Vermont Heat Pump Action Plan

Residential Market

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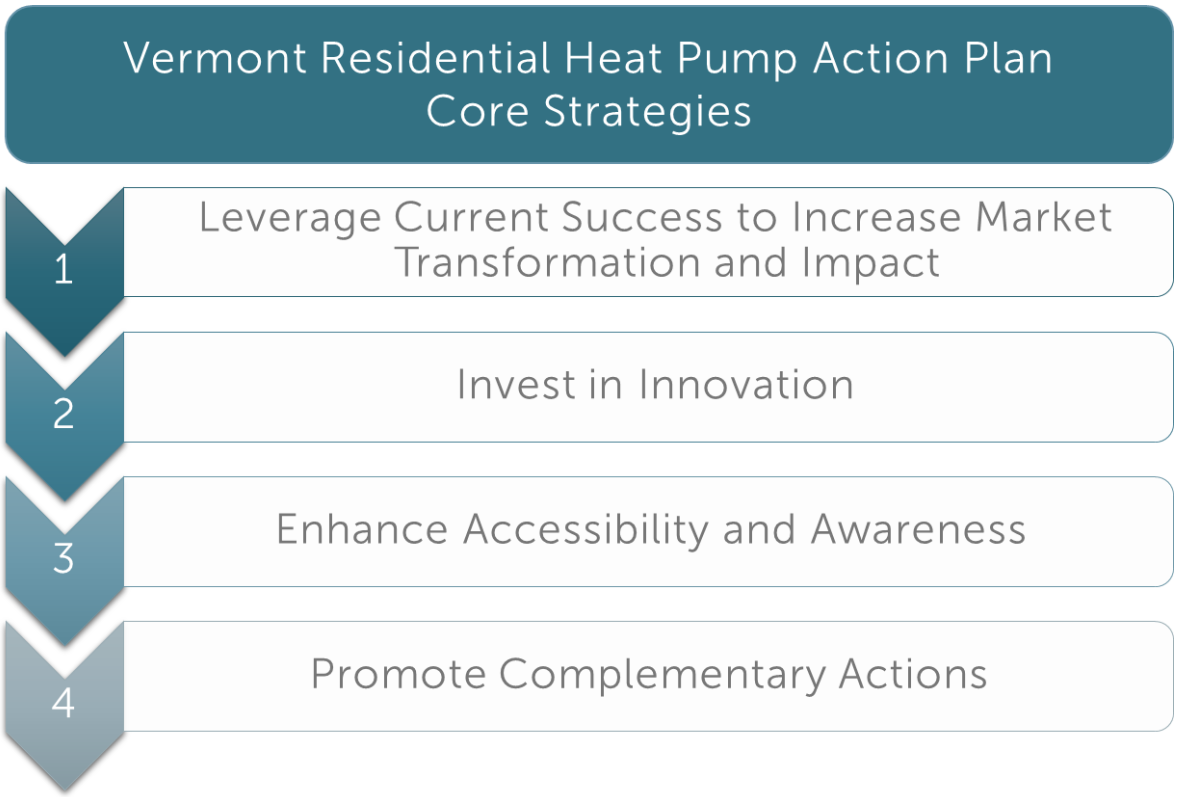
Introduction

Purpose and Scope

The **Vermont Residential Heat Pump Action Plan** is driven by a central goal: to significantly reduce household greenhouse gas (GHG) emissions across the state. This plan outlines a strategic approach to achieving that goal by increasing the adoption of heat pump technologies and optimizing their usage in Vermont's residential sector, while ensuring affordability for all residents.

Building on the findings of the 2024 Vermont Heat Pump Market Assessment – which evaluated the current status, challenges, and opportunities for heat pump use in space and water heating – this action plan focuses specifically on space heating, identifies key market barriers and proposes targeted strategies to overcome them. By leveraging Vermont's progress in heat pump adoption and expanding support for newer technologies, the state can continue leading the transition to sustainable, low-emission heating solutions. The plan promotes a comprehensive approach that includes enhanced end-use customer education, financial incentives, technological innovation, contractor training, and regulatory support.

