June 2020

Executive Summary

The ENERGY STAR® Retail Products Platform (ESRPP) is an energy efficiency program design targeting energy savings opportunities related to consumer products, such as electronics and appliances, sold through retailers.

Utilities and other energy efficiency Program Sponsors around the country (collectively referred to as the "Collaborative") leverage their combined incentive budgets to motivate retailers to change their buying and assortment decisions toward more energy efficient models of each product category in the ESRPP portfolio. Qualifying specifications are based on ENERGY STAR certification criteria and incentives will typically be directed towards both a "basic" and "advanced" qualification tier for each product category.

To achieve lasting impacts and progressively increase the efficiency of these products, the Collaborative intends to build market share for highly efficient products over time and lock in energy savings by working with the U.S. Environmental Protection Agency (EPA) to increase the stringency of ENERGY STAR specifications.

ESRPP program design is based on market transformation theory and policy. Market transformation programs typically employ a mix of incentives, program tools, and policy engagement to achieve lasting impacts. Where market transformation policy is not yet in place, ESRPP programs can operate within a resource acquisition framework, but cost-effectiveness may be constrained if long-term, market transformation benefits resulting from this program design cannot be counted.

Therefore, Program Sponsors are encouraged to work within local policy constraints to enable the effective deployment and appropriate evaluation of market transformation activities. Developing a market transformation framework, adopting logic models that allow for longer term savings potentials, and setting an evaluation framework that takes into account market transformation objectives are common activities to build regulatory support for ESRPP.

An important ESRPP success measure is program scale. The higher the coverage of the U.S. market – more Program Sponsors and more retail stores – the more influence Program Sponsors have to shift retailers and manufacturers to producing and selling more efficient products. Voluntary collaboration of Program Sponsors allows the ESRPP community to work together to establish energy efficiency goals and achieve true market transformation. The Collaborative has much more influence together than any individual Program Sponsor can have alone.

While ESRPP Program Sponsors implement their own programs individually, each Program Sponsor works with core program elements to maintain operational consistency and has a common point of contact with retailers for a collective voice to the market. Collaboration also allows Program Sponsors to share best practices and resources. Consistency among ESRPP participants allows evaluators and regulators to assess an individual program within the national structure and document the benefits of the collaboration.

ESRPP programs operate at reduced cost and with enhanced integrity by leveraging the ENERGY STAR program. Through their partnerships with ENERGY STAR, Program Sponsors, retailers and product manufacturers have previously committed to ENERGY STAR as a common platform for marketing energy efficient products to consumers. ENERGY STAR performance specifications offer a turn-key basis for defining highly efficient products in a way that has broad market acceptance. Products that earn the ENERGY STAR label are independently certified through a process recognized and overseen by EPA and subject to off-the-self verification testing.

This document provides a high-level overview of ESRPP core program elements, operating processes and references to resources and tools to support ESRPP program management. Information in this document includes guidance for program managers to effectively implement ESRPP and to get the greatest benefits from the collaboration with other ESRPP Program Sponsors, participating retailers and ENERGY STAR.

EPA United States Environmental Protection Agency

For 25 years, EPA's ENERGY STAR program has been America's resource for saving energy and protecting the environment. Join the millions already making a difference at energystar.gov.

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1. The ESRPP Collaborative

ESRPP is a voluntary collaboration between Program Sponsors ("the Collaborative"). The combined efforts and influence of the Collaborative help move retailers' buying and marketing decisions towards qualifying ESRPP models and shapes EPA's plans for new and enhanced ENERGY STAR specifications. In 2020, there are 16 efficiency program sponsors participating in ESRPP, covering 18% of the U.S. market. This collective influence is facilitated by consistent program design and implementation[1], and active communication among program participants.

Communication among ESRPP participants occurs in regularly scheduled structured meetings and in ESRPP task forces. ESRPP task forces have been active in developing, assessing and implementing major components of ESRPP since its inception. These groups meet to review progress, resolve issues or questions, share best practices, support process improvements, and plan for the future of ESRPP. ESRPP is a collaborative effort, so all decisions are made at the task force level once a consensus is reached among participants. This ensures that all participants have a voice in the national program. ESRPP includes the following activities and task forces:

