ENERGY STAR Lighting Program Design & Implementation
Considerations for Starting New Lighting Programs

ENERGY STAR Lighting Partner Meeting
April 4, 2005
Presented by Andria Jacob, Ecos Consulting
Presentation Overview

• Program Objectives
• The Power of Market-Based Programs
• Nevada Power/Sierra Pacific Program Design
  – Incentives
  – Marketing
  – Channel Partners
  – Budget and Cost-Effectiveness
• Parting Thoughts
Program Objectives Determine Design

- **Market Transformation**
  - Long-term
  - Systematic change in the value chain
  - Program support shifts from incentives to marketing

- **Resource Acquisition**
  - Shorter-term
  - Focus on moving units

- **Customer Satisfaction**

- **PR**
The Power of the Market

• Influence customer decisions at point of sale
• Leverage brand awareness built by ENERGY STAR
• Align with product sales cycles
  – September through April
• Share costs of marketing and promotion with industry partners
Nevada Power/Sierra Pacific

- Focus on lighting and appliances
  - CFLs, fixtures, ceiling fans with light kits
- Program design elements
  - ENERGY STAR promotional calendar
  - Upstream buydowns
  - DiY channel partners
  - In-store merchandising
  - Outreach events
  - Field support
Incentives

• **Upstream**
  – Results in lower retail price
  – Simplest to administer
  – Preferred by national retail chains

• **Downstream**
  – Strongest connection with customer
  – Excellent branding opportunity

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<th>Product</th>
<th>Cost</th>
<th>Retail Markup (%)</th>
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<th>Retail before Coupon</th>
<th>Retail after Coupon</th>
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<td>$309.60</td>
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$10 WORKING TOGETHER for change

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Save up to $2 per bulb on an ENERGY STAR® qualified compact fluorescent light bulb with this coupon. Coupons valid at participating retailers only. For a retailer near you, call PSE at 1-800-562-1462 (option 4) or visit pse.com.
Channel Partners

• Understand your retail market
  – Conduct a baseline survey
• Establish relationships with manufacturers and retailers
• Train and re-train sales associates
CFL Coupon Sales by Channel (Puget Sound Energy)

- 48% in Mass
- 6% in Hardware
- 31% in Drug
- 10% in Grocery

CFL Buydowns by Channel (Nevada Power/Sierra Pacific)

- 87% in Wholesale club
- 10% in Drug/Grocery
- 3% in DiY
Marketing, Promotion, and Consumer Education

- In-store merchandising provides great value for limited budgets
- Cooperative marketing leverages program funds
- Connect with ENERGY STAR campaigns like *Change a Light* for messaging and collateral
- Get out in the field
  - Staffed events, extended store visits
Budget and Cost-Effectiveness

- C/E tests weigh program benefits against costs
- Keep administrative costs low relative to incentive budget
- CFLs typically most cost-effective program element
  - Substantial savings per unit plus high volume and low admin costs
- Aim for levelized cost of 2-4 cents per kWh
Parting Thoughts

• Define your program objectives
• Pilot, test, learn, adapt, re-focus
• Assess your retail market
• Support market-based programs with adequate field coverage
• If cost-effectiveness is a concern, try to keep program costs low relative to incentive costs