The Vermont Residential Heat Pump Action Plan aims to make heat pumps a viable, cost-effective option for all Vermont residents, helping households lower their carbon footprint while improving energy efficiency. Implementing the core strategies outlined below will enable Vermont to achieve sustained growth in its heat pump market, thereby advancing the state's leadership in energy efficiency and environmental stewardship

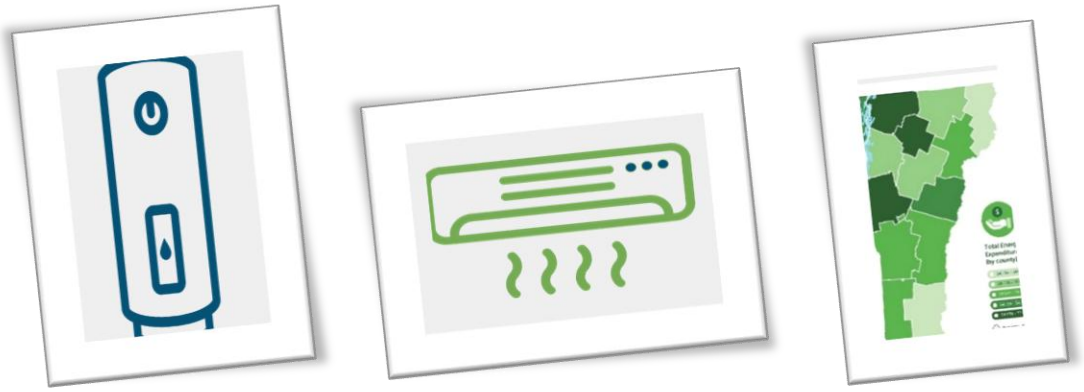


Framework

Decarbonization of Space and Water Heating

Heat pumps offer a significant opportunity to reduce Vermont's reliance on fossil fuels for space and water heating. This plan focuses on increasing adoption and optimizing use to reduce emissions while ensuring affordability for all residents –this is essential for effective market transformation. Electrifying home heating is crucial for transforming the market, reducing greenhouse gas emissions, boosting energy efficiency, and improving indoor air quality.

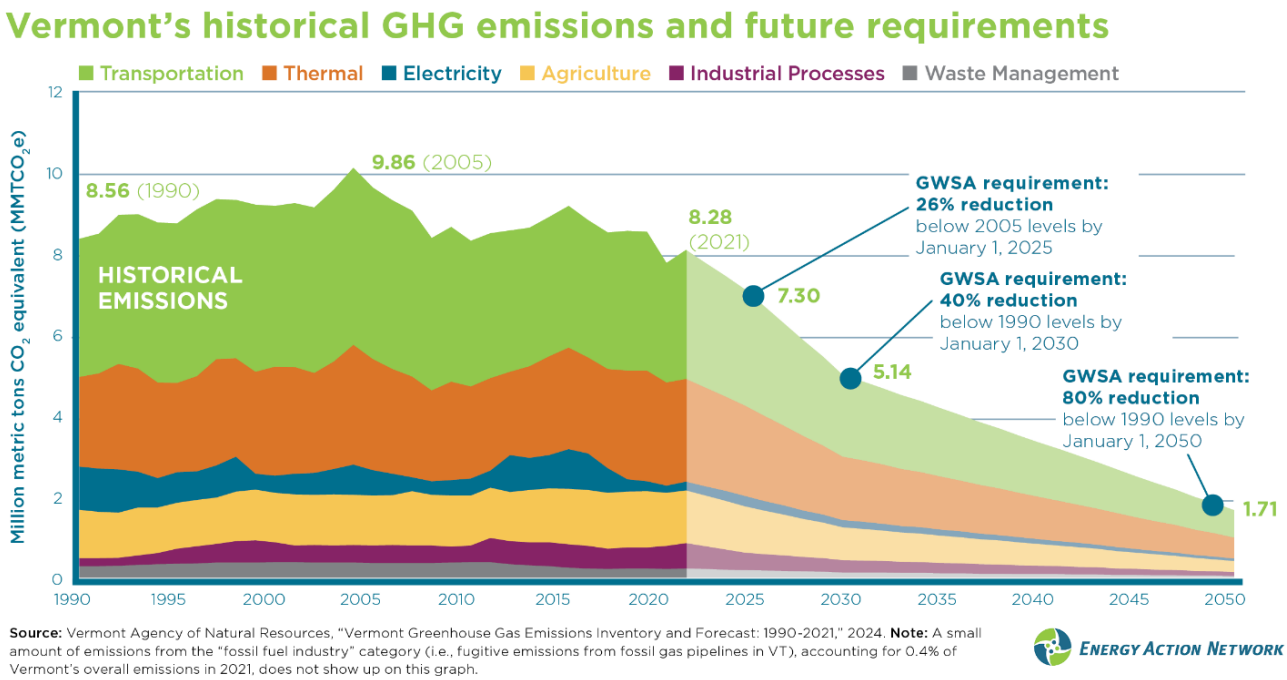
These efforts can be achieved through promoting new technologies, shifting consumer behavior, and implementing supportive policies.



