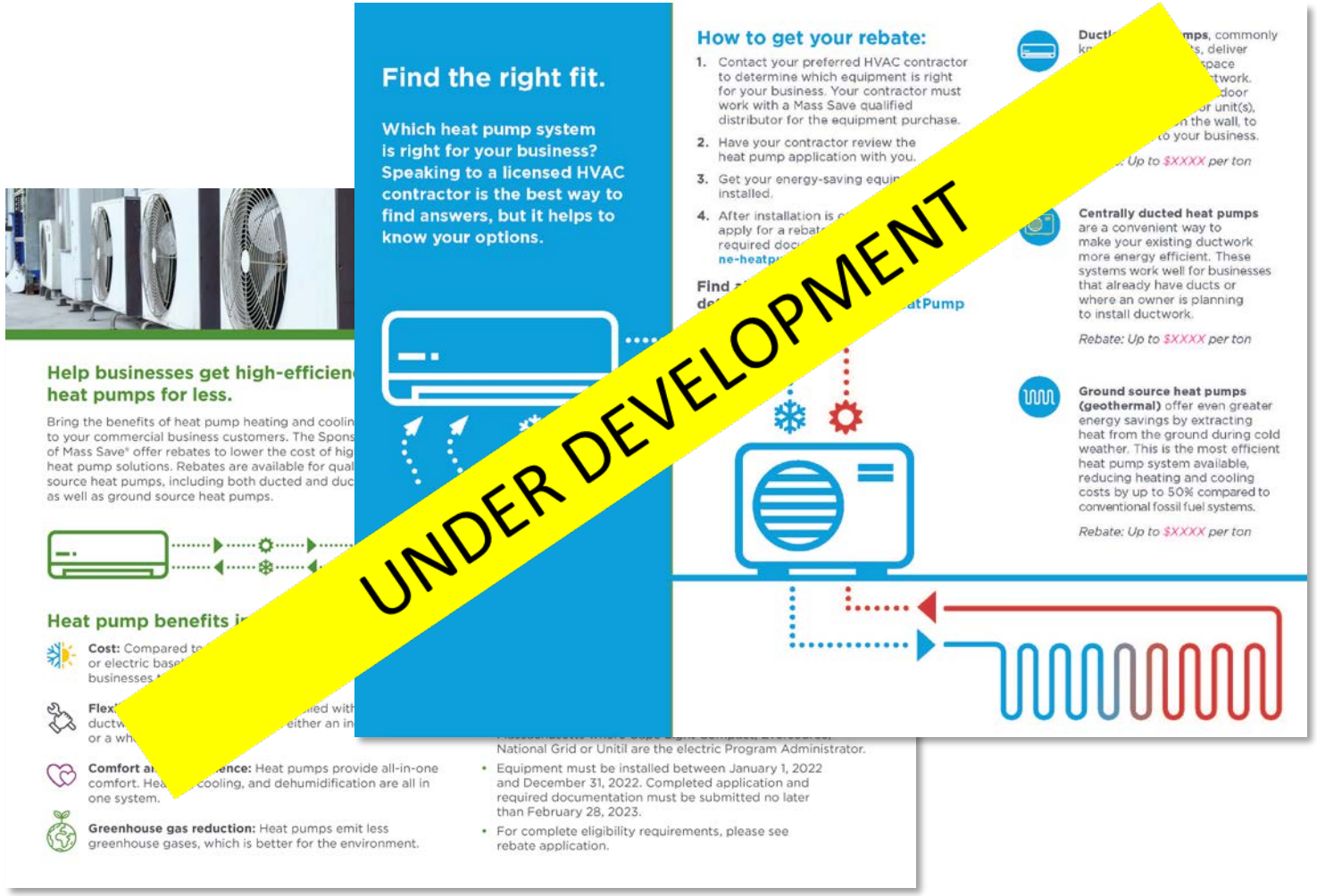
Program offer promotion

Mass Save® heat pump campaigns currently in market across multichannel marketing platforms including billboards, signage, and social media