- **ESRPP Update Call:** This call of the full Collaborative provides a summary of all relevant activity that occurs within each ESRPP task force. Retailers also give a quarterly presentation on program progress and marketing plans at this meeting. The Collaborative holds this call at least monthly.
- **Products Task Force:** This group is responsible for the development and execution of product-specific strategies, including adding, removing, or updating product categories and their qualifying levels. Additionally, this group coordinates on ENERGY STAR specification input to EPA as appropriate. Product portfolio management process documentation adopted by the Products Task Force are available on the ESRPP shared file site[2]. The task force meets monthly.
- **Data Task Force:** This group addresses all data-specific issues related to the upload and processing of retail sales data as well as related data requirements and needs of the Collaborative. It also is responsible for guiding and supporting database updates and reporting requirements for all sponsors. Data guidelines adopted by the Data Task Force are on the ESRPP shared file site. The task force meets quarterly.

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[1] The initial group of Program Sponsors and key stakeholders have been sensitive to anti-trust considerations during the early development of the ESRPP. Accordingly, preserving the ability for participants to choose product categories at their discretion and to set incentive levels independently are important elements of the platform. It is recommended that each participant conduct their own legal due diligence.

[2] Contact EPA for access to the ESRPP Shared File Site.

- **EM&V Task Force:** This group deals with evaluation, measurement, and verification (EM&V) strategies and market transformation approaches, challenges, and best practices relevant to the Collaborative's ESRPP efforts. The task force also coordinates the national retailer interviews conducted on behalf of the Collaborative. Market transformation whitepapers and completed evaluations are available on the ESRPP shared file site. The taskforce meets quarterly.

- **Outreach Task Force:** This group focuses on recruiting and onboarding new sponsors with an objective to increase program scale. While not all members of the Collaborative regularly participate in recruitment, all Program Sponsors are encouraged to contribute to recruitment activities. The task force meets as needed.

- **Marketing Task Force:** This group focuses on the annual development of marketing material and signage templates that are aligned with ENERGY STAR program strategy. Retailers preapprove Program Sponsor signage based on ESRPP templates for placement in participating retail stores. Signage not adhering to templates requires retailers' approval through a separate process. Signage templates, field service guidelines and formal retailer letters of authorization are on the ESRPP shared file site. The task force meets as needed.
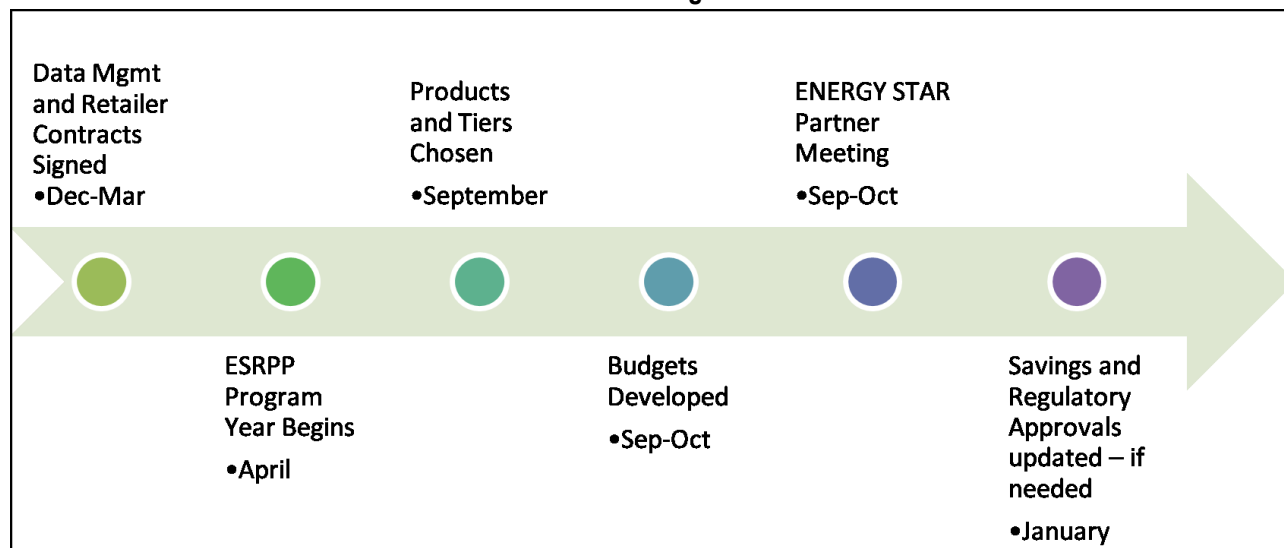
2. ESRPP Calendar and Key Dates

A common ESRPP calendar identifying program start and end dates, time dependent activities and deadlines is essential for running a unified program. While market transformation is a multi-year process with long term baselines, ESRPP budgeting and program decisions follow an annual calendar. The ESRPP calendar is designed to align with retailers' merchandizing calendar and ENERGY STAR's schedule for national promotions.

