



Revised June 28, 2013

To: California’s Investor Owned Utilities  
C/O: James Tuleya, Pacific Gas and Electric Company  
Jeremy Reefer, San Diego Gas & Electric Company  
Mel Johnson, Southern California Edison Company  
Harvey Bringas, Southern California Gas Company

The attached report titled “Western HVAC Performance Alliance Program Design Recommendations for 2013-2014 Residential Upstream HVAC Equipment Incentive Program” was produced by the Residential Upstream HVAC Equipment Incentive Working Group (Res Upstream). It was developed under the rules of governance documented in the Charter of the Western HVAC Performance Alliance (WHPA), and Working Group members were guided by the WHPA Code of Conduct.

Pursuant to those rules, it was submitted to the WHPA Executive Committee for review and action in its monthly meeting held Wednesday, June 12, 2013, where it was “ACCEPTED as written” and approved for transmission to California’s four investor owned utilities (IOUs) for consideration. In its vote, the Executive Committee added that, in addition to the report, the IOUs were encouraged to consider adding a “compliance” element to the “2013-2014 Residential Upstream HVAC Equipment Incentive Program” when they ultimately submit the program implementation plan to the CPUC.

WHPA Executive Committee Co-Chairs  
Bob Baker (ASHRAE)  
Jeremy Reefer (San Diego Gas & Electric Company)

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## Final Vote on Program Design Document by Voting Members of the WHPA Executive Committee

The final document was voted on at the June 12, 2013, Executive Committee meeting.

The Executive Committee ACCEPTED the document as written with an addendum to the motion that the Working Group and the Executive Committee encourage the IOUs to have a “compliance” element added to the program. With a vote to ACCEPT, the WHPA Charter provides the document with the right to use the WHPA brand (logo) and makes it a WHPA sanctioned document.

The WHPA Executive Committee has 14 Voting Members. A Quorum is 8 members; a Super Majority is 9 members. Ten members were present or represented by proxy. Nine voted AYE: ACCA, AHRI (by proxy given to HARDI), ASHRAE, HARDI, IHACI, PG&E, SDG&E, SMWIA, SoCal Gas; one abstained: CPUC; absent and did not voted: CEC, RSES, SCE, and UA. Below are the casted votes:

	Voting Participants	First Name	Last Name	WHPA Category	Vote Cast (Aye, Nay, Abstain)
1	ACCA (Air Conditioning Contractors of America)	Don	Langston	ACCA (Air Conditioning Contractors of America)	Aye
2	AHRI (Air-Conditioning, Heating, and Refrigeration Institute) (EC)	Warren	Lupson	HVAC Manufacturer Association	Aye (proxy voted by HARDI)
3	ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers); Co-Chair of EC	Robert (Bob)	Baker	Engineering Society	Aye
4	CEC	Eurlyne	Geiszler	CEC	Absent
5	CPUC Energy Division	Simon	Baker	CPUC	Abstain
6	HARDI (Heating, Air-conditioning & Refrigeration Distributors International); Chair of this Working Group (EC)	Talbot	Gee	Distributor Association	Aye
7	IHACI (Institute of Heating and Air Conditioning Industries)	Bob	Wiseman	IHACI (Institute of Heating and Air Conditioning Industries)	Aye
8	PG&E (Pacific Gas & Electric); IOU Statewide Lead	James	Tuleya	PG&E (Pacific Gas & Electric); IOU Statewide Lead	Aye
9	RSES (Refrigeration Service Engineers Society); WHPA Council of Advisors Chair	Mark	Lowry	RSES (Refrigeration Service Engineers Society); WHPA Council of Advisors Chair	Absent
10	SCE (Southern California Edison); IOU Statewide Lead	Mel	Johnson	SCE (Southern California Edison); IOU Statewide Lead	Absent
11	SDG&E (San Diego Gas & Electric); Co-Chair of EC	Jeremy	Reefe	SDG&E (San Diego Gas & Electric); Co-Chair of EC	Aye



