

# **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*

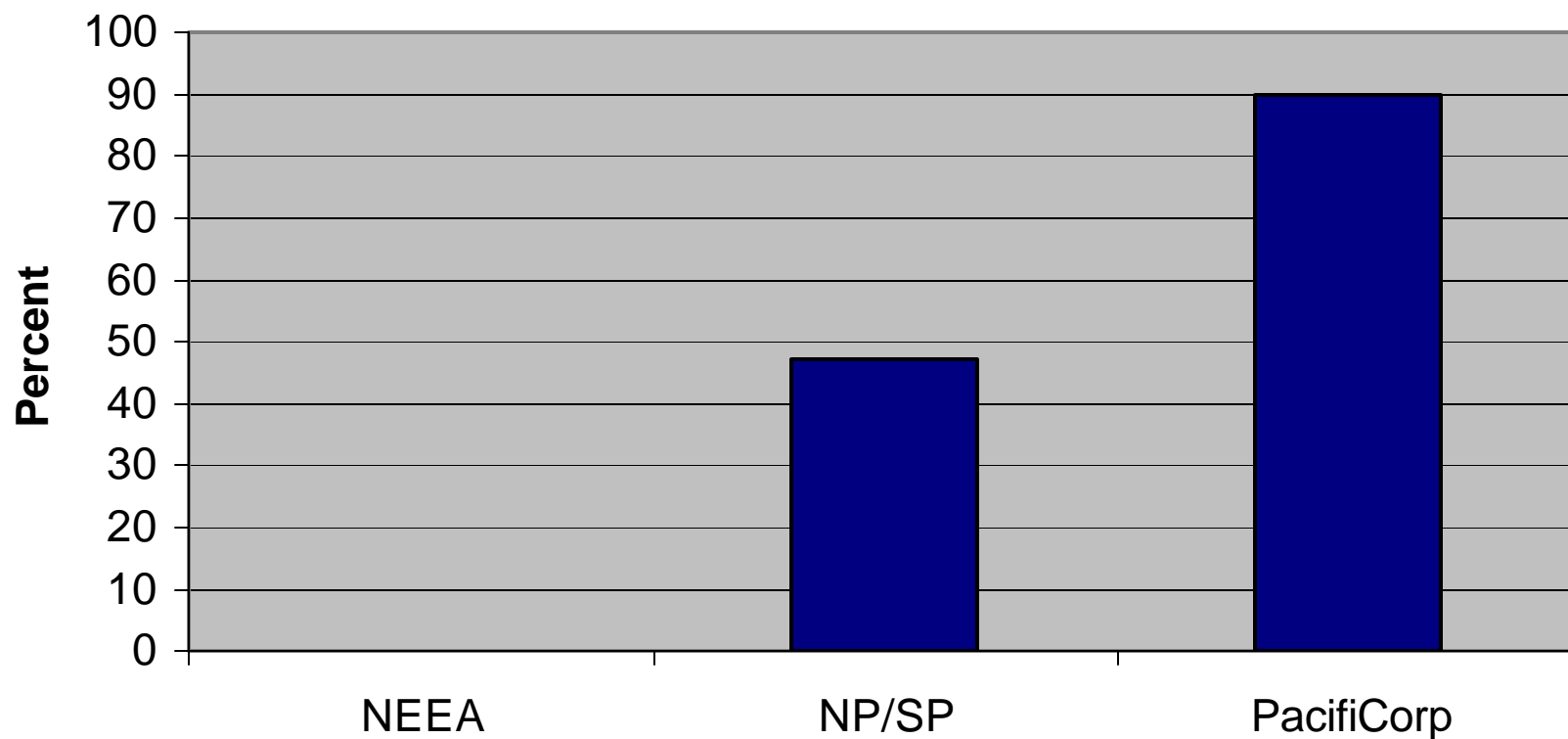
# Presentation Overview

- 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**

## % Incentives to Total Program Cost





# 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

	No Buy-Down			After \$20 Buy-Down			After \$20 Retail Coupon			
Product	Cost	Retail Markup (%)	Retail	Cost	Retail Markup (%)	Retail	Cost	Retail Markup (%)	Retail before Coupon	Retail after Coupon
Fixture	\$ 160.00	106%	\$ 329.60	\$ 140.00	106%	<b>\$ 288.40</b>	\$ 160.00	106%	\$ 329.60	<b>\$ 309.60</b>

