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**2nd MEETING | NOVEMBER 16, 2022 | 3-4:00 pm**

**Mobilizing the HVAC/HP Supply Chain Together by 2030**

For HP/HVAC Contractors, Distributors, Manufacturers, and Industry Stakeholders

**The mission of the HVAC/HP Action Group is to work together to accelerate and transition HVAC & HP sales by taking advantage of the market development happening in Colorado to reach shared utility, cities, and**

**state electric and carbon-free goals by 2030**

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**AGENDA**

**| Welcome |** Patricia Rothwell, Executive Director, EEBC

**| Anti-Trust Review**

**| Introduce “Why these meetings” - The Purpose & Opportunities**

**| Overview Key Discussion Points from EEBC’s HP Kick-off Meeting, OCT 14th**

**|** Beneficial Electrification League of Colorado [BEL-CO]

“A conversation about heat pumps” presentation to

Distributors and Manufacturers

**|** Heat Pump Market Acceleration Project | CEO Report | May

Review 10 Top Barriers Identified in Colorado

How to Mobilize the HVAC/HP Supply Chain by 2030

**|** HP Trajectory Forecast |by Stakeholder Groups | Invitation to You

**| HP Action Groups | Prioritize Action Groups Requests to Date**

**OPEN FORUM DISCUSSION**

| Contractors/Dealers

| Distributor and Manufacturers

| Industry Stakeholders | Utilities, Non-profits, Cities, and State

**| Next Steps & Meeting Dates**

**| Close Meeting**

**Follow-on Open Forum Discussion Available 20 Minutes After Meeting Ends**

**MINUTES**

**Heat Pump Action Group Notes 11-16 -21**

**Welcome |** Patricia Rothwell, Executive Director, EEBC

**| Anti-Trust Review**

**| Introduce “Why these meetings” - The Purpose & Opportunities**

PR: We are the supply chain for energy efficiency, the business voice

What priorities do you want to make?

Field realities will feed better utility program designs

The goal is to create a bigger piece of pie for all the industries

We worked with the Colorado Energy Office and did surveys and interviews to determine key barriers to accelerate heat pump sales.

Two rose to the top: Buy In of contractor company management and consumer awareness

These are the top 10 barriers:

**Top 10 barriers**

Buy in of contractor company owners and management

Consumer awareness - Top Barrier to focus on by stakeholder groups and supply chain

Marketing - Top Barrier to focus on by stakeholder groups and supply chain

Pricing gap

Rebate levels

Quality installs

Lead generation

Sales, job estimating, and system design equipment availability

Installer QI requirements for certification statewide

Distributors are key to mobilizing HP supply chain in CO

We are looking for the sequence to help double/triple business

Since August, the Beneficial Electrification League of Colorado has achieved these outcomes:

-All organizations are communicating and working together

- The quality install group is meeting weekly on how to create a definition for a cold climate heat pump and a universal heat pump rebate form.

**OPEN FORUM DISCUSSION**

RGlass: **Success stories: I**t seems like there needs to be more success stories in Colorado’s marketplace to break down misinformation and opinions based on HP in cold climate zones.

PR: It should be one of the objectives of the group to identify stories and spread the word. If we were sharing stories on a regular basis, they would get more play with consumers.

RFoley: We talk about big picture motivations for utilities, EE groups, etc. But for boots on the ground, the language is very different. We need to take big picture goals and be able to communicate effectively with homeowners so they have a better understanding. Give contractors the tools to communicate realities with homeowners.

PR: How do you create a tipping point to get into a conversation with homeowner? How to translate into simple conversation and why HP should be considered?

RF: Best opportunity is when an AC dies, contractors do not think of changing a HP for AC adoption

PR: Good point, now how do we focus that into the biggest bang for our buck in our groups.

DG: We work a lot with existing property owners, can create business case, cost of appropriate energy study. more case studies to be able to look at cost scenarios with different building types. As well as helping to address end of life replacements. How to plan for replacements and have an energy study that shows better options than a typical off the shelf replacement.

PR: Who has this resources to develop that message? City, utility, MFG, Dist. Where does this happen?

We are prioritizing what contractors need today to help align our goals where we can impact it.

A requirement to be part of this is to be an EEBC Member. Then we can build up to Xcel’s Strategic Issues filing which happens every 5 years. They will discuss Beneficial Electrification and how does that impact gas DSM and electric DSM programs. Should start in March and end mid-Fall. Xcel Energy is planning on doing abbreviated 22-24 DSM plan. All stakeholders have to agree to pass by around December. Full DSM 22-24 docket in 2023.