- **ESRPP Calendar:** The ESRPP program year begins April 1st each calendar year and ends March 31st in the following calendar year. This timing accounts for the peak holiday season for retailers and their buying timeframes for appliances and electronics. National ENERGY STAR promotions also follow this cadence.

- **Product Selection:** Product categories and tiers are finalized by the September before the start of each program year. This allows Sponsors to get necessary regulatory, budget, and savings calculations approvals in advance of the April 1 program start date. This timing is critically important to the success of ESRPP's market transformation approach, as it ensures that this information is available to retailers in time to influence assortment decisions for the new year. Product categories, tiers, and incentive rates are mandatory information for retailer contracts.

- **Contracting:**
  - **Retailer Contracts:** Each Program Sponsor executes a standardized contract – the ESRPP Universal Participation Agreement, or UPA – with each participating retailer. Once the pre-negotiated UPA is in place, it does not change but is updated annually with a simple amendment for each new program year. The initial UPA and annual amendments must be executed prior to the initial April 1 program start date. However, efforts to finalize annual contract documents earlier than the start date – closer to December – can produce a more meaningful influence on retailers' assortment and marketing decisions related to ESRPP.
  - **Data Management Contracts:** Data management contracts must be executed before the start of the program. After both the data management and retailer contracts are in place, retailers will provide one year of historical data to the data management provider for new products or new Program Sponsors.

- **Incentive Budgets:** Program Sponsors have varying budget approval cycles, but generally begin their individual and independent budgeting process before September each year. Sponsors' incentive budgets are generally submitted to retailers and the data management provider during January or February prior to program start, although earlier submittal is ideal for retailer assortment planning purposes.

- **Regulatory Approvals:** Every jurisdiction has different regulatory requirements and deadlines, but regulatory and annual budget approvals are generally required before contracts can be signed.

- **ENERGY STAR Products Partner Meeting:** Held annually in September, this meeting is a good time to interact with other Program Sponsors, retailers, manufacturers, consultants, and the EPA. Information on current and past meetings is maintained at www.energystar.gov/partnermeeting.

- **Collaborative meetings:** ESRPP is a collaboration among stakeholders. Sponsors and task forces regularly meet to strategize, plan, and discuss best practices as needed.

ESRPP Program Timeline

Data Mgmt and Retailer Contracts Signed •Dec-Mar		Products and Tiers Chosen •September		ENERGY STAR Partner Meeting •Sep-Oct	
	ESRPP Program Year Begins •April		Budgets Developed •Sep-Oct		Savings and Regulatory Approvals updated – if needed •January

3. Budgeting and Forecasting

An ESRPP budget typically encompasses incentives as well as other implementation costs including data management, product and savings analysis, evaluation, marketing and field services.

Incentives are the largest program cost and need to be appropriately forecast and tracked. Most Program Sponsors operate on a financial year from January 1st through December 31st and begin their budgeting cycles during the third quarter of the calendar year. Budgeting and forecasting must account for the ESRPP calendar and retailer contracts, which span the twelve months from April 1st to March 31st in the next calendar year. Financial and sales data in the ESRPP data portal allow ESRPP program managers to create annual budget forecasts, track actual performance against budgets and update forecasts as necessary.

- **Budgeting:** The annual ESRPP program budget for incentives is based on trends for retailer sales in the sponsor's service territory and the incentive rates for products and tiers in the portfolio. Since participating retailers do not supply actual sales data until contracts are in place, Program Sponsors prepare a first year incentive budget based on an annual qualified product sales estimate using the number of stores by retailer in a service area and national sales trends. [3] While each Program Sponsor will have different budgeting needs and guidelines, the following are some common items to keep in mind while preparing a forecast and managing a budget:
  - o Incentive budgets can be constructed at different levels of detail. The most detailed level looks at monthly incentives paid by product tier and by retailer. Many ESRPP program managers find it acceptable to forecast and track budgets by product tier only.
  - o Retailers provide a forecast of incentives that they expect to receive during the program year after they sign their contract. Retailer forecasts can be a confirmation of a sponsor's budget and a benchmark for forecast revisions.
  - o Each program year, Program Sponsors independently determine incentive rates for their selected products and product tiers, considering budget constraints and the ability to influence retailers.
  - o When using sales data from the ESRPP portal for budgeting, Program Sponsors keep in mind that sales trends vary monthly and by product category, and that retailers may open or close stores over the course of a year.

