

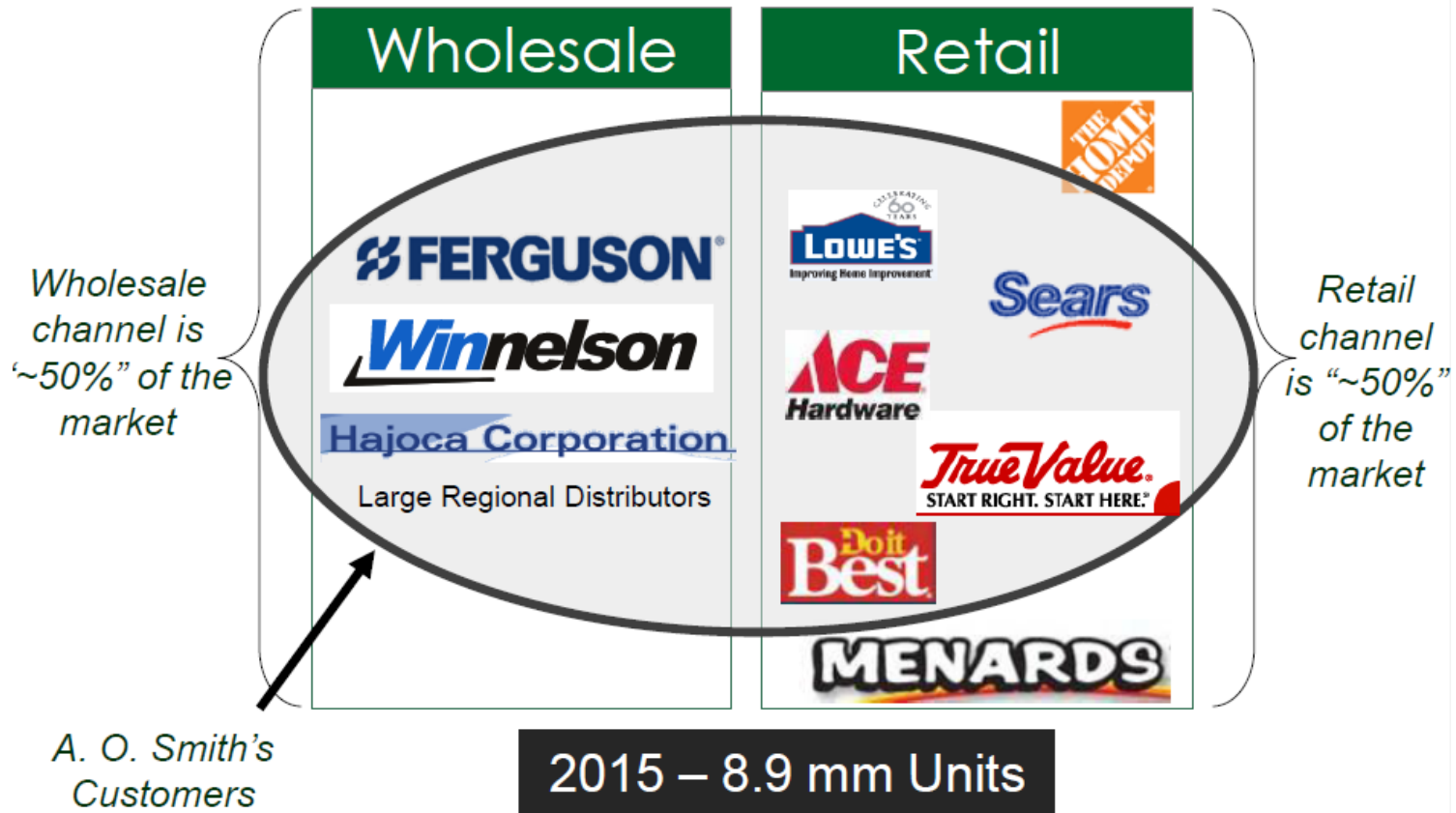
A decorative graphic consisting of two overlapping, wavy green bands that curve across the page.

**Instant Utility Rebates for  
ENERGY STAR Water Heaters**

**Join the Movement**

Company Confidential

# The A. O. Smith Supply Chain



# Heat Pump Water Heaters Benefits

Heat Pump Water Heater Model	Est. Annual kWh, according to UEF standard test procedure	Similarly performing standard electric (using FHR)		Annual Savings
HPTU-50N	950	ENT-50	3,493	2,543
HPTU-66N	1,654	PXNT-50	5,222	3,568
HPTU-80N	1,817	PXNT-50	5,222	3,405

Note: There is a substantial jump between the 50 and 66/80 because under the UEF test procedure they fall into different performance bins and get different hot water usage assumptions. The 50-gal annual cost of operation is calculated for 55 gal/day of hot water use, while the 66 and 80 gal are calculated based on 84 gal/day of use. For purposes of the HPWH vs electric comparison we picked standard electric models that are in the same performance bins and receive the same hot water usage assumption as the HPWH.

