



# Heat Pump Water Heater Advanced Pilot: Next Steps

S/CAP Committee  
October 20, 2023





- Program Statistics (as of October 12, 2023):
  - 571 signups
  - 184 (32%) stopped responding or dropped out before getting an estimate
  - 100 more participants are still active, but are earlier in the process
  - 287 have received an estimate
  - 148 of these (about 50%) chose to move forward, with 101 installs completed
  - In addition, 33 people managed their own install and received a rebate
  - TOTAL TO-DATE: 134 installs completed (with 47 more pending)
- Insights:
  - Challenges with staffing early in the program led to delays and dropouts
  - More post-estimate follow-up is needed to help people choose to move forward with their install - increase “take rate” from 50%



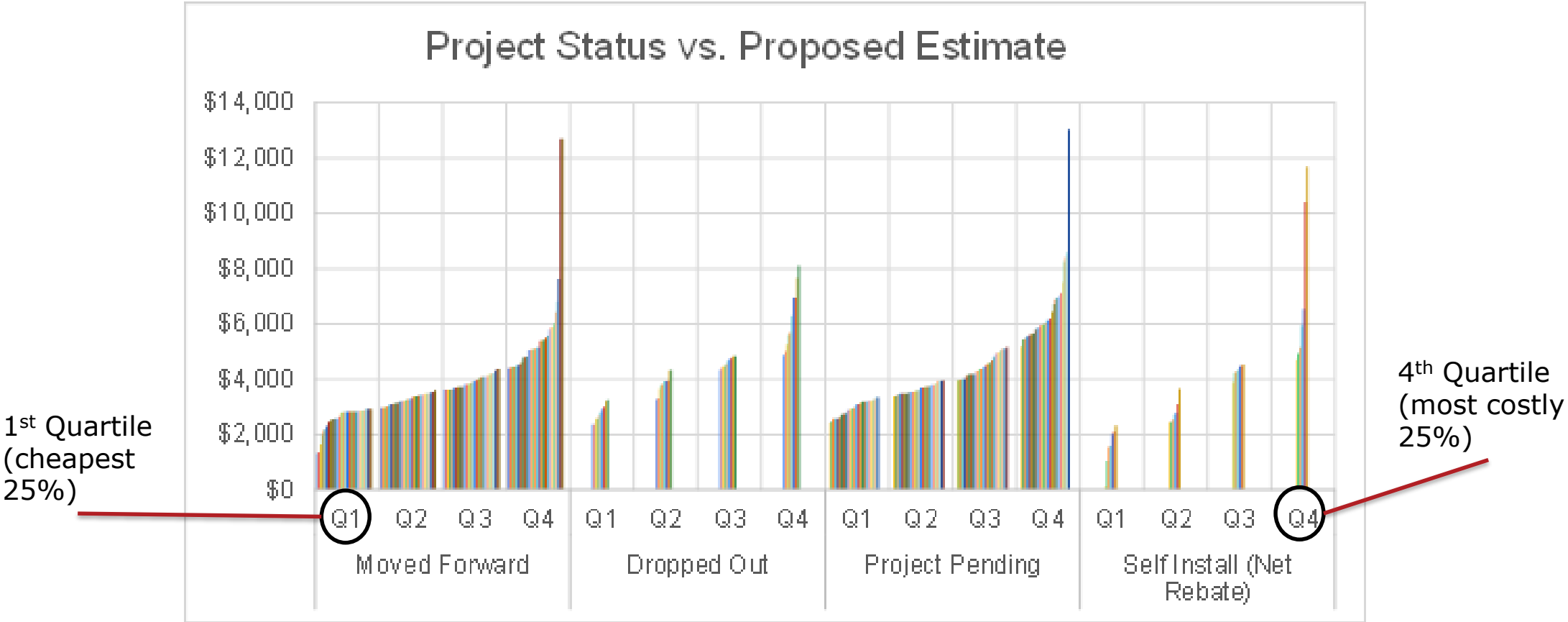
- Recent performance (July through September)
  - 8-9 average weekly new participants
  - 4-5 weeks from signup to receiving an estimate, on average, for 2/3 of projects.
    - 1/3 of Jul-Sep signups do not have an estimate yet after 41 days (on average)
  - About 1/3 of participants are dropping out before receiving an estimate
    - Per program operator, this is a good dropout rate compared to other programs they run
  - Staff estimates this pace would result in 3-4 installs / week (about 150-200 per year, or 12% to 20% of all water heaters installed each year)
- Insights
  - Generating leads is the biggest challenge
  - More work is needed on the participant intake process to reduce dropouts
  - Better post-estimate follow-up could also help



- Of 118 confirmed dropouts from program start, reasons included:
  - needed to move faster than program could accommodate (31 people)
  - cost (21 people)
  - other (35 people)
  - unknown reason (31 people)
- Post-install customer survey (about 20% response rate)
  - 100% cited the easiness of the program as their reason for participation
  - 80% said their experience with contractor was easy or very easy
  - High ratings for contractor quality, timeliness, and professionalism
  - 85% were satisfied or very satisfied with the value they got for what they paid



- Cost may not be the primary driver – cost for those who moved forward not significantly different





- Steadily ramping up. Implemented to-date:
  - Utility bill inserts July, October
  - Uplift Local, Utilities E-Newsletter, and Sustainability Newsletter outreach
  - Facebook and Instagram posts, social platform advertising
  - 350 Canvassing
  - Google Ads – first set of ads to gauge which messages work best for each audience
- Results: Doubled weekly signups (from 0-5 per week to 5-10 per week)
- Upcoming outreach and resources:
  - More bill inserts, newsletters, social posts and advertisements
  - Google Ads – Click to Call campaign and audience-targeted ad campaign using lessons learned in first run
  - Palo Alto Online advertising
  - Community toolkit and student engagement
  - Outreach at Development Center
  - Gather testimonials from customer surveys



- Lessons learned from pilot
  - Marketing consultant has helped the City increase its leads through innovations like targeted Google Ads, for example
  - Relying on a single installer has risks – consider this in future program design
- Positive upcoming events that may drive more leads
  - Lower pricing due to new State incentives
  - Continued expansion of marketing efforts



- Successes to-date

- Developed business process that can deliver about 150-200 installs / year
  - Higher participation rate than any previous energy program to-date
- Achieved higher rate of signups than any previous program (35/month)
- Developed new approaches to program outreach (e.g. targeted Google ads, audience segmentation, comprehensive, ongoing campaign themes)



- Challenges to-date

- Staff turnover early in the program with the City and its two program operators
- Far more leads are needed to reach 20 installs per week (which represents 1000 installs per year, or 80% of water heaters replaced in Palo Alto each year)
  - With current dropout rates, 60 leads per week are needed
  - Lower numbers of leads would be needed with improvements in the dropout rate







- Find ways to integrate multiple contractors into the program



- Explore more intensive use of 120V HPWH to reduce costs



- Start an emergency replacement program



- Reach out to contractors to get more installers in Palo Alto



- Look for regional partnerships on programs and contractor development



- Advisory service with deep electrification expertise to help project design



- Explore a leasing program

- Stay ahead of BAAQMD requirements / use them to spur action



- Outreach suggestions:

- Reach out to people with water heater permits from 10-15 years ago
- Encourage people to provide the City their water heater's serial number to find its age
- Celebrate the 1000<sup>th</sup> HPWH installation



- Potential Next Step:

- In-person workshop to review lessons learned to date, upcoming actions already planned, and what other changes could be made





# **SUSTAINABILITY & CLIMATE ACTION PLAN**

**Thank You!**

*Acting Now for a Resilient Future*