	<b>Voting Participants</b>	<b>First Name</b>	<b>Last Name</b>	<b>WHPA Category</b>	<b>Vote Cast (Aye, Nay, Abstain)</b>
12	SMWIA Western States Council (Sheet Metal Workers' International Association)	Erik	Emblem	SMWIA Western States Council (Sheet Metal Workers' International Association)	Aye
13	SoCalGas (Southern California Gas); IOU Statewide Lead	Harvey	Bringas	California IOU	Aye
14	UA (So. Calif. United Association Union of Plumbers, Fitters, Welders, and HVAC Service Techs) (EC)	Don	Tanaka	Organized Labor	Absent



## Western HVAC Performance Alliance Program Design Recommendations for 2013-2014 Residential Upstream HVAC Equipment Incentive Program

June 12, 2013

To Members of the WHPA Executive Committee:

*This document is the final work product of the Residential Upstream HVAC Equipment Incentive Program (“Res Upstream”) Working Group established by the WHPA Executive Committee on February 13, 2013. The Working Group met 12 times for one- to two-hour conference calls between February 28 and May 30, 2013.*

*The task assigned to this Working Group was to outline in as much detail as possible what a residential upstream HVAC incentive program should look like to positively affect the stocking, sales, and purchasing behavior of HVAC distributors, their contractor customers, and ultimately the end user. The Working Group provided an ability for industry professionals to work directly with utilities to better understand their program parameters where there may exist opportunities for Market Transformation that would be mutually beneficial to participating trade allies. In the end, I believe the Working Group did an exemplary job of accomplishing this complicated task, and I thank and congratulate the Working Group members who put so much time and effort into this document.*

*There are 22 voting Members of this Working Group. Twelve of the 14 Industry members voted Aye; two voted Nay. Of the eight Member organizations not in the industry category, seven abstained and one voted Nay. A record of the vote is recorded in Appendix A at the end of this document. Statements by various Working Group members are recorded in Appendix B. TURN’s response to the Report is attached as Appendix C. Non-industry members of the Working Group, such as IOUs and state agencies, recused themselves from voting since the document’s purpose was to present recommendations from industry stakeholders. In accordance with the voting rules of the WHPA charter, the motion to approve this document carried.*

*This document is being sent to the WHPA Executive Committee for review at its June 12, 2013, meeting. The Working Group recommends that this document be adopted as presented.*

*Respectfully submitted,  
Talbot Gee, Chair, on behalf of this Working Group  
EVP & COO HARDI*



## Western HVAC Performance Alliance Program Design Recommendations for 2013-2014 Residential Upstream HVAC Equipment Incentive Program

### Working Group Participants

#### Industry Participants

AHRI, Cade Clark  
AHRI, Michael O'Halloran  
AHRI, Warren Lupson  
Air Cold Supply-Ferguson, Mike Camarena  
Air Cold Supply-Ferguson, Steve Adams  
Bristol Compressors International, Doug Blankenship  
Carrier, Dick Lord  
HARDI, Talbot Gee, Chair  
Indio Cooling & Heating Supply, Tim Mann  
Johnson Controls, Chris Forth  
Lennox Industries, Julie Humes  
MSDC, Jeff Henning  
Sigler Wholesale Distributors-Carrier, Jon Malkovich  
Specialty A/C-Trane, Mark Waters  
Tru Tech Tools, Bill Spohn  
UA, Don Tanaka  
US Air Conditioning Distributors, John Staples

#### IOUs

PG&E, James Tuleya  
PG&E, Julie Colvin  
PG&E, Keith Forsman  
SCE, Lorraine Espinosa-Nall  
SCE, Matt Horwitz  
SCE, Mel Johnson  
SCE, Roland Mollen  
SCE, Samantha Nicely  
SDG&E, Jeremy Reefer  
SDG&E, Jo Jo Unverferth  
SoCalGas, Harvey Bringas  
SoCalGas, Yvonne Mejia

#### Other Participants

CPUC, Hazlyn Fortune  
CPUC, Nils Strindberg  
CSG, Elizabeth DeSouza  
Energy Solutions, Jeff Johnston  
Energy Solutions, Jim Hanna  
Energy Solutions, Terry Pang  
TURN, Cynthia Mitchell, Vice Chair

### Program Description

Residential HVAC Upstream (distributor), per Ordering Paragraph 6 of the CPUC EE Decision for 2013-2014 IOU Programs:

*Pacific Gas & Electric Company, San Diego Gas & Electric Company, Southern California Gas Company, and Southern California Edison Company shall propose an upstream incentive program for distributors of residential heating, ventilation, and air-conditioning equipment in a Tier 2 advice letter by no later than April 1, 2013.*

1. Leverage distributor contacts and relationships.
2. Realize marketing efficiency through cooperation with trade partners.
3. Distributors will not be constrained in their use of the rebate funds.
4. Year-round program (within guidelines of the program cycle) for 2013/2014 for all climate zones within the territories of the California IOUs.
5. Building off success of commercial upstream program.
  - a. Past experience with commercial upstream programs by the distributors in particular will be helpful.



