

Memorandum

AIC Midstream HVAC Initiative

To: Seth Craig-Snell, SCS Analytics, Fred Wu, AIQUEOUS, Matthew Armstrong, Ameren Illinois Company, David Brightwell, Illinois Commerce Commission

From: The Opinion Dynamics Evaluation Team

Date: October 13, 2022

Re: Summary of Findings from 2021 Distributor and Contractor Interviews

This memorandum summarizes findings from in-depth interviews that Opinion Dynamics conducted in April and May of 2022 with distributors and contractors who participated in the 2021 Ameren Illinois Company (AIC) Midstream HVAC Initiative.

Midstream Initiative Description

In 2021, AIC launched the Midstream Heating and Cooling Initiative (Midstream HVAC Initiative), which encourages market actors such as distributors and contractors in AIC territory to promote and install high-efficiency air source heat pumps (ASHPs), ductless heat pumps, central air conditioners (CACs), ENERGY STAR® certified advanced thermostats, and heat pump water heaters (HPWHs).

Participating distributors promote and sell units that qualify for the Initiative to their dealers and contractors. For the purposes of this memo, the term dealers and contractors can be used interchangeably; however, dealers are committed to or associated with a manufacturer or brand. If the end-use customer qualifies for the Initiative, the contractor will collect customer information and provide it to the distributor. Using information that the contractor provides about the end-user, the distributor will submit an application through the online portal to the Initiative for approval. Once the application is approved, the Initiative will pay the distributor a base incentive plus a pay for performance incentive for the unit sold. The incentive provided to distributors is intended to support distributors in administering the Initiative, encouraging the dealers or contractors to purchase higher efficiency equipment and reduce upfront costs of higher efficiency equipment to end-use customers. The incentive also encourages distributors to upsell higher efficiency units to contractors and encourages contractors to install more efficient heating and cooling equipment and water heaters than they might normally install.

Although the main point of contact for the Initiative has transitioned from the contractor (previously known as the Program Ally) to the distributor, contractors still play a large role in the implementation of the Initiative. Contractors are required to provide end-use customer data to the distributor in order to verify that the existing unit falls within the parameters of the Initiative and that the end-use customer lives in the AIC service territory. Additionally, most marketing materials provided to distributors are directed at contractors such as point of sale flyers, postcards, in addition to other marketing materials to encourage participation in the Initiative. Therefore, the Evaluation Team interviewed both participating contractors and distributors involved with the Midstream Initiative. The Evaluation Team interviewed 12 distributors and contractors: six participating distributors and six participating contractors in spring 2022.

Research Objectives

The overarching objective of this research is to understand how the change of the HVAC Initiative from a downstream program design to a midstream program design has affected participating distributors' and contractors' participation, sales, and satisfaction. Process evaluation objectives include:

- How have changes in program design affected:
 - Sales of efficient HVAC and HPWH equipment
 - Market actor participation in the Initiative
 - Customer willingness to install efficient products
 - Market actor satisfaction with the Initiative
- What barriers exist to market actor participation and how can they be overcome to improve the Initiative?
- What, if any, market effects may be occurring because of the Initiative?

Key Findings and Conclusions

AIC's HVAC Initiative successfully transitioned to a midstream model. Overall, the Midstream Initiative has vastly improved from its initial launch in 2021. The addition of an online application portal has proved to be a much more effective way for distributors to submit their incentive applications, however, there are still few key barriers that are preventing distributors from engaging in the Midstream Initiative even further. Contractors reported less administrative burden with regards to the application and participation now that the program is a midstream model, however, some contractors reported that the incentive was not provided to them at the time of sale thus adding to their administrative burden when tracking down their incentives through the distributor. These key findings are based on 12 interviews: six participating distributors and six participating contractors.

- **Key Finding #1:** Distributors have mixed opinions on the impact of the Midstream Initiative on increased sales of HVAC and HPWH equipment. The Initiative is influential in the sale of high efficiency equipment for half of the distributors. For distributors who have been positively-impacted by the Initiative they have experienced an influx of new customers and feel that they are getting a leg up in selling higher efficiency units. It is worth noting that for distributors who indicated "little to no real impact on sales," some mentioned that the pandemic increased their sales significantly and sales of high efficiency equipment remains high due to the demand produced by the pandemic.
- **Key Finding #2:** Contractors indicated that the Midstream Initiative has had a positive impact on the sale of qualifying high efficiency equipment. Most contractors reported being able to sell higher efficiency equipment more readily with the help of the incentive which makes the cost of the units more comparable to the lower efficiency system.
- **Key Finding #3:** Half of distributors and all contractors consider upfront costs the most significant factor influencing high-efficiency product sales and they find the Initiative's incentives helpful in overcoming the barrier of high upfront costs. The other half of distributors find a variety of other factors more significant, including market demand, supply chain issues, consumer education, the availability of manufacturer incentives, and sales bonuses directed towards territory managers.