Alignment with the Vermont Climate Action Plan/Vermont Comprehensive Energy Plan

The Vermont Climate Action Plan initiated under the Global Warming Solutions Act, aims to reduce GHG emission by 50% by 2030. Primary actions include promoting renewable energy, increasing energy efficiency, electrification of thermal end-uses, and supporting sustainable transportation and agriculture. While Vermont has made strides in reducing emissions, the Vermont Climate Council reports that the state is not yet on track to meet the 2030 goal.[1]

[1] Vermont Climate Council~Annual Energy Report 2025~2-6-2025.pdf



The **Vermont Climate Action Plan** includes several specific strategies for integrating heat pumps to reduce greenhouse gas emissions from buildings:

- *Heat Pump Installation Goals*: Vermont aims to install 112,000 heat pumps by 2030. This initiative is part of a broader framework that also seeks to weatherize an additional 90,000 homes, significantly improving energy efficiency and reducing reliance on fossil fuels.
- *Financial Incentives:* The plan recommends financial incentives to make heat pumps more accessible, in addition to further educating contractors and clients.
- *Support for Vulnerable Communities*: The plan emphasizes the need for State and utility initiatives to benefit vulnerable and low-income communities, aiming to provide equitable access to clean heating technologies, reduce energy costs, and improve living conditions.

These tactics listed above are designed to help Vermont meet its emissions reduction targets while supporting economic growth by creating clean energy jobs.

The Vermont Heat Pump Market Assessment highlights significant opportunities for expanding heat pump adoption and use in the state. Assembled below are Key Findings or main insights from the Vermont Heat Pump Market Assessment, highlighting areas of focus to guide future actions.

Key Findings of Heat Pump Market Assessment

Installed Base

- As of fall 2024, nearly 71,000 heat pumps installed in VT
- Approximately 90% of heat pumps are ductless

Consumer Feedback

- Heat pumps are great for cooling
- Concerned about performance in extreme cold weather

Contractors

- Up to date training is essential to guarantee high quality installation, service and customer education

Barriers to Adoption

- High upfront costs
- Limited awareness
- Contractor capacity constraints

Program Impact

- Policies and incentives have driven adoption
- Future regulatory changes will influence further market growth

Workforce Development

Workforce Development also plays a vital and cross-cutting role in the heat pump market. Contractors are a critical component for the success of all strategies outlined in this Action Plan. The transition to heat pumps and other energy-efficient technologies requires a workforce with specialized skills. It is important to acknowledge the pillars of Workforce Development: Attraction and Recruitment, Education and Training, Retention, and Business Growth.

This strategic plan emphasizes the importance of Education and Training to address longstanding underinvestment in trade careers. It aims not only to contribute to closing the skills gap but also to ensure that workers are well-equipped to install, maintain, and optimize heating and cooling systems, particularly heat pumps. The urgency of training is underscored by the need to secure high-quality installations, which are essential for sustaining market growth and ensuring the longevity and efficiency of these systems.

Effective training programs are critical for supporting contractor recruitment and providing ongoing support as the industry expands. Proper installation practices directly impact the efficiency and lifespan of heat pumps, which in turn influences overall energy savings and environmental benefits. While training is a key pillar, other areas such as Attraction and Recruitment, Retention, and Business Growth are equally vital. Without attracting new talent into these fields, there will be no workforce to train. Similarly, retaining skilled employees requires providing adequate support and development opportunities, preventing workforce attrition to other industries or regions.

Furthermore, sustainable business growth depends on owners understanding how to expand their offerings and workforce effectively. Without this knowledge, productivity in the heat pump market may plateau, hindering progress toward a clean energy transition. Workforce development also plays a crucial role in fostering an equitable energy transition. By collaborating with marginalized communities and creating accessible career pathways, we empower these communities to participate actively in the green economy. Establishing trusted, skilled contractors from diverse backgrounds can generate new job opportunities and stimulate local economic growth.

Ultimately, adopting an inclusive approach to workforce development not only promotes economic equity but also accelerates the adoption of sustainable/efficient technologies. This comprehensive strategy ensures that the transition to sustainable energy solutions is both equitable and effective, benefiting communities, industries, and the environment alike.

The HVAC industry is rapidly evolving - ongoing training is critical for the workforce to adapt to new technologies and innovations, affirming that the latest advancements are effectively integrated into existing systems. Training programs will also help workers comply with legal and safety requirements through education in varying state and federal regulations.

Workforce Development Recommendations

Installing thousands of heat pumps that effectively offset fossil fuel requires a significant number of trained workers. The installer is often the primary source of information for customers, guiding them toward or away from heat pumps, teaching them how to use their heat pump once installed, and servicing that heat pump over its lifetime. It is imperative for contractors to promote best practices. Therefore, it is critical that Vermont has enough heat pump installers and that they are well-trained and clear about how their work supports the State's goals. Comprehensive training and certification programs for contractors are essential to guarantee reliable and high-quality service. Important areas to focus on include:

- ★ Strengthen Contractor Network[2]: Develop the contractor network in underserved areas and hard-to-reach areas which will stimulate economic growth, community development, additional project opportunities and strong community relations.

