

# Mass Save Upstream Program

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**ACEEE MT Conference, March 26, 2013**

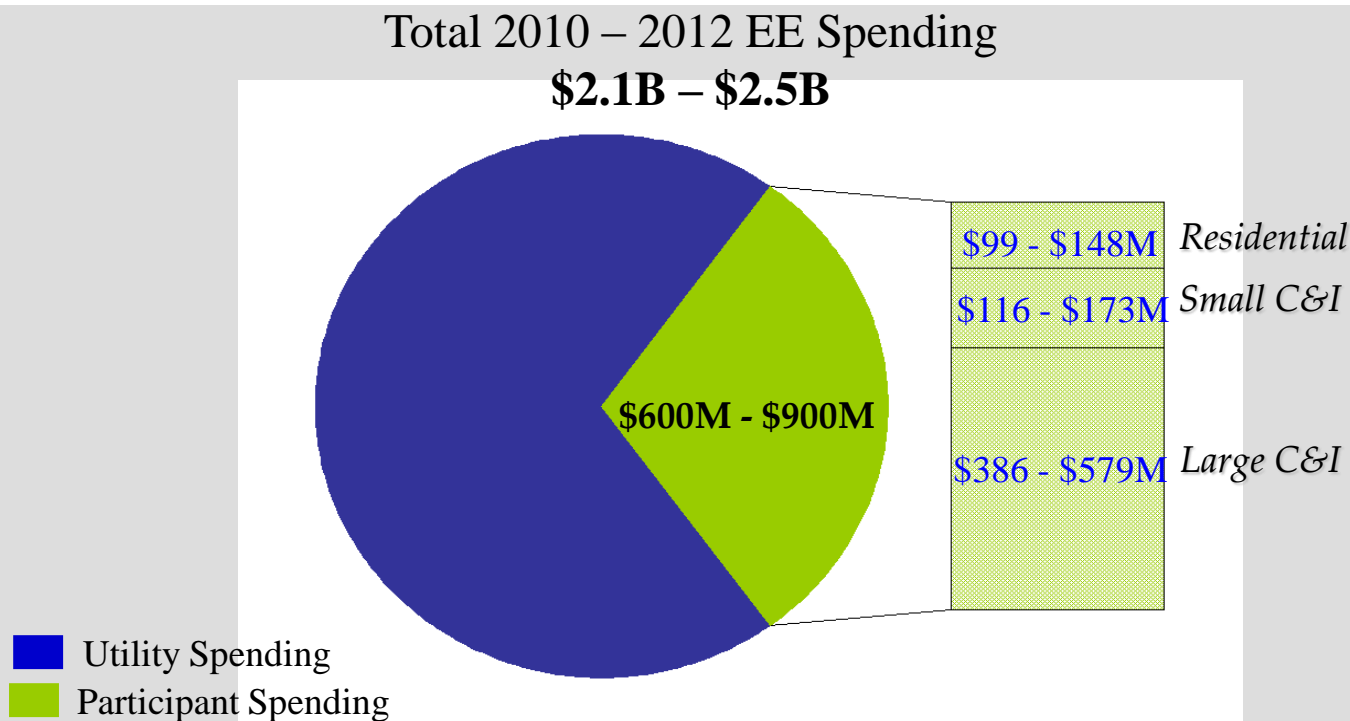
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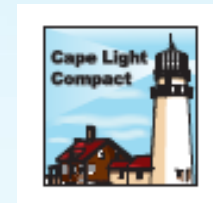


# Mass Save: Massachusetts PAs delivering Energy Efficiency

- The Green Communities Act (GCA), passed in 2008, calls for treating Energy Efficiency (EE) as the “first fuel”
- MA Utilities/Program Administrators (PAs) responded with one of the most aggressive plans - over \$2B overall investment
- New 3-year (2013-2015) EE plan already put into place



