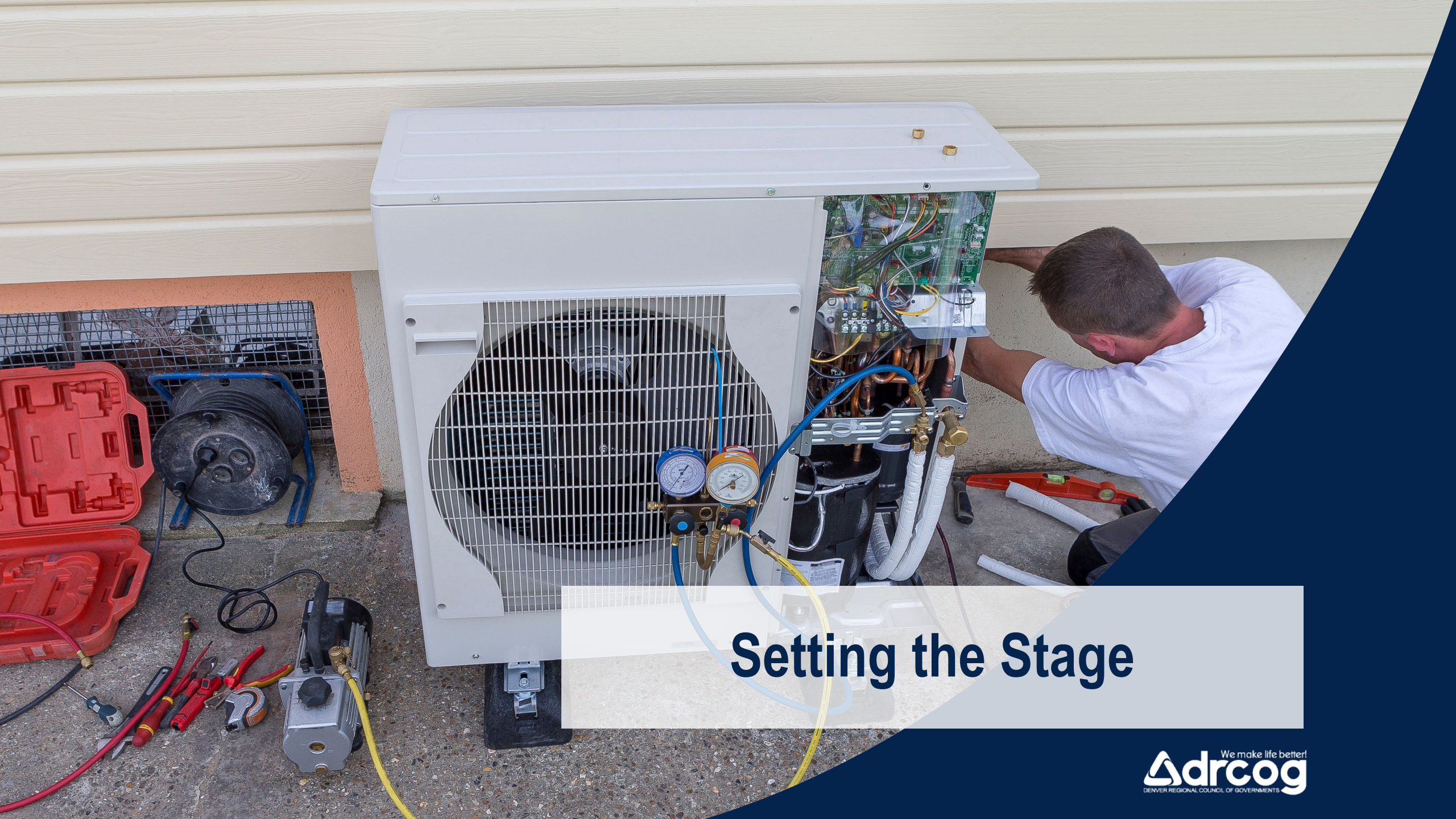




# Incentive Program Considerations



# Setting the Stage

# “Whole building approach”

- Water

Wet → Dry

- Air

High Pressure → Low Pressure

- Vapor

Moist → Dry

- Heat

Hot → Cold

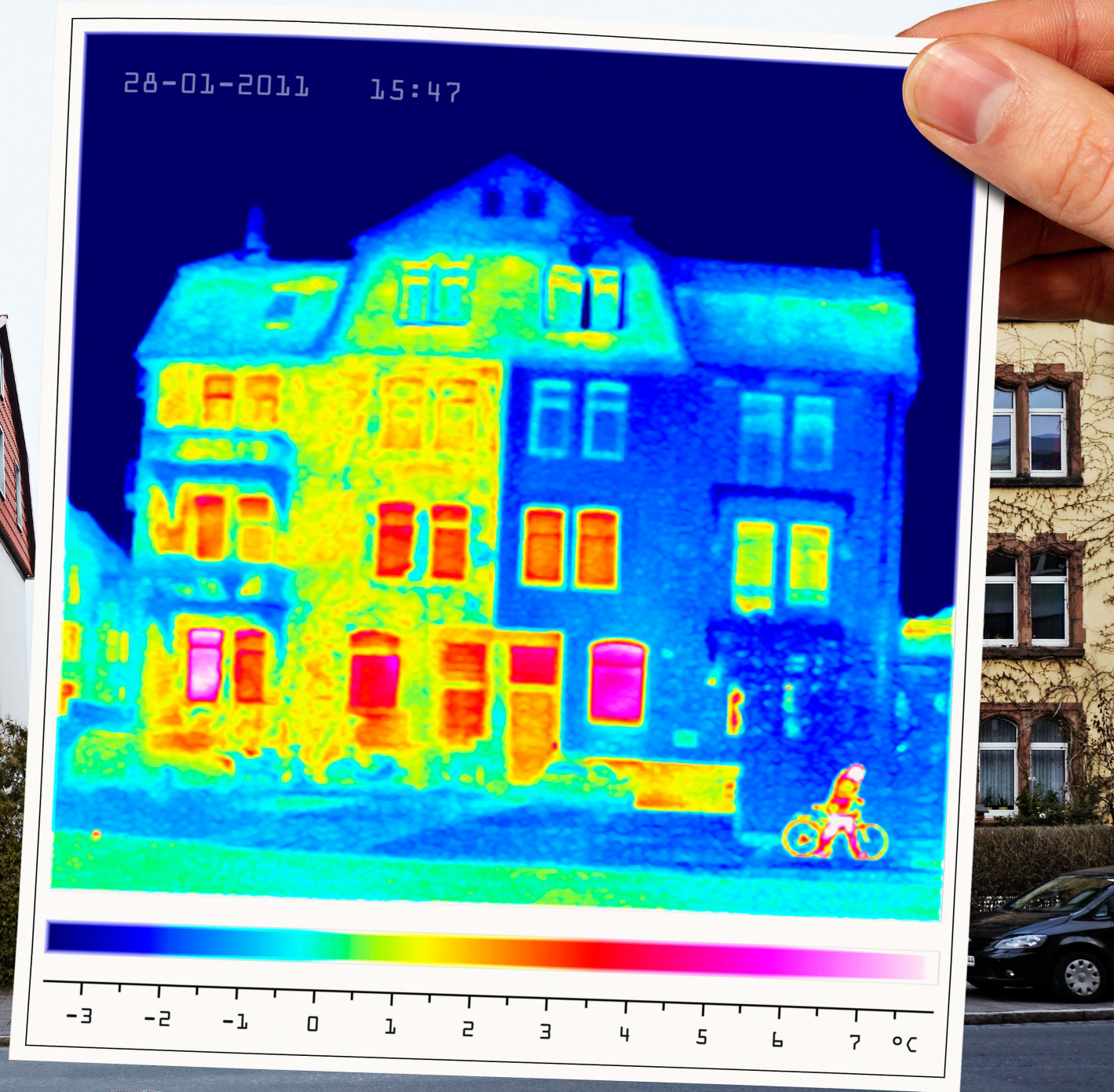


**Energy Inefficient**



**Energy Efficient**







**A DRCOG example –  
replacing an aging furnace**

# Scenario: Aging Furnace and Adding Cooling

- Furnace getting older.
- No existing AC.
- Motivations:
  - **Comfort .**
  - **Value.**
  - **Environment / Health.**
- **Their solution:** New Cold Climate mini-split (ductless) heat pump.