- ★ Contractor Training: Create a dedicated space for heat pump and heat pump water heater training, certification, and upskilling, whether this is a new space or an existent training provider expanding their offerings. Additionally, compile and create training content that is relevant to Vermont climate, design and configuration. It will also be beneficial to build on the relationship with the supply chain and distributors in order to leverage upcoming related training that could offer benefits of skill development and industry updates.

- ★ Support the Supply Chain: Streamline offerings and incentives throughout the state to create transparent and predictable market offerings.

- ★ Creating New Partnerships— and strengthening existing ones—to support workforce needs within the areas of attraction and recruitment, retention, and business growth.

In April 2025, Efficiency Vermont conducted a survey and focus group with contractors to assess current practices and workforce needs. The findings revealed opportunities to improve project identification and installation processes, as well as to streamline training programs. These enhancements would help both existing contractors and new entrants better understand the critical importance of proper refrigerant handling in support of greenhouse gas reduction initiatives. In a rapidly evolving market, continuous refinement of workforce development efforts is essential to ensure that education and training remain aligned with on-site competencies.

Recognize the Heat Pump Lifecycle

The lifecycle of a heat pump can be complex due to several interrelated factors – dual functionality, environmental conditions, room layout, installation quality, maintenance requirements, component wear, and technological advancements. It is imperative to adjust training to include and address the lifecycle of the heat pump; it offers an expansive view of the market and what interventions are needed to make it perform well. Ongoing instruction should address the entire lifecycle of a heat pump from application and design to installation, commissioning, service, repair, and decommissioning.

Each phase of the heat pump's lifecycle involves critical processes to ensure efficient heating and cooling including installation, regular maintenance, performance monitoring, and eventual replacement.

Phase	Duration	Key Impact
Manufacturing	Weeks–months	Energy, materials, refrigerants
Transportation/Install	Days–weeks	Vehicle emissions, local disruption

[2] Efficiency Excellence Network: https://www.efficiencyvermont.com/trade-partners/efficiency-excellence-network

System Design	Days	System effectiveness, customer satisfaction
Operation / Maintenance	10–25 years	Electricity use, maintenance effort
Repair/Replacement	As needed	Costs, downtime
End-of-Life	Few days	Waste, refrigerant management

Core Strategies

Vermont has made notable progress in heat pump adoption, with ductless mini split systems installed in 10% of homes and the highest per capita adoption rate in the Northeast. However, many systems are underutilized for heating, limiting their potential to reduce greenhouse gas emissions. Additionally, newer whole-home heat pump technologies—such as ducted and air-to-water systems—remain in the early stages of market adoption due to higher costs and installation complexity. These trends highlight a critical opportunity to expand customer education, contractor training, and market support to ensure Vermonters can fully leverage heat pump technologies for year-round comfort and climate impact.

To build on this momentum and address persistent barriers, Vermont's heat pump programs should focus on four core strategies identified in the Vermont Heat Pump Market Assessment. A coordinated, market-wide approach will be essential to support broader adoption, optimize system performance, and mitigate impacts on the electric grid.

Strategy 1: Leverage Current Success to Increase Market Transformation and Impact

71,000 heat pumps have been installed in Vermont, suggesting the state is past the "early adopter" phase of market adoption; however, customer research and preliminary results from a technology evaluation[3] indicate that many of those with mini split units in their homes are still not using these systems to their fullest potential for both air conditioning (a commonly cited purchase motivation) and heating.

To enhance market adoption and optimize the heating usage of these systems, it is essential to implement actions that further educate customers and contractors on advanced whole-home heat pump installation strategies. Providing deeper training and resources can facilitate better understanding and application of these techniques, leading to more effective system performance and increased confidence among users and installers alike.

Strategy 1 Actions: Support Vermonters in optimizing the performance and benefits of their heat pump systems by enhancing educational resources and implementing targeted outreach

[3] Ridgeline Technology Evaluation

and strategic partnerships that guide customers through every stage of the heat pump journey—from initial adoption and installation to long-term use, maintenance, and replacement. These efforts aim to promote consistent, efficient operation, improve customer satisfaction, and support broader market transformation.