# Mass Save Utility and Energy Efficiency Program Sponsors



# Opportunity exists in Equipment Replacement and New Construction

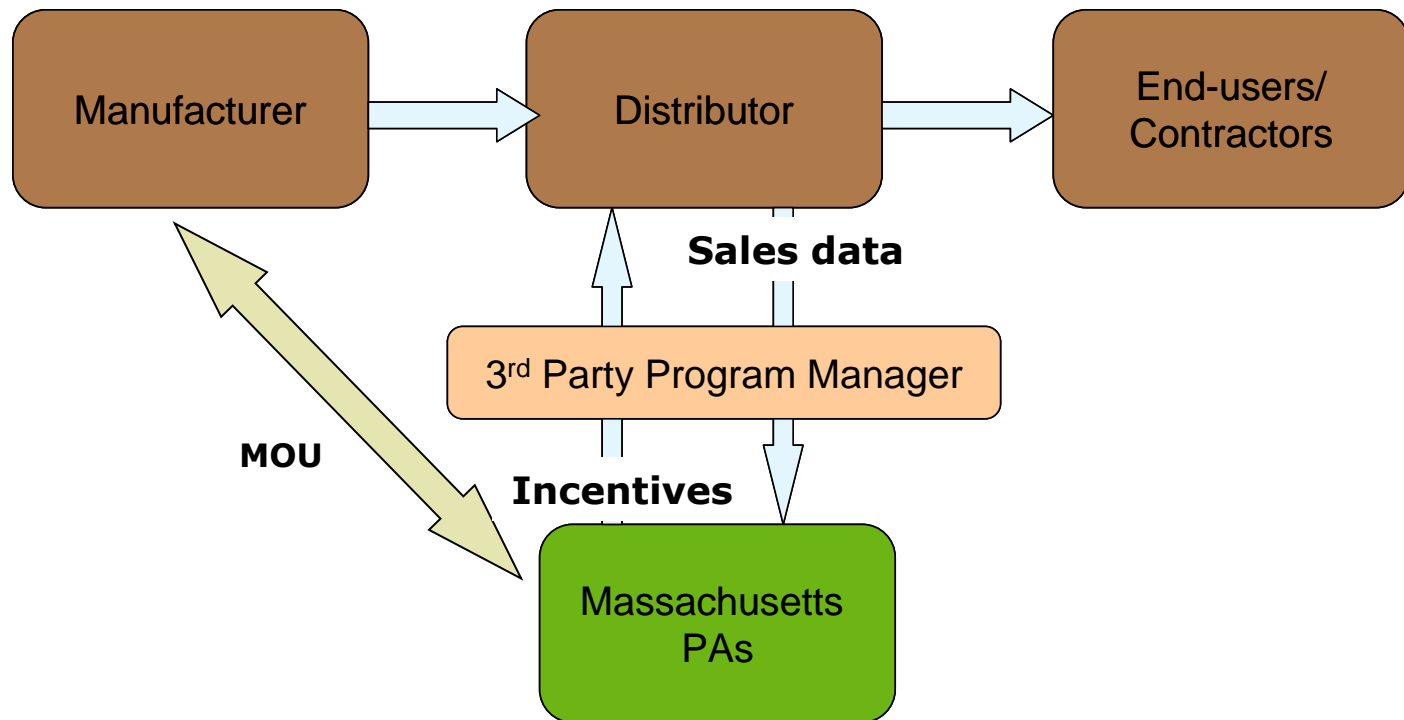
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But several market barriers exist...

- ❑ Time dependent sale – quick decision
- ❑ Purchase decision driven by first cost – existing incentives small relative to incremental cost of HE equipment
- ❑ Energy efficiency is not a core business for market actors

# Upstream Model in the Value Chain

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Buy down price of high efficiency equipment at the wholesale level

# Upstream vs. Downstream

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## **UPSTREAM**

- ❑ Through Distributors/Manufacturers
- ❑ Instant buy-down to customers at point of sale
- ❑ Simpler process - no paperwork to complete by customers
- ❑ Distributor/manufacture receives payment from utility/PA

## **DOWNSTREAM**

- ❑ Application/Approval Process
- ❑ Incentive paid after post inspection
- ❑ End user completes paperwork
- ❑ Contractor/end-user receives the incentive

# Upstream model allows quick market transformation

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## **Customers**

- ❑ Energy efficient products at a comparable cost to conventional products
- ❑ Reduced O&M costs during product lifetime
- ❑ Eliminates need for PA Application

## **PAs**

- ❑ Leverage manufacturer and distributors sales and marketing resources
- ❑ Maximum participation and savings at a lower cost

## **Mfg/Distributor**

- ❑ Increase sales and market share
- ❑ Up-sell premium products
- ❑ Strengthen relationship with customer

# Mass Save Upstream Experience

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## **Timeline**

- Sep 2011 – Upstream Lighting (RWT8, T5HO) launched in MA
- Nov 2011 – LEDs added
- Feb 2012 – Launched in RI (GRID)
- Jun 2012 – Added new LED products

## **Statistics**

- 16 Manufacturers including GE, Philips, Sylvania, Toshiba
- 50+ Distributors
- 2012 results: > 2,000,000 lamps, > \$15 Mil Incentives provided

## **Future**

- Expand to other equipment types – HVAC launch in Q2 2013



# Eligible Products and Incentives

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## Linear Fluorescent Lamp

## Incentive Amount<sup>1</sup>

Reduced Wattage 28 watt T8 Lamp	\$2.00
Reduced Wattage 47-51 watt T5HO Lamp	\$2.00
Reduced Wattage 25 watt T8 lamp	\$2.00
Reduced Wattage 25-28 watt T8 U-Bend Lamp	\$2.00