## Western HVAC Performance Alliance Program Design Recommendations for 2013-2014 Residential Upstream HVAC Equipment Incentive Program

### Rationale

1. Five to ten times tonnage moved by distributor channel compared to downstream channel; data based on upstream commercial HVAC 13-year history.
2. 89% of US unitary sales is for the “Add-On/Replacement” market.
3. Since the expiration of the \$1,500 federal tax credits for qualified residential HVAC systems in 2009 and 2010, industry revenues associated with 15+SEER air-conditioning (A/C) and heat pump (HP) systems have declined 21% in 2011 and 10% in 2012, respectively.
4. National share of 15+SEER units has dropped by nearly 10% since 2010 while national residential unitary shipments have increased by the same amount during that time; and this includes continually increasing shares of ductless units which are over 80% 15+SEER.
5. System replacement rates have steadily declined since 2006 as homeowners increasingly opted for simpler repairs, compressor replacements, or low-cost window units.
6. System replacement costs have more than doubled for homeowners since the ban on 10 SEER and R-22 systems.
7. HARDI distributor surveys in 2011 and 2012 and the HARDI Foundation’s 2011 research project “Keys to Optimizing Residential HVAC Efficiency Programs” all show that no less than 70% of HARDI distributors nationally cannot attribute benefits to their businesses from utility efficiency programs, indicating massive opportunities for program uptake and effectiveness if properly designed.
8. 87% of California’s ducted A/C equipment sales are currently minimum efficiency units (13 SEER), and 15+SEER units represent just 12% of sales (1Q2013 data, HARDI). Both figures are underperforming national averages.
  - a. At best, 30,000 A/C units >13 SEER are sold annually in California today.
9. 90% of ductless heat pump unit sales in California are 15+SEER; 60% are 19+SEER.
10. Since 2007, A/C and HP shipments into California have declined by 37% through 2012.
  - a. 63% of these shipments are to southern California.
11. HVAC wholesale distributors have the greatest number of relationships with installing contractors and have a vested interest in driving high-efficiency HVAC system sales.

### Objectives

1. Increase the share of high efficiency residential unitary sales in California.
2. Increase the volume of full-system replacements to retire legacy and repaired systems.
3. Increase the number of trade allies aggressively supporting and promoting the program.
4. Increase the revenues and profitability of California’s trade allies committed to high-efficiency HVAC unit sales.
5. Impact the greatest number of HVAC installers and customers at the lowest possible expense.
6. Produce more HVAC system replacement opportunities and, therefore, increase opportunities for participation in existing residential quality installation and maintenance programs.



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**Program Design and Proposed Incentive Structure**

These dollar amounts are based on the industry’s equipment cost and do not include all administrative costs or the cost of the withholding model. Once the utilities can provide their administrative requirements and withholding models, then additional distributor costs will be calculated and incentive amounts will be re-assessed.

1. Proposed incentive structure (based on actual average incremental wholesale costs):
  - a. Qualified residential (<65kBtuh) products

Tier 1 (aligned with 25C federal tax credits)						
	Air Conditioners		Heat Pumps		Gas Furnaces	
	Split System	Packaged	Split Air Source	Packaged	AFUE (Annual Fuel Utilization Efficiency)	Fans
<b>Efficiency</b>	16 SEER, 13 EER	14 SEER, 12 EER	15 SEER, 12.5 EER, 8.5 HSPF	14 SEER, 12 EER, 8.0 HSPF	95% AFUE gas and propane furnaces, gas and propane boilers, oil furnaces and hot water boilers	Additional incentive for units equipped with advanced main circulating fans
<b>Incentive</b>	\$200/ton	\$200/ton	\$250/ton	\$350/ton	\$300/ton	\$100