- Address and correct misinformation regarding performance at low temperatures. Incorporate customer testimonials and case studies to demonstrate reliable operation and extended usage in Vermont conditions.
    - Develop and deploy educational materials and outreach strategies that support Vermonters throughout the entire heat pump customer journey—from initial adoption and installation to ongoing use and maintenance—to ensure consistent, efficient performance and long-term satisfaction.
    - Develop a "Moments That Matter" educational curriculum featuring seasonal, how-to content—such as videos, blogs, and printable guides—to build customer confidence in using heat pumps, especially during winter months. Topics may include understanding controls and set points, managing supplemental heating systems, and integrating wood heat. Solicit contractor feedback to refine materials and ensure relevance for both professionals and customers.
    - Implement a "Moments That Matter" digital engagement strategy to maintain customer connection and support throughout the heat pump lifecycle. This includes targeted email drip campaigns triggered at key milestones—such as installation, 3-month and 6-month check-ins, one-year satisfaction surveys, and two-year follow-ups—supported by an operations process for collecting and managing customer contact information.
    - Create and provide a customer facing document (ex: "Getting the most out of your heat pump") to be provided by a final inspector and/or contractor to the customer to reinforce best practices for usage and maintenance. How-to videos and blogs can be paired with leave behind collateral.

- Offer contractor training and certification programs to support high-quality, whole-home installation strategies, address usage and service behavior, covering all phases of heat pump life cycle. Installers are often customers' primary source of information, guiding them toward or away from heat pumps and informing them about their heating capabilities. Therefore, Vermont's heat pump installers must be well-informed, especially on low-temperature performance, advanced heat pump technologies, installation best practices, maintenance, and customer service.

- Recruit new technicians throughout the state and encourage new and existing contractors to expand their services to include more advanced systems like whole-home heat pumps and integrated controls. More contractors will need to be available to meet the growing demand for heat pump installations in Vermont. Establishing regional workforce development goals may help address the specific needs of different areas. For example, some regions may need more contractors, while others may need contractors to offer more advanced services. Helping contractors expand their capacity—through productivity improvements or additional crews—is essential to building a sustainable heat pump workforce. The expansion of contractor services beyond basic installations will include more advanced systems, like whole-home heat pumps and integrated controls, to meet diverse Vermonter needs. This will also

require additional incentives for contactors to provide them with the necessary training and resources that will promote whole-home installations and advanced technologies- this includes working with workforce development programs to ensure contractors are well-equipped to support the transformation of the market.

- Strengthen existing relationships with the community and social services to further education about heat pump systems and the effects of reducing GHG. This can include collaboration with local organizations, creating platforms for dialogue (ex: community forums, social media groups, newsletters, or hosting community events). Involvement in community and social services will build strong and supportive partnerships.

Strategy 2: Invest in Innovation

As described in the Vermont Heat Pump Market Assessment, many technological improvements and innovations are on the horizon that will enable heat pumps to serve as an effective solution for a greater heating capacity and range of customers. While technology is being adopted, there is still room for growth and wider acceptance. Tracking these developments and engaging with supply chain actors to ensure the availability of products in Vermont will enable heat pump technology to be a retrofit solution for more of Vermont's homes.

Importantly, this is not just about broader adoption. In the next five years, approximately 10,000 heat pumps in Vermont are expected to reach the end of their operational life. This presents a critical opportunity to plan for what comes next. Future retrofits should aim to reduce reliance on supplemental heat, improve efficiency, increase fuel displacement, and enhance customer satisfaction. Emerging technologies offer the potential to outperform traditional ductless systems, minimize refrigerant leaks, and maintain peak performance through advanced controls such as automatic fault detection. Ensuring that the next time someone touches these buildings, they are equipped with smarter, more sustainable solutions is essential for long-term success.

Innovation in grid integration is also key to supporting the future of heat pump technology. Implementing demand management and energy storage solutions enhances grid stability and efficiency, especially as electrification increases. Continued exploration of thermal storage options represents a forward-looking approach to balancing energy loads and maximizing renewable energy use—critical components of a resilient and adaptive energy system.

Strategy 2 Actions: Promote advanced heat pump technologies and offer diverse product offerings to meet varying customer needs. Implement demand management and energy storage solutions to enhance grid stability and efficiency and continue to explore thermal storage options.

- Promote a diverse range of heat pump products to cater to different customer preferences and needs. Beyond the current rebate offerings, programs should consider supporting newer, more advanced technologies such as whole-home systems, window mounted heat pumps, air to water heat pumps and integrated controls. Since these

products have higher costs and can be more technically complex to install, increased financial and training support for contractors is needed to increase adoption.

- Continue to explore and research grid flexibility and load management opportunities that could manage peak loads, enhance grid resilience, and stability. Thermal energy storage (TES) allows the decoupling of load from electricity usage. Systems with TES are flexible assets that provide several benefits. These systems can offer load management flexibility for the grid, which can be optimized for GHG and other factors (e.g., cost, reliability, etc.) For the customer, TES provides an opportunity to take advantage of Time of Use utility rates when they are available, lowering the cost of operating the heat pump.

