



Memorandum

February 4, 2015

To: Mark Gorman, Municipal Administrator
From: Carole Gibb, Administrative Assistant
Via: Christopher Brewton, Utility Director
Subject: **Heat Pump Rebate Program Update**

Citizen response to the City of Sitka Electric Department Heat Pump Rebate has been very strong, and very positive, from the start. The application portion of the program, launched December 29, 2014, went for five weeks and ended on February 2, 2015. Sixty-seven residential customers signed up for the \$750 rebate, which is being funded by \$50,000 in capital funds earmarked for demand-side management.

Once the homeowner installs their Energy Star-rated heat pump, they submit receipts and their Building Department inspection form to the Electric Department, and then their rebate check is issued promptly. The 67 participants in the program have 90 days to complete their installation, but many people have expressed eagerness to follow through sooner rather than later, and to date a dozen residents have already submitted their final paperwork and have claimed their rebates.

The information collected on the rebate application form tells us that of 67 participants who are installing a heat pump as their primary heat source, 27 were previously heating primarily with electric heat (resistive or a hydronic boiler system). The number of households moving from oil heat to the heat pump as their primary heat source is 32. One household is new construction, and the rest of our applicants have been using a combination (for example, electric on one floor, and oil on another.) These applicants using a combination of heat sources generally expressed the intent to reduce or cease their use of oil, but will keep oil stoves or boilers intact as a backup. One interesting side note is that 22 people listed wood as a secondary heat source (either in a wood stove or fireplace), and there was widespread intend to keep using that source.

Additional data collection and analysis will certainly tell us more, but at this point, it can be assumed that those customers moving from oil to electric heat (32+) will use more electricity, and those moving from resistive or boiler system electric heat to the heat pump (27) will use less.

Some benefits of the program include:

1. Residents have been enthused about the opportunity to receive the rebate to increase their home's heating efficiency and lower their costs. So the good will factor is a plus.
2. This program has helped put us in touch with a pool of residents who are actively interested in efficient home heating, and the Electric Department now has a database

that can help us examine demand/load differences, as well as providing an impetus for additional data collection in the future.

3. Economically, the program has generated income to the city, since obtaining building permits was one of the clear conditions set for eligibility. There have been significant dollars spent locally on equipment and installation services as well. Actual costs vary, depending on where the units are purchased, and also the homeowner's ability to keep costs down by doing some work themselves. So far, with just 20 percent of the participants completing their installations, related spending has amounted to \$35,694.00.