Statewide Commercial Marketing and Outreach

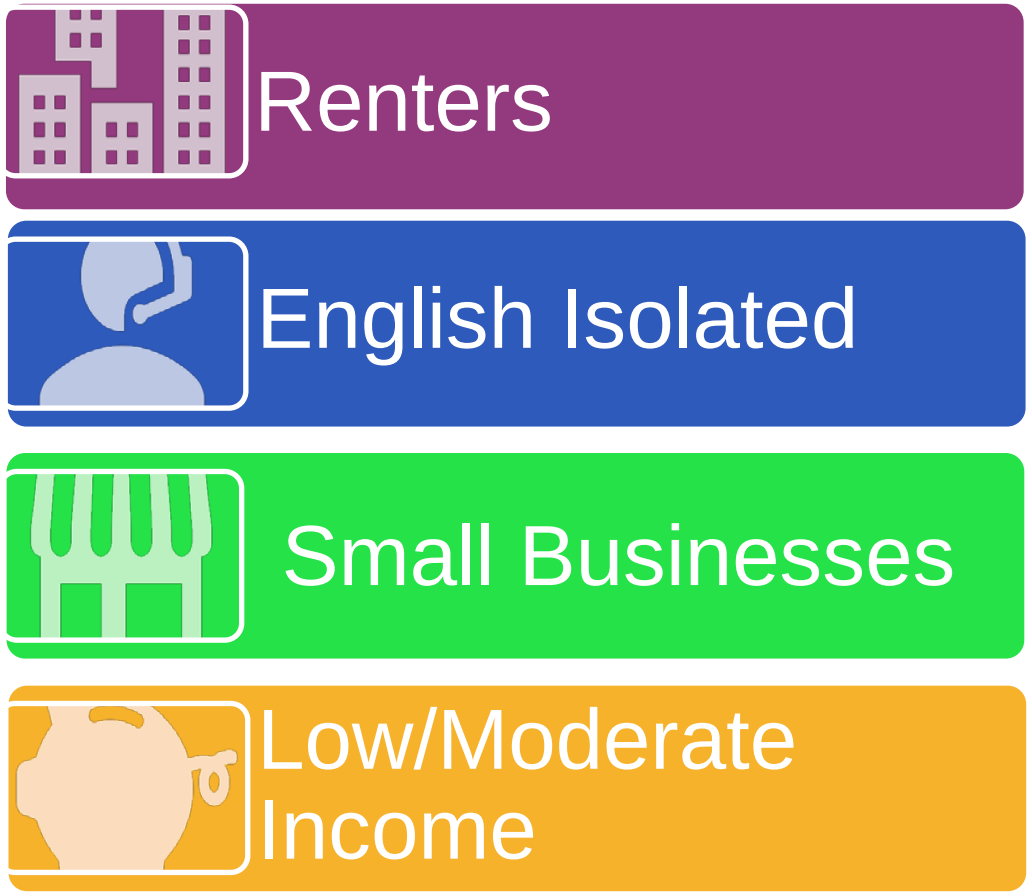
Under Development

- General Awareness Campaigns
- C&I Heat Pump Video for Webpage and Ads
- Digital Ads
- Distributor Flyers
- Customer Flyers
- Increased outreach support for market actors



Mass Save Community First Partnership

Designed to leverage the local knowledge, trusted relationships, and experience of **municipalities and community-based organizations** to increase awareness and measurable participation in the Program Administrator energy efficiency offerings among all customers.



Educational Resources

Residential Heating Comparison Calculator

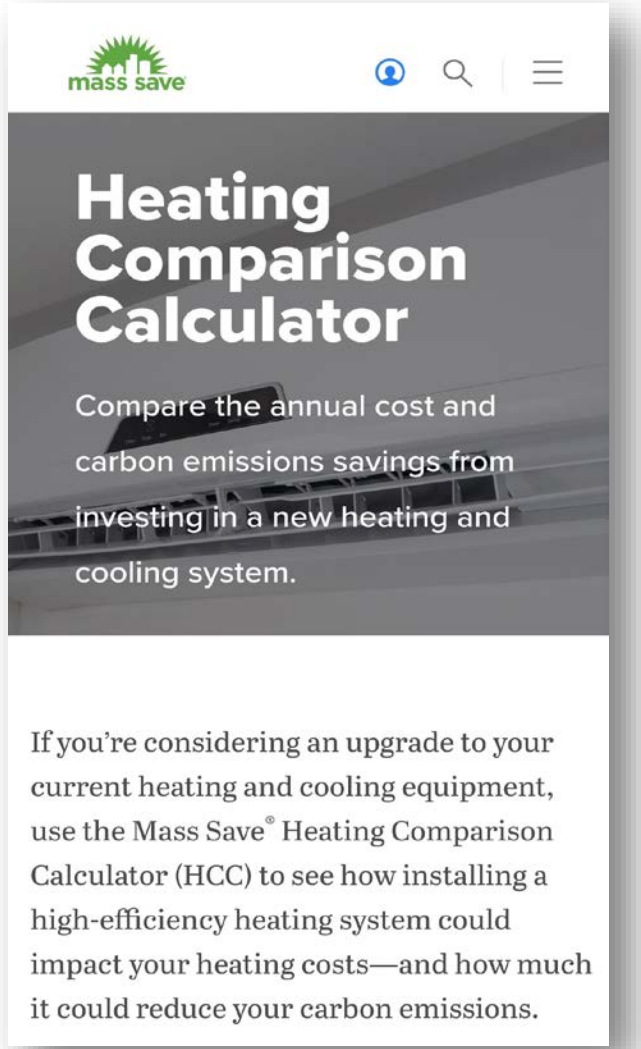
- Demonstrates estimated annual cost and carbon emissions savings from investing in a new heating and cooling system