Tier 2						
	Air Conditioners		Heat Pumps		Gas Furnaces	
	Split System	Packaged	Split Air Source	Packaged	AFUE	Fans
<b>Efficiency</b>	17 SEER, 13 EER	15 SEER, 12 EER	17 SEER, 13 EER, 9 HSPF	15 SEER, 12 EER, 8 HSPF	96% AFUE gas and propane furnaces, gas and propane boilers, oil furnaces and hot water boilers	Additional incentive for units equipped with advanced main circulating fans
<b>Incentive</b>	\$350/ton	\$400/ton	\$400/ton	\$500/ton	\$400/ton	\$100

Tier 3						
	Air Conditioners		Heat Pumps		Gas Furnaces	
	Split System	Packaged	Split Air Source	Packaged	AFUE	Fans
<b>Efficiency</b>	18 SEER, 13 EER	16 SEER, 12 EER	18 SEER, 13 EER, 9 HSPF	16 SEER, 12 EER, 9 HSPF	97% AFUE gas and propane furnaces, gas and propane boilers, oil furnaces and hot water boilers	Additional incentive for units equipped with advanced main circulating fans
<b>Incentive</b>	\$500/ton	\$600/ton	\$550/ton	\$800/ton	\$500/ton	\$100

Advanced Thermostats (defined as communicating and/or WiFi enabled)		
<b>Incentive</b>	\$150	Condition: purchased as part of an above system installation

2. Equipment that was discussed and decided NOT TO BE INCLUDED in the program:
  - a. Evaporatively cooled condensing units (aqua coolers)
  - b. Water source heat pumps

## **Program Implementation**

1. Distributor-focused incentives to stock and sell high-efficiency residential HVAC systems.
2. Statewide coordination among California IOUs and encouragement to municipals to participate.
3. While it is recognized that the programs will be implemented separately by each IOU, it is requested that all of the utilities' programs are as standard as possible to minimize the complexity to the distributors. This is especially true for the remittance procedure.
4. It is requested of the utilities that the online rebate application system be integrated with, or at least be as similar as possible to, systems being used for the commercial upstream program. This will make reporting simple and fast for distributors and decrease the learning curve for those already using the commercial program system.
5. While recognizing that energy efficiency savings can vary by climate zones, this program should not vary within California by climate zone because of the complexity of implementation and especially because of the homeowner issues with climate zone. Distributor sales staff cannot accurately determine climate zones for individual homes.
6. Year-round program to influence in-season emergency replacements and encourage planned off-season replacements.
  - a. Program is intended to run from present (once approved) to end of 2014.
  - b. Minimum of 90-days advance notice shall be given to distributors prior to end of 2014 regarding program extension into 2015 or program termination.
7. Rebates to be issued when systems sold to installing contractors are logged into system plus processing time of approximately two to four weeks.
  - a. Request that the system be real-time not batch; this appears to be consistent with program capabilities.
8. Utilities to determine the withholding model and process and also the inspection model.
  - a. Distributors request that IOU program design be conscious of the administrative costs to distributors and seek to minimize those costs.
  - b. Distributors recognize the importance of an inspection of some sample of the work performed.
  - c. Distributors request that inspection programs be designed with recognition of the scheduling difficulty of some homeowners and that the potential lack of incentive for homeowners accommodate inspections at their homes.
9. Industry recommends the following program elements relative to inspection:
  - a. A "waiver" (as the term is used in the PG&E program presentation) of a home equipment verification inspection is given if the homeowner selected for random inspection is not willing or available to have an inspection.
  - b. The inability by the utility-designated inspector to complete a home inspection is not viewed as an inspection "fail"; it is a waiver situation.
  - c. The program pays on all filed rebates upon receipt of required documentation and without delay for the inspection process; in the event of an inspection failure, the rebate amount is withheld from future projects by that distributor.
  - d. It is recommended that no more than 10% of rebate applications are pulled for inspection and that no more than 5% of the total is required to be inspected (half of the 10% pulled), which is in accordance with several utilities' existing programs in order to keep administrative costs and burdens on homeowners as low as possible.
  - e. Industry is completely against 100% inspection, even for a pilot program. This is viewed as a "disaster."

