

A Guide to Launching Incentive Programs for Utilities

So, you've never run an incentive program. That's okay. Every great program started with someone asking, "Where do we even begin?"

This guide is for you—whether you're a municipal utility, a rural co-op, or a mid-size special district looking to serve your public-sector customers better. Incentive programs aren't just nice-to-haves. They're strategic levers. They help you lower demand, stretch infrastructure, meet mandates, and build real trust with the communities you serve.

Let's walk through the steps.

Step 1: Define Your Goals (Be Specific)

Don't start with the rebate. Start with the *why*.

- Want to reduce peak demand in the summer?
- Trying to delay a new substation?
- Need to help towns upgrade their ancient lighting?
- Hoping to shift customers to paperless billing?

Get crystal clear on **what you're trying to change**. Then set measurable goals. (Think: reduce water demand by 10% in two years or enroll 15% of government buildings in smart thermostat programs.)

Step 2: Choose Your Incentive Type

Pick the type of behavior you want to drive, and match it to an incentive format that works.

Most common options:

- **Rebates:** For installing efficient appliances, devices, or systems.
- **Bill credits:** For participating in demand response or reducing usage at key times.
- **Discounted products:** Delivered through online marketplaces or at point-of-sale.
- **Direct install:** You or a contractor install the upgrade. Customer pays little or nothing.
- **Grants or cost-share:** Utility pays a percentage of project costs.
- **On-bill financing:** Customer pays for upgrades over time via their bill.
- **Recognition:** Awards, certificates, or media coverage for sustainability leaders.

You don't need all of these. Start with one that's easy to explain and easy to track.

Step 3: Identify Your Audience

Focus on the customers who will benefit most—and who are easiest to reach.

Start with public-sector agencies: schools, libraries, town halls, fire departments, multi-family buildings, water plants. They have a lot to gain and are often ready to partner.

Segment your audience into groups:

- Large energy/water users
- Buildings with high visibility (city halls, rec centers)
- Low-income or underserved communities
- Entities with internal sustainability goals

Tailoring your message matters. What excites a finance director won't resonate with a facilities manager.

Step 4: Design the Program

Now build the bones.

1. **Eligibility:** Who qualifies? (By location, usage type, income level, etc.)
2. **Incentive structure:** Fixed amount? Percentage of project cost? Tiered by size?
3. **Process:** How do customers apply? What paperwork is needed? Is it digital?
4. **Timeline:** When does it launch? How long is the window?
5. **Vendors:** Will you pre-approve installers or providers to make things easier?
6. **Verification:** How will you verify the upgrade actually happened?
7. **Metrics:** What will you track? Energy saved, money saved, customer satisfaction?

If it takes more than 10 minutes to understand or apply, it's probably too complicated.

Step 5: Get Funded

No budget? No problem. There are dozens of ways to fund incentives.

Federal & State Funding

- **Inflation Reduction Act (IRA):** Offers billions in home energy rebates, solar credits, and contractor training grants.
- **Department of Energy (DOE):** Funds energy efficiency and renewable energy programs.
- **EPA & USDA:** Support water conservation and rural energy projects.

- **Infrastructure Investment and Jobs Act (IIJA):** Includes \$25B+ for grid upgrades, efficiency, and electrification.
- **Clean Water State Revolving Fund (CWSRF):** Funds water-saving measures and rebate programs.
- **PACE (Property Assessed Clean Energy):** Lets public-sector projects be financed through property taxes.

Local & Utility-Based Options

- Ratepayer surcharges
- On-bill repayment programs
- Performance-based incentives (where regulators reward utilities for savings)
- Partnerships with third-party aggregators

Pro tip: Use DSIRE (www.dsireusa.org) to search available incentives by state.

Step 6: Pilot the Program

Don't launch it system-wide right away. Test it.

Pick a small group—like three schools or one municipal complex. Run the program. Track results. Collect feedback. Tweak the process.

If it works? You'll have hard data, happy customers, and stories to share. That's all you need to scale.

Step 7: Promote It

Even the best program will flop if nobody knows about it.

Promote it through:

- Bill inserts and email newsletters
- Local government association events
- Direct outreach to public works and finance departments
- Your utility's website or customer portal
- Partnerships with vendors or contractors
- Social media channels, radio stations, and local news

Give your customers ready-to-use language for their councils or boards. Bonus points for flyers they can hand out internally.

Step 8: Track, Report, and Improve

Once it's live, keep it tight.

Track:

- How many people enrolled
- How much energy/water was saved
- How much was spent vs. saved
- Customer satisfaction or repeat participation

Then use that info to:

- Refine the program
- Justify continued funding
- Build the case for expansion
- Create simple success stories to share

You don't need a fancy dashboard to do this. A spreadsheet and a few good interviews can go a long way. But if you have utility billing or ERP software that will help with this tracking, that's fantastic!

Best Practices That Make a Difference

- **Make it simple.** No 12-page PDFs or four-step verification.
- **Offer help.** Assign a rep to walk agencies through the process.
- **Use long windows.** Governments need time to approve and implement.
- **Bundle offerings.** Pair rebates with audits or financing.
- **Offer instant discounts when you can.** Mail-in rebates are a pain for you and the customer.
- **Track savings in real numbers.** Use gallons, kWh, therms, and dollars.
- **Celebrate wins.** Awards, case studies, or media shoutouts all help.

You Don't Have to Go Big Right Away

Start with one goal. Pick one incentive. Find one great partner.

Then scale it, share it, and build the programs that make your utility a partner in your community's success—not just a provider.

Ready to launch? Let's go.