



Program Strategy Pilot

Geographic Targeting Using ESRPP for
Portable/Window Heat Pump and
Induction Cooking
February 2024

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Note: CalMTA is pursuing some limited studies to test MT idea-specific assumptions and strategies and gain greater insights about potential market barriers to adoption of a technology or practice. CalMTA’s proposed “Strategy Pilots” are unlike the energy efficiency pilots as defined in D.09-09-047, which are intended to be longer in duration, have significantly greater budgets, and inform IOU statewide programs. Instead, our “Strategy Pilots” seek to address a limited set of questions that are included in our Advancement Plan over a shorter duration. Our strategy testing efforts include the relevant information that is required of CalMTA’s “Strategy Pilot” per D.19-12-021 but do not include all the information required of or follow the same process for getting approval of energy efficiency “pilots” as is outlined in D.09-09-047.

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Background

The ENERGY STAR Retail Products Platform (ESRPP) is a collaborative midstream initiative of ENERGY STAR®, energy efficiency program sponsors, retailers (e.g., The Home Depot, Lowe's, Best Buy, and independent stores through the Nationwide Marketing Group), and other key stakeholders. Depending on the product category, it's estimated that ESRPP retailers are responsible for 60-80% of incentivized product sales nationally. Through use of ESRPP, incentives on qualifying products are paid directly to retailers, which encourages them to purchase, stock, and promote higher efficiency products and influences consumer purchasing decisions through increased availability and visibility of energy-efficient retail products. In turn, the impact of ESRPP on retailer buying practices can motivate manufacturers to design efficiency improvements into consumer products, creating permanent change to the manufacturing processes across entire product categories. By analyzing full category sales data, ESRPP also helps identify promising energy efficiency opportunities, with these insights leveraged to advance ENERGY STAR specifications and state/federal codes and standards, and to enable highly reliable evaluation of program impacts.

CalMTA's Advancement Plans for the [Portable/Window Heat Pumps](#) and [Induction Ranges and Cooktops](#) identified engaging retailers to stock and promote these targeted technologies as a key intervention point for influencing consumer adoption. These Advancement Plans outline the research needed to develop a full Market Transformation Initiative (MTI) plan slated to happen later this year. ESRPP's long history with participating retailers and robust data collection system position it to effectively support this retailer engagement need. Currently in California, ESRPP is implemented by the Pacific Gas & Electric Company (PG&E) as the Retail Appliance Accelerator (RAA) and by the Sacramento Municipal Utility District (SMUD) under the ESRPP name. This existing infrastructure creates an opportunity for CalMTA to quickly test the potential of ESRPP to serve as a market intervention for the two market transformation ideas.

Additionally, CalMTA can build upon ESRPP's existing functionalities to gather statewide data and test the feasibility of lowering the price of specific products in designated zip codes through tailored incentives. Several participating retailers have already expressed interest in this approach, which would ensure more affordable products are stocked and promoted in communities where cost is a primary barrier to adoption. CalMTA's proposed Strategy Pilot will therefore help determine whether ESRPP serves as a viable intervention strategy for targeting environmental and social justice (ESJ) communities once the Portable/Window Heat Pumps and Induction Ranges and Cooktops MTI plans are developed and ready for market deployment.

The proposed Strategy Pilot seeks to gather retail sales data and test manufacturer, retailer, and customer engagement related to portable/window heat pumps and induction cooking technologies in stores that serve identified ESJ communities in order to:

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- Test how easily ESRPP and retailers can adapt to target identified zip codes
- Provide insight into how effectively targeted retailer incentives can increase adoption of the two product types in ESJ communities
- Identify strategies for encouraging retailers to influence the design and build of products that are not positioned as premium items
- Gain insight into current retail sales trends and an understanding of both manufacturer and retailer systems to better engage ESJ communities

Should the Strategy Pilot prove successful, CalMTA seeks to use this approach across California in the deployment of the MTI, with a focus on influencing stores in ESJ communities to stock and promote more affordable products. Participating ESRPP retail partners in California collectively comprise more than 500 storefronts – a significant distribution channel. The Strategy Pilot also has the potential to influence manufacturers to develop and make available more affordable products in response to increased sales.

