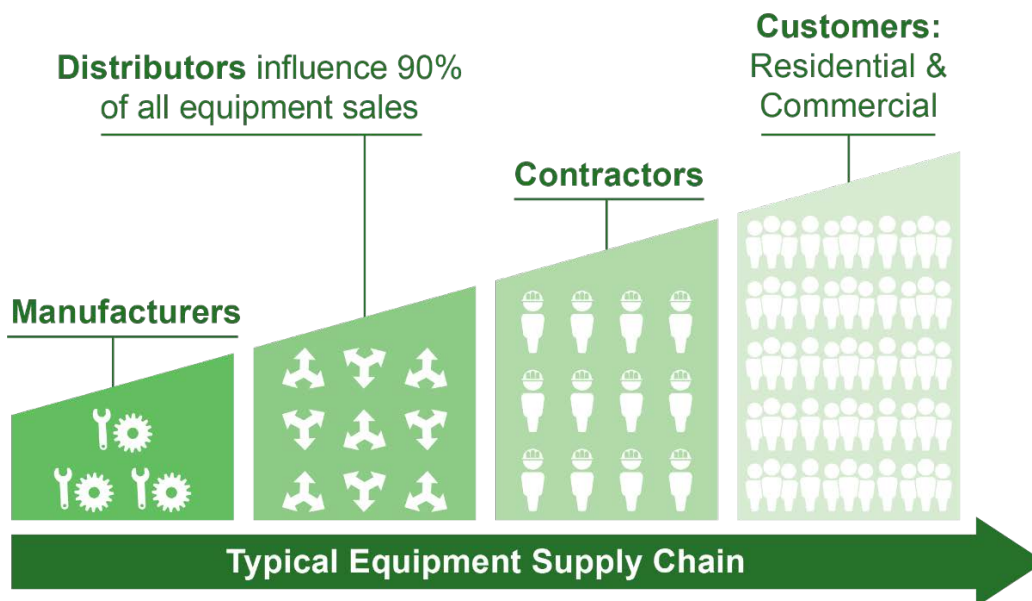


## 2020 FOCUS ON ENERGY<sup>®</sup> MIDSTREAM SOLUTION OVERVIEW

### Program Design

Focus on Energy is launching a Midstream Solution that leverages distributors and their contractor networks to provide instant discounts directly to utility customers who purchase qualifying energy saving equipment. Key benefits include:

- **Attribution** – Midstream Incentives are provided to customers as instant discounts that are clearly noted as line items on contractor invoices. Participating contractors will have customers sign an Incentive Acknowledgement Form at the time of purchase, ensuring customers are aware of the Midstream Incentive provided by Focus on Energy.
- **Cost-effectiveness** – By leveraging distributor contractor networks, Midstream Incentives can reach greater numbers of customers with lower Trade Ally management costs than traditional downstream programs.
- **Scalability** – Midstream Incentives are designed to be scalable so any efficient equipment types sold to customers through distributor/contractor supply chains can be added as the channel grows. Focus on Energy will work to evolve this Solution by identifying existing and emerging technologies best suited for midstream.
- **Market Transformation** – In addition to providing energy savings through traditional incentives for customers, midstream also influences key supply chain actors to purchase and stock more efficient equipment and at higher efficiency levels.



## Product Categories

### Commercial Kitchen Equipment

ENERGY STAR® certified commercial kitchen equipment helps café, restaurant and institutional kitchen operators save energy by cutting utility and maintenance costs without sacrificing features, quality or style. Saving energy helps save money on utility bills and protect the climate by reducing greenhouse gas emissions.<sup>1</sup>

Equipment eligible for Midstream Incentives for all nine equipment types in the commercial kitchen equipment category must be ENERGY STAR certified and meet Program eligibility requirements. For additional equipment information and qualified product lists, visit [energystar.gov/cfs](http://energystar.gov/cfs).

| Equipment Type           | Key Benefits <sup>2</sup>   |
|--------------------------|---|
| Dishwasher               | Low power mode during long idle periods, heat recovery, and dish load sensors |
| Fryer                    | Quicker recovery for continuous production and improved thermostat accuracy   |
| Griddle                  | Improved thermostatic controls and high production capacity                   |
| Hot Food Holding Cabinet | Addition of insulation and better temperature uniformity                      |
| Oven                     | Improved gaskets for faster and more uniform cooking processes                |
| Steamer                  | Reduced water consumption for connectionless models                           |
| Ice Machine              | Quicker ice harvesting through harvest assist devices                         |
| Freezer                  | Improved fan blade design and uniform cabinet temperatures                    |
| Refrigerator             | Improved fan blade design and uniform cabinet temperatures                    |

### Heat Pump Water Heaters

Electric water heaters account for about 18% of the energy used by an average home – more than a refrigerator, dishwasher, clothes washer and dryer combined.<sup>3</sup> ENERGY STAR certified heat pump water heaters use less than half the energy of a standard electric storage water heater and could save a four-person household \$330 per year in energy bills.<sup>4</sup> Heat pump water heaters eligible for Midstream Incentives must be ENERGY STAR certified and meet Program eligibility requirements. For additional equipment information and qualified product lists, visit [energystar.gov](http://energystar.gov).