We are trying to project the market development.

**Hockey stick model slide of projections: What are the real numbers?**

PR: Where is the market today and how can we reach 2030 goals? Understanding may change in group discussion. We will seek to mobilize the HP supply chain together through market development and awareness in the marketplace.

We estimate 10,000 HP sales a year, CEO report says there are about 1,500 HP rebates annually. Trying to find the contractors not using rebates and connect to them.

PR: We are looking at total state usage, utilities don’t know end of life turnover, because many are not being rebated. With forecasts and data, we can triangulate more accurate info. What opportunities are there to move the needle and increase sales?

Rfoley: It would be interesting to know the split between new construction and replacement because the tools are totally different.

PR: Groups are currently focusing on retrofit, but biggest opportunity is in new constructions, BELCO seeking to understand the new home side. Make our supply chain members a list for new construction to help our member sales.

DPetroy: We are near a tipping point in the new build market. We have identified some builders who have gone 100% electric. The new construction should move forward about a year or two on hockey stick model.

**| HP Action Groups | Prioritize Action Groups Requests to Date**

**| Contractors/Dealers**

1. A one—page handout answering the “Why” for contractor managers of sales and ownership, and another for the consumer. Helping to move to a tipping point in the conversation about why they would consider a HP. Add a QR code with Love Electric link. Understanding the change of energy use is vital.
2. Influencing Utility Rebate Programs
3. Working on a getting a pipeline of skilled workers into installs. We are working with ICAST to build a heat pump certification program and will need feedback from the group on curriculum and training. Members will have first right of refusal to hire graduates.

**| Distributor and Manufacturers**

1. Develop a realistic forecast of what is really possible. Where are the influencers and what are the real numbers and challenges with the supply chain. Focus on a few key contractors, work with utility rebates, and figure out how to create a constant drumbeat to make awareness in the marketplace.

DPetroy: Distributors could tweak inventory to lean more into HP.

PR: We see that key distributors have started moving inventory toward heat pumps – five have a significant HP business and they doubled heat pumps during COVID and then ran out in June. But we don’t know how to forecast the next year. Uncertainties such as whether Tri-State will do a midstream rebate for distributors.

**| Industry Stakeholders | Utilities, Non-profits, Cities, and State**

1. Rather than waiting for legal processes when filings happen, setting up more informal processes to address and give feedback on the market. An informal process can make it easier for contractors to provide feedback on things such as rebates, based on the realities of the market, and training curriculum.

**| Next Steps & Meeting Dates**

**PR How do we organize the breakout meeting(s) so they are effective use of everyone’s time and in producing the deliverables?**

**| Close Meeting**

**CHATBOX (copied)**

From Shawn LeMons (Mitsubishi HVAC) to Everyone: 03:28 PM

Great comments Robert!

From Jacob Naeb to Everyone: 03:55 PM

Good

One thing possibly, does there need to be work with local jurisdictions/state of CO for streamlined HP (furnace replacement) permitting/inspection process? Don't know if anyone knows if this is a problem from HP installs so far? Similar to issues with PV solar rollout

From Dave Penzkover to Everyone: 03:57 PM

I’m not a contractor, more of a stakeholder. I’m curious roughly how many new installs are done under “duress” meaning the furnace dies and the homeowner may not have time to consider a HP? That makes homeowner education more important upfront.

From Pete Perret to Everyone: 03:59 PM

That happens quite a bit depending upon the age of the equipment and location. So proactive marketing, sharing the options would help them.

From Ann Kirkpatrick, Xcel Energy to Everyone: 04:00 PM

mid-stream in our vernacular is buying down the cost of the technology so it lessens the cost delta and drives faster adoption

From Shawn LeMons (Mitsubishi HVAC) to Everyone: 04:02 PM

BTW... more heat pumps sold in the US in 2020 than furnaces.The heat pump numbers come from here…https://www.ahrinet.org/resources/statistics/historical-data/central-air-conditioners-and-air-source-heat-pumps And the furnace numbers come from here…https://www.ahrinet.org/resources/statistics/historical-data/furnaces-historical-data

From Denise L Grimm to Everyone: 04:05 PM

I'm happy to provide support in how to create breakout groups

From Dave Penzkover to Everyone: 04:06 PM

Thanks! Great discussion!

From Dave Petroy to Everyone: 04:06 PM

Thanks Patricia.

Response to “we don't have mid-stream rebates - res – today”

“Xcel/we we do have dual fuel rebates today”

"non-ccHP $800 for central ducted, $500 for MSHP”