## MODELS

### Mitsubishi

#### MXZ-3C24HZ

-MXZ-C Series

-Heating Heat Pump

-2500 BTU

-10 Year Parts and Compressor Warranty if  
Registered Within 90 Days

### (1) Mitsubishi

#### MSZ-FS12-U1

-Wall Mounted

-Heating And Cooling

-10 Year Parts and Compressor Warranty if  
Registered Within 90 Days

### (2) Mitsubishi

#### MSZ-FS06NA

-Wall Mounted

-Heating And Cooling

-10 Year Parts and Compressor Warranty if  
Registered Within 90 Days

### Included Deductions:

- 10% Off any new High Efficiency heat pump systems up to \$2500 (\$2,500.00)
- 5% SENIOR CITIZEN, MILITARY DISCOUNT UP TO \$500 (\$500.00)
- SERVICE AGREEMENT CUSTOMER DISCOUNT UP TO \$500 (\$500.00)

### Other Incentives:

- XCEL COLD CLIMATE AIR SOURCE HEAT PUMP WITH QUALIFIED INSTALLATION (ccASHP) 18 SEER 2, 11.7 EER 2, 8.1 HSPF 2 INCLUDES MINI SPLIT Rebate stopped by xcel on 8/2024 ( Customer to receive rebate directly from utility provider in the form of a check or bill (\$1,500.00)
- Denver Climate action rebate (\$3,500.00)
- Federal Tax credit (\$2,000.00)

### Net Investment

**\$17,020**

### Financing Details:

Min 3.49% minimum payment  
0% APR Payment based  
on 12 Mos



# Customer Questions

“It was complicated.”

- How do I get incentives?
- Will my bills change?
- Should I need to finance?