- **Key Finding #4:** Although there have been few complaints about the amount of the incentives, multiple distributors and contractors reported issues with the incentive disbursement process. From the distributor's perspective, the incentive process has been somewhat burdensome due to the time of sale requirement and back end program tracking. Some distributors reported that due to the time of sale requirement, they have had to pay the incentive for their dealers or contractors and wait for AIC to approve their incentive applications. This Initiative requirement in combination with long rebate turnaround times has caused some distributors to pay up front a significant amount of money in order to participate in the Initiative. Distributors also mentioned that when they receive their incentives the information that AIC provides to them does not always align with what they had originally provided and so it requires some additional work to match incentives to each contractor. Although most contractors appreciated that the application had less administrative burden than before, some contractors reported that distributors are not providing incentives at the time of sale and they must track their incentives down through the distributor.
 - Recommendation: Ensure rebate turnaround times do not act as a barrier to distributor participation in the Initiative.
 - Recommendation: Distributors recommended adding a unique ID field to the online application portal, which would allow distributors to easily match AIC incentive information to their own individual sales records. This change would reduce administrative burden when distributors receive a single check from the Initiative for a batch of incentive applications and then they need to match this payment back to each sale.
 - Recommendation: Ensure that distributors understand that the incentive must be provided at the time of sale to dealers and contractors. Using additional trainings and distributor roundtables, communicate with distributors that the incentive must be provided at the time of sale in order to qualify. Additionally, work with distributors to understand how the incentive process could operate more efficiently from their perspective.
- **Key Finding #5:** Distributors are feeling pressure to turn over pay for performance incentives in addition to the base incentives to dealers and contractors because of the marketing of the Initiative to contractors and end-use customers.
 - Recommendation: Review messaging to contractors and end-use customers to ensure that pay for performance incentives can remain at the distributors discretion and can be used by distributors for marketing, education, administrative costs, or other necessary costs for maximizing program sales and participation.
- **Key Finding #6:** Distributors find that the online portal has vastly improved the online application process, however, there are still issues to be addressed. The incentives sometimes have been processed and then later rejected leaving the distributor to pay out of pocket.
 - Conclusion: Initiative staff may want to review the rate of rejection after initial acceptance. There were mentions of end-use customers who were approved but later rejected because of previous participation.
- **Key Finding #7:** Most distributors reported having minimal contact with Initiative staff beyond the initial onboarding training. Some mentioned that even when they reach out to Initiative staff, response times can be up to a week, and they often deal with different representatives for the Midstream Initiative. Most distributors also mentioned that they had not participated in roundtables with Initiative staff. Those distributors who had participated in roundtables mentioned that they had expected them to

include multiple participating distributors so that they could discuss resolutions to issues with the Initiative.

- Recommendation: Assign dedicated Initiative staff to each distributor to form better relationships and build a participating distributor network. By engaging distributors more consistently, this change will lead to increased distributor satisfaction and increased communication regarding issues with the Initiative.
- Recommendation: Host distributor roundtables with multiple distributors at one time to give them an opportunity to collaborate on issues that face participation in the Initiative. Leverage this relationship to improve Initiative implementation and lessen barriers that distributors, dealers, and contractors face when participating in the Initiative.
- **Key Findings #8:** Distributors have reported that there are Initiative qualifying units that are not being incentivized through the current Initiative, which may be market effects. Contractors are purchasing units of Initiative qualifying products outside of the Initiative for a variety of reasons, but mainly to protect against supply chain disruptions and price increases later in the year. These qualifying units may be going to AIC residential customers, however, distributors do not have insight into the installation of these units. Dealers and contractors have the best insight into these additional units and where they are installed.