- Support demonstration projects that showcase emerging heat pump technologies. These projects can help validate new technologies and prepare for broader adoption by demonstrating actual performance in Vermont's climate. Establishing partnerships with contractors and distributors is essential for the success of these projects, as contractors are involved in installing, and both are promoting these new technologies. Demonstration projects also present an opportunity to partner with manufacturers to showcase different heat pump models and their benefits. Example projects include window heat pumps, and phase change material TES.

- Offer incentives for dual fuel systems. Dual-fuel heat pump systems can support flexible, efficient home heating and cooling solutions. These systems combine electric and gas components—either as integrated units or paired systems—allowing homeowners to rely primarily on heat pumps while retaining a backup source for extreme cold or peak demand. Hybrid air-source heat pumps (ASHPs) can switch between fuel types based on temperature and energy costs, making them an attractive option for customers seeking reliability without fully committing to electric-only systems. Much like plug-in hybrid vehicles, dual-fuel systems offer a transitional pathway to cleaner energy use, with electric resistance playing a crucial role in maintaining comfort in Vermont's colder climate.

- Collaborate with manufacturers and research institutions to support research and development on advanced heat pump technologies. For many Vermont homes, ductless mini splits are not an effective or affordable heating solution. Developing solutions that will enable more customers to adopt heat pumps as a whole-home retrofit solution in their homes, regardless of their current heating system configuration, is critical to transforming the Vermont market.

Strategy 3: Enhance Accessibility and Awareness

The uptake of heat pumps in Vermont has not been evenly distributed across the state, with higher adoption rates concentrated in a few counties. High installation costs, limited contractor availability, older housing stock, and renter status are among the barriers that prevent heat pumps from being accessible to all Vermonters.

Program administrators, community outreach coordinators, community advocates, non- profit leaders, policy makers and other support groups can take the following actions to ensure

program and technology solutions meet the needs of Vermont customers, whether they are lower income, rent their homes, or face other significant barriers to adoption.

Strategy 3 Actions: To reduce the upfront costs of heat pump installations for low-income and underserved Vermonters, provide meaningful financial incentives and accessible financing options. Educate customers about the benefits and proper use of heat pumps to ensure high satisfaction and optimal performance.

- Develop targeted marketing strategies aimed at demographics and regions with the highest need for adoption, including low-income areas and those with low or no penetration. Highlight the benefits of heat pumps, such as energy efficiency, cost savings, environmental impact, and available incentives and price structuring.

- Partner with distribution utilities, regional groups, local agencies, and non-profits to offer joint educational programs and community outreach. Education campaigns can help ensure that Vermonters are realizing the full potential of their heat pump systems by using them for as much of their heating as possible.

- Expand existing incentive programs by offering tiered incentives based on income levels to ensure affordability for low- and moderate-income households. Some utilities already provide income-based incentives for certain heat pump products. In addition, low-income households eligible for Vermont's Weatherization Assistance Program have some access to financial support for heat pump water heaters and ductless mini splits. As new heat pump technologies become available, programs should continue to offer income-based incentives to minimize upfront cost barriers to adoption. Additionally, program administrators can assess the current landscape of incentive programs and, where income-based incentives do not currently exist, consider implementing them.

- Advocate for policies that support heat pump adoption and align with Vermont's efficiency and environmental goals. Policies that reduce or eliminate end-user customer incentive programs could hinder adoption, especially among low—and moderate-income households. Program administrators should coordinate with policymakers and regulators on Vermont's current heat pump adoption rates.

    ★ **Tiered incentives**, **targeted outreach**, and **special electric rates** can make heat pumps attractive and attainable for people with low and moderate incomes. Education campaigns can ensure that people with low and moderate incomes get the full potential of their heat pump systems by using them for as much of their heating as possible.

Strategy 4: Promote Complementary Actions

As our understanding of the impacts of widespread adoption of heating electrification on the electric grid grows, it's important to support Vermonters and utilities in taking complementary actions that can help optimize when and how heat pumps are employed. Weatherization and

electric system upgrades can help prepare a home for heat pumps; integrated controls and thermal storage can enable or support flexible load management.

Strategy 4 Actions: Supporting weatherization, integrated controls, and grid management to enhance heat pump performance and grid efficiency

- Maximizing Efficiency: Supporting Electrification and Improving Heat Pump Performance. Whether aimed at supporting electrification or to enhance heat pump efficiency through weatherization, these efforts promote overall efficiency and help reduce Vermonters' costs.