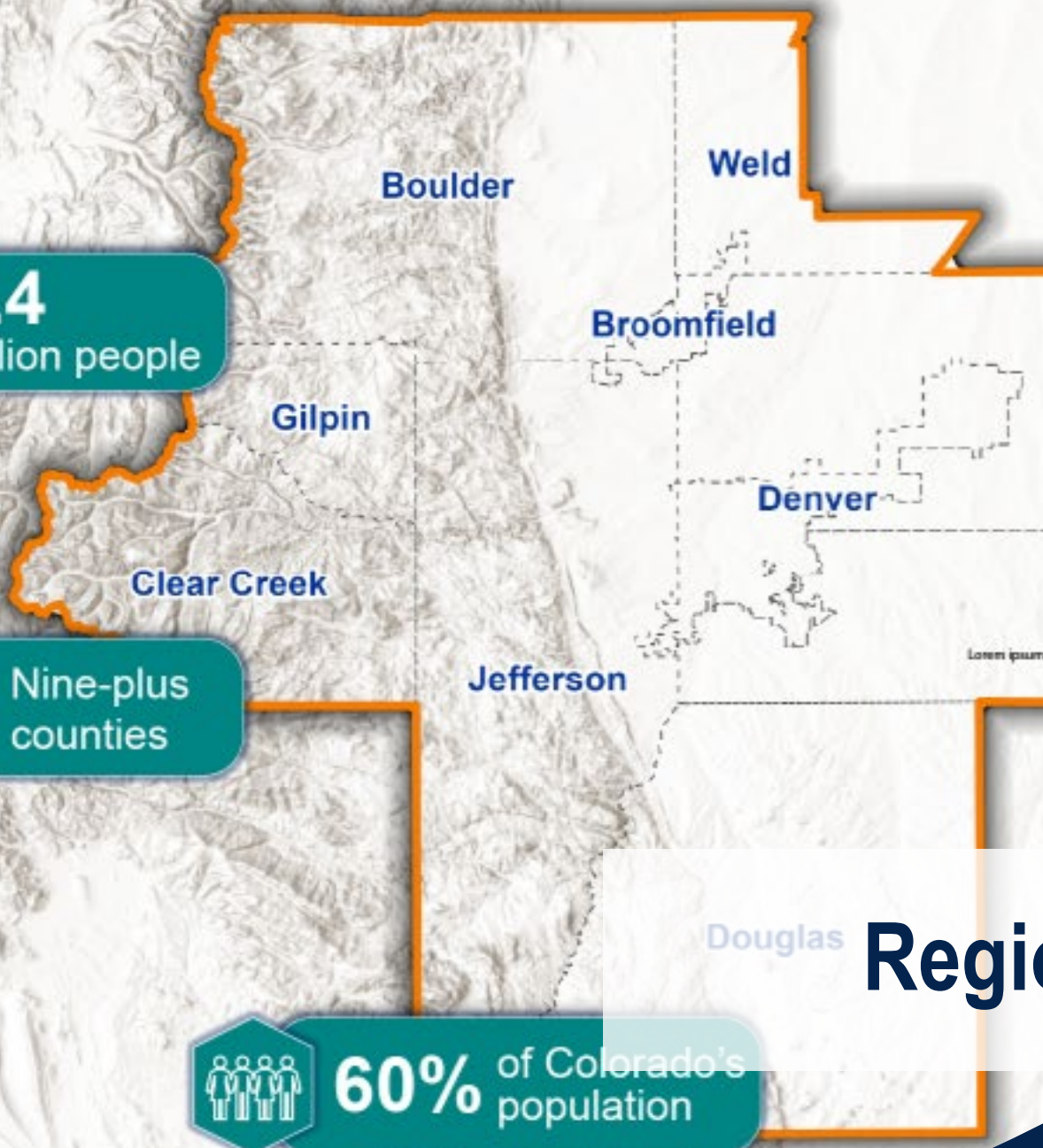
# Incentive design considerations

 **3.4**  
million people

 **2.4**  
million jobs

 **Nine-plus**  
counties

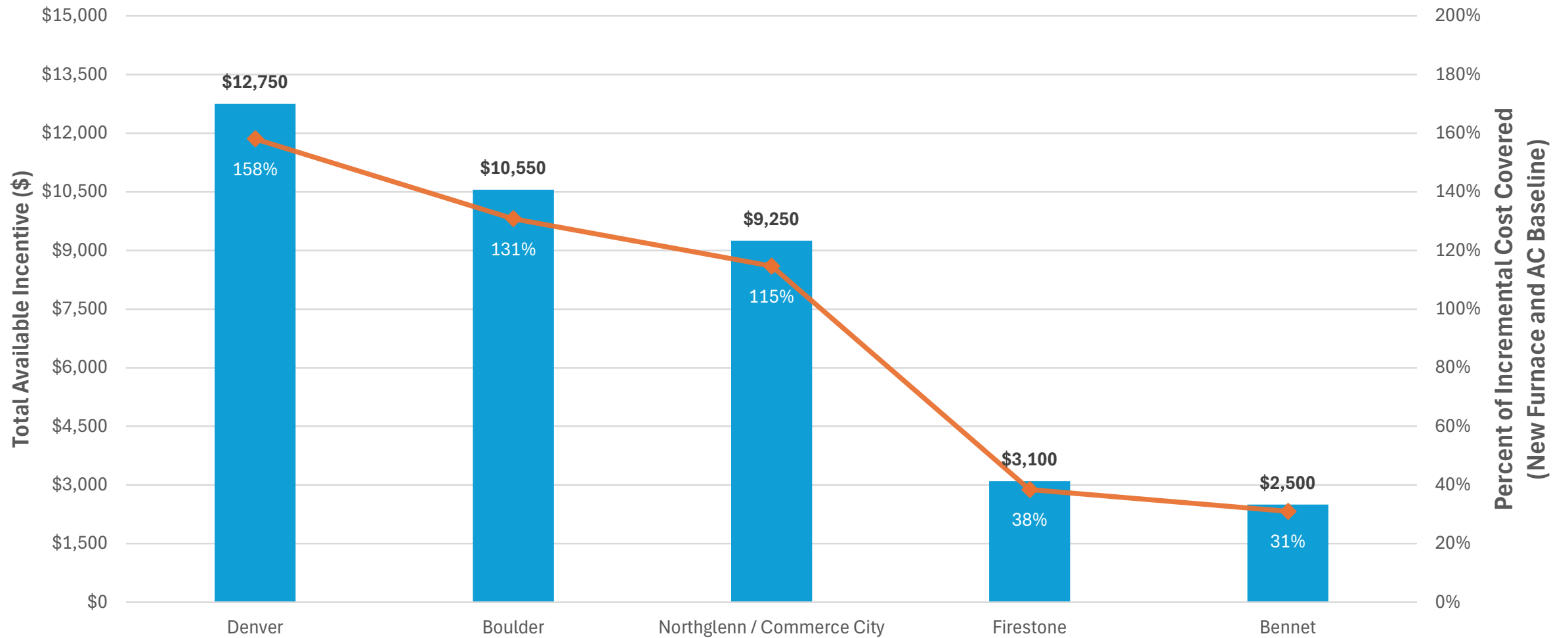
 **60%** of Colorado's  
population



 **528**

# Regional Context

## Available Incentives for 3-ton Cold-climate ASHP from Gas furnace and AC (Feb. 2025)





# Market Barriers

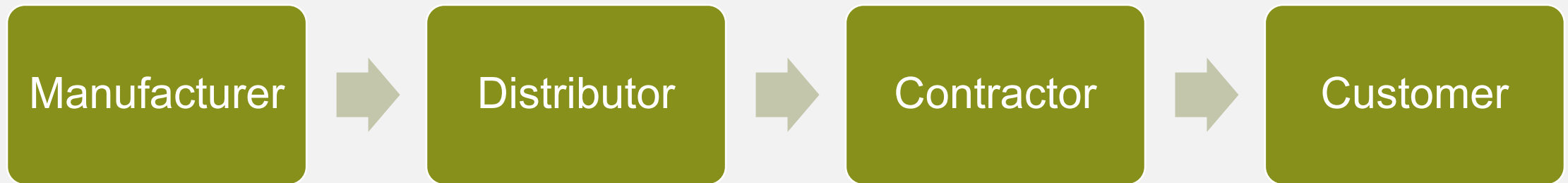
# Major Market Barriers

- Contractor acceptance and training (especially whole home approaches).
- Heating system failures.
- Complicated incentive programs.
- Spark gap!
- AC substitutions.



# Program Design Considerations

# Incentive Intervention Types



# Customer cost and financing

- First Cost.
- Differential Costs.
- Operational Costs.
- Maintenance Costs.

# Confidence and Ease of Application

- Contractor risks.
  - “Floating incentives”.
  - Incentive amount and equipment uncertainty.
  - Uncertain and increased administrative requirements.
- Customer risks.
  - Contractors as sole source of truth.
  - Different incentive processes.
  - Inconsistencies between quotes.

# Thank you!

Mac Prather

Program Manager

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