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[3] Contact EPA for assistance.

- o Most incentive budgets follow a calendar year and will have to align with the program calendar. Product tiers and incentive rates for the first quarter of the calendar year will likely be different than the tiers and incentives for the second through fourth quarters.
- o When tracking budgets and updating forecasts, it is important to note that there is a one to two-month delay between qualified products sales and the invoice for incentives.
- o Forecasting and tracking sales by tier also allows program managers to estimate energy savings.
- **Forecasting:** Forecasting upcoming sales relative to the available budget is a critical program management activity. Most Program Sponsors review financial information on a monthly basis, monitoring variances between forecasts and actual results. Revisions to forecasts take into account sales to date, the seasonality of sales, the number of participating retailers, and the lag-time between the date of sales data reporting and date of payment to retailers.
- o The ESRPP data management portal offers reports to track budgets and provides advance notification to Program Sponsors so they can manage within budget. Incentives are paid to retailers on qualified products sold on a first come basis, up to the budget allocated by the Program Sponsor.
- o Budget tracking identifies any potential shortage or excess of funds for a product category. The ability to shift funds between product categories varies by jurisdiction. Program Sponsors monitor these budget tracking reports on an ongoing basis to ensure they meet the contractual requirement to notify retailers 60 days before available funding will be exhausted.

4. Data Management

Access to retailer sales data is one of the most important aspects of ESRPP. Retailers upload full category sales data for program-qualified and non-qualified sales into the ESRPP data portal. The data processes used by the ESRPP data administration firm[4] identify qualified sales and create invoices that the Program Sponsors use to pay retailers.

- **Data Portal:** Retailers upload sales data monthly into a centralized data management system. The ESRPP data administration firm processes sales data each month no later than 20th of the month. For example, January sales are processed before February 20th. Each Sponsor executes a separate contract with the data administration firm for access to the data portal and data management services.
- **Data access and confidentiality:** As part of ESRPP, retailers agree to provide full-category sales data for all incentivized products, pursuant to the confidentiality restrictions detailed in the Participation Agreement. Program Sponsors have full access to qualified sales data for products and tiers in their portfolio. Program Sponsors can view non-qualified sales reports that aggregate data and do not identify retailers or brands. The confidential nature of this data requires that Program Sponsors and their contractors adhere to rigorous data security requirements as outlined in their Data Management contract.
- **Data Quality and Consistency:** To ensure accuracy of both program incentive payments and energy savings claims, the ESRPP data administration firm ensures that model matching and other key steps in the data management process are executed to a prescribed degree of accuracy. The data management system removes ineligible models by matching each sale against a qualified store list, against the sponsor's list of incented products and tiers, and against the ESRPP Program qualified products list (QPL), which in turn is based on the ENERGY STAR QPL (https://www.energystar.gov/productfinder/advanced). Accurate model matching against the QPL ensures that the program correctly reflects ENERGY STAR market share.
- **How the Data are Used:**
  - o **Program Management:** Program Sponsors use the data to pay incentives. Data in the portal allow program managers to check that the incentives are billed correctly and to monitor trends for forecasting and future budgeting.
  - o **Product Portfolio Management:** The Products Task Force uses the data to track market share over time and determine if the current products and tiers are set correctly. Data provide guidance to timing and levels of tiers when they are updated as the market responds to ESRPP's interventions.
  - o **EM&V:** Each Program Sponsor's evaluation team uses ESRPP sales data to track the success of program interventions by program category and tier, and to calculate savings. Data quality is one key to successful evaluations.

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[4] Contact EPA for more information.

- o **ENERGY STAR specification setting/revision**: The ESRPP Collaborative can use sales and market penetration trends to support their advocacy for new and/or more stringent ENERGY STAR specifications. ESRPP's total category sales data provides a unique view of the market for energy efficient products and enables data analysis and feedback on the following:
  - ENERGY STAR market share trends over time for existing and proposed levels
  - National average gross energy savings of more efficient technology
  - Test methods used to measure unit energy consumption
  - Emerging technologies that may improve efficiency
  - Gaps in qualification criteria for current and/or proposed product specifications.
- **Resources:** More information about data management is available through the ESRPP Data Task Force and in the data guidelines on the ESRPP shared file site.