10. Industry recognizes and supports the collection of certain data as part of this program. Industry recommends the following information be collected for all qualified systems:
  - a. AHRI certificate numbers (which include make and model);
  - b. serial numbers (with the recognition that these 16-digit numbers have a high data entry error rate);
  - c. tonnage; and
  - d. signed application for proof of sale by distributor to the contractor.
11. Rebates must be paid to distributors no longer than 45 days of distributor registration of sale to justify distributors' program participation.
12. Distributors' discretion regarding use of incentive funds to optimize the effectiveness of the program.
13. This program should take precedence in savings claims if coupled with other programs such as QI or whole home since the incentivized procurement of qualified product is where the mechanical portions of those other programs begin.
  - a. In the event of a potential "double dipping" situation, this program's claimed energy savings will be claimed in full prior to any other programs.
14. Incentives on a per-ton basis and applicable to qualifying indoor and outdoor components of split systems (i.e., three rebates paid on 16 SEER A/C condensing unit paired with 95% AFUE gas furnace equipped with advanced main circulating fan, but only one rebate issued on 16 SEER A/C condensing unit paired with 80% AFUE gas furnace).

### **Marketing Plan**

1. The promotion of a residential upstream program by distributors is inherently, from the industry perspective, cost-effective relative to direct-to-homeowner programs because of the leverage of relationships by distributors. Each distributor touches many contractors who in turn touch many homeowners. Based on the upstream commercial HVAC 13-year history, PG&E reported that a study showed that 5 to 10 times more energy efficient HVAC commercial units were sold through distributor upstream HVAC equipment incentive programs than through downstream customer rebates, based on multiple years of programs.
2. Because distributors (in HARDI's experience) have participated in commercial upstream residential programs funded by utilities in the past, the distributors are likely to have some familiarity with marketing programs that can be put into effect. This should result in more effective and more efficient marketing programs by the distributors.
3. Once the program is finalized, distributors intending to participate in this program will send letters to the contractors in their databases announcing the program.
4. The distributors have requested of the utilities that the utilities provide a letter, on utility letterhead, describing the program. This will give added credibility/legitimacy to the distributors in announcing the program to contractors. Additional program collateral would also be welcomed by the distributors.
5. Because this program will be supported by the IOUs in California, marketing programs can be statewide. This will result in more simple, efficient marketing.
6. Develop the marketing materials that encourage coupling with existing QI programs where applicable.
7. This program provides the flexibility for the distributors to make corrections during the program if something is not working.

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8. Distributors are being incentivized to stock higher efficiency equipment and then proactively promote such equipment to contractors over (less costly) lower efficiency equipment. The distributors have the flexibility in this program of sharing some of the incentive funds with the contractor to incent the contractor to try to sell higher SEER equipment. It is also possible that some of the incentive funds would be passed along to the individual homeowner.
9. The effectiveness of the program will be enhanced by empowering the distributors to allocate program funds on a contractor-by-contractor basis when judged to be effective.
10. Elements of the marketing plan may include the following:
  - a. Receipt of new equipment eligibility requests from distributors and updating of the equipment database.
  - b. Pre-approving customer eligibility via addresses.
  - c. Regular calls to and from distributors:
    - i. Equipment eligibility
    - ii. Upselling—continued effort to move sales to higher tiers
    - iii. Stocking
    - iv. Utility program changes
    - v. Engineering questions to support work paper calculations and assumption
  - d. Calls to and from administrative staff to resolve processing issues and to ensure timely submittal of sales into the web-based rebate application.
  - e. Quarterly meetings (individual and/or full staff) to discuss distributor accomplishments and Program Updates.
  - f. Annual meetings with distributors' senior management to discuss:
    - i. Distributor accomplishments
    - ii. New technologies: controls, O&M, retrofit, new products, high efficiency units, etc.
    - iii. Upselling—continued effort to move sales to more efficient tiers
      - 1) Track % T24 sales vs. % Premium sales
    - iv. Stocking
      - 1) % T24 vs. % Premium units
    - v. Industry changes
    - vi. Pending legislation (codes and standards)
    - vii. Equipment costs
    - viii. Utility program changes
    - ix. Market impacts
  - g. Bi-annual newsletters/accomplishment reports.
  - h. Utilities to provide, preferably collectively, a centralized repository of marketing tools and information for use by distributors in their own marketing efforts.
    - i. Such repository to include
      - 1) utility logos and logo usage guidelines
      - 2) any utility letters that can be provided to contractors and/or end users in support of this program
      - 3) marketing material for the program or excerpts that would be helpful to distributors in creating program marketing material
      - 4) explanation of each utility's program process
      - 5) guidelines and procedures for co-branded marketing activities



