ENERGY STAR® Water Heater Update

Steve Ryan, US EPA

ENERGY STAR Partner Meeting
October 13, 2015
Facts about Water Heaters

• Water heaters (WHs) = 17% of residential energy consumption!

• Cost households $200 to $600 annually in energy costs

• 96% market is storage WHs; 4% tankless

• Fuel used to heat water nationwide:
  – 39% electric
  – 53% natural gas
  – 4% bottled propane gas
  – 4% other (fuel oil, wood, solar)
How are water heaters sold, who to, and why?

• **Who sells WHs:**
  – Half sold through distributors (mainly to plumbers)
  – Half sold through retailers, of those:
    • 34% sold to homeowner for plumber to install
    • 52% sold to homeowner DIY install
    • 10% property owners
    • 4% to re-modelers

• **Why do folks buy WHs:**
  – 18% for new construction
  – 82% sales are for WH replacement – with just about all of those an emergency situation
Types of ENERGY STAR certified water heaters

- Electric Storage
- Gas Storage
- Gas Tankless
- Solar
New ENERGY STAR Specification

- The new specification for ENERGY STAR certified water heaters went into effect April 2015

<table>
<thead>
<tr>
<th>Type</th>
<th>Old</th>
<th>New Spec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Storage</td>
<td>EF ≥ 2.00</td>
<td>≤ 55 gallons: EF ≥ 2.00 &gt; 55 gallons: EF ≥ 2.20</td>
</tr>
<tr>
<td>Gas Storage</td>
<td>EF ≥ 0.67</td>
<td>≤ 55 gallons: EF ≥ 0.67 &gt; 55 gallons: EF ≥ 0.77</td>
</tr>
<tr>
<td>Gas Tankless</td>
<td>EF ≥ 0.82</td>
<td>EF ≥ 0.90</td>
</tr>
</tbody>
</table>
National Fall Water Heater Promotion

- Increase sales of and awareness of certified water heaters
- Encourage consumers to consider early/planned replacement
- Raise consumer awareness of issues to build “bottom up” demand
- Develop integrated campaign that can reach consumers through entire market chain
- Timing: September - October
Consumers are the decision makers!

- Significant opportunity to increase awareness on the benefits of planned replacement for water heaters and drive sales and program activity
  - Opportunity to avoid costly cleanup from old unit and other non-energy saving benefits
  - 37% of water heaters nationwide are at least 10 years old (41.7 million units total eligible for replacement)
  - Over 146 utilities, energy service providers, and municipalities are offering rebates for ENERGY STAR certified gas, electric, and solar water heaters
- Manufacturers and retailers often offer discounts on certified water heaters as well throughout the year
Key Early Replacement Messages

• **Why wait?** Avoid costly and annoying clean up when old unit dies which could be soon based on national average age of water heater units.

• **Make an investment and save.** Replacing your old water heater with an ENERGY STAR certified unit can save you thousands of dollars in energy costs, depending on the type and size of unit replaced.

• **Now is the time to buy.** There are available incentives for all types of ENERGY STAR certified water heaters made possible by manufacturers, utilities, energy service providers, and municipalities. How long will they last?
National Water Heater Stock is Old
Incentives for ENERGY STAR Water Heaters are Widespread
Program Administrators support certified Water Heaters

<table>
<thead>
<tr>
<th>Certified WH</th>
<th>No. of Programs</th>
<th>Highest Incentive</th>
<th>Average Incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>HPWH</td>
<td>109</td>
<td>$1000</td>
<td>$410</td>
</tr>
<tr>
<td>Gas Storage</td>
<td>39</td>
<td>$600</td>
<td>$210</td>
</tr>
<tr>
<td>Gas Tankless</td>
<td>26</td>
<td>$1500</td>
<td>$330</td>
</tr>
</tbody>
</table>
Partner Support for National Promotion

- Retailers, manufacturers, utilities, and trade associations have been very supportive of the national promotion
  - Retailers: Promoting on-line, working with utilities, stocking product
  - Utilities: Using ENERGY STAR messaging, significant incentives, coordinating with retailers and contractors
  - Manufacturers: Worked with retailers and utilities to provide limited time offers; designed their own campaigns in support
  - Trade Associations: PHCC disseminating campaign information to their contractor and plumber members on campaign’s desire to increase early replacement
Partner Marketing Samples – SoCal Gas
ENERGY STAR Marketing & Outreach Campaign

- **Paid & Earned Media:**
  - Regional online banner advertising campaign
  - Regional PR activity in support of campaign

- **Owned Media:**
  - Dedicated campaign website – energystar.gov/waterheaters
  - Ask the expert video
  - Mention in upcoming ENERGY STAR Consumer newsletter
  - Campaign messaging integration into Facebook and Twitter channels

- **Shared:**
  - Developed digital tool kit to help partners co-market promotion – energystar.gov/products/marketing_materials
ENERGY STAR Consumer Site (energystar.gov/waterheaters)

ENERGY STAR Water Heaters Mean BIG Savings

Water heaters are often the second highest energy user in the home. If your water heater is more than 10 years old, consider replacing it with a new ENERGY STAR certified model to save energy, save money, and help protect the climate. Investing in a planned replacement now can lock in big energy savings and help avoid a potential costly clean up when your old water heater fails. Don’t delay! Look for utility offers or other discounts in your area and see why ENERGY STAR is the right choice, right now!

DID YOU KNOW?

ENERGY STAR certified water heaters are an easy choice for energy savings, performance, and reliability.

- If electric is your only option, an ENERGY STAR certified electric storage water heater uses half the energy of a standard model and can save a family of four more than $3,500 over its lifetime by heating water using highly efficient heat pump technology.
- An ENERGY STAR certified gas storage water heater uses less energy through better insulation, heat traps and more efficient burners.
ENERGY STAR Consumer Site (energystar.gov/waterheaters)

ASK THE EXPERT

Water Heaters Mean BIG Savings

See how heat pump water heaters work and how ENERGY STAR certified models can help you save on your utility bills.

ENERGY STAR Water Heaters Mean BIG Savings - Ask the Expert
Water Heater marketing tools

• All Fuels
  – Contractor Training
  – Marketing Messaging copy
  – Social Media content

• Electric Storage
  – HPWH Fact Sheet

• Gas Storage and Tankless
  – Fact Sheet (In Development)
EPA ENERGY STAR Water Heater Widgets

- Give consumers more good reasons to buy your products and take advantage of promotions and easily link back to energystar.gov/waterheaters.
Thank you!

Steve Ryan
U.S. EPA, ENERGY STAR
202-343-9123
ryan.steven@epa.gov