5. Portfolio Management

The ESRPP portfolio is the collection of all the approved products and tiers on which a Program Sponsor may pay incentives. ESRPP portfolio management is the overall process of evaluating product options, adding and removing products, and setting eligible tiers. The process is consensus-based to provide flexibility to individual Program Sponsors while maintaining the consistency required to provide value to retailer partners. ESRPP portfolio management is the responsibility of the Products Task Force with the guidance and approval of all Program Sponsors. The task force maintains a portfolio management process document for governance purposes, which is accessible through the ESRPP shared file site.

- **Product Selection:** Each year, through the Products Task Force, Program Sponsors and participating retailers review the existing portfolio and determine whether they would like to add, modify, or remove existing product categories. The process begins in March with discussions on what is working, what is not, and what items might be good candidates to add or remove from the portfolio. Market and technical analysis of the products leads to recommendations for the next year's portfolio, which are presented to Program Sponsors in September. Program Sponsors reach a consensus on the product portfolio and the Products Task Force approves final product and tier selection. Program Sponsors strive to finalize product plans and incentive rates during the fourth quarter of the calendar year to enable timely contracting and retailer engagement for the next program year.
- **Consistency among Program Sponsors:** Product portfolios of each sponsor are consistent in order to leverage the power of the Collaborative and shift retailer buying decisions towards efficient products. At the same time, preserving the ability for participants to choose product categories at their discretion and to set incentive tiers and levels independently are important elements of the platform. Accordingly, Program Sponsors use a "menu approach" to select their targeted products and tiers from the approved ESRPP portfolio. For example: a Program Sponsor may choose to not include dryers in their program or to include only one tier of dryers; however, if they include the advanced tier for dryers in their program, for consistency, their advanced tier specification must match the tier defined in the approved ESRPP portfolio.

6. Retailer Engagement and In-Store Marketing

Retailers are important partners in ESRPP. They provide a channel for energy efficient products to reach consumers in Program Sponsors' service territories and exert influence with manufacturers on energy efficiency improvements of products currently in the market, as well as on the development of new products. The midstream program design element is that ESRPP program incentives are paid to the retailer. In turn, the retailer uses the incentives to stock and market the targeted more efficient products, and provides valuable full category sales data that support program implementation strategies, evaluation, and the development of future targeted interventions. Consumers benefit directly from ESRPP through increased availability of energy efficient products, and may see price reductions if a retailer's marketing strategy for a product includes passing some or all of a Program Sponsor's ESRPP incentives to customers.

- **Retailer Contracts:** A retailer executes a contract (known as the ESRPP Universal Participation Agreement, or UPA) with each participating Program Sponsor at the start of a program and annually signs a simple amendment that extends the period of performance and includes qualification information and product incentive rates for the new program year.

- **Retailer Engagement:** A representative of the ESRPP provides a single point of contact with retailers and leads all aspects of retailer engagement including contracting facilitation, communication of qualifying levels, incentive rates, and product category selection. This single point of contact helps facilitate discussion and action on other partnership opportunities and questions as they arise.
- **Retailer Contract Obligations:** Program Sponsors can expect the following from retailers:
  - **ESRPP Marketing Plan**: At the start of each program year following the execution of the UPA or amendment, retailers will provide a marketing plan outlining annual activities to promote the sale of the targeted efficient products. Retailers deliver quarterly updates during Collaborative meetings describing marketing activities during the previous quarter as well as marketing plans for the current period and the next quarter. This plan and updates provide evidence for program attribution.
  - **12 months of historical baseline data for all product categories:** Historical data files are submitted to the data management portal immediately after a new retailer signs contracts to join the program and when products are considered for inclusion in future program years. These data are available to Program Sponsors under the terms of the UPA and data management agreement.
  - **Program year retail sales projections:** Retailers provide qualifying product sales forecasts to help with Program Sponsor budgeting and incentive allocation.
  - **Monthly uploads of total category sales data:** Retailers provide data, including model number, sales date, sales location, quantity and other fields, as specified by the UPA and data management agreement. Retailers submit monthly sales data files no later than the 15th of the following month.
  - **Evaluation Interviews:** Retailers will make key staff available for national evaluation interviews each year. These evaluation interviews are done by EPA ESRPP support team, and include merchants, sustainability staff, or other decision makers at each retailer.
- **In-Store Marketing (for Program Attribution):** Retailers conduct most of the in-store marketing activities related to ESRPP. As a market transformation program[5], ESRPP does not require Program Sponsors to do any marketing or promotion in the store. However, to meet jurisdictional program attribution requirements, some Program Sponsors use in-house or contracted field services teams to place retailer pre-approved ESRPP point of purchase (POP) signage. Program Sponsors also work with retailers to support store associate training.
- **Field Teams:** Some Program Sponsors have field teams that place retailer pre-approved POP signage on qualified products, trains retail staff, and/or conduct field shelf surveys of which qualified products are on shelves. Shelf surveys assist with individual program evaluations and help meet resource acquisition program requirements for attribution.
- **Marketing and Field Service Resources:** The Marketing Task Force coordinates the development and approval of all POP signage. ESRPP POP signage templates and Letters of Authorization (LOAs) from retailers to allow Program Sponsors' in-store activities are in the ESRPP shared file site.