### High Performance Circulator Pumps

Circulator pumps move fluid through closed-loop heating and cooling systems to regulate air temperature. Currently, most small circulator pumps operate at a constant speed and are oversized to accommodate for worst-case conditions. The ability to incrementally adjust a pump's flow speed to a building's changing demands conveys a significant opportunity to conserve energy. The high-performance circulator technology under consideration represents a significant improvement over costly and complex variable frequency drives (VFD) by electronically controlling motor speed with permanent magnet and compact stator motor technology.<sup>5</sup>

Qualifying equipment will meet Focus on Energy technology specifications and qualifying product lists will be provided to participating distributors and contractors.

### Ductless Mini-Splits

Instead of difficult-to-install, leaky and bulky ductwork, ductless mini-split heat pumps use an indoor unit connected to an outdoor unit via refrigerant lines (which only need a three-inch hole in an outdoor wall for installation). Up to eight indoor units can be attached to one outdoor unit. Because they transfer instead of generate heat, ductless mini-split heat pumps can use 60% less energy than standard home electric resistance-based heating systems.<sup>6</sup>

## Launch Timeline

- Midstream team began outreach to key supply chain actors for each equipment category in January.
- Once participation agreements with commercial kitchen equipment distributors are finalized in February, participating distributors may begin providing incentives for qualifying equipment to customers.
- As participation agreements are finalized for heat pump water heaters, high performance circulator pumps and ductless mini-splits in February and March, distributors will begin recruiting contractors to participate.
- An online portal for contractors to submit application information and distributors to approve applications and manage budget allocations will launch on April 1<sup>st</sup>.

## Distributor Targets and Midstream Incentive Structure

### Midstream Incentive Structure

- Participating distributors will be provided a budget allocation to provide incentives to Focus on Energy customers.
- Distributors will recruit participating contractors who will provide instant discounts to customers at the time of purchase.
- Distributors are required to pass at least 60% of the incentive amount for qualifying equipment sales on from the dealer to the customer.
- This instant discount must be indicated as a line item on the customer invoice and attributed to Focus on Energy.
- Participating distributors have flexibility to use the remaining incentive amount to account for costs that benefit the sales of high efficiency equipment included in the Midstream Solution.

### Benefits of Midstream Incentive Flexibility

Allowing distributors and contractors to leverage incentives to make strategic decisions drives the sale of higher efficiency products and equipment. Focus on Energy works with participating distributors during the training and onboarding process to share best practices that have been successfully implemented by other participants in other markets. Some examples include:

- Execute targeted marketing campaigns for participating dealers and contractors to promote the incentive.
- Provide spiffs to territory managers and sales staff to encourage strong contractor recruitment.
- Provide a high customer incentive. Distributors are encouraged to stack additional manufacturer and distributor rebates on top of the Focus on Energy incentive to increase the customer savings.
- Allows smaller dealers and contractors to offset some administrative costs associated with participation.
- Increase incentive amount on highest efficiency equipment to account for higher incremental cost.

<sup>1</sup>[energystar.gov/cfs](http://energystar.gov/cfs)

<sup>2</sup>Technology benefits from ENERGY STAR commercial kitchen equipment fact sheet ([www.energystar.gov/sites/default/files/asset/document/Equipment\\_Savings\\_fact\\_sheet.pdf](http://www.energystar.gov/sites/default/files/asset/document/Equipment_Savings_fact_sheet.pdf))

<sup>3</sup>[www.hotwatersolutionsnw.org/](http://www.hotwatersolutionsnw.org/)

<sup>4</sup>Benefits from ENERGY STAR heat pump water heater fact sheet ([https://www.energystar.gov/sites/default/files/asset/document/HPWHs\\_FactSheet\\_021518.pdf](https://www.energystar.gov/sites/default/files/asset/document/HPWHs_FactSheet_021518.pdf))

<sup>5</sup>Description from GSA Green Proving Ground program technology assessment ([https://www.gsa.gov/cdnstatic/PTA-High\\_Performance\\_Circulator\\_Pump.pdf](https://www.gsa.gov/cdnstatic/PTA-High_Performance_Circulator_Pump.pdf))

<sup>6</sup>[www.energystar.gov/products/heating\\_cooling/ductless\\_heating\\_cooling](http://www.energystar.gov/products/heating_cooling/ductless_heating_cooling)