- Collaboration on initiatives that integrate heat pumps and optimize grid operations. Develop programs to integrate heat pumps with DU grid management systems to improve energy efficiency and reduce peak demand. Options, such as EcoPorts[4] and utilizing heat pumps can enhance grid performance.

- Partner with builders and municipalities that have clean heating standards for new construction to ensure new construction and major renovations are ready for primary heating with heat pumps. Participate in planning and design workshops that may be available to builders to promote heat pump installation and offer incentives.

- Align Energy Pricing with Climate Goals: The long-term affordability of heat pumps is a key factor in driving adoption, especially when compared to natural gas heating systems. Creating a stronger economic case requires aligning energy prices with climate goals – this could include reducing electricity costs for heat pump users and implementing policies that account for the true environmental cost of fossil fuels such as carbon pricing or clean heat standards. While these approaches can be complex, exploring and implementing them where possible will help ensure that clean heating is not only sustainable, but also financially accessible to more people.

- Enhancing incentives to encourage integrated controls and control strategies that overcome the comfort impacts of flexing heat pump heating load. Integrated controls offer several benefits that optimize heating performance and flex load:
    - GHG Reduction
    - Load Management
    - Predictive Maintenance
    - Data Analytics

Integrated controls and control strategies that automatically recruit supplemental heating—such as electric or fossil legacy systems—alongside the heat pump when the heat pump alone cannot meet the building's load can provide additional heating while balancing cost,

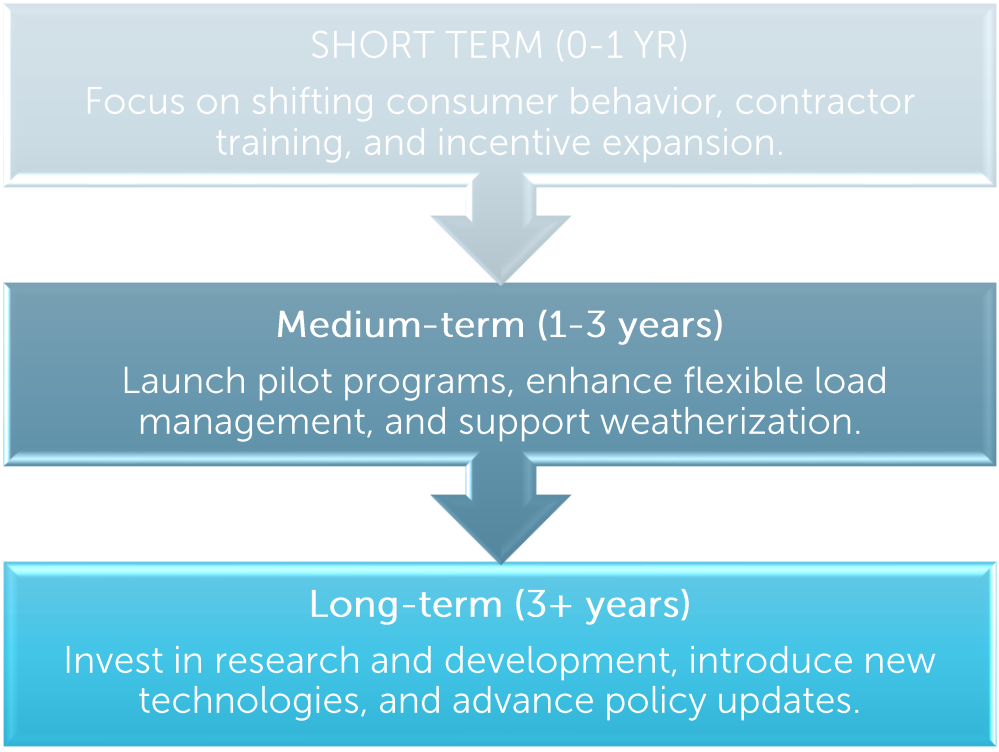
[4] Water heaters equipped with an EcoPort interface allow utilities to send frequent load curtailment requests to them; a smart algorithm in the control circuit of the heating elements designed by the tank manufacturer can ignore the utilities' request in order to ensure a large supply of hot water for the customer. This new approach to demand response greatly reduces the cost of controlling water heaters, while at the same time allowing daily control and improving the customer experience.

greenhouse gas (GHG) emissions, and comfort considerations. Offering incentives to reduce the added cost of this technology can encourage contractors and Vermonters to incorporate this solution into home heating systems. By integrating these controls, homes can achieve greater efficiency, comfort, and reliability. Additionally, integration with the central heating system enables the heat pump to continue contributing to the load, resulting in greater GHG reductions and optimized performance between the heat pump and the supplemental heating system.