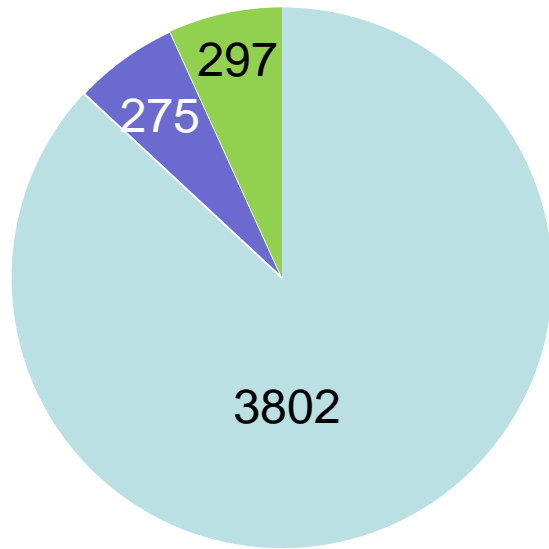
**Heat Pump Water Heater = 2,500 to 3,400 kWh annual savings/unit!**

# ENERGY STAR Share = 7%

(USA - 000 units)

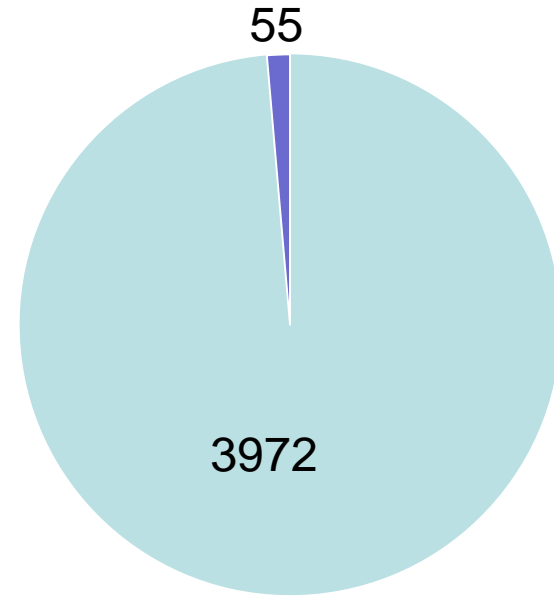
## 2015 Residential Water Heater Market

### Gas Water Heaters



■ Standard tank ■ E-Star tank ■ E-Star tankless

### Electric Water Heaters



■ Standard tank ■ E-Star HPWH

**The LOWEST penetration of all ENERGY STAR product categories**



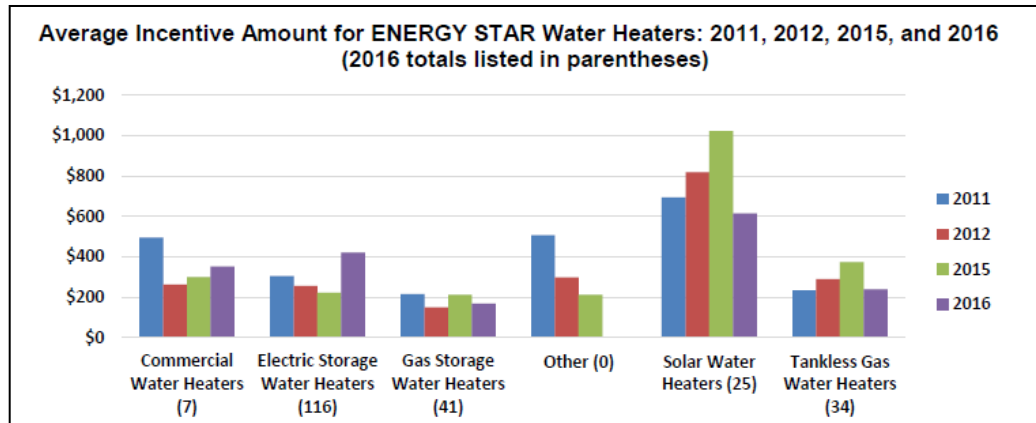
Sources:

AHRI: [http://www.ahrinet.org/App\\_Content/ahri/files/Statistics/Monthly%20Shipments/2016/December\\_2016.pdf](http://www.ahrinet.org/App_Content/ahri/files/Statistics/Monthly%20Shipments/2016/December_2016.pdf)