At the national level, ESRPP sponsors outside of California have expressed interest in this potential adaptation of the platform, which could lead to expansion of this approach in areas like New York and the Northwest. The added scale would create greater market influence and encourage retailers and manufacturers to view a focus on more affordable products as a key business growth strategy.

Strategy Pilot Objectives¹

As proposed by CalMTA, the Program Strategy Pilot on Geographic Targeting Using ESRPP for Portable/Window Heat Pump and Induction Cooking seeks to achieve the following objectives:

- 1) **Learn how ESRPP can be adapted to target identified zip codes that primarily serve ESJ communities.** Typically, national retailers have very limited variation of products across territories: store inventory in one neighborhood will typically be very similar to inventory in any other. This premise informs the standard ESRPP incentive approach, with the same incentive level offered to retail partners regardless of store location. CalMTA’s proposed Strategy Pilot features the following possible modifications to ESRPP interventions:
 - a. **Retail stocking and promotion targeting ESJ communities:** The study will yield insight into retailers’ willingness and ability to adapt ESRPP to target more affordable products in specific zip codes. CalMTA will gain an understanding of

¹ This Strategy Pilot proposal was first presented in summary form in both the Induction range and Cooktop and Portable/Window Heat Pump MT idea Advancement Plans currently posted on CalMTA’s website. Initial cost estimates have evolved since those documents were released due to further development and refinement of scopes. As such, the estimates included in this document represent the most current reference for costs.

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both manufacturer and retailer systems to target these audiences, understand stocking practices, messaging/marketing, and training tactics deployed in retail stores, and gain insight into possible layering of local and Inflation Reduction Act (IRA) incentives.

- b. **Awareness- and acceptance-building:** Pilot activities will identify standard in-store promotions and messaging that can be leveraged or enhanced to build consumer awareness in targeted ESJ communities during the MTI market deployment phase.
 - c. **Product improvements through manufacturer engagement:** CalMTA will share lessons learned with manufacturers to inform product development strategies for improvements or new features that may increase adoption in ESJ communities.
- 2) **Gather full product category sales data.** ESRPP's ability to provide full category sales data on all portable/window heat pumps, air conditioning (AC)-only units, and induction cooking products sold at participating retail locations will assist CalMTA in developing baseline estimates for the two target MT ideas. This data will also provide valuable insight into consumer purchasing decisions in areas where traditional sales data can be harder to obtain, such as the rural communities served by many ESRPP retail partners.
 - 3) **Learn how CalMTA can leverage "AC turn-in" events.** Many leaky, older AC units are improperly recycled or discarded, resulting in unsafe disposal of refrigerant. To promote portable/window heat pump adoption in targeted retail locations, CalMTA can use the Strategy Pilot to coordinate with retailers and community partners to offer a discount coupon for a new portable/window heat pump to customers who bring in an old window AC unit to be recycled at an in-store or community event. The event would also include education on the benefits of efficient portable/window heat pumps and the importance of properly recycling older window units. Using the Strategy Pilot to gain an understanding of retailers' systems and consumer awareness of the need for proper AC unit recycling will help CalMTA determine the feasibility of this promotional event.

Program Strategy Pilot Plan

Task 1. Engage ESRPP collaborative and program sponsors

CalMTA will facilitate coordination meetings and Strategy Pilot development sessions between CalMTA staff, ENERGY STAR, ESRPP retail partners, ESRPP's national data manager (ICF), and interested ESRPP program sponsors in California (PG&E and SMUD) or nationally.

Task 1 Activities:

- Engage ESRPP stakeholders to align on Strategy Pilot goals, targeted product specifications, budget, and timeline

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- Establish secure data-sharing systems and acquire anonymized full category data on target products for the state of California
- Identify location and number of targeted stores for Strategy Pilot
- Identify location and number of stores for AC turn-in events and use of coupons for portable/window heat pumps to be used during these events
- Establish final qualified product list and qualifying product incentive levels

Task 1 Deliverables:

- Memorandum of Understanding (MOU) or contract with ESRPP data administrator
- Detailed plan including targeted stores, with a subset of stores for AC turn-in events, product specifications, and incentive levels
- Acquisition of historical full category sales data submission for induction ranges and cooktops, portable/window heat pumps, window AC units, and electric resistance space heaters

Task 2. Engage leading manufacturers and retailers

After determining target products, CalMTA will engage the appropriate manufacturers on product availability, targeted specifications, and partnership opportunities that can be deployed during the Strategy Pilot to support participating retailers. CalMTA will also coordinate with retail partners at this stage.