Sampling and Outreach

The Evaluation Team developed the sample population of distributors based on the list of distributors who completed projects during 2021 and for whom the program tracking data included adequate contact information. For the list of contractors, we utilized the list of contractors who recently participated in the HVAC Initiative as a network of contractors that may have participated in the Midstream Initiative this year. We reached out to a list of 21 distributors and 120 contractors. We emailed distributors and contractors up to five times each to recruit them for the study. We received responses from six distributors and six contractors.

The Evaluation Team completed in-depth interviews with six distributors and six contractors with varying levels of experience participating in the Midstream Initiative. Some distributors we spoke with represented a significant portion of participation while others represented a smaller portion of savings. Contractors we spoke with mentioned that Initiative qualifying equipment represented approximately 50% of their total sales on average. The six distributors we spoke with represented 39% of Initiative savings in 2021 according to the program tracking data.

Table 1 outlines what types of equipment distributors stock, in what kinds of fuel types, and whether or not they qualify for the Initiative, where applicable. Five out of the six distributors primarily stocked qualifying air source heat pumps (ASHPs) and central air conditioners (CACs) as well as advanced thermostats. Only one distributor we spoke with stocked heat pump water heaters (HPWHs). The last distributor only sold advanced thermostats through the Initiative.

Table 1. Types of Equipment Stocked (n=6)

Equipment	Number of Distributors	Number of Distributors that Stock Electric Units	Number of Distributors that Stock Gas Units	Initiative Qualifying
Heating Equipment				
Furnace – Forced Hot Air	5	4	5	
Boiler – Hot Water	2	1	2	
Boiler – Steam	2	1	2	
Electric Resistance Heaters (i.e., electric baseboard, wall heaters etc.)	1			
Ductless Air Source Heat Pump	5			5
Ducted Air Source Heat Pump	5			5
Ground Source Heat Pump	5			
Cooling Equipment				
Central Air Conditioners	5	5	2	4
Water Heating				
Heat Pump Water Heaters	1			1
Tankless Water Heaters	1	1	1	
Tank Water Heaters	0	0	0	
Thermostats				
Advanced Thermostats	6			6

The evaluation team interviewed six participating contractors in the Midstream Initiative. All six contractors primarily work in single family homes and have varying years of experience working with the historical HVAC Initiative.

Table 2 displays what types of equipment contractors sold, in what kinds of fuel types, and whether or not they sell units that qualify for the Initiative. Almost all contractors we spoke with installed every type of Initiative qualifying equipment except for two contractors who did not install water heaters. All contractors installed ductless and ducted ASHPs, central air conditioners, and smart thermostats.

Table 2. Types of Equipment Sold (n=6)

Equipment	Number of Contractors	Number of Contractors that Sell Electric Units	Number of Contractors that Sell Gas Units	Initiative Qualifying
Heating Equipment				
Furnace – Forced Hot Air	6	4	6	
Boiler – Hot Water	6	2	6	
Boiler – Steam	4	1	4	
Electric Resistance Heaters (i.e., electric baseboard, wall heaters etc.)	4			
Ductless Air Source Heat Pump	6			6
Ducted Air Source Heat Pump	5			5

Equipment	Number of Contractors	Number of Contractors that Sell Electric Units	Number of Contractors that Sell Gas Units	Initiative Qualifying
Ground Source Heat Pump	5			
Cooling Equipment				
Central Air Conditioners	6	5	3	6
Water Heating				
Heat Pump Water Heaters	4			4
Tankless Water Heaters	4	3	3	
Tank Water Heaters	4	4	4	
Thermostats				
Advanced Thermostats	6			6

Distributor Detailed Results

Distributors had mixed feelings regarding the impact of the Midstream Initiative on their business. Half of distributors noted the Initiative has positively impacted their sales and their business strategies in the AIC service territory. One of these distributors mentioned that the Midstream Initiative has opened an entirely new swath of customers due to the advanced thermostat incentive. Another one of these distributors felt that the incentive provided them with a leg up in selling higher efficiency units.

The other half of distributors said that the Initiative has had little to no impact of their existing selling strategies or sales. One of these distributors mentioned that demand from the pandemic was still the driving force for their business reporting that their sales was 42% higher than pre-pandemic levels. Due to this they said that many people are purchasing these units without the influence of the incentive noting:

“Because there's so much demand. It's not, almost not worth it. It's like they're buying them without the incentives. So why bother spending, you know, a week trying to apply for it and get you this contact information, et cetera.”

