



Strategies for Increasing Heat Pump Water Heater Adoption



OVERVIEW

By providing financial incentives, utilities and policymakers can help accelerate the adoption of heat pump water heaters (HPWHs) in the Southeast, reducing household energy burdens while advancing grid stability and climate goals.

Project Goal

Identify opportunities to increase market transformation and deployment of HPWHs

Timeline

2024 - 2025

Biggest Opportunity

Align incentives

SEEA'S PROCESS

LANDSCAPE ANALYSIS

Surveyed rebate offerings (IOUs, Co-ops, Municipals)

SUPPLY CHAIN INSIGHT

Interviewed Manufacturers, Distributors, Utilities, & Contractors

ADVISORY COMMITTEES

Convened topic-specific strategic groups

FINDINGS

BARRIERS

OPPORTUNITIES



High upfront costs



Low awareness



Installer Reluctance



Emergency Repairs (same day install)

Instant rebate



Contractor resources (training, sales tools, confidence)



Stocked Inventory



Consistent messaging (savings, comfort, resilience)



BARRIERS

Despite these advantages, adoption remains slow across the region. The most significant barriers include higher upfront costs (~\$4,000 installed versus ~\$2,000 for standard units), low consumer awareness, and contractor reluctance to recommend or install HPWHs. Emergency replacement scenarios – when water heaters fail unexpectedly – make it unlikely that consumers will research or invest in new technologies. In this scenario, if a customer is interested in a HPWH, but a limited supply of rebate-qualifying systems at the storefront or distributor prevents them from same-day installation, that may further discourage a potential customer from purchasing a HPWH. Without consistent customer demand for HPWHs, storefronts and distributors are not incentivized to take up shelf space with HPWHs that could potentially collect dust.

OPPORTUNITIES

To accelerate market adoption, stakeholders should prioritize strategies that align with consumer and plumbing and dual-trade contractor needs, and utility system goals. These include:

- Offering instant or midstream rebates to reduce upfront costs at the point of purchase or installation.
- Equipping contractors with training, sales tools, and financial incentives to promote HPWHs confidently.
- Expanding stocking and distribution so HPWHs are readily available during emergency replacements.
- Coordinated consumer education campaigns highlighting long-term savings, comfort, and environmental benefits.

UTILITY REBATES FOR HEAT PUMP WATER HEATERS