Heating & Cooling Consultations

- No-cost virtual consultations with technical specialists, available to all residential customers considering an upgrade to their heating and/or cooling system
- Provide guidance about the benefits and considerations of transitioning to a new heating system
- Connect customers with trained and participating Mass Save Heat Pump Installers

Simplified and Consistent Messaging

- Website refresh, providing clear and concise information on the benefits and considerations of heat pump installation and operation
- Customer brochures recently finalized, easily accessible, provided during HEAs



MassSave.com/HeatPump

Enhanced Focus on Weatherization

- Single Family (1-4 units) Whole-Home Heat Pump Requirement: Demonstration of sufficient weatherization will become a requirement for residential whole-home (full displacement) incentives. PAs are collecting market input to implement strategies that will minimize negative impacts to customers and contractors. This requirement is being communicated to the contractor-base now and will go into effect April 1st.
- Single Family (1-4 units) Weatherization + Heat Pump Bonus: As proposed in the plan, customers pairing weatherization with heat pumps will be eligible for a $500 weatherization + heat pump bonus, in addition to residential weatherization incentives. PAs are working to finalize this offer.
- Multi Family (5+ units): No weatherization requirement as of now, but anecdotal evidence suggests multi-family customers interested in heat pumps are interested in weatherizing if there is opportunity.
- Moderate Income: Demonstration of sufficient weatherization required to access enhanced moderate income heat pump incentive.
- Income Eligible: Demonstration of sufficient weatherization work required prior to heat pump installation
- Commercial & Industrial: PAs are exploring streamlined commercial and industrial incentives for weatherization measures

The PAs recognize that these strategies are a starting point and are exploring customer and contractor facing strategies to encourage and promote weatherization prior to heat pump installation

Weatherization Promotion

- Re-targeting Weatherized Homes: PAs will deploy aggressive marketing tactics to engage customers that have completed weatherization through the program previously.
- Energy Specialist/Home Performance Contactors: PAs are working to design a training focused on the importance of weatherization and heat pumps that is geared towards residential energy specialists. Once finalized, this will be a required training for all energy specialists and HPCs that are a part of the Mass Save program and will become a formal part of onboarding for future employees/participants.
- Heat Pump Installer Network: Simultaneously, the PAs are working to develop a training on the importance of weatherization and heat pumps that is geared towards our HVAC contractors. Once finalized, this will be a requirement to join the residential heat pump installer network.
- Small Businesses: Developing training for lead vendors on pairing weatherization with heat pumps for small commercial spaces.

Targeted marketing and partner training will ensure that weatherization is discussed at each touchpoint of a customer's journey.

Addressing the Up-Front Cost Barrier

- Generous incentives for both residential and commercial customers intended to meet a higher proportion of installed costs.
- Residential HEAT Loan – 0% interest loan for residential customers that covers heat pumps, installation, and pre-electrification barriers such as electrical panel upgrades
- Direct to contractor rebate pathway (benefit of being in the HPIN for residential installations)
- Marketing support and leads for HPIN members, potential to reduce residential customer acquisition costs
- Increasing the network of heat pump installers will result in cost competitiveness, benefit the customer