Distributors reported various techniques to sell the Midstream Initiative to their dealer and contractor networks. Half of the distributors noted that they just tell their dealers and contractors about it and the incentive essentially sells itself most of the time. Two distributors said that they already teach their dealers and contractors to upsell to higher efficiency units so it has not made much of an impact on how they sell the program qualifying units to customers. The last distributor said that they try bringing more dealers and contractors in by letting them know that majority of the barriers previously associated with the AIC HVAC Initiative have been removed. A large portion of their selling technique has been focused on marketing the Initiative and educating dealers and contractors about how to participate.

Three distributors reported utility incentives being the most influential factor in selling high efficiency equipment. Three distributors reported that upfront cost and supply chain issues as being the primary limiting factors to selling higher efficiency equipment. Most distributors agreed that upfront cost is a significant barrier to the purchase of higher efficiency units from a consumer's perspective, therefore utility incentives are an important motivating factor influencing customers to upgrade their equipment. The remaining distributors mentioned a variety of other influential factors in the sale of high efficiency units including market demand (n=2), consumer education (n=2), manufacturers incentives (n=1), sales incentives & bonuses directed towards territory managers (n=1), and financing (n=1).

Distributors also mentioned that a primary limiting factor has been the continued supply chain issues and price increases in 2022. Some were optimistic that lead times were improving, however, disrupted supply chains and inflation still pose major barriers to selling program qualifying equipment. Two distributors noted that they use the incentive as a selling point to dealers and contractors offering that the incentive helps to offset the price increases that they have experienced.

Although there have been few complaints about the amount of the incentive, multiple distributors mentioned issues with the incentive process. Two distributors mentioned that have lost money since participating in the Midstream Initiative due to the incentive payment structure. One of the two distributors noted that due to the requirement that the incentive be provided at the time of sale, their dealers and contractors must note on their invoice that some of the units they are purchasing in bulk will go to qualified AIC customers, otherwise they will not qualify for an incentive once they finally relay the customer account information. This distributor also noted that sometimes, if a dealer or contractors forgets to note that some of the units will go to program qualifying Ameren customers, they are unable to retroactively apply for the incentive. In this case, retroactively means that the contractor was not able to come back later after the unit was installed to get an incentive. This puts the distributor in an awkward position with their dealers or contractors of either having to honor the AIC incentive and paying for it out of pocket or refusing to provide the incentive.

The other distributor noted that they have a back log of incentives that have not been processed totaling up to \$50,000 to \$100,000 at the time of the interview. This distributor also reported that since they have multiple dealers and contractors that they work with, once they receive an incentive check back from AIC, it is difficult to separate the check to the correct recipients. They noted that even though AIC provides them with a list of customer names, it doesn't always align with the information that they have on file. They mentioned the following about the incentive process:

“It would be nice if when we go through to submit the information on the portal, if we can provide an identifier for each line, you know, for example, if I go through and I do a rebate you know, and I fill out that form, if I could put an identifier for that particular line, say, for example, the invoice that the rebate was provided on and then that be attached when in the portal, when it says paid, then I can go through that and be like, okay, this invoice was paid, this invoice was paid. This one was paid. That's great. I can do that. But right now, it's just kind of a mess. It makes it difficult to match it.”

Some distributors reported that they were unable to keep some of the incentive due to the total incentive amount for each unit being marketed to dealers and contractors. Two distributors mentioned that due to AIC' marketing of the Initiative more broadly, word has spread that the total incentive provided can be up to \$750 for certain units, therefore dealers, contractors, and customers have been expecting the entire incentive to be passed down. Since some distributors pass through the entire incentive, this distributor felt like they were also forced to pass through the incentive to remain competitive in the market. A quote from this distributor is highlighted below:

“But there's too much information out there in regards to how much how much rebates that everybody has are, you know, it's, it goes up to \$750, but they tell us the minimum that you have to, you have to pass on is \$300, but when word gets out that it's \$750, everybody wants \$750 and we on the back end are doing all of the work and basically getting nothing for it.”

Although vastly improved, the online application process still poses some challenges to distributors. The original Excel application submittal process was time consuming and confusing. Multiple distributors mentioned that since they transitioned over to the online application portal it has been much easier to participate in the Initiative (n=4). The two remaining distributors still felt that the application process was

confusing and did not provide enough flexibility for inputting information such as a unique identifier for each customer to link the incentive back once it is received. They both mentioned that the application should be filled out by the dealer or contractor and not by the distributor since the dealer or contractor must provide them with the information anyway, they felt it was double the amount of work necessary.

