

PSI Energy

Smart \$aver® Homes

PSI Energy’s Smart \$aver® program began as a means of promoting electrically-heated homes in Indiana but it has evolved over the years to encompass a far broader mission. The Smart \$aver® program, coupled with the more recent Summer \$aver® program extension, offer a series of interesting incentives for customers, builders, and vendors for the use of high efficiency heat pumps and central air conditioners.

The goal of the program is to encourage and assist residential home builders, manufactured home dealers, and apartment developers and owners to construct, display, advertise and sell/rent Smart \$aver® homes, condominiums, manufactured homes, and apartments. In addition, existing homeowners and apartment owners are encouraged to retrofit their air-conditioning and/or electric-heating systems to Smart \$aver® standards.

The program began with the specific intent of addressing the market share decline of electrically-heated homes in PSI’s service territory. The proportion of the single-family new construction market selecting electric space heating had declined six years in a row and a similar situation was taking place in the existing home market as well with many existing electric heat customers switching to other fuels, primarily natural gas. If allowed to continue, this trend would lower the system load factor, pressuring PSI to raise rates. Thus PSI’s challenge was to design a program that would stabilize if not increase the saturation of electric heating in the residential sector, particularly the single family segment. The program has been very successful in achieving this objective: since the program began, the percentage of new single-family construction selecting electric space heating has grown from 26% in 1989 to 42% in 1992 and 80% of these new electrically-heated homes have met the Smart \$aver® efficiency standards. Furthermore, hundreds of older heat pumps in existing homes have been replaced with high-efficiency Smart \$aver® heat pumps.

In order to maintain electric-heat customers, PSI developed a series of innovative means of coupling electric heat (and later air conditioning) with energy efficiency. The utility developed a Smart \$aver® designation, and both new and retrofitted homes that met the criteria became eligible for reduced electric rates by 30% for electricity usage over a 1,000 kWh threshold in winter months. The requirements for the program are based on the installation of high efficiency heating and cooling systems matched with properly designed duct work and insulation. PSI also provides incentives for builders and heating contractors to help defray incremental costs of the higher-efficiency equipment.

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PSI ENERGY	
Smart \$aver® Homes	
Sector:	<i>Residential</i>
Measures:	<i>High efficiency heat pumps and air conditioners, low-E windows, water heater insulation wraps and pipe insulation, low-flow showerheads, faucet aerators, and seal-ups</i>
Mechanism:	<i>Qualifying homes receive a reduced winter electric rate as well as a satisfaction guarantee. Incentives are offered to builders, dealers, developers, and owners</i>
History:	<i>Started in 1990</i>
1992 SYSTEM GT@ DATA	
<i>Energy savings:</i>	<i>1.1 GWh</i>
<i>Lifecycle energy savings:</i>	<i>16.7 GWh</i>
<i>Peak capacity savings:</i>	<i>0.4MW</i>
<i>Total Smart \$aver® Cost:</i>	<i>\$5,314,300</i>
CUMULATIVE SYSTEM GT@ DATA (1990 - 1992)	
<i>Energy savings:</i>	<i>1.9 GWh</i>
<i>Lifecycle energy savings:</i>	<i>22.2 GWh</i>
<i>Peak capacity savings:</i>	<i>0.5 MW</i>
<i>Total Smart \$aver® Cost:</i>	<i>\$11,696,200</i>

The Results Center produced 126 profiles of the most successful energy efficiency and renewable energy programs in the United States and around the world in the early and mid 1990s. With the support of the John D. and Catherine T. MacArthur Foundation, Ted Flanigan directed a research team at Colorado-based IRT Environment to produce and distribute these exceptional examples. Thanks to strong demand for solid case studies, The Results Center was supported by dozens of major utilities and energy associations worldwide. Today, The Results Center is managed again by Ted Flanigan, now at California-based EcoMotion Incorporated, a firm focused on strategic consulting, information dissemination, program design, outreach services, and aggressive implementation. To nominate highly successful programs, contact: The Results Center, c/o EcoMotion, 15375 Barranca Parkway, F-104, Irvine, CA 92618, (949) 450-7155, or TFlanigan@EcoMotion.us