Contractor Adoption and Enablement

Residential Heat Pump Installer Network

Rebates and financing

Leads and referrals

Marketing support

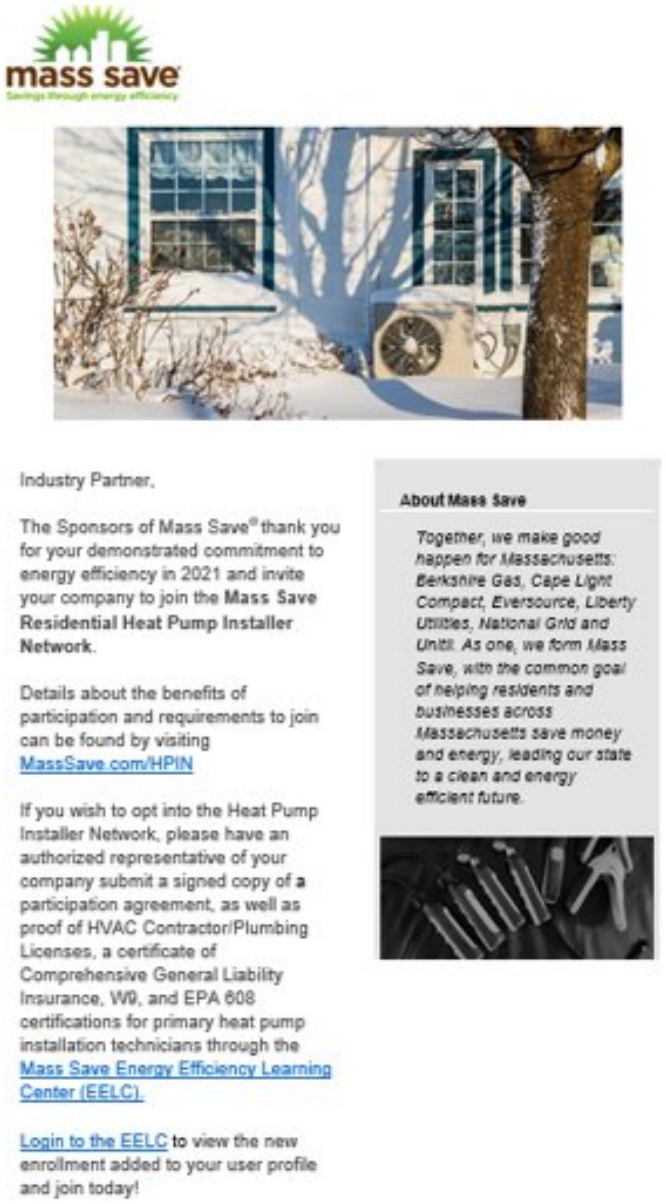
Technical resources

PAs seek to add value and support, and maximize the opportunity for engagement with the Massachusetts contractor base through a formalized Heat Pump Installer Network

Residential Heat Pump Installer Network

Network Development	Timing
Development and announcement	Oct – Dec 2021
Targeted outreach and onboarding to most active contractors	Jan – Mar 2022
Broad outreach and promotion to remaining contractor base	Apr – EOY 2022

- Approx. 13K HVAC contractors and electricians in Massachusetts
- Approx. 1K technicians actively engaged and installing heat pumps through Mass Save program
- As of 3/15/2022, 218 companies have enrolled in the network



mass save

Industry Partner,

The Sponsors of Mass Save® thank you for your demonstrated commitment to energy efficiency in 2021 and invite your company to join the **Mass Save Residential Heat Pump Installer Network**.

Details about the benefits of participation and requirements to join can be found by visiting MassSave.com/HPIN

If you wish to opt into the Heat Pump Installer Network, please have an authorized representative of your company submit a signed copy of a participation agreement, as well as proof of HVAC Contractor/Plumbing Licenses, a certificate of Comprehensive General Liability Insurance, W9, and EPA 608 certifications for primary heat pump installation technicians through the Mass Save Energy Efficiency Learning Center (EELC).