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11. The distributors request periodic program metrics from the utilities so that the distributors can consider the information in order to make improvements during the program period.
12. Discussion is recommended with the WHPA Executive Committee on the continuation of this Working Group within the WHPA (likely in Committee status) to support the IOUs as they complete development of their program proposal and for periodic checkpoints on performance of the implemented Res Upstream Program with the goal of improving the program during the program period.

### **Trade Ally Program Participation Effectiveness Measurement**

1. The overall goal of this program is to save energy in California by improving the energy efficiency of HVAC equipment in a cost-effective manner in support of the California Energy Efficiency Strategic Plan.
2. For the trade allies (distributors) in particular, this program is intended to support the "Objectives" statement of this Design Document.
3. The trade ally (distributor/manufacturer) participation in this 2013/2014 Residential Upstream HVAC Equipment Incentive Program is to be evaluated primarily on the effective mix shift of unitary sales to higher efficiency units within the state of California.
4. Other program effectiveness criteria and measurement of those criteria will be developed by other entities, such as the IOUs.

### **Sources Used for this Document**

1. Meetings of the Residential Upstream Working Group of the Western HVAC Performance Alliance, which commenced on February 28, 2013 (notes/minutes posted on the WHPA website)
2. California Energy Efficiency Strategic Plan (posted on the WHPA website)
3. "Keys to Optimizing Residential HVAC Efficiency Programs" produced by HARDI Foundation
4. Additional proprietary HARDI statistical information provided in confidence



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**APPENDIX A – Final Vote on this Program Design Document by Members of the Working Group**

Voting Eligibility was based on the WHPA Charter (organization is a member; individual is registered) and upon the invitation of the Working Group Chair. All Working Group members were eligible to vote under these guidelines.

Acceptance or rejection of the proposed document was based on the WHPA charter voting requirements: quorum present; supermajority (majority plus 1) votes to affirm.

The final document was voted on at the May 30, 2013, meeting, which was meeting #12 of the Working Group. All 14 Industry members voted either at the meeting or by email within two business days following the meeting.

This document provides guidance to the IOUs in developing a Residential Upstream HVAC energy efficiency incentive program; the position was taken by the IOUs that they would abstain from voting because they are the intended recipients of any Executive Committee position document. Energy Solutions, an energy efficiency program consultant and Working Group member present at the meeting, also abstained from the vote.

Below is the vote on Acceptance, Rejection, or Abstain on the final document.

Twelve of the 14 Industry members voted Aye; three voted Nay; none abstained. The document was accepted for finalization and forwarding to the Executive Committee. *(EC indicates current member of the Executive Committee.*

	Industry Participants	First Name	Last Name	WHPA Category	Vote Cast (Aye, Nay, Abstain)
1	AHRI (Air-Conditioning, Heating, and Refrigeration Institute) (EC)	Warren	Lupson	HVAC Manufacturer Association	Aye
2	AirCold Supply (a Ferguson Enterprise)	Mike	Camarena	Distributor	Aye
3	Bristol Compressors	Doug	Blankenship	HVAC Manufacturer	Aye
4	Carrier	Dick	Lord	HVAC Manufacturer	Aye
5	HARDI (Heating, Air-conditioning & Refrigeration Distributors International); Chair of this Working Group (EC)	Talbot	Gee	Distributor Association	Aye
6	Indio Cooling and Heating Supply	Tim	Mann	Distributor	Aye
7	Johnson Controls	Chris	Forth	HVAC Manufacturer	Aye
8	Lennox Industries	Julie	Humes	HVAC Manufacturer	Aye
9	MSDC (Mechanical Systems Design & Consulting); WHPA Chair of Res QI Subcommittee	Jeff	Henning	Educator/Trainer	Nay
10	Sigler Wholesale Distributors—Carrier	Jon	Malkovich	Distributor	Aye
11	Specialty AC—Trane	Mark	Waters	HVAC Manufacturer	Aye
12	TruTech Tools	Bill	Spohn	Distributor	Nay
13	UA (So. Calif. United Association Union of Plumbers, Fitters, Welders, and HVAC Service Techs) (EC)	Don	Tanaka	Organized Labor	Aye



