Upstream Rebate Programs
UC Davis Meeting 5-15-2017

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Objective of this presentation is to review the following;

1. Overview of upstream rebate programs
2. How are they being used by utilities
3. What do manufacturers think of the up-stream rebate programs
4. What impact have they had manufacturers and distributors
5. What would manufacturers like see considered in rebates programs
Rebate Program Overview

Source: Graphic reprinted from Sondhi 2013b.
Upstream Rebate Programs

According to a tracking report from Consortium for Energy Efficiency there are 9 active Upstream Commercial rebate programs but they are growing.

- RTU Quality Maintenance or Tune-up, 21, 23%
- Varies Incentive by NC versus Replacement, 9, 10%
- Incremental Incentive/Efficiency Bonus, 9, 10%
- Multiple Tiers, 42, 47%
- Upstream Distributor Incentive, 9, 10%

Source: CEE_Commercial_ACHP_Program_Summary_Final.xls
HVAC Product Rebates

CEE also tracks rebates by type of HVAC product

Source: CEE_Commercial_ACHP_Program_Summary_Final.xls
Upstream Rebate Program Benefits

The following chart shows the historical impact of upstream rebates at a distributor level based on PG&E which is one of the first upstream rebate programs implemented

Source: Graphic provided by Jim Hanna, Energy Solutions (Hanna 2014).
Manufacturer Impact and Comments

• We checked with our local California distributor and they have seen positive benefits from the upstream rebate programs

  ▪ Encourages salesmen to sell higher efficiency products

  ▪ Changing stocking plans for distributors to stock higher tier products

  ▪ For residential we see upstream rebates primarily used in new construction and not in replacement market which is 60% to 80% of the sales

  ▪ We do strongly support and would like to see them expanded

  ▪ We would like to see higher level rebates programs to focus on annualized efficiency and full system efficiency including connected equipment and diagnostics

  ▪ We would also be open to discussions at the manufacturing level in addition to distributor level
Equipment and System Efficiency

Historically most minimum efficiency levels and rebates levels have been at level 1.

The industry has started to move to annualized metrics and part load metrics like IPLV, IEER, SEER, SEER2 etc. which are more representative of energy savings.

There are additional opportunities for significant energy savings at higher system levels but these will take new approaches for metrics and tools.

There are also significant opportunities for post commissioning and recommissioning and the use of connected equipment.

There are opportunities for rebates and we are exploring these with organizations CEE.
Reference Documents

There is a very good summary report on Upstream Rebates that will provide further background (SWEEP).


CEE also has some very good data and information on rebate programs

CEE 2016 Commercial Air-conditioning and Heat Pumps Program Summary:


Program summaries for other HVAC equipment covered by CEE initiatives can be found here:

https://library.cee1.org/content/2016-cee-commercial-air-conditioning-and-heat-pumps-program-summary