Task 2 Activities:

- Engage manufacturers of target induction cooking and portable/window heat pump products to create lines of communication
- Engage select portable/window heat pump manufacturers to offer coupons for targeted products to be promoted during AC turn-in events
- Engage retail partners to ensure product is available and staff are adequately trained at proposed strategy test schedule

Task 2 Deliverables:

- Detailed manufacturer engagement plan
- Detailed retailer engagement plan

Task 3. Engage local AC-recycling partner or CBOs

To build community awareness on the benefits of target products, test a tactic to encourage consumers to properly dispose of older AC units, and create sales for portable heat pumps at retail, CalMTA will engage local partners to run AC turn-in events, as described above. These

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events will include a coupon to purchase a replacement portable/window heat pump at targeted retail locations identified in Task 1.

Task 3 Activities:

- Develop scopes of work and timing for AC turn-in events
- Coordinate with identified retail locations serving ESJ communities
- Develop plan for AC recycling events
- Develop AC-recycling educational/promotional materials in appropriate languages
- Develop coupons to be used with retailers for portable/window heat pumps

Task 3 Deliverables:

- Local partner scopes of work and, if needed, contractual documents
- Draft and final AC-recycling plan
- Draft and final AC-recycling educational/promotional materials and coupons

Task 4. Implement ESRPP Strategy Pilot

CalMTA will conduct the Strategy Pilot with partners over a 6–8-month period.

Task 4 Activities:

- Engage retail partners to continuously evaluate challenges and opportunities, and receive feedback on Strategy Pilot performance
 - i. Monitor product specification, product mix, and product availability
 - ii. Engage with retailers on their marketing and in-store training of associates
- Coordinate with national program sponsors to share outputs and lessons learned from the Strategy Pilot
- Coordinate with utility energy efficiency programs promoting similar or related products to align, minimize the potential for market confusion, and share insights and learnings
- Conduct two to three AC turn-in events at target retail locations or identified community space (partner-led)

Task 4 Deliverables:

- Project tracking
- Monthly reports from ESRPP on progress made
- Monthly full category sales data submissions from all stores to compare sales between target stores in ESJ communities and all other retail locations
- Monthly reports from local partners implementing AC turn-in events

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Task 5. Program Strategy Pilot Assessment

CalMTA will evaluate outcomes of the Strategy Pilot against stated objectives, and share information and lessons learned with key stakeholders.

Task 5 Activities

- Assess whether the Strategy Pilot was deployed successfully and in alignment with its intended design for maximum learnings. Metrics will be finalized prior to the start of implementation. Table 1 identifies preliminary performance metrics identified by CalMTA.

Table 1. Preliminary Performance Metrics

Strategy Pilot Tasks	Preliminary Performance Metrics
Task 1. Engage ESRPP collaborative and program sponsors on Strategy Pilot design and data acquisition	ESRPP implementers and retailers are willing to engage in the Strategy Pilot in target zip codes
Task 2. Engage leading manufacturers and retailers	Manufacturers agree to make products available for Strategy Pilot at target stores in ESJ zip codes
Task 3. Engage local AC-recycling partner/vendor or CBOs	At least one partner is engaged by CalMTA and at least two events are held during the study period
Task 4. Implement ESRPP Strategy Pilot	<ul style="list-style-type: none"> Strategy Pilot is implemented in time for AC retail sales uptick and cooling season Targeted products are stocked in participating retail stores for at least six months

- Assess whether the objectives of the Strategy Pilot were successfully met, as documented in Table 2