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	<b>Industry Participants</b>	<b>First Name</b>	<b>Last Name</b>	<b>WHPA Category</b>	<b>Vote Cast (Aye, Nay, Abstain)</b>
14	US Air Conditioning Distributors	John	Staples	Distributor	Aye

	<b>Other Working Group Participants</b>	<b>First Name</b>	<b>Last Name</b>	<b>WHPA Category</b>	<b>Vote (Aye, Nay, Abstain)</b>
15	CPUC Energy Division	Nils	Strindberg	California PUC	absent
16	CSG (Conservation Services Group)	Elizabeth	DeSouza	Energy Efficiency Program Consultant	absent
17	Energy Solutions Inc.	Jim	Hanna	Energy Efficiency Program Consultant	abstain
18	PG&E (Pacific Gas & Electric Company); IOU Co-Lead of Residential Upstream Working Group	Keith	Forsman	California IOU	abstain
19	SCE (Southern California Edison)	Samantha	Nicely	California IOU	abstain
20	SDG&E (San Diego Gas and Electric)	Jeremy	Reefe	California IOU	abstain
21	SoCalGas (Southern California Gas); IOU Statewide Lead (EC)	Harvey	Bringas	California IOU	abstain
22	TURN (The Utility Reform Network); Vice Chair of this Working Group	Cynthia	Mitchell	Other Stakeholder	Nay



**Western HVAC Performance Alliance Program Design Recommendations  
for 2013-2014 Residential Upstream HVAC Equipment Incentive Program**

**APPENDIX B – Comments by Working Group Members for Recording in this Document**

The following organizations, each of the voting members of the Working Group, made written statements for inclusion in this document:

Indio Cooling and Heating Supply	Tim	Mann	Distributor	Aye
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Thanks again for the opportunity to participate as one of many small independent wholesalers who are still in business in the state of California. I have been in touch with about 6 that I correspond with frequently and they are hopeful of the progress that we seem to be making.

*Note from Tim to Jeff Henning; (reprinted with permission) - in response to Nay vote by Jeff on the design document.*

Hi Jeff,

This is Tim Mann with Indio Cooling and Heating Supply. I certainly understand your concerns. I want to let you know that there are distributors, especially the smaller distributors like myself, who believe that it would not be that difficult to achieve the goals that you and Cynthia are looking for in regards to compliance. A lot of us work with NATE certified contractors who know and value their work and the importance of the quality of installation in regards to the ultimate end user, the customer. If there is further discussion please know that there are other voices out there who would be willing to go a few extra steps to insure our mutual goals. I also believe there could and should be a place for renewables such as PV and solar thermal in the equation to get the full benefit of our efforts. It is ultimately about the customer and their energy usage and I believe that the Mfg's also would be more supportive than many have been lead to believe.

*Comment by Tim Mann*

MSDC (Mechanical Systems Design & Consulting); Chair of WHPA Res QI Subcommittee	Jeff	Henning	Educator/Trainer	Nay
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After considering the proposed program design, I am voting against.

This program design effort would have been an excellent vehicle to address some of the issues identified in the RESQI White Paper. Unfortunately I cannot see a single item addressing Training, Support or Enforcement.

As I stated in some of the meetings, the problem in California is not with the manufacture of high efficiency equipment, but with contractor installation and training.

I understand this is not the fault of the manufacturers or distributors directly, but they are a key player if we are to transform the marketplace to meet the 2020 Big Bold Initiative.

*Comment by Jeff Henning*



**Western HVAC Performance Alliance Program Design Recommendations  
for 2013-2014 Residential Upstream HVAC Equipment Incentive Program**

TruTech Tools	Bill	Spohn	Distributor	Nay
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I vote NAY, for the same set of reasons as presented by Jeff Henning.