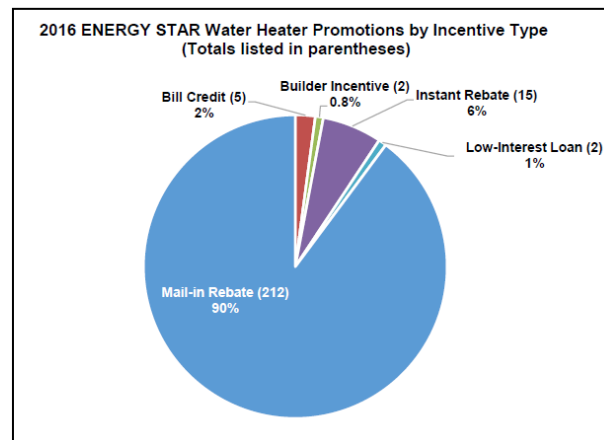
ENERGY STAR: [https://www.energystar.gov/ia/partners/downloads/unit\\_shipment\\_data/2015\\_USD\\_Summary\\_Report.pdf?c403-b64a](https://www.energystar.gov/ia/partners/downloads/unit_shipment_data/2015_USD_Summary_Report.pdf?c403-b64a)

# Water Heater Utility Programs Today

## High incentives



**BUT 90% Consumer mail-in rebates = TOTALLY INEFFECTIVE**



# Instant Utility Discounts for HPWH – Q3 '17

## Retail and Wholesale channel

- Connecticut – Energize CT: \$600/unit
- Washington – NEEA: \$200/unit (50G); \$300/unit (66/80G)
- Oregon – NEEA: \$200/unit (50G); \$300/unit (66/80G)
- Oregon – Energy Trust of Oregon: \$300/unit
- Idaho – NEEA: \$200/unit (50G); \$300/unit (66/80G)
- Montana – NEEA: \$200/unit (50G); \$300/unit (66/80G)
- California – SDG&E: \$250/unit

## Wholesale channel

- Vermont – Efficiency VT: \$500/unit
- Maine – Efficiency Maine: \$750/unit
- Arkansas – Entergy AR: \$300/unit

## Retail channel

- Ohio – First Energy Ohio: \$250/unit
- North Carolina – Duke Energy: \$350/unit – Launch date TBC

**Join the  
movement.....  
Now 11  
States with  
instant Heat  
Pump rebates**

# Instant Utility Discounts for ENERGY STAR Gas – Q3 '17

## Retail and Wholesale channel

- Oregon – Energy Trust of Oregon: \$100/unit (tank)
- California – SDG&E: \$100/unit (tank)

## Retail channel

- California – SoCalGas: \$100/unit (tank); Up to \$200/unit (tankless)

More



# Instant Discounts Drive Stocking Practices

Local stock is a must for water heaters purchased 90% in crisis emergency replacement

State	Utility/Energy Organization	HPWH Incentive	Proportion Lowe's stocking stores
CA	PG&E	\$300 mail-in	34%
CA	SDG&E	\$250 instant	100%
IN, OH, KY, NC, SC	Duke Energy	\$350 mail-in	31%
WA, OR, ID, MT	NEEA [Northwest Energy Efficiency Alliance]	\$200/\$300 instant	98%

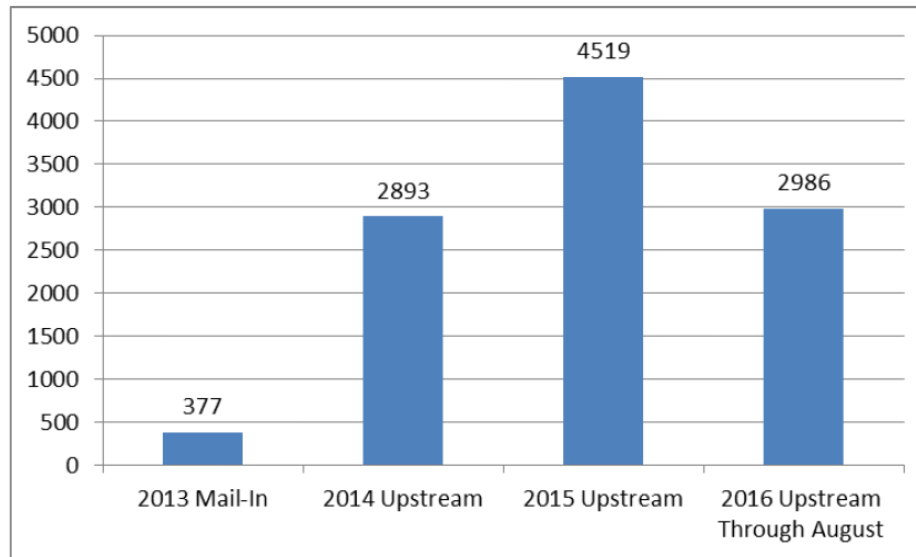


# Proven Results....Utility Perspective

Up to 10X lift!

## Stocked Shelves: Increase in Sales

ENERGY STAR Heat Pump and Natural Gas Water Heater Incentives Processed



# Proven Results....A.O. Smith Perspective

Incentive Delivery Method	50G HP Units Sold per Lowe's Stocking Store	HP Units Sold at wholesale per Million Households
No rebate	Base 100	Base 100
Instant Rebate	325	624
Instant + Mail-in Rebate	270	542
Mail-in Rebate	160	81



Instant rebates....Up to 6X Lift