Table 2. Evaluation Research Objectives

Strategy Test Objectives	Evaluation Research Objectives or Metrics
1. Learn how ESRPP can be adapted to target identified zip codes that primarily serve ESJ communities	<ul style="list-style-type: none"> Document changes to stocking and promotional practices for selected products at participating stores Identify available local and IRA incentives for selected products and assess purchaser awareness of them Capture lessons learned from manufacturer and retailer engagement that can be applied to future MTI interventions, particularly surrounding product improvements and/or affordability
2. Gather full product category sales data	Calculate baseline market share of selected products at participating stores and measure change after participation

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Strategy Test Objectives	Evaluation Research Objectives or Metrics
3. Learn how CalMTA can leverage “AC turn-in” events	<ul style="list-style-type: none"> • Assess the effectiveness of trade-in-event strategy by quantifying the number of ACs recycled and the number of coupons used • Estimate the number of replacement AC purchases by gathering follow-up data

- Implement evaluation activities before, during, and after Strategy Pilot to support the evaluation objectives in Table 2 including:
 - i) Interviews with participating retailers (store/branch managers or regional execs)
 - ii) Interviews with partners and/or CBO(s) leading recycling events
 - iii) Participant surveys with in-store purchasers and recycling event participants, via text message and online forms
 - iv) Participating store sales data analysis
- Share findings via a public webinar, inviting key CalMTA stakeholders such as the Market Transformation Advisory Board (MTAB), California Public Utilities Commission (CPUC), utilities, CBOs, etc.

Task 5 Deliverables:

- Finalized key performance metrics
- Data collection instruments
- Findings in PowerPoint presentation, recorded webinar, and written report

Timeline

Table 3 provides the estimated timeline to complete each Strategy Pilot task. This schedule is designed to have results and inform development of market interventions for the Portable/Window Heat Pump and Induction Ranges and Cooktops MTIs by the beginning of Q4 2024. It may be reasonable to continue the Strategy Pilot to prevent an interruption of engagement with retailers into Q4 2024 and beyond, but that will be determined after reviewing initial results. Month 1 will begin upon confirmation of CPUC acceptance of the plan, which is targeted to happen in February 2024 after a comment period and webinar.



Table 3. Program Strategy Pilot Timeline/Schedule of Activities

Activity	Timeline (Months)												
	1	2	3	4	5	6	7	8	9	10	11	12	
Task 1. Engage ESRPP collaborative and program sponsors	■												
Task 2. Engage leading manufacturers and retailers		■	■	■	■	■	■	■	■				
Task 3. Engage local AC recycling partner or CBOs		■	■	■	■	■	■	■	■				
Task 4. Implement ESRPP Strategy Pilot			■	■	■	■	■	■	■	■			
Task 5. Conduct Strategy Pilot assessment				■	■	■	■	■	■	■			

Initial Cost Estimate

Table 4 summarizes the estimated costs of completing each task as described in this plan for both portable/window heat pumps and induction ranges and cooktops. While the costs for specific Strategy Pilots were separated out in the two Advancement Plans, CalMTA has combined them here as the work will target both products.

Table 4. Program Strategy Pilot Initial Cost Estimate Summary

Task/Description	Initial Cost Estimate
Task 1. Engage ESRPP collaborative and program sponsors	\$150,000
Task 2. Engage leading manufacturers and retailers	\$25,000
Task 3. Engage local AC-recycling partner or CBOs	\$350,000
Task 4. Implement ESRPP Strategy Pilot	n/a (reflected in retailer incentive budget)
Task 5. Conduct Strategy Pilot assessment	\$100,000
Retailer Incentives (budget dependent on selected products and number of target retail locations)	\$900,000 (estimated)
Total	\$1,525,000

About CalMTA

CalMTA is a program of the California Public Utilities Commission and is administered by Resource Innovations. We work to deliver cost-effective energy efficiency and decarbonization benefits to Californians through a unique approach called market transformation. Market transformation is the strategic process of intervening in a market to create lasting change by removing market barriers or exploiting opportunities, accelerating the adoption of identified technologies or practices. CalMTA-developed market transformation initiatives also aim to advance state goals on demand flexibility, workforce development and equity. Learn more at www.calmta.org.

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