*Comment by Bill Spohn*

TURN (The Utility Reform Network); Vice Chair of this Working Group	Cynthia	Mitchell	Other Stakeholder	Nay
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TURN protests the process by which this document was developed, and the proposed program design, as being without any consideration of the CPUC's cost effectiveness criteria, and for its failure to help promote HVAC quality installation (QI), beginning with right-sizing tonnage.

*Comment by Cynthia Mitchell*



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**APPENDIX C – Response by TURN (The Utility Reform Network) for Recording in this Document**

See the following two-page letter.



Lower bills. Livable planet.

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415-929-8876 • [www.turn.org](http://www.turn.org)

Hayley Goodson, Staff Attorney

June 5, 2013

Judy Johnson  
Western HVAC Performance Alliance “Res Upstream” Working Group  
Via E-Mail: [jjohnson@keymarketinggroup.biz](mailto:jjohnson@keymarketinggroup.biz)

Re: Residential Upstream HVAC Working Group Program Design Recommendations

Dear Ms. Johnson:

On May 30, 2013, you distributed to the Working Group members a draft of the Program Design Recommendations of the HVAC Residential Upstream Working Group, seeking proposed changes, comments, and recommendations. TURN provides the following response to this document, hereinafter referred to as the “Design Document.”

First, as the Working Group Participants are aware, TURN has been confused by the Working Group process and the resultant production of the Program Design Recommendations. It was our understanding that this Working Group was convened to bring together industry professionals, the Investor Owned Utilities (IOUs), California Public Utilities Commission (CPUC) Staff, and other interested stakeholders, including TURN, with a shared purpose of contributing to the IOUs’ preparation of a proposed residential upstream HVAC program, pursuant to D.12-11-015. Indeed, as the Design Document provides, the Working Group Participants include 16 industry representatives, a representative from TURN, 12 IOU representatives, 2 CPUC representatives, and 4 representatives of consulting firms. The prelude to the Design Document explains, “This document is the final work product” of the Working Group, which was assigned the task of outlining “in as much detail as possible what a residential upstream HVAC incentive program should look like.”

However, the Design Document also asserts that “the document’s purpose was to present recommendations from industry stakeholders,” without purporting to represent the opinions of the other Working Group Participants. This characterization is, in TURN’s opinion, an accurate reflection of the Working Group process leading to the Design Document and contrary to TURN’s expectation in accepting the invitation to join the Working Group.

Further contributing to TURN’s confusion is the Design Document’s inclusion of TURN among the “Industry Participants” in the Working Group roster. This characterization is erroneous, both in terms of the nature of TURN’s work (as a non-financially interested stakeholder in the design of EE programs) and the actuality of the Working Group process. TURN requests that the Design Document be modified to exclude TURN from the list of Industry Participants and

instead expand the second category, currently called “IOU and Government Participants and their Consultants,” to be broad enough to include TURN.

Second, TURN does not endorse the recommendations contained in the Design Document for the reasons we have discussed with the Working Group over the course of the past several months. These reasons include, but are not limited to, the lack of any linkage between the proposed upstream incentive program and HVAC quality installation and maintenance, and the lack of any consideration of costs and benefits to ratepayers in the program design. TURN had hoped that the Working Group process might lead to greater consensus across the various interests groups represented. Correcting the erroneous characterization of TURN as an Industry Participant, as requested above, will help to avoid any confusion as to whether the Design Document is meant to reflect TURN’s input.

TURN intends to review the IOUs’ Advice Letter submissions on July 1, 2013, proposing a residential upstream HVAC incentive program. TURN will present our analysis and recommendations to the CPUC in the form of a protest or response to the IOUs’ filings, depending on the contents of the IOUs’ proposed Program Implementation Plan (PIP). We would be happy to discuss our concerns about the Design Document and/or the PIP to be submitted by the IOUs with the Working Group Participants at any time.

Thank you for your attention to these matters.

Sincerely,

Hayley Goodson  
Staff Attorney  
TURN

Cc: Cynthia Mitchell, Consultant to TURN, [cynthiakmitchell@gmail.com](mailto:cynthiakmitchell@gmail.com)  
Talbot Gee, [tgee@hardinet.org](mailto:tgee@hardinet.org)  
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