Another distributor said that although the application portal was an improvement, they were still facing issues. They said that in their training, if an application had been submitted without any errors, then it would be processed. However, they reported that there have been a few instances in which they submit an application without issue, distribute the rebate to the dealer or contractor, and then receive a note from AIC saying that the customer had already received a rebate and is not eligible. The distributor then must either debit the dealer or contractor for the mistaken incentive or pay for the incentive out of pocket.

Distributors reported that the data submittal process for the transactional quarterly reports was time consuming and burdensome. Four of the distributors noted that it takes a lot of effort to produce these quarterly reports because their sales systems are not set up to report the type of information that Initiative staff is asking for. Out of these four distributors, one reported that they must go into their sales reporting system and sort out what is sold to Illinois versus Missouri by hand. Another reported that they take all their sales in Illinois and then subtract out the program qualified sales since they have no way of parsing out sales in and out of the service territory. Two distributors mentioned that they don't provide that information at all since they either don't track it or feel it is confidential to their business operations. Only one distributor mentioned that it was not an issue to provide their sales data since almost all the units they sell go through the Initiative anyway.

All distributors we spoke with did not have an issue collecting customer information from their contractors and dealers. One mentioned that sometimes collecting customer information can be an issue if the dealer or contractor felt uncomfortable asking for it, but most noted that once they mention that it is required so that the customer can receive an incentive, then customers are typically willing to provide it.

Most distributors reported limited interaction with Initiative staff and being unaware of Midstream Initiative roundtables. Two distributors mentioned that they wished their communication with Midstream Initiative staff was more consistent and that they had a dedicated Midstream Initiative manager. Both also noted that Initiative staff would intermittently respond to their questions, or their response was delayed. Two other distributors mentioned that they do not have much contact with Initiative staff. One of those two wished that staff was more consistent in their outreach as is common with other utility programs as they mentioned.

Two distributors who had participated in roundtables reported that they wished that they were conducted in cohorts with other participating distributors so that they could collaborate and solve issues they were facing. The other four distributors we interviewed reported never participating in a roundtable or being unaware that they were occurring.

Most distributors rated the onboarding training that they received highly but did not report receiving any additional training from the Initiative. Two distributors did not recall receiving the initial training, but the other four distributors rated the training a 9.25 out of 10 on average in terms of preparing them to participate in the Initiative. Two distributors mentioned that they were invited to participate in a training webinar, but it ended up being a discussion about lighting which didn't pertain to either of them. Both asked that future trainings and webinars be preceded with an agenda so that they will know which trainings to attend.

On average, distributors rated the selection of units that qualify for an incentive the highest (9.0) and rated the data submittal process for the transactional reports the lowest (5.0) on a 0 to 10 satisfaction scale. Only four out of the six distributors responded the satisfaction portion of the interview due to time constraints.

Distributors have reported that there are qualifying units that are not being incentivized through the current Initiative. These qualifying units may be going to AIC customers; however, distributors do not have insight into the installation of these units. Distributors noted that dealers and contractors are buying units in some cases to protect themselves against supply chain issues and price increases. By buying these units at the beginning of the year they can get them at the best prices and lock in those prices for future projects in the year. Additional research with contractors and dealers is needed to identify what proportion of these units are going into residential AIC customer homes versus those being installed in commercial facilities or out of the territory. This market effects research will continue as a part of the 2022 evaluation.

One distributor said that beyond units that are incentivized through the Initiative, they have no way of knowing where contractors are installing units. They mentioned that they may come in and purchase four units, one of which goes through the Initiative, but they have no visibility into where the other three units are being installed and whether or not it was installed in AIC's service territory. Another distributor reported that all the units that they sell go through the Midstream Initiative.

Contractor Detailed Results

Due to the structure of the Midstream Initiative, the distributor is the target contact for the initiative, however, contractors still play an important role in selling qualifying units to customers and distributing incentives. Contractors are required to provide customer account information to distributors and therefore still play a vital role. The following section will outline how the Initiative has impacted contractor's sale of initiative qualifying equipment and outline how the new Midstream design is operating from their perspective.