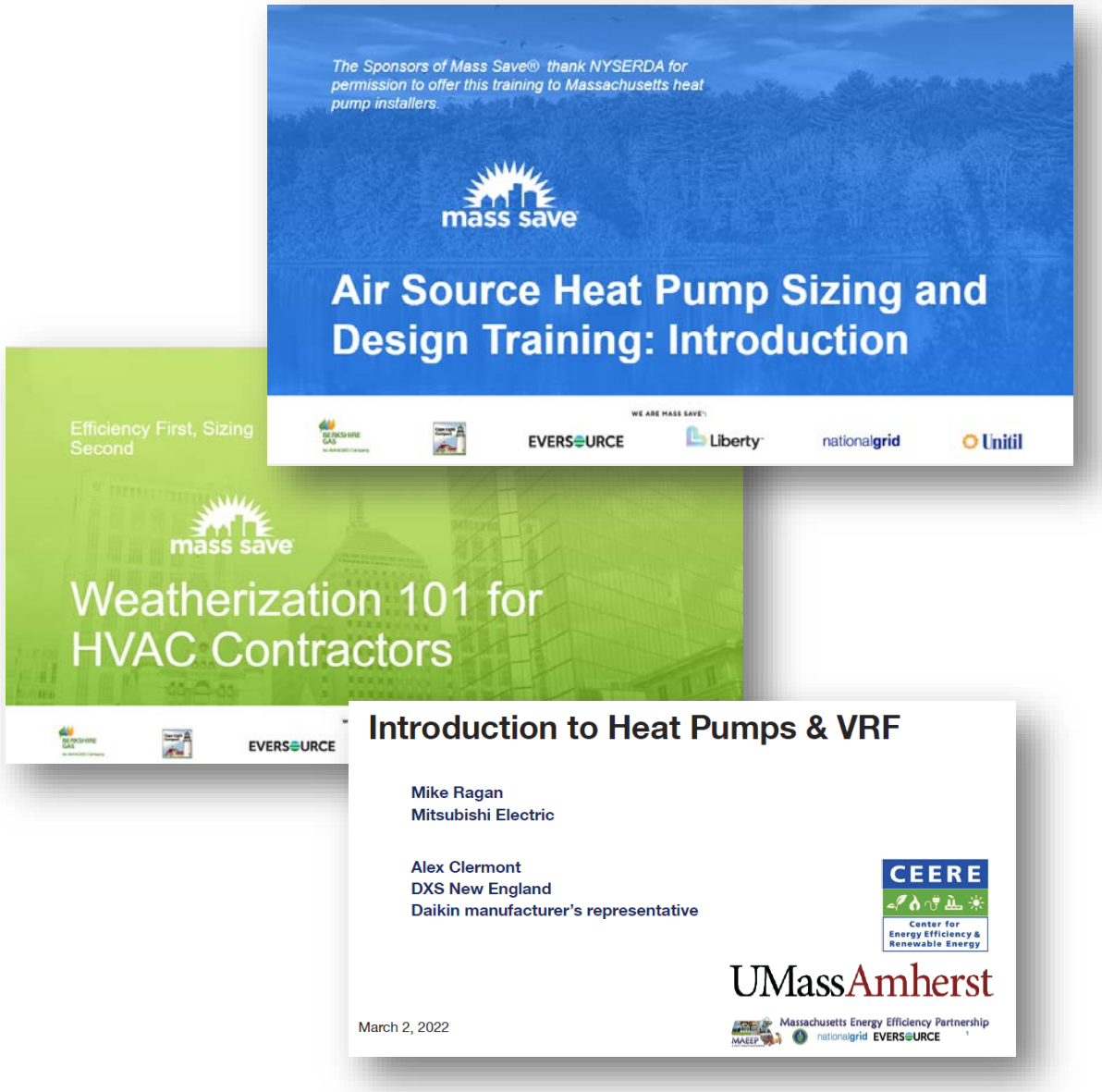
Login to the EELC to view the new enrollment added to your user profile and join today!

About Mass Save

Together, we make good happen for Massachusetts: Berkshire Gas, Cape Light Compact, Eversource, Liberty Utilities, National Grid and Unitil. As one, we form Mass Save, with the common goal of helping residents and businesses across Massachusetts save money and energy, leading our state to a clean and energy efficient future.

Training Resources

- Leverage regional training resources and expertise, including NYSERDA and Efficiency Maine contractor trainings
- Develop / formalize a Cold-Climate Heat Pump Curriculum
  - *Under Development*: Residential Heat Pump Basics, Weatherization 101 for HVAC Contractors, Cold-Climate Air Source Heat Pump Sizing Design: Introduction, MSHP Installation Best Practices, and more
- Offer no-cost, virtual trainings through Mass Save Energy Efficiency Learning Center
- Promote in partnership with trade and vocational schools
- Massachusetts Energy Efficiency Partnership (MAEEP)