Conclusion

The Vermont Residential Heat Pump Action Plan provides a strategic roadmap to accelerate the adoption and effective use of heat pump technologies across the state. By aligning with climate goals, investing in innovation, supporting workforce development, and enhancing accessibility, Vermont can lead the transition to cleaner, more efficient home heating. Successful implementation will require coordinated efforts among program administrators, contractors, policymakers, and communities. Together, these actions will ensure that all Vermonters benefit from sustainable, cost-effective heating solutions while contributing to a resilient and low-carbon future.

Implementation timeline



Addendum

Proposed Program Design Concepts

Efficiency Vermont 2026 Ductless Heat Pump Program Design Proposal

This proposal outlines key changes to the EVT Heat Pump Program to address behavioral challenges identified through the VT HP Market Assessment and the Department of Public Service's Technology Evaluation that are limiting heat pump savings for heating. To support a smooth transition, **2026 is proposed as a bridge year** with minor adjustments to the existing program, including potential reductions in midstream incentives. This phased approach allows for gradual changes and provides time to evaluate their impact. These changes aim to manage the impact on savings and the workforce while preparing for a more comprehensive redesign.

Vermonter Education Enhancements

Overview of Proposed change: Enhance end-user education and outreach to support efficient heat pump adoption through a multi-channel strategy focused on usage, maintenance, and myth-busting. Create a detailed checklist to guide Vermonters in contractor conversations, covering installation quality, system design, and long-term performance. Educational materials will explain how heat pumps work, debunk myths about heat pumps, and influence users to increase their heat pump use in the winter and/or add additional heat pumps to create a whole home heating approach. Outreach will include email campaigns, seasonal tips, and contractor checklists. Content will emphasize proper sizing, maximizing heating performance, and whole-home solutions, targeting both existing users and potential buyers.

Encouraging behavioral changes will help Vermonters better understand how to maximize the heating benefits of their heat pump systems. Improved education, particularly around when and how to use heat pumps most effectively—can lead to more efficient usage and greater satisfaction. Vermonters tend to respond positively to the technical insights provided during home assessments; this model can be expanded to include heat pump-specific guidance to reinforce best practices

Preserve the midstream incentive in 2026

Current Status: At present, the midstream incentive for ductless heat pumps is co-funded by DU participation. DUs (currently GMP and Stowe Electric) contribute $250/unit on many of the sales through Tier III funds and Efficiency Vermont EEC funds contribute between $275 -$375/unit depending on size. The incentives for the remaining sales are 100% funded by EVT through both EEC and TEPF incentives and savings. BED participates in the midstream program through a shared service agreement but at lower incentive levels for their end-use customers.

Overview of Proposed change:

Efficiency Vermont (EVT) proposes maintaining the midstream incentive structure for ductless heat pumps in 2026, with **adjusted streamlined incentive levels** based on utility participation and budget considerations.

While it is extremely challenging to forecast statewide sales in 2026, we are currently assuming a **15–30%** reduction from the current sales volume, based on the ending of federal tax credits. We will continually adjust this planning assumption as we receive Q3 and Q4 sales data from distributor partners.

Trade Ally Incentive Program

Current Status: Currently, there is no direct incentive support for heat pump (HP) contractors, and there are no technical requirements for contractors to participate in the existing program. However, HP contractors are invited to join the Efficiency Excellence Network (EEN). As part of the EEN, Efficiency Vermont (EVT) hosts a bi-monthly HP Contractor Call to review best practices and share program updates.

Overview of Proposed change: To support the transition toward 2027 program standards, create a trade ally incentive/stipend contingent on contractor training and tools, and improved collaboration with distributors. This approach will help retain contractors who are willing to make a commitment to right-sizing heat pump systems for managing heating loads and conducting precise load calculations, as well as supporting Vermonters in understanding and leveraging the full heating potential of their systems.

Contractors will be able to properly advise Vermonters on heat pump heating usage with confidence. Options include business coaching classes, standardized invoice templates, and providing an incentive to contractors that purchase specific tools that would enable load calculations. Distributors will also be included in training to address discrepancies in design practices and support their collaboration with contractors.

Efficient Electrification Pilot Program for 2027

New Pilot Program: Building on insights gathered from outreach to Vermonters and contractors, in 2026 we will begin exploring program designs that incentivize both ducted and ductless heat pump installations aimed at shifting the majority of a home's heating load to high-efficiency heat pumps. Tiered LMI rebates will help support accessibility for income-sensitive customers.

We expect to prioritize homes that have already been weatherized through Efficiency Vermont's Home Performance with ENERGY STAR or the Vermont's Weatherization

Assistance Program; however, participation in a resulting program will likely not be contingent on having a weatherized home.

DUs will have the opportunity to partner with EVT in providing a portion of incentives offered to Vermonters and claim a portion of the fuel offset towards their T3 requirements.