7. Evaluation, Measurement, & Verification (EM&V)

Evaluation is key to every Program Sponsor's ongoing success in ESRPP. Traditional evaluation approaches that have been developed around standard utility resource acquisition programs will likely not be sufficient when applied to market transformation programs. As defined in the below footnote, market transformation programs like ESRPP require an evaluation framework that accounts for market interventions beyond incentive payment, longer horizons for cost-effectiveness, and baselines that capture the energy savings benefits of the entire product category. Evaluation guidance documents are available on the ESRPP shared file site.

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[5] Market transformation is "a strategy that intends to induce long-lasting, sustainable changes in the structure or functioning of a market. This is achieved through a program or policy design that reduces barriers to the adoption of energy-efficient technologies, or markets that sell, distribute, install, or manufacture those technologies to the point where continuation of the same publicly-funded intervention is no longer appropriate in that specific market. These programs and policies also must move forward to bring the next generation of even more efficient technologies, processes, and design solutions to the market." SEEAction EM&V Working Group

- **Regulatory Engagement:** It is the Program Sponsor's responsibility to work with their regulator and evaluator on this topic. Early evaluations have shown that the earlier a Program Sponsor engages with their stakeholders the more successful their program will be in their jurisdiction.

- **Logic Model:** Developing an ESRPP Logic Model is critical if a program is to eventually be credited for long-term market transformation effects even if a Program Sponsor is initially offering ESRPP within a resource acquisition framework. ESRPP resources include examples of logic models.

- **Program Design Transition:** Market transformation is the basis for the ESRPP design. However, most Program Sponsors begin working with ESRPP within a resource acquisition framework, as market transformation policies are still new or emerging in most jurisdictions. ESRPP programs only show their full cost-effectiveness potential when they are evaluated over the long-term, as intended by their design as long-term market transformation programs. Shifting from a year-to-year resource acquisition policy (and cost-effectiveness) framework to one centering on long-term market transformation is a fundamental policy change that requires an ongoing and concerted effort on the part of Program Sponsors to effect systemic change.

- **Accelerating Advances in Energy Efficiency:** One of the long-term impacts of the ESRPP program design is the acceleration of market-wide efficiency advances. While there are ongoing and incremental increases in voluntary efficiency standards over time, ESRPP provides opportunities for Program Sponsors to directly contribute to ENERGY STAR specification setting processes to help accelerate specification setting. ESRPP impact requires ongoing involvement by individual Program Sponsors, who submit formal comments during the specification revision process. These comments are compiled and submitted to EPA by the ESRPP Products Task Force on behalf of the Collaborative.

- **Resources:** The EM&V Task Force is a resource to assist with these discussions and can provide best practices, lessons learned, draft logic models, and copies of completed evaluations. Members are also available to help Program Sponsors with EM&V strategies and support as needed.

8. Summary

ESRPP provides a community for Program Sponsors to cost-effectively address the remaining energy savings opportunities for their residential customers. ESRPP process, guidance documents and Task Forces enable Sponsors to support each other in reaching individual energy efficiency goals. ESRPP contacts include:

ESRPP Contact	First Name	Last Name	Email
U.S. EPA – ENERGY STAR	Peter	Banwell	Banwell.Peter@epa.gov
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