All contractors reported that they will only recommend electric space heating equipment in cases where the existing equipment is electric. For customers that have existing gas space heating equipment they will likely replace the unit with a gas system. Most contractors noted that they are unlikely to recommend a customer fuel switch unless they specifically requested it (n=5). They also noted that they will typically default to the existing equipment that the customer has and recommend a similar system at a higher efficiency level. The remaining contractor did not mention whether they would recommend a customer convert from gas to electric.

Out of the four contractors who installed water heating equipment, two reported that they would not recommend an electric water heating unit because it is cost-prohibitive, and it would not suit the needs of their customer. One contractor reported that they would recommend electric water heating equipment if the existing equipment is electric. The last contractor reported that they typically try to sell their customers on heat pump water heaters, however due to the equipment's size requirements and significant upfront cost, they do not have many customers switching from a gas water heater to a heat pump water heater. All contractors mentioned that other considerations that go into their recommendation include home size, panel capabilities, and customer needs.

Most contractors believe the Initiative has had a positive influence on their sale of qualifying equipment and that the incentive is the most influential factor in their sales. Contractors reported being able to sell higher efficiency equipment more readily with the help of the incentive. They also reported that the incentive lowers the cost of higher efficiency units that makes the cost more comparable to a lower efficiency system. Four out of six contractors also reported that since participating in the initiative, their sale of higher efficiency systems has increased. One of these contractors mentioned that offering the incentive allows their company to separate themselves from competing companies who do not offer incentives. The remaining two contractors said that their sales remained the same.

Given that contractors reported that the incentive was the most influential in their company's sale of high efficiency units, it is no surprise that they believe cost is the biggest limiting factor. The upfront cost of high efficiency space and water heating units is a significant barrier for customers especially in cases of unexpected equipment failure. Other limiting factors that contractors mentioned were space concerns for HPWHs and availability issues for ASHPs. Contractors reported that they are still experiencing significant supply chain issues that sometimes affects their equipment recommendations. Contractors work around these issues by waiting to recommend equipment until they can double check stock availability with distributors (n=2). One contractor mentioned that there have multiple cases where they have had to recommend a different efficiency level or equipment size due to shortages.

Of the contractors that have received marketing support and training (n=4) through the Initiative, three reported that the marketing support and training has been limited, but generally sufficient. One reported that the trainings have been occurring almost weekly and that they have been helpful. The remaining contractors felt as though the limited marketing support and training has still been sufficient, with the exception of one contractor who expressed an interest in additional marketing support and training beyond general onboarding.

Overall, satisfaction with the design of the Midstream Initiative is mixed. Contractors collectively agreed that providing customer information to distributors posed no issue to participating in the Initiative. All contractors we spoke with noted that since this was a similar process to the historical HVAC initiative, they did not feel it was an issue to collect customer information. Once customers understand that it is required to receive an incentive, they have no issue providing it.

Most contractors we spoke with reported being satisfied with the Initiative design and report having a good working relationship with their distributors (n=4). One contractor explicitly noted that the positive interactions they have with distributors have a positive impact on the way they sell Initiative-qualifying units. Two of the four contractors also noted that the application process has been less time intensive compared to the previous HVAC Initiative.

The remaining two contractors reported being dissatisfied with the new Initiative design because their distributors were not providing them with the instant time of sale incentive. They reported that they would have to wait four to six weeks to receive their incentive and make sure that they follow up with their distributors on a regular basis to ensure their incentives are processed. A quote from one contractor regarding this issue is highlighted below.

“What I have found though is sometimes if we did not get that rebate up front some of our distributors also say we are waiting to get paid back from Ameren before we cut you a check and that’s not supposed to be how the program works. It’s supposed to be an instant rebate to us, and we pass it along to the customer.”

All but one contractor reported they do not install qualifying units that do not ultimately go through the Initiative. Contractors explained that since it is an instant incentive from distributors, all equipment that they purchase from distributors would qualify for an incentive. Four contractors reported that they purchase all of their equipment from distributors. Of the remaining two contractors, one said they purchase 85-90% of their equipment from distributors and one said they purchase all heating and cooling equipment through distributors but purchase all water heating equipment through retailers. This contractor reported that they purchase their water heating equipment including HPWHs exclusively from retailers. Due to supply chain constraints and distributor availability, they mentioned that retailers were able to keep the price of heat pump water heaters lower compared to distributors.