- Simplest to administer
  - Preferred by national retail chains
- **Downstream**
  - Strongest connection with customer
  - Excellent branding opportunity

# DuraBright

**WANT TO MAKE 99¢ LAST 5 YEARS?**  
**¿Quiere que 99¢ duren 5 años?**

Save 75% Less Energy!  
 (Against Incandescent)

**30 Day Total Satisfaction GUARANTEED**  
If you are not totally satisfied, contact us at 1-800-362-2724



**TCF**

**Nevada Power**

**Sierra Pacific**

**WORKING TOGETHER FOR CHANGE**  
**Trabajando juntos para un Cambio**

Also 75% menos energía!  
 (Ahorra su dinero  
 no ganado!)

**30 Días de Satisfacción GARANTIZADA**  
Si no está completamente satisfecho, llámenos al 1-800-362-2724

**\$10**




**ENERGY STAR**

**WORKING TOGETHER**  
*for change*



Redeem this instant coupon for:

**\$10**

off the purchase of one  
 brand named incandescent  
 compact fluorescent  
 (CFL) bulbs

Cash value 0.00. Redeem coupon  
 at DuraBright, Agilent or another of our  
 participating retailers. 100% coupon 0.00 off.






**\$10**




**ENERGY STAR**

**WORKING TOGETHER**  
*for change*



Redeem this instant coupon for:

**\$10**

off the purchase  
 price of any  
 ENERGY STAR®  
 qualified ceiling  
 fan with light kit

Cash value 0.00.  
 Limit one coupon per fan.  
 Applies to incandescent ceiling fan/light  
 kits only. 100% coupon 0.00 off.





**\$2 INSTANT COUPON**



an **ENERGY STAR®**  
 qualified CFL Bulb

**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 1-800-562-1482 (option 4)  
 or visit [pse.com](http://pse.com).



**PUGET SOUND ENERGY**  
[pse.com](http://pse.com)

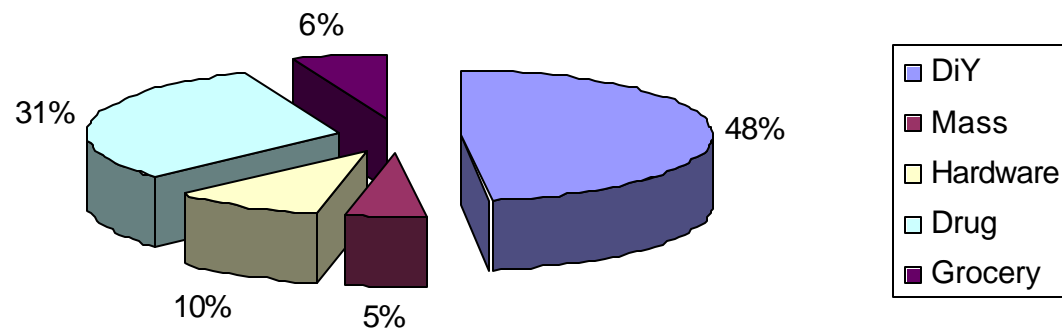


**CHANGE FOR  
 THE BETTER WITH  
 ENERGY STAR**

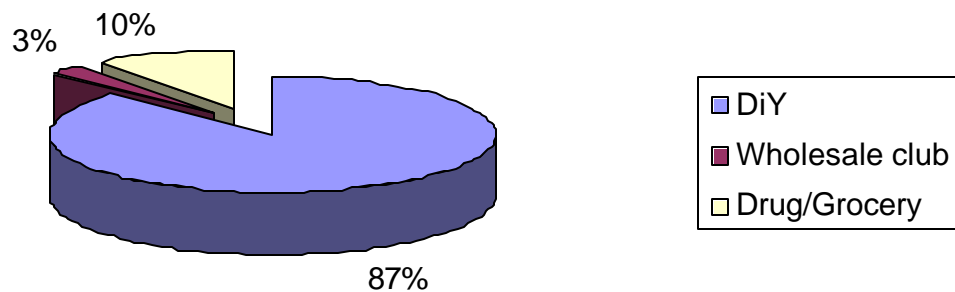
# Channel Partners

- **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)



## CFL Buydowns by Channel (Nevada Power/Sierra Pacific)



# 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