## LED Replacement Lamp

## Incentive Amount

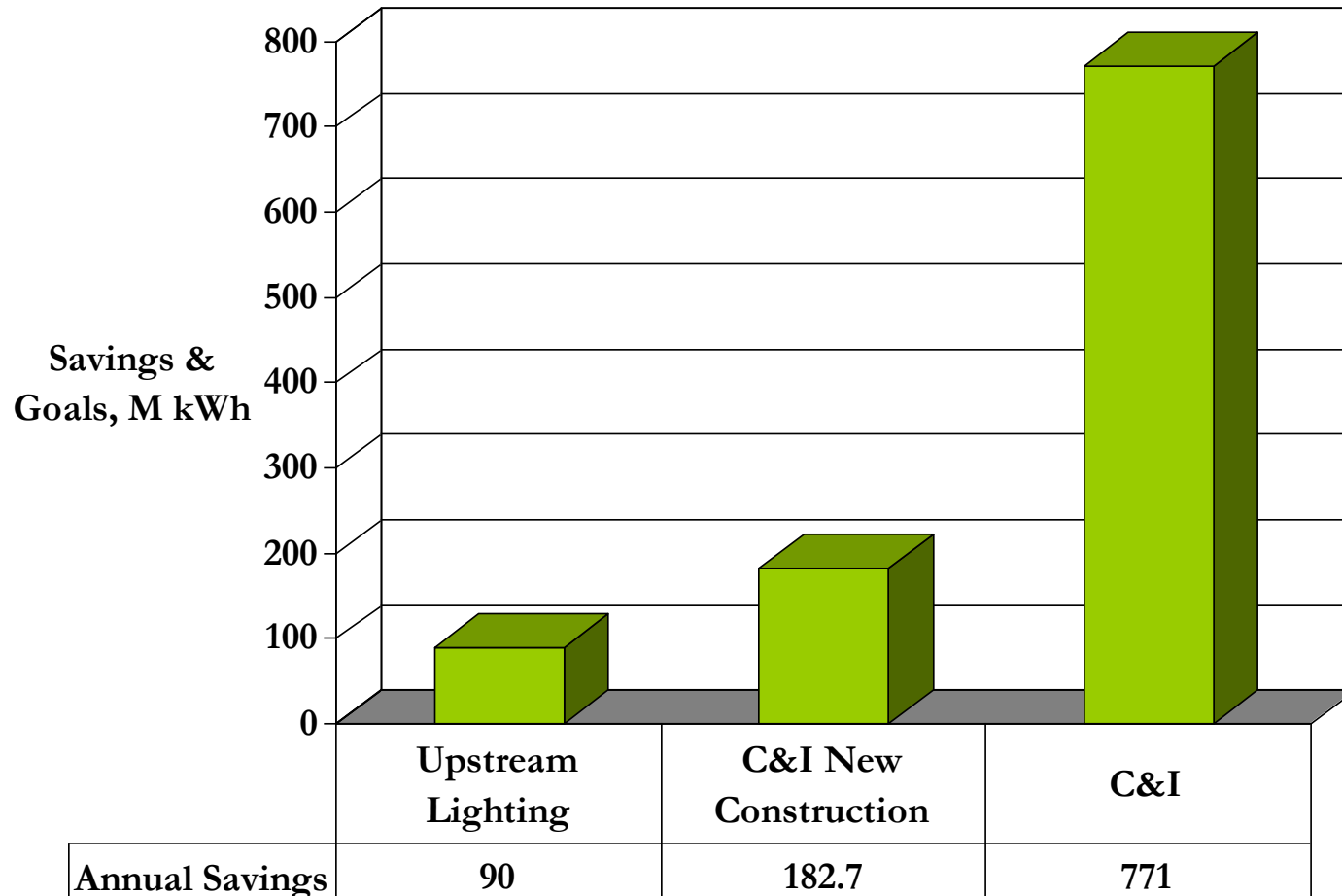
PAR20	\$15
PAR30 or BR30	\$25
PAR38 or BR40	\$30
PAR 16 or MR-16 or GU10	\$15
A-lamp	\$15
Decorative Lamp (including G and B shapes)	\$10
Screw base and GU-24 base LED down-light kit	\$25

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<sup>1</sup> These incentives are only available to Mass Save Preferred Distributors

# Significant contribution to program savings (2012 program year)

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Upstream lighting savings are gross, pre-evaluation savings

# New MT concept:

## Mass Save *Preferred Distributors*

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### Distributor Benefits

- ❑ Enhanced incentives for eligible equipment
- ❑ Opportunity to partner with PAs on select campaigns such as a segment based initiatives
- ❑ Ability to co-brand marketing materials
- ❑ Customer introductions; joint sales calls with PA Account Executives

### Expectations

- ❑ Provide special pricing for Mass Save programs
- ❑ Demonstrate commitment to the program by:
  - Creating sales and training materials
  - Introducing SPIFFS to motivate sales staff
  - Modifying POS/Quotation systems to recommend Mass Save eligible products
  - Dedicate sales & marketing resources for the program

Distributors not part of the program will lose access to program benefits including incentives

# Lessons Learned

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- Communication is key
  - Need constant interaction with industry players to ensure “top of mind” attention
- Have to employ both “push” (channel) and “pull” (customer awareness) strategies
- Program has to be flexible to incorporate price changes and adjust incentive levels
- Need a robust QA/QC plan
  - Data validation at time of upload and site inspections
- ***Preferred Provider*** concept can help in market transformation

# More Information

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□ Visit program website:

[www.masssave.com/upstream\\_lighting](http://www.masssave.com/upstream_lighting)