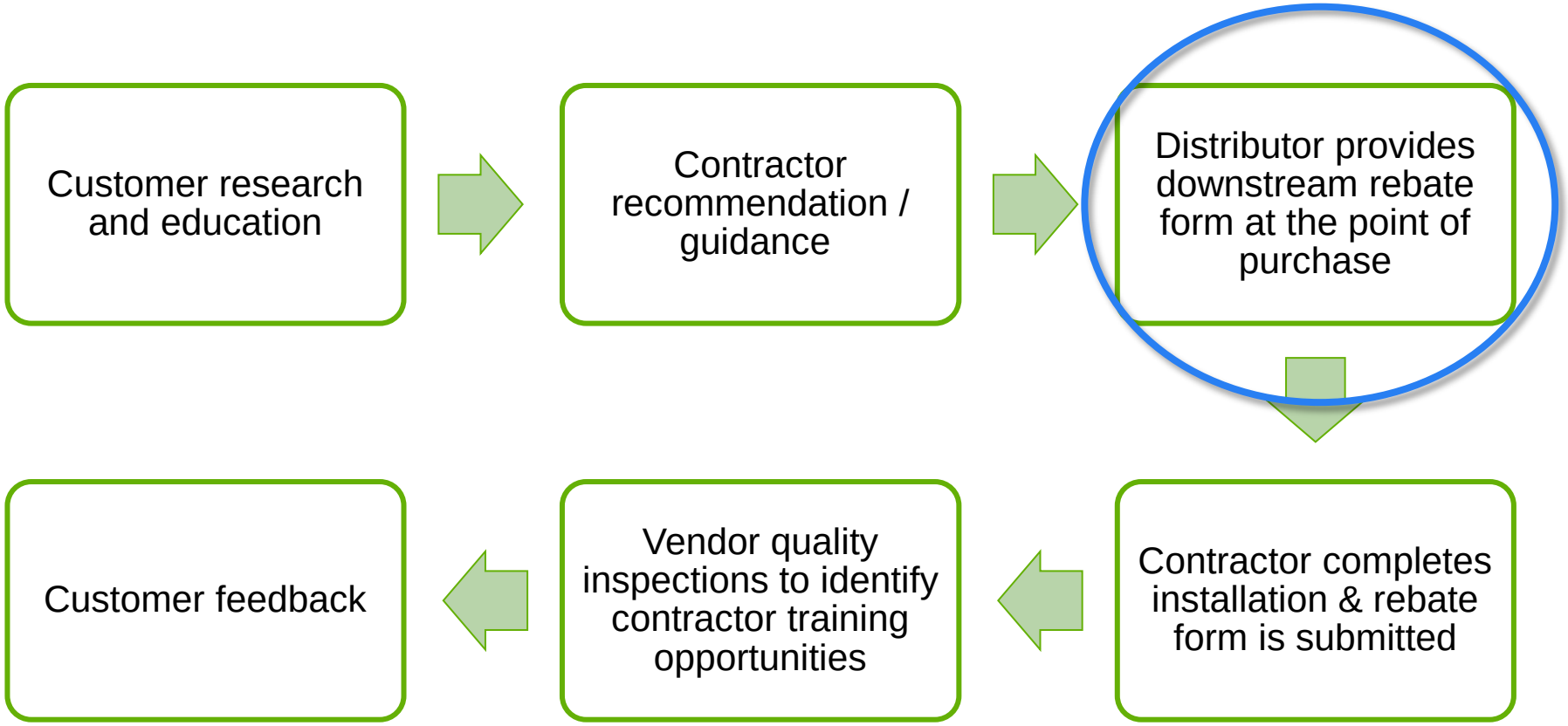


Enhancing C&I Market Relationships and Capabilities

- ✓ Utilizing new and existing training resources for installation contractors
- ✓ Building relationships with commercial market actors
- ✓ Connecting contractors with manufacturers for training, certification, and design assistance
- ✓ Leveraging distributors & supply houses for additional contractor training

Manufacturer and Distributor Engagement

Point of Purchase Support



Strategies to engage full supply chain include prioritization of a seamless customer journey.

Regional Perspective

Industry Partner Working Groups

- Leverage regional perspective and send clear market signals around future of HVAC in the Commonwealth
- Developing comprehensive central heat pump strategy with input from top unitary manufacturers, distribution, and contractor partners
- Developing quality installation resources to be used in post-installation quality inspections, currently being finalized

Contractor Training & Certification Support

- Training support toolkit under development, will include contact information for a Mass Save representative, example invoice and optional slides including heat pump rebates, eligibility criteria, and steps to join residential Heat Pump Installer Network

Shifts in Stocking Practices

- Maximize engagement with midstream/wholesaler partners at 110 enrolled distribution companies, totaling over 300 branches
- Strategies to engage electrical distribution have resulted in onboarding of major partners, previously focused on lighting market

mass save

Thanks for listening.

WE ARE MASS SAVE®:

BERKSHIRE GAS
An AVANGRID Company

Cape Light Compact

EVERSOURCE